Audited Financial Statements

December 31, 2020

Penn Township

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Penn Township
Perry County, Pennsylvania

We have audited the accompanying modified cash basis financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Penn Township, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Penn Township, as of December 31, 2020 and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

BASIS OF ACCOUNTING

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Penn Township's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Smith Elliott Kearns & Company, LLC

Chambersburg, Pennsylvania
August 20, 2021

PENN TOWNSHIP
Statement of Net Position - Modified Cash Basis
December 31, 2020

	Governmental Activities	Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,595,175	$ 438,795
Other receivable	25,948	-
Total current assets	1,621,123	438,795
Noncurrent assets		
Capital assets not being depreciated		
Land	1	-
Contstruction in progress	-	21,627
Capital assets net of accumulated depreciation		
Buildings and improvements	40,166	-
Infrastructure	545,536	3,639,439
Machinery and equipment	111,934	-
Furniture and fixtures	2,835	-
Automobiles	45,094	-
Total capital assets	745,566	3,661,066
Total assets	$ 2,366,689	$ 4,099,861
LIABILITIES AND NET POSITION		
Current liabilities		
Payroll liabilities	$ 10,713	$ 3
Other payables	8,665	9,528
Portion due or payable within one year		
Capital lease payable	14,208	-
Notes and loans payable	-	297,416
Total current liabilities	33,586	306,947
Noncurrent liabilities		
Portion due or payable after one year		
Capital lease payable	46,660	-
Notes and loans payable	-	3,592,052
Total noncurrent liabilities	46,660	3,592,052
Total liabilities	80,246	3,898,999
Net Position		
Net investment in capital assets	684,698	(228,402)
Restricted	407,660	-
Unrestricted	1,194,085	429,264
Total net position	2,286,443	200,862
Total liabilities and net position	$ 2,366,689	$ 4,099,861

PENN TOWNSHIP
Statement of Activities - Modified Cash Basis
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government – Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit
Primary government						
Governmental activities						
General government	$ 321,129	$ 42,878	$ -	$ -	$ (278,251)	
Public safety	145,515	4,544	36,238	-	(104,733)	
Health and human services	680	-	-	-	(680)	
Public works	424,426	-	-	166,041	(258,385)	
Culture and recreation	5,997	-	-	-	(5,997)	
Miscellaneous expense	3,989	-	-	-	(3,989)	
Total governmental activities	$ 901,736	$ 47,422	$ 36,238	$ 166,041	(652,035)	
Component unit - Municipal Authority	$ 784,653	$ 851,468	$ -	$ -		$ 66,815
General revenues						
Property taxes, levied for general purposes					161,781	-
Property taxes, levied for specific purposes					113,565	-
Real estate transfer tax					26,263	-
Earned income tax					313,163	-
Other taxes					69,000	-
Investment income					10,909	155
Miscellaneous income					3,798	-
Refund of prior years' expenses					16,524	-
Gain/(loss) on sale of asset					30	-
Total general revenues					715,033	155
Change in net position					62,998	66,970
Net position - beginning as restated					2,223,445	133,892
Net position - ending					$ 2,286,443	$ 200,862

PENN TOWNSHIP
Balance Sheet - Modified Cash Basis – Governmental Funds
December 31, 2020

	General Fund	Capital Reserve Fund	Highway Aid Fund	Fire Tax Fund	Other Governmental Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,206,579	$ 61,075	$ 183,038	$ 144,483	$ -	$ 1,595,175
Due from other funds	35,565	258,527	-	109,870	-	403,962
Other receivables	25,948	-	-	-	-	25,948
Total assets	$ 1,268,092	$ 319,602	$ 183,038	$ 254,353	$ -	$ 2,025,085
LIABILITIES AND FUND BALANCES						
Liabilities						
Payroll taxes and other deposits	$ 10,713	$ -	$ -	$ -	$ -	$ 10,713
Due to other funds	374,231	-	7,314	22,417	-	403,962
Other payables	8,665	-	-	-	-	8,665
Total liabilities	393,609	-	7,314	22,417	-	423,340
Fund Balances						
Restricted						
Highway aid	-	-	175,724	-	-	175,724
Fire tax	-	-	-	231,936	-	231,936
Committed						
Capital projects	-	319,602	-	-	-	319,602
Assigned						
Subsequent budget deficit	344,642	-	-	-	-	344,642
Unassigned	529,841	-	-	-	-	529,841
Total fund balances	874,483	319,602	175,724	231,936	-	1,601,745
Total liabilities and fund balances	$ 1,268,092	$ 319,602	$ 183,038	$ 254,353	$ -	$ 2,025,085

Reconciliation to Statement of Net Position

Fund balance as shown above		$ 1,601,745
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position.		
Cost of assets	1,737,430	
Accumulated depreciation	(991,864)	745,566
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Capital lease payable	(60,868)	(60,868)
Net position of governmental activities		$ 2,286,443

