

**2017 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

671414 PENN TWP, YORK COUNTY

PENN TWP, YORK County

BALANCE SHEET

December 31, 2017

		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										
240-259	Current Portion of Long-Term Debt and Other Credits										
Total Liabilities and Other Credits		48,235									48,235
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	3,261,937	1,105,745	6,345,272		7,580,532		13,322,673			31,616,159
291-299	Other Equity										
Total Fund and Account Group Equity		3,261,937	1,105,745	6,345,272		7,580,532		13,322,673			31,616,159
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											31,664,394

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

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	5,011,891						5,011,891
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	517,862						517,862
310.20	Earned Income Taxes / Wage Taxes	1,917,323						1,917,323
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	425,175						425,175
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other: _____							
	Other: _____							
Total Taxes		7,872,251						7,872,251

Licenses and Permits

320-322	All Other Licenses and Permits	17,485						17,485
321.80	Cable Television Franchise Fees	255,234						255,234
Total Licenses and Permits		272,719						272,719

Fines and Forfeits

330-332	Fines and Forfeits	133,406						133,406
Total Fines and Forfeits		133,406						133,406

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

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	9,288						9,288
Total State		574,265	505,970					1,080,235

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	35,230						35,230
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
Total Local Government Units		35,230						35,230

Charges for Service								
361.00	General Government	37,408						37,408
362.00	Public Safety	254,134						254,134
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.)				4,824,695			4,824,695
364.30	Solid Waste Collection and Disposal Charge (trash)	984,260						984,260
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	8,245						8,245
368.00	Airports							

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

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		1,284,047			4,824,695			6,108,742

Unclassified Operating Revenues

383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors		16,160					16,160
388.00	Fiduciary Fund Pension Contributions					920,853		920,853
389.00	All Other Unclassified Operating Revenues	49,833			13,341			63,174
Total Unclassified Operating Revenues		49,833	16,160		13,341	920,853		1,000,187

Other Financing Sources

391.00	Proceeds of General Fixed Asset Disposition	23,216						23,216
392.00	Interfund Operating Transfers	49,583	11,168	44,681		355,656		461,088
393.00	Proceeds of General Long-Term Debt			2,000,000				2,000,000
394.00	Proceeds of Short Term-Debt							

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

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	22,259	2,919			2,167		27,345
Total Other Financing Sources		95,058	14,087	2,044,681		357,823		2,511,649

TOTAL REVENUES

10,356,829	541,875	2,053,774		5,344,384		2,693,053	20,989,915
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	22,202						22,202
401.00	Executive (Manager or Mayor)	360,651						360,651
402.00	Auditing Services / Financial Administration	13,350						13,350
403.00	Tax Collection	14,801						14,801
404.00	Solicitor / Legal Services	10,907	19,301					30,208
405.00	Secretary / Clerk							
406.00	Other General Government Administration	6,435						6,435
407.00	IT-Networking Services-Data Processing		37,949					37,949
408.00	Engineering Services	132,512						132,512
409.00	General Government Buildings and Plant	35,535	31,471					67,006
Total General Government		596,393	88,721					685,114

Public Safety

410.00	Police	3,673,025	13,152					3,686,177
411.00	Fire	2,154,336		2,128,490				4,282,826
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	7,563		2,843				10,406

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

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	207,285						207,285
415.00	Emergency Management and Communications	3,100						3,100
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		6,046,709	13,152	2,131,333				8,191,194

Health and Human Services

420.00-425.00	Health and Human Services	10,661						10,661
Total Health and Human Services		10,661						10,661

Public Works - Sanitation

426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)	934,716						934,716
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection				3,256,969			3,256,969
Total Public Works - Sanitation		934,716			3,256,969			4,191,685

Public Works - Highways and Streets

430.00	General Services - Administration	645,024						645,024
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		20,067					20,067
433.00	Traffic Control Devices		21,409					21,409
434.00	Street Lighting		115,177					115,177

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

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	48,358	3,153					51,511
437.00	Repairs of Tools and Machinery	51,226						51,226
438.00	Maintenance and Repairs of Roads and Bridges	13,893	14,000					27,893
439.00	Highway Construction and Rebuilding Projects		316,417	91,584				408,001
Total Public Works - Highways and Streets		758,501	490,223	91,584				1,340,308

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	37,813						37,813
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises		37,813						37,813

Culture and Recreation								
451.00	Culture-Recreation Administration	44,551						44,551
452.00	Participant Recreation			26,053				26,053
453.00	Spectator Recreation							
454.00	Parks							

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

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	70,000						70,000
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
Total Culture and Recreation		114,551		26,053				140,604

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

Debt Service								
471.00	Debt Principal (short-term and long-term)	369,218				785,000		1,154,218
472.00	Debt Interest (short-term and long-term)	150,761				767,279		918,040
475.00	Fiscal Agent Fees							
Total Debt Service		519,979				1,552,279		2,072,258

