

PETERS TOWNSHIP

WASHINGTON COUNTY, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2012

PETERS TOWNSHIP

WASHINGTON COUNTY, PENNSYLVANIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED DECEMBER 31, 2012

PREPARED BY:
DEPARTMENT OF ADMINISTRATION

MICHAEL A. SILVESTRI
TOWNSHIP MANAGER

PAUL F. LAUER
ASSISTANT TOWNSHIP MANAGER

**Peters Township
Comprehensive Annual Financial Report
Year Ended December 31, 2012
Table of Contents**

	<u>Exhibit</u>	<u>Page No.</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1 - 9
Organizational Chart		10
List of Principal Officials		11
GFOA Certificate of Achievement		12
FINANCIAL SECTION		
Independent Auditor's Report		13 - 15
Management's Discussion and Analysis		16 - 27
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	28
Statement of Activities	2	29
Fund Financial Statements		
Balance Sheet - Governmental Funds	3	30
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	32
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6	33 - 34
Statement of Net Position - Proprietary Fund	7	35
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	8	36

	<u>Exhibit</u>	<u>Page No.</u>
FINANCIAL SECTION (CONT'D)		
Basic Financial Statements (Cont'd)		
Fund Financial Statements (Cont'd)		
Statement of Cash Flows - Proprietary Fund	9	37
Statement of Net Position - Fiduciary Funds	10	38
Statement of Change in Net Position - Fiduciary Funds	11	39
Notes to Financial Statements		40 - 67
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund - Budget and Actual		68 - 75
Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Fund - Cable Television Fund - Budget and Actual		76
Note to the Required Supplementary Information		77
Defined Benefit Pension Trust Funds		78
Other Post-Employment Benefits		79
Combining and Individual Fund Statements and Schedules		
Combining Balance Sheet - Nonmajor Governmental Funds		80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds		81
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual		
Special Revenue Fund - Highway Aid Fund		82
Special Revenue Fund - Library Fund		83
Debt Service Fund - Series of 2010		84
Debt Service Fund - Series of 2012		85
Capital Projects Fund		86 - 87

	<u>Table</u>	<u>Page No.</u>
STATISTICAL SECTION		
Net Position by Component - Last Nine Fiscal Years	1	88
Changes in Net Position - Last Nine Fiscal Years	2	89 - 90
Fund Balances, Governmental Funds - Last Ten Fiscal Years	3	91
Statement of Revenue, Expenditures and Changes in Fund Balances - Last Ten Fiscal Years	4	92 - 93
General Governmental Expenditures by Function - Last Ten Fiscal Years	5	94
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	6	95
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	7	96
Ten Largest Real Estate Taxpayers - Current and Nine Years Ago	8	97
Property Tax Levies and Collections - Last Ten Fiscal Years	9	98
Taxable Earned Income and Tax Collected - Last Ten Fiscal Years	10	99
Taxable Earned Income Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	11	100
Earned Income Tax Filers and Liability by Income Level	12	101
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	13	102
Computation of Direct and Overlapping Debt	14	103
Legal Debt Margin Information - Last Ten Fiscal Years	15	104
Computation of Legal Debt Margin	16	105

	<u>Table</u>	<u>Page No.</u>
STATISTICAL SECTION (CONT'D)		
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	17	106
Principal Employers - Current Year and Nine Years Ago	18	107
Ten Largest Vendors - Current Year and Nine Years Ago	19	108
Peters Township Indicators	20	109 - 110
Age Distribution Related to Total Population	21	111
Population Growth 1920 - 2010	22	112
Household Incomes	23	112
Educational Characteristics - Education Attainment Persons 25 Years and Older	24	113
Occupation of Employed Persons 16 and Over	25	113
Housing Units by Occupancy - 2000 - 2010 Comparison	26	114
Value of Specified Owner Occupied Housing Units	27	114
Median Housing Value Comparison	28	114

INTRODUCTORY SECTION

Peters Township

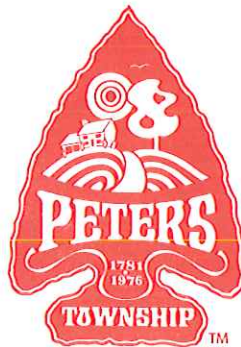
WASHINGTON COUNTY

MICHAEL A. SILVESTRI, *Manager*
PAUL F. LAUER, *Assistant Manager*

610 East McMurray Road
McMurray, Pennsylvania 15317-3420

724/941-4180 Fax 942-5022

Dept. Direct Dial No.:



COUNCIL

FRANK ARCURI, *Chairman*
JAMES F. BERQUIST, *Vice Chair*
ROBERT L. ATKISON
DAVID M. BALL
ROBERT J. LEWIS
MONICA R. MERRELL
GARY J. STIEGEL, JR.

June 17, 2013

TO: The Citizens of Peters Township

Peters Township's Home Rule Charter requires the annual public presentation of an independent financial audit of the Township conducted by a certified public accountant. I am pleased to submit for your review, the Comprehensive Annual Financial Report of Peters Township for the fiscal year ended December 31, 2012 in fulfillment of this requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a framework of internal controls that is established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements

Hosack, Specht, Muetzel and Wood LLP, Certified Public Accountants, have issued an opinion without qualification on Peters Township's financial statements for the year ended December 31, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statement. Management's discussion and analysis is intended to complement this letter of transmittal and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the government's organizational chart and a list of principal officials. The financial section includes the financial statements with an opinion of the independent certified public accountant based upon their audit. The financial section also includes the management's discussion and analysis (MD&A), which is a narrative introduction, overview and analysis of the basic financial statement. The statistical section includes selected financial and demographic information, generally presented in a multi-year basis.

Profile of Government

Peters Township is a general unit of local government, and as such, provides a wide variety of public services. These services include:

Police Protection
Fire Protection
Road Maintenance
Planning
Code Enforcement
Parks & Recreation
Library
Community Television

The Township operates through the authority granted it by the Peters Township Home Rule Charter. The Charter provides that the Township be governed by a seven (7) member elected Council. The Council is vested with a broad-range of policy-making powers. To assist the Council in formulation of policy, a variety of boards have been created. These include:

Planning Commission
Zoning Hearing Board
Park and Recreation Board
Cable T.V. Board
Environmental Quality Board
Library Board
Youth Commission
Construction Appeals Board

Day-to-day administration is the responsibility of the Township Manager. Council appoints the Manager for an indeterminate period. The Township Manager, in turn, recommends to Council the appointment of all Department Heads.

The Peters Township Organization Chart, which follows this letter, provides a visual representation of the Township's structure.

Local Economy

In 2012 there was definitely an improvement in the local economy. This was evidenced by increased residential construction, interest in new development plans and higher earned incomes. The status of sewer taps available in the Peters Creek area has improved which will facilitate the ability to continue development.

The number of new residential construction units in 2012 was 111; which is about 40% higher than the previous two years. One major new commercial building under construction is the St. Clair Hospital building. In addition the former Manor House furniture building was renovated and now occupied. The Giant Eagle Express grocery store is currently under construction. There has been renewed interest for residential developments and we expect a number of sizable plans to be under construction in 2013.

Real estate tax assessments continue to be a concern with over 100 active tax appeals. The County has not had an assessment since 1980. The Washington County Common Pleas Court ordered assessment has yet to occur and is being reviewed in Commonwealth Court.

Major Initiatives

The purpose of the Home Rule Government of Peters Township is to efficiently serve the residents, businesses and property owners of the community by providing them with a safe and enjoyable community. This requires the various departments of the municipality to do their share in providing a livable community.

