# MAIDENCREEK TOWNSHIP

# BERKS COUNTY, PENNSYLVANIA

# DECEMBER 31, 2006

DCED-CLGS-30 (9-06)

Department of Community & Economic Development
Governor's Center for Local Government Services
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
ph: 888-223-6837 | fax: 717-783-1402

# 2006 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

City of: _____ County: _____

Borough of: _____ County: _____

Township of: MAIDENCREEK County: BERKS

Municipality of: _____ County: _____

## Section I – Introduction

### Statutory Requirements

- State law, under the provisions of the Borough Code, First Class Township Code and Second Class Township Code, requires that either the borough controller, elected auditors or appointed auditors file an Annual Audit and Financial Report.
- State law, under the provisions of the Third Class City Code, requires a city's Director of Accounts and Finance to file an Annual Audit and Financial Report.
- The state's Administrative Code requires home rule municipalities to file an Annual Audit and Financial Report.
- The Annual Audit and Financial Report forms, supplied by the Pennsylvania Department of Community and Economic Development (DCED), were developed and approved by a Uniform Forms Committee composed of representatives of the respective municipal associations.
- Form DCED-CLGS-30 (See Section III) is the form adopted by the Committee for use by all municipalities in Pennsylvania to fulfill their statutory reporting requirements.

### One Form

Only one form is now being provided. This form contains the same categories as in previous years: assets, liabilities, revenues, and expenditures. **Only complete those funds that you use. Leave the remaining columns blank.**

### Submitting the Report

- File one copy by the designated date at each of the places listed on page 9.
- Complete the appropriate items, **rounding to the nearest dollar. Do not include cents.** Calculate totals at the foot of each column and the end of every row. The totals are a required part of the report.
- Handwritten reports are acceptable, if legible, but typewritten reports are preferred.
- Computer-generated forms identical to the official form are acceptable.
- Photocopied reports may be submitted, but the appropriate officer must sign each copy.
- Appointed independent auditors may submit their own opinion in place of the prepared opinion at the end of the form.
- On the cover of the report, fill in the name of the municipality and the name of the county where it is located on the appropriate line and the date of the fiscal year being reported.
- **DO NOT place the copy of the report you are submitting to DCED in any type of binder or cover.**
- The report may be e-filed. Please see the TIP Sheet for details on how to e-file.

Maidencreek Township
Board of Supervisors
P.O. Box 319
Blandon, PA 19510

# 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


## 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, 2006. 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, 2006, 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, 2006, 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

March 23, 2007

# BALANCE SHEET

December 31, 2006

| ASSETS AND OTHER DEBTS | GOVERNMENTAL FUNDS | | | |
|---|---|---|---|---|
| | General Fund | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service |
| 100-120 Cash and Investments | 880,213 | 149,207 | | |
| 140-144 Tax Receivable | | | | |
| 121-129 145-149 Accounts Receivable (excluding taxes) | | | | |
| 130 Due From Other Funds | | | | |
| 131-139 150-159 Other Current Assets | | | | |
| 160-169 Fixed Assets | | | | |
| 180-189 Other Debits | | | | |
| TOTAL ASSETS AND OTHER DEBITS | $ 880,213 | $ 149,207 | $ | $ |

| LIABILITIES AND OTHER CREDITS | | | | |
|---|---|---|---|---|
| 210-229 Payroll Taxes and Other Payroll Withholdings | 141 | | | |
| 200-209 231-239 All Other Current Liabilities | | | | |
| 230 Due To Other Funds | | | | |
| 260-269 Long-Term-Liabilities | | | | |
| 240-259 Current Portion of Long-Term Debt & Other Credits | | | | |
| TOTAL LIABILITIES AND OTHER CREDITS | $ 141 | $ | $ | $ |

| FUND AND ACCOUNT GROUP EQUITY | | | | |
|---|---|---|---|---|
| 281-284 Contributed Capital | | | | |
| 290 Investment in General Fixed Assets | | | | |
| 270-289 Fund Balance/Retained Earnings on 12/31 | 880,072 | 149,207 | | |
| 291-299 Other Equity | | | | |
| TOTAL FUND AND ACCOUNT GROUP EQUITY | $ 880,072 | $ 149,207 | $ | $ |

| ASSETS AND OTHER DEBTS | PROPRIETARY FUNDS: Enterprise | PROPRIETARY FUNDS: Internal Service | FIDUCIARY FUND: Trust & Agency | ACCOUNT GROUPS: General Fixed Assets | ACCOUNT GROUPS: General Long Term Debt | TOTAL: Memorandum Only |
|---|---|---|---|---|---|---|
| 100-120 Cash and Investments | | | 125,257 | | | 1,154,677 |
| 140-144 Tax Receivable | | | | | | |
| 121-129 145-149 Accounts Receivable (excluding taxes) | | | | | | |
| 130 Due From Other Funds | | | | | | |
| 131-139 150-159 Other Current Assets | | | | | | |
| 160-169 Fixed Assets | | | | | | |
| 180-189 Other Debits | | | | | | |
| TOTAL ASSETS AND OTHER DEBTS | $ | $ | $ 125,257 | $ | $ | $ 1,154,677 |

