

Audited
Financial
Statements

December 31,
2018

Penn Township

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INDEPENDENT AUDITOR'S REPORT

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, Perry County, Pennsylvania, as of and for the year ended December 31, 2018, 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, Perry County, Pennsylvania, as of December 31, 2018 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, Perry County, Pennsylvania's basic financial statements. The management's discussion and analysis and 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.

The management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Chambersburg, Pennsylvania
April 27, 2020

PENN TOWNSHIP

Management's Discussion and Analysis - Unaudited

As management of Penn Township, we offer readers of Penn Township's financial statements this narrative overview and analysis of the financial activities of Penn Township for the fiscal year ended December 31, 2018.

Financial Highlights

- The net position of the Township increased at the close of the year-end 2018 by \$ 283,892. The government's total 2018 net position is \$ 2,090,023.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$ 475,072. The philosophy of the Township Supervisors and management has been to maintain an adequate unassigned fund balance as a percentage of budgeted general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Penn Township's basic financial statements. Penn Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Penn Township finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Penn Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Penn Township is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. Certain changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows, such as depreciation or interest expense. Under the modified cash basis of accounting, all other revenue and expenses are reflected when cash is received or disbursed.

Both of the government-wide statements distinguish functions of the Penn Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees. The governmental activities of the Penn Township include general government, public safety, highways and streets, economic development, and culture and recreation.

The government-wide financial statements include Penn Township and the discretely presented component unit, Penn Township Municipal Authority.

The government-wide financial statements can be found on pages 8 and 9 of this report.

PENN TOWNSHIP

Management's Discussion and Analysis - Unaudited

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Penn Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Penn Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between *governmental funds* and *governmental activities*.

Penn Township maintains five (5) individual government funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital reserve fund, highway aid fund, fire tax fund and parks and recreation fund.

The basic governmental fund financial statements can be found on pages 10 - 11 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Penn Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 12 - 13 of this report.

Component Unit. A component unit is a legally separate organization that a primary government must include as part of its financial reporting entity for fair presentation in conformity with the modified cash basis of accounting. It is important to underscore that component units, by definition, must be legally separate entities.

There are three specific tests for determining whether a particular legally separate entity is a component unit of a primary government's financial reporting entity. Those tests involve 1) appointment of the unit's governing board, 2) fiscal dependence on the primary government and 3) the potential that exclusion would result in misleading financial reporting.

Penn Township Municipal Authority (PTMA) financial information is presented as a discretely presented component unit in the financial statements that follow. Two important criteria used to come to this conclusion are 1) Penn Township appoints the governing board of PTMA and 2) the Township guarantees the Authority's debt. The notes to the financial statements address this issue and provide additional information in Note 1 "Summary of Significant Accounting Policies". Separate financial statements of the Authority are available at the Authority's administrative office.

PENN TOWNSHIP
Management's Discussion and Analysis - Unaudited

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 - 33 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Penn Township's progress in funding its obligation to provide pension benefits to its employees. Penn Township also adopts an annual appropriated budget for its various funds. A budgetary comparison schedule has been provided for the funds to demonstrate compliance with this budget. Other supplementary information can be found on pages 34 - 41 of this report.

Government-Wide Financial Analysis

Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Penn Township, assets exceeded liabilities by \$ 2,090,023 at the close of the most recent fiscal year.

Penn Township's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. Penn Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Penn Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

	2017	2018	Difference
Current and other assets	\$ 1,128,306	\$ 1,507,789	\$ 379,483
Capital assets	<u>723,837</u>	<u>614,069</u>	<u>(109,768)</u>
	1,852,143	2,121,858	269,715
Current liabilities	25,595	24,853	(742)
Noncurrent liabilities	<u>20,417</u>	<u>6,982</u>	<u>(13,435)</u>
Total liabilities	46,012	31,835	(14,177)
Net Position			
Net investment in capital assets	681,476	586,774	(94,702)
Restricted	357,411	567,567	210,156
Unrestricted	<u>767,244</u>	<u>935,682</u>	<u>168,438</u>
Total net position	<u>\$ 1,806,131</u>	<u>\$ 2,090,023</u>	<u>\$ 283,892</u>

The *unrestricted net position* balance of \$ 935,682 may be used to meet the government's ongoing obligations to citizens and creditors.

PENN TOWNSHIP
Management's Discussion and Analysis - Unaudited

At the end of the current fiscal year, Penn Township can report positive balances in the two categories of equity, fund balance for the government funds, as well as net position for governmental activities. The same situation held true for the prior fiscal year.

Changes in Net Position

	2017	2018	Difference
Program Revenues			
Charge for services	\$ 60,813	\$ 54,201	\$ (6,612)
Operating grants and contributions	35,931	29,934	(5,997)
Capital grants and contributions	159,252	167,535	8,283
General Revenue			
Property taxes, general purpose	155,712	161,277	5,565
Property taxes, specific purpose	155,124	167,309	
Other taxes	484,537	457,050	(27,487)
Intergovernmental not restricted to specific programs	8,528	16,176	7,648
Other	50,378	28,167	(22,211)
Total revenues	<u>\$ 1,110,275</u>	<u>\$ 1,081,649</u>	<u>\$ (40,811)</u>
Expenses			
General government	\$ 279,377	\$ 312,108	\$ 32,731
Public safety	186,427	157,077	(29,350)
Health and human services	693	250	(443)
Public works (Highway)	369,539	317,993	(51,546)
Culture and recreation	9,110	8,102	(1,008)
Miscellaneous	7,784	2,227	(5,557)
Total expenses	<u>\$ 852,930</u>	<u>\$ 797,757</u>	<u>\$ (55,173)</u>
Change in Net Position	<u>\$ 257,345</u>	<u>\$ 283,892</u>	<u>\$ 14,362</u>

Financial Analysis of the Government's Funds

As noted earlier, Penn Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Penn Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Penn Township's financing requirements unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end the fiscal year.

