



Annual Audit and Financial Report

City of _____, _____ County

Borough of _____, _____ County

Township of Maidencreek, Berks County

Municipality of _____, _____ County

for the year
2000



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Supervisors
Maidencreek Township
Berks County, Pennsylvania**

We have audited the accompanying primary government financial statements of Maidencreek Township, Berks County, Pennsylvania, as of and for the year ended December 31, 2000, as listed in the table of contents. These financial statements are the responsibility of Maidencreek Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the cash balances of Maidencreek Township as of December 31, 2000, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.



However, the primary government financial statements, because they do not include the financial data of component units of Maiden Creek Township, do not purport to, and do not, present fairly the cash balances of Maiden Creek Township as of December 31, 2000, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2001 on our consideration of Maiden Creek Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Reinsel & Company LLP

February 20, 2001



Balance Sheet December 31st, 2000

Assets and Other Debits		Governmental Funds		Trust Funds	Total
		<i>General Fund</i>	<i>Special Revenue Funds</i>	<i>All Other Funds</i>	<i>Memorandum Only</i>
100-120	Cash and Investments	\$ 84,316	\$ 104,988	\$ 141,521	\$ 330,825
140-144	Tax Receivable	-	-	-	-
121-147	Account Receivable (excluding taxes)	-	-	-	-
148-159	Other Current Assets	-	-	-	-
160-169	Fixed Assets	-	-	-	-
180-199	Other Debits	-	-	-	-
Total Assets and Other Debits		\$ 84,316	\$ 104,988	\$ 141,521	\$ 330,825

TOTAL ASSETS	\$ 330,825
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Liabilities and Other Credits					
210-229	Payroll Taxes and Other Payroll Withholdings	\$ -	\$ -	\$ -	\$ -
200-259	All Other Current Liabilities	1,890	-	-	1,890
260-269	Long Term Liabilities	-	-	-	-
	Other Credits	-	-	-	-
Total Liabilities		\$ 1,890	\$ -	\$ -	\$ 1,890

Fund and Account Group Equity					
281-284	Contributed Capital	\$ -	\$ -	\$ -	\$ -
-290	Investments in General Fixed Assets	-	-	-	-
271-289	Fund Balance / Retained Earnings 12/31	82,426	104,988	141,521	328,935
Total Fund and Account Group Equity		\$ 82,426	\$ 104,988	\$ 141,521	\$ 328,935

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	\$ 330,825
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See Notes to Financial Statements.





Statement of Revenues and Expenditures December 31st, 2000

Intergovernmental Revenues		Governmental Funds		Trust Funds	Total
Federal		General Fund	Special Revenue Funds	All Other Funds	Memorandum Only
351.03	Highways and Streets	\$ -	\$ -	\$ -	\$ -
351.09	Community Development	-	-	-	-
351.99	All Other Federal Grants	-	-	-	-
352.08	National Forest Products	-	-	-	-
352.99	All Other Federal Shared Revenue & Entitlements	-	-	-	-
353.00	Federal Payments in Lieu of Taxes	-	-	-	-
Total Federal		\$ -	\$ -	\$ -	\$ -

State					
354.03	Highway and Streets	\$ -	\$ -	\$ -	\$ -
354.09	Community Development	-	-	-	-
355.01	Public Utility Realty Tax	3,614	-	-	3,614
355.02	Motor Vehicle Fuel Tax	-	118,724	-	118,724
355.06	General Municipal Pension System State	43,855	-	-	43,855
355.08	Alcoholic Beverage Taxes/Beverage Licenses	-	-	-	-
355.09	Recycling / Act 101	-	-	-	-
355.99	All Other Shared Revenues and	30,263	-	-	30,263
356.00	State Payment in Lieu of Taxes	-	-	-	-
Total State		\$ 77,732	\$ 118,724	\$ -	\$ 196,456

Local Governmental Units					
357.03	Highways and Streets	\$ -	\$ -	\$ -	\$ -
357.99	All Other Local Governmental Unit Grants	14,381	-	-	14,381
359.00	Local Governmental Unit Payments in Lieu of Taxes	-	-	-	-
Total Local Government Units		\$ 14,381	\$ -	\$ -	\$ 14,381

Charges for Service					
361.00	General Government	\$ 508	\$ -	\$ -	\$ 508
362.00	Public Safety	-	-	-	-
363.20	Parking/Parking Meters, Permits	-	-	-	-
363.99	All Other Charges for Highway & Street Services	-	-	-	-
364.10	Wastewater/Sewage	-	-	-	-
364.30	Solid Waste Collection/Trash	-	-	-	-
364.60	Host Municipality Fee for Solid Waste	-	-	-	-
364.99	Other Charges for Sanitation Services	-	-	-	-
365.00	Health	-	-	-	-
367.00	Culture and Recreation	-	-	-	-
378.00	Water System	-	-	-	-
379.00	Other Charges for Services	-	-	-	-
Total Charges for Services		\$ 508	\$ -	\$ -	\$ 508



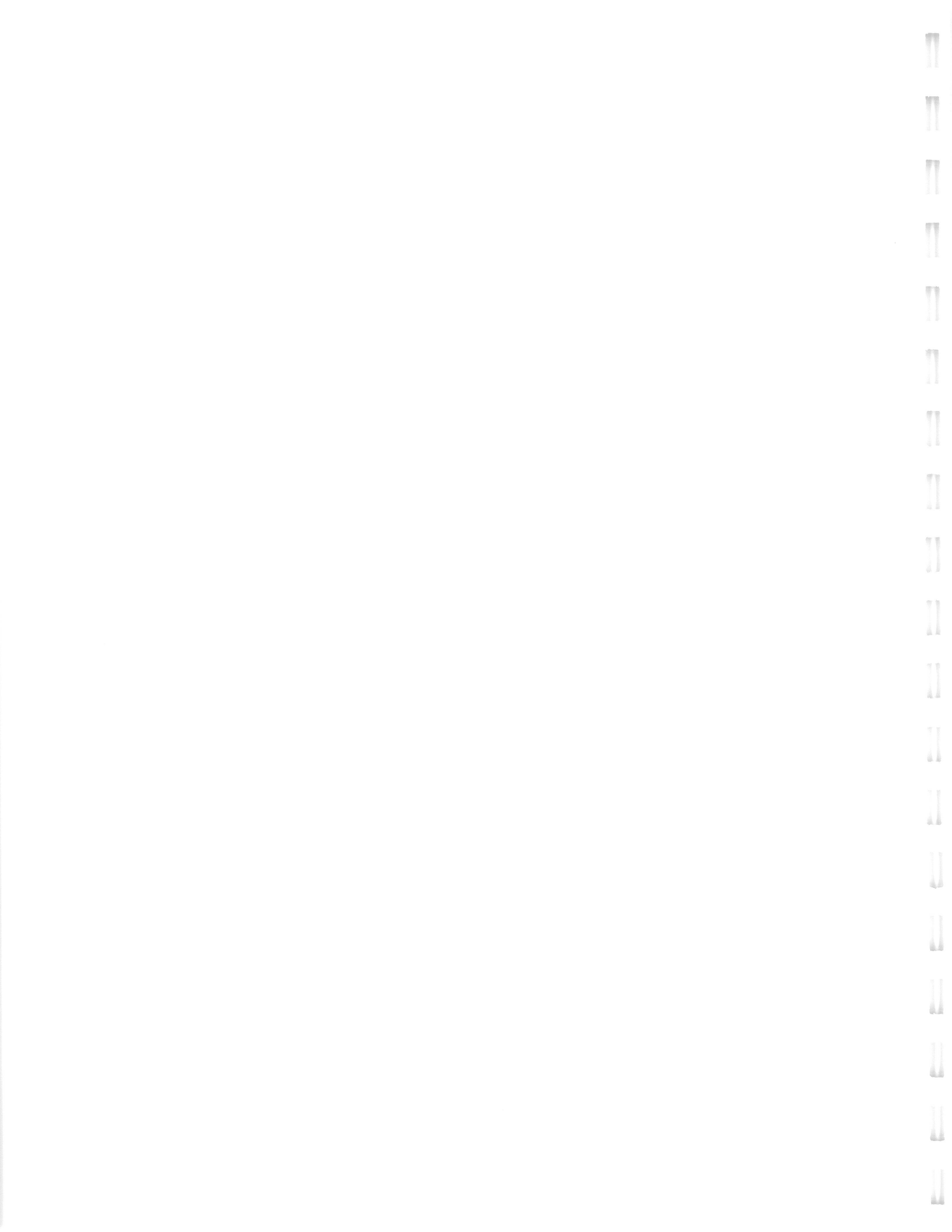
Statement of Revenues and Expenditures December 31st, 2000