| LIABILITIES AND OTHER CREDITS | | | | | | |
|---|---|---|---|---|---|---|
| 210-229 Payroll Taxes and Other Payroll Withholdings | | | | | | 141 |
| 200-209 231-239 All Other Current Liabilities | | | 125,257 | | | 125,257 |
| 230 Due To Other Funds | | | | | | |
| 260-269 Long-Term-Liabilities | | | | | | |
| 240-259 Current Portion of Long-Term Debt & Other Credits | | | | | | |
| TOTAL LIABILITIES AND OTHER CREDITS | $ | $ | $ 125,257 | $ | $ | $ 125,398 |

| FUND AND ACCOUNT GROUP EQUITY | | | | | | |
|---|---|---|---|---|---|---|
| 281-284 Contributed Capital | | | | | | |
| 290 Investment in General Fixed Assets | | | | | | |
| 270-289 Fund Balance/Retained Earnings on 12/31 | | | -0- | | | 1,029,279 |
| 291-299 Other Equity | | | | | | |
| TOTAL FUND AND ACCOUNT GROUP EQUITY | $ | $ | $ -0- | $ | $ | $ 1,029,279 |

| | |
|---|---|
| TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY | $ 1,154,677 |

# STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2006

| REVENUES | | GOVERNMENTAL FUNDS | | | |
|---|---|---|---|---|---|
| | | General Fund | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service |
| **TAXES** | | | | | |
| 301.00 | Real Estate Taxes | 325,555 | 211,989 | | |
| 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 | 4,622 | | | |
| 310.10 | Real Estate Transfer Taxes | 342,518 | | | |
| 310.20 | Earned Income Taxes/Wage Taxes | 971,934 | | | |
| 310.30* | Business Gross Receipts Taxes | | | | |
| 310.40* | Occupation Taxes (levied under Act 511) | | | | |
| 310.50* | Emergency and Municipal Services Tax** | 18,107 | | | |
| 310.60 | Amusement/Admission Taxes | 15,131 | | | |
| 310.70 | Mechanical Device Taxes | | | | |
| 310.90 | Other Local Tax Enabling Act/Act 511/Taxes | | | | |
| | _____ | | | | |
| | _____ | | | | |
| | _____ | | | | |
| TOTAL TAXES | | $ 1,869,886 | $ 211,989 | $ | $ |
| **LICENSES & PERMITS** | | | | | |
| 320-322 | All Other Licenses and Permits | 182,391 | | | |
| 321.80* | Cable Television Franchise Fees | 36,586 | | | |
| TOTAL LICENSES & PERMITS | | $ 218,977 | $ | $ | $ |
| **FINES & FORFEITS** | | | | | |
| 330-332 | Fines and Forfeits | 39,014 | | | |
| TOTAL FINES & FORFEITS | | $ 39,014 | $ | $ | $ |
| **INTEREST, RENTS & ROYALTIES** | | | | | |
| 341.00 | Interest Earnings | 13,354 | 5,657 | | |
| 342.00 | Rents and Royalties | 14,803 | 80 | | |
| TOTAL INTEREST, RENTS & ROYALTIES | | $ 28,157 | $ 5,737 | $ | $ |

* *Formerly Occupational Privilege Tax (OPT)*

| REVENUES | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|---|---|---|---|---|
| TAXES | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| 301.00 Real Estate Taxes | | | | 537,544 |
| 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 | | | | 4,622 |
| 310.10 Real Estate Transfer Taxes | | | | 342,518 |
| 310.20 Earned Income Taxes/Wage Taxes | | | | 971,934 |
| 310.30* Business Gross Receipts Taxes | | | | |
| 310.40* Occupation Taxes (levied under Act 511) | | | | |
| 310.50* Emergency and Municipal Services Tax** | | | | 18,107 |
| 310.60 Amusement/Admission Taxes | | | | 15,131 |
| 310.70 Mechanical Device Taxes | | | | |
| 310.90 Other Local Tax Enabling Act/Act 511/Taxes | | | | |
| _____ | | | | |
| _____ | | | | |
| _____ | | | | |
| TOTAL TAXES | $ | $ | $ | $ [illegible] |

| LICENSES & PERMITS | | | | |
|---|---|---|---|---|
| 320-322 All Other Licenses and Permits | | | | 182,391 |
| 321.80* Cable Television Franchise Fees | | | | 36,586 |
| TOTAL LICENSES & PERMITS | $ | $ | $ | $ [illegible] |

| FINES & FORFEITS | | | | |
|---|---|---|---|---|
| 330-332 Fines and Forfeits | | | | 39,014 |
| TOTAL FINES & FORFEITS | $ | $ | $ | $ [illegible] |

| INTEREST, RENTS & ROYALTIES | | | | |
|---|---|---|---|---|
| 341.00 Interest Earnings | | | | 19,011 |
| 342.00 Rents and Royalties | | | | 14,883 |
| TOTAL INTEREST, RENTS & ROYALTIES | $ | $ | $ | $ [illegible] |

| INTERGOVERNMENTAL REVENUES | GOVERNMENTAL FUNDS | | | |
|---|---|---|---|---|
| **FEDERAL** | **General Fund** | **Special Revenue (Including State Liquid Fuels)** | **Capital Projects** | **Debt Service** |
| 351.03 Highways and Streets | | | | |
| 351.09 Community Development | | | | |
| 351.00* All Other Federal Capital and Operating Grants | | | | |
| 352.01 National Forest | | | | |
| 352.00* All Other Federal Shared Revenue & Entitlements | | | | |
| 353.00 Federal Payments in Lieu of Taxes | | | | |
| TOTAL FEDERAL | $ | $ | $ | $ |

