MAIDENCREEK TOWNSHIP

BERKS COUNTY, PENNSYLVANIA

DECEMBER 31, 2004

DCED-CLGS-30 (10-01)

Commonwealth of Pennsylvania

Annual Audit and Financial Report

City of: _____, _____ County

Borough of: _____, _____ County

Township of: _____, _____ County

Municipality of: MAIDENCREEK, BERKS County

for the year 20 04

Governor's Center for Local Government Services

Return to:
PA Department of Community and Economic Development
Governor's Center for Local Government Services
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, Pennsylvania 17120-0225

Commonwealth of Pennsylvania
Edward G. Rendell, Governor
www.state.pa.us

PA Dept. of Community & Economic Development
Dennis Yablonsky, Secretary
www.inventPA.com
www.newPA.com

pennsylvania
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT
PA

Kosmerl & Company, P.C.

A Professional Corporation

Certified Public Accountants

845 North Park Rd.

Wyomissing, PA

19610-1342

(610) 372-5815

FAX (610) 372-8466

k.cpas@kosmerl.net

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U.S. TREASURY DEPARTMENT
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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Maidencreek Township
Berks County, Pennsylvania

We have audited the accompanying primary government financial statements, included in the accompanying Pennsylvania Form DCED of Maidencreek Township, Berks County, Pennsylvania, as of and for the year ended December 31, 2004. These primary government financial statements are the responsibility of Maidencreek Township's management. Our responsibility is to express an opinion on these primary government financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, Maidencreek Township prepares its primary government financial statements on the cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the cash balances of Maidencreek Township as of December 31, 2004, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

However, the primary government financial statements, because they do not include the financial data of the component unit of Maidencreek Township, do not purport to, and do not, present fairly the cash balances of Maidencreek Township as of December 31, 2004, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

The required supplementary information on Page 24 is not a required part of the basic primary government financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying financial information on Pages 25 and 26 is presented for purposes of additional analysis and is not a required part of the primary government financial statements of Maidencreek Township. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

Kosmerl & Co., P.C.

KOSMERL & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

May 23, 2005

Balance Sheet December 31st, 2004

Assets and Other Debits		Governmental Funds			
		General Fund	*Special Revenue (Including State Liquid Fuels)*	*Capital Projects*	*Debt Service*
100-120	Cash and Investments	591,106	226,663		
140-144	Tax Receivable				
121-147	Accounts Receivable (excluding taxes)				
148-159	Other Current Assets				
160-169	Fixed Assets				
180-199	Other Debits				
	Total Assets and Other Debits ☞	591,106	226,663		

Liabilities and Other Credits					
210-229	Payroll Taxes & Other Payroll Withholdings				
200-259	All Other Current Liabilities		500		
260-269	Long Term Liabilities				
269.99	Other Credits				
	Total Liabilities ☞		500		

Fund and Account Group Equity					
281-284	Contributed Capital				
290	Investment in General Fixed Assets				
271-289	Fund Balance/Retained Earnings 12/31	591,106	226,163		
	Total Fund and Account Group Equity ☞	591,106	226,163		

Balance Sheet December 31st, 2004

Proprietary Funds		Fiduciary Funds	Account Groups		Total
Enterprise	*Internal Service*	*Trust and Agency*	*General Fixed Assets*	*General Long Term Debt*	*Memorandum Only*
59,545		303,534			1,180,848
59,545		303,534			1,180,848

