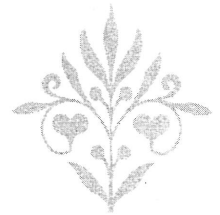


MAIDENCREEK TOWNSHIP  
BOARD OF SUPERVISORS



---

1 QUARRY ROAD \* P.O. BOX 319 \* BLANDON, PA 19510

Berks County Clerk of Courts  
Berks County Courthouse  
633 Court Street, 4<sup>th</sup> Floor  
Reading, PA 19601

March 31, 2009

Dear Sirs,

Enclosed is the audit of the 2008 financial records of the Township of Maiden creek. If you have any question, I may be contacted at 610-926-4920.

Best Regards,

Diane Hollenbach  
Manager  
Maidencreek Township

# ORLANDO LAW OFFICES

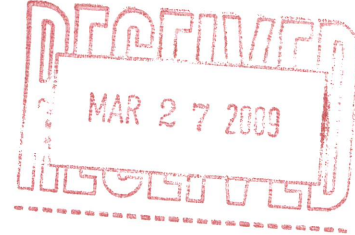
*A Professional Corporation*

Fax: (610) 370-1527  
www.orlandolawoffices.com

2901 St. Lawrence Avenue, Suite 202  
Reading, PA 19606

300 E. Philadelphia Avenue  
Boyertown, PA 19512  
(610) 367-7443

(610) 779-3830



March 26, 2009

Kosmerl & Company, P.C.  
845 North Park Road  
Wyomissing, PA 19610

Re: Maiden creek Township

Ladies and Gentlemen:

I am the Solicitor for the Township of Maiden creek, a Second Class Township in Berks County, Pennsylvania. This responds to your letter forwarded by facsimile on March 26, 2009, regarding the Township.

**I. Pending or Threatened Litigation.**

I am not aware of any pending or threatened litigation claims or assessments regarding the Township as of December 31, 2008, and through and including the current date. We do intend to file on behalf of the Township a Petition for permission from the Court to sell property but this litigation is in connection with statutory requirements and in my professional opinion will not involve liability, claims or assessments against the Township.

**II. Unasserted Claims and Assessments.**

This writer is unaware of any unasserted claims or assessments as defined in your letter.

I hope this information is helpful.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eugene Orlando, Jr.", written over a large, stylized flourish.

Eugene Orlando, Jr.

EO/tmw  
cc: Maiden creek Township

**FILE COPY**

**MAIDENCREEK TOWNSHIP  
BERKS COUNTY, PENNSYLVANIA**

**DECEMBER 31, 2008**

# Kosmerl & Company P.C.

A Professional Corporation

*Certified Public Accountants*

535 North 5th St.

Reading, PA

19601-3005

(610) 372-5815

FAX (610) 372-8466

k.cpas@kosmerl.net

MEMBERS  
AMERICAN INSTITUTE OF CPA'S  
PA INSTITUTE OF CPA'S

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors  
Maidencreek Township  
Berks County, Pennsylvania

We have audited the accompanying primary government financial statements, included in the accompanying Pennsylvania Form DCED of Maidencreek Township, Berks County, Pennsylvania, as of and for the year ended December 31, 2008. These primary government financial statements are the responsibility of Maidencreek Township's management. Our responsibility is to express an opinion on these primary government financial statements based on our audit.

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

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

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the cash balances of Maidencreek Township as of December 31, 2008, 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 Maiden Creek Township, do not purport to, and do not, present fairly the cash balances of Maiden Creek Township as of December 31, 2008, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

The required supplementary information on Page 23 is not a required part of the basic primary government financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying financial information on Pages 24 and 25 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.

*Kosmerl & Co., P.C.*

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

March 26, 2009

**BALANCE SHEET**  
December 31, 2008

GOVERNMENTAL FUNDS					
ASSETS AND OTHER DEBITS	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	
	375,907	206,810			
100-120 Cash and Investments .....					
140-144 Tax Receivable .....					
121-129					
145-149 Accounts Receivable (excluding taxes) .....					
130 Due From Other Funds .....					
131-139					
150-159 Other Current Assets .....					
160-169 Fixed Assets .....					
180-189 Other Debits .....					
<b>TOTAL ASSETS AND OTHER DEBITS .....</b>	<b>\$ 375,907</b>	<b>\$ 206,810</b>	<b>\$</b>	<b>\$</b>	

LIABILITIES AND OTHER CREDITS					
	88				
210-229 Payroll Taxes and Other Payroll Withholdings .....					
200-209					
231-239 All Other Current Liabilities .....					
230 Due To Other Funds .....					
260-269 Long-Term Liabilities .....					
240-259 Current Portion of Long-Term Debt & Other Credits .....					
<b>TOTAL LIABILITIES AND OTHER CREDITS .....</b>	<b>\$ 88</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	