The municipal government's role in achieving this vision is through five basic divisions:

1. General Government
2. Protection of Persons and Property
3. Health and Safety
4. Public Works
5. Culture and Recreation

The community needs a sound infrastructure to serve its residents, businesses and property owners, as well as to protect property values in the future. The municipality must also protect its residents, businesses and property owners, as well as their properties. The municipality must provide a social atmosphere that will encourage the community's viability in the forms of recreation, social services, aesthetics, sound economic base and responsiveness to community problems. Finally, the municipal government has a responsibility to inform the public of its activities and plans to permit the residents and property owners the ability to assess the effectiveness of their government and make known their opinions.

GENERAL GOVERNMENT

The basic functions of the municipality need a variety of support and coordinating services to permit them to operate. These services also act as the implementation arm for Council's policies. These services include management, finance, tax collection, communications, and professional services, such as legal, engineering and accounting. The objectives in 2013 include:

1. The Township will make physical improvements to the Municipal Building including a new HVAC system, shingled roof replacement, a phone system, plumbing improvements including a new ADA restroom.
2. Communicating to the community through 6 "In Peters Township Magazines" a calendar, the website and cable channels and continue social networking presence through Facebook and Twitter.
3. Insurance programs will be bid including liability, casualty and workers' compensation. This will accompanied by an initiative to improve safety of employees.

4. The Township will assure a sound financial system by continuing to contract for real estate tax collection services and participate in the County-wide Tax Collection Committee for earned income and local services taxes.
5. Consulting and in-house professional staff will be utilized to conduct an audit, general legal services and engineering services. Solicit proposals for auditing services. Continue transition of tax collection from Jordan to Keystone Collections Group.
6. Provide design and oversight of construction projects including resurfacing, storm sewers, stormwater, the Sugar Camp Trail Bridge and the Peters Lake Spillway study.
7. Provide a sound technological support system by replacing 5 flat panel monitors, 24 desk top computers in the library and municipal building and 1 Council laptop.
8. Maintain morale of volunteers and paid staff by recognition of service awards.

PROTECTION OF PERSONS AND PROPERTY

The Township provides or finances a variety of services to protect the public and property; these include police, fire, ambulance, planning and inspection. The objectives for 2013 include:

1. To continue a proactive approach to addressing the health and needs of the community, continue to provide prevention programs to students such as DARE, the School Resource Officer, and Fatal Vision, including the purchase of an Intoxiclock, as well as conduct over 70 fire prevention programs.
2. Provide direction to police officers to ensure they are adequately trained and have the facilities to serve the community by providing at least the minimum MPOETC training and firearms requirements, 3 glock pistols, 10 individual police officer kits, a stack-on gun cabinet 25 replacement night sites and 8 glock magazines; as well as participate in the SHACOG CIRT Team.
3. Continue to operate the deer management program in conjunction with and the Environmental Quality Board.
4. Continue coordination of protection by conducting quarterly meetings with Fire, EMS and Police, as well as to continue cooperative efforts between Planning and emergency services for plan reviews and commercial inspections.
5. Purchase three replacement police vehicles and DUI task force equipment.
6. Implement a joint operations plan with North Strabane Township to increase the effectiveness and efficiency of fire protection.
7. Purchase adequate equipment for the firefighters to maintain a safe operation, including 3 sets of turnout gear and supply & attack hose. Purchase a replacement fire engine if deemed needed.

8. Continue funding of Senior Citizen Subscriptions to the Ambulance Service to reflect the higher number of senior citizens.
9. Complete a new comprehensive land use planning process and prepare for updating the zoning ordinance.

HEALTH AND SAFETY

Health and safety functions are primarily provided through authorities and private contractors. The Township government must be active in these functions to assure that the community has a healthy environment. The major objectives of 2013 are:

1. Promote the participative nature of our residents by providing a recycling program, 5 fall and 1 spring leaf and 24 year round brush collection pick-us, an electronic device drop off program; continue a volunteer landscaping program and the purchase of a cardboard compactor. In addition a household hazardous waste collection event will be conducted.
2. Participate with the Peters Township, Peters Creek and Washington County Sewage Council for sewage planning and enforcement.
3. Participate with SHACOG in the bidding of a multiyear garbage/recycling collection program.

PUBLIC WORKS

The Township maintains a 107.5 mile road network, storm sewers, storm water management facilities and numerous buildings and structures. The objectives in 2013 are:

1. A well maintained road system is a key component to the safety of residents as well as for the efficient operation of businesses, emergency services and school busing. The reduced level of resurfacing financing will still be sufficient to maintain the roadway system. The Valley Brook/Route 19 intersection is expected to be under construction, Township funding was made in 2010. The Sugar Camp Trail Bridge will be replaced if grant funding is received.
2. Install a new water line to better serve the public works facility as well as replace 2 garage doors. An aerial work platform to better maintain buildings will be purchased.
3. Address stormwater issues proactively by renovating three stormwater detention ponds, continuing year 3 of a 10 year storm sewer replacement program for aging corrugated metal pipe.
4. Purchase two replacement trucks.

CULTURE AND RECREATION

The Township provides a well-rounded variety of recreation programs and facilities; it also provides complete Library services and operates and programs multiple cable television channels. The objectives in 2013 include:

1. Continue to provide multiple opportunities for involvement of residents by recruiting over 300 volunteers to assist in recreation, library and cable programming.
2. Maintain a close cooperation with the school district by sharing of recreation facilities and scheduling, coordinating library offerings and an outreach coordinator with the school curriculum and operating a cable studio at the high school, with significant capital equipment including two video recording booths.
3. Continue to provide a wide variety of programs for all interests including 4 summer concerts, increased CRC programming and increased usage of electronic books through the Library. Continued offering of the Silver Sneakers Program will provide affordable programs for the wellness of seniors.
4. Plan for the future needs of our continuing growth in population by installing new lighting in the CRC gymnasium, renovating the community room kitchen, paint the tennis pro shop and add a storage building at the tennis courts.
5. Maintain existing facilities replacing of the ball field fencing and paving Elm Grove Park parking lot modify field 4 and conduct an engineering study of the Peters Lake dam spillway.

Financial Operations

ACCOUNTING AND BUDGETING

In developing and evaluating the Township's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurances regarding:

1. The safeguarding of assets against loss from unauthorized uses or disposition.
2. Reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

1. The cost of the control should not exceed the benefits likely to be derived.
2. The evaluation of costs and benefits requires estimates and judgment by management.

All internal control evaluations occur within the above framework. We believe the Township's internal accounting controls adequately safeguard assets and provide reasonable assurance in proper recording of financial transactions.

In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the government's governing body. Activities of the General Fund, Special Revenue Funds and the Capital Project Fund are included in the annual appropriated budget. The level of budgetary control is established by function within an individual fund. Budgetary control is that level in which expenditures cannot legally exceed the appropriated amount.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

It is the stated goal of the Township to maintain a fund balance equal to or in excess of 15% of revenues. Revenues associated with governmental funds in 2012 equaled \$15,384,784. The fund balances as of December 31, 2012 greatly exceeded the target of \$2,307,718. The year-end fund balance totaled \$10,151,804. Of this amount, \$3,910,072 was unassigned.

The Peters Township Home Rule Charter required Peters Township Council to annually adopt a five-year Capital Improvement Plan. The Charter requires that the Capital Improvement Plan include:

1. A simple, clear, general summary of the detailed contents of the program.
2. The capital improvements pending or proposed for the next fiscal year, together with the estimated cost of each improvement and the method for financing it.
3. The capital program proposed for the next four years following, together with the estimated cost of each improvement and the proposed method of financing it.
4. The estimated annual cost of operating and maintaining the facilities to be constructed or acquired.