| STATE | | | | |
|---|---|---|---|---|
| 354.03 Highways and Streets | | | | |
| 354.09 Community Development | | | | |
| 354.15 Recycling/Act 101 | | | | |
| 354.00* All Other State Capital and Operating Grants | | | | |
| 355.01 Public Utility Realty Tax (PURTA) | 2,846 | | | |
| 355.02 - 355.03 Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback | | 159,299 | | |
| 355.04 Alcoholic Beverage Licenses | | | | |
| 355.05 General Municipal Pension System State Aid | 12,354 | | | |
| 355.00* All Other State Shared Revenues & Entitlements | 78,434 | | | |
| 356.00 State Payments in Lieu of Taxes | | | | |
| TOTAL STATE | $ 93,634 | $ 159,299 | $ | $ |

| 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 | | | | |
| 359.00 Local Governmental Units and Authorities Payments in Lieu of Taxes | | | | |
| TOTAL LOCAL GOVERNMENT UNITS | $ | $ | $ | $ |

| INTERGOVERNMENTAL REVENUES | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|---|---|---|---|---|
| **FEDERAL** | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| 351.03 Highways and Streets | | | | |
| 351.09 Community Development | | | | |
| 351.00* All Other Federal Capital and Operating Grants | | | | |
| 352.01 National Forest | | | | |
| 352.00* All Other Federal Shared Revenue & Entitlements | | | | |
| 353.00 Federal Payments in Lieu of Taxes | | | | |
| TOTAL FEDERAL | $ | $ | $ | $ |
| **STATE** | | | | |
| 354.03 Highways and Streets | | | | |
| 354.09 Community Development | | | | |
| 354.15 Recycling/Act 101 | | | | |
| 354.00* All Other State Capital and Operating Grants | | | | |
| 355.01 Public Utility Realty Tax (PURTA) | | | | 2,846 |
| 355.02 - 355.03 Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback | | | | 159,299 |
| 355.04 Alcoholic Beverage Licenses | | | | |
| 355.05 General Municipal Pension System State Aid | | | | 12,354 |
| 355.00* All Other State Shared Revenues & Entitlements | | | | 78,434 |
| 356.00 State Payments in Lieu of Taxes | | | | |
| TOTAL STATE | $ | $ | $ | $ |
| **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 | | | | |
| 359.00 Local Governmental Units and Authorities Payments in Lieu of Taxes | | | | |
| TOTAL LOCAL GOVERNMENT UNITS | $ | $ | $ | $ |
| TOTAL INTERGOVERNMENTAL REVENUES | | | | $ |

| REVENUES | GOVERNMENTAL FUNDS | | | |
|---|---|---|---|---|
| CHARGES FOR SERVICE | General Fund | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service |
| 361.00 General Government | 1,005 | | | |
| 362.00 Public Safety | 1,733 | | | |
| 363.20* Parking | | | | |
| 363.00 All Other Charges for Highway & Streets Services | | | | |
| 364.10* Wastewater/Sewage Charges | 50 | | | |
| 364.30 Solid Waste Collection & Disposal Charge (trash) | | | | |
| 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 | | 27,121 | | |
| 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 | $ 2,789 | $ 27,121 | $ | $ |

| UNCLASSIFED OPERATING REVENUES | | | | |
|---|---|---|---|---|
| 383.00* Special Assessments | | | | |
| 386.00 Escheats (sale of personal property) | | | | |
| 387.00 Contributions & Donations from Private Sectors | 170 | 3,530 | | |
| 388.00* Fiduciary Fund Pension Contributions | | | | |
| 389.00 All Other Unclassified Operating Revenues | | | | |
| TOTAL UNCLASSIFIED OPERATING REVENUES | $ 170 | $ 3,530 | $ | $ |

| OTHER FINANCING SOURCES | | | | |
|---|---|---|---|---|
| 391.00* Proceeds of General Fixed Asset Disposition | | | | |
| 392.00* Interfund Operating Transfers | | | | |
| 393.00 Proceeds of General Long-Term Debt | | | | |
| 394.00* Proceeds of Short Term-Debt | | | | |
| 395.00* Refunds of Prior Year Expenditures | | | | |
| TOTAL OTHER FINANCING SOURCES | $ | $ | $ | $ |