Penn Township

Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis – Governmental Funds

Year Ended December 31, 2020

	General Fund	Capital Reserve Fund	Highway Aid Fund	Fire Tax Fund	Other Governmental Fund	Total Governmental Funds
REVENUES						
Taxes	$ 571,739	$ -	$ -	$ 111,230	$ -	$ 682,969
Licenses and permits	23,079	-	-	-	-	23,079
Fines and forfeits	8,785	-	-	-	-	8,785
Investment earnings	6,386	612	1,489	2,286	136	10,909
Rent	9,285	-	-	-	-	9,285
Intergovernmental revenues	37,041	-	166,041	-	-	203,082
Charges for services	7,128	-	-	-	-	7,128
Miscellaneous income	1,298	-	-	-	-	1,298
Total revenues	664,741	612	167,530	113,516	136	946,535
EXPENDITURES						
General government						
General administration	129,445	-	-	-	-	129,445
Tax collection	9,372	-	-	5,393	-	14,765
Legal and professional services	16,884	-	-	-	-	16,884
Building and plant	48,078	-	-	-	-	48,078
Insurance and benefits	110,112	-	-	-	-	110,112
Public safety						
Fire	18,260	-	-	87,465	-	105,725
Ambulance	25,000	-	-	-	-	25,000
Planning, zoning and code enforcement	15,729	-	-	-	-	15,729
Emergency management	636	-	-	-	-	636
Health and human services	680	-	-	-	-	680
Public works						
Highway and streets	188,413	-	157,075	-	-	345,488
Culture and recreation	3,426	-	-	-	-	3,426
Debt service						
Principal	-	-	20,629	-	-	20,629
Interest	-	-	3,689	-	-	3,689
Miscellaneous expenditures	300	-	-	-	-	300
Total expenditures	566,335	-	181,393	92,858	-	840,586
Excess (deficiency) of revenues over expenditures	98,406	612	(13,863)	20,658	136	105,949
OTHER FINANCING SOURCES (USES)						
Transfers in	65,673	20,000	-	-	-	85,673
Transfers out	(20,000)	-	-	-	(65,673)	(85,673)
Proceeds from sale of assets/insurance	30	-	-	-	-	30
Refund of prior years expenditures	16,524	-	-	-	-	16,524
Total other financing sources and uses	62,227	20,000	-	-	(65,673)	16,554
Net change in fund balances	160,633	20,612	(13,863)	20,658	(65,537)	122,503
Fund balances - beginning as restated	713,850	298,990	189,587	211,278	65,537	1,479,242
Fund balances - ending	$ 874,483	$ 319,602	$ 175,724	$ 231,936	$ -	$ 1,601,745

Reconciliation to Statement of Activities

Net change in fund balance - total governmental funds		$ 122,503
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differs from capital outlays in the period.		
Depreciation expense	(96,352)	
Capital outlays	16,218	(80,134)
Governmental funds report repayment of capital leases as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.		20,629
Change in net position of governmental activities		$ 62,998

PENN TOWNSHIP
Statement of Fiduciary Net Position - Modified Cash Basis – Governmental Funds
December 31, 2020

	Pension Trust Funds
ASSETS	
Investments	$ 698,403
NET POSITION	
Held in trust for benefits	$ 698,403

PENN TOWNSHIP
Statement of Changes in Fiduciary Net Position – Modified Cash Basis
Year Ended December 31, 2020

	Pension Trust Funds
Additions	
Contributions - employer	$ 13,451
Investment income	55,618
Total additions	69,069
Deductions	
Withdrawals	6,491
Administrative expenses	2,815
Total deductions	9,306
Change in net position	59,763
Total net position - beginning	638,640
Total net position - ending	$ 698,403

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Penn Township, Perry County is a second-class Township located in Central Pennsylvania, managed by three elected supervisors. The financial statements of the reporting entity include those of the primary government of Penn Township, Perry County.

The Governmental Accounting Standards Board (GASB) Statement defines the criteria used to determine the composition of the reporting entity. This standard requires that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, (3) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (4) 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.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and with it can impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for the governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation in some manner for the debt of the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, or set rates or charges, or issue bonded debt without approval by the primary government.

The Penn Township Municipal Authority is an operating authority which owns and operates the water and sewer systems in the Township. The Authority is a component unit because the Township exercises financial accountability over it and has a financial burden relationship (appoints the Authority Board and guarantees its debt), and the Township's management has elected to include the Authority's financial position and results of operations in the accompanying financial statements as a discretely presented component unit, which is in accordance with generally accepted accounting principles. The financial statements of the Municipal Authority are available at the Authority office at 100 Municipal Building Road, Duncannon, PA 17020.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund Financial Statements

The accounts of the Township are organized on the basis of funds, 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 equity, revenues and expenditures/expenses. 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 are grouped as follows:

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. The Township reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Township. It is utilized to account for all financial transactions not accounted for or required to be accounted for in another fund. This is a budgeted fund, and any unassigned fund balances are considered as resources available for use.

Capital Reserve Fund – The Capital Reserve Fund is used to account for funds set aside for future capital purchases.

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

The *Highway Aid Fund* is presented as a major special revenue fund, and accounts for the proceeds and disposition of state liquid fuels entitlements that are legally restricted to expenditures for specific purposes, primarily building and maintaining local roads and bridges.

The *Fire Tax Fund* is presented as a major special revenue fund, and accounts for the transactions generated by fire protection tax remittances by residents of the Township.

The *Parks and Recreation Fund* is presented as a non-major special revenue fund, and accounts for the transactions generated by recreational activities supported by the Township. This fund was merged into the General Fund during the current year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. Custodial funds are used to account for fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds.

