



# Annual Audit and Financial Report

City of: \_\_\_\_\_, \_\_\_\_\_ County

Borough of: \_\_\_\_\_, \_\_\_\_\_ County

Township of: Maidencreek, Berks County

Municipality of: \_\_\_\_\_, \_\_\_\_\_ County

for the year 2001



**Return to:**

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

Commonwealth of Pennsylvania  
Mark S. Schweiker, Governor

PA Dept. of Community & Economic Development  
Samuel A. McCullough, Secretary  
[www.inventpa.com](http://www.inventpa.com)





## CONTENTS

	Page
<b>INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS</b>	1 and 2
<b>FINANCIAL STATEMENTS</b>	
Balance sheet	3
Statement of revenues and expenditures	4-9
Notes to financial statements	10-18
Schedule of funding progress	19
<b>SUPPLEMENTARY INFORMATION</b>	
Debt statement	20
Statement of capital expenditures	21
Combining balance sheet - Special Revenue Funds	22
Combining statement of revenues and expenditures - Special Revenue Funds	23-28
<b>REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF PRIMARY GOVERNMENT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	29-31
<b>STATUS OF PRIOR PERIOD AUDIT FINDINGS</b>	32



## 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, 2001, as listed in the table of contents. These primary government 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 auditing standards generally accepted in the United States of America 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, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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, 2001, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.



However, the primary government financial statements, because they do not include the financial data of the component unit of Maidencreek Township, do not purport to, and do not, present fairly the cash balances of Maidencreek Township as of December 31, 2001, 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 26, 2002 on our consideration of Maidencreek 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 Maidencreek Township. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

*Reinsel & Company LLP*

**February 26, 2002**







## Balance Sheet December 31<sup>st</sup>, 2001

Assets and Other Debits		Governmental Funds			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
100-120	Cash and Investments	\$ 159,967	\$ 107,294	\$ -	\$ -
140-144	Tax Receivable	-	-	-	-
121-147	Account Receivable (excluding taxes)	-	-	-	-
148-159	Other Current Assets	-	-	-	-
160-169	Fixed Assets	-	-	-	-
180-199	Other Debits	-	-	-	-
<b>Total Assets and Other Debits</b>		<b>\$ 159,967</b>	<b>\$ 107,294</b>	<b>\$ -</b>	<b>\$ -</b>

Liabilities and Other Credits					
210-229	Payroll Taxes and Other Payroll Withholdings	\$ -	\$ -	\$ -	\$ -
200-259	All Other Current Liabilities	-	-	-	-
260-269	Long Term Liabilities	-	-	-	-
269.99	Other Credits	-	-	-	-
<b>Total Liabilities</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Fund and Account Group Equity					
281-284	Contributed Capital	\$ -	\$ -	\$ -	\$ -
290	Investments in General Fixed Assets	-	-	-	-
271-289	Fund Balance / Retained Earnings 12/31	159,967	107,294	-	-
<b>Total Fund and Account Group Equity</b>		<b>\$ 159,967</b>	<b>\$ 107,294</b>	<b>\$ -</b>	<b>\$ -</b>

See Notes to Financial Statements.

Proprietary Funds		Fiduciary Funds	Account Groups		Total
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	Gen. Long Term Debt	Memorandum Only
\$ -	\$ -	\$ 326,038	\$ -	\$ -	\$ 593,299
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ 326,038	\$ -	\$ -	\$ 593,299

<b>TOTAL ASSETS</b>	\$ 593,299
---------------------	------------

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<b>TOTAL LIABILITIES</b>	\$ -
--------------------------	------

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	326,038	-	-	593,299
\$ -	\$ -	\$ 326,038	\$ -	\$ -	\$ 593,299

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>	\$ 593,299
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Proprietary Funds		Fiduciary Fund Type		Total
Enterprise	Internal Service	Trust and Agency	Memorandum Only	
\$ -	\$ -	\$ -	\$ -	329,322
-	-	-	-	-
-	-	-	-	-
-	-	-	-	22,166
-	-	-	-	184,187
-	-	-	-	676,935
-	-	-	-	-
-	-	-	-	-
-	-	-	-	18,344
-	-	-	-	12,662
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	1,243,616

\$ -	\$ -	\$ -	\$ -	54,836
-	-	-	-	22,863
\$ -	\$ -	\$ -	\$ -	77,699

\$ -	\$ -	\$ -	\$ -	36,540
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\$ -	\$ -	\$ 35,664	\$ -	46,317
-	-	-	-	14,100
\$ -	\$ -	\$ 35,664	\$ -	60,417







# Statement of Revenues and Expenditures December 31st, 2001

Intergovernmental Revenues		Governmental Funds			
Federal		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
351.03	Highways and Streets	\$ -	\$ -	\$ -	\$ -
351.09	Community Development	423	-	-	-
351.99	All Other Federal Grants	-	-	-	-
352.08	National Forest Products	-	-	-	-
352.99	All Other Federal Shared Revenue and Entitlements	-	-	-	-
353.00	Federal Payments in Lieu of Taxes	-	-	-	-
<b>Total Federal</b>		<b>\$ 423</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