| | | | | |
|---|---|---|---|---|
| TOTAL REVENUES | $ 2,959 | $ 30,651 | $ | $ |

| REVENUES | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|---|---|---|---|---|
| **CHARGES FOR SERVICE** | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| 361.00 General Government | | | | 1,005 |
| 362.00 Public Safety | | | | 1,733 |
| 363.20* Parking | | | | |
| 363.00 All Other Charges for Highway & Streets Services | | | | |
| 364.10* Wastewater/Sewage Charges | | | | 50 |
| 364.30 Solid Waste Collection & Disposal Charge (trash) | | | | |
| 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 | | | | 27,121 |
| 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 | $ | $ | $ | $ 29,909 |
| **UNCLASSIFED OPERATING REVENUES** | | | | |
| 383.00* Special Assessments | | | | |
| 386.00 Escheats (sale of personal property) | | | | |
| 387.00 Contributions & Donations from Private Sectors | | | | 3,700 |
| 388.00* Fiduciary Fund Pension Contributions | | | | |
| 389.00 All Other Unclassified Operating Revenues | | | | |
| TOTAL UNCLASSIFIED OPERATING REVENUES | $ | $ | $ | $ 3,700 |
| **OTHER FINANCING SOURCES** | | | | |
| 391.00* Proceeds of General Fixed Asset Disposition | | | | |
| 392.00* Interfund Operating Transfers | | | | |
| 393.00 Proceeds of General Long-Term Debt | | | | |
| 394.00* Proceeds of Short Term-Debt | | | | |
| 395.00* Refunds of Prior Year Expenditures | | | | |
| TOTAL OTHER FINANCING SOURCES | $ | $ | $ -0- | $ 2,468,281 |
| TOTAL REVENUES | $ | $ | $ -0- | $ 2,468,281 |

| EXPENDITURES | GOVERNMENTAL FUNDS | | | |
|---|---|---|---|---|
| GENERAL GOVERNMENT | General Fund | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service |
| 400.00 Legislative (Governing) Body | 46,898 | 3,318 | | |
| 401.00 Executive (Manager or Mayor) | | | | |
| 402.00 Auditing Services/Financial Administration | | | | |
| 403.00 Tax Collection | 6,686 | | | |
| 404.00 Solicitor/Legal Services | 50,959 | | | |
| 405.00 Secretary/Clerk | 66,696 | | | |
| 406.00 Other General Government Administration | 338 | | | |
| 407.00 IT-Networking Services-Data Processing | | | | |
| 408.00+ Engineering Services | 51,581 | 25,556 | | |
| 409.00 General Government Buildings and Plant | 71,822 | | | |
| TOTAL GENERAL GOVERNMENT | $ 294,980 | $ 28,874 | $ | $ |
| PUBLIC SAFETY | | | | |
| 410.00 Police | 762,105 | | | |
| 411.00+ Fire | 85,120 | | | |
| 412.00+ Ambulance/Rescue | 50,319 | | | |
| 413.00+ UCC and Code Enforcement | 136,034 | | | |
| 414.00 Planning and Zoning | 9,594 | | | |
| 415.00 Emergency Management & Communications | 16,401 | | | |
| 416.00 Militia and Armories | | | | |
| 417.00 Examination of Licensed Occupations | | | | |
| 418.00 Public Scales (weights and measures) | | | | |
| 419.00+ Other Public Safety | | | | |
| TOTAL PUBLIC SAFETY | $ 1,059,973 | $ | $ | $ |
| HEALTH AND HUMAN SERVICES | | | | |
| 420.00-425.00 Health and Human Services | 1,050 | | | |
| PUBLIC WORKS - SANITATION | | | | |
| 426.00 Recycling Collection and Disposal | 95,654 | | | |
| 427.00+ Solid Waste Collection and Disposal (trash) | 6,064 | 1,842 | | |
| 428.00 Weed Control | | | | |
| 429.00+ Wastewater/Sewage Collection & Treatment | | | | |
| TOTAL PUBLIC WORKS - SANITATION | $ 101,718 | $ 1,842 | $ | $ |

| EXPENDITURES | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|---|---|---|---|---|
| **GENERAL GOVERNMENT** | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| 400.00 Legislative (Governing) Body | | | | 50,216 |
| 401.00 Executive (Manager or Mayor) | | | | |
| 402.00 Auditing Services/Financial Administration | | | | |
| 403.00 Tax Collection | | | | 6,686 |
| 404.00 Solicitor/Legal Services | | | | 50,959 |
| 405.00 Secretary/Clerk | | | | 66,696 |
| 406.00 Other General Government Administration | | | | 338 |
| 407.00 IT-Networking Services-Data Processing | | | | |
| 408.00+ Engineering Services | | | | 77,137 |
| 409.00 General Government Buildings and Plant | | | | 71,822 |
| **TOTAL GENERAL GOVERNMENT** | $ | $ | $ | $ 373,854 |
| **PUBLIC SAFETY** | | | | |
| 410.00 Police | | | | 762,105 |
| 411.00+ Fire | | | | 85,120 |
| 412.00+ Ambulance/Rescue | | | | 50,319 |
| 413.00+ UCC and Code Enforcement | | | | 136,034 |
| 414.00 Planning and Zoning | | | | 9,594 |
| 415.00 Emergency Management & Communications | | | | 16,401 |
| 416.00 Militia and Armories | | | | |
| 417.00 Examination of Licensed Occupations | | | | |
| 418.00 Public Scales (weights and measures) | | | | |
| 419.00+ Other Public Safety | | | | |
| **TOTAL PUBLIC SAFETY** | $ | $ | $ | $ 1,059,573 |
| **HEALTH AND HUMAN SERVICES** | | | | |
| 420.00-425.00 Health and Human Services | | | | 1,050 |
| **PUBLIC WORKS - SANITATION** | | | | |
| 426.00 Recycling Collection and Disposal | | | | 95,654 |
| 427.00+ Solid Waste Collection and Disposal (garbage) | | | | 7,906 |
| 428.00 Weed Control | | | | |
| 429.00+ Wastewater/Sewage Collection & Treatment | | | | |
| **TOTAL PUBLIC WORKS - SANITATION** | $ | $ | $ | $ 103,560 |