As of the end of the current fiscal year, Penn Township's governmental funds reported combined ending fund balances of \$ 1,503,249.

The general fund is the chief operating fund of Penn Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 475,072.

PENN TOWNSHIP
Management's Discussion and Analysis - Unaudited

General Fund Budgetary Highlights

A General Fund budget is adopted each year. The following chart is a summary of the budget to actual information for the year ended December 31, 2018.

Budget to Actual

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues	\$ 621,462	\$ 723,183	\$ 101,721
Total Expenditures	<u>682,498</u>	<u>587,157</u>	<u>(95,341)</u>
Excess (deficiency) of revenue over expenditures	(61,036)	136,026	197,062
Total financing sources (uses)	<u>(16,000)</u>	<u>25,464</u>	<u>41,464</u>
Excess (deficiency) of revenue over expenditures and other financing uses	<u>\$ (77,036)</u>	<u>\$ 161,490</u>	<u>\$ 238,526</u>

Budget Highlights: Property transfer tax receipts were higher than budgeted due to growth in the Township which also increased land development fees and permit fees. Earned income tax has increased due to more people moving into the Township. There were also two police vehicles sold during the year. Some budgeted equipment purchases were not made, and the mild winter required less salt purchases and less seasonal work needed for winter maintenance.

Capital Assets. Penn Township's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$ 614,069 net of accumulated depreciation). This investment in capital assets included land, buildings and improvements, machinery and equipment, park facilities, roads, highways, bridges, vehicles, and furniture and equipment.

Major capital asset events during the current fiscal year included the following: vehicle purchase and road projects.

Capital Assets (Net of Depreciation)

	2017	2018	Difference
Land	\$ 1	\$ 1	\$ -
Building and improvements	46,939	43,326	(3,613)
Infrastructure	459,227	415,474	(43,753)
Machinery and equipment	70,129	64,691	(5,438)
Furniture and fixtures	15,714	8,505	(7,209)
Automobiles	<u>131,827</u>	<u>82,072</u>	<u>(49,755)</u>
Total	<u>\$ 723,837</u>	<u>\$ 614,069</u>	<u>\$ (109,768)</u>

Additional information on Penn Township's capital assets can be found in footnote number 3 on page 25.

Requests for Information

This financial report is designed to provide a general overview of Penn Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Penn Township, 100 Municipal Building Road, Duncannon, PA 17020.

PENN TOWNSHIP
Statement of Net Position - Modified Cash Basis
December 31, 2018

	Governmental Activities	Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 828,063	\$ 218,193
Investments	675,709	-
Other receivable	4,017	-
Total current assets	<u>1,507,789</u>	<u>218,193</u>
Noncurrent assets		
Capital assets not being depreciated:		
Land	1	-
Capital assets net of accumulated depreciation:		
Buildings and improvements	43,326	-
Infrastructure	415,474	4,177,453
Machinery and equipment	64,691	106,632
Furniture and fixtures	8,505	-
Automobiles	82,072	-
Total capital assets	<u>614,069</u>	<u>4,284,085</u>
Total assets	<u>\$ 2,121,858</u>	<u>\$ 4,502,278</u>
LIABILITIES AND NET POSITION		
Current liabilities		
Payroll liabilities	\$ 1,914	\$ 5
Other payables	2,626	3,950
Portion due or payable within one year:		
Capital lease payable	20,313	-
Notes and loans payable	<u>-</u>	<u>291,529</u>
Total current liabilities	<u>24,853</u>	<u>295,484</u>
Noncurrent liabilities		
Portion due or payable after one year:		
Capital lease payable	6,982	-
Notes and loans payable	<u>-</u>	<u>4,183,929</u>
Total noncurrent liabilities	<u>6,982</u>	<u>4,183,929</u>
Total liabilities	<u>31,835</u>	<u>4,479,413</u>
Net Position		
Net investment in capital assets	586,774	(191,373)
Restricted	567,603	-
Unrestricted	<u>935,646</u>	<u>214,238</u>
Total net position	<u>2,090,023</u>	<u>22,865</u>
Total liabilities and net position	<u>\$ 2,121,858</u>	<u>\$ 4,502,278</u>

PENN TOWNSHIP
Statement of Activities - Modified Cash Basis
Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Component Unit
Primary government						
Governmental activities						
General government	\$ 312,108	\$ 45,298	\$ 9,289	\$ -	\$ (257,521)	
Public safety	157,077	4,780	20,645	-	(131,652)	
Health and human services	250	-	-	-	(250)	
Public works	317,993	-	-	167,535	(150,458)	
Culture and recreation	8,102	4,123	-	-	(3,979)	
Miscellaneous expense	2,227	-	-	-	(2,227)	
Total governmental activities	<u>\$ 797,757</u>	<u>\$ 54,201</u>	<u>\$ 29,934</u>	<u>\$ 167,535</u>	(546,087)	
Component unit - Municipal Authority	<u>\$ 929,954</u>	<u>\$ 854,005</u>	<u>\$ -</u>	<u>\$ -</u>		\$ (75,949)
General revenues						
Property taxes, levied for general purposes					161,277	-
Property taxes, levied for specific purposes					167,309	-
Real estate transfer tax					75,860	-
Earned income tax					309,110	-
Other taxes					72,080	-
Investment income					16,176	456
Miscellaneous income					18,520	-
Refund of prior years' expenses					9,541	-
Gain/(loss) on sale of asset					106	-
Total general revenues and transfers					<u>829,979</u>	<u>456</u>
Change in net position					283,892	(75,493)
Net position - beginning, as restated					<u>1,806,131</u>	<u>98,358</u>
Net position - ending					<u>\$ 2,090,023</u>	<u>\$ 22,865</u>