TOTAL ASSETS	$ 1,180,848

		303,534			304,034
		303,534			304,034

TOTAL LIABILITIES	$ 304,034

59,545		-0-			876,814
59,545		-0-			876,814

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	$ 1,180,848

Statement of Revenues and Expenditures

REVENUES		Governmental Funds		
Taxes		*General Fund*	*Special Revenue (Including State Liquid Fuels)*	*Capital Projects*
301.00	**Real Estate Taxes**	252,900	185,026	
305.00	Occupation Taxes/Levied Under Municipal Code			
308.00	Residence Taxes/Levied By Cities of the 3rd Class			
310.00	Per Capita Taxes	23,782		
310.10	Real Estate Transfer Taxes	253,914		
310.20	**Earned Income Taxes/Wage Taxes**	820,629		
310.30	Mercantile Taxes			
310.40	Occupation Taxes/Act 511			
310.50	**Occupation Privilege Taxes**	15,838		
310.60	Amusement/Admission Taxes	11,624		
310.70	Mechanical Device Taxes			
310.80	Business Privilege Taxes			
310.90	Other Local Tax Enabling Act/Act 511/Taxes *(Please List)*			
	Total Taxes ☞	1,378,687	185,026	

Licenses and Permits				
320.00	All Other Licenses and Permits	198,303		
321.80	Cable Television Franchise Fees	30,630		
	Total Licenses and Permits ☞	228,933		

Fines and Forfeits				
330.00	Fines and Forfeits	41,774		

Interest, Rents, and Royalties				
341.00	Interest Earnings	5,722	3,434	
342.00	Rents and Royalties	15,630	240	
	Total Interest, Rents and Royalties ☞	21,352	3,674	

Statement of Revenues and Expenditures

	Proprietary Funds		Fiduciary Fund Type	Total
Debt Service	*Enterprise*	*Internal Service*	*Trust and Agency*	*Memorandum Only*
	37,006			474,932
				-
				23,782
				253,914
				820,629
				15,838
				11,624
	37,006			1,600,719

				198,303
				30,630
				228,933

				41,774

	621		3,520	13,297
				15,870
	621		3,520	29,167

Statement of Revenues and Expenditures

INTERGOVERNMENTAL REVENUES		Governmental Funds		
Federal		*General Fund*	*Special Revenue (Including State Liquid Fuels)*	*Capital Projects*
351.03	Highways and Streets			
351.09	Community Development			
351.99	All Other Federal Grants			
352.08	National Forest Products			
352.99	All Other Federal Shared Revenue and Entitlements			
353.00	Federal Payments in Lieu of Taxes			
	Total Federal ☞			
State				
354.03	Highways and Streets			
354.09	Community Development			
355.01	Public Utility Realty Tax	2,045		
355.02	Motor Vehicle Fuel Tax		145,683	
355.06	General Municipal Pension System State Aid	8,734		
355.08	Alcoholic Beverage Taxes/Beverage Licenses			
355.09	Recycling/Act 101			
355.99	All Other Shared Revenues and Entitlements			
356.00	State Payments in Lieu of Taxes			
	Total State ☞	10,779	145,683	
Local Governmental Units				
357.03	Highways and Streets			
357.99	All Other Local Governmental Unit Grants			
359.00	Local Governmental Unit Payments in Lieu of Taxes			
	Total Local Government Units ☞			

Charges for Service				
361.00	General Government	397		
362.00	Public Safety	6,500		
363.20	Parking/Parking Meters, Permits			
363.99	All Other Charges for Highway & Streets Services			
364.10	Wastewater/Sewage			
364.30	Solid Waste Collection/Trash			
364.60	Host Municipality Fee for Solid Waste Facility			
364.99	Other Charges for Sanitation Services			
365.00	Health			
367.00	Culture and Recreation		65,461	
378.00	Water System			
379.00	Other Charges for Service			
	Total Charges for Service ☞	6,897	65,461	

Statement of Revenues and Expenditures

	Proprietary Funds		Fiduciary Fund Type	Total
Debt Service	*Enterprise*	*Internal Service*	*Trust and Agency*	*Memorandum Only*

				2,045
				145,683
				8,734
				156,462

Total Intergovernmental Revenues	**$** 156,462

				397
				6,500
				65,461
	48,882			48,882
	48,882			121,240

Statement of Revenues and Expenditures

Miscellaneous Revenues		Governmental Funds		
		General Fund	*Special Revenue (Including State Liquid Fuels)*	*Capital Projects*
383.00	Special Assessments			
387.00	Contributions and Donations from Private Sectors		2,780	
389.00	All Other Miscellaneous Revenues			
	Total Miscellaneous Revenues ☞		2,780	