| EXPENDITURES | GOVERNMENTAL FUNDS | | | |
|---|---|---|---|---|
| PUBLIC WORKS - HIGHWAYS & STREETS | General Fund | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service |
| 430.00 General Services - Administration | 63,386 | 29,793 | | |
| 431.00 Cleaning of Streets and Gutters | | | | |
| 432.00 Winter Maintenance - Snow Removal | 4,649 | 3,066 | | |
| 433.00 Traffic Control Devices | 13,512 | | | |
| 434.00 Street Lighting | 73,039 | | | |
| 435.00 Sidewalks and Crosswalks | | | | |
| 436.00 Storm Sewers and Drains | 2,216 | | | |
| 437.00 Repairs of Tools and Machinery | 26,356 | 5,545 | | |
| 438.00 Maintenance & Repairs of Roads & Bridges | 91,993 | 110,000 | | |
| 439.00 Highway Construction and Rebuilding Projects | | | | |
| TOTAL PUBLIC WORKS - HIGHWAYS & STREETS | $ 175,151 | $ 148,404 | $ | $ |

| PUBLIC WORKS - OTHER SERVICES | | | | |
|---|---|---|---|---|
| 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 | 7,200 | | | |
| 447.00 Transit System | | | | |
| 448.00 Water System | | | | |
| 449.00 Water Transport and Terminals | | | | |
| TOTAL PUBLIC WORKS - OTHER SERVICES | $ 7,200 | $ | $ | $ |

| CULTURE AND RECREATION | | | | |
|---|---|---|---|---|
| 451.00 Culture-Recreation Administration | | 102,313 | | |
| 452.00+ Participant Recreation | | | | |
| 453.00+ Spectator Recreation | | | | |
| 454.00 Parks | | 119,262 | | |
| 455.00 Shade Trees | | | | |
| 456.00 Libraries | | | | |
| 457.00+ Civil and Military Celebrations | | | | |
| 458.00 Senior Citizens' Centers | | | | |
| 450.00 All Other Culture and Recreation | 6,850 | 8,949 | | |
| TOTAL CULTURE AND RECREATION | $ 6,850 | $ 230,524 | $ | $ |

| COMMUNITY DEVELOPMENT | | | | |
|---|---|---|---|---|
| 461.00+ Conservation of Natural Resources | | | | |
| 462.00 Community Development and Housing | | | | |
| 463.00 Economic Development | | | | |
| 464.00 Economic Opportunity | | | | |
| 460.00 All Other Community Development | | | | |
| TOTAL COMMUNITY DEVELOPMENT | $ | $ | $ | $ |

| EXPENDITURES | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|---|---|---|---|---|
| PUBLIC WORKS - HIGHWAYS AND STREETS | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| 430.00 General Services - Administration | | | | 93,179 |
| 431.00 Cleaning of Streets and Gutters | | | | |
| 432.00 Winter Maintenance - Snow Removal | | | | 7,715 |
| 433.00 Traffic Control Devices | | | | 13,512 |
| 434.00 Street Lighting | | | | 73,039 |
| 435.00 Sidewalks and Crosswalks | | | | |
| 436.00 Storm Sewers and Drains | | | | 2,216 |
| 437.00 Repairs of Tools and Machinery | | | | 31,901 |
| 438.00 Maintenance & Repairs of Roads & Bridges | | | | 201,993 |
| 439.00 Highway Construction and Rebuilding Projects | | | | |
| TOTAL PUBLIC WORKS - HIGHWAYS & STREETS | $ | $ | $ | $ 423,555 |
| PUBLIC WORKS - OTHER SERVICES | | | | |
| 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 | | | | 7,200 |
| 447.00 Transit System | | | | |
| 448.00 Water System | | | | |
| 449.00 Water Transport and Terminals | | | | |
| TOTAL PUBLIC WORKS - OTHER SERVICES | $ | $ | $ | $ 7,200 |
| CULTURE AND RECREATION | | | | |
| 451.00 Culture-Recreation Administration | | | | 102,313 |
| 452.00+ Participant Recreation | | | | |
| 453.00+ Spectator Recreation | | | | |
| 454.00 Parks | | | | 119,262 |
| 455.00 Shade Trees | | | | |
| 456.00 Libraries | | | | |
| 457.00+ Civil and Military Celebrations | | | | |
| 458.00 Senior Citizens' Centers | | | | |
| 450.00 All Other Culture and Recreation | | | | 15,799 |
| TOTAL CULTURE AND RECREATION | $ | $ | $ | $ 237,374 |
| COMMUNITY DEVELOPMENT | | | | |
| 461.00+ Conservation of Natural Resources | | | | |
| 462.00 Community Development and Housing | | | | |
| 463.00 Economic Development | | | | |
| 464.00 Economic Opportunity | | | | |
| 460.00 All Other Community Development | | | | |
| TOTAL COMMUNITY DEVELOPMENT | $ | $ | $ | $ |