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	6,116						6,116
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions							

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

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		6,116						6,116

Insurance								
486.00	Insurance, Casualty, and Surety							
Total Insurance								

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						448,506	448,506
489.00	All Other Unclassified Expenditures						46,371	46,371
Total Unclassified Operating Expenditures							494,877	494,877

Other Financing Uses								
491.00	Refund of Prior Year Revenues	12,835				21,731		34,566
492.00	Interfund Operating Transfers	55,849	355,656	49,583				461,088
493.00	All Other Financing Uses							
Total Other Financing Uses		68,684	355,656	49,583		21,731		495,654

TOTAL EXPENDITURES	9,094,123	859,031	2,387,274		4,830,979		494,877	17,666,284
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	1,262,706	-317,156	-333,500		513,405		2,198,176	3,323,631
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PENN TWP
December 31, 2017

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											
GOB Series 2009	Bond	2009	2030	18,190,000	13,850,000		785,000		13,065,000		13,065,000
Construction Fund Loan 2014	Note	2014	2024	2,000,000	1,552,092		188,518		1,363,574		1,363,574
GOB Series 2017	Bond	2017	2027	2,000,000	0	2,000,000	14,743		1,985,257		1,985,257
Revenue Bonds and Notes											
Lease Rental Debt											
Other											
PTVES Fire Station Loan	Note	2016	2027	2,395,535	2,276,649		2,276,649		0		0

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	16,413,831
Capitalized lease obligations	0
Net debt	16,413,831

PENN TWP, YORK County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2017

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire	2,185,485		2,185,485
Gas System			
General Government	23,518	30,751	54,269
Health			
Housing			
Libraries			
Mass Transit			
Parks		25,953	25,953
Police	105,330		105,330
Recreation			
Sewer	34,900	235,123	270,023
Solid Waste			
Streets / Highways		489,106	489,106
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	2,349,233	780,933	3,130,166

EMPLOYEE COMPENSATION

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

4,893,319

PENN TOWNSHIP, YORK COUNTY
Notes to Financial Statements
December 31, 2017

COMMENTS

Account 471.00 Debt Principal

The total debt principal paid during the year includes payments on a Guarantee of debt for the PTVES Fire Station loan and PTVES line of credit which was paid off during the year by the debtor when Penn Township purchased the Fire Station on Clover Lane by taking a new loan, GOB Series 2017. The total on 471.00 Debt Principal does not equal the total principal paid during the year due to Guarantee payments on the PTVES line of credit; therefore, the debt schedule will not equal total debt principal expense of the Township.

The Township's defined contribution pension plan is not reported as a Fiduciary Fund of the Township for reporting on the DCED report, due to the fact that the Township does not hold the assets in a fiduciary capacity.

Restatement

A restatement was necessary to Special Revenue Funds and Enterprise Funds to reclassify the Sewer Revenue Reserve investment account from Special Revenue Funds to Enterprise Funds to properly account for the activity at January 1, 2017.

	Special Revenue Fund	Enterprise Fund
Net Position, as originally stated, 12/31/2016	\$ 6,408,143	\$ 2,081,885
Restatement for improper fund accounting at 12/31/2016	<u>(4,985,242)</u>	<u>4,985,242</u>
Net Position, as restated, 12/31/2016	<u>\$ 1,422,901</u>	<u>\$ 7,067,127</u>



Smith Elliott Kearns & Company, LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

President Judge of the Court of the Common Pleas

Secretary of Community and Economic Development

We have audited the accompanying balance sheet – modified cash basis of Penn Township, York County, Pennsylvania, as of December 31, 2017, and the related statement of revenues and expenditures – modified cash basis, debt statement – modified cash basis and statement of capital expenditures – modified cash basis for the year then ended in the format prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis – financial position of Penn Township, York County, Pennsylvania as of December 31, 2017, and the modified cash basis - revenues, expenditures, and changes in financial position, modified cash basis – debt statement and modified cash basis – capital expenditures for the year then ended in accordance with the financial reporting provisions of the modified cash basis of accounting.

Emphasis of Matters

The financial statements are prepared on 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, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The accompanying annual financial report was prepared for the purpose of complying with rules and regulations of the Department of Community and Economic Development of the Commonwealth of Pennsylvania, does not include supporting disclosures or government-wide statements and is not intended to be a complete presentation of the Township's assets, liabilities, revenues and expenses. Our opinion is not modified with respect to these matters.

Restriction on Use

This report is intended solely for the information and use of the Board of Commissioners, President Judge of the Court of the Common Pleas, and the Secretary of Community and Economic Development, and is not intended to be and should not be used by anyone other than these specified parties.

Smith & Elliott Beams & Company, LLC

Hanover, Pennsylvania
March 26, 2018