State					
354.03	Highway and Streets	\$ -	\$ -	\$ -	\$ -
354.09	Community Development	-	-	-	-
355.01	Public Utility Realty Tax	2,358	-	-	-
355.02	Motor Vehicle Fuel Tax	-	121,464	-	-
355.06	General Municipal Pension System State Aid	43,716	-	-	-
355.08	Alcoholic Beverage Taxes/Beverage Licenses	-	-	-	-
355.09	Recycling / Act 101	-	-	-	-
355.99	All Other Shared Revenues and Entitlements	33,196	-	-	-
356.00	State Payment in Lieu of Taxes	-	-	-	-
<b>Total State</b>		<b>\$ 79,270</b>	<b>\$ 121,464</b>	<b>\$ -</b>	<b>\$ -</b>

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	-	-	-	-
<b>Total Local Government Units</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Charges for Service					
361.00	General Government	\$ -	\$ -	\$ -	\$ -
362.00	Public Safety	-	-	-	-
363.20	Parking/Parking Meters, Permits	-	-	-	-
363.99	All Other Charges for Highway & Streets Services	-	-	-	-
364.10	Wastewater/Sewage	-	-	-	-
364.30	Solid Waste Collection/Trash	-	-	-	-
364.60	Host Municipality Fee for Solid Waste Facility	-	-	-	-
364.99	Other Charges for Sanitation Services	-	-	-	-
365.00	Health	-	-	-	-
367.00	Culture and Recreation	-	-	-	-
378.00	Water System	-	-	-	-
379.00	Other Charges for Services	19,782	-	-	-
<b>Total Charges for Services</b>		<b>\$ 19,782</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Proprietary Funds		Fiduciary Fund Type		Total
Enterprise	Internal Service	Trust and Agency	Memorandum Only	
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	423
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	423

\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	2,358
-	-	-	-	121,464
-	-	-	-	43,716
-	-	-	-	-
-	-	-	-	-
-	-	-	-	33,196
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	200,734

\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	-

<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	\$	201,157
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\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	19,782
\$ -	\$ -	\$ -	\$ -	19,782





## Statement of Revenues and Expenditures December 31st, 2001

Miscellaneous Revenues		Governmental Funds			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
383.00	Special Assessments	\$ -	\$ -	\$ -	\$ -
387.00	Contributions and Donations from Private Sectors	-	-	-	-
389.00	All Other Miscellaneous Revenues	-	-	-	-
<b>Total Miscellaneous Revenues</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Other Financing Sources					
391.00	Proceeds of General Fixed Asset Distribution	\$ -	\$ 6,251	\$ -	\$ -
392.00	Interfund Operating Transfers	24,901	24,699	-	-
393.00	Proceeds of General Long Term Debt	-	100,000	-	-
394.00	Proceeds of Tax and Revenue Anticipation Notes	-	-	-	-
395.00	Refunds of Prior Year Expenditures	-	-	-	-
<b>Total Other Financing Sources</b>		<b>\$ 24,901</b>	<b>\$ 130,950</b>	<b>\$ -</b>	<b>\$ -</b>

<b>TOTAL REVENUES</b>	<b>\$ 1,339,190</b>	<b>\$ 420,208</b>	<b>\$ -</b>	<b>\$ -</b>
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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	2,862	-	-	-
404.00	Solicitor/Legal Services	29,382	6,971	-	-
405.00	Secretary/Clerk	65,452	-	-	-
406.00	Other General Government Administration	43,624	-	-	-
408.00	Engineering Services	25,859	28,966	-	-
409.00	General Government Buildings and Plant	9,681	-	-	-
<b>Total General Government</b>		<b>\$ 176,860</b>	<b>\$ 35,937</b>	<b>\$ -</b>	<b>\$ -</b>

Proprietary Funds		Fiduciary Fund Type		Total
<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>	<i>Memorandum Only</i>	
\$ -	\$ -	\$ -	\$ -	-
-	-	567,145	-	567,145
-	-	-	-	-
\$ -	\$ -	\$ 567,145	\$ -	\$ 567,145

\$ -	\$ -	\$ -	\$ 6,251
-	-	-	49,600
-	-	-	100,000
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ 155,851

\$ -	\$ -	\$ 602,809	\$ 2,362,207
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\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	2,862
-	-	-	36,353
-	-	-	65,452
-	-	-	43,624
-	-	-	54,825
-	-	-	9,681
\$ -	\$ -	\$ -	\$ 212,797







## Statement of Revenues and Expenditures December 31st, 2001

		Governmental Funds			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>Public Safety</b>					
410.00	Police	\$ 392,599	\$ -	\$ -	\$ -
411.00	Fire	68,196	-	-	-
412.00	Ambulance/Rescue	36,326	-	-	-
413.00	Protective Inspection	-	-	-	-
414.00	Planning and Zoning	28,763	-	-	-
415.00	Emergency Management	-	-	-	-
419.00	Other Public Safety	10,947	-	-	-
<b>Total Public Safety</b>		<b>\$ 536,831</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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	19,013	-	-	-
<b>Total Public Works - Sanitation</b>		<b>\$ 19,013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Public Works - Highways and Streets					
430.00	General Services	\$ 281,133	\$ -	\$ -	\$ -
431.00	Cleaning of Streets	-	-	-	-
432.00	Winter Maintenance	-	-	-	-
433.00	Traffic Control Devices	2,689	-	-	-
434.00	Street Lighting	58,855	-	-	-
435.00	Sidewalks and Crosswalks	-	-	-	-
436.00	Storm Sewers and Drains	-	-	-	-
437.00	Repairs of Tools and Machinery	-	-	-	-
438.00	Road and Bridge Maintenance	15,420	152,631	-	-
439.00	Construction and Rebuilding Projects	-	-	-	-
<b>Total Public Works - Highways and Streets</b>		<b>\$ 358,097</b>	<b>\$ 152,631</b>	<b>\$ -</b>	<b>\$ -</b>

