

**2012 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**671414 PENN TWP, YORK COUNTY**



## PENN TWP, YORK County

## BALANCE SHEET

December 31, 2012

		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
<b>Liabilities and Other Credits</b>											
260-269	Long-Term-Liabilities									17,868,517	17,868,517
240-259	Current Portion of Long-Term Debt and Other Credits										
<b>Total Liabilities and Other Credits</b>		35,755								17,868,517	17,904,272

<b>Fund and Account Group Equity</b>											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	1,532,250	5,910,558	9,579,000		2,656,689		7,338,116			27,016,613
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		1,532,250	5,910,558	9,579,000		2,656,689		7,338,116			27,016,613

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>											44,920,885
--	--	--	--	--	--	--	--	--	--	--	------------

PENN TWP, YORK County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2012

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	3,725,851						3,725,851
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	11						11
310.10	Real Estate Transfer Taxes	226,408						226,408
310.20	Earned Income Taxes / Wage Taxes	1,694,666						1,694,666
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	418,180						418,180
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
<b>Total Taxes</b>		6,065,116						6,065,116

**Licenses and Permits**

320-322	All Other Licenses and Permits	13,620						13,620
321.80	Cable Television Franchise Fees	162,513						162,513
<b>Total Licenses and Permits</b>		176,133						176,133

**Fines and Forfeits**

330-332	Fines and Forfeits	130,615						130,615
<b>Total Fines and Forfeits</b>		130,615						130,615



PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2012

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	14,084						14,084
356.00	State Payments in Lieu of Taxes							
<b>Total State</b>		485,021	349,870					834,891

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	53,075						53,075
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
<b>Total Local Government Units</b>		53,075						53,075

Charges for Service								
361.00	General Government	23,311						23,311
362.00	Public Safety	166,291						166,291
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.)				4,307,726			4,307,726
364.30	Solid Waste Collection and Disposal Charge (trash)	844,315						844,315
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health	1,100						1,100
366.00	Human Services							
367.00	Culture and Recreation	13,105						13,105

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2012

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							
<b>Total Charges for Service</b>		1,048,122				4,307,726		5,355,848

Unclassified Operating Revenues								
383.00	Special Assessments	222						222
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors		46,362	90,000				136,362
388.00	Fiduciary Fund Pension Contributions						812,158	812,158
389.00	All Other Unclassified Operating Revenues	680		81		14,793		15,554
<b>Total Unclassified Operating Revenues</b>		902	46,362	90,081		14,793	812,158	964,296

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	623				6,117		6,740
392.00	Interfund Operating Transfers	263,628	250,000	250,000				763,628
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt	500,000						500,000

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2012

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	133,172	242			300		133,714
<b>Total Other Financing Sources</b>		897,423	250,242	250,000		6,417		1,404,082

<b>TOTAL REVENUES</b>	8,909,294	659,997	420,663		4,645,448		1,631,139	16,266,541
-----------------------	-----------	---------	---------	--	-----------	--	-----------	------------

### EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	17,201						17,201
401.00	Executive (Manager or Mayor)	329,689						329,689
402.00	Auditing Services / Financial Administration	11,750						11,750
403.00	Tax Collection	16,514						16,514
404.00	Solicitor / Legal Services	13,510						13,510
405.00	Secretary / Clerk							
406.00	Other General Government Administration							
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	146,099						146,099
409.00	General Government Buildings and Plant	38,942						38,942
<b>Total General Government</b>		573,705						573,705

Public Safety								
410.00	Police	3,528,068	7,718					3,535,786
411.00	Fire	1,795,274	3,290					1,798,564
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	6,734						6,734
414.00	Planning and Zoning	126,236						126,236
415.00	Emergency Management and Communications	5,337						5,337

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2012

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
<b>Total Public Safety</b>		5,463,049	11,008					5,474,057

Health and Human Services								
420.00- 425.00	Health and Human Services	10,091						10,091
<b>Total Health and Human Services</b>		10,091						10,091

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)	870,749						870,749
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection		1,855,230		2,599,319			4,454,549
<b>Total Public Works - Sanitation</b>		870,749	1,855,230		2,599,319			5,325,298

Public Works - Highways and Streets								
430.00	General Services - Administration	605,718						605,718
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		1,315					1,315
433.00	Traffic Control Devices		26,041					26,041
434.00	Street Lighting		91,086					91,086
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains		22,282					22,282

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2012

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	53,498						53,498
438.00	Maintenance and Repairs of Roads and Bridges		29,300					29,300
439.00	Highway Construction and Rebuilding Projects			97,165				97,165
<b>Total Public Works - Highways and Streets</b>		659,216	170,024	97,165				926,405

#### 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							
<b>Total Other Public Works Enterprises</b>								

#### Culture and Recreation

451.00	Culture-Recreation Administration	60,542						60,542
452.00	Participant Recreation							
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, 2012

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**

<b>Culture and Recreation</b>								
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
<b>Total Culture and Recreation</b>		120,542						120,542