PENN TOWNSHIP
Balance Sheet - Modified Cash Basis - Governmental Funds
December 31, 2018

	General Fund	Capital Reserve Fund	Highway Aid Fund	Fire Tax Fund	Parks and Recreation Fund (Nonmajor)	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 350,751	\$ 39,827	\$ 322,865	\$ 79,971	\$ 34,649	\$ 828,063
Investments	231,761	255,060	109,949	50,036	28,903	675,709
Due from other funds	22,275	-	-	22,273	1,000	45,548
Other receivables	4,017	-	-	-	-	4,017
Total assets	<u>\$ 608,804</u>	<u>\$ 294,887</u>	<u>\$ 432,814</u>	<u>\$ 152,280</u>	<u>\$ 64,552</u>	<u>\$ 1,553,337</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Payroll taxes and other deposits	\$ 1,914	\$ -	\$ -	\$ -	\$ -	\$ 1,914
Due to other funds	23,273	-	-	17,491	4,784	45,548
Other payables	2,626	-	-	-	-	2,626
Total liabilities	<u>27,813</u>	<u>-</u>	<u>-</u>	<u>17,491</u>	<u>4,784</u>	<u>50,088</u>
Fund Balances						
Restricted						
Highway aid	-	-	432,814	-	-	432,814
Fire tax	-	-	-	134,789	-	134,789
Committed						
Capital projects	-	294,887	-	-	-	294,887
Assigned						
Parks and recreation	-	-	-	-	59,768	59,768
2019 Budget deficit	105,919	-	-	-	-	105,919
Unassigned	475,072	-	-	-	-	475,072
Total fund balances	<u>580,991</u>	<u>294,887</u>	<u>432,814</u>	<u>134,789</u>	<u>59,768</u>	<u>1,503,249</u>
Total liabilities and fund balances	<u>\$ 608,804</u>	<u>\$ 294,887</u>	<u>\$ 432,814</u>	<u>\$ 152,280</u>	<u>\$ 64,552</u>	<u>\$ 1,553,337</u>

Reconciliation to Statement of Net Position

Fund balance as shown above \$ 1,503,249

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	1,569,694	
Accumulated depreciation	(955,625)	614,069

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	(27,295)	(27,295)
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Net position of governmental activities \$ 2,090,023

PENN TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash
Basis - Governmental Funds
Year Ended December 31, 2018

	General Fund	Capital Reserve Fund	Highway Aid Fund	Fire Tax Fund	Parks and Recreation Fund (Nonmajor)	Total Governmental Funds
REVENUES						
Taxes	\$ 619,767	\$ -	\$ -	\$ 165,056	\$ -	\$ 784,823
Licenses and permits	22,451	-	-	-	-	22,451
Fines and forfeits	9,481	-	-	-	-	9,481
Investment earnings	6,328	3,233	5,154	950	511	16,176
Rent	9,500	-	-	-	-	9,500
Intergovernmental revenues	30,747	-	167,535	-	-	198,282
Charges for services	8,646	-	-	-	3,798	12,444
Miscellaneous income	16,263	-	-	-	2,582	18,845
Total revenues	<u>723,183</u>	<u>3,233</u>	<u>172,689</u>	<u>166,006</u>	<u>6,891</u>	<u>1,072,002</u>
EXPENDITURES						
General government						
General administration	103,826	-	-	-	-	103,826
Tax collection	10,784	-	-	8,359	-	19,143
Legal and professional services	39,119	-	-	-	-	39,119
Building and plant	30,820	-	-	-	-	30,820
Insurance and benefits	113,153	-	-	-	-	113,153
Public safety						
Police	650	-	-	-	-	650
Fire	16,808	-	-	92,829	-	109,637
Ambulance	15,000	-	-	-	-	15,000
Planning, zoning and code enforcement	21,800	-	-	-	-	21,800
Emergency management	131	-	-	-	-	131
Health and human services	250	-	-	-	-	250
Public works						
Highway and streets	230,945	-	10,403	-	-	241,348
Culture and recreation	3,804	-	-	-	15,081	18,885
Debt service						
Principal	-	-	15,066	-	-	15,066
Interest	-	-	1,846	-	-	1,846
Miscellaneous expenditures	67	-	-	-	314	381
Total expenditures	<u>587,157</u>	<u>-</u>	<u>27,315</u>	<u>101,188</u>	<u>15,395</u>	<u>731,055</u>
Excess (deficiency) of revenues over expenditures	136,026	3,233	145,374	64,818	(8,504)	340,947
OTHER FINANCING SOURCES (USES)						
Transfers in	-	5,000	-	-	7,183	12,183
Transfers out	(12,183)	-	-	-	-	(12,183)
Proceeds from sale of assets/insurance	28,106	-	-	-	-	28,106
Refund of prior years expenditures	9,541	-	-	-	-	9,541
Total other financing sources and uses	<u>25,464</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>7,183</u>	<u>37,647</u>
Net change in fund balances	161,490	8,233	145,374	64,818	(1,321)	378,594
Fund balances - beginning	419,501	286,654	287,440	69,971	61,089	1,124,655
Fund balances - ending	<u>\$ 580,991</u>	<u>\$ 294,887</u>	<u>\$ 432,814</u>	<u>\$ 134,789</u>	<u>\$ 59,768</u>	<u>\$ 1,503,249</u>

Reconciliation to Statement of Activities

Net change in fund balance - total governmental funds \$ 378,594

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	(91,834)	
Gain (loss) on sale of capital assets	(28,015)	
Capital outlays	<u>10,081</u>	(109,768)

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.