Proprietary Funds		Fiduciary Fund Type		Total
<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>	<i>Memorandum Only</i>	
\$ -	\$ -	\$ -	\$ -	392,599
-	-	-	-	68,196
-	-	-	-	36,326
-	-	-	-	-
-	-	-	-	28,763
-	-	-	-	-
-	-	-	-	10,947
\$ -	\$ -	\$ -	\$ -	536,831

\$ -	\$ -	\$ -	\$ -	-
------	------	------	------	---

\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	19,013
\$ -	\$ -	\$ -	\$ -	19,013

\$ -	\$ -	\$ -	\$ -	281,133
-	-	-	-	-
-	-	-	-	-
-	-	-	-	2,689
-	-	-	-	58,855
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	168,051
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	510,728





## Statement of Revenues and Expenditures December 31st, 2001

Other Public Works Enterprises		Governmental Funds			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
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	-	-	-	-
<b>Total Other Public Works Enterprises</b>		\$ -	\$ -	\$ -	\$ -

Culture and Recreation					
451.00	Recreation	\$ -	\$ 193,126	\$ -	\$ -
454.00	Parks	-	-	-	-
455.00	Shade Trees	-	-	-	-
456.00	Libraries	-	-	-	-
458.00	Senior Citizen Centers	-	-	-	-
459.00	Other Culture and Recreation	-	-	-	-
<b>Total Culture and Recreation</b>		\$ -	\$ 193,126	\$ -	\$ -

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	-	-	-	-
<b>Total Community Development</b>		\$ -	\$ -	\$ -	\$ -

Proprietary Funds		Fiduciary Fund Type		Total
Enterprise	Internal Service	Trust and Agency	Memorandum Only	
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

\$ -	\$ -	\$ -	\$ 193,126
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ 193,126

\$ -	\$ -	\$ -	\$ -
-	-	418,292	418,292
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 418,292	\$ 418,292







## Statement of Revenues and Expenditures December 31st, 2001

Debt Service		Governmental Funds			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
471.00	Debt Principal	\$ 19,106	\$ 8,992	\$ -	\$ -
472.00	Debt Interest	3,434	2,315	-	-
473.00	Tax Anticipation Note/Principal	-	-	-	-
474.00	Tax Anticipation Note/Interest	-	-	-	-
475.00	Fiscal Agent Fees	-	-	-	-
<b>Total Debt Service</b>		<b>\$ 22,540</b>	<b>\$ 11,307</b>	<b>\$ -</b>	<b>\$ -</b>

Miscellaneous Expenditures					
481.00	Intergovernmental Expenditures	\$ -	\$ -	\$ -	\$ -
482.00	Judgments and Losses	-	-	-	-
483.00	Pension/Retirement Fund Contributions	57,904	-	-	-
484.00	Workers Compensation	-	-	-	-
485.00	Unemployment Compensation	-	-	-	-
486.00	Insurance Premiums	45,386	-	-	-
487.00	Employee Benefits Not Allocated to Specific Functions	15,233	-	-	-
489.00	Other Miscellaneous Expenditures	-	-	-	-
<b>Total Miscellaneous Expenditures</b>		<b>\$ 118,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Other Financing Uses					
491.00	Refund of Prior Year Revenues	\$ 5,086	\$ -	\$ -	\$ -
492.00	Interfund Operating Transfers	24,699	24,901	-	-
493.00	Other Financing Uses	-	-	-	-
<b>Total Other Financing Uses</b>		<b>\$ 29,785</b>	<b>\$ 24,901</b>	<b>\$ -</b>	<b>\$ -</b>

<b>TOTAL EXPENDITURES</b>	<b>\$ 1,261,649</b>	<b>\$ 417,902</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	<b>\$ 77,541</b>	<b>\$ 2,306</b>	<b>\$ -</b>	<b>\$ -</b>

See Notes to Financial Statements.

Proprietary Funds		Fiduciary Fund Type		Total
<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>	<i>Memorandum Only</i>	
\$ -	\$ -	\$ -	\$ 28,098	
-	-	-	5,749	
-	-	-	-	
-	-	-	-	
-	-	-	-	
\$ -	\$ -	\$ -	\$ 33,847	

\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	57,904
-	-	-	-
-	-	-	-
-	-	-	45,386
-	-	-	15,233
-	-	-	-
\$ -	\$ -	\$ -	\$ 118,523

\$ -	\$ -	\$ -	\$ 5,086
-	-	-	49,600
-	-	-	-
\$ -	\$ -	\$ -	\$ 54,686

\$ -	\$ -	\$ 418,292	\$ 2,097,843
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\$ -	\$ -	\$ 184,517	\$ 264,364
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**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 6,600, based on a 2000 census report, living within an area of 14.8 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Berks County.