Miscellaneous Revenues		Governmental Funds		Trust Funds	Total
		General Fund	Special Revenue Funds	All Other Funds	Memorandum Only
383.00	Special Assessments	\$ -	\$ -	\$ -	\$ -
387.00	Contributions & Donations from Private Sectors	-	-	-	-
389.00	All Other Miscellaneous Revenues	753	-	13,703	14,456
Total Miscellaneous Revenues		\$ 753	\$ -	\$ 13,703	\$ 14,456

Other Financing Sources					
391.00	Proceeds of General Fixed Asset Distribution	\$ 10,660	\$ -	\$ -	\$ 10,660
392.00	Interfund Operating Transfers	-	-	-	-
393.00	Proceeds of General Long Term Debt	53,215	-	-	53,215
394.00	Proceeds of Tax and Revenue Anticipation Notes	-	-	-	-
395.00	Refunds of Prior Year Expenditures	-	-	-	-
Total Other Financing Sources		\$ 63,875	\$ -	\$ -	\$ 63,875

TOTAL ALL REVENUES	\$ 1,554,482
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EXPENDITURES					
General Government					
400.00	Legislative/Governing Body	\$ 3,915	\$ -	\$ -	\$ 3,915
401.00	Executive/Manager or Mayor	-	-	-	-
402.00	Auditing Services/Bookkeeping Services	-	-	-	-
403.00	Tax Collection	8,567	-	-	8,567
404.00	Solicitor/Legal Services	22,941	1,659	-	24,600
405.00	Secretary/Clerk	50,412	-	-	50,412
406.00	Other General Government Administration	44,411	-	-	44,411
408.00	Engineering Services	19,395	15,555	-	34,950
409.00	General Government Buildings and Plant	123,858	1,373	-	125,231
Total General Government		\$ 273,499	\$ 18,587	\$ -	\$ 292,086



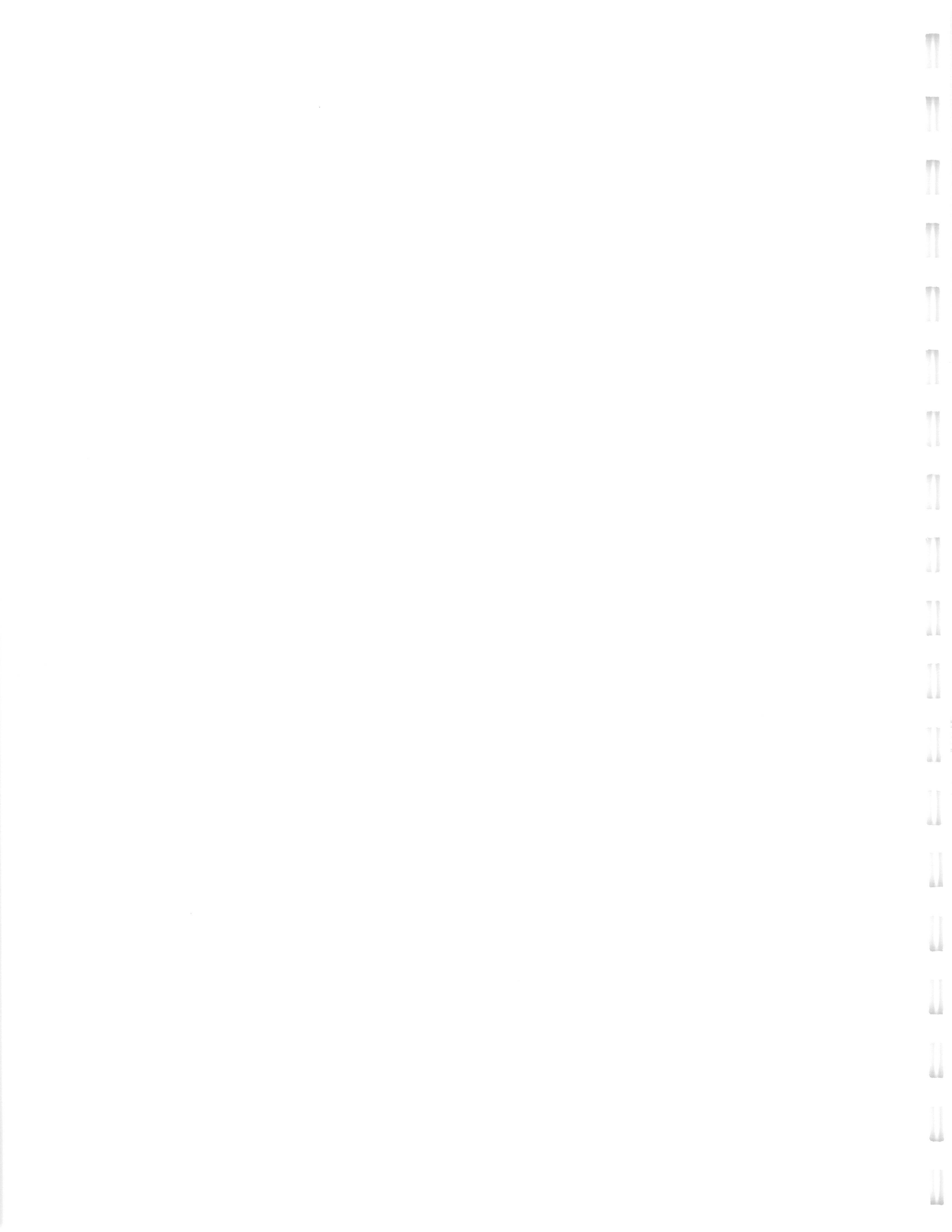
Statement of Revenues and Expenditures December 31st, 2000

		Governmental Funds		Trust Funds	Total
		General Fund	Special Revenue Funds	All Other Funds	Memorandum Only
Public Safety					
410.00	Police	\$ 355,475	\$ -	\$ -	\$ 355,475
411.00	Fire	65,263	-	-	65,263
412.00	Ambulance/Rescue	36,370	-	-	36,370
413.00	Protective Inspection	-	-	-	-
414.00	Planning and Zoning	19,771	-	-	19,771
415.00	Emergency Management	-	-	-	-
419.00	Other Public Safety	4,887	-	-	4,887
Total Public Safety		\$ 481,766	\$ -	\$ -	\$ 481,766

Health and Human Services					
420.00	Health and Human Services	\$ -	\$ -	\$ -	\$ -

Public Works - Sanitation					
426.00	Recycling Collection and Disposal	\$ -	\$ -	\$ -	\$ -
427.00	Solid Waste Collection and Disposal	-	-	-	-
429.00	Wastewater/Sewage Collection and Treatment	10,803	-	-	10,803
Total Public Works - Sanitation		\$ 10,803	\$ -	\$ -	\$ 10,803