| EXPENDITURES | GOVERNMENTAL FUNDS | | | |
|---|---|---|---|---|
| | | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service |
| **DEBT SERVICE** | General Fund | | | |
| 471.00+ Debt Principal (short-term and long-term) | -0- | 9,232 | | |
| 472.00+ Debt Interest (short-term and long-term) | -0- | 105 | | |
| 475.00+ Fiscal Agent Fees | | | | |
| TOTAL DEBT SERVICE | $ -0- | $ 9,337 | $ | $ |
| **EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS** | | | | |
| 481.00 Employer Paid Withholding Taxes and Unemployment Compensation | 22,934 | | | |
| 482.00 Judgments and Losses | | | | |
| 483.00 Pension/Retirement Fund Contributions | 30,859 | | | |
| 484.00 Worker Compensation Insurance | 23,467 | | | |
| 487.00 Other Group Insurance Benefits | 6,253 | | | |
| EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS | $ 83,513 | $ | $ | $ |
| **INSURANCE** | | | | |
| 486.00+ Insurance, Casualty, and Surety | 117,791 | | | |
| **UNCLASSIFIED OPERATING EXPENDITURES** | | | | |
| 488.00+ Fiduciary Fund Benefits and Refunds Paid | | | | |
| 489.00+ All Other Unclassified Expenditures | | | | |
| TOTAL UNCLASSIFIED OPERATING EXPENDITURES | $ | $ | $ | $ |
| **OTHER FINANCING USES** | | | | |
| 491.00+ Refund of Prior Year Revenues | | | | |
| 492.00+ Interfund Operating Transfers | | | | |
| 493.00 All Other Financing Uses | | | | |
| TOTAL OTHER FINANCING USES | $ | $ | $ | $ |
| TOTAL EXPENDITURES | $ 1,947,826 | $ 410,981 | $ | $ |
| EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES | $ 112,781 | $ ( 11,305) | $ | $ |

| EXPENDITURES | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|---|---|---|---|---|
| **DEBT SERVICE** | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| 471.00+ Debt Principal (short-term and long-term) | | | | 9,232 |
| 472.00+ Debt Interest (short-term and long-term) | | | | 105 |
| 475.00+ Fiscal Agent Fees | | | | |
| TOTAL DEBT SERVICE | $ | $ | $ | $ 9,337 |
| **EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS** | | | | |
| 481.00 Employer Paid Withholding Taxes and Unemployment Compensation | | | | 22,934 |
| 482.00 Judgments and Losses | | | | |
| 483.00 Pension/Retirement Fund Contributions | | | | 30,859 |
| 484.00 Worker Compensation Insurance | | | | 23,467 |
| 487.00 Other Group Insurance Benefits | | | | 6,253 |
| EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS | $ | $ | $ | $ 83,513 |
| **INSURANCE** | | | | |
| 486.00+ Insurance, Casualty, and Surety | | | | 117,791 |
| **UNCLASSIFIED OPERATING EXPENDITURES** | | | | |
| 488.00+ Fiduciary Fund Benefits and Refunds Paid | | | | |
| 489.00+ All Other Unclassified Expenditures | | | | |
| TOTAL UNCLASSIFIED OPERATING EXPENDITURES | $ | $ | $ | $ |
| **OTHER FINANCING USES** | | | | |
| 491.00+ Refund of Prior Year Revenues | | | | |
| 492.00+ Interfund Operating Transfers | | | | |
| 493.00 All Other Financing Uses | | | | |
| TOTAL OTHER FINANCING USES | $ | $ | $ | $ |
| TOTAL EXPENDITURES | $ | $ | $ -0- | $ 2,368,807 |
| EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES | $ | $ | $ -0- | $ 101,476 |

## 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. The Authority issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Maidencreek Township Authority.

## 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. This fund was discontinued during 2005. All activities for this fund were transferred to the General Fund

**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.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as needed.

### 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 2005 was 1.25 mills, as established by the Board of Supervisors. Current tax collections for the Township were approximately 98 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, 2005 and the cash received for the year ended December 31, 2006.

## 4. CASH

As of December 31, 2006 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, 2006, long-term debt consisted of the following:

| | Balance Outstanding December 31, 2005 | Additions | Payments & Other Reductions | Balance Outstanding December 31, 2006 |
|---|---|---|---|---|
| Note payable due to a bank in monthly payments of $ 1,870 including interest at 4.55% to May 2006 | $ 9,251 | $ 0 | ($ 9,251) | $ 0 |

Aggregate maturities required on long-term debt at December 31, 2006 are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2007 | $ 0 | $ 0 | $ 0 |

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

## 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 | $ 31,742 |
| Interest on net pension obligation | -- |
| Adjustment to annual required contribution | -- |
| Annual pension cost | $ 31,742 |
| Contributions made | 31,742 |
| 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, 2005 actuarial valuation using the entry age normal with normal cost as a level percent of salary. 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 market value of assets as of the valuation date.