15,066

Change in net position of governmental activities

\$ 283,892

PENN TOWNSHIP
Statement of Fiduciary Net Position - Modified Cash Basis
December 31, 2018

	Pension Trust Funds
ASSETS	
Investments	\$ <u>565,066</u>
NET POSITION	
Held in trust for benefits	\$ <u>565,066</u>

PENN TOWNSHIP
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Year Ended December 31, 2018

	Pension Trust Funds
Additions (Depreciation)	
Contributions - Employer	\$ 12,603
Investment income (depreciation)	<u>(19,084)</u>
Total additions	<u>(6,481)</u>
Deductions	
Withdrawals	6,491
Administrative expenses	<u>2,607</u>
Total deductions	<u>9,098</u>
Change in net position	<u>(15,579)</u>
Total net position - beginning	<u>580,645</u>
Total net position - ending	<u><u>\$ 565,066</u></u>

PENN TOWNSHIP

Notes to the Financial Statements

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 includes the Authority's financial position and results of operations in the accompanying financial statements as a discretely presented component unit. The financial statements of the Municipal Authority are available at the Authority office at 100 Municipal Building Road, Duncannon, PA 17020.

PENN TOWNSHIP
Notes to the Financial Statements

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, unless otherwise noted, 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.

PENN TOWNSHIP
Notes to the Financial Statements

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 agency 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. The Township has no investment trust funds, private purpose trust funds, or agency 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.

PENN TOWNSHIP
Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents/Investments

Cash and cash equivalents includes 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, local 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.

PENN TOWNSHIP
Notes to the Financial Statements

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:

Township:	Years
Buildings and improvements	15 - 40
Machinery, furniture, and equipment	5 - 15
Infrastructure (roads)	20
Automobiles	10
Municipal Authority:	Years
Office equipment	5 - 7
Sewer system	15- 30
Water system	15- 30

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, 2018, restricted net position in governmental activities consists of the following:

Restricted for highway aid	\$ 432,814
Restricted for fire tax	134,789
	<u>\$ 567,603</u>

PENN TOWNSHIP
Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

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”.

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.

PENN TOWNSHIP
Notes to the Financial Statements

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

The Commonwealth of Pennsylvania's "Second Class Township Code" 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 known 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.

PENN TOWNSHIP
Notes to the Financial Statements

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, 2018, \$ 133,023 of the Township's bank balance (including certificates of deposit) of \$ 938,650 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 an external 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, 2018, the Township held \$ 573,109 in the PLGIT-Class 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, 2018, the Township's investment in PLGIT were rated AAAM by Standard and Poor's Investor Services.

PENN TOWNSHIP
Notes to the Financial Statements

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	\$ 565,066

(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.

The remaining investments held by the Township in the governmental funds consist of certificates of deposit at local financial institutions. These are considered deposits for purposes of the disclosures in this footnote.

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.

PENN TOWNSHIP
Notes to the Financial Statements

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 and mutual funds.

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, and life insurance contracts.

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, 2018:

	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 - Uniform	\$ 123,739	\$ -	\$ 123,739	\$ -
Mutual funds - Non-uniform	441,327	-	441,327	-
	<u>\$ 565,066</u>	<u>\$ -</u>	<u>\$ 565,066</u>	<u>\$ -</u>

PENN TOWNSHIP
Notes to the Financial Statements

NOTE 3 CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions in 2018 was as follows:

	Balance at January 1, 2018	Additions	Retirements	Balance at December 31, 2018
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1	\$ -	\$ -	\$ 1
Capital assets being depreciated:				
Buildings and improvements	106,319	-	-	106,319
Infrastructure	875,062	-	-	875,062
Machinery and equipment	342,529	10,081	(10,361)	342,249
Furniture and fixtures	105,492	-	(29,318)	76,174
Automobiles	226,898	-	(57,009)	169,889
Total capital assets being depreciated	<u>1,656,300</u>	<u>10,081</u>	<u>(96,688)</u>	<u>1,569,693</u>
Less accumulated depreciation:				
Buildings and improvements	(59,380)	(3,613)	-	(62,993)
Infrastructure	(415,835)	(43,753)	-	(459,588)
Machinery and equipment	(272,400)	(15,519)	10,361	(277,558)
Furniture and fixtures	(89,778)	(7,209)	29,318	(67,669)
Automobiles	(95,071)	(21,740)	28,994	(87,817)
Total accumulated depreciation	<u>(932,464)</u>	<u>(91,834)</u>	<u>68,673</u>	<u>(955,625)</u>
Total capital assets being depreciated, net	<u>723,836</u>	<u>(81,753)</u>	<u>(28,015)</u>	<u>614,068</u>
Government activities capital assets, net	<u>\$ 723,837</u>	<u>\$ (81,753)</u>	<u>\$ (28,015)</u>	<u>\$ 614,069</u>