Pension Trust Fund – The Pension Trust Fund is used to account for the accumulation of resources for pension benefit payments to qualified non-uniformed and uniformed (police) employees.

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in the "basis of accounting" section that follows.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

The government-wide and the fund financial statements are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions with the exception of recording capital assets and a provision for depreciation expense and liabilities associated with the purchase of capital assets in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents/Investments

Cash and cash equivalents include all demand deposits, petty cash, savings, money market accounts, certificates of deposit with an original maturity of three months or less. Investments include certificates of deposit with an original maturity of greater than three months. Certificates of deposit are stated at face value which approximates fair value.

The Township invests in funds with the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT operates and is authorized under the Intergovernmental Cooperation Act of 1972. Investments in these funds have daily liquidity and are valued at amortized cost which equals market value.

These funds invest in federal securities backed by the full faith and credit of the United States Government, in agencies, instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth, and certificates of deposit which are insured by the Federal Deposit Insurance Corporation or which are collateralized as provided by law of Act 72 of 1971.

Pension Investments

Investments and investment pools are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems and investments in external investment pools not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Unrealized appreciation or depreciation due to changes in fair value of such investments is recognized annually.

Budgets

Penn Township annually adopts calendar year budgets for its general fund, parks and recreation fund, capital reserve fund, highway aid fund and fire tax fund. As changes are made to the budget during the fiscal year, amendments are proposed and approved by the Board of Supervisors.

Taxes

The Township collects real estate, occupation, per capita, earned income, emergency municipal services, and fire protection taxes and records them at gross amounts collected with commissions paid and recorded as an expenditure. Real estate transfer and delinquent taxes are recorded at the net amount received from the collecting agency after deduction for fees and expenditures.

Taxes are recorded when they are received, with no adjustment for taxes anticipated to be received under the modified cash basis.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not capitalized in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Township maintains a capitalization threshold of $ 1,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	Years
Buildings and improvements	15 – 40
Machinery, furniture, and equipment	5 – 15
Infrastructure (roads)	20
Automobiles	10

Net Position

Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following components:

Net Investment in Capital Assets – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, accounts payable or other borrowings that are attributable to the acquisition, construction or improvement of those capital assets.

Restricted Net Position – This category of net position has constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

As of December 31, 2020, restricted net position in governmental activities consists of the following:

Restricted for highway aid	$	175,724
Restricted for fire tax		231,936
	$	407,660

Unrestricted Net Position – This component consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted-net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance – Governmental Funds

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and long-term amount of loans and notes receivable. This also includes the corpus (or principal) of permanent funds.

Restricted: This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Township's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the Board of Supervisors. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

Assigned: This classification includes spendable amounts that are reported in governmental funds other than in the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the Board of Supervisors, or a subordinate high-level body, such as the Secretary/Treasurer that is authorized to assign amounts to be used for specific purposes. The Board of Supervisors has the authority to make assignments of fund balance. Thus, these assignments can only be made or changed with formal action by the Board of Supervisors. The assignment of fund balance cannot result in a negative unassigned fund balance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds (Continued)

Unassigned: This classification represents the portion of a spendable fund balance that has not been categorized as restricted, committed, or assigned. The general fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The Township does not currently have a policy to indicate in which order unrestricted fund balance is considered spent, therefore, by default, the order is as follows: committed, assigned, unassigned.

Interfund Activity

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the Township requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense). Accordingly, actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the Township's taxpayers are reported as program revenues. The Township has the following program revenues in each activity:

General Government	Licenses and permits, rent and cable franchise fees
Public Safety	Fine and penalty revenue, fire relief funds, reimbursement for shared service arrangements and grants
Public Works	Commercial vehicle and gasoline excise tax shared by the state
Culture and Recreation	Rental Income

All other governmental revenues are reported as general revenues. All taxes are classified as general revenues even if restricted for a specific purpose.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Section 7.1 of the Pennsylvania Municipal Authorities Act and Act 10 of 2016 defines allowable investments for authorities, which are summarized as follows:

- United States Treasury Bills.
- Short-term obligations of the United States Government or its agencies.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the respective government entity.
- Shares of an investment company restricted under the Investment Company Act of 1940.
- Obligations, participations or other instruments of any Federal agency, instrumentality, or United States government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent.
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days.
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise knowns as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity.
- Negotiable certificates of deposit or other evidence of deposit, with a remaining maturity of three years or less.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledger of the assets.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a written policy for custodial credit risk. As of December 31, 2020, none of the Township's bank balance of $ 91,259 was exposed to custodial credit risk and collateralized with securities held by the pledging banks trust department, not in the Township's name.

Credit Risk – Investments

The Township's cash equivalent investments are held with a state investment pool, Pennsylvania Local Government Investment Trust (PLGIT). PLGIT operates similar to a money market fund and seeks to maintain a stable net asset value of $ 1 per share. At December 31, 2020 the Township held $ 1,504,084 in the PLGIT portfolio. PLGIT portfolio funds are invested in the United States Treasury bills; obligations, participations, or other instruments of any Federal agency, instrumentality or United States government-sponsored enterprise; deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund; obligations guaranteed or insured by the United States of America, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the Commonwealth; and repurchase agreements involving the United States Government and agency obligations.

Investments in PLGIT are subject to income, market and credit risk related to the potential for decline in current income, the potential for decline in market value and the potential that an issuer of securities held in the investment portfolios of the fund would fail to make timely payments of principal and interest payments.