<b>Community Development</b>								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing							
463.00	Economic Development	20,000						20,000
464.00	Economic Opportunity							
465-469	All Other Community Development							
<b>Total Community Development</b>		20,000						20,000

<b>Debt Service</b>								
471.00	Debt Principal (short-term and long-term)	1,041,857			700,000			1,741,857
472.00	Debt Interest (short-term and long-term)	57,114			890,790			947,904
475.00	Fiscal Agent Fees							
<b>Total Debt Service</b>		1,098,971			1,590,790			2,689,761

<b>Employer Paid Benefits and Withholding Items</b>								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	19,191						19,191
482.00	Judgments and Losses		9,517					9,517
483.00	Pension / Retirement Fund Contributions	7,211			49,017			56,228
484.00	Worker Compensation Insurance							

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2012

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**

<b>Employer Paid Benefits and Withholding Items</b>								
487.00	Other Group Insurance Benefits							
<b>Total Employer Paid Benefits and Withholding Items</b>		26,402	9,517			49,017		84,936

<b>Insurance</b>								
486.00	Insurance, Casualty, and Surety							
<b>Total Insurance</b>								

<b>Unclassified Operating Expenditures</b>								
488.00	Fiduciary Fund Benefits and Refunds Paid						344,899	344,899
489.00	All Other Unclassified Expenditures	2,724		5,789			43,064	51,577
<b>Total Unclassified Operating Expenditures</b>		2,724		5,789			387,963	396,476

<b>Other Financing Uses</b>								
491.00	Refund of Prior Year Revenues	15,285				9,286		24,571
492.00	Interfund Operating Transfers		73,341	90,287		600,000		763,628
493.00	All Other Financing Uses							
<b>Total Other Financing Uses</b>		15,285	73,341	90,287		609,286		788,199

<b>TOTAL EXPENDITURES</b>	8,860,734	263,890	2,048,471		4,848,412		387,963	16,409,470
---------------------------	-----------	---------	-----------	--	-----------	--	---------	------------

<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	48,560	396,107	-1,627,808		-202,964		1,243,176	-142,929
---	--------	---------	------------	--	----------	--	-----------	----------

**PENN TWP**  
December 31, 2012

**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
<b>General Obligation Bonds and Notes</b>											
GON Series 2003	Note	2003	2013	2,700,000	530,076	0	307,040	0	223,036	0	223,036
GON Series 2006	Note	2006	2016	1,500,000	834,123	0	154,250	0	679,873	0	679,873
GOB Series 2009	Bond	2009	2030	18,190,000	17,495,000	0	700,000	0	16,795,000	0	16,795,000
Pa Infrastructure Bank Loan 2012	Note	2012	2023	700,000	0	0	0	0	0	0	0
<b>Revenue Bonds and Notes</b>											
<b>Lease Rental Debt</b>											
<b>Other</b>											

(1) - excludes unamortized premium/discount

<b>Total bonds and notes outstanding</b>	17,697,909
<b>Capitalized lease obligations</b>	170,608
<b>Net debt</b>	17,868,517

PENN TWP, YORK County  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2012

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	54,581		54,581
Recreation			
Sewer	92,412	2,072,035	2,164,447
Solid Waste			
Streets / Highways		97,165	97,165
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	146,993	2,169,200	2,316,193

**EMPLOYEE COMPENSATION**

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

4,163,877

---

---

**Independent Public Accountant/Certified Public Accountant Submission Page**

**See attached opinion page.**

**SIGNATURE AND VERIFICATION**

Signed: Rager, Lehman & Houck, P.C. Appointed Auditor/CPA



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

## INDEPENDENT AUDITORS' REPORT

February 25, 2013

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

We have audited the accompanying 2012 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Penn Township, York County as of and for the year ended December 31, 2012.

### ***Management's Responsibility for the 2012 Municipal Annual Audit and Financial Report (DCED-CLGS-30)***

Management is responsible for the preparation and fair presentation of the 2012 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 2012 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 an opinion on the 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 opinion.

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

The 2012 Municipal Annual Audit and Financial Report (DCED-CLGS-30) was prepared on the basis of the 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: recording of general obligation bonds, notes, and lease rental long-term debt arising from cash transactions, and recording of investments in marketable securities at the current fair value, by recording adjustments from changes in fair value of investments. The 2012 Municipal Annual Audit and Financial Report (DCED-CLGS-30) is not intended to be a complete presentation of Penn Township, York County's financial statements, notes to financial statements, and required supplementary information as required by the Governmental Accounting Standards Board (GASB). The effects on the 2012 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 2012 Municipal Annual Audit and Financial Report (DCED-CLGS-30) referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Penn Township, York County as of December 31, 2012, or the results of its operations or, where applicable, its cash flows for the year then ended.

***Opinion on Modified Cash Basis of Accounting***

In our opinion, the 2012 Municipal Annual Audit and Financial Report (DCED-CLGS-30) referred to above presents fairly, in all material respects, the respective balance sheets of the General, Special Revenue, Capital Projects, Enterprise, and Trust and Agency Funds reported in the 2012 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Penn Township, York County as of December 31, 2012, 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.*