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

Government activities	
General government	\$ 5,910
Culture and recreation	892
Public safety	10,625
Public works	<u>74,407</u>
	<u>\$ 91,834</u>

PENN TOWNSHIP
Notes to the Financial Statements

NOTE 3 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Municipal Authority is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Cost				
Capital assets:				
Sewer system	\$ 9,602,422	\$ -	\$ -	\$ 9,602,422
Water system	177,941	-	-	177,941
Office equipment	<u>12,447</u>	<u>-</u>	<u>(566)</u>	<u>11,881</u>
Total cost	<u>9,792,810</u>	<u>-</u>	<u>(566)</u>	<u>9,792,244</u>
Less accumulated depreciation:				
Sewer system	(5,103,778)	(321,191)	-	(5,424,969)
Water equipment	(64,583)	(6,726)	-	(71,309)
Office equipment	<u>(12,447)</u>	<u>-</u>	<u>566</u>	<u>(11,881)</u>
Total accumulated depreciation	<u>(5,180,808)</u>	<u>(327,917)</u>	<u>566</u>	<u>(5,508,159)</u>
Capital assets, net	<u>\$ 4,612,002</u>	<u>\$ (327,917)</u>	<u>\$ -</u>	<u>\$ 4,284,085</u>

NOTE 4 LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended December 31, 2018 were as follows:

	(As restated) Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities:						
(A) Vehicle lease	\$ 31,029	\$ -	\$ (15,066)	\$ 15,963	\$ 15,963	\$ -
(B) Skid-steer lease	<u>11,332</u>	<u>-</u>	<u>-</u>	<u>11,332</u>	<u>4,350</u>	<u>6,982</u>
	<u>\$ 42,361</u>	<u>\$ -</u>	<u>\$ (15,066)</u>	<u>\$ 27,295</u>	<u>\$ 20,313</u>	<u>\$ 6,982</u>

Capital Lease Payable

(A) **Vehicle lease** – The Township has entered into a lease for the purchase of a pickup truck. The lease term is 4 years at the end of which the Township will own the vehicle. The lease calls for an annual payment of \$ 16,912 which is allocated between principal and interest. The interest rate is 5.95%.

(B) **Skid-steer lease** – The Township has entered into a lease for the purchase of a skid-steer and trailer. The lease term is 3 years at the end of which the Township will own the equipment. The lease calls for an annual payment of \$ 7,342 which is allocated between principal and interest. No payments were made on this lease during 2018.

Interest paid on the capital leases was \$ 1,846 in 2018. At December 31, 2018, the cost of the leased assets was \$ 109,401 and accumulated depreciation was \$ 23,325.

PENN TOWNSHIP
Notes to the Financial Statements

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, 2018.

	Vehicle lease		Skid-steer lease		Total
	Principal	Interest	Principal	Interest	
2019	15,963	950	4,350	427	21,689
2020	-	-	6,982	241	7,223
	<u>\$ 15,963</u>	<u>\$ 950</u>	<u>\$ 11,332</u>	<u>\$ 668</u>	<u>\$ 28,912</u>

NOTE 5 AUTHORITY DEBT/GUARANTEE AGREEMENTS

Notes payable for Penn Township Municipal Authority at December 31, 2018 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	\$ 338,456	\$ -	\$ (83,350)	\$ 255,106	\$ 84,187	\$ 170,919
(B)	PENNVEST note	4,386,471	-	(202,848)	4,183,623	204,885	3,978,738
(C)	Duncannon Borough note	39,164	-	(2,435)	36,729	2,457	34,272
		<u>\$ 4,764,091</u>	<u>\$ -</u>	<u>\$ (288,633)</u>	<u>\$ 4,475,458</u>	<u>\$ 291,529</u>	<u>\$ 4,183,929</u>

- (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 \$ 255,106 at December 31, 2018.

- (B) On November 14, 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. 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 \$ 4,183,623 at December 31, 2018.

PENN TOWNSHIP
Notes to the Financial Statements

NOTE 5 AUTHORITY DEBT/GUARANTEE AGREEMENTS (CONTINUED)

(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, 2018 are as follows:

	PENNVEST		PENNVEST		Duncannon Borough		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	84,187	2,166	204,885	40,899	2,457	356	291,529	43,421
2020	85,033	1,320	206,944	38,841	2,482	331	294,459	40,492
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 - 2028	-	-	1,098,784	130,137	13,178	887	1,111,962	131,024
2029 - 2033	-	-	1,155,097	73,826	11,015	225	1,166,112	74,051
2034 - 2037	-	-	884,525	16,675	-	-	884,525	16,675
	<u>\$ 255,106</u>	<u>\$ 3,953</u>	<u>\$ 4,183,623</u>	<u>\$ 404,343</u>	<u>\$ 36,729</u>	<u>\$ 2,641</u>	<u>\$ 4,475,458</u>	<u>\$ 410,937</u>

NOTE 6 INTERFUND ACTIVITY

Due from/to other funds for the year ended December 31, 2018 were as follows:

	Due From	Due To
Parks and Recreation Fund	\$ 1,000	\$ 4,784
Fire Tax Fund	22,273	17,491
General Fund	22,275	23,273
Total	<u>\$ 45,548</u>	<u>\$ 45,548</u>

Parks and Recreation Fund due from General Fund: Amount owed to properly allocate deposits