Other Financing Sources				
391.00	Proceeds of General Fixed Asset Distribution			
392.00	Interfund Operating Transfers			
393.00	Proceeds of General Long Term Debt			
394.00	Proceeds of Tax and Revenue Anticipation Notes			
395.00	Refunds of Prior Year Expenditures	9,949	4,000	
	Total Other Financing Sources ☞	9,949	4,000	

TOTAL REVENUES	1,698,371	406,624	

EXPENDITURES				
General Government				
400.00	Legislative/Governing Body	34,918	1,957	
401.00	Executive/Manager or Mayor			
402.00	Auditing Services/Bookkeeping Services	20		
403.00	Tax Collection	9,145		
404.00	Solicitor/Legal Services	29,034		
405.00	Secretary/Clerk	59,610		
406.00	Other General Government Administration	165		
408.00	Engineering Services	50,228	13,039	
409.00	General Government Buildings and Plant	69,049		
	Total General Government ☞	252,169	14,996	

Statement of Revenues and Expenditures

	Proprietary Funds		Fiduciary Fund Type	Total
Debt Service	*Enterprise*	*Internal Service*	*Trust and Agency*	*Memorandum Only*
	3,561			3,561
	50			2,830
	3,611			6,391

				13,949
				13,949

	90,120		3,520	2,198,635

	1,679			38,554
				20
				9,145
				29,034
				59,610
	38		1,133	1,336
			1,416	64,683
				69,049
	1,717		2,549	271,431

Statement of Revenues and Expenditures

Public Safety		Governmental Funds		
		General Fund	*Special Revenue (Including State Liquid Fuels)*	*Capital Projects*
410.00	Police	612,085		
411.00	Fire	35,000		
412.00	Ambulance/Rescue	46,714		
413.00	Protective Inspection	88,043		
414.00	Planning and Zoning	4,329		
415.00	Emergency Management	11,183		
419.00	Other Public Safety	15,082		
	Total Public Safety ☞	812,436		

Health and Human Services				
420.00	Health and Human Services			

Public Works - Sanitation				
426.00	Recycling Collection and Disposal			
427.00	Solid Waste Collection and Disposal	2,424	1,609	
429.00	Wastewater/Sewage Collection and Treatment	8,250		
	Total Public Works – Sanitation ☞	10,674	1,609	

Public Works – Highways and Streets				
430.00	General Services	48,116	3,968	
431.00	Cleaning of Streets			
432.00	Winter Maintenance	142	83,722	
433.00	Traffic Control Devices	12,681		
434.00	Street Lighting	77,868		
435.00	Sidewalks and Crosswalks			
436.00	Storm Sewers and Drains	21,810		
437.00	Repairs of Tools and Machinery	29,512	6,200	
438.00	Road and Bridge Maintenance	47,923		
439.00	Construction and Rebuilding Projects			
	Total Public Works – Highways and Streets ☞	238,052	93,890	

Statement of Revenues and Expenditures

	Proprietary Funds		Fiduciary Fund Type	Total
Debt Service	*Enterprise*	*Internal Service*	*Trust and Agency*	*Memorandum Only*
				612,085
				35,000
				46,714
				88,043
				4,329
				11,183
				15,082
				812,436

	96,105			96,105
				4,033
				8,250
	96,105			108,388

				52,084
				83,864
				12,681
				77,868
				21,810
				35,712
				47,923
				331,942

Statement of Revenues and Expenditures

Other Public Works Enterprises		Governmental Funds		
		General Fund	*Special Revenue (Including State Liquid Fuels)*	*Capital Projects*
440.00	Airports			
441.00	Cemeteries			
442.00	Electric System			
443.00	Gas System			
444.00	Markets			
445.00	Parking Facilities			
446.00	Storm Water and Flood Control			
447.00	Transit System			
448.00	Water System	7,000		
449.00	Water Transport and Terminals			
	Other Public Works and Enterprises			
Total Other Public Works Enterprises ☞		7,000		