This Capital Improvement Plan is annually developed, adopted, and published in conjunction with the Township's annual operating budget. The intent of the plan is to ensure that not only facilities, equipment and infrastructure are well maintained, but also that the cost associated with these improvements are financed in a systematic and sound fashion.

Projects incorporated into the plan are derived from a number of sources. In some cases, projects are initially identified within studies commissioned by the Township. These studies include:

Comprehensive Land Use Plan
Comprehensive Traffic Study
Comprehensive Recreation Plan
Comprehensive Study of Recreational Fields
Peterswood Master Plan
Peters Lake Park Master Plan
Stormwater Management Plan
Management Study of Fire Department Services

Capital Improvement Projects are proposed and advocated by standing advisory committees which are provided for in the Home Rule Charter or the Peters Township Administrative Code. In addition, potential capital improvement projects are submitted by the Township's department heads.

The 2013-2017 Capital Improvement Plan anticipates the expenditure of \$30,481,441 over the next five years based on the following annual expenditure of funds:

2013 - \$4,278,976
2014 - \$6,682,690
2015 - \$6,388,900
2016 - \$7,306,000
2017 - \$5,824,875

Of this amount, \$5,545,875 is designated for the acquisition or replacement of vehicles. The remaining expenditures are related to improvements to facilities and infrastructure. A significant portion of the Capital Improvement Plan is devoted to road improvements. The cost of proposed road improvement contained in the plan total \$18,927,000.

Projects contained in the 2013-2017 Capital Improvement Plan will be financed through the expenditure of excess current funds, capital lease, grants, and fees. The Township received block grant funding from the state of Pennsylvania under the Liquid Fuels Program, the Local Share Program, and the Natural Gas Impact Fee Program. These funds are devoted to financing capital improvements. In addition, the Township levies a Traffic Impact Fee on all new developments. These funds are earmarked to finance road improvement projects. The Township does not anticipate issuing any long-term debt in the next five years.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for excellence in financial reporting to the government for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. This was the eighteenth consecutive year that Peters Township has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

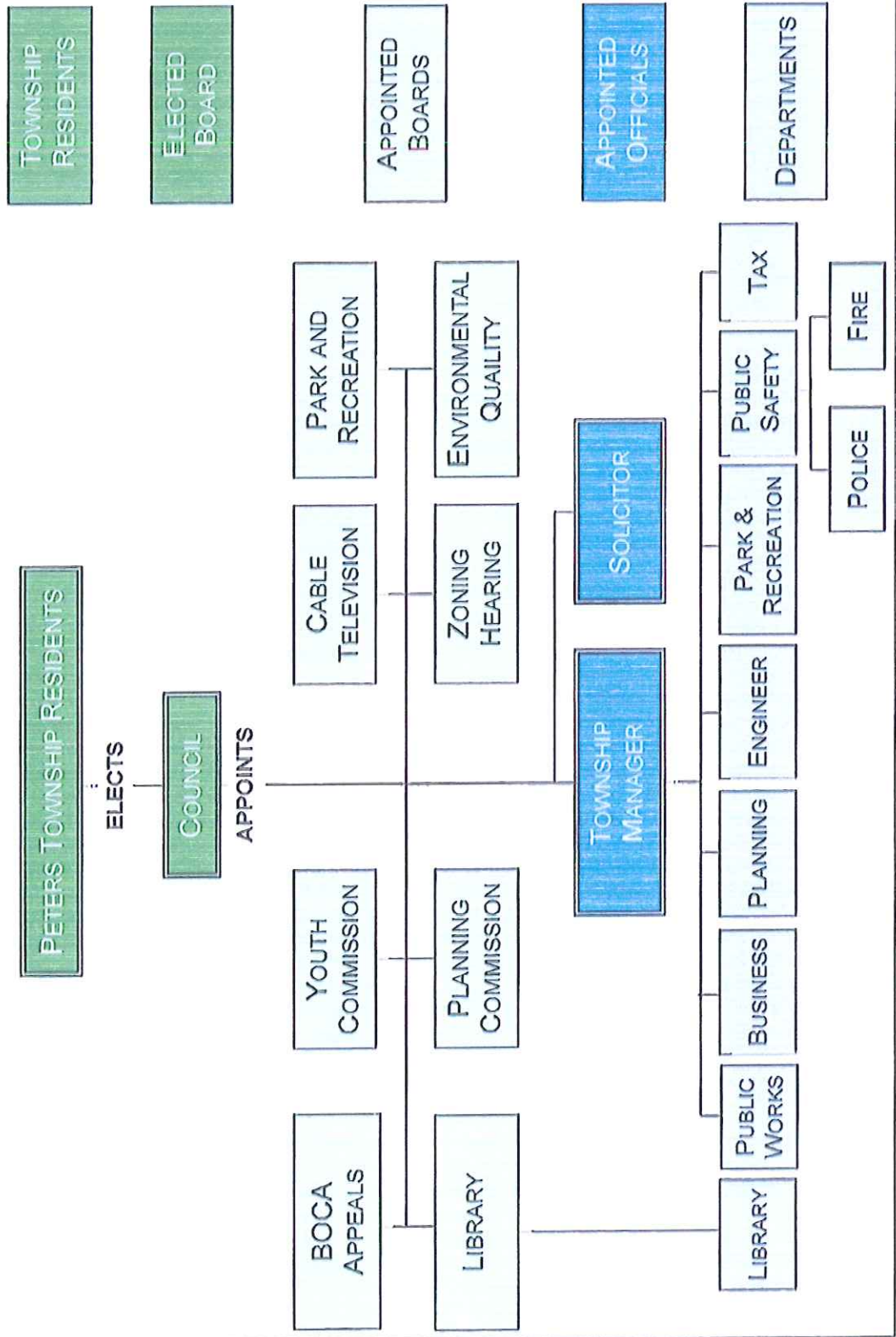
The production of this report was made possible through the efforts of a variety of individuals. The work and cooperation of the Township's administration staff, particularly the Assistant Township Manager, Paul F. Lauer, was instrumental in the completion of this report. I also wish to acknowledge the efforts of Council for its support and encouragement. As in other endeavors, Council has committed itself to insuring that the financial operations of the Township are conducted in a progressive and responsive manner.

Respectfully submitted,

Michael A. Silvestri

Michael A. Silvestri
Township Manager

Peters Township Organizational Chart



PETERS TOWNSHIP
LIST OF PRINCIPAL OFFICIALS
As of June 1, 2013

<u>Title</u>	<u>Name</u>
Chairman, Peters Township Council	Frank Arcuri
Vice-Chairman, Peters Township Council	James F. Berquist
Member, Peters Township Council	Robert L. Atkison
Member, Peters Township Council	David M. Ball
Member, Peters Township Council	Robert Lewis
Member, Peters Township Council	Monica Merrell
Member, Peters Township Council	Gary Stiegel, Jr.
Township Manager	Michael A. Silvestri
Assistant Township Manager	Paul F. Lauer
Public Safety Director	Harry J. Fruecht
Fire Chief	Daniel Coyle
Planning Director	Edward J. Zuk
Public Works Director	Peter C. Overcashier
Parks and Recreation Director	Michele Harmel
Township Engineer	Mark A. Zemaitis
Township Solicitor	William A. Johnson

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Peters Township
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Movill

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
305 MT. LEBANON BOULEVARD, SUITE 301
PITTSBURGH, PENNSYLVANIA 15234-1500
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

Independent Auditor's Report

Members of Council
Peters Township
McMurray, Pennsylvania

Dear Members:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Peters Township, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Peters Township, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other post-employment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Peters Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Matters (Cont'd)

Other Information (Cont'd)

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
June 17, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Peters Township's comprehensive annual financial report presents a narrative overview and analysis of the Township's financial performance for the fiscal year ended December 31, 2012. Please read this management and discussion in conjunction with the preceding transmittal letter and the accompanying financial statements and notes which follow in order to obtain a thorough understanding of the Township's financial condition as of December 31, 2012.