Parks and Recreation Fund due to General Fund: Amount owed to properly allocate deposits

Fire Tax Fund due to General Fund: Amount owed to properly transfer funds

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

PENN TOWNSHIP
Notes to the Financial Statements

NOTE 6 INTERFUND ACTIVITY (CONTINUED)

Transfers between funds for the year ended December 31, 2018 were as follows:

	Transfers In	Transfers Out
Capital Reserve Fund	\$ 5,000	\$ -
Parks and Recreation Fund	7,183	-
General Fund	-	12,183
Total	<u>\$ 12,183</u>	<u>\$ 12,183</u>

The following transfers were made during the year:

General Fund to Parks and Recreation: For parks and recreation expenditures

General Fund to Capital Reserve: For budgeted transfer to set aside funds for future capital projects

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 2018 year was based amounted to \$ 197,262,700. The tax millage rate assessed for the year ended December 31, 2018, was .8144 mills (\$.81 per \$ 1,000 valuation).

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, 2017. Actuarial valuations are performed every two years.

PENN TOWNSHIP
Notes to the Financial Statements

NOTE 8 PENSION PLAN (CONTINUED)

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.

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
Township contribution rates	Actuarially determined	Actuarially determined
Employee contribution rates	None	None
Annual pension costs	\$ -	\$ 11,146
Contributions made	\$ 1,457	\$ 11,146

PENN TOWNSHIP
Notes to the Financial Statements

NOTE 8 PENSION PLAN (CONTINUED)

Plan Membership

Plan membership consisted of the following at December 31, 2018:

	Uniform	Non-Uniform
Active Plan Members	0	4
Retirees and beneficiaries currently receiving benefits	0	1
Terminated plan members entitled to but not yet receiving benefits	1	1
	<u>1</u>	<u>6</u>

The following are summarized financial statements as of and for the year ended December 31, 2018 for the individual pension plans maintained by the Township.

	Uniform	Non-Uniform	Total Pension Funds
Fiduciary Net Position			
Assets			
Investments	\$ 123,739	\$ 441,327	\$ 565,066
Net Assets			
Held in trust for pension benefits	\$ 123,739	\$ 441,327	\$ 565,066
Changes in Fiduciary Net Position			
Additions (Depreciation)			
Contributions - employer	1,457	11,146	12,603
Investment income (depreciation)	1,863	(20,947)	(19,084)
Total additions (depreciation)	<u>3,320</u>	<u>(9,801)</u>	<u>(6,481)</u>
Deductions			
Withdrawals	-	6,491	6,491
Administrative expenses	684	1,923	2,607
Total deductions	<u>684</u>	<u>8,414</u>	<u>9,098</u>
Change in net position	2,636	(18,215)	(15,579)
Net Position			
January 1, 2018	<u>121,103</u>	<u>459,542</u>	<u>580,645</u>
December 31, 2018	<u>\$ 123,739</u>	<u>\$ 441,327</u>	<u>\$ 565,066</u>

PENN TOWNSHIP
Notes to the Financial Statements

NOTE 9 OPERATING LEASE INCOME

The Township rents rooms in its building to various organizations. Rental income received from these leases in 2018 amounted to \$ 8,800.

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.

The Penn Township Municipal Authority and Penn Township have entered into an inter-municipal agreement with Duncannon Municipal Authority which reserves sewage treatment capacity in the expanded Duncannon Wastewater Treatment facility. The Penn Township Municipal Authority pays the Duncannon Municipal Authority quarterly payments for their pro-rata share of certain operating expenses and a pro-rata share of repairs, maintenance, and capital costs based on flows.

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 \$ 993 and \$ 2,292, respectively, at December 31, 2018.

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.

PENN TOWNSHIP
Notes to the Financial Statements

NOTE 12 RESTATEMENT

The Township had a lease agreement revised due to an error in the payment schedule. This resulted in additional principal being applied to the Township's previous payment. A restatement was made to reflect the proper beginning balance based on the revised payment schedule.

	Governmental Activities
Net position, as originally stated - December 31, 2017	\$ 1,801,341
Restatement for revision of lease payment schedule	<u>4,790</u>
Net position, as restated - December 31, 2017	<u>\$ 1,806,131</u>
Change in net position as originally reported - 2017	\$ 252,555
Restatement for revision of lease payment schedule	<u>4,790</u>
Change in net position as restated - 2017	<u>\$ 257,345</u>

NOTE 13 SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and around the world has caused business disruption 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 revenue sources derived from various tax revenues and the ability of the customers to pay for services provided could be impacted, however the degree of such impact is uncertain at this time.

OTHER SUPPLEMENTAL INFORMATION

PENN TOWNSHIP
Budgetary Comparison Schedule - Modified Cash Basis - General Fund
Year Ended December 31, 2018