Public Works - Highways and Streets					
430.00	General Services	\$ 303,577	\$ 19,024	\$ -	\$ 322,601
431.00	Cleaning of Streets	-	-	-	-
432.00	Snow and Ice Removal	-	-	-	-
433.00	Traffic Signals, Signs	2,712	-	-	2,712
434.00	Street Lighting	57,843	-	-	57,843
435.00	Sidewalks and Crosswalks	-	-	-	-
436.00	Storm Sewers and Drains	-	-	-	-
437.00	Repairs of Tools and Machinery	-	-	-	-
438.00	Highways and Bridges	14,386	115,855	-	130,241
439.00	Construction and Rebuilding	-	-	-	-
Total Public Works-Highways and Streets		\$ 378,518	\$ 134,879	\$ -	\$ 513,397



Statement of Revenues and Expenditures December 31st, 2000

		Governmental Funds		Trust Funds	Total
		General Fund	Special Revenue Funds	All Other Funds	Memorandum Only
Other Public Works Enterprises					
440.00	Airports	\$ -	\$ -	\$ -	\$ -
441.00	Cemeteries	-	-	-	-
442.00	Electric System	-	-	-	-
443.00	Gas System	-	-	-	-
444.00	Markets	-	-	-	-
445.00	Parking Facilities	-	-	-	-
446.00	Storm Water and Flood Control	-	-	-	-
447.00	Transit System	-	-	-	-
448.00	Water System	-	-	-	-
449.00	Water Transport and Terminals	-	-	-	-
	Other Public Works and Enterprises	-	-	-	-
Total Other Public Works Enterprises		\$ -	\$ -	\$ -	\$ -

Culture and Recreation					
451.00	Recreation	\$ -	\$ 28,915	\$ -	\$ 28,915
454.00	Parks	-	-	-	-
455.00	Shade Trees	-	-	-	-
456.00	Libraries	-	-	-	-
458.00	Senior Citizen Centers	-	-	-	-
459.00	Other Culture and Recreation	-	-	-	-
Total Culture and Recreation		\$ -	\$ 28,915	\$ -	\$ 28,915

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



Statement of Revenues and Expenditures December 31st, 2000

		Governmental Funds		Trust Funds	Total
		General Fund	Special Revenue Funds	All Other Funds	Memorandum Only
Debt Service					
471.00	Debt Principal	\$ 16,831	\$ -	\$ -	\$ 16,831
472.00	Debt Interest	5,336	-	-	5,336
473.00	Tax Anticipation Note/Principal	-	-	-	-
474.00	Tax Anticipation Note/Interest	-	-	-	-
475.00	Fiscal Agent Fees	-	-	-	-
Total Debt Service		\$ 22,167	\$ -	\$ -	\$ 22,167

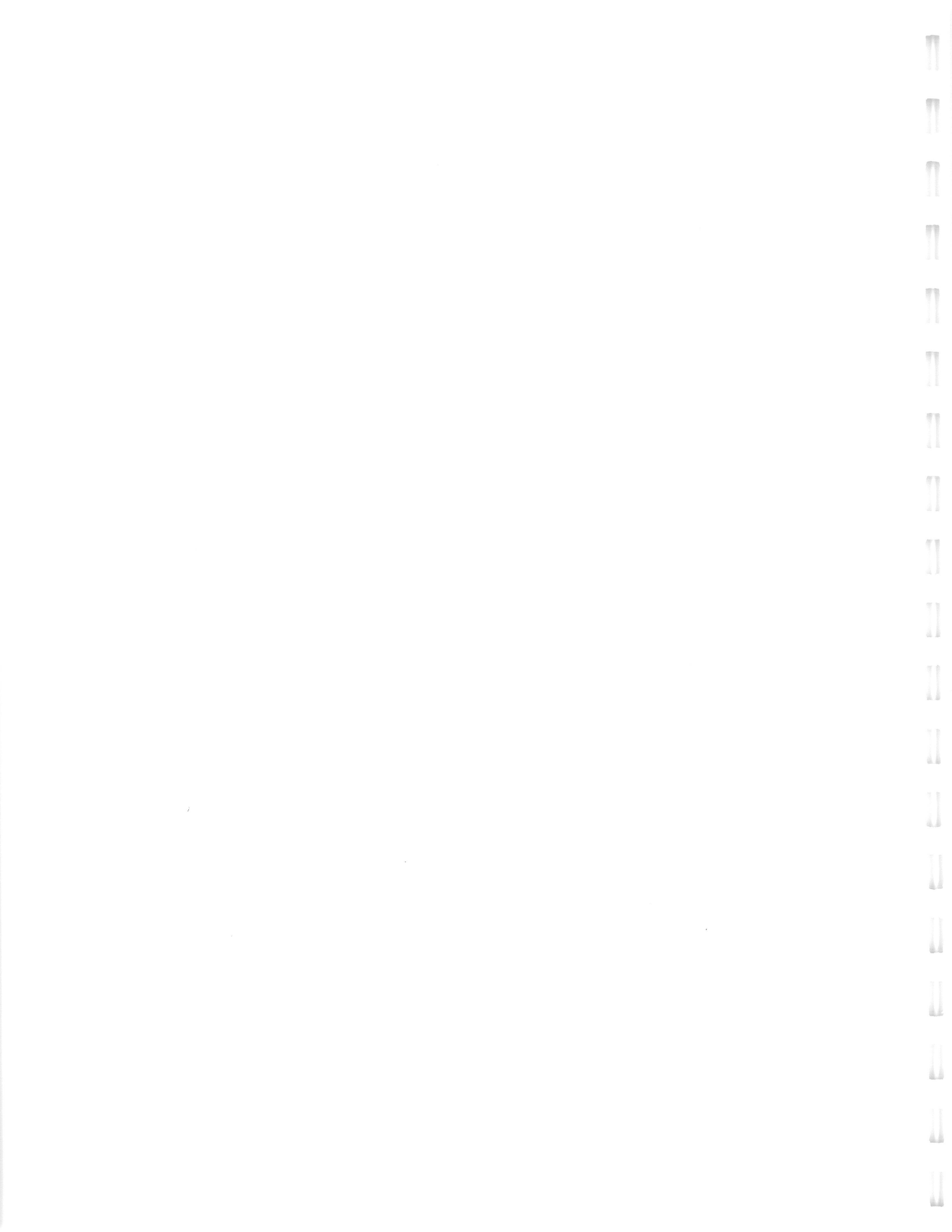
Miscellaneous Expenditures					
481.00	Intergovernmental Expenditures	\$ -	\$ -	\$ -	\$ -
482.00	Judgments and Losses	-	-	-	-
483.00	Pension/Retirement Fund Contributions	50,935	-	-	50,935
484.00	Workers Compensation	16,252	-	-	16,252
485.00	Unemployment Compensation	-	-	-	-
486.00	Insurance Premiums	22,865	-	-	22,865
487.00	Employee Benefits Not Allocated to Specific Functions	69,331	-	-	69,331
489.00	Other Miscellaneous Expenditures	5,351	-	84,576	89,927
Total Miscellaneous Expenditures		\$ 164,734	\$ -	\$ 84,576	\$ 249,310

Other Financing Uses					
491.00	Refund of Prior Year Revenues	\$ -	\$ -	\$ 10,850	\$ 10,850
492.00	Interfund Operating Transfers	-	-	-	-
493.00	Other Financing Uses	-	-	-	-
Total Other Financing Uses		\$ -	\$ -	\$ 10,850	\$ 10,850

TOTAL ALL EXPENDITURES	\$ 1,609,294
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EXCESS/DEFICIT OF REVENUE OVER EXPENDITURES	\$ (54,812)
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See Notes to Financial Statements.



MAIDENCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies

Nature of activity:

Maidencreek Township (the "Township"), founded in 1747, has an approximate population of 6,560, based on a 2000 census report, living within an area of 14.8 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Berks County.