FINANCIAL HIGHLIGHTS

- The Township maintained the property tax rate at 13 mills.
- Peters Township's net position increased by \$1,971,960 from \$30,830,934 to \$32,802,894. This is an increase of 6%.
- The unrestricted net position of Peters Township as of December 31, 2011 was \$6,783,776. As of December 31, 2012 the unrestricted net position of the Township was \$6,383,182.
- In 2012 Standard and Poor's awarded Peters Township a bond rating of AA+.
- The net outstanding debt decreased by \$580,000 from \$12,950,000 in 2011 to \$12,370,000.
- Based on the Township's population estimate for 2012 of 22,750 the per capita debt as of December 31, 2012 is \$544. This is down from \$576 in 2011.
- The Fund Balance for the General Fund as of December 31, 2012 decreased by \$1,412,557 to \$4,418,734 from \$5,831,291.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis section of the comprehensive annual financial report is intended as an introduction to Peters Township's basic financial statements. There are three components to the Township's financial statements. These are: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information designed to enhance the reader's understanding of the Township's finances.

Government-wide financial statements are intended to provide readers with a broad overview of Peters Township's finances. There are two government-wide financial statements presented in this report.

The first is the statement of net position. The statement of net position presents information on all of Peters Township's assets and liabilities. The difference between the Township's assets and liabilities is shown as the Township's net position. Increases or decreases in net position are financial indicators that when tracked over time can be used as a measure of the Township's financial condition.

The second government-wide financial statement is the statement of activities. This statement shows information on how the Township's net position has changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the actual cash flow. Revenues and expenses are reported in the statement for some items that will result in cash flows at some future date. For example, taxes that are levied but yet to be collected or sick days accrued but not yet used.

It is the accepted practice in the government-wide financial statements to distinguish governmental activities from business-type activities. Governmental activities are those functions of the Township that are principally supported by tax dollars and intergovernmental revenues. Governmental activities commonly include services such as police, fire, public works, planning, recreation, and administration. Business-type activities are those that are funded through user fees and charges. These would include such municipal services such as solid waste collection, sewage treatment, public water, or other municipally owned utilities. Peters Township does provide solid waste collection and disposal under contract to a third party. The government-wide financial statements therefore include information both on governmental activities and business-type activities.

The government-wide financial statements are required to include financial information not only on the primary governmental unit but also information for any other component unit for which the primary governmental unit is financially responsible. An example of a component unit of a Township (the primary governmental unit) would be a sewer authority where the Township sets user rates and guarantees the authority's bonds. Peters Township (the primary governmental unit) is not financially responsible for other organizations and therefore information on component units is not incorporated into this report.

The fund financial statements provide detailed information about the Township's funds as opposed to the Township as a whole. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Certain funds are required to exist to comply with requirements of the Commonwealth of Pennsylvania. The funds used by Peters Township are divided into three categories. They are governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, the governmental fund statements focus on near term financial activities. Governmental fund statements report information on revenues and expenditures throughout the year as well as the balances of available resources at the year's end. This information allows the reader to evaluate the Township's short-term financial activities.

By viewing information contained in the government-wide financial statements in conjunction with that contained in the governmental fund statements the reader can appreciate the impact near term financial activities has on the Township's long-term financial condition. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Peters Township maintains seven individual governmental funds. These include:

General Fund
Cable Television Fund
Capital Projects Fund
Highway Aid Fund
Library Fund
Series of 2010 Debt Service Fund
Series of 2012 Debt Service Fund

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, the cable television fund and the capital projects fund. These three funds are considered major funds. Information on the non-major funds including the highway aid fund, the library fund, and debt service funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements.

Peters Township annually adopts budgets for all of the governmental funds. A statement comparing revenues and expenditures to the budget is included for all governmental funds.

Proprietary funds are used to account for the Township's activities that are similar to a business operation in the private sector. For proprietary funds a significant portion of the funding is provided from user charges. The Peters Township Solid Waste Services Fund was created in 2006 to account for the financial activity associated with the collection and disposal of solid waste and recyclables. This fund is a proprietary fund. Accounting for this fund is done on a similar basis as the accounting for a business activity.

Fiduciary funds are used to account for resources held for the benefit of parties other than the Township. Fiduciary funds are not reflected in the government-wide financial statements because the resources contained in these funds are not available to support the programs of Peters Township. Peters Township maintains two fiduciary funds. These include:

Police Pension Fund
Employees' Pension Fund

The notes to the financial statements provide additional information essential for a reader to develop a full understating of the information provided in the government-wide and fund financial statements.

In addition to the basic financial statements and the accompanying notes the report also presents certain required supplementary information. The required supplementary information in Peters Township's comprehensive financial report provides the reader information concerning the Township's progress toward funding its pension obligation for the police pension plan, other post-employment benefits and the budgetary comparison schedules.

The combining statements and schedules referred to earlier in connection with non major governmental fund are presented immediately following the required supplementary information

FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE

The Township's net position at December 31, 2012 and December 31, 2011 are presented below:

	Net Position					
	Year Ended December 31					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and other assets	\$11,455,227	\$ 11,918,780	\$ 95,553	\$ 189,222	\$ 11,550,780	\$ 12,108,002
Capital assets	\$35,668,728	\$ 33,783,993	\$ 0	\$ 0	\$ 35,668,728	\$ 33,783,993
Long-term prepayments	<u>\$ 159,157</u>	<u>\$ 165,186</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 159,157</u>	<u>\$ 165,186</u>
Total Assets	<u>\$ 47,283,112</u>	<u>\$ 45,867,959</u>	<u>\$ 95,553</u>	<u>\$ 189,222</u>	<u>\$ 47,378,665</u>	<u>\$ 46,057,181</u>
LIABILITIES						
Current and other liabilities	\$ 1,267,727	\$ 2,025,535	\$ 1,241	\$ 32,782	\$ 1,268,968	\$ 2,058,317
Non-current liabilities	<u>\$ 13,306,803</u>	<u>\$ 13,167,930</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,306,803</u>	<u>\$ 13,167,930</u>
Total Liabilities	<u>\$ 14,574,530</u>	<u>\$ 15,193,465</u>	<u>\$ 1,241</u>	<u>\$ 32,782</u>	<u>\$ 14,575,771</u>	<u>\$ 15,226,247</u>
NET POSITION						
Invested in capital assets, net of related debt	\$ 23,100,723	\$ 22,351,241	\$ 0	\$ 0	\$ 23,100,723	\$ 22,351,241
Restricted	\$ 3,318,989	\$ 1,695,917	\$ 0	\$ 0	\$ 3,318,989	\$ 1,695,917
Unrestricted	<u>\$ 6,288,870</u>	<u>\$ 6,627,336</u>	<u>\$ 94,312</u>	<u>\$ 156,440</u>	<u>\$ 6,383,182</u>	<u>\$ 6,783,776</u>
Total Net Position	<u>\$ 32,708,582</u>	<u>\$ 30,674,494</u>	<u>\$ 94,312</u>	<u>\$ 156,440</u>	<u>\$ 32,802,894</u>	<u>\$ 30,830,934</u>

Infrastructure Assets:

At December 31, 2012, Peters Township's total assets are \$47,378,665. Of this amount, \$35,668,728 is accounted for as capital assets. The total assets as of December 31, 2011 were \$46,057,181.