The Township does not have a formal written investment policy that limits its investment choices to certain credit ratings. As of December 31, 2020, the Township's investment in PLGIT were rated AAAm by Standard and Poor's Investor Services.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

PLGIT is not registered with the Securities and Exchange Commission (SEC); however, PLGIT follows investment procedures similar to those followed by SEC registered money market funds. Portfolios are valued using the net asset value per share. The net asset value per share is computed by dividing the total value of the securities and other assets of the portfolio less liabilities, by the outstanding shares of the portfolio.

The Township has no limitations or restrictions on withdrawals on accounts held at PLGIT.

Pension Investments

	Credit Quality Rating	Maturity	Balance
Mutual Funds - Pension	(A)	N/A	$ 698,403

(A) The Township's investments in the pension funds consist of mutual funds. The funds are considered "in-house" funds by the investment company and are not reviewed by an outside rating service and thus, there is no credit quality rating to disclose.

Investments – Fair Value Measurements

Generally accepted accounting principles define fair value, describe a framework for measuring fair value, and require disclosure about fair value measurements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. The established framework includes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded, and reliability and transparency of the assumptions used to determine fair value.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements (Continued)

The hierarchy requires the use of observable market data when available. The levels of the hierarchy and those investments included in each are as follows:

Level 1 – Represented by quoted prices available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states, and political subdivisions and certain corporate, asset backed securities, swap agreements, life insurance contracts and mutual funds.

Level 3 - Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity's own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and those with internally developed values.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on the statement of net position, as well as the general classifications of such instruments pursuant to the valuation hierarchy.

Mutual Funds – Pension Investments

Mutual funds listed on a national market or exchange are purchased by Nationwide Trust on a daily basis. Investors (the Township) then purchase units of investments through the Trust. These units are made up of a portion of the pools of mutual funds held by the Trust. The unit value is determined by the price of the underlying mutual funds and other factors which are recalculated daily.

The following table sets forth by level within the fair value hierarchy, the financial assets that were accounted for at fair value on a recurring basis as of December 31, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension investments:				
Mutual funds	$ 698,403	$ -	$ 698,403	$ -

NOTE 3 CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions in 2020 was as follows:

	Balance at January 1, 2020	Additions	Retirements	Balance at December 31, 2020
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 1	$ -	$ -	$ 1
Capital assets being depreciated				
Buildings and improvements	106,319	4,100	-	110,419
Infrastructure	1,103,555	5,349	-	1,108,904
Machinery and equipment	312,180	6,769	-	318,949
Furniture and fixtures	44,268	-	-	44,268
Automobiles	154,889	-	-	154,889
Total capital assets being depreciated	1,721,211	16,218	-	1,737,429
Less accumulated depreciation				
Buildings and improvements	(66,606)	(3,647)	-	(70,253)
Infrastructure	(508,101)	(55,267)	-	(563,368)
Machinery and equipment	(187,901)	(19,114)	-	(207,015)
Furniture and fixtures	(38,598)	(2,835)	-	(41,433)
Automobiles	(94,306)	(15,489)	-	(109,795)
Total accumulated depreciation	(895,512)	(96,352)	-	(991,864)
Total capital assets being depreciated, net	825,699	(80,134)	-	745,565
Government activities capital assets, net	$ 825,700	$ (80,134)	$ -	$ 745,566

Depreciation expense was charged to functions as follows in the Statement of Activities:

Government activities	
General government	$ 5,945
Culture and recreation	1,851
Public works	88,556
	$ 96,352

Note 3 Capital Assets (Continued)

Capital asset activity for the Municipal Authority is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Cost				
Capital assets not being depreciated				
Construction in progress	$ -	$ 21,627	$ -	$ 21,627
Capital assets being depreciated				
Sewer system	9,614,269	-	-	9,614,269
Water system	177,941	-	-	177,941
Office equipment	11,881	-	-	11,881
Total cost	9,804,091	21,627	-	9,825,718
Less accumulated depreciation				
Sewer system	(5,746,424)	(321,586)	-	(6,068,010)
Water equipment	(78,035)	(6,726)	-	(84,761)
Office equipment	(11,881)	-	-	(11,881)
Total accumulated depreciation	(5,836,340)	(328,312)	-	(6,164,652)
Capital assets, net	$ 3,967,751	$ (306,685)	$ -	$ 3,661,066

Note 4 Long-Term Liabilities

The changes in long-term liabilities during the year ended December 31, 2020 were as follows:

		Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities							
(A)	Skid-steer lease	$ 7,045	$ -	$ (7,045)	$ -	$ -	$ -
(B)	Backhoe lease	74,452	-	(13,584)	60,868	14,208	46,660
		$ 81,497	$ -	$ (20,629)	$ 60,868	$ 14,208	$ 46,660

Capital Lease Payable

(A) **Skid-steer lease** – The Township has entered into a lease for the purchase of a skid-steer and trailer. The lease term was 3 years at the end of which the Township now owns the equipment. The lease calls for an annual payment of $ 7,347 which is allocated between principal and interest. This lease was paid off during the year.

(B) **Backhoe lease** – The Township has entered into a lease for the purchase of a backhoe. The lease term is 5 years at the end of which the Township will own the equipment. The lease calls for an annual payment of $ 17,004 which is allocated between principal and interest.