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

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

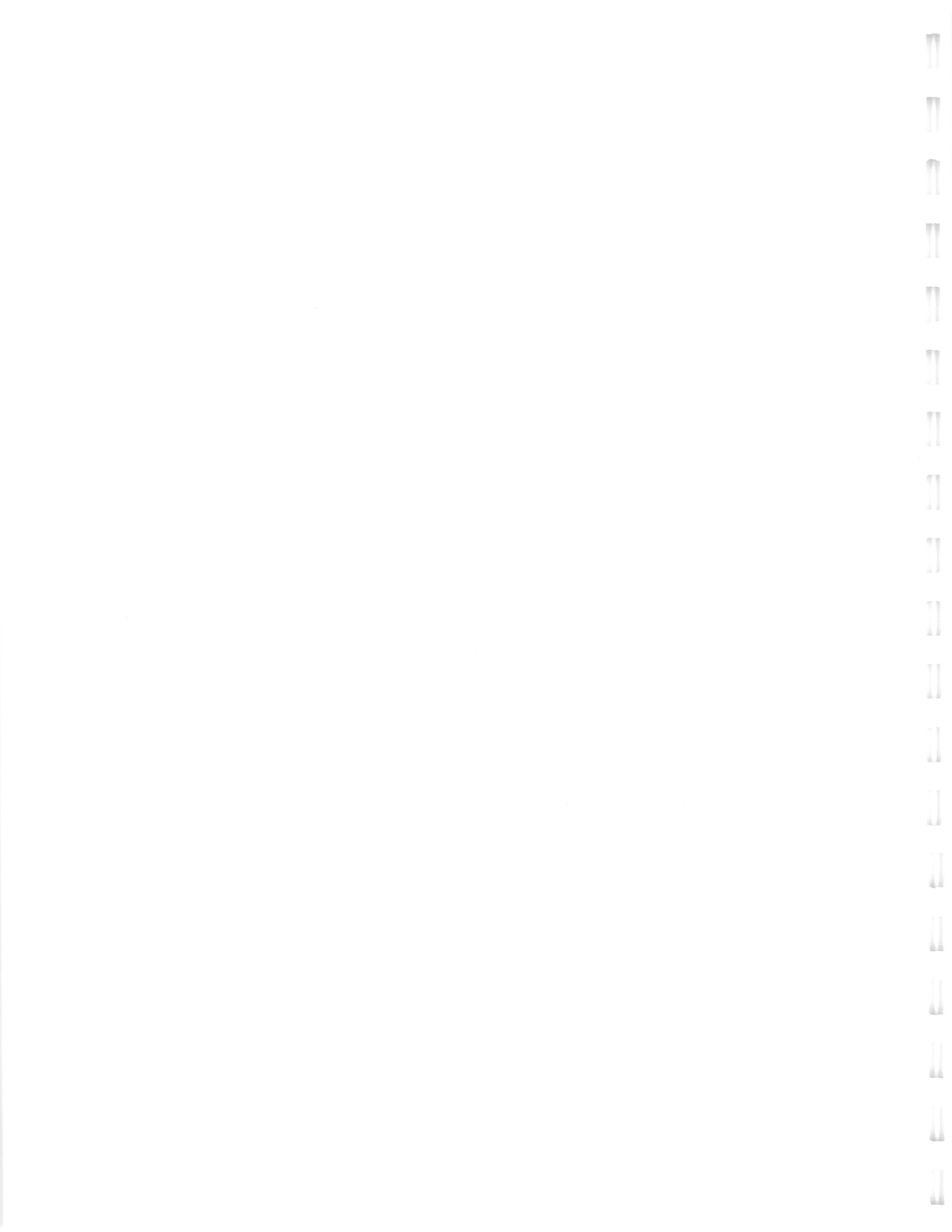
A. THE FINANCIAL REPORTING ENTITY

The Township is a Pennsylvania Second Class Township which operates under a Board of Supervisors form of government. Generally accepted accounting principles require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered. The component unit as determined under the above criteria and as discussed below is not included in the Township's reporting entity as these financial statements include only the cash activities of the oversight unit.

INDIVIDUAL COMPONENT UNIT DISCLOSURES

Maidencreek Township Authority:

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



NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

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

B. DESCRIPTION OF FUND ACCOUNTING AND FUNDS

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

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

Governmental fund types:

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

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

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

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

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



NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

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

B. DESCRIPTION OF FUND ACCOUNTING AND FUNDS (CONTINUED)

Fiduciary fund types:

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

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

Escrow Fund - is used to account for the funds received from land developers for the completion of improvements to housing developments within the Township's boundaries.

C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting:

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

Cash basis:

The Township's accounts are maintained on a cash basis, and the statement of revenues and expenditures reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, accrued income and expenses and amortization and depreciation, which may be material in amount, are not reflected in the accompanying financial statements which are not intended to present the financial position, results of operations or cash flows in conformity with generally accepted accounting principles.



NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

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

C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (CONTINUED)

Measurement focus:

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

D. ASSET ACCOUNTING POLICY DISCLOSURES

Cash:

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

General fixed assets:

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

E. FUND EQUITY ACCOUNTING POLICY DISCLOSURES

Fund balances:

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

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

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



NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

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

F. REVENUE AND EXPENDITURE POLICY DISCLOSURES

Revenues:

All revenues are recognized when received.

Property taxes:

Property taxes are billed and collected within the same fiscal period and are reflected on the cash basis. The Township is permitted by state law to levy taxes up to 30 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Township for 2000 was 1.0 mills, as established by the Board of Supervisors. Current tax collections for the Township were approximately 96 percent of the total tax levy.

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

Intergovernmental revenues:

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

Long-term debt:

Debt service expenditures are recognized in the period paid.

Expenditures/expenses:

Expenditures and expenses are recognized when paid.



NOTES TO FINANCIAL STATEMENTS

Note 2. Budget Matters

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

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

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

Note 3. Stewardship, Compliance and Accountability

Compliance with finance related legal and contractual provisions:

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

Note 4. Cash

Bank balances are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes bank balances which are insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes bank balances that are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category 3 includes bank balances which are uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the entity's name. All bank balances of the Township are considered to be either Category 1 or Category 3.

At December 31, 2000, the carrying amount of the Township's bank deposits were \$ 330,825 and the corresponding bank balances were \$ 356,596, of which \$ 107,700 (Category 1) was directly covered by Federal Depository Insurance.

Under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly, financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of Federal Depository Insurance limits. The uninsured deposits (as defined by Statement No. 3 of the Governmental Accounting Standards Board) of the Township in the amount of \$ 248,896 (Category 3) were collateralized by this pool of assets maintained by the Township's depository institution.



NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt

At December 31, 2000, long-term debt consisted of the following:

	Balance Outstanding December 31, 1999	Additions (Payments)	Balance Outstanding December 31, 2000
Bank loan, due in monthly payments of interest only through January 2000, principal and interest thereafter at a rate of 5.25% to May 2004	<u>\$ 36,785</u>	<u>\$ 36,384</u>	<u>\$ 73,169</u>

Aggregate maturities required on long-term debt at December 31, 2000 are as follows:

	Principal	Interest	Total
2001	\$ 19,148	\$ 3,392	\$ 22,540
2002	20,178	2,362	22,540
2003	21,263	1,277	22,540
2004	<u>12,580</u>	<u>214</u>	<u>12,794</u>
	<u>\$ 73,169</u>	<u>\$ 7,245</u>	<u>\$ 80,414</u>

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

Note 6. Pension Plan

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



NOTES TO FINANCIAL STATEMENTS

Note 6. Pension Plan (Continued)

Plan description and funding policy:

Plan description:

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

Funding policy:

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

Annual pension cost and net pension obligation:

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

Annual required contribution	\$ 23,180
Interest on net pension obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual pension cost	23,180
Contributions made	<u>(23,180)</u>
Increase (decrease) in net pension obligation	-
Net pension asset beginning of year	<u>-</u>
Net pension asset end of year	<u><u>\$ -</u></u>



NOTES TO FINANCIAL STATEMENTS

Note 6. Pension Plan (Continued)

Annual pension cost and net pension obligation (continued):

The annual required contribution for the current year was determined as part of the January 1, 1999 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 6.0% investment rate of return and (b) projected salary increases of 4.50% per year. Provisions for administrative expenses are added to normal cost. The assumptions included postretirement mortality and percent married provisions. Retirement is based upon normal retirement age. The actuarial value of assets was determined by contract basis.