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

The accompanying 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. Accounting principles generally accepted in the United States of America 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 real estate 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 accounting principles generally accepted in the United States of America.



## 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 2001 was 1.0 mills, as established by the Board of Supervisors. Current tax collections for the Township were approximately 97 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.

#### Excess of expenditures over appropriations in individual funds:

No individual fund, which was budgeted as required by the Commonwealth of Pennsylvania, contained an excess of expenditures over appropriations that was not covered by the cash balance at December 31, 2000 and the cash received for the year ended December 31, 2001. The applicable funds and amounts for which expenditures exceeded appropriations are as follows:

State Liquid Fuels Highway Aid Fund	\$	9,531
Recreation Fund		92,441

### 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, 2001, the carrying amount of the Township's bank deposits was \$ 593,299 and the corresponding bank balances were \$ 662,311, of which \$ 284,893 (Category 1) was directly covered by Federal Depository Insurance.





## NOTES TO FINANCIAL STATEMENTS

### Note 4. Cash (Continued)

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 \$ 377,418 (Category 3) were collateralized by this pool of assets maintained by the Township's depository institution.

### Note 5. Long-Term Debt

At December 31, 2001, long-term debt consisted of the following:

	Balance Outstanding December 31, 2000	Additions	Payments	Balance Outstanding December 31, 2001
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	\$ 73,169	\$ -	\$ 19,106	\$ 54,063
Note payable, due in monthly payments of principal and interest at a rate of 4.55% through June 2006	<u>-</u>	<u>100,000</u>	<u>8,992</u>	<u>91,008</u>
	<u>\$ 73,169</u>	<u>\$ 100,000</u>	<u>\$ 28,098</u>	<u>\$ 145,071</u>

Aggregate maturities required on long-term debt at December 31, 2001 are as follows:

	Principal	Interest	Total
2002	\$ 38,811	\$ 6,165	\$ 44,976
2003	40,775	4,201	44,976
2004	33,030	2,234	35,264
2005	21,387	1,048	22,435
2006	<u>11,068</u>	<u>149</u>	<u>11,217</u>
	<u>\$ 145,071</u>	<u>\$ 13,797</u>	<u>\$ 158,868</u>