Interest paid on the capital leases was $ 3,690 in 2020. At December 31, 2020, the cost of the leased assets was $ 183,853 and accumulated depreciation was $ 57,320.

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

The following is a schedule by years in the aggregate of future minimum capital lease principal and interest payments required at December 31, 2020.

Backhoe lease

	Principal	Interest	Total
2021	$ 14,208	$ 2,796	$ 17,004
2022	14,860	2,144	17,004
2023	15,543	1,461	17,004
2024	16,257	747	17,004
	$ 60,868	$ 7,148	$ 68,016

NOTE 5 AUTHORITY DEBT/GUARANTEE AGREEMENTS

Notes payable for Penn Township Municipal Authority at December 31, 2020 and the changes in long-term debt during the year then ended are as follows:

		Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
(A)	PENNVEST note	$ 170,919	$ -	$ (85,033)	$ 85,886	$ 85,886	$ -
(B)	PENNVEST note	3,978,738	-	(206,944)	3,771,794	209,023	3,562,771
(C)	Duncannon Borough note	34,270	-	(2,482)	31,788	2,507	29,281
		$ 4,183,927	$ -	$ (294,459)	$ 3,889,468	$ 297,416	$ 3,592,052

(A) In December 1991, the Penn Township Municipal Authority entered into a loan agreement with the Pennsylvania Infrastructure Investment Authority (PENNVEST) to borrow up to $ 2,004,000 to construct and operate a sewer system within the Township.

The loan is secured by a security agreement covering future and existing accounts receivable and revenue, contract rights and general intangibles arising from the operations of the sewer system, assignments of rights and interest in all construction contracts, miscellaneous contracts, permits, licenses, etc., relating to system construction and a guarantee agreement executed by Penn Township. This guarantee obligates the Township to repay all outstanding principal and interest on the note should the Authority be unable to meet the obligation. The Township will not be responsible for direct principal or interest payments unless the Authority is in default. The loan bears interest at an annual rate of 1% and has a stated maturity date of December 1, 2021. The loan balance is $ 85,886 at December 31, 2020.

(B) In November 2004, the Penn Township Municipal Authority entered into a loan agreement with PENNVEST to borrow up to $ 6,598,500 to refinance current debt and fund future projects. The loan is secured by a security agreement covering future and existing accounts receivable and revenue, contract rights and general intangibles arising from the operations of the sewer system, assignments of rights and interest in all construction contracts, miscellaneous contracts, permits, licenses, etc., relating to system construction and a guarantee agreement executed by Penn Township. This guarantee obligates the Township to repay all outstanding principal and interest on the note should the Authority be unable to meet the obligation.

NOTE 5 AUTHORITY DEBT/GUARANTEE AGREEMENTS (CONTINUED)

The Township will not be responsible for direct principal or interest payments unless the Authority is in default. The loan bears interest at an annual rate of 1% and has a stated maturity date of August 1, 2037. The loan balance is $ 3,771,794 at December 31, 2020.

(C) In 2005, the Borough of Duncannon filed a request for arbitration of a dispute involving the Authority's share of the costs in replacing jointly owned sewer lines. On January 5, 2010, the Authority began making monthly payments of $ 234 to the Borough of Duncannon to pay back $ 60,000. The Authority will make monthly payments for 288 months at 1% interest to be paid in full in November 2032.

Future maturities on long-term debt of the Municipal Authority as of December 31, 2020 are as follows:

	PENNVEST		PENNVEST		Duncannon Borough		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 85,886	$ 467	$ 209,023	$ 36,762	$ 2,507	$ 306	$ 297,416	$ 37,535
2022			211,122	34,662	2,532	281	213,654	34,943
2023	-	-	213,243	32,541	2,558	255	215,801	32,796
2024			215,386	30,399	2,583	230	217,969	30,629
2025			217,549	28,235	2,609	204	220,158	28,439
2026 - 2030	-	-	1,120,972	107,949	13,445	620	1,134,417	108,569
2031 - 2035	-	-	1,178,421	50,492	5,554	58	1,183,975	50,550
2036 - 2037	-	-	406,078	3,563	-	-	406,078	3,563
	$ 85,886	$ 467	$ 3,771,794	$ 324,603	$ 31,788	$ 1,954	$ 3,889,468	$ 327,024

NOTE 6 INTERFUND ACTIVITY

Due from/to other funds for the year ended December 31, 2020 were as follows:

	Due From	Due To
Fire Tax Fund	$ 109,870	$ 22,417
Liquid Fuels Fund	-	7,314
Capital Reserve Fund	258,527	-
General Fund	35,565	374,231
Total	$ 403,962	$ 403,962

Liquid Fuels Fund due to General Fund: Amount owed due to lease payments made incorrect bank account.

Fire Tax Fund due to General Fund: Amount owed due to improper transfer of funds recorded.

Fire Tax Fund due from General Fund: Amount owed due to tax receipts not transferred to fire tax fund by year-end.

Capital Reserve Fund due from General Fund: Amount owed for redemption of CD deposited into General Fund.