Historically, infrastructure (roads, sewers, etc) have not been reported or depreciated in governmental financial statements. GASB Statement #34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements. Prospective reporting of infrastructure is allowed under GASB statement #34 for smaller municipalities. Peters Township has chosen to report infrastructure on a prospective basis and began doing so in 2004. As a result, investment in capital assets net of related debt stands at \$23,100,723 as of December 31, 2012.

The following presents the Township's change in net position for the fiscal years ended December 31, 2012 and December 31, 2011:

**Changes in Net Position
Year Ended December 31**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for services	\$ 1,525,613	\$ 1,520,180	\$ 1,340,208	\$ 1,358,824	\$ 2,865,821	\$ 2,879,004
Operating grants	\$ 1,096,673	\$ 1,472,854	\$ 0	\$ 0	\$ 1,096,673	\$ 1,472,854
Capital Grants	\$ 1,702,537	\$ 784,000	\$ 0	\$ 0	\$ 1,702,537	\$ 784,000
General Revenues:						
Property taxes	\$ 4,170,057	\$ 4,094,648	\$ 0	\$ 0	\$ 4,170,057	\$ 4,094,648
Earned income taxes	\$ 5,075,430	\$ 4,782,082	\$ 0	\$ 0	\$ 5,075,430	\$ 4,782,082
Real estate transfer taxes	\$ 1,706,977	\$ 1,492,956	\$ 0	\$ 0	\$ 1,706,977	\$ 1,492,956
Other taxes	\$ 316,234	\$ 303,655	\$ 0	\$ 0	\$ 316,234	\$ 303,655
Grants not restricted	\$ 321,763	\$ 406,685	\$ 0	\$ 0	\$ 321,763	\$ 406,685
Investment earning	\$ 102,174	\$ 105,386	\$ 26	\$ 99	\$ 102,200	\$ 105,485
Miscellaneous income	\$ 124,413	\$ 17,745	\$ 0	\$ 0	\$ 124,413	\$ 17,745
Total Revenues	<u>\$ 16,141,871</u>	<u>\$ 14,980,191</u>	<u>\$ 1,340,234</u>	<u>\$ 1,358,923</u>	<u>\$ 17,482,105</u>	<u>\$ 16,339,114</u>
Program Expenses						
General government	\$ 1,595,251	\$ 1,584,088	\$ 0	\$ 0	\$ 1,595,251	\$ 1,584,088
Public safety	\$ 5,712,717	\$ 5,311,593	\$ 0	\$ 0	\$ 5,712,717	\$ 5,311,593
Public works - sanitation	\$ 26,486	\$ 76,492	\$ 1,402,362	\$ 1,343,662	\$ 1,428,848	\$ 1,420,154
Public works - highways	\$ 3,340,061	\$ 3,144,509	\$ 0	\$ 0	\$ 3,340,061	\$ 3,144,509
Culture and recreation	\$ 2,979,531	\$ 2,907,506	\$ 0	\$ 0	\$ 2,979,531	\$ 2,907,506
Interest on long-term debt	\$ 453,737	\$ 501,342	\$ 0	\$ 0	\$ 453,737	\$ 501,342
Total Expenses	<u>\$ 14,107,783</u>	<u>\$ 13,525,530</u>	<u>\$ 1,402,362</u>	<u>\$ 1,343,662</u>	<u>\$ 15,510,145</u>	<u>\$ 14,869,192</u>
Change in net position	\$ 2,034,088	\$ 1,454,661	\$ (62,128)	\$ 15,261	\$ 1,971,960	\$ 1,469,922
Net position-beginning	<u>\$ 30,674,494</u>	<u>\$ 29,219,833</u>	<u>\$ 156,440</u>	<u>\$ 141,179</u>	<u>\$ 30,830,934</u>	<u>\$ 29,361,012</u>
Net position-ending	<u>\$ 32,708,582</u>	<u>\$ 30,674,494</u>	<u>\$ 94,312</u>	<u>\$ 156,440</u>	<u>\$ 32,802,894</u>	<u>\$ 30,830,934</u>

**Governmental Activities
Revenue Sources**

In 2012 69.8% of Peters Township's total government-wide revenues of \$16,141,871 were derived from taxes. This compares with 71.2% in 2011. The Township collected \$11,268,698 in taxes. Of the taxes levied Earned Income Tax and the Real Estate Tax are the most significant.

The Earned Income Tax is a one-half percent (.5%) tax levied against the wages earned by Township residents. In 2012, Earned Income Tax accounted for \$5,075,430 or 45.0% of the taxes levied for general government functions. This was 6.1% higher than that collected in 2011.

The Real Estate Tax is a tax levied against the assessed valuation of real estate property located in the Township. The assessed valuation of all property in 2012 was \$329,928,927. This represents an increase in assessed property value of approximately \$6,338,131. This increase reflects the value of new construction and additions completed in 2012. The last reassessment of properties in Peters Township occurred in 1981. The court ordered reassessment of properties has been postponed. Real Estate Tax receipts totaled \$4,170,057 or 37.0% of tax revenue.

The Real Estate Transfer Tax is a tax levied on the value of all real estate transferred in Peters Township. The Township levy is one percent (1%) of the value of property transferred. This tax is collected by the Washington County Recorder of Deeds, who charges a two percent (2%) collection fee. In 2012 revenues from the Deed Transfer Tax increased by \$214,021 from the prior year to \$1,706,977.

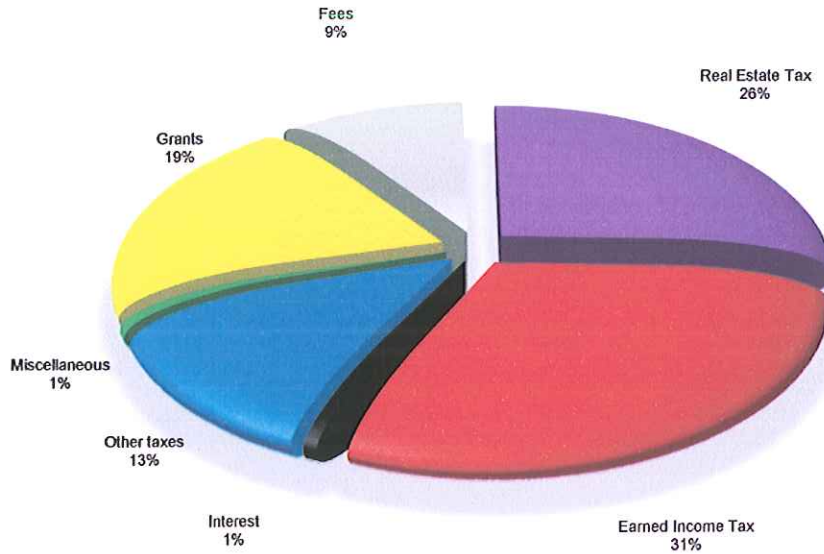
In 2012 the Township collected \$4,873,173 in revenue from non tax sources. This represents 30.2% of the total revenue collected. Charges for services equaled \$1,525,613 or 31.3% of all non tax revenue. It is the Township's policy, whenever possible, to charge fees for specialized services. The Township's goal is to structure these fees in a manner so as to cover the total cost of providing the related service. Zoning and building permit fees offset the cost of municipal services associated with development activity. The cost of recreation activities are largely covered by program fees. The largest source of income from fees is that related to collection and disposal of solid waste and recycling.