## NOTES TO FINANCIAL STATEMENTS

### Note 5. Long-Term Debt (Continued)

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

#### Plan description and funding policy:

##### *Plan description:*

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

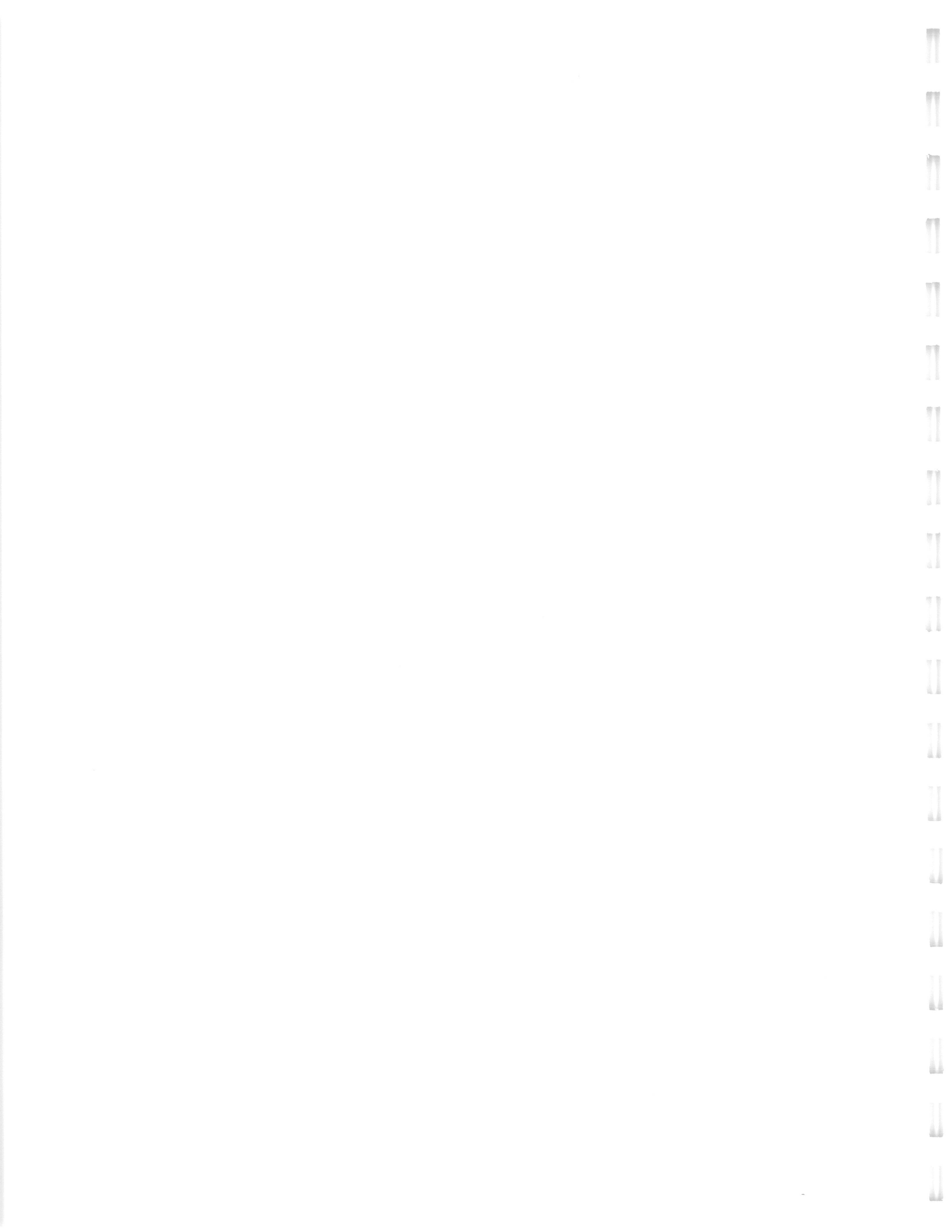
##### *Funding policy:*

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

#### Annual pension cost and net pension obligation:

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

Annual required contribution	\$ 25,455
Interest on net pension obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual pension cost	25,455
Contributions made	<u>(25,455)</u>
Increase (decrease) in net pension obligation	-
Net pension asset beginning of year	<u>-</u>
Net pension asset end of year	<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, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 5.5% investment rate of return and (b) projected salary increases of 4.50% per year. Provisions for administrative expenses are added to normal cost. The assumptions included postretirement mortality and percent married provisions. Retirement is based upon normal retirement age as defined in the Plan. The actuarial value of assets was determined by contract basis.

#### Three-Year Trend Information:

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/99	\$ 23,160	100%	\$ -
12/31/00	23,180	100%	-
12/31/01	25,455	100%	-

### Note 7. Commitments and Contingencies

#### Line of credit:

The Township has two lines of credit with a local financial institution in the amounts of \$ 50,000 and \$ 75,000. At December 31, 2001, the Township had not drawn on the lines of credit.

#### Maidencreek Township Authority:

The Township has guaranteed the Authority's 1999 Sewer Revenue Note, of which \$ 3,497,526 is outstanding at December 31, 2001. The debt is evidenced by a Guaranty Agreement and is considered lease rental debt of the Township.





**MAIDENCREEK TOWNSHIP**  
**SCHEDULE OF FUNDING PROGRESS**

**Maidencreek Township Non-Uniform Pension Plan:**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value Of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>
January 1, 1997	\$ 21,412	\$ 88,166	\$ 66,754	24%
January 1, 1999	59,038	111,153	52,115	53%
January 1, 2001	108,088	156,736	48,648	69%



	<b>Covered Payroll (c)</b>	<b>UAAL As A Percentage Of Covered Payroll ((b-a)/c)</b>
\$	76,355	87%
	113,680	46%
	131,811	37%











## Balance Sheet December 31<sup>st</sup>, 2001

<b>Assets and Other Debits</b>		Special Revenue Funds		Total
		<i>State Liquid Fuels</i>	<i>Recreation</i>	<i>Memorandum Only</i>
100-120	Cash and Investments	\$ 1,967	\$ 105,327	\$ 107,294
140-144	Tax Receivable	-	-	-
121-147	Account Receivable (excluding taxes)	-	-	-
148-159	Other Current Assets	-	-	-
160-169	Fixed Assets	-	-	-
180-199	Other Debits	-	-	-
<b>Total Assets and Other Debits</b>		\$ 1,967	\$ 105,327	\$ 107,294

<b>TOTAL ASSETS</b>	\$ 107,294
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<b>Liabilities and Other Credits</b>				
210-229	Payroll Taxes and Other Payroll Withholdings	\$ -	\$ -	\$ -
200-259	All Other Current Liabilities	-	-	-
260-269	Long Term Liabilities	-	-	-
269.99	Other Credits	-	-	-
<b>Total Liabilities</b>		\$ -	\$ -	\$ -