	Original/ Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes			
Real estate	\$ 176,000	\$ 161,277	\$ (14,723)
Occupational taxes	6,800	6,872	72
Per capita taxes	9,300	9,427	127
Real estate transfer taxes	20,000	75,860	55,860
Earned income taxes	285,000	309,110	24,110
Local services taxes	50,000	54,968	4,968
Other taxes	2,490	2,253	(237)
Total taxes	<u>549,590</u>	<u>619,767</u>	<u>70,177</u>
Licenses and permits	23,000	22,451	(549)
Fines and forfeits	13,000	9,481	(3,519)
Interest income	1,800	6,328	4,528
Rent	6,500	9,500	3,000
Intergovernmental revenue			
Beverage license	1,000	1,000	-
Public utility realty tax	650	813	163
Foreign fire insurance companies tax grant	19,000	16,808	(2,192)
Payments in lieu of taxes	2,837	2,837	-
Pension system state aid allocation	-	9,289	9,289
Total intergovernmental revenue	<u>23,487</u>	<u>30,747</u>	<u>7,260</u>
Charges for services			
Police special services/reports	2,510	4,780	2,270
Engineering and subdivision fees and permits	1,500	3,866	2,366
Total charges for services	<u>4,010</u>	<u>8,646</u>	<u>4,636</u>
Miscellaneous revenue	<u>75</u>	<u>16,263</u>	<u>16,188</u>
Total Revenues	<u>\$ 621,462</u>	<u>\$ 723,183</u>	<u>\$ 101,721</u>

PENN TOWNSHIP
Budgetary Comparison Schedule - Modified Cash Basis - General Fund (Continued)
Year Ended December 31, 2018

	Original/ Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
GENERAL GOVERNMENT			
General Administration			
Elected officials	\$ 4,500	\$ 4,500	\$ -
Dues and workshops	4,000	4,246	246
Financial administration	12,000	12,000	-
Salaries - office	56,243	53,776	(2,467)
Office expenses	39,450	29,121	(10,329)
Other	600	183	(417)
Total general administration	<u>116,793</u>	<u>103,826</u>	<u>(12,967)</u>
Tax Collection			
Elected tax collector's expenditures	18,031	9,365	(8,666)
Capital tax bureau commissions	<u>5,500</u>	<u>1,419</u>	<u>(4,081)</u>
Total tax collection	<u>23,531</u>	<u>10,784</u>	<u>(12,747)</u>
Legal and Professional Services			
Legal Services	19,500	17,815	(1,685)
Engineering	<u>5,000</u>	<u>21,304</u>	<u>16,304</u>
Total legal and professional services	<u>24,500</u>	<u>39,119</u>	<u>14,619</u>
Building and Plant			
Wages	10,218	8,734	(1,484)
Material and supplies	1,050	1,197	147
Heating and air conditioning	5,600	4,154	(1,446)
Utilities	16,325	15,233	(1,092)
Building repairs and maintenance	<u>7,500</u>	<u>1,502</u>	<u>(5,998)</u>
Total building and plant	<u>40,693</u>	<u>30,820</u>	<u>(9,873)</u>
Insurance and Benefits			
Disability, medical and life insurance	63,008	49,717	(13,291)
Worker's compensation	10,000	9,103	(897)
Unemployment compensation	3,960	3,730	(230)
Payroll taxes	16,000	16,299	299
Pension expense	19,864	19,664	(200)
Liability insurance	<u>18,000</u>	<u>14,640</u>	<u>(3,360)</u>
Total insurance and benefits	<u>130,832</u>	<u>113,153</u>	<u>(17,679)</u>
Total general government	<u>\$ 336,349</u>	<u>\$ 297,702</u>	<u>\$ (38,647)</u>

PENN TOWNSHIP
Budgetary Comparison Schedule - Modified Cash Basis - General Fund (Continued)
Year Ended December 31, 2018

	Original/ Final Budget	Actual	Variance with Final Budget
EXPENDITURES - (CONTINUED)			
PUBLIC SAFETY			
Police			
Salaries and wages	\$ 7,072	\$ 650	\$ (6,422)
Total police	<u>7,072</u>	<u>650</u>	<u>(6,422)</u>
Fire			
Distribution - foreign fire tax	<u>18,000</u>	<u>16,808</u>	<u>(1,192)</u>
Total fire	<u>18,000</u>	<u>16,808</u>	<u>(1,192)</u>
Ambulance			
Contributions to ambulance companies	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Planning, Zoning and Code Enforcement			
UCC and code enforcement	12,550	9,723	(2,827)
Planning and zoning			
Wages	6,000	6,907	907
Other costs	4,700	5,170	470
Emergency management	10,000	131	(9,869)
CDL testing	<u>240</u>	<u>-</u>	<u>(240)</u>
Total planning, zoning and code enforcement	<u>33,490</u>	<u>21,931</u>	<u>(11,559)</u>
Total public safety	<u>73,562</u>	<u>54,389</u>	<u>(19,173)</u>
Health and Human Services	<u>\$ 2,500</u>	<u>\$ 250</u>	<u>\$ (2,250)</u>

PENN TOWNSHIP
Budgetary Comparison Schedule - Modified Cash Basis - General Fund (Continued)
Year Ended December 31, 2018

