



INDEPENDENT AUDITORS' REPORT

February 15, 2017

Penn Township Board of Commissioners
Penn Township, York County, Pennsylvania
Hanover, Pennsylvania

We have audited the accompanying 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Penn Township, York County, Pennsylvania as of and for the year ended December 31, 2016.

Management's Responsibility for the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30)

Management is responsible for the preparation and fair presentation of the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) in accordance with the Pennsylvania Department of Community and Economic Development statutory reporting requirements, under the provisions of the First Class Township Code, in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30). The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30), whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

The 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) was prepared by Penn Township, York County, Pennsylvania, on the basis of the financial reporting provisions of Pennsylvania Department of Community and Economic Development statutory reporting requirements, under provisions of the First Class Township Code, in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Consequently revenues are recorded when received, and expenditures are recorded when paid. The cash basis of accounting is modified for the recording of the following: general obligation bonds, notes, and lease rental long-term debt arising from cash transactions, and investments in marketable securities at the current fair value, by recording adjustments from changes in fair value of investments. The 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) is not intended to be a complete presentation of Penn Township, York County, Pennsylvania's financial statements, notes to financial statements, and required supplementary information as required by the Governmental Accounting Standards Board (GASB). The effects on the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of the variances between the modified cash basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Penn Township, York County, Pennsylvania as of December 31, 2016, or the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Modified Cash Basis of Accounting

In our opinion, the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) presents fairly, in all material respects, the respective balance sheet of the General, Special Revenue, Capital Projects, Enterprise, and Trust and Agency Funds, and General Long Term Debt Account Group reported in the 2016 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Penn Township, York County, Pennsylvania as of December 31, 2016, and the respective statement of revenues and expenditures, debt statement, statement of capital expenditures, and employee compensation for the year then ended, in accordance with the provisions of the statutory reporting requirements referred to above.

RLH CPAs & Business Advisors, LLC

Hanover, Pennsylvania

**2016 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

671414 PENN TWP, YORK COUNTY

PENN TWP, YORK County

BALANCE SHEET

December 31, 2016

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Liabilities and Other Credits											
260-269	Long-Term-Liabilities									17,678,741	17,678,741
240-259	Current Portion of Long-Term Debt and Other Credits										
Total Liabilities and Other Credits		47,259								17,678,741	17,726,000
Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	1,999,231	6,408,143	6,678,772		2,081,885		11,124,497			28,292,528
291-299	Other Equity										
Total Fund and Account Group Equity		1,999,231	6,408,143	6,678,772		2,081,885		11,124,497			28,292,528
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											46,018,528

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Taxes

301.00	Real Estate Taxes	4,483,238						4,483,238
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)							
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	411,796						411,796
310.20	Earned Income Taxes / Wage Taxes	1,809,387						1,809,387
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	425,010						425,010
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
Total Taxes		7,129,431						7,129,431

Licenses and Permits

320-322	All Other Licenses and Permits	23,105						23,105
321.80	Cable Television Franchise Fees	229,186						229,186
Total Licenses and Permits		252,291						252,291

Fines and Forfeits

330-332	Fines and Forfeits	121,726						121,726
Total Fines and Forfeits		121,726						121,726

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Interest, Rents and Royalties								
341.00	Interest Earnings		29,107	6,882			693,549	729,538
342.00	Rents and Royalties	39,980						39,980
Total Interest, Rents and Royalties		39,980	29,107	6,882			693,549	769,518

Federal								
351.03	Highways and Streets	34,036		123,118				157,154
351.09	Community Development							
351.00	All Other Federal Capital and Operating Grants				388,830			388,830
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements							
353.00	Federal Payments in Lieu of Taxes							
Total Federal		34,036		123,118	388,830			545,984

State								
354.03	Highways and Streets							
354.09	Community Development							
354.15	Recycling / Act 101	73,451		249,999				323,450
354.00	All Other State Capital and Operating Grants	13,790						13,790
355.01	Public Utility Realty Tax (PURTA)	8,195						8,195
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		483,561					483,561
355.04	Alcoholic Beverage Licenses	3,350						3,350
355.05	General Municipal Pension System State Aid	459,338						459,338
355.07	Foreign Fire Insurance Tax Distribution	30,145						30,145
355.08	Local Share Assessment/Gaming Proceeds							
355.09	Marcellus Shale Impact Fee Distribution							

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State								
356.00	State Payments in Lieu of Taxes							
355.00	All Other State Shared Revenues and Entitlements	7,487						7,487
Total State		595,756	483,561	249,999				1,329,316

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants							
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	1,601						1,601
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
Total Local Government Units		1,601						1,601

Charges for Service								
361.00	General Government	58,217						58,217
362.00	Public Safety	264,493						264,493
363.20	Parking							
363.00	All Other Charges for Highway & Street Services							
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)				4,424,110			4,424,110
364.30	Solid Waste Collection and Disposal Charge (trash)	889,179						889,179
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health							
366.00	Human Services							
367.00	Culture and Recreation	9,515						9,515
368.00	Airports							

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Charges for Service

369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
Total Charges for Service		1,221,404			4,424,110			5,645,514

Unclassified Operating Revenues

383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors		87,450	2,156				89,606
388.00	Fiduciary Fund Pension Contributions					871,888		871,888
389.00	All Other Unclassified Operating Revenues	11,671	1,548		13,919			27,138
Total Unclassified Operating Revenues		11,671	88,998	2,156	13,919	871,888		988,632