*Three-Year Trend Information:*

| Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 12/31/04 | $ 31,583 | 100% | $ -- |
| 12/31/05 | $ 41,726 | 100% | $ -- |
| 12/31/06 | $ 31,742 | 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, 2006, 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 $ 1,057,934 is outstanding at September 30, 2006, the date of the Authority's latest year end. 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 | Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | AAL (UAAL) (b-a) | Funded Ratio (a/b) |
|---|---|---|---|---|
| January 1, 2001 | $ 108,088 | $ 156,736 | $ 48,648 | 69% |
| January 1, 2003 | 191,044 | 186,723 | ( 4,321) | 102% |
| January 1, 2005 | 149,899 | 190,089 | 40,190 | 79% |

| | Covered Payroll (c) | UAAL As A % of Covered Covered Payroll ((b-a)/c) |
|---|---|---|
| January 1, 2001 | $ 131,811 | 37 % |
| January 1, 2003 | 166,829 | ( 2.6%) |
| January 1, 2005 | 176,863 | 22.7% |

## DEBT STATEMENT

| Type Purpose | Bond (B) Note (N) | Issue Date (year) | Maturity Date (year) | Original Amount of Issue | Outstanding Beginning of Year (1) | Principal Incurred This Year | Principal Paid This Year | Current Year Accretion of Compund Interest Bonds | Outstanding Year End (1) | Plus (less) Unamoritized Premium (Discount) | Total Balance |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **GENERAL OBLIGATION BONDS AND NOTES** | | | | | | | | | | | |
| GENERAL OBLIGATION NOTE | N | 2001 | 2006 | 100,000 | 9251 | -0- | 9251 | -0- | -0- | -0- | $ -0- |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| **REVENUE BONDS AND NOTES** | | | | | | | | | | | |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| **LEASE RENTAL DEBT** | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| **OTHER** | | | | | | | | | | | |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |
| | | | | | | | | | | | $ |

| | |
|---|---|
| Total bonds and notes outstanding | $ -0- |
| Capitalized lease obligations | |
| Other debt | |
| TOTAL OUTSTANDING DEBT | $ -0- |
| Minus assets held in bond reserve funds, and bond redemption funds | |
| Minus lease rental payments receivable | |
| NET DEBT | $ -0- |

## STATEMENT OF CAPITAL EXPENDITURES

| CATEGORY: | Capital Purchases | Capital Construction | Total |
|---|---|---|---|
| Electric | | | |
| Fire | | | |
| Gas System | | | |
| General Government | | | |
| Health | | | |
| Housing | | | |
| Libraries | | | |
| Mass Transit | | | |
| Parks | | | |
| Police | | | |
| Recreation | | | |
| Sewer | | | |
| Solid Waste | | | |
| Streets/Highways | 30,544 | | 30,544 |
| Water | | | |
| Other (Please specify) | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |
| _____ | | | |

TOTAL CAPITAL EXPENDITURES ..... $ 30,544

## EMPLOYEE COMPENSATION

**EMPLOYEE COMPENSATION:**

Total salaries, wages, commissions, etc. paid this year *(including all employees and elected officials)** ..... $ 267,973

**Use income from W-3 Statement*

# Kosmerl & Company, P.C.

A Professional Corporation

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

*Certified Public Accountants*

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


February 27, 2008

To the Board of Supervisors
Maidencreek Township
Rt 73 & Quarry Road
P.O. Box 319
Blandon, Pennsylvania 19510-0319

We have audited the financial statements of Maidencreek Township for the year ended December 31, 2007, and have issued our report thereon. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal controls of Maidencreek Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

## Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Maidencreek Township are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

## Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. We evaluated the key factors and assumptions used to develop the Accounting Estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

**Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicate matters that could have a significant effect on the Township's financial reporting process.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfactions, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the information and use of the Board of Supervisors and management of the Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Kosmerl & Co., P.C.*

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

# Section IV – Annual Audit and Financial Report Form

This section contains the Annual Audit and Financial Report form. For your convenience, the form may be photocopied as often as necessary.

**State law requires that every municipality and home rule community annually complete and submit the Annual Audit and Financial Report in its entirety (including the cover page) to the:**

Pennsylvania Department of Community and Economic Development
Governor's Center for Local Government Services
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
Tel: 1-888-223-6837 or 717-787-8169
Fax: 717-783-1402
E-mail: ra-dcedclgs@state.pa.us

3/26/08

Following is a listing of the entities that are required to file the Annual Audit and Financial Report:

- Cities: Director of Accounts and Finance
- Boroughs: Elected Auditors, Independent Auditor, or Controller
- First Class Townships: Elected Auditors, Independent Auditor, or Controller
- Second Class Townships: Elected Auditors or Independent Auditor
- Home Rule Communities: In accordance with charter

Following is a listing of where these entities, as well as the deadlines, must file the Annual Audit and Financial Report:

| Entity | Where Report Must Be Filed | Filing Deadline |
|---|---|---|
| Cities | DCED (address appears above)<br>City Council | March 1<br>Stated Meeting during March |
| Boroughs and Townships | DCED (address appears above)<br>Clerk of Courts or Prothonotary 3/26/08<br>Municipal Secretary | April 1<br>April 1<br>April 1 |
| Home Rule Communities | DCED (address appears above)<br>Other entities - In accordance with charter | April 1 |

**Any municipality and home rule community that is interested in filing its Annual Audit and Financial Report electronically over the Internet must register with the Governor's Center for Local Government Services (GCLGS) at the following web address: https://munstatspa.dced.state.pa.us/login.aspx**

**The Annual Audit and Financial Report can be downloaded and printed by visiting DCED's web site at www.newPA.com. Select "Department of Community and Economic Development" then "Local Government Services" then "Publications".**

# 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

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

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


November 27, 2007

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, 2007. We will audit the financial statements of the Maidencreek Township accounts as of and for the year ended December 31, 2007.