FUND AND ACCOUNT GROUP EQUITY					
281-284 Contributed Capital .....					
290 Investment in General Fixed Assets .....	375,819	206,810			
270-289 Fund Balance/Retained Earnings on 12/31 .....					
291-299 Other Equity .....					
<b>TOTAL FUND AND ACCOUNT GROUP EQUITY .....</b>	<b>\$ 375,819</b>	<b>\$ 206,810</b>	<b>\$</b>	<b>\$</b>	

Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | BALANCE SHEET

	PROPRIETARY FUNDS		FIDUCIARY FUND	ACCOUNT GROUPS		TOTAL
	Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
<b>ASSETS AND OTHER DEBITS</b>			429,123			1,011,840
100-120 Cash and Investments .....						
140-144 Tax Receivable .....						
121-129						
145-149 Accounts Receivable (excluding taxes) .....						
130 Due From Other Funds .....						
131-139						
150-159 Other Current Assets .....						
160-169 Fixed Assets .....						
180-189 Other Debits .....						
<b>TOTAL ASSETS AND OTHER DEBITS</b> .....	\$	\$	\$ 429,123	\$	\$	\$1,011,840

<b>LIABILITIES AND OTHER CREDITS</b>						88
210-229 Payroll Taxes and Other Payroll Withholdings .....						429,123
200-209			429,123			
231-239 All Other Current Liabilities .....						
230 Due To Other Funds .....						
260-269 Long-Term Liabilities .....						
240-259 Current Portion of Long-Term Debt & Other Credits .....						
<b>TOTAL LIABILITIES AND OTHER CREDITS</b> .....	\$	\$	\$ 429,123	\$	\$	\$ 429,211

<b>FUND AND ACCOUNT GROUP EQUITY</b>						
281-284 Contributed Capital .....						
290 Investment in General Fixed Assets .....						582,629
270-289 Fund Balance/Retained Earnings on 12/31 .....			0			
291-299 Other Equity .....						582,629
<b>TOTAL FUND AND ACCOUNT GROUP EQUITY</b> .....	\$	\$	\$ 0	\$	\$	\$ 582,629

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b> .....						\$ 1,011,840
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**STATEMENT OF REVENUES AND EXPENDITURES**  
December 31, 2008

REVENUES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>TAXES</b>				
301.00 Real Estate Taxes .....	322,827	196,760		
305.00 Occupation Taxes (levied under municipal code) .....				
308.00 Residence Taxes (levied by cities of the 3 <sup>rd</sup> Class) .....				
309.00 Regional Asset District Sales Tax (Allegheny County municipalities only) .....				
310.00 Per Capita Taxes .....	142,029			
310.10 Real Estate Transfer Taxes .....	1,072,468			
310.20 Earned Income Taxes/Wage Taxes .....				
310.30 Business Gross Receipts Taxes .....				
310.40 Occupation Taxes (levied under Act 511) .....	18,143			
310.50 Emergency and Municipal Services Tax** .....	14,198			
310.60 Amusement/Admission Taxes .....				
310.70 Mechanical Device Taxes .....				
310.90 Other Local Tax Enabling Act/Act 511 Taxes .....				
.....				
.....				
.....				
<b>TOTAL TAXES</b> .....	<b>\$ 1,569,665</b>	<b>\$ 196,760</b>	<b>\$</b>	<b>\$</b>

**LICENSES & PERMITS**

320-322 All Other Licenses and Permits .....	99,803			
321.80 Cable Television Franchise Fees .....	39,038			
<b>TOTAL LICENSES &amp; PERMITS</b> .....	<b>\$ 138,841</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**FINES & FORFEITS**

330-332 Fines and Forfeits .....	36,347			
<b>TOTAL FINES &amp; FORFEITS</b> .....	<b>\$ 36,347</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**INTEREST, RENTS & ROYALTIES**

341.00 Interest Earnings .....	18,975	8,216		
342.00 Rents and Royalties .....	17,195	360		
<b>TOTAL INTEREST, RENTS &amp; ROYALTIES</b> .....	<b>\$ 36,170</b>	<b>\$ 8,576</b>	<b>\$</b>	<b>\$</b>

\*\* Formerly Occupational Privilege Tax (OPT)



2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>TAXES</b>				519,587
301.00 Real Estate Taxes .....				
305.00 Occupation Taxes (levied under municipal code) .....				
308.00 Residence Taxes (levied by cities of the 3 <sup>rd</sup> Class) .....				
309.00 Regional Asset District Sales Tax (Allegheny County municipalities only) .....				
310.00 Per Capita Taxes .....				142,029
310.10 Real Estate Transfer Taxes .....				1,072,468
310.20 Earned Income Taxes/Wage Taxes .....				
310.30 Business Gross Receipts Taxes .....				
310.40 Occupation Taxes (levied under Act 511) .....				18,143
310.50 Emergency and Municipal Services Tax** .....				14,198
310.60 Amusement/Admission Taxes .....				
310.70 Mechanical Device Taxes .....				
310.90 Other Local Tax Enabling Act/Act 511 Taxes .....				
.....				
.....				
.....				
<b>TOTAL TAXES</b> .....	\$	\$	\$	\$ 1,766,425