Culture and Recreation				
451.00	Recreation		10,108	
454.00	Parks		145,096	
455.00	Shade Trees			
456.00	Libraries			
458.00	Senior Citizen Centers			
459.00	Other Culture and Recreation	6,850	5,212	
Total Culture and Recreation ☞		6,850	160,416	

Community Development				
461.00	Conservation of Natural Resources			
462.00	Community Development and Housing			
465.00	Economic Development and Assistance			
466.00	Economic Opportunity			
468.00	Other Community Development			
Total Community Development ☞				

Statement of Revenues and Expenditures

	Proprietary Funds		Fiduciary Fund Type	Total
Debt Service	*Enterprise*	*Internal Service*	*Trust and Agency*	*Memorandum Only*
				7,000
				7,000

				10,108
				145,096
				12,062
				167,266

Statement of Revenues and Expenditures

	Debt Service	Governmental Funds		
		General Fund	*Special Revenue (Including State Liquid Fuels)*	*Capital Projects*
471.00	Debt Principal	12,654	20,499	
472.00	Debt Interest	208	1,937	
473.00	Tax Anticipation Note/Principal			
474.00	Tax Anticipation Note/Interest			
475.00	Fiscal Agent Fees			
	Total Debt Service ☞	12,862	22,436	

	Miscellaneous Expenditures			
481.00	Intergovernmental Expenditures			
482.00	Judgments and Losses			
483.00	Pension/Retirement Fund Contributions	30,181		
484.00	Workers Compensation	34,542		
485.00	Unemployment Compensation			
486.00	Insurance Premiums	91,943		
487.00	Employee Benefits Not Allocated to Specific Functions	27,027		
489.00	Other Miscellaneous Expenditures			
	Total Miscellaneous Expenditures ☞	183,693		

	Other Financing Uses			
491.00	Refund of Prior Year Revenues			
492.00	Interfund Operating Transfers			
493.00	Other Financing Uses			
	Total Other Financing Uses ☞			

TOTAL EXPENDITURES	1,523,736	293,347	

EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	174,635	113,277	

Statement of Revenues and Expenditures

	Proprietary Funds		Fiduciary Fund Type	Total
Debt Service	*Enterprise*	*Internal Service*	*Trust and Agency*	*Memorandum Only*
				33,153
				2,145
				35,298

				30,181
				34,542
				91,943
				27,027
				183,693

	97,822		2,549	1,917,454

	(7,702)		971	281,181

1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activity:

Maidencreek Township (the "Township") founded in 1747, has an approximate population of 6,600, based on a 2000 census report, living within an area of 14.8 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Berks County.

A summary of the Township's significant accounting policies follows:

The accompanying primary government financial statements conform to the cash basis method of accounting as applicable to governmental units. The following is a summary of the more significant accounting policies used by the Township.

A. THE FINANCIAL REPORTING ENTITY

The Township is a Pennsylvania Second Class Township which operates under a Board of Supervisors form of government. U. S. generally accepted accounting principles require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the primary government. The component unit as determined under the above criteria and as discussed below is not included in the Township's reporting entity as these financial statements include only the cash activities of the primary government.

INDIVIDUAL COMPONENT UNIT DISCLOSURES

Maidencreek Township Authority:

The Maidencreek Township Authority is governed by a five-member board appointed by the Township Supervisors. Although it is legally separate from the Township, the Authority is a component unit and its primary purpose is to provide water and sewer utilities to the Township.

1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES - continued

A summary of the Township's significant accounting policies follows (continued):

B. DESCRIPTION OF FUND ACCOUNTING AND FUNDS

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds of the Township are grouped in the primary government financial statements in this report as follows:

Governmental fund types:

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use and balances of the Township's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the Township's governmental fund types:

General Fund – is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

State Liquid Fuels Highway Aid Fund – is used to account for the proceeds from the State Motor License Fund. Under the act of June 1, 1956, P.L. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations. County liquid fuels tax payments to the local government are not accounted for in this fund.