Three-Year Trend Information:

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/98	\$ 21,381	100%	\$ -
12/31/99	23,160	100%	-
12/31/00	23,180	100%	-

Note 7. Commitments and Contingencies

Line of credit:

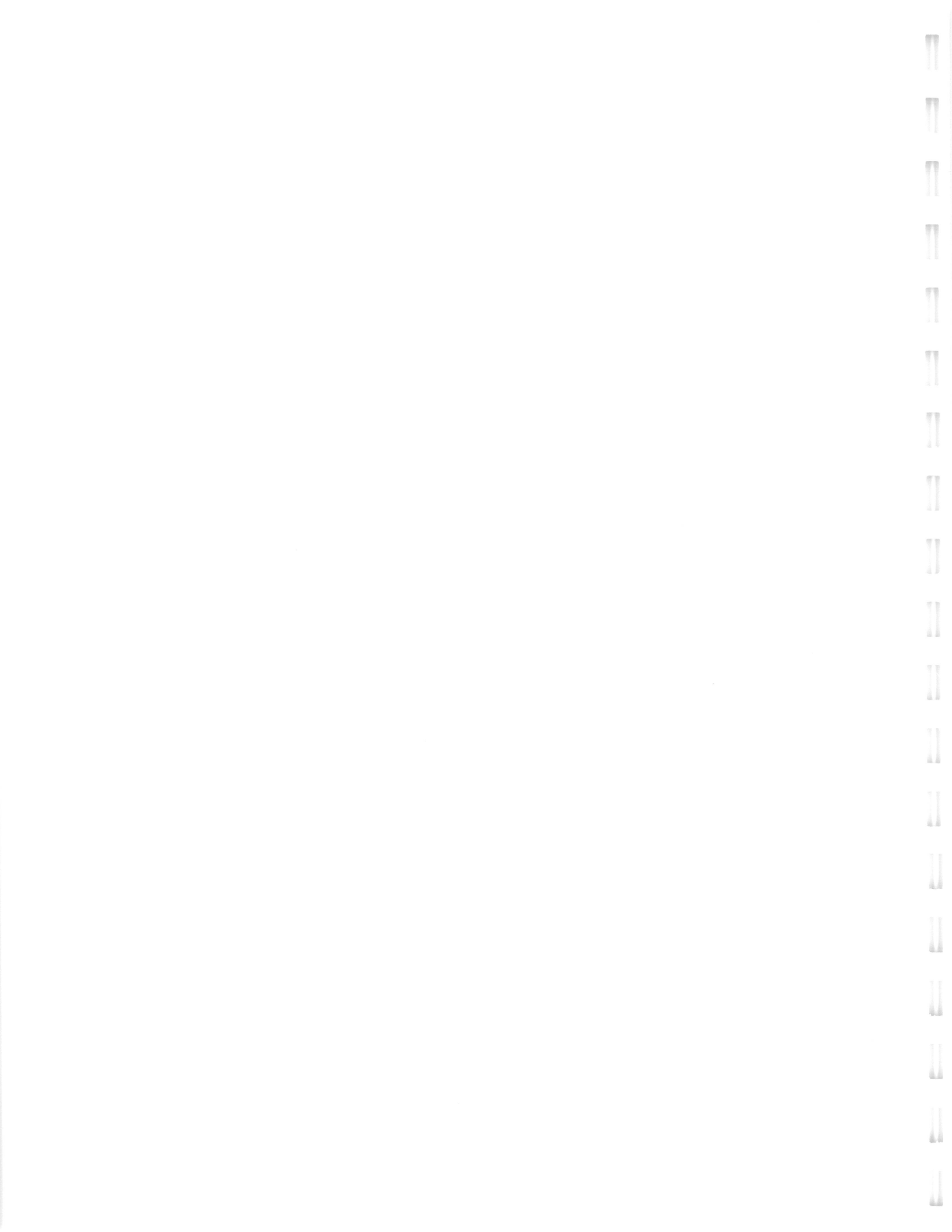
The Township has a line of credit with a local financial institution in the amount of \$ 50,000. At December 31, 2000, the Township had not drawn on the line of credit. During February 2001, the Township entered into an additional line of credit with a local financial institution in the amount of \$ 75,000. Subsequent to the balance sheet date, the Township drew down the entire \$ 75,000.

Maidencreek Township Authority:

The Township has guaranteed the Authority's 1999 Sewer Revenue Note in the amount of \$ 3,575,000. The debt is evidenced by a Guaranty Agreement and is considered lease rental debt of the Township.

Relocation of Wesner Road:

The Township is committed for relocation of Wesner Road in the amount of \$ 68,000 at December 31, 2000.