LICENSES & PERMITS			
320-322 All Other Licenses and Permits .....			99,803
321.80 Cable Television Franchise Fees .....			39,038
<b>TOTAL LICENSES &amp; PERMITS</b> .....	\$	\$	\$ 138,841

FINES & FORFEITS			
330-332 Fines and Forfeits .....			36,347
<b>TOTAL FINES &amp; FORFEITS</b> .....	\$	\$	\$ 36,347

INTEREST, RENTS & ROYALTIES			
341.00 Interest Earnings .....			27,191
342.00 Rents and Royalties .....			17,555
<b>TOTAL INTEREST, RENTS &amp; ROYALTIES</b> .....	\$	\$	\$ 44,746

2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

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

<b>STATE</b>					
354.03	Highways and Streets .....				
354.09	Community Development .....	14,825			
354.15	Recycling/Act 101 .....				
354.00	All Other State Capital and Operating Grants .....	12,403			
355.01	Public Utility Realty Tax (PURTA) .....		190,812		
355.02 - 355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback .....				
355.04	Alcoholic Beverage Licenses .....	19,118			
355.05	General Municipal Pension System State Aid .....	65,900			
355.00	All Other State Shared Revenues & Entitlements .....				
356.00	State Payments in Lieu of Taxes .....				
<b>TOTAL STATE</b> .....		\$ 112,246	\$ 190,812	\$	\$

<b>LOCAL GOVERNMENT UNITS</b>					
357.03	Highways and Streets .....				
357.00	All Other Local Governmental Units Capital and Operating Grants .....				
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services .....				
359.00	Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes .....				
<b>TOTAL LOCAL GOVERNMENT UNITS</b> .....		\$	\$	\$	\$

2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>FEDERAL</b>				
351.03 Highways and Streets .....				
351.09 Community Development .....				
351.00 All Other Federal Capital and Operating Grants .....				
352.01 National Forest .....				
352.00 All Other Federal Shared Revenue & Entitlements .....				
353.00 Federal Payments in Lieu of Taxes .....	\$	\$	\$	\$
<b>TOTAL FEDERAL</b> .....				

<b>STATE</b>				
354.03 Highways and Streets .....				
354.09 Community Development .....				14,825
354.15 Recycling/Act 101 .....				
354.00 All Other State Capital and Operating Grants .....				12,403
355.01 Public Utility Realty Tax (PURTA) .....				190,812
355.02 - 355.03 Motor Vehicle Fuel Tax. (Liquid Fuels Tax) and State Road Turnback .....				
355.04 Alcoholic Beverage Licenses .....				19,118
355.05 General Municipal Pension System State Aid .....				65,900
355.00 All Other State Shared Revenues & Entitlements .....				
356.00 State Payments in Lieu of Taxes .....	\$	\$	\$	\$ 303,058
<b>TOTAL STATE</b> .....				

<b>LOCAL GOVERNMENT UNITS</b>				
357.03 Highways and Streets .....				
357.00 All Other Local Governmental Units Capital and Operating Grants .....				
358.00 Local Government Unit Shared Payments for Contracted Intergovernmental Services .....				
359.00 Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes .....	\$	\$	\$	\$
<b>TOTAL LOCAL GOVERNMENT UNITS</b> .....				

<b>TOTAL INTERGOVERNMENTAL REVENUES</b> .....	\$ 303,058
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2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>CHARGES FOR SERVICE</b>	896			
361.00 General Government .....	1,151			
362.00 Public Safety .....				
363.20 Parking .....				
363.00 All Other Charges for Highway & Streets Services ..				
364.10 Wastewater/Sewage Charges .....				
364.30 Solid Waste Collection & Disposal Charge (trash) ..				
364.60 Host Municipality Benefit Fee for Solid Waste Facility ..				
364.00 All Other Charges for Sanitation Services .....				
365.00 Health .....				
366.00 Human Services .....		18,964		
367.00 Culture and Recreation .....				
368.00 Airports .....				
369.00 Bars .....				
370.00 Cemeteries .....				
372.00 Electric System .....				
373.00 Gas System .....				
374.00 Housing System .....				
375.00 Markets .....				
377.00 Transit Systems .....				
378.00 Water System .....	325			
379.00 All Other Charges for Service .....				
<b>TOTAL CHARGES FOR SERVICE</b> .....	\$ 2,372	\$ 18,964	\$	\$