Recreation Board Fund – is used to account for revenue generated by taxation and expenditures related to recreation.

1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of the Township's significant accounting policies follows (continued):

B. DESCRIPTION OF FUND ACCOUNTING AND FUNDS (CONTINUED)

Enterprise Fund – is used to account for the Township's recycling program.

Fiduciary fund types:

Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the Township's fiduciary fund type:

Trust and Agency Funds – Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

Escrow Fund – is used to account for the funds received from land developers for the completion of improvements to real estate developments within the Township's boundaries. In prior years funds retained for future disposition were accounted for as a fund balance. These funds are held in a trustee capacity and after certain criteria is met, the remainder if any is returned to the developers. As such these funds are now reported as liabilities of the Township.

C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the primary government financial statements.

Cash Basis:

The Township's accounts are maintained on a cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principals, and the statements of cash receipts and disbursements reflect only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, accrued income and expenses and amortization and depreciation, which may be material in amount, are not reflected in the accompanying financial statements.

1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of the Township's significant accounting policies follows (continued):

C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (CONTINUED)

Measurement focus:

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or "financial flow" measurement focus. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

D. ASSET ACCOUNTING POLICY DISCLOSURES

Cash:

The Township considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt investments purchased with a maturity of three months or less to be cash.

General fixed assets:

Purchased general fixed assets are recorded as expenditures in the governmental fund types. Infrastructure assets consisting of certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are recorded as expenditures in the fund types expending the funds.

E. FUND EQUITY ACCOUNTING POLICY DISCLOSURES

Fund balances:

Fund balances of governmental fund types and nonexpendable trust and pension trust funds are classified in two separate categories. The categories, and their general meanings, are as follows:

Reserved fund balance – indicates that portion of fund balance, which has been legally segregated for specific purposes.

Unreserved fund balance – indicates that portion of fund balance which is available for appropriation and expenditure in future periods.

1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of the Township's significant accounting policies follows (continued):

F. REVENUE AND EXPENDITURE POLICY DISCLOSURES

Revenues:

All revenues are recognized when received.

Property taxes:

Property tax revenues are recognized on the cash basis. The Township is permitted by state law to levy taxes up to 30 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Township for 2004 was 1.25 mills, as established by the Board of Supervisors. Current tax collections for the Township were approximately 96 percent of the total tax levy.

The Township's real estate taxes are based on assessed values established by the County's Board of Assessments. The taxes are collected by elected local tax collectors. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of two percent is applied to payments made prior to April 30. A penalty of ten percent is added to the face amount of taxes paid after June 30. The County of Berks Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the County Tax Claim Bureau is made by January 15 of the subsequent year.

Intergovernmental revenues:

Intergovernmental revenues represent revenues received from the Commonwealth of Pennsylvania, federal agencies, and other local governments generally to fund specific programs and are recognized when received.

Long-term debt:

Debt service expenditures are recognized in the period paid.

Expenditures/expenses:

Expenditures and expenses are recognized when paid.

1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of the Township's significant accounting policies follows (continued):

F. REVENUE AND EXPENDITURE POLICY DISCLOSURES

Compensated Absences:

Compensated absences for vacation and sick leave are recorded when paid.

2. BUDGET MATTERS

The Board of Supervisors annually adopts a budget for the General and Special Revenue Funds. Budgetary control is legally maintained at the fund level.

The Second Class Township Code provides for the modification of the budget and supplemental appropriations and transfers.

Appropriations, except open project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with finance related legal and contractual provisions:

The Township had no material violations of finance related legal and contractual provisions.

Excess of expenditures over appropriations in individual funds:

No individual fund, which was budgeted as required by the Commonwealth of Pennsylvania, contained an excess of expenditures over appropriations that was not covered by the cash balance at December 31, 2003 and the cash received for the year ended December 31, 2004.