	Original/ Final Budget	Actual	Variance with Final Budget
EXPENDITURES - (CONTINUED)			
PUBLIC WORKS			
Public Works - Highways and Streets			
Salaries and wages	\$ 134,047	\$ 119,039	\$ (15,008)
Vehicle maintenance and expenditures	22,650	23,604	954
Supplies/small equipment	15,500	11,077	(4,423)
Machinery and equipment	15,000	2,209	(12,791)
Snow/ice removal	28,500	23,400	(5,100)
Storm sewer and drains	3,000	4,462	1,462
Communication	1,700	159	(1,541)
Other costs	2,500	-	(2,500)
Street signs and markings	1,500	1,151	(349)
Street light/traffic signal expenditures	4,200	6,282	2,082
Utilities	3,640	3,467	(173)
Road maintenance and repairs	30,550	36,095	5,545
Total public works - highways and streets	<u>262,787</u>	<u>230,945</u>	<u>(31,842)</u>
CULTURE AND RECREATION			
Newsletter	5,000	3,804	(1,196)
Other culture and recreation	2,200	-	(2,200)
Total culture and recreation	<u>7,200</u>	<u>3,804</u>	<u>(3,396)</u>
MISCELLANEOUS EXPENDITURES			
	<u>100</u>	<u>67</u>	<u>(33)</u>
Total expenditures	<u>682,498</u>	<u>587,157</u>	<u>(95,341)</u>
Excess (deficiency) of revenues over expenditures	<u>(61,036)</u>	<u>136,026</u>	<u>197,062</u>
Other Financing Sources (Uses)			
Proceeds from sale of assets/insurance	-	28,106	28,106
Transfers in (out), net	(16,000)	(12,183)	3,817
Refund of prior year expenditures	-	9,541	9,541
Total other financing sources (uses)	<u>(16,000)</u>	<u>25,464</u>	<u>41,464</u>
Net change in fund balance	<u>\$ (77,036)</u>	<u>\$ 161,490</u>	<u>\$ 238,526</u>

PENN TOWNSHIP
Budgetary Comparison Schedule -Modified Cash Basis - Capital Reserve Fund
Year Ended December 31, 2018

	Original/Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ 1,600	\$ 3,233	\$ 1,633
Total revenues	<u>1,600</u>	<u>3,233</u>	<u>1,633</u>
EXPENDITURES			
Machinery and equipment and bridge replacement	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>
Total expenditures	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>
Excess (deficiency) of revenues over expenditures	(43,400)	3,233	46,633
Other Financing Sources (Uses)			
Transfers in (out)	<u>20,000</u>	<u>5,000</u>	<u>(15,000)</u>
Total other financing sources (uses)	<u>20,000</u>	<u>5,000</u>	<u>(15,000)</u>
Net change in fund balance	<u>\$ (23,400)</u>	<u>\$ 8,233</u>	<u>\$ 31,633</u>

PENN TOWNSHIP
Budgetary Comparison Schedule - Modified Cash Basis - Highway Aid Fund
Year Ended December 31, 2018

	Original/Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ 2,000	\$ 5,154	\$ 3,154
Intergovernmental revenue:			
State grant - liquid fuels tax	151,452	159,735	8,283
State grant - state road turnback	<u>7,800</u>	<u>7,800</u>	<u>-</u>
Subtotal intergovernmental revenue	<u>159,252</u>	<u>167,535</u>	<u>8,283</u>
Total revenues	<u>161,252</u>	<u>172,689</u>	<u>11,437</u>
EXPENDITURES			
Highways and streets			
Debt service	25,579	16,912	(8,667)
Road resurfacing	<u>130,000</u>	<u>10,403</u>	<u>(119,597)</u>
Total expenditures	<u>155,579</u>	<u>27,315</u>	<u>(128,264)</u>
Net change in fund balance	<u>\$ 5,673</u>	<u>\$ 145,374</u>	<u>\$ 139,701</u>

PENN TOWNSHIP
Budgetary Comparison Schedule - Modified Cash Basis - Fire Tax Fund
Year Ended December 31, 2018

	Original/ Final Budget	Actual	Variance with Final Budget
REVENUES			
Real estate - fire	\$ 158,000	\$ 165,056	\$ 7,056
Investment income	<u>150</u>	<u>950</u>	<u>800</u>
Total Revenues	<u>158,150</u>	<u>166,006</u>	<u>7,856</u>
EXPENDITURES			
General Government			
Tax collection	-	8,359	8,359
Fire			
Contribution to fire companies	65,000	82,000	17,000
Worker's compensation insurance	25,000	8,591	(16,409)
Other donations	57,000	-	(57,000)
Diesel fuel	2,000	2,238	238
Miscellaneous expenditures	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Subtotal fire	<u>155,000</u>	<u>92,829</u>	<u>(62,171)</u>
Total Expenditures	<u>155,000</u>	<u>101,188</u>	<u>(53,812)</u>
Net change in fund balance	<u>\$ 3,150</u>	<u>\$ 64,818</u>	<u>\$ 61,668</u>

PENN TOWNSHIP**Budgetary Comparison Schedule - Modified Cash Basis - Parks and Recreation Fund
Year Ended December 31, 2018**

	Original/ Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ 400	\$ 511	\$ 111
Intergovernmental	27,000	-	(27,000)
Charges for service	3,900	3,798	(102)
Miscellaneous revenue:			
Donations	200	325	125
Miscellaneous	-	2,257	2,257
Subtotal miscellaneous revenue	<u>200</u>	<u>2,582</u>	<u>2,382</u>
Total Revenues	<u>31,500</u>	<u>6,891</u>	<u>(24,609)</u>
EXPENDITURES			
Culture and recreation	39,470	15,081	(24,389)
Miscellaneous expenditures	<u>300</u>	<u>314</u>	<u>14</u>
Total Expenditures	<u>39,770</u>	<u>15,395</u>	<u>(24,375)</u>
Excess (deficiency) of revenues over expenditures	(8,270)	(8,504)	(234)
Other Financing Sources (Uses)			
Transfers in (out)	<u>7,500</u>	<u>7,183</u>	<u>(317)</u>
Total other financing sources (uses)	<u>7,500</u>	<u>7,183</u>	<u>(317)</u>
Net change in fund balance	<u>\$ (770)</u>	<u>\$ (1,321)</u>	<u>\$ (551)</u>