UNCLASSIFIED OPERATING REVENUES				
383.00 Assessments .....				
386.00 Escheats (sale of personal property) .....		4,187		
387.00 Contributions & Donations from Private Sectors ..				
388.00 Fiduciary Fund Pension Contributions .....				
389.00 All Other Unclassified Operating Revenues .....				
<b>TOTAL UNCLASSIFIED OPERATING REVENUES</b> .....	\$	\$ 4,187	\$	\$

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

<b>TOTAL REVENUES</b> .....	\$ 1,895,641	\$ 419,299	\$	\$
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\*\* The total of line 392.00 must match the total of line 492.00

2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES	PROPRIETARY FUNDS			FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency		Memorandum Only
<b>CHARGES FOR SERVICE</b>					896
361.00 General Government .....					1,151
362.00 Public Safety .....					
363.20 Parking .....					
363.00 All Other Charges for Highway & Streets Services ..					
364.10 Wastewater/Sewage Charges .....					
364.30 Solid Waste Collection & Disposal Charge (trash) ..					
364.60 Host Municipality Benefit Fee for Solid Waste Facility ..					
364.00 All Other Charges for Sanitation Services .....					
365.00 Health .....					
366.00 Human Services .....					18,964
367.00 Culture and Recreation .....					
368.00 Airports .....					
369.00 Bars .....					
370.00 Cemeteries .....					
372.00 Electric System .....					
373.00 Gas System .....					
374.00 Housing System .....					
375.00 Markets .....					
377.00 Transit Systems .....					
378.00 Water System .....					325
379.00 All Other Charges for Service .....					21,336
<b>TOTAL CHARGES FOR SERVICE</b> .....	\$	\$	\$	\$	21,336

UNCLASSIFIED OPERATING REVENUES					
383.00 Assessments .....					
386.00 Escheats (sale of personal property) .....					4,187
387.00 Contributions & Donations from Private Sectors ..					
388.00 Fiduciary Fund Pension Contributions .....					
389.00 All Other Unclassified Operating Revenues .....					4,187
<b>TOTAL UNCLASSIFIED OPERATING REVENUES</b> .....	\$	\$	\$	\$	4,187

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

<b>TOTAL REVENUES</b> .....	\$	\$	\$	\$	2,314,940
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\*\* The total of line 392.00 must match the total of line 492.00

2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>GENERAL GOVERNMENT</b>	95,206	3,199		
400.00 Legislative (Governing) Body .....				
401.00 Executive (Manager or Mayor) .....	4,000			
402.00 Auditing Services/Financial Administration .....	6,570			
403.00 Tax Collection .....	35,124	432		
404.00 Solicitor/Legal Services .....	34,255			
405.00 Secretary/Clerk .....	83			
406.00 Other General Government Administration .....				
407.00 IT-Networking Services-Data Processing .....	71,645	30,546		
408.00 Engineering Services .....	38,307			
409.00 General Government Buildings and Plant .....				
<b>TOTAL GENERAL GOVERNMENT</b> .....	<b>\$ 285,190</b>	<b>\$ 34,177</b>	<b>\$</b>	<b>\$</b>

<b>PUBLIC SAFETY</b>				
	784,617			
410.00 Police .....	144,752			
411.00 Fire .....	51,694			
412.00 Ambulance/Rescue .....	96,047			
413.00 UCC and Code Enforcement .....	4,400			
414.00 Planning and Zoning .....	11,700			
415.00 Emergency Management & Communications .....				
416.00 Militia and Armories .....				
417.00 Examination of Licensed Occupations .....				
418.00 Public Scales (weights and measures) .....	5,089			
419.00 Other Public Safety .....				
<b>TOTAL PUBLIC SAFETY</b> .....	<b>\$ 1,098,299</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

<b>HEALTH AND HUMAN SERVICES</b>				
420.00-425.00 Health and Human Services .....	300			

<b>PUBLIC WORKS - SANITATION</b>				
	132,268			
426.00 Recycling Collection and Disposal .....	104	1,335		
427.00 Solid Waste Collection and Disposal (trash) .....				
428.00 Weed Control .....				
429.00 Wastewater/Sewage Collection & Treatment .....				
<b>TOTAL PUBLIC WORKS - SANITATION</b> .....	<b>\$ 132,372</b>	<b>\$ 1,335</b>	<b>\$</b>	<b>\$</b>

2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS			FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only	
<b>GENERAL GOVERNMENT</b>					98,405
400.00 Legislative (Governing) Body .....					
401.00 Executive (Manager or Mayor) .....					4,000
402.00 Auditing Services/Financial Administration .....					6,570
403.00 Tax Collection .....					35,556
404.00 Solicitor/Legal Services .....					34,255
405.00 Secretary/Clerk .....					83
406.00 Other General Government Administration .....					
407.00 IT-Networking Services-Data Processing .....					102,191
408.00 Engineering Services .....					38,307
409.00 General Government Buildings and Plant .....					319,367
<b>TOTAL GENERAL GOVERNMENT</b> .....	\$	\$	\$	\$	