4. CASH

As of December 31, 2004 bank balances of deposits were entirely insured by Federal Depository Insurance or collateralized in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

5. LONG-TERM DEBT

At December 31, 2004, long-term debt consisted of the following:

	Balance Outstanding December 31, 2003	Additions	Payments & Other Reductions	Balance Outstanding December 31, 2004
General Obligation Note due to a bank in monthly payments of interest only through January 2000, then Payments of $ 1,878 Including interest at 5.25% to June 2004	$ 13,750	$ 0	*($ 13,750)	$ 0
Note payable due to a bank in monthly payments of $ 1,870 including interest at 4.55% to May 2006	51,222	0	(20,499)	30,723
	$ 64,972	$ 0	($ 34,249)	$ 30,723

Aggregate maturities required on long-term debt at December 31, 2004 are as follows:

	Principal	Interest	Total
2005	$ 21,471	$ 964	$ 22,435
2006	9,252	106	9,358
	$ 30,723	$ 1,070	$ 31,793

Substantially all of the Township's assets are pledged as collateral to the long-term debt.

*Consists of $12,654 of cash payments and $1,096 of balance reductions.

6. PENSION PLAN

The Township administers and contributes to one defined benefit pension plan, the Maidencreek Township Non-Uniform Pension Plan. The assets of the plan are invested separately and may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan.

Plan description and funding policy:

Plan description:

The Maidencreek Township Non-Uniform Pension Plan (the "Plan") is a single-employer defined benefit pension plan administered by the Principal Mutual Life Insurance Company. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Principal Mutual Life Insurance Company issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Maidencreek Township.

Funding policy:

The Township is required to contribute amounts necessary to fund the Plan using the actuarial basis specified by statute.

Annual pension cost and net pension obligation:

The Township's annual pension cost and net pension obligation to the Plan for the current year were as follows:

Annual required contribution	$ 29,588
Interest on net pension obligation	--
Adjustment to annual required contribution	--
Annual pension cost	$ 29,588
Contributions made	29,588
Increase(decrease) in net pension obligation	--
Net pension obligation beginning of year	--
Net pension obligation end of year	$ --

6. PENSION PLAN (Continued)

Annual pension cost and net pension obligation (continued):

The annual required contribution for the current year was determined as part of the January 1, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 5.5% investment rate of return and (b) projected salary increases of 4.50% per year. Provisions for administrative expenses are added to normal cost. The assumptions included postretirement mortality and percent married provisions. Retirement is based upon normal retirement age as defined in the Plan. The actuarial value of assets was determined by contract basis.

Three-Year Trend Information:

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/01	$ 25,455	100%	$ --
12/31/02	$ 29,237	100%	$ --
12/31/03	$ 29,588	100%	$ --

7. Commitments and Contingencies

Line of credit:

The Township has lines of credit with two local financial institutions in the amounts of $50,000 and $75,000. At December 31, 2004, the Township had not drawn on the lines of credit.

Maidencreek Township Authority:

The Township has guaranteed the Authority's 1999 Sewer Revenue Note, of which $ 2,421,607 is outstanding at December 31, 2004. The debt is evidenced by a Guaranty Agreement.

Litigation:

The Township is a defendant in a lawsuit, which has been referred to the lawyers who represent the Township's insurance carrier. While it is not feasible to determine the outcome of this matter, in the opinion of management, any total ultimate liability would not have a material effect on the Township's financial position.

MAIDENCREEK TOWNSHIP

SCHEDULE OF FUNDING PROGRESS

Maidencreek Township Non-Uniform Pension Plan:

Actuarial Valuation Date	Actuarial Value of Funded Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	AAL (UAAL) (b-a)	Ratio (a/b)
January 1, 1999	$ 59,038	$ 111,153	$ 52,115	53%
January 1, 2001	108,088	156,736	48,648	69%
January 1, 2003	191,044	186,723	(4,321)	102%

	Covered Payroll (c)	UAAL As A % of Covered Covered Payroll ((b-a)/c)
January 1, 1999	$ 113,680	46 %
January 1, 2001	131,811	37 %
January 1, 2003	140,528	(3.1%)