<b>TOTAL LIABILITIES</b>	\$ -
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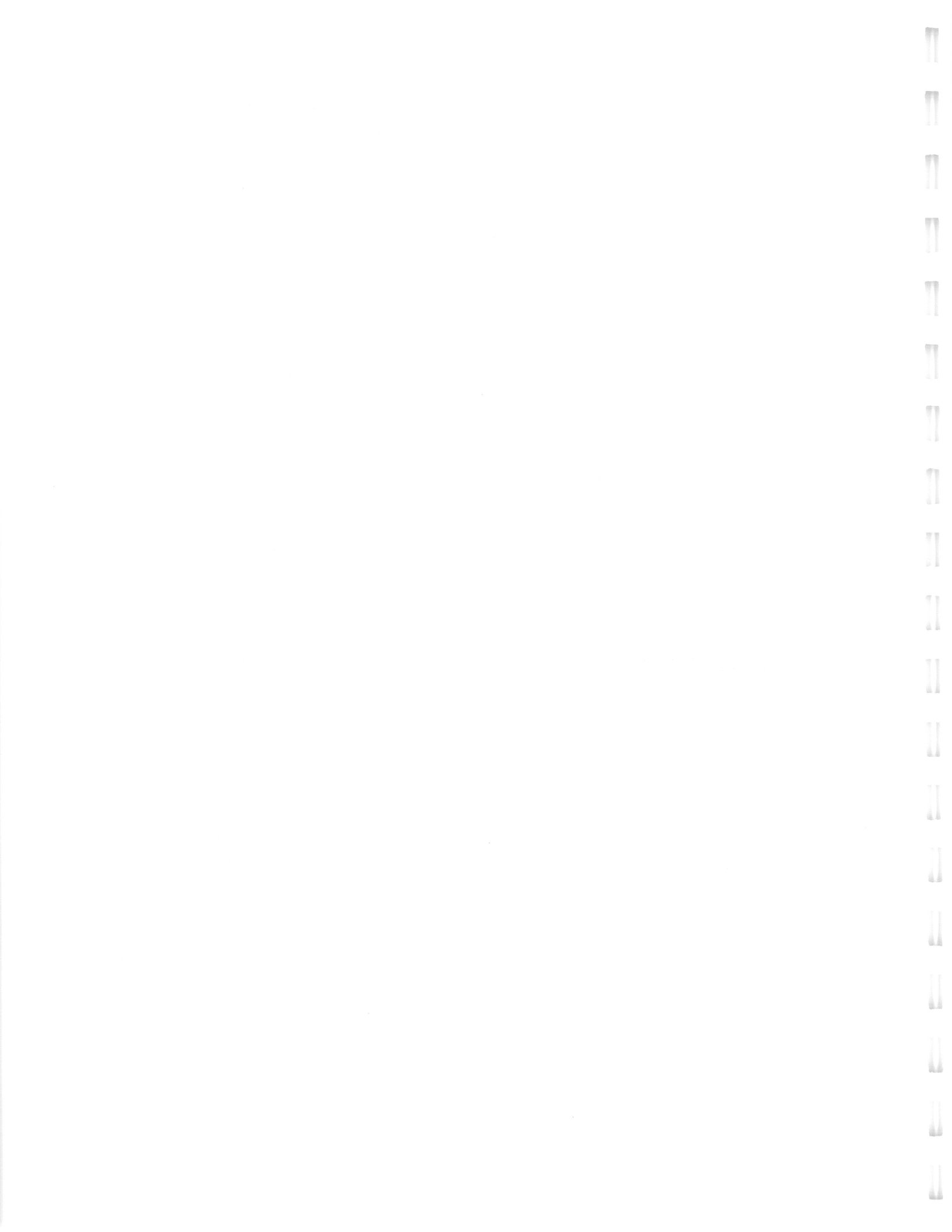
<b>Fund and Account Group Equity</b>				
281-284	Contributed Capital	\$ -	\$ -	\$ -
290	Investments in General Fixed Assets	-	-	-
271-289	Fund Balance / Retained Earnings 12/31	1,967	105,327	107,294
<b>Total Fund and Account Group Equity</b>		\$ 1,967	\$ 105,327	\$ 107,294

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>	\$ 107,294
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# Statement of Revenues and Expenditures December 31<sup>st</sup>, 2001

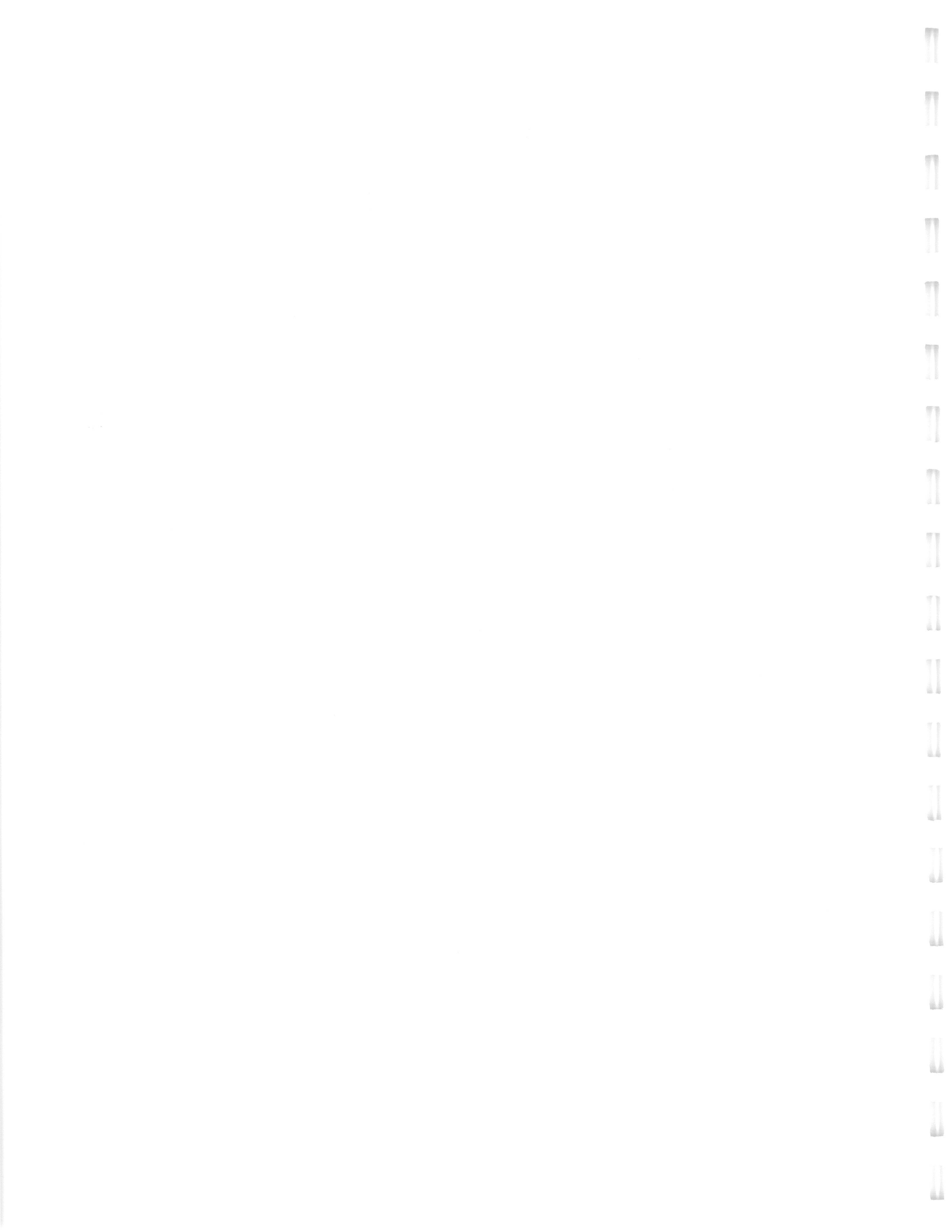
Intergovernmental Revenues		Special Revenue Funds		Total
Federal		State Liquid Fuels	Recreation	Memorandum Only
351.03	Highways and Streets	\$ -	\$ -	\$ -
351.09	Community Development	-	-	-
351.99	All Other Federal Grants	-	-	-
352.08	National Forest Products	-	-	-
352.99	All Other Federal Shared Revenue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