<b>PUBLIC SAFETY</b>					784,617
410.00 Police .....					144,752
411.00 Fire .....					51,694
412.00 Ambulance/Rescue .....					96,047
413.00 UCC and Code Enforcement .....					4,400
414.00 Planning and Zoning .....					11,700
415.00 Emergency Management & Communications .....					
416.00 Militia and Armories .....					
417.00 Examination of Licensed Occupations .....					
418.00 Public Scales (weights and measures) .....					5,089
419.00 Other Public Safety .....					
<b>TOTAL PUBLIC SAFETY</b> .....	\$	\$	\$	\$	1,098,299

<b>HEALTH AND HUMAN SERVICES</b>					300
420.00-425.00 Health and Human Services .....					

<b>PUBLIC WORKS - SANITATION</b>					132,268
426.00 Recycling Collection and Disposal .....					1,439
427.00 Solid Waste Collection and Disposal (garbage) .....					
428.00 Weed Control .....					
429.00 Wastewater/Sewage Collection & Treatment .....					133,707
<b>TOTAL PUBLIC WORKS - SANITATION</b> .....	\$	\$	\$	\$	

2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>PUBLIC WORKS - HIGHWAYS &amp; STREETS</b>				
430.00 General Services - Administration .....	84,752	20,951		
431.00 Cleaning of Streets and Gutters .....	10,220	19,746		
432.00 Winter Maintenance - Snow Removal .....	26,397	13,268		
433.00 Traffic Control Devices .....	84,945			
434.00 Street Lighting .....				
435.00 Sidewalks and Crosswalks .....	602			
436.00 Storm Sewers and Drains .....	33,133	4,022		
437.00 Repairs of Tools and Machinery .....	213,567	135,051		
439.00 Highway Construction and Rebuilding Projects .....				
<b>TOTAL PUBLIC WORKS - HIGHWAYS &amp; STREETS</b> .....	<b>\$ 453,616</b>	<b>\$ 193,038</b>	<b>\$</b>	<b>\$</b>

<b>PUBLIC WORKS - OTHER SERVICES</b>				
440.00 Airports .....				
441.00 Cemeteries .....				
442.00 Electric System .....				
443.00 Gas System .....				
444.00 Markets .....				
445.00 Parking .....	142,480			
446.00 Storm Water and Flood Control .....				
447.00 Transit System .....				
448.00 Water System .....				
449.00 Water Transport and Terminals .....				
<b>TOTAL PUBLIC WORKS - OTHER SERVICES</b> .....	<b>\$ 142,480</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

<b>CULTURE AND RECREATION</b>				
451.00 Culture-Recreation Administration .....		10,000		
452.00 Participant Recreation .....		135,549		
453.00 Spectator Recreation .....				
454.00 Parks .....				
455.00 Shade Trees .....				
456.00 Libraries .....				
457.00 Civil and Military Celebrations .....				
458.00 Senior Citizens' Centers .....	6,850	10,070		
459.00 All Other Culture and Recreation .....				
<b>TOTAL CULTURE AND RECREATION</b> .....	<b>\$ 6,850</b>	<b>\$ 155,619</b>	<b>\$</b>	<b>\$</b>

<b>COMMUNITY DEVELOPMENT</b>				
461.00 Conservation of Natural Resources .....	(2,034)			
462.00 Community Development and Housing .....				
463.00 Economic Development .....				
464.00 Economic Opportunity .....				
465.00 - 469.00 All Other Community Development .....				
<b>TOTAL COMMUNITY DEVELOPMENT</b> .....	<b>\$ (2,034)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>PUBLIC WORKS - HIGHWAYS AND STREETS</b>				105,703
430.00 General Services - Administration .....				
431.00 Cleaning of Streets and Gutters .....				29,966
432.00 Winter Maintenance - Snow Removal .....				39,665
433.00 Traffic Control Devices .....				84,945
434.00 Street Lighting .....				
435.00 Sidewalks and Crosswalks .....				602
436.00 Storm Sewers and Drains .....				37,155
437.00 Repairs of Tools and Machinery .....				348,618
438.00 Maintenance & Repairs of Roads & Bridges .....				
439.00 Highway Construction and Rebuilding Projects .....				
<b>TOTAL PUBLIC WORKS - HIGHWAYS &amp; STREETS</b>	\$	\$	\$	\$ 646,654

<b>PUBLIC WORKS - OTHER SERVICES</b>				
440.00 Airports .....				
441.00 Cemeteries .....				
442.00 Electric System .....				
443.00 Gas System .....				
444.00 Markets .....				
445.00 Parking .....				142,480
446.00 Storm Water and Flood Control .....				
447.00 Transit System .....				
448.00 Water System .....				
449.00 Water Transport and Terminals .....				142,480
<b>TOTAL PUBLIC WORKS - OTHER SERVICES</b>	\$	\$	\$	\$ 142,480