DEBT STATEMENT

↓ List Each Issue or Loan ↓	Year of Issue	Original Amount of Issue	Outstanding January 1st or Issued During Year	Principal Paid During Year	Principal Outstanding December 31st
General Obligation Bonds and Other Notes					
GENERAL OBLIGATION NOTE	2001	100,000	51,222	20,499	30,723
Revenue Bonds and Notes					
Lease Rental Debt					
Tax and Revenue Anticipation Notes					
Other					
SMALL BORROWING FOR CAPTIAL PURPOSES	1999	90,000	13,750	* 13,750	-0-
*CONSISTS OF $12,654 OF CASH PAYMENTS AND $1,096 OF BALANCE REDUCTIONS.					

TOTAL DEBT AND REVENUE ANTICIPATION NOTES	30,723

STATEMENT OF CAPITAL EXPENDITURES

Category	Capital Purchases	Capital Construction	Total
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Sewer			
Solid Waste			
Streets/Highways	949		949
Water			
Other *(Please specify)*			

TOTAL CAPITAL EXPENDITURES	949

TAX RATES, CENSUS AND OTHER INFORMATION

Assessed Value of Real Estate as of December 31st $ 371,248,000

Tax Rate:

General Purposes	0.65	Mills
Debt Purposes		Mills
All Other Purposes	0.60	Mills
Total	1.25	Mills

Employee Compensation:

Total salaries, wages, commissions, etc. paid this year. $ 250,575
(including all employees and elected officials)
***USE INCOME FROM W-3 STATEMENT**

Kosmerl & Company, P.C.

A Professional Corporation

Certified Public Accountants

MEMBERS
AMERICAN INSTITUTE OF CPA'S
PENNA. INSTITUTE OF CPA'S

845 North Park Rd.
Wyomissing, PA
19610-1342

(610) 372-5815
FAX (610) 372-8466
k.cpas@kosmerl.net

ENROLLED TO PRACTICE BEFORE
U.S. TREASURY DEPARTMENT
PENNA. DEPT. OF REVENUE

January 12, 2005

The Board of Supervisors
Maidencreek Township
Blandon, Pennsylvania

Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for Maidencreek Township for the year ended December 31, 2004. We will audit the financial statements of the Maidencreek Township accounts as of and for the year ended December 31, 2004.

We understand that the financial statements will be presented under the guidelines of the Commonwealth of Pennsylvania Annual Report of Municipalities.

Audit Objective

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with the cash basis of accounting. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatement may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Identifying and ensuring that Maidencreek Township complies with laws, regulations, contracts, and agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we may perform tests of Maidencreek Township's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit Procedures – Internal Control

In planning and performing our audits, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinion on Maidencreek Township's financial statements.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Audit Administration, Fees, and Other

We understand that your employees will locate invoices selected by us for testing.

Our proposed fees for these services will be $ 3,000.00 per annum. This quote is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a mutually agreeable settlement.

Our audit engagement will end upon the delivery of our audit report to you, unless circumstances described earlier cause us to not issue a report.

We appreciate the opportunity to be of service to Maidencreek Township and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign all enclosed copies and return two of them to us in the enclosed self-addressed stamped envelope.

Sincerely yours,

Kosmerl & Co., P.C.

KOSMERL & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

RESPONSE:

This letter correctly sets forth the understanding of the Maidencreek Township.

By: MAIDENCREEK TOWNSHIP

Accepted by

pennsylvania
GOVERNOR'S CENTER FOR
LOCAL GOVERNMENT SERVICES

Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
Toll-Free: 1-888-223-6837
Fax: 717-783-1402

September 15, 2005

Diane Hollenbach, Secretary
Maidencreek Township, Berks County

The Governor's Center for Local Government Services has reviewed the 2004 Annual Audit and Financial Report for Maidencreek Township, Berks County.

The following page(s) describes several issues that we need your assistance to resolve before we can accept the Audit and upload the information into our database.