NOTE 6 INTERFUND ACTIVITY (CONTINUED)

Interfund transfers for the year ended December 31, 2020 were as follows:

	Transfers In	Transfers Out
Capital Reserve Fund	$ 20,000	$ -
Parks and Rec Fund (non-major governmental fund)	-	65,673
General Fund	65,673	20,000
Total	$ 85,673	$ 85,673

General Fund to Capital Reserve Fund: saving for future capital purchases

Parks and Recreation Fund to General Fund: transfer of redeemed certificates of deposit as all parks and recreation activity will be recorded through the General Fund in the future.

NOTE 7 PROPERTY TAXES

The Township's property tax is levied each February 1 on the assessed value as of January 1 as maintained by the County for all nonexempt real property located in the Township. The assessed value of the tax roll upon which the levy for the 2020 year was based amounted to $ 198,607,400. The tax millage rate assessed for the year ended December 31, 2020, was 1.3444 mills ($ 1.3444 per $ 1,000 valuation) broken out between general (0.8144 mills) and fire (0.53).

Real estate taxes attach as an enforceable lien on property on January 1 and are levied on February 1. The taxes are collected by an elected tax collector who is paid 4% of the amount collected. Taxes paid through March 31 are given a 2% discount. Taxes paid after May 31 are charged a 10% penalty. Delinquent real estate taxes are collected by the County.

NOTE 8 PENSION PLAN

Plan Descriptions

Penn Township, Perry County, participates in the Pennsylvania Municipal Pension Trust, multiple employer system which covers all of the Township's full-time, non-uniformed and uniformed employees, and is administered by Pennsylvania State Association of Townships (PSATS). Unless otherwise indicated, the plan information in this note is provided as of the latest actuarial valuation as of January 1, 2019. Actuarial valuations are performed every two years.

Benefits

Uniform

All employees are eligible for benefits upon reaching age 65 and after having 20 years of full-time employment. The benefit consists of 1.5% of the final average monthly salary, averaged over the final 36 months of employment multiplied by the years of service at retirement. Employees are 100% vested in the plan after twelve (12) years of continuous service as an employee of the Township. The plan also includes disability and survivor benefits.

NOTE 8 PENSION PLAN (CONTINUED)

Benefits (Continued)

Non-Uniform

All employees are eligible for benefits upon the later of reaching age 65 and 7 years of service. Service may be continuous or interrupted. The benefit consists of 1.5% of the final average monthly salary, averaged over the final 36 months of employment multiplied by the years of service at retirement. Employees are 100% vested in the plan after seven (7) years of service.

Contributions

Uniform and Non-Uniform

The Township is required to contribute at an actuarially determined rate. Act 205 establishes the contribution requirements of the plan members and the Township. There is no maximum amount of funds the Township may contribute to the plan in a given year. Administrative costs, including investment services, custodial trustee and actuarial services are charged to the appropriate plan and funded from investment earnings. Plan members are not required to contribute to the plans.

The plans are also eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the Township in accordance with Act 205.

The Township's annual pension costs and contributions for each plan are as follows:

	Uniform	Non-Uniform
Contribution rates (% of covered salary, including administrative costs)		
Township	Actuarially determined	Actuarially determined
Employees	None	None
Annual pension costs	$ -	$ 11,956
Contributions made	1,495	11,956

Plan Membership

Plan membership consisted of the following at December 31, 2020:

	Uniform	Non-Uniform
Active Plan Members	-	4
Retirees and beneficiaries currently receiving benefits	-	1
Terminated plan members entitled to but not yet receiving benefits	1	1
	1	6

NOTE 8 PENSION PLAN (CONTINUED)

The following are summarized financial statements as of and for the year ended December 31, 2020 for the individual pension plans maintained by the Township.

	Uniform	Non-Uniform	Total Pension Funds
Fiduciary Net Position			
Assets			
Investments	$ 129,298	$ 569,105	$ 698,403
Net Position			
Held in trust for pension benefits	$ 129,298	$ 569,105	$ 698,403
Changes in Fiduciary Net Position			
Additions			
Contributions - employer	$ 1,495	$ 11,956	$ 13,451
Investment income	1,950	53,668	55,618
Total additions	3,445	65,624	69,069
Deductions			
Withdrawals	-	6,491	6,491
Administrative expenses	701	2,114	2,815
Total deductions	701	8,605	9,306
Change in net position	2,744	57,019	59,763
Net Position			
January 1, 2020	126,554	512,086	638,640
December 31, 2020	$ 129,298	$ 569,105	$ 698,403

NOTE 9 OPERATING LEASE INCOME

The Township rents rooms in its building to various organizations. Rental income received from these leases in 2020 amounted to $ 7,925.

NOTE 10 LITIGATIONS, COMMITMENTS AND CONTINGENCIES

The Township receives Liquid Fuels Tax funds from the State based on road mileage and population. These funds are to be maintained in the Highway Aid Fund and may only be used for specific purposes. These funds are also subject to audit by State agencies. Such an audit could result in the disallowance of certain expenditures and require reimbursement by the General Fund. In the opinion of the Township's management, such disallowances in the future, if any, will be minimal.

During the course of performing its duties for the general public that it serves; the Township may be subject to various threatened lawsuits and claims. There were no claims that management or legal counsel believes would have a material effect on the Township's financial position.