<b>CULTURE AND RECREATION</b>				
451.00 Culture-Recreation Administration .....				76,668
452.00 Participant Recreation .....				
453.00 Spectator Recreation .....				68,881
454.00 Parks .....				
455.00 Shade Trees .....				
456.00 Libraries .....				
457.00 Civil and Military Celebrations .....				
458.00 Senior Citizens' Centers .....				16,920
459.00 All Other Culture and Recreation .....				
<b>TOTAL CULTURE AND RECREATION</b>	\$	\$	\$	\$ 162,469

<b>COMMUNITY DEVELOPMENT</b>				
461.00 Conservation of Natural Resources .....				(2,034)
462.00 Community Development and Housing .....				
463.00 Economic Development .....				
464.00 Economic Opportunity .....				
465.00 - 469.00 All Other Community Development .....				(2,034)
<b>TOTAL COMMUNITY DEVELOPMENT</b>	\$	\$	\$	\$ (2,034)

2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>DEBT SERVICE</b>				
471.00 Debt Principal (short-term and long-term) .....				
472.00 Debt Interest (short-term and long-term) .....				
475.00 Fiscal Agent Fees .....				
<b>TOTAL DEBT SERVICE</b> .....	\$	\$	\$	\$

<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS</b>				
481.00 Employer Paid Withholding Taxes and Unemployment Compensation .....	27,515			
482.00 Judgments and Losses .....	37,613			
483.00 Pension/Retirement Fund Contributions .....	24,966			
484.00 Worker Compensation Insurance .....	5,519			
487.00 Group Insurance and Other Benefits .....				
<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS</b> .....	\$ 95,613	\$	\$	\$

<b>INSURANCE</b>				
486.00 Insurance, Casualty, and Surety .....	122,512			

<b>UNCLASSIFIED OPERATING EXPENDITURES</b>				
488.00 Fiduciary Fund Benefits and Refunds Paid .....				
489.00 All Other Unclassified Expenditures .....				
<b>TOTAL UNCLASSIFIED OPERATING EXPENDITURES</b> .....	\$	\$	\$	\$

<b>OTHER FINANCING USES</b>				
491.00 Refund of Prior Year Revenues .....				
492.00 Interfund Operating Transfers** .....				
493.00 All Other Financing Uses .....				
<b>TOTAL OTHER FINANCING USES</b> .....	\$	\$	\$	\$

<b>TOTAL EXPENDITURES</b> .....	\$ 2,335,198	\$ 384,169	\$	\$
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b> .....	\$ (439,557)	\$ 35,130	\$	\$
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\*\* The total of line 492.00 must match the total of line 392.00

2008 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>DEBT SERVICE</b>				
471.00 Debt Principal (short-term and long-term) .....				
472.00 Debt Interest (short-term and long-term) .....				
475.00 Fiscal Agent Fees .....	\$	\$	\$	\$
<b>TOTAL DEBT SERVICE</b> .....				

EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS				
481.00 Employer Paid Withholding Taxes and Unemployment Compensation .....				27,515
482.00 Judgments and Losses .....				37,613
483.00 Pension/Retirement Fund Contributions .....				24,966
484.00 Worker Compensation Insurance .....				5,519
487.00 Group Insurance and Other Benefits .....	\$	\$	\$	\$ 95,613
<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS</b> .....				

INSURANCE				
486.00 Insurance, Casualty, and Surety .....				122,512

UNCLASSIFIED OPERATING EXPENDITURES				
488.00 Fiduciary Fund Benefits and Refunds Paid .....				
489.00 All Other Unclassified Expenditures .....	\$	\$	\$	\$
<b>TOTAL UNCLASSIFIED OPERATING EXPENDITURES</b> .....				

OTHER FINANCING USES				
491.00 Refund of Prior Year Revenues .....				
492.00 Interfund Operating Transfers** .....				
493.00 All Other Financing Uses .....	\$	\$	\$	\$
<b>TOTAL OTHER FINANCING USES</b> .....				

<b>TOTAL EXPENDITURES</b> .....	\$	\$	\$	\$ 2,719,367
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b> .....	\$	\$	\$	\$ (404,427)
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\*\* The total of line 492.00 must match the total of line 392.00

# MAIDENCREEK TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

### 1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of activity:**

Maidencreek Township (the "Township") founded in 1747, has an approximate population of 6,600, based on a 2000 census report, living within an area of 14.8 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Berks County.

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

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

#### **A. THE FINANCIAL REPORTING ENTITY**

The Township is a Pennsylvania Second Class Township which operates under a Board of Supervisors form of government. U. S. generally accepted accounting principles require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the primary government. The component unit as determined under the above criteria and as discussed below is not included in the Township's reporting entity as these financial statements include only the cash activities of the primary government.

