



RAGER, LEHMAN & HOUCK, P.C.
Opportunity Innovation Excellence

INDEPENDENT AUDITORS' REPORT

March 11, 2014

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

We have audited the accompanying 2013 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Penn Township, York County, Pennsylvania as of and for the year ended December 31, 2013.

Management's Responsibility for the 2013 Municipal Annual Audit and Financial Report (DCED-CLGS-30)

Management is responsible for the preparation and fair presentation of the 2013 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 2013 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 2013 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 2013 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 2013 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 2013 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 2013 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 2013 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 2013 Municipal Annual Audit and Financial Report (DCED-CLGS-30) was prepared 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 2013 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 2013 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 2013 Municipal Annual Audit and Financial Report (DCED-CLGS-30) referred to in the first paragraph 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, 2013, 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 2013 Municipal Annual Audit and Financial Report (DCED-CLGS-30) referred to above 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 2013 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Penn Township, York County, Pennsylvania as of December 31, 2013, 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.

Rager, Lehman & Houck, P.C.

Hanover, Pennsylvania

**2013 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

671414 PENN TWP, YORK COUNTY

PENN TWP, YORK County

BALANCE SHEET

December 31, 2013

		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									17,319,037	17,319,037
240-259	Current Portion of Long-Term Debt and Other Credits										
Total Liabilities and Other Credits		36,838								17,319,037	17,355,875

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	1,753,821	5,852,458	7,472,826		2,740,143		8,874,270			26,693,518
291-299	Other Equity										
Total Fund and Account Group Equity		1,753,821	5,852,458	7,472,826		2,740,143		8,874,270			26,693,518

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											44,049,393
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PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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	3,905,214						3,905,214
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	185,530						185,530
310.20	Earned Income Taxes / Wage Taxes	1,686,112						1,686,112
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	417,121						417,121
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
Total Taxes		6,193,977						6,193,977

Licenses and Permits

320-322	All Other Licenses and Permits	20,555						20,555
321.80	Cable Television Franchise Fees	207,460						207,460
Total Licenses and Permits		228,015						228,015

Fines and Forfeits

330-332	Fines and Forfeits	125,744						125,744
Total Fines and Forfeits		125,744						125,744

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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								
355.09	Marcellus Shale Impact Fee Distribution							
355.00	All Other State Shared Revenues and Entitlements	8,830						8,830
356.00	State Payments in Lieu of Taxes							
Total State		556,638	344,182					900,820

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	68,530						68,530
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
Total Local Government Units		68,530						68,530

Charges for Service								
361.00	General Government	61,948						61,948
362.00	Public Safety	154,295						154,295
363.20	Parking							
363.00	All Other Charges for Highway & Streets Services							
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)				4,242,900			4,242,900
364.30	Solid Waste Collection and Disposal Charge (trash)	812,030						812,030
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health	650						650
366.00	Human Services							
367.00	Culture and Recreation	13,175						13,175

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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								
368.00	Airports							
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		1,042,098				4,242,900		5,284,998

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors		99,957					99,957
388.00	Fiduciary Fund Pension Contributions						703,686	703,686
389.00	All Other Unclassified Operating Revenues	315	2,900	1		20,759		23,975
Total Unclassified Operating Revenues		315	102,857	1		20,759	703,686	827,618

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	33,626				6,063		39,689
392.00	Interfund Operating Transfers	131,378	23,177					154,555
393.00	Proceeds of General Long-Term Debt			700,000				700,000
394.00	Proceeds of Short Term-Debt							

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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	179,943	690			12,885		193,518
Total Other Financing Sources		344,947	23,867	700,000		18,948		1,087,762

TOTAL REVENUES

8,608,919	471,664	712,809		4,577,202		1,980,400	16,350,994
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	22,202						22,202
401.00	Executive (Manager or Mayor)	327,372						327,372
402.00	Auditing Services / Financial Administration	12,120						12,120
403.00	Tax Collection	16,599						16,599
404.00	Solicitor / Legal Services	7,274						7,274
405.00	Secretary / Clerk							
406.00	Other General Government Administration							
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	128,489						128,489
409.00	General Government Buildings and Plant	30,895						30,895
Total General Government		544,951						544,951