NOTE 10 LITIGATIONS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Penn Township Municipal Authority and Penn Township have entered into an inter-municipal agreement with Duncannon Township and the Duncannon Township Authority which reserves sewage treatment capacity in the expanded Duncannon Wastewater Treatment facility. In addition, the Penn Township Municipal Authority pays the Duncannon Township Authority quarterly payments for their pro-rata share of certain operating expenses and a pro-rata share of other operating costs based on flow. During 2020, $ 88,000 was paid by the Authority under this agreement.

The Township has commitments for vested unused sick and vacation pay for employees upon retirement or leaving employment. The amounts of these potential commitments at retirement are $ 609 and $ 2,030, respectively, at December 31, 2020.

NOTE 11 RISK MANAGEMENT - INSURANCE

The Township's risk management activities are recorded in the general fund and are related to administering employee life, health, property and liability, worker's compensation and unemployment insurance programs. Significant losses are covered by commercial insurance for all major programs. For these insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 12 RESTATEMENT

The Township had previously recorded expenses/expenditures for payments made for property owners that are to be reimbursed at a later date. A restatement was made to reflect the proper beginning balance based on the revised recordings of due from property owners.

	Governmental Activities	General Fund
Net position, as originally stated - December 31, 2019	$ 2,204,344	$ 694,749
Revision of due from property owners	19,101	19,101
Net position, as restated - December 31, 2019	$ 2,223,445	$ 713,850
Change in net position as originally reported - 2019	$ 114,321	$ 113,758
Revision of due from property owners	19,101	19,101
Change in net position as restated - 2019	$ 133,422	$ 132,859

NOTE 13 RISKS AND UNCERTAINTIES

The COVID-19 outbreak in the United States and around the world has caused business disruptions through mandated and voluntary closings of many business throughout our community. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and extent of the economic impact. Therefore, it is reasonable to expect that some of the Township's revenues could be impacted.

OTHER SUPPLEMENTAL INFORMATION

PENN TOWNSHIP
Budgetary Comparison Schedule - Modified Cash Basis – General Fund
Year Ended December 31, 2020

	Original/ Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes			
Real estate	$ 171,000	$ 161,781	$ (9,219)
Occupational taxes	6,646	5,277	(1,369)
Per capita taxes	9,300	7,416	(1,884)
Real estate transfer taxes	20,000	26,263	6,263
Earned income taxes	285,000	313,163	28,163
Local services taxes	50,000	55,504	5,504
Other taxes	2,408	2,335	(73)
Total taxes	544,354	571,739	27,385
Licenses and permits	23,000	23,079	79
Fines and forfeits	8,000	8,785	785
Investment earnings	1,800	6,386	4,586
Rent	10,500	9,285	(1,215)
Intergovernmental revenue			
Beverage license	1,000	800	(200)
Public utility realty tax	813	803	(10)
Foreign fire insurance companies tax grant	18,000	18,260	260
Payments in lieu of taxes	2,837	2,837	-
Pension system state aid allocation	-	14,341	14,341
Total intergovernmental revenue	22,650	37,041	14,391
Charges for services			
Police special services/reports	3,025	4,544	1,519
Engineering and subdivision fees and permits	1,540	2,584	1,044
Total charges for services	4,565	7,128	2,563
Miscellaneous income	100	1,298	1,198
Total Revenues	$ 614,969	$ 664,741	$ 49,772

	Original/ Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
GENERAL GOVERNMENT			
General Administration			
Elected officials	$ 4,500	$ 4,400	$ (100)
Dues and workshops	4,500	3,578	(922)
Financial administration	12,500	32,940	20,440
Salaries - office	65,939	64,633	(1,306)
Office expenses	32,700	23,894	(8,806)
Other	600	-	(600)
Total general administration	120,739	129,445	8,706
Tax Collection			
Elected tax collector's expenses	14,550	9,372	(5,178)
Total tax collection	14,550	9,372	(5,178)
Legal and Professional Services			
Legal Services	23,500	8,558	(14,942)
Engineering	5,000	8,326	3,326
Total legal and professional services	28,500	16,884	(11,616)
Building and Plant			
Wages	11,078	4,980	(6,098)
Material and supplies	1,050	4,802	3,752
Heating and air conditioning	4,600	5,992	1,392
Utilities	13,975	16,581	2,606
Building repairs and maintenance	9,500	15,723	6,223
Total building and plant	40,203	48,078	7,875
Insurance and Benefits			
Disability, medical and life insurance	87,900	52,881	(35,019)
Worker's compensation	9,912	3,761	(6,151)
Unemployment compensation	2,000	5,250	3,250
Payroll taxes	12,000	20,814	8,814
Pension expense	21,109	13,451	(7,658)
Liability insurance	16,000	13,955	(2,045)
Total insurance and benefits	148,921	110,112	(38,809)
Total general government	$ 352,913	$ 313,891	$ (39,022)

PENN TOWNSHIP
Budgetary Comparison Schedule - Modified Cash Basis – General Fund (Continued)
Year Ended December 31, 2020

	Original/ Final Budget	Actual	Variance with Final Budget
EXPENDITURES - (CONTINUED)			
PUBLIC SAFETY			
Fire			
Distribution - foreign fire tax	17,000	18,260	1,260
Total fire	17,000	18,260	1,260
Ambulance			
Contributions to ambulance companies	15,000	25,000	10,000
Planning, Zoning and Code Enforcement			
UCC and code enforcement	12,114	7,645	(4,469)
Planning and zoning			
Wages	6,000	7,515	1,515
Other costs	4,700	569	(4,131)
Emegency management	10,000	636	(9,364)
CDL testing	240	-	(240)
Total planning, zoning and code enforcement	33,054	16,365	(16,689)
Total public safety	65,054	59,625	(5,429)
Health and Human Services	$ 1,000	$ 680	$ (320)