#### **INDIVIDUAL COMPONENT UNIT DISCLOSURES**

##### **Maidencreek Township Authority:**

The Maidencreek Township Authority is governed by a five-member board appointed by the Township Supervisors. Although it is legally separate from the Township, the Authority is a component unit and its primary purpose is to provide water and sewer utilities to the Township. The Authority issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Maidencreek Township Authority.

# MAIDENCREEK TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2008

### 1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES - continued

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

#### B. DESCRIPTION OF FUND ACCOUNTING AND FUNDS

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

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

##### **Governmental fund types:**

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

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

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

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

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

# MAIDENCREEK TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2008

### 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. In prior years funds retained for future disposition were accounted for as a fund balance. These funds are held in a trustee capacity and after certain criteria is met, the remainder if any is returned to the developers. As such these funds are now reported as liabilities of the Township.

#### C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

##### **Basis of accounting:**

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

##### **Cash Basis:**

The Township's accounts are maintained on a cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principals, and the statements of cash receipts and disbursements reflect only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, accrued income and expenses and amortization and depreciation, which may be material in amount, are not reflected in the accompanying financial statements.

**MAIDENCREEK TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

DECEMBER 31, 2008

**1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (CONTINUED)**

**Measurement focus:**

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

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

**D. ASSET ACCOUNTING POLICY DISCLOSURES**

**Cash:**

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

**General fixed assets:**

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

**E. FUND EQUITY ACCOUNTING POLICY DISCLOSURES**

**Fund balances:**

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

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

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

# MAIDENCREEK TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2008

### 1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

#### F. REVENUE AND EXPENDITURE POLICY DISCLOSURES

##### Revenues:

All revenues are recognized when received.

##### Property taxes:

Property tax revenues are recognized on the cash basis. The Township is permitted by state law to levy taxes up to 30 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Township for 2008 was 1.125 mills, as established by the Board of Supervisors. Current tax collections for the Township were approximately 98 percent of the total tax levy.

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

##### Intergovernmental revenues:

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

##### Expenditures/expenses:

Expenditures and expenses are recognized when paid.



**MAIDENCREEK TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**DECEMBER 31, 2008**

**1. NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**F. REVENUE AND EXPENDITURE POLICY DISCLOSURES**

**Compensated Absences:**

Compensated absences for vacation and sick leave are recorded when paid.

**2. BUDGET MATTERS**

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

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

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

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Compliance with finance related legal and contractual provisions:**

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

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

No individual fund, which was budgeted as required by the Commonwealth of Pennsylvania, contained an excess of expenditures over appropriations that was not covered by the cash balance at December 31, 2007 and the cash received for the year ended December 31, 2008.

**4. CASH**

As of December 31, 2008 bank balances of deposits were entirely insured by Federal Depository Insurance or collateralized in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

**MAIDENCREEK TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

DECEMBER 31, 2008

**5. 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	\$ 37,613
Interest on net pension obligation	--
Adjustment to annual required contribution	<u>    --    </u>
Annual pension cost	\$ 37,613
Contributions made	<u>37,613</u>
Increase(decrease) in net pension obligation	--
Net pension obligation beginning of year	<u>    --    </u>
Net pension obligation end of year	<u><u>    --    </u></u>

**MAIDENCREEK TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

DECEMBER 31, 2008

**5. 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, 2008 actuarial valuation using the entry age normal with normal cost as a level percent of salary. The actuarial assumptions included (a) 5.5% investment rate of return and (b) projected salary increases of 4.50% per year. Provisions for administrative expenses are added to normal cost. The assumptions included postretirement mortality and percent married provisions. Retirement is based upon normal retirement age as defined in the Plan. The actuarial value of assets was determined by market value of assets as of the valuation date.

*Three-Year Trend Information:*

<b>Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/06	\$ 31,742	100%	\$ --
12/31/07	\$ 37,256	100%	\$ --
12/31/08	\$ 37,613	100%	\$ --

**6. COMMITMENTS AND CONTINGENCIES**

**Maidencreek Township Authority:**

The Township has guaranteed the Authority's 1999 Sewer Revenue Note, of which \$ 490,952 is outstanding at September 30, 2008, the date of the Authority's latest year end. The debt is evidenced by a Guaranty Agreement.