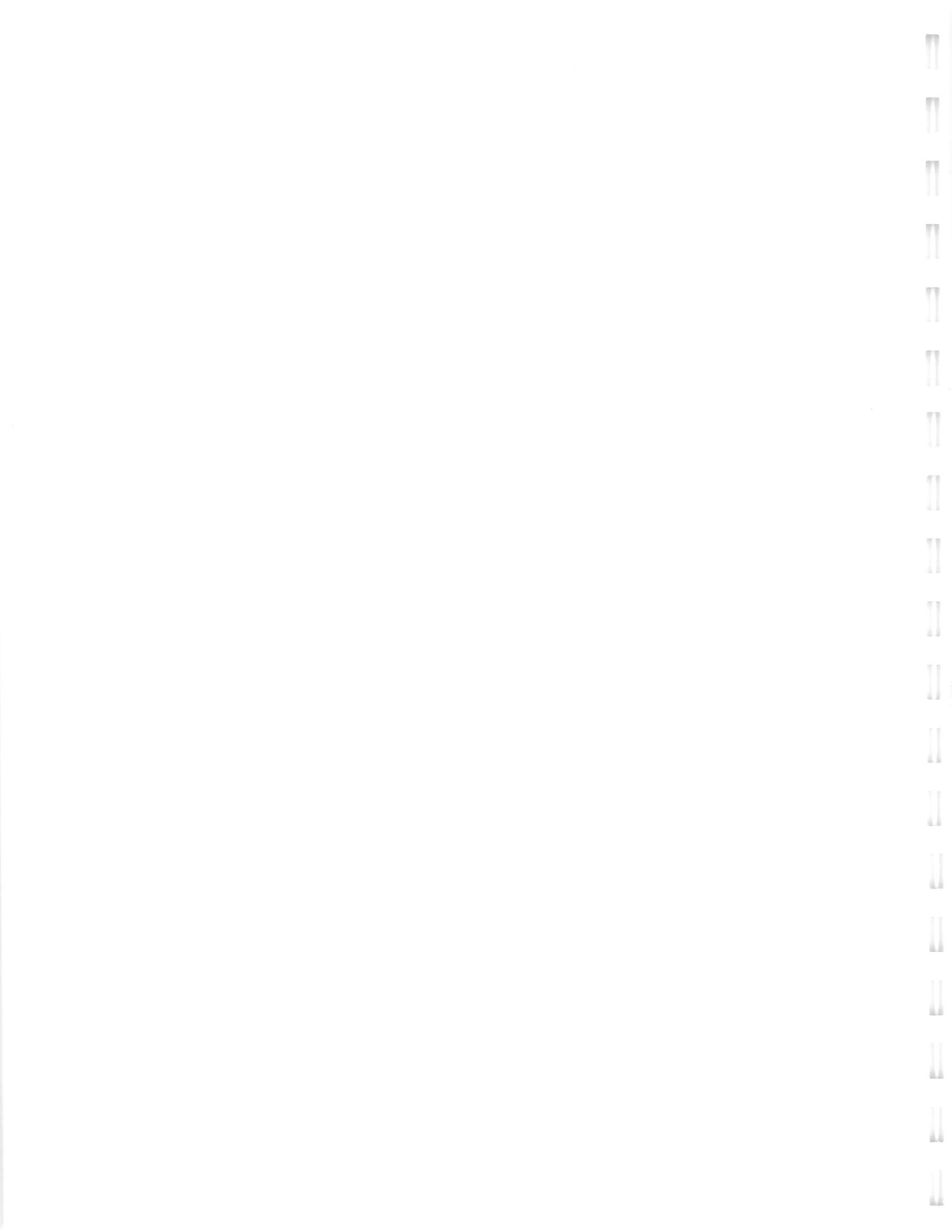


NOTES TO FINANCIAL STATEMENTS

Note 8. Subsequent Event

Note payable, bank:

The Township has entered into a \$ 100,000 note subsequent to December 31, 2000, with a local financial institution, to be paid back over a five-year period at an interest rate of 4.55%. The proceeds from this loan will be used to purchase Lot #8 adjacent to the future Community Park.



MAIDENCREEK TOWNSHIP
SCHEDULE OF FUNDING PROGRESS

Maidencreek Township Non-Uniform Pension Plan:

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
January 1, 1997	\$ 21,412	\$ 88,166	\$ 66,754	24%
January 1, 1999	59,038	111,153	52,115	53%

	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
\$	76,355	87%
	113,680	46%



DEBT STATEMENT

↓ List Each Issue or Loan ↓	<i>Year of Issue</i>	Original Amount of Issue	Outstanding January 1 st or Issued During Year	Principal Paid During Year	Principal Outstanding December 31 st
General Obligation Bonds and Notes					
None		\$ -	\$ -	\$ -	\$ -
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
Revenue Bonds and Notes					
None		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
Lease Rental Debt					
Guaranteed Sewer Revenue Note	1999	3,575,000	3,575,000	-	3,575,000
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
Tax and Revenue Anticipation Notes					
None		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
Other					
Small Borrowing for capital purposes	1999	36,785	90,000	16,831	73,169
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-

TOTAL DEBT AND REVENUE ANTICIPATION NOTES	\$ 3,648,169
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Balance Sheet December 31st, 2000

Assets and Other Debits		Special Revenue Funds		Total
		<i>State Liquid Fuels</i>	<i>Recreation</i>	<i>Memorandum Only</i>
100-120	Cash and Investments	\$ 19,632	\$ 85,356	\$ 104,988
140-144	Tax Receivable	-	-	-
121-147	Account Receivable (excluding taxes)	-	-	-
148-159	Other Current Assets	-	-	-
160-169	Fixed Assets	-	-	-
180-199	Other Debits	-	-	-
Total Assets and Other Debits		\$ 19,632	\$ 85,356	\$ 104,988

TOTAL ASSETS	\$ 104,988
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Liabilities and Other Credits				
210-229	Payroll Taxes and Other Payroll Withholdings	-	-	-
200-259	All Other Current Liabilities	-	-	-
260-269	Long Term Liabilities	-	-	-
	Other Credits	-	-	-
Total Liabilities		-	-	-

Fund and Account Group Equity				
281-284	Contributed Capital	-	-	-
-290	Investments in General Fixed Assets	-	-	-
271-289	Fund Balance / Retained Earnings 12/31	19,632	85,356	104,988
Total Fund and Account Group Equity		\$ 19,632	\$ 85,356	\$ 104,988

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	\$ 104,988
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Statement of Revenues and Expenditures December 31st, 2000

REVENUES		Special Revenue Funds		Total
Taxes		State Liquid Fuels	Recreation	Memorandum Only
301.00	Real Estate Taxes	\$ -	\$ 149,565	\$ 149,565
310.20	Earned Income Taxes/Wage Taxes	-	-	-
310.10	Real Estate Transfer Taxes	-	-	-
310.00	Per Capita Taxes	-	-	-
310.50	Occupation Privilege Taxes	-	-	-
310.40	Occupation Taxes/Act 511	-	-	-
305.00	Occupation Taxes/Levied Under Municipal Code	-	-	-
310.70	Mechanical Device Taxes	-	-	-
310.60	Amusement/Admission Taxes	-	-	-
310.30	Mercantile Taxes	-	-	-
310.80	Business Privilege Taxes	-	-	-
308.00	Residence Taxes/Levied by Cities of the 3rd Class	-	-	-
310.90	Other Local Tax Enabling Act/Act511/Taxes (Please List)	-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
Total Taxes		\$ -	\$ 149,565	\$ 149,565

Licenses and Permits				
320.00	All Other Licenses and Permits	\$ -	\$ -	\$ -
321.80	Cable Television Franchise Fees	-	-	-
Total Licenses and Permits		\$ -	\$ -	\$ -

Fines and Forfeits				
330.00	Fines and Forfeits	\$ -	\$ -	\$ -

Interest, Rents, and Royalties				
341.00	Interest Earnings	\$ 1,889	\$ 2,317	\$ 4,206
342.00	Rents and Royalties	-	-	-
Total Interest, Rents, and Royalties		\$ 1,889	\$ 2,317	\$ 4,206



Statement of Revenues and Expenditures December 31st, 2000

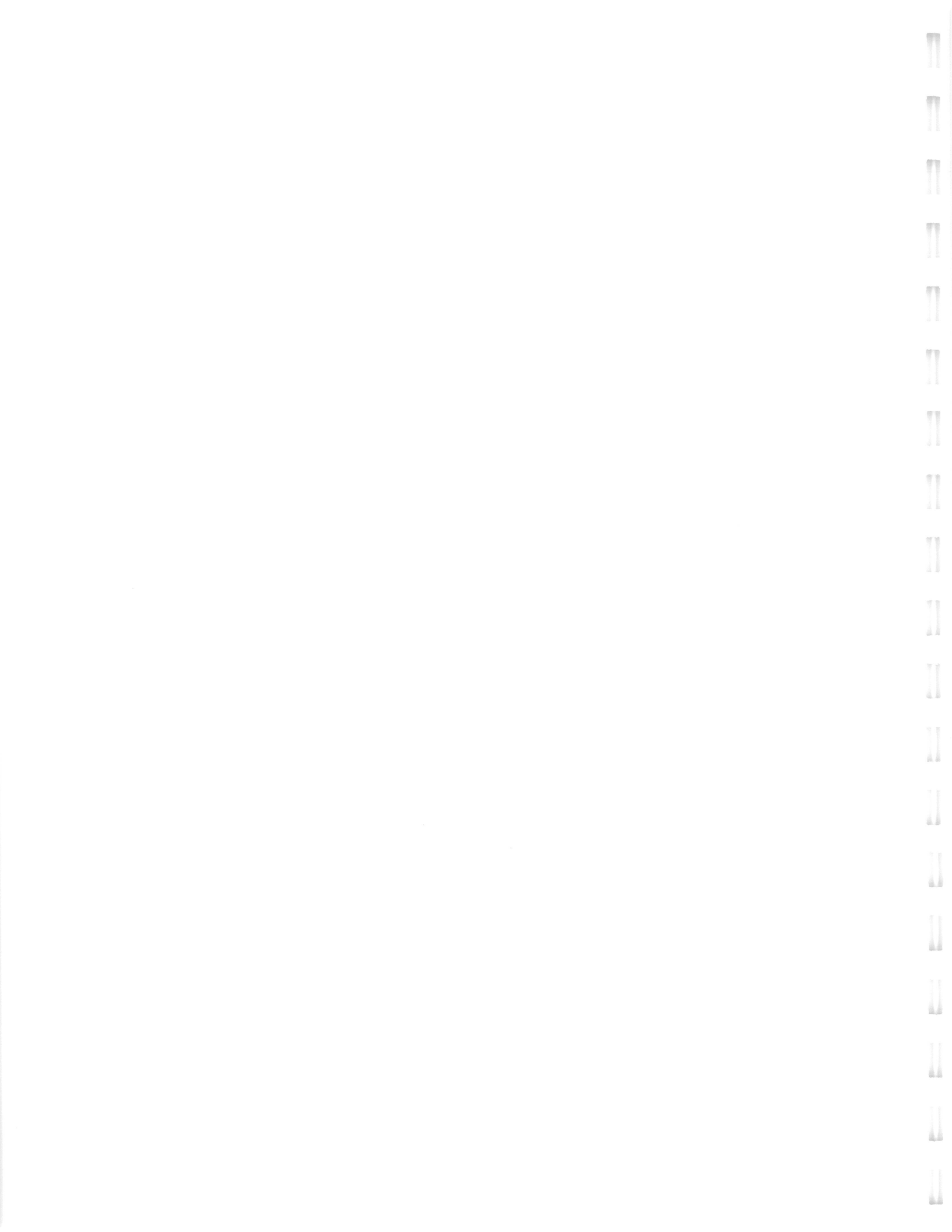
Intergovernmental Revenues		Special Revenue Funds		Total
Federal		State Liquid Fuels	Recreation	Memorandum Only
351.03	Highways and Streets	\$ -	\$ -	\$ -
351.09	Community Development	-	-	-
351.99	All Other Federal Grants	-	-	-
352.08	National Forest Products	-	-	-
352.99	All Other Federal Shared Revenue & Entitlements	-	-	-
353.00	Federal Payments in Lieu of Taxes	-	-	-
Total Federal		\$ -	\$ -	\$ -