Penn Township
Budgetary Comparison Schedule - Modified Cash Basis – General Fund (Continued)
Year Ended December 31, 2020

	Original/ Final Budget	Actual	Variance with Final Budget
EXPENDITURES - (CONTINUED)			
PUBLIC WORKS			
Public Works - Highways and streets			
Salaries and wages	$ 137,481	$ 114,618	$ (22,863)
Vehicle maintenance and expense	39,800	28,912	(10,888)
Supplies/small equipment	12,000	11,353	(647)
Machinery and equipment	12,000	1,953	(10,047)
Snow/ice removal	34,500	-	(34,500)
Storm sewer and drains	4,000	-	(4,000)
Other costs	10,700	1,843	(8,857)
Street signs and markings	6,000	4,580	(1,420)
Street light/traffic signal expense	3,550	6,944	3,394
Utilities	3,540	715	(2,825)
Road maintenance and repairs	35,550	17,495	(18,055)
Total public works - highways and streets	299,121	188,413	(110,708)
CULTURE AND RECREATION			
Newsletter	5,000	2,594	(2,406)
Parks and recreation donation	-	332	332
Other culture and recreation	200	500	300
Total culture and recreation	5,200	3,426	(1,774)
MISCELLANOUS EXPENDITURES	100	300	200
Total expenditures	723,388	566,335	(157,053)
Excess (deficiency) of revenues over expenditures	(108,419)	98,406	206,825
Other Financing Sources			
Proceeds from sale of assets/insurance	-	30	30
Operating transfers in, net	2,500	45,673	43,173
Refund of prior year expenditures	-	16,524	16,524
Total other financing sources	2,500	62,227	59,727
Net change in fund balance	$ (105,919)	$ 160,633	$ 266,552

PENN TOWNSHIP
Budgetary Comparison Schedule –Modified Cash Basis - Capital Reserve Fund
Year Ended December 31, 2020

	Original/Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment earnings	$ 1,600	$ 612	$ (988)
Total revenues	1,600	612	(988)
EXPENDITURES			
Machinery and equipment	45,000	-	(45,000)
Total expenditures	45,000	-	(45,000)
Excess (deficiency) of revenues over expenditures	(43,400)	612	44,012
Other Financing Sources (Uses)			
Transfers in (out)	20,000	20,000	-
Total other financing sources (uses) - net	20,000	20,000	-
Net change in fund balance	$ (23,400)	$ 20,612	$ 44,012

PENN TOWNSHIP
Budgetary Comparison Schedule - Modified Cash Basis – Highway Aid Fund
Year Ended December 31, 2020

	Original/Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment earnings	$ 2,000	$ 1,489	$ (511)
Intergovernmental revenues - liquid fuels tax	159,187	158,241	(946)
Intergovernmental revenues - state road turnback	7,800	7,800	-
Total revenues	168,987	167,530	(1,457)
EXPENDITURES			
Highways and streets			
Road resurfacing	161,000	157,075	(3,925)
Debt Service	-	24,318	24,318
Total expenditures	161,000	181,393	20,393
Net change in fund balance	$ 7,987	$ (13,863)	$ (21,850)

PENN TOWNSHIP
Budgetary Comparison Schedule –Modified Cash Basis - Fire Tax Fund
Year Ended December 31, 2020

	Original/ Final Budget	Actual	Variance with Final Budget
REVENUES			
Real estate - fire	$ 158,000	$ 111,230	$ (46,770)
Investment earnings	800	2,286	1,486
Total Revenues	158,800	113,516	(45,284)
EXPENDITURES			
GENERAL GOVERNMENT			
Audit/bookkeeping	7,000	-	(7,000)
Tax collection	8,000	5,393	(2,607)
Total gevneral government	15,000	5,393	(9,607)
FIRE			
Contribution to fire companies	75,000	80,000	5,000
Other Donations	-	1,575	1,575
Worker's compensation insurance	10,000	5,890	(4,110)
Total fire	85,000	87,465	2,465
MISCELLANEOUS	1,000	-	(1,000)
Total Expenditures	101,000	92,858	(8,142)
Net change in fund balance	$ 57,800	$ 20,658	$ (37,142)

PENN TOWNSHIP
Budgetary Comparison Schedule - Modified Cash Basis – Parks and Recreation Fund
Year Ended December 31, 2020

	Original/ Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment earnings	$ 400	$ 136	$ (264)
Intergovernmental	27,000	-	(27,000)
Charges for service	3,900	-	(3,900)
Donations	200	-	(200)
Total Revenues	31,500	136	(31,364)
EXPENDITURES			
Culture and recreation	39,520	-	(39,520)
Excess (deficiency) of revenues over expenditures	(8,020)	136	8,156
Other Financing Sources (Uses)			
Transfers in (out)	7,500	(65,673)	(73,173)
Other uses	(300)	-	300
Total other financing sources (uses)	7,200	(65,673)	(72,873)
Net change in fund balance	$ (820)	$ (65,537)	$ (64,717)