State				
354.03	Highway and Streets	\$ -	\$ -	\$ -
354.09	Community Development	-	-	-
355.01	Public Utility Realty Tax	-	-	-
355.02	Motor Vehicle Fuel Tax	121,464	-	121,464
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	-	-	-
<b>Total State</b>		<b>\$ 121,464</b>	<b>\$ -</b>	<b>\$ 121,464</b>

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	-	-	-
<b>Total Local Government Units</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>\$ 121,464</b>
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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	-	-	-
<b>Total Charges for Services</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



# Statement of Revenues and Expenditures December 31<sup>st</sup>, 2001

<b>Miscellaneous Revenues</b>		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	-	-	-
<b>Total Miscellaneous Revenues</b>		\$ -	\$ -	\$ -

<b>Other Financing Sources</b>				
391.00	Proceeds of General Fixed Asset Distribution	\$ -	\$ 6,251	\$ 6,251
392.00	Interfund Operating Transfers	11,246	13,453	24,699
393.00	Proceeds of General Long Term Debt	-	100,000	100,000
394.00	Proceeds of Tax and Revenue Anticipation Notes	-	-	-
395.00	Refunds of Prior Year Expenditures	-	-	-
<b>Total Other Financing Sources</b>		\$ 11,246	\$ 119,704	\$ 130,950

<b>TOTAL REVENUES</b>	\$ 134,966	\$ 285,242	\$ 420,208
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<b>EXPENDITURES</b>				
<b>General Government</b>				
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	-	6,971	6,971
405.00	Secretary/Clerk	-	-	-
406.00	Other General Government Administration	-	-	-
408.00	Engineering Services	-	28,966	28,966
409.00	General Government Buildings and Plant	-	-	-
<b>Total General Government</b>		\$ -	\$ 35,937	\$ 35,937



# Statement of Revenues and Expenditures December 31<sup>st</sup>, 2001

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	-	-	-
<b>Total Public Safety</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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	-	-	-
<b>Total Public Works - Sanitation</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Public Works - Highways and Streets				
430.00	General Services	\$ -	\$ -	\$ -
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	152,631	-	152,631
439.00	Construction and Rebuilding Projects	-	-	-
<b>Total Public Works - Highways and Streets</b>		<b>\$ 152,631</b>	<b>\$ -</b>	<b>\$ 152,631</b>





# Statement of Revenues and Expenditures December 31<sup>st</sup>, 2001

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	-	-	-
<b>Total Other Public Works Enterprises</b>		\$ -	\$ -	\$ -

Culture and Recreation				
451.00	Recreation	\$ -	\$ 193,126	\$ 193,126
454.00	Parks	-	-	-
455.00	Shade Trees	-	-	-
456.00	Libraries	-	-	-
458.00	Senior Citizen Centers	-	-	-
459.00	Other Culture and Recreation	-	-	-
<b>Total Culture and Recreation</b>		\$ -	\$ 193,126	\$ 193,126

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	-	-	-
<b>Total Community Development</b>		\$ -	\$ -	\$ -