Public Safety

410.00	Police	3,463,661	4,255					3,467,916
411.00	Fire	1,874,264	20,090					1,894,354
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	7,425						7,425
414.00	Planning and Zoning	166,787						166,787
415.00	Emergency Management and Communications	3,000						3,000

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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								
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		5,516,537	24,345					5,540,882

Health and Human Services								
420.00-425.00	Health and Human Services	9,278						9,278
Total Health and Human Services		9,278						9,278

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)	858,467	46,260					904,727
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection			2,341,400	2,743,745			5,085,145
Total Public Works - Sanitation		858,467	46,260	2,341,400	2,743,745			5,989,872

Public Works - Highways and Streets								
430.00	General Services - Administration	592,271		290,193				882,464
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		40,256					40,256
433.00	Traffic Control Devices		19,834					19,834
434.00	Street Lighting		70,415					70,415
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains		9,058					9,058

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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

437.00	Repairs of Tools and Machinery	55,553						55,553
438.00	Maintenance and Repairs of Roads and Bridges	118,403	24,295					142,698
439.00	Highway Construction and Rebuilding Projects		210,594	111,265				321,859
Total Public Works - Highways and Streets		766,227	374,452	401,458				1,542,137

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	64,260						64,260
452.00	Participant Recreation		30,464					30,464
453.00	Spectator Recreation							
454.00	Parks							
455.00	Shade Trees							
456.00	Libraries	60,000						60,000

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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								
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
Total Culture and Recreation		124,260	30,464					154,724

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing							
463.00	Economic Development	24,000						24,000
464.00	Economic Opportunity							
465-469	All Other Community Development							
Total Community Development		24,000						24,000

Debt Service								
471.00	Debt Principal (short-term and long-term)	469,467		65,013		715,000		1,249,480
472.00	Debt Interest (short-term and long-term)	25,573		11,112		873,827		910,512
475.00	Fiscal Agent Fees							
Total Debt Service		495,040		76,125		1,588,827		2,159,992

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation							
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	8,948				53,866		62,814
484.00	Worker Compensation Insurance							

PENN TWP, YORK County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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								
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		8,948				53,866		62,814

Insurance								
486.00	Insurance, Casualty, and Surety							
Total Insurance								

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						398,734	398,734
489.00	All Other Unclassified Expenditures	3,075					45,512	48,587
Total Unclassified Operating Expenditures		3,075					444,246	447,321

Other Financing Uses								
491.00	Refund of Prior Year Revenues	36,253				7,310		43,563
492.00	Interfund Operating Transfers	312	54,243			100,000		154,555
493.00	All Other Financing Uses							
Total Other Financing Uses		36,565	54,243			107,310		198,118

TOTAL EXPENDITURES	8,387,348	529,764	2,818,983			4,493,748	444,246	16,674,089
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	221,571	-58,100	-2,106,174			83,454	1,536,154	-323,095
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PENN TWP
December 31, 2013

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											
GON Series 2003	Note	2003	2013	2,700,000	223,036	0	223,036	0	0	0	0
GON Series 2006	Note	2006	2016	1,500,000	679,873	0	162,746	0	517,127	0	517,127
GOB Series 2009	Bond	2009	2030	18,190,000	16,795,000	0	715,000	0	16,080,000	0	16,080,000
PA Infrastructure Bank Loan 2012	Note	2012	2023	700,000	0	700,000	65,013	0	634,987	0	634,987
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	17,232,114
Capitalized lease obligations	86,923
Net debt	17,319,037

PENN TWP, YORK County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2013

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire	17,688		17,688
Gas System			
General Government	14,448		14,448
Health			
Housing			
Libraries			
Mass Transit			
Parks	1,435	29,029	30,464
Police	97,798		97,798
Recreation			
Sewer	330,852	2,353,099	2,683,951
Solid Waste	46,260	10,278	56,538
Streets / Highways	327,874	385,915	713,789
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	836,355	2,778,321	3,614,676

EMPLOYEE COMPENSATION

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

4,219,698