State				
354.03	Highway and Streets	\$ -	\$ -	\$ -
354.09	Community Development	-	-	-
355.01	Public Utility Realty Tax	-	-	-
355.02	Motor Vehicle Fuel Tax	118,724	-	118,724
355.06	General Municipal Pension System State Aid	-	-	-
355.08	Alcoholic Beverage Taxes/Beverage Licenses	-	-	-
355.09	Recycling / Act 101	-	-	-
355.99	All Other Shared Revenues and Entitlements	-	-	-
356.00	State Payment in Lieu of Taxes	-	-	-
Total State		\$ 118,724	\$ -	\$ 118,724

Local Governmental Units				
357.03	Highways and Streets	\$ -	\$ -	\$ -
357.99	All Other Local Governmental Unit Grants	-	-	-
359.00	Local Governmental Unit Payments in Lieu of Taxes	-	-	-
Total Local Government Units		\$ -	\$ -	\$ -

TOTAL INTERGOVERNMENTAL REVENUES	\$ 118,724
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Charges for Service				
361.00	General Government	\$ -	\$ -	\$ -
362.00	Public Safety	-	-	-
363.20	Parking/Parking Meters, Permits	-	-	-
363.99	All Other Charges for Highway & Street Services	-	-	-
364.10	Wastewater/Sewage	-	-	-
364.30	Solid Waste Collection/Trash	-	-	-
364.60	Host Municipality Fee for Solid Waste Facility	-	-	-
364.99	Other Charges for Sanitation Services	-	-	-
365.00	Health	-	-	-
367.00	Culture and Recreation	-	-	-
378.00	Water System	-	-	-
379.00	Other Charges for Services	-	-	-
Total Charges for Services		\$ -	\$ -	\$ -



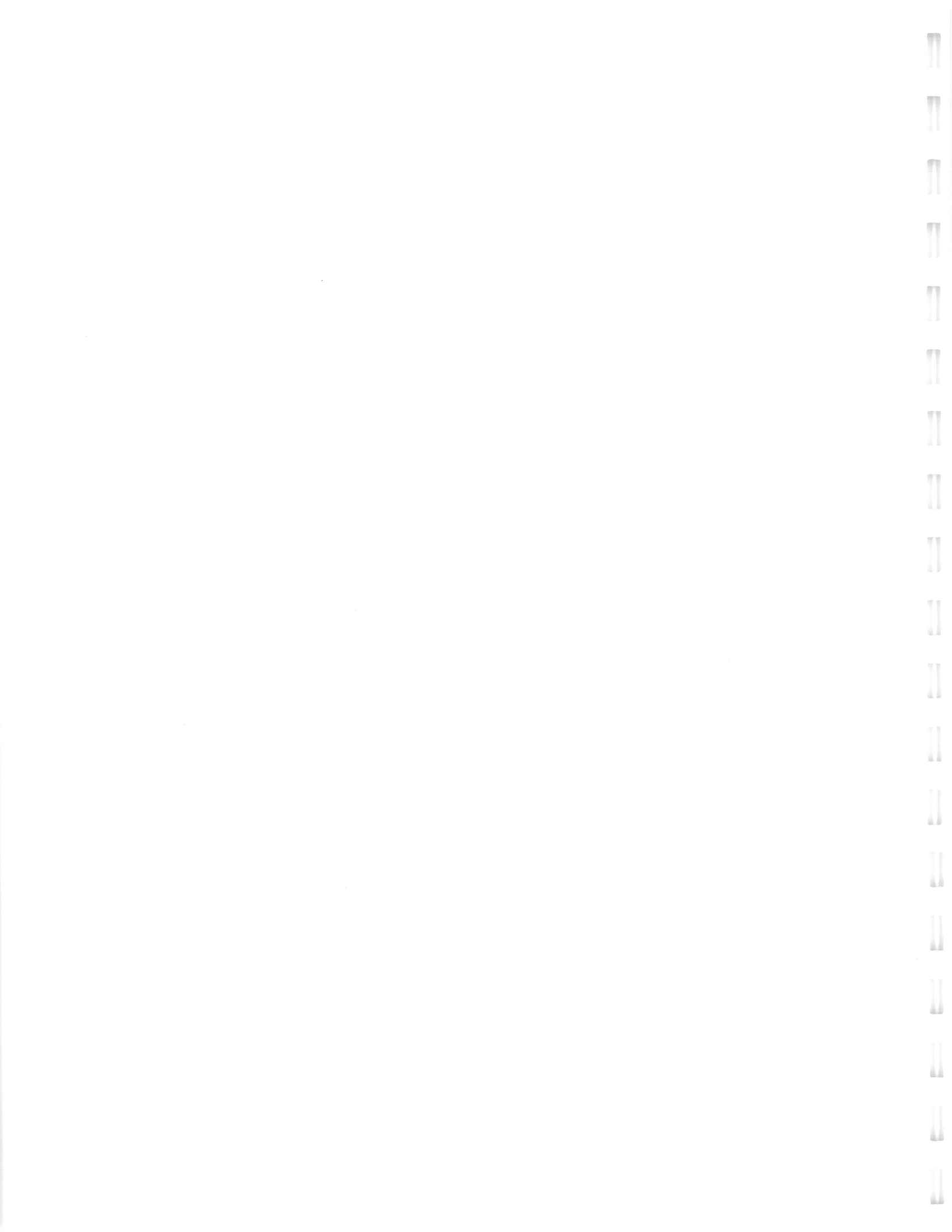
Statement of Revenues and Expenditures December 31st, 2000

Miscellaneous Revenues		Special Revenue Funds		Total
		<i>State Liquid Fuels</i>	<i>Recreation</i>	<i>Memorandum Only</i>
383.00	Special Assessments	\$ -	\$ -	\$ -
387.00	Contributions & Donations from Private Sectors	-	-	-
389.00	All Other Miscellaneous Revenues	-	-	-
Total Miscellaneous Revenues		\$ -	\$ -	\$ -