Other Financing Sources

391.00	Proceeds of General Fixed Asset Disposition	2,744		38,951		4,412		46,107
392.00	Interfund Operating Transfers	570,078		230,346		650,000		1,450,424
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	16,220	1,507			17,641		35,368
Total Other Financing Sources		589,042	1,507	269,297		672,053		1,531,899

TOTAL REVENUES

9,996,938	603,173	651,452		5,498,912		1,565,437	18,315,912
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	21,463						21,463
401.00	Executive (Manager or Mayor)	355,343						355,343
402.00	Auditing Services / Financial Administration	14,250						14,250
403.00	Tax Collection	14,768						14,768
404.00	Solicitor / Legal Services	14,543						14,543
405.00	Secretary / Clerk							
406.00	Other General Government Administration							
407.00	IT-Networking Services-Data Processing			30,268				30,268
408.00	Engineering Services	191,955						191,955
409.00	General Government Buildings and Plant	27,328		91,315				118,643
Total General Government		639,650		121,583				761,233

Public Safety

410.00	Police	3,611,881	317					3,612,198
411.00	Fire	2,264,722						2,264,722
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	6,965						6,965

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety								
414.00	Planning and Zoning	180,738						180,738
415.00	Emergency Management and Communications	3,201						3,201
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety	1,400						1,400
Total Public Safety		6,068,907	317					6,069,224

Health and Human Services								
420.00-425.00	Health and Human Services	10,474						10,474
Total Health and Human Services		10,474						10,474

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)	974,469						974,469
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection			200,957	4,002,696			4,203,653
Total Public Works - Sanitation		974,469		200,957	4,002,696			5,178,122

Public Works - Highways and Streets								
430.00	General Services - Administration	655,529						655,529
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal	47,553	2,462	84,061				134,076
433.00	Traffic Control Devices		27,631					27,631
434.00	Street Lighting		64,558					64,558

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Works - Highways and Streets								
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains	102,294	233					102,527
437.00	Repairs of Tools and Machinery	67,023						67,023
438.00	Maintenance and Repairs of Roads and Bridges	4,851	19,217					24,068
439.00	Highway Construction and Rebuilding Projects			411,237				411,237
Total Public Works - Highways and Streets		877,250	114,101	495,298				1,486,649

Other Public Works Enterprises								
440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking							
446.00	Storm Water and Flood Control							
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises								

Culture and Recreation								
451.00	Culture-Recreation Administration	105,175						105,175
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks			57,629				57,629

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Culture and Recreation								
455.00	Shade Trees							
456.00	Libraries	65,000						65,000
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
Total Culture and Recreation		170,175		57,629				227,804

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing							
463.00	Economic Development	7,000						7,000
464.00	Economic Opportunity							
465-469	All Other Community Development							
Total Community Development		7,000						7,000

Debt Service								
471.00	Debt Principal (short-term and long-term)	983,644				760,000		1,743,644
472.00	Debt Interest (short-term and long-term)	113,491				800,051		913,542
475.00	Fiscal Agent Fees							
Total Debt Service		1,097,135				1,560,051		2,657,186

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	425						425
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	5,739				80,077		85,816

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance							
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		6,164				80,077		86,241

Insurance								
486.00	Insurance, Casualty, and Surety							
Total Insurance								

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						466,935	466,935
489.00	All Other Unclassified Expenditures	125					45,808	45,933
Total Unclassified Operating Expenditures		125					512,743	512,868

Other Financing Uses								
491.00	Refund of Prior Year Revenues	62,359				23,845		86,204
492.00	Interfund Operating Transfers		1,350,424			100,000		1,450,424
493.00	All Other Financing Uses							
Total Other Financing Uses		62,359	1,350,424			123,845		1,536,628

TOTAL EXPENDITURES	9,913,708	114,418	2,225,891			5,766,669	512,743	18,533,429
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	83,230	488,755	-1,574,439			-267,757	1,052,694	-217,517
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PENN TWP
December 31, 2016

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
PA Infrastructure Bank Loan 2012	Note	2012	2023	700,000	501,761		501,761		0		0
GON Series 2006	Note	2006	2016	1,500,000	179,902		179,902		0		0
GOB Series 2009	Bond	2009	2030	18,190,000	14,610,000		760,000		13,850,000		13,850,000
Construction Fund Loan 2014	Note	2014	2024	2,000,000	1,735,187		183,095		1,552,092		1,552,092
Revenue Bonds and Notes											
Lease Rental Debt											
Other											
PTVES Fire Station Loan	Note	2016	2027	2,395,535	0	2,395,535	118,886		2,276,649		2,276,649

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

17,678,741

Capitalized lease obligations

0

Net debt

17,678,741

PENN TWP, YORK County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2016

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire	8,763		8,763
Gas System			
General Government	21,060	91,315	112,375
Health			
Housing			
Libraries			
Mass Transit			
Parks	57,629		57,629
Police	68,583		68,583
Recreation			
Sewer	47,343	1,285,480	1,332,823
Solid Waste			
Streets / Highways	131,614	512,246	643,860
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	334,992	1,889,041	2,224,033

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

4,627,056

Independent Public Accountant/Certified Public Accountant Submission Page
Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed: RLH CPAs & Business
Advisors, LLC Appointed Auditor/CPA

December 31, 2016

NOTES / COMMENTS