Grants received by Peters Township in 2012 totaled \$3,120,973 and represent 64.0% of the Township non tax revenue. An important ongoing source of grant funds for Peters Township is the Pennsylvania State Liquid Fuel Program. Under this program, the state provides individual municipalities with a portion of the monies derived through the imposition of a statewide gasoline tax. In 2012 Peters Township also began receiving a grant allocation under the Natural Gas Impact Fee program.

The Township also receives funds under the Foreign Fire and Foreign Casualty Insurance Programs. Funds received under the Foreign Fire Fund Program are mandated by the state of Pennsylvania to be turned over to the Peters Township Volunteer Fire Company Relief Association. These funds primarily are utilized by the Relief Association to acquire and maintain firefighting equipment and personal protection gear. The Foreign Casualty Insurance Program provides funds to help offset employee pension costs. The amount received does not cover all of the costs associated with employee pensions. The difference is made up by the General Fund and employees' contributions.

The following chart graphically depicts the government-wide sources of the governmental activities revenues for the fiscal year ended December 31, 2012:

Sources of Revenues
Total Revenues: \$16,141,871



Program Expenses

Total program expenses in 2012 were \$14,107,783. This represents an increase of \$582,253 of approximately a 4.3% over 2011.

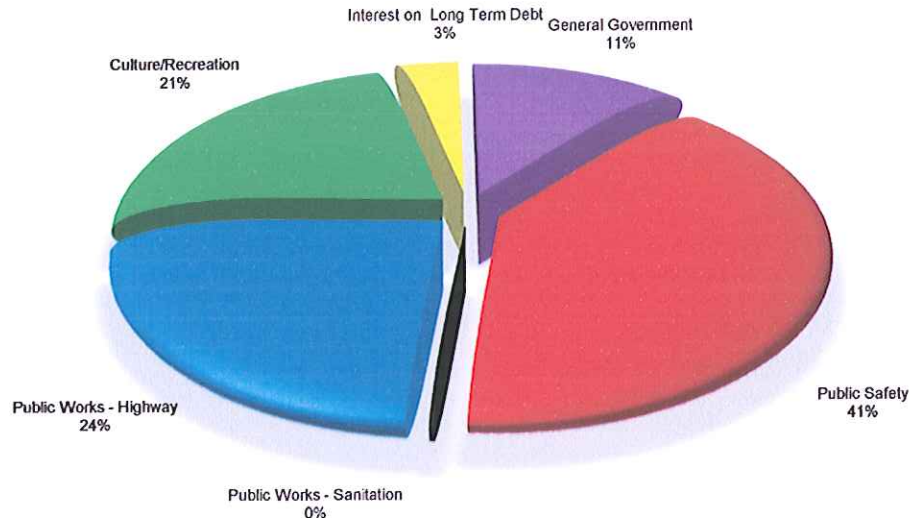
In 2012 expenditures associated with public safety account for \$5,712,717 or 40.5% of all expenses. Programs contained in the Public Safety category include Police Services, Fire Services, Planning, Emergency Medical Services, Animal Control, Zoning Building Inspection and Emergency Medical Services. In 2013 the Township will be negotiating a new labor contract with the fire fighters which will commence on January 1, 2014.

Public Works expenditures in 2012 totaled \$3,366,547 or 23.9% of total expenses. A significant portion of this amount is associated with capital improvements including the resurfacing of roadways and the rehabilitation of storm sewers.

Programs included under the category of Culture and Recreation are the Peters Township Library, Parks and Recreation, and Peters Township Community Television. In 2012, expenditures for Culture and Recreation equaled \$2,979,531 or 21.1% of the expenses.

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2012:

Program Expenses
Total Expenditures: \$14,107,783



Net Program Expenses/Revenues:

As one might expect the basic services of Peters Township are primarily financed through general revenues. To the extent one can identify a specific beneficiary of a municipal service, users fees are charged to offset the cost of the service rendered. Examples of the municipal services where it is possible to establish this correlation include services such as recreation programs and building permits.

In 2012 public safety expenses required the most general revenue for support, needing \$4,927,318. Culture and recreation required \$1,812,656 in general revenue support while public works required \$1,156,482.

Business-Type Activities

Revenue Sources

To finance the cost of collecting and disposing of solid waste and recyclables the Township charges each homeowner a flat fee that is collected quarterly. In 2012 fees for solid waste and recycling totaled \$1,340,208. In 2013 fees for garbage service were increased.

Program Expenses

The flat fee charged to the Township by a third party contractor determines the expense related to the collection and disposal of solid waste and recyclables. This service costs \$1,402,362 in 2012. The collection and disposal of solid waste and recyclables is performed under contract with Waste Management. The Township through the South Hills Council of Government entered into a contract with Waste Management. This contract expires at the end of 2013.

Net Program Expenses/Revenues

Program expenses are intended to be fully offset by revenues generated by user charges. In 2012 charges for services and existing balances offset all associated expenses.

FINANCIAL ANALYSIS OF THE MUNICIPALITY'S FUNDS

As Peters Township completed the year, its governmental funds reported a combined fund balance of \$10,151,804 a decrease of \$508,929 compared to the previous year. This decrease in fund balance is largely attributable to the expenditure of 2010 bond issue proceeds. The Township continues to maintain fund balances well in excess of established standards.

Fund balance is divided into one of five classifications. These are:

- Nonspendable fund balance — amounts that are not in a spendable form such as inventory or are required to be maintained intact
- Restricted fund balance — amounts constrained to specific purposes by their providers through constitutional provisions or by enabling legislation
- Committed fund balance — amounts constrained to specific purposes by Peters Township Council
- Assigned fund balance — amounts a government intends to use for a specific purpose. The assignment can be expressed Council or the Township Manager
- Unassigned fund balance — amounts that are available for any purpose; these amounts are reported only in the general fund.

Of the total balance \$3,318,989 is restricted and must be used the completion of capital and highway projects. Peters Township Council has committed \$2,564,135 for specific purposes including \$1,245,903 in the Cable Television Fund for public access television and communications. \$355,539 of the fund balance is classified as assigned. This includes \$290,925 which is assigned the Library Fund for library operations. The nonexpendable fund balance is \$3,069. The remaining \$3,910,072 is unassigned, meaning it is available to meet the Township's current and future needs.

In the Peters Township General Fund, the fund balance decreased by \$1,412,557 from \$5,831,291 to \$4,418,734.

The fund balance in the Peters Township Capital Projects Fund increased by \$623,309 from \$3,572,879 to \$4,196,188. This is largely attributed to an increase in transfers from the general fund.

General Fund Budgetary Highlights

In 2012 general fund revenues exceed budgeted revenues by \$1,174,120 or 10.0%. Total revenues in 2012 were budgeted at \$11,791,977 while actual revenues equaled \$12,966,097. The variance is largely attributable to greater than expected Earned Income Tax revenues, as well as, higher than anticipated Real Estate Transfer Tax revenues.

General fund expenditures were \$751,075 or 7.1% less than the final budget. The final budget for total expenditures in 2012 was \$10,509,740 while actual expenditures equaled \$9,758,665. The variance between actual and budgeted expenditures was the result of a

continued concerted effort across the board to control spending. The single largest variance is the result of a mild winter that resulted in spending approximately \$134,000 less than budgeted for snow removal.