# Statement of Revenues and Expenditures December 31<sup>st</sup>, 2001

Debt Service		Special Revenue Funds		Total
		<i>State Liquid Fuels</i>	<i>Recreation</i>	<i>Memorandum Only</i>
471.00	Debt Principal	\$ -	\$ 8,992	\$ 8,992
472.00	Debt Interest	-	2,315	2,315
473.00	Tax Anticipation Note/Principal	-	-	-
474.00	Tax Anticipation Note/Interest	-	-	-
475.00	Fiscal Agent Fees	-	-	-
<b>Total Debt Service</b>		\$ -	\$ 11,307	\$ 11,307

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	-	-	-
<b>Total Miscellaneous Expenditures</b>		\$ -	\$ -	\$ -

Other Financing Uses				
491.00	Refund of Prior Year Revenues	\$ -	\$ -	\$ -
492.00	Interfund Operating Transfers	-	24,901	24,901
493.00	Other Financing Uses	-	-	-
<b>Total Other Financing Uses</b>		\$ -	\$ 24,901	\$ 24,901

<b>TOTAL EXPENDITURES</b>	\$ 152,631	\$ 265,271	\$ 417,902
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	\$ (17,665)	\$ 19,971	\$ 2,306
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**Finding 01-1 (Continued):**

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:

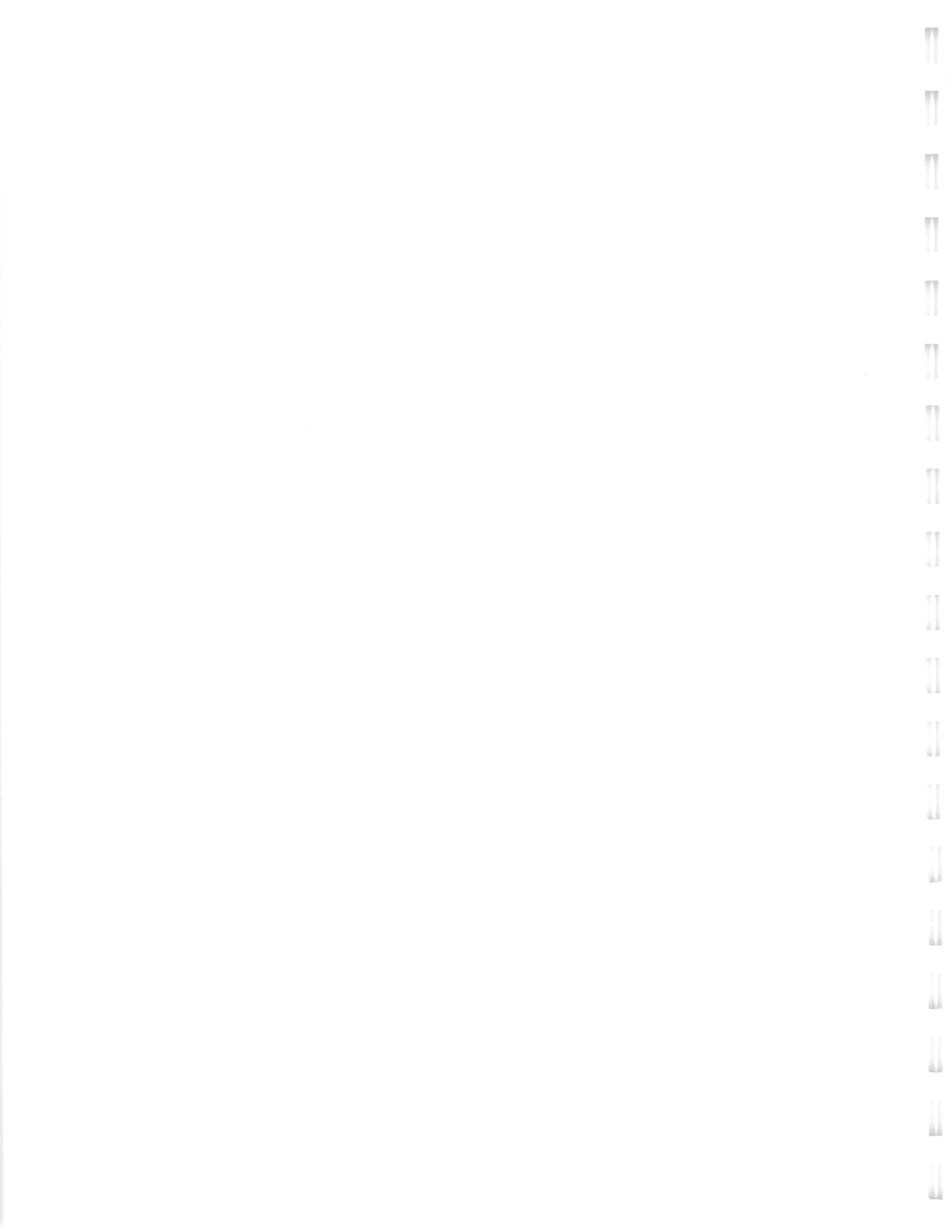
Management's review of staff responsibilities will include an analysis of where segregation of duties can be further effectively implemented.

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 01-1, 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 26, 2002



## MAIDENCREEK TOWNSHIP

### STATUS OF PRIOR PERIOD AUDIT FINDINGS Year Ended December 31, 2001

***Finding 00-1:***

***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, 2001. See Finding 01-1 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*.