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

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

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	AAL (UAAL) (b-a)	Funded Ratio (a/b)
January 1, 2001	\$ 108,088	\$ 156,736	\$ 48,648	69%
January 1, 2003	191,044	186,723	( 4,321)	102%
January 1, 2005	149,899	190,089	40,190	79%
January 1, 2007	273,269	254,949	( 18,320)	107%

	Covered Payroll (c)	UAAL As A % of Covered Payroll (b-a)/c)
January 1, 2001	\$ 131,811	37.0%
January 1, 2003	166,829	( 2.6%)
January 1, 2005	176,863	22.7%
January 1, 2007	260,915	( 7.0%)





**AUDIT NOTICE**

**MAIDENCREEK TOWNSHIP  
BERKS COUNTY, PENNSYLVANIA**

**PREPARED ON A CASH BASIS**

Year Ended December 31, 2008

**Cash Receipts:**

Taxes-all sources (real estate assessed valuation \$359,100,200)	\$ 1,766,425
Licenses and permits	138,841
Fines and forfeits	36,347
Interest, rents and royalties	44,746
Intergovernmental revenues	303,058
Charges for services	21,336
Miscellaneous revenues	<u>4,187</u>

**Total cash receipts** **\$ 2,314,940**

**Cash Disbursements:**

General government	\$ 319,367
Public safety	1,098,299
Health & Human Services	300
Public works:	
Sanitation	133,707
Highways and streets	646,654
Other public works enterprises	142,480
Culture and recreation	162,469
Community Development	( 2,034)
Miscellaneous expenditures	95,613
Insurance	<u>122,512</u>

**Total cash disbursements** **\$ 2,719,367**

**Deficit of cash receipts  
over cash disbursements**

**(\$ 404,427)**

**Cash, December 31, 2007:**

Governmental fund types:

General Fund	\$ 815,376
State Liquid Fuels Fund	15,456
Recreation Fund	156,224
Trust & Agency Funds	<u>401,576</u>

**Total cash**

**\$ 1,388,632**

**Cash, December 31, 2008:**

Governmental fund types:

General Fund	\$ 375,907
State Liquid Fuels Fund	24,765
Recreation Fund	182,045
Trust & Agency Funds	<u>429,123</u>

**Total cash**

**\$ 1,011,840**

**Statement of Indebtedness:**

General Obligation Note

\$ 0

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



# Kosmerl & Company, P.C.

A Professional Corporation

*Certified Public Accountants*

845 North Park Rd.

Wyomissing, PA

19610-1342

(610) 372-5815

FAX (610) 372-8466

k.cpas@kosmerl.net

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

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

December 8, 2008

Ms Diane Hollenbach  
Maidencreek Township  
P.O. Box 319  
Blandon, PA 19510

## RE: 2008 ENGAGEMENT LETTER

Dear Diane:

Enclosed is the 2008 engagement letter. This letter is at the same terms as 2007. Also, please note I have added the penalty clause on the third page, the third to last paragraph.

Should you have any questions, please contact me at your convenience. I would also like to thank you and the Board for our continued relations.

Respectfully yours,



---

JOHN C. KOSMERL  
CERTIFIED PUBLIC ACCOUNTANT  
KOSMERL & COMPANY, P.C.

JCK/awm

Enclosures



# Kosmerl & Company, P.C.

A Professional Corporation

*Certified Public Accountants*

845 North Park Rd.

Wyomissing, PA

19610-1342

(610) 372-5815

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

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

The Board of Supervisors  
Maidencreek Township  
Blandon, Pennsylvania

Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for Maidencreek Township for the year ended December 31, 2008. We will audit the financial statements of the Maidencreek Township accounts as of and for the year ended December 31, 2008.

We understand that the financial statements will be presented under the guidelines of the Commonwealth of Pennsylvania Annual Report of Municipalities.

## **Audit Objective**

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with the cash basis of accounting. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.



### **Management Responsibilities**

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. You are responsible for making all management decisions, performing all management functions, and designating a management-level employee with sufficient skills, knowledge or experience to oversee any nonattest services we provide and to evaluate the adequacy and results of those services and accepting responsibility for them. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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

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

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

### **Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatement may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Identifying and ensuring that Maidencreek Township complies with laws, regulations, contracts, and agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we may perform tests of Maidencreek Township's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### **Audit Procedures – Internal Control**

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

The Board of Supervisors  
Maidencreek Township

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**Audit Administration, Fees, and Other**

We understand that your employees will locate invoices selected by us for testing.

Our proposed fees for these services will be \$ 4,000.00. This quote is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a mutually agreeable settlement.

Failure to deliver the completed DCED audit report of the 2008 Maidencreek Township financial records to the Maidencreek Township office by March 31, 2009 will give rise to the Township withholding payment of a sum equivalent to 1 percent of the total contract price as a penalty.

Our audit engagement will end upon the delivery of our audit report to you, unless circumstances described earlier cause us to not issue a report.

We appreciate the opportunity to be of service to Maidencreek Township and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign all enclosed copies and return two of them to us in the enclosed self-addressed stamped envelope.

Sincerely yours,

*Kosmerl & Company, P.C.*

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KOSMERL & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**RESPONSE:**

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

By: MAIDENCREEK TOWNSHIP

Accepted by: *Claude Beaver*