Other Major Funds

Capital Projects Fund

The capital projects fund accounts for funds provided by Peters Township, most frequently from transfers from the General Fund or bond proceeds. The most significant capital expenditure in 2012 related to highway maintenance, storm sewer maintenance, and completion of the park improvements.

Cable Television Fund

The Cable Television Fund accounts for funds derived from a 5% franchise fee charged the Township’s cable television provider. Peters Township has chosen to segregate these funds and to earmark them for communication, public access operation and cable franchise administration.

Peters Township has entered into a franchise agreements for cable services with Comcast Communications and Verizon.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets consist primarily of land, buildings and improvements, equipment and infrastructure. The following is a summary of capital assets at December 31, 2012 and December 31, 2011:

Summary of Capital Assets

	Balance at 12/31/2012	Balance at 12/31/2011	Difference
Land	\$ 5,877,316	\$ 5,877,316	\$ 0
Construction in Progress	\$ 154,578	\$ 0	\$ 154,578
Buildings & improvements	\$12,671,289	\$ 12,671,289	\$ 0
Land improvements	\$ 6,638,048	\$ 5,305,858	\$ 1,332,190
Machinery and equipment	\$ 4,044,748	\$ 4,019,881	\$ 24,867
Vehicles	\$ 3,800,479	\$ 3,545,725	\$ 254,754
Infrastructure	<u>\$17,541,337</u>	<u>\$ 15,722,917</u>	<u>\$ 1,818,420</u>
Total Capital Assets	<u>\$50,727,795</u>	<u>\$ 47,142,986</u>	<u>\$ 3,584,809</u>
Less accumulated depreciation for:			
Buildings and building improvements	\$ 4,027,039	\$ 3,707,736	\$ 319,303
Land improvements	\$ 1,817,624	\$ 1,543,416	\$ 274,208
Machinery and equipment	\$ 2,841,854	\$ 2,654,230	\$ 187,624

Vehicles	\$ 2,797,527	\$ 2,558,031	\$ 239,496
Infrastructure	\$ 3,609,759	\$ 2,895,580	\$ 714,179
Total Accumulated Depreciation	<u>\$15,093,803</u>	<u>\$13,358,993</u>	<u>\$ 1,734,810</u>
Net Capital Assets	<u>\$35,633,992</u>	<u>\$33,783,993</u>	<u>\$ 1,849,999</u>

More detailed information about the Township's capital assets can be found in Note 5 of the notes to financial statements.

Long-Term Debt

As of December 31, 2012 the Township had \$12,617,528 of debt outstanding. This represents a decrease of \$776,467 or 6% from the previous year. The following details activity related to general obligation bonds and capital leases during 2012:

Summary of General Obligation Debt Activity

Beginning Balance at 1/1/2012	\$ 13,339,889
Additions	\$ 2,290,000
Retirements	\$ (3,012,361)
Ending Balance at 12/31/2012	\$ 12,617,528

More detailed information about the Township long-term debt can be found in Note 8 of the notes to financial statements.

Trust and Agency Operations

Pension Trust Fund

The Township maintains two pension funds related to the activities associated with the Peters Township Police and the Peters Township Employee Pension Systems. As a result of a net appreciation in the fair value of the investments in 2012 both pension funds experienced a modest increase in the value of assets held. Because the Peters Township Employee Pension is a defined contribution plan the amount of the Township's future contribution will be unaffected. The Peters Township Police Pension Plan however is a defined benefit plan. The impact of the net appreciation in the fair value of investments held in this plan on future Township contribution has yet to be ascertained.

Bond Ratings

The Township maintains a strong investment bond rating of Aa+ from Standard and Poor's bond rating service. This rating was issued in 2012. More detailed information about the Township's general long-term debt activity can be found in the notes to the financial statements.

CONTACTING THE MUNICIPALITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

**Peters Township Finance Department
610 East McMurray Road
McMurray, PA 15317**

**Peters Township
Statement of Net Position
December 31, 2012**

Exhibit 1

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 7,897,242	\$109,806	\$ 8,007,048
Investments	2,022,484	-	2,022,484
Taxes Receivable (Net)	1,195,937	-	1,195,937
Internal Balances	50,000	(50,000)	-
Due from Other Governments	73,678	-	73,678
Other Receivables	181,676	-	181,676
Accounts Receivable	-	35,747	35,747
Prepaid Items	4,902	-	4,902
Other Current Assets	29,308	-	29,308
Net Pension Asset	34,736	-	34,736
Other Long-Term Receivables	159,157	-	159,157
Capital Assets not Being Depreciated			
Land	5,877,316	-	5,877,316
Construction in Progress	154,578	-	154,578
Capital Assets, Net of Accumulated Depreciation	15,670,520	-	15,670,520
Infrastructure Assets, Net of Accumulated Depreciation	<u>13,931,578</u>	<u>-</u>	<u>13,931,578</u>
TOTAL ASSETS	<u>47,283,112</u>	<u>95,553</u>	<u>47,378,665</u>
LIABILITIES			
Accounts Payable	432,101	1,241	433,342
Contracts Payable	224,471	-	224,471
Accrued Interest Payable	16,530	-	16,530
Accrued Salaries and Benefits	244,960	-	244,960
Payroll Deductions and Withholdings	3,283	-	3,283
Unearned Revenues	23,358	-	23,358
Other Current Liabilities	323,024	-	323,024
Noncurrent Liabilities			
Due Within One Year	749,240	-	749,240
Due in More Than One Year			
Bonds Payable	11,625,741	-	11,625,741
Capital Leases	167,045	-	167,045
Compensated Absences	575,953	-	575,953
Net Other Post-Employment Benefit Obligation	<u>188,824</u>	<u>-</u>	<u>188,824</u>
TOTAL LIABILITIES	<u>14,574,530</u>	<u>1,241</u>	<u>14,575,771</u>
NET POSITION			
Invested in Capital Assets (Net of Related Debt)	23,100,723	-	23,100,723
Restricted for			
Capital Projects	3,318,935	-	3,318,935
Highways	54	-	54
Unrestricted	<u>6,288,870</u>	<u>94,312</u>	<u>6,383,182</u>
TOTAL NET POSITION	<u>\$32,708,582</u>	<u>\$ 94,312</u>	<u>\$32,802,894</u>

See Accompanying Notes

Peters Township
Statement of Activities
Year Ended December 31, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
General Government	\$ 1,595,251	\$ 101,940	\$ 81,357	\$ -	\$ (1,411,954)	\$ -	\$ (1,411,954)
Public Safety	5,712,717	453,885	331,514	-	(4,927,318)	-	(4,927,318)
Public Works - Sanitation	26,486	5,673	-	-	(20,813)	-	(20,813)
Public Works - Highways	3,340,061	45,513	560,529	1,577,537	(1,156,482)	-	(1,156,482)
Culture - Recreation	2,979,531	918,602	123,273	125,000	(1,812,656)	-	(1,812,656)
Interest on Long-Term Debt	453,737	-	-	-	(453,737)	-	(453,737)
Total Governmental Activities	<u>14,107,783</u>	<u>1,525,613</u>	<u>1,096,673</u>	<u>1,702,537</u>	<u>(9,782,960)</u>	<u>-</u>	<u>(9,782,960)</u>
Business-Type Activities							
Garbage	1,402,362	1,340,208	-	-	-	(62,154)	(62,154)
Total Primary Government	<u>\$15,510,145</u>	<u>\$2,865,821</u>	<u>\$1,096,673</u>	<u>\$1,702,537</u>	<u>(9,782,960)</u>	<u>(62,154)</u>	<u>(9,845,114)</u>
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes (Net)					4,170,057	-	4,170,057
Earned Income Taxes					5,075,430	-	5,075,430
Real Estate Transfer Taxes					1,706,977	-	1,706,977
Other Taxes, Levied for General Purposes (Net)					316,234	-	316,234
Grants, Subsidies and Contributions					321,763	-	321,763
Not Restricted to Specific Programs					102,174	26	102,200
Investment Earnings					124,413	-	124,413
Miscellaneous Income					-	-	-
Total General Revenues					<u>11,817,048</u>	<u>26</u>	<u>11,817,074</u>
Changes in Net Position					2,034,088	(62,128)	1,971,960
Net Position - January 1, 2012					30,674,494	156,440	30,830,934
Net Position - December 31, 2012					<u>\$32,708,582</u>	<u>\$ 94,312</u>	<u>\$32,802,894</u>