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. You are responsible for making all management decisions, performing all management functions, and designating a management-level employee with sufficient skills, knowledge or experience to oversee any nonattest services we provide and to evaluate the adequacy and results of those services and accepting responsibility for them. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. 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.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud or illegal acts affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, or violations of contracts or grant agreements that we may report.

You are also responsible to notify us in advance of your intent to print our report, in whole or in part and to give us the opportunity to review any printed material containing our report before its issuance.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your internet website, if applicable, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

**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 (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) 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 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**

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

**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 $ 4,000.00. 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 & Company, P.C.*

KOSMERL & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**RESPONSE:**

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

By: MAIDENCREEK TOWNSHIP .

Accepted by: _____

CLIENT COPY

# AUDIT NOTICE

## MAIDENCREEK TOWNSHIP
## BERKS COUNTY, PENNSYLANIA

## PREPARED ON A CASH BASIS

Year Ended December 31, 2006

| | |
|---|---|
| **Cash Receipts:** | |
| Taxes-all sources (real estate assessed valuation $359,100,200) | $ 1,889,856 |
| Licenses and permits | 218,977 |
| Fines and forfeits | 39,014 |
| Interest, rents and royalties | 33,894 |
| Intergovernmental revenues | 252,933 |
| Charges for services | 29,909 |
| Miscellaneous revenues | 3,700 |
| Other financing sources | 0 |
| **Total cash receipts** | **$ 2,468,283** |
| **Cash Disbursements:** | |
| General government | $ 323,854 |
| Public safety | 1,059,573 |
| Health & Human Services | 1,050 |
| Public works: | |
| Sanitation | 103,560 |
| Highways and streets | 423,555 |
| Other public works enterprises | 7,200 |
| Culture and recreation | 237,374 |
| Debt service | 9,337 |
| Miscellaneous expenditures | 83,513 |
| Insurance | 117,791 |
| **Total cash disbursements** | **$ 2,366,807** |

| | |
|---|---|
| **Excess of cash receipts over cash disbursements** | **$ 101,476** |
| **Cash, December 31, 2005:** | |
| Governmental fund types: | |
| General Fund | $ 767,291 |
| State Liquid Fuels Fund | 11,953 |
| Recreation Fund | 148,559 |
| Trust & Agency Funds | 169,380 |
| **Total cash** | **$ 1,097,183** |
| **Cash, December 31, 2006:** | |
| Governmental fund types: | |
| General Fund | $ 880,213 |
| State Liquid Fuels Fund | 29,552 |
| Recreation Fund | 119,655 |
| Trust & Agency Funds | 125,257 |
| **Total cash** | **$ 1,154,677** |
| **Statement of Indebtedness:** | |
| General Obligation Note | $ 0 |

**Published in accordance with Second Class Township, Section 904. The annual audit and financial report for the Township is available for public inspection at the Township Building during normal business hours.**

Maidencreek Township
Board of Supervisors

P.O. Box 319
Blandon, PA 19510

Phone (610) 926-4920
Fax (610) 926-6314

March 23, 2007

Kosmerl & Co., P.C
845 North Park Road
Wyomissing, PA 19610-1342

We are providing this letter in connection with your audit of the primary government financial statements – cash basis, included in the Pennsylvania Form DCED of Maidencreek Township (the Township) as of December 31, 2005 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the assets, liabilities and fund balances, and revenues and expenditures, of Maidencreek Township on the cash basis of accounting as included in the Pennsylvania Form DCED. We confirm that we are responsible for the fair presentation in the financial statements of assets, liabilities and fund balances, and revenues and expenditures on the cash basis as included in the Pennsylvania Form DCED. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented on the cash basis of accounting and include all funds and account groups required for financial statements that are to be included in the Pennsylvania Form DCED for the Maidencreek Township.

2. We have made available to you all –

   a. Financial records and related data.

   b. Minutes of the meetings of the Board of Supervisors or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4. We have no knowledge of any fraud or suspected fraud affecting the Township involving:

   a. Management,

   b. Employees who have significant roles in internal control, or

   c. Others that could have a material effect on the financial statements.

5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Township received in communications from employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.

7. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule (if applicable) are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

9. We are in agreement with the adjusting journal entries you have recommended.

10. The Township did not have large dollar amount payables that would normally have been paid but were unpaid at year end.

11. The Township has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.

12. The following, if any, have been properly recorded or disclosed in the financial statements:

    a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

    b. Guarantees, whether written or oral, under which the Township is contingently liable.

c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.

13. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Township vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements. We understand that *concentrations* include individual group concentrations of contributors, grantors, clients, customers, suppliers, lenders, products, services, fund-raising events, sources of labor or materials, licenses or other rights, or operating areas or markets. We further understand that *severe impact* means a significant financially disruptive effect on the normal functioning of the organization.

14. We are responsible for the Township's compliance with laws, regulations, and provisions of contracts and grant agreements applicable to it; and we have identified, and disclosed to you, all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives..

15. There are no –

a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting and amending budgets), terms of contractual agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.

b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No 5, *Accounting for Contingencies.*

c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.

d. Reservations or designation of fund equity that were not properly authorized and approved.

16. The Township has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except those that have been made known to you.

17. The Township has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed: Diane Hollenbach

Title: Administrator / Sec. / Treas.