Other Financing Sources				
391.00	Proceeds of General Fixed Asset Distribution	\$ -	\$ -	\$ -
392.00	Interfund Operating Transfers	-	-	-
393.00	Proceeds of General Long Term Debt	-	-	-
394.00	Proceeds of Tax and Revenue Anticipation Notes	-	-	-
395.00	Refunds of Prior Year Expenditures	-	-	-
Total Other Financing Sources		\$ -	\$ -	\$ -

TOTAL ALL REVENUES	\$ 272,495
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EXPENDITURES				
General Government				
400.00	Legislative/Governing Body	\$ -	\$ -	\$ -
401.00	Executive/Manager or Mayor	-	-	-
402.00	Auditing Services/Bookkeeping Services	-	-	-
403.00	Tax Collection	-	-	-
404.00	Solicitor/Legal Services	-	1,659	1,659
405.00	Secretary/Clerk	-	-	-
406.00	Other General Government Administration	-	-	-
408.00	Engineering Services	-	15,555	15,555
409.00	General Government Buildings and Plant	-	1,373	1,373
Total General Government		\$ -	\$ 18,587	\$ 18,587



Statement of Revenues and Expenditures December 31st, 2000

Public Safety		Special Revenue Funds		Total
		<i>State Liquid Fuels</i>	<i>Recreation</i>	<i>Memorandum Only</i>
410.00	Police	\$ -	\$ -	\$ -
411.00	Fire	-	-	-
412.00	Ambulance/Rescue	-	-	-
413.00	Protective Inspection	-	-	-
414.00	Planning and Zoning	-	-	-
415.00	Emergency Management	-	-	-
419.00	Other Public Safety	-	-	-
Total Public Safety		\$ -	\$ -	\$ -

Health and Human Services				
420.00	Health and Human Services	\$ -	\$ -	\$ -

Public Works - Sanitation				
426.00	Recycling Collection and Disposal	\$ -	\$ -	\$ -
427.00	Solid Waste Collection and Disposal	-	-	-
429.00	Wastewater/Sewage Collection and Treatment	-	-	-
Total Public Works - Sanitation		\$ -	\$ -	\$ -

Public Works - Highways and Streets				
430.00	General Services	\$ -	\$ 19,024	\$ 19,024
431.00	Cleaning of Streets	-	-	-
432.00	Winter Maintenance	-	-	-
433.00	Traffic Control Devices	-	-	-
434.00	Street Lighting	-	-	-
435.00	Sidewalks and Crosswalks	-	-	-
436.00	Storm Sewers and Drains	-	-	-
437.00	Repairs of Tools and Machinery	-	-	-
438.00	Road and Bridge Maintenance	115,855	-	115,855
439.00	Construction and Rebuilding Projects	-	-	-
Total Public Works - Highways and Streets		\$ 115,855	\$ 19,024	\$ 134,879



Statement of Revenues and Expenditures December 31st, 2000

Other Public Works Enterprises		Special Revenue Funds		Total
		<i>State Liquid Fuels</i>	<i>Recreation</i>	<i>Memorandum Only</i>
440.00	Airports	\$ -	\$ -	\$ -
441.00	Cemeteries	-	-	-
442.00	Electric System	-	-	-
443.00	Gas System	-	-	-
444.00	Markets	-	-	-
445.00	Parking Facilities	-	-	-
446.00	Storm Water and Flood Control	-	-	-
447.00	Transit System	-	-	-
448.00	Water System	-	-	-
449.00	Water Transport and Terminals	-	-	-
	Other Public Works and Enterprises	-	-	-
Total Other Public Works Enterprises		\$ -	\$ -	\$ -

Culture and Recreation				
451.00	Recreation	\$ -	\$ 28,915	\$ 28,915
454.00	Parks	-	-	-
455.00	Shade Trees	-	-	-
456.00	Libraries	-	-	-
458.00	Senior Citizen Centers	-	-	-
459.00	Other Culture and Recreation	-	-	-
Total Culture and Recreation		\$ -	\$ 28,915	\$ 28,915

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



Statement of Revenues and Expenditures December 31st, 2000

Debt Service		Special Revenue Funds		Total
		<i>State Liquid Fuels</i>	<i>Recreation</i>	<i>Memorandum Only</i>
471.00	Debt Principal	\$ -	\$ -	\$ -
472.00	Debt Interest	-	-	-
473.00	Tax Anticipation Note/Principal	-	-	-
474.00	Tax Anticipation Note/Interest	-	-	-
475.00	Fiscal Agent Fees	-	-	-
Total Debt Service		\$ -	\$ -	\$ -

Miscellaneous Expenditures				
481.00	Intergovernmental Expenditures	\$ -	\$ -	\$ -
482.00	Judgments and Losses	-	-	-
483.00	Pension/Retirement Fund Contributions	-	-	-
484.00	Workers Compensation	-	-	-
485.00	Unemployment Compensation	-	-	-
486.00	Insurance Premiums	-	-	-
487.00	Employee Benefits Not Allocated to Specific	-	-	-
489.00	Other Miscellaneous Expenditures	-	-	-
Total Miscellaneous Expenditures		\$ -	\$ -	\$ -

Other Financing Uses				
491.00	Refund of Prior Year Revenues	\$ -	\$ -	\$ -
492.00	Interfund Operating Transfers	-	-	-
493.00	Other Financing Uses	-	-	-
Total Other Financing Uses		\$ -	\$ -	\$ -

TOTAL ALL EXPENDITURES	\$ 182,381
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	\$ 90,114
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF PRIMARY
GOVERNMENT FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of Supervisors
Maidencreek Township
Berks County, Pennsylvania**

We have audited the primary government financial statements of Maidencreek Township, Berks County, Pennsylvania, as of and for the year ended December 31, 2000, and have issued our report thereon dated February 20, 2001 which was qualified because the financial statements do not present the financial data of the Township's component unit. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether Maidencreek Township's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.



Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Maidencreek Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Maidencreek Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the primary government financial statements.

The reportable condition is described below:

Finding 00-1:

Reportable condition - material weakness

Inadequate segregation of duties.

Condition:

Adequate segregation of duties does not presently exist.

Criteria:

An effective system of internal accounting control necessitates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause:

The Township's staff is not large enough to permit such segregation in all respects.

Effect:

The internal control system is more susceptible to errors and other irregularities, either intentional or unintentional, not being discovered.



Recommendation:

Management's review of staff responsibilities should include an analysis of where segregation of duties can be further effectively implemented.

Management response:

The management of Maiden Creek Township concurs with this finding and recommendation.

Corrective action plan:

Management's review of staff responsibilities will include an analysis of where segregation of duties can be further effectively implemented.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, Finding 00-1, to be a material weakness.

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

Reinsel & Company LLP

February 20, 2001



MAIDENCREEK TOWNSHIP

**STATUS OF PRIOR PERIOD AUDIT FINDINGS
Year Ended December 31, 2000**

Finding 99-1:

Reportable Condition - Material Weakness

Inadequate segregation of duties.

Recommendation:

Management's review of staff responsibilities should include an analysis of where segregation of duties can be further effectively implemented.

Management response:

The management of the Township concurs with this finding and recommendation.

Corrective action plan:

The Township recognizes that the staff is not large enough to permit such segregation in all respects and is aware that the system is more susceptible to errors or other irregularities, either intentional or unintentional. The Township will continue to review staff responsibilities as positions change to determine where segregation of duties can be cost effectively implemented. The monitoring will continue to occur on an ongoing basis.

Status of uncorrected finding:

Condition remained unchanged during the year ended December 31, 2000. See Finding 00-1 in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Primary Government Financial Statements Performed in Accordance with *Government Auditing Standards*.