Please review these items with your auditors and respond to me via phone or fax at the numbers listed above.

Thank you.

Brian Bowers

John - can you answer the 3 numbered items? I need to call this man so please let me know.

9-29-05 - Annette
John is calling the individual directly

Questions pertaining to the Annual Audit and Financial Report (AFR) Form DCED-CLGS-30 (10-01)

BALANCE SHEET QUESTIONS

1

Ending Cash Balance Discrepancy (cash basis of accounting only) - Line 100-120 (Cash & Investments) should reflect the **ending cash balances** as recorded in your ledger for all funds (this includes checking, savings and investments) as of **December 31 of the reporting year**. This should **not** be the ending cash balance for the previous year. We link these figures to the previous year's AFR figures as follows: Begin with the Cash and Investments amount (line 100-120) in the General Fund of the previous year's Audit. Add the total revenues in the General Fund in the current AFR. Subtract the total expenditures in the General Fund in the current AFR. The resulting figure should match the current year's Cash and Investments amount (line 100-120). If not, perhaps a prior period adjustment was made. If this is the case, note this on the Balance Sheet. In the case of accrual basis accounting, you may use the Fund Balance/Retained Earnings 12/31 (line 271-289) instead. Repeat for *Special Revenue Fund*.

INCOME & EXPENDITURE QUESTIONS

Foreign Fire Insurance/Fire Relief Money - If your municipality received Foreign Fire Insurance/Fire Relief money that was deposited into the General Fund before being forwarded to the Fire Company, then the revenue should be reported on line 355.99 (All Other Shared Revenues and Entitlements). Please identify the amount received during the reporting year, and where (if at all) it was recorded in the AFR. Also verify that the expenditure was listed on line 411.00 (Fire). $43,165.51

2

Other Charges for Service - Line 379.00 (Other Charges for Service) should be as close to zero as possible. Please provide us with a breakdown of the amount listed on line 379.00 in the Enterprise Fund. Or if you prefer, you may use the Chart of Accounts to assist you in reallocating those amounts to other, more specific account numbers. If you need additional help in determining where to report these amounts, please contact us.
John - not in my bookkeeping - what did you put here?

3

Special Assessments - Line 383.00 (Special Assessments) are charges against properties benefited for public works improvements, such as sidewalks, street improvements, and water or sewer line extensions. Please provide us with a breakdown of the amount listed on line 383.00 in the Enterprise Fund. Street light assessments should be reported on line 363.99 (All Other Charges for Highway & Street Services). Fire hydrant assessments should be reported on line 378.00 (Water System).
John - not in my bookkeeping - what did you put here?

COMPARISONS

Wastewater/Sewage Collection and Treatment Expenditure with No Corresponding Revenue - Line 429.00 (Wastewater/Sewage Collection and Treatment) shows an expenditure while line 364.10 (Wastewater/Sewage) shows no revenue. Please verify that this is accurate. If this amount is the result of only reporting the net difference, we prefer to see the entire revenue and expenditure amounts listed in the AFR. accurate - inspecting sewer connections, collected no fee to do this.

Questions pertaining to the Annual Audit and Financial Report (AFR) Form DCED-CLGS-30 (10-01)

Recycling Collection and Disposal/Solid Waste Collection and Disposal Expenditure with No Corresponding Revenue - Line 426.00 (Recycling Collection and Disposal) or line 427.00 (Solid Waste Collection and Disposal) shows expenditure, while line 364.30 (Solid Waste Collection/Trash) shows no revenue. Please verify that this is accurate. If this amount is the result of only reporting the net difference, we prefer to see the entire revenue and expenditure amounts listed in the AFR. correct paid for from real estate tax - did not collect revenue for this

Water System Expenditure with No Corresponding Revenue - Line 448.00 (Water System) shows an expenditure while line 378.00 (Water System) shows no revenue. Please verify that this is accurate. If this amount is the result of only reporting the net difference, we prefer to see the entire revenue and expenditure amounts listed in the AFR.

water connection inspections - no fee collected