See Accompanying Notes

**Peters Township
Balance Sheet
Governmental Funds
December 31, 2012**

Exhibit 3

	General Fund	Cable Television Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$3,179,604	\$1,204,515	\$3,220,951	\$292,172	\$ 7,897,242
Investments	735,618	-	1,286,866	-	2,022,484
Taxes Receivable (Net)	1,195,937	-	-	-	1,195,937
Due from Other Funds	55,510	-	-	-	55,510
Due from Other Governments	73,678	-	-	-	73,678
Other Receivables	57,882	118,135	5,659	-	181,676
Prepaid Items	3,069	-	-	1,833	4,902
Other Current Assets	<u>29,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,308</u>
TOTAL ASSETS	<u>\$5,330,606</u>	<u>\$1,322,650</u>	<u>\$4,513,476</u>	<u>\$294,005</u>	<u>\$11,460,737</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ -	\$ 5,510	\$ -	\$ -	\$ 5,510
Accounts Payable	325,555	10,703	92,817	3,026	432,101
Contracts Payable	-	-	224,471	-	224,471
Accrued Salaries and Benefits	242,266	2,694	-	-	244,960
Payroll Deductions and Withholdings	3,283	-	-	-	3,283
Deferred Revenues	75,584	-	-	-	75,584
Other Current Liabilities	<u>265,184</u>	<u>57,840</u>	<u>-</u>	<u>-</u>	<u>323,024</u>
Total Liabilities	<u>911,872</u>	<u>76,747</u>	<u>317,288</u>	<u>3,026</u>	<u>1,308,933</u>
Fund Balances					
Nonspendable	3,069	-	-	-	3,069
Restricted	-	-	3,318,935	54	3,318,989
Committed	440,979	1,245,903	877,253	-	2,564,135
Assigned	64,614	-	-	290,925	355,539
Unassigned	<u>3,910,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,910,072</u>
Total Fund Balances	<u>4,418,734</u>	<u>1,245,903</u>	<u>4,196,188</u>	<u>290,979</u>	<u>10,151,804</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$5,330,606</u>	<u>\$1,322,650</u>	<u>\$4,513,476</u>	<u>\$294,005</u>	<u>\$11,460,737</u>

See Accompanying Notes

Peters Township
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2012

Exhibit 4

Total Fund Balances - Governmental Funds		\$ 10,151,804
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$50,727,795, and the accumulated depreciation is \$15,093,803.</p>		35,633,992
<p>Property taxes receivable will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.</p>		52,226
<p>The negative pension benefit obligation (asset) is considered an asset in the government-wide financial statements.</p>		34,736
<p>Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position.</p>		243,416
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
Bonds Payable	\$(12,370,000)	
Accrued Interest on the Bonds	(16,530)	
Capital Lease Payable	(247,528)	
Compensated Absences	(584,710)	
Other Post-Employment Benefits (OPEB)	<u>(188,824)</u>	<u>(13,407,592)</u>
Total Net Position - Governmental Activities		<u>\$ 32,708,582</u>

See Accompanying Notes

Peters Township
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2012

Exhibit 5

	General Fund	Cable Television Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$11,338,959	\$ -	\$ -	\$ -	\$11,338,959
Licenses and Permits	16,033	456,199	-	-	472,232
Fines and Forfeits	77,694	-	-	40,489	118,183
Interest, Rents and Royalties	40,256	383	60,883	652	102,174
Intergovernmental	536,555	-	987,319	641,491	2,165,365
Charges for Services	876,394	-	-	19,118	895,512
Miscellaneous	<u>80,206</u>	<u>660</u>	<u>210,183</u>	<u>1,310</u>	<u>292,359</u>
Total Revenues	<u>12,966,097</u>	<u>457,242</u>	<u>1,258,385</u>	<u>703,060</u>	<u>15,384,784</u>
Expenditures					
Current:					
General Government	1,080,655	42,663	-	36,704	1,160,022
Public Safety	4,150,110	-	-	-	4,150,110
Public Works - Sanitation	22,577	-	-	-	22,577
Public Works - Highways	1,170,805	-	-	-	1,170,805
Culture - Recreation	1,233,025	93,589	-	865,443	2,192,057
Insurance, Employee Benefits and Other	1,948,131	-	-	-	1,948,131
Debt Service:					
Principal	142,361	-	-	660,000	802,361
Interest	11,001	-	-	435,569	446,570
Capital Outlay	<u>-</u>	<u>38,066</u>	<u>3,486,267</u>	<u>521,523</u>	<u>4,045,856</u>
Total Expenditures	<u>9,758,665</u>	<u>174,318</u>	<u>3,486,267</u>	<u>2,519,239</u>	<u>15,938,489</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,207,432</u>	<u>282,924</u>	<u>(2,227,882)</u>	<u>(1,816,179)</u>	<u>(553,705)</u>
Other Financing Sources (Uses)					
Issuance of Refunding Bonds	-	-	-	2,290,000	2,290,000
Premium on Bonds Issued	-	-	-	5,649	5,649
Transfers In	-	-	2,851,191	1,830,497	4,681,688
Payment to Refunded Bond Escrow Agent	-	-	-	(2,250,873)	(2,250,873)
Transfers Out	<u>(4,619,989)</u>	<u>(61,699)</u>	<u>-</u>	<u>-</u>	<u>(4,681,688)</u>
Total Other Financing Sources (Uses)	<u>(4,619,989)</u>	<u>(61,699)</u>	<u>2,851,191</u>	<u>1,875,273</u>	<u>44,776</u>
Net Changes in Fund Balances	(1,412,557)	221,225	623,309	59,094	(508,929)
Fund Balances - January 1, 2012	<u>5,831,291</u>	<u>1,024,678</u>	<u>3,572,879</u>	<u>231,885</u>	<u>10,660,733</u>
Fund Balances - December 31, 2012	<u>\$ 4,418,734</u>	<u>\$ 1,245,903</u>	<u>\$ 4,196,188</u>	<u>\$ 290,979</u>	<u>\$ 10,151,804</u>

See Accompanying Notes

**Peters Township
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended December 31, 2012**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ (508,929)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation Expense	\$(1,743,049)	
Capital Outlays	2,767,601	
Net Book Value of Assets Retired	<u>(1,901)</u>	1,022,651

Donations of capital assets increases net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 827,348

Because some property taxes will not be collected for several months after the Township's year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year. (7,630)

Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 802,361

The Township's bonded debt was also reduced by a current refunding of debt. Resources of (\$2,250,873) was paid to the escrow agent for the current refunding of outstanding bonds (\$2,210,000). The difference between those amounts will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the new debt. 2,250,873

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. The proceeds were: (2,290,000)

(Cont'd)

**Peters Township
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures
 and Changes in Fund Balances
 to the Statement of Activities
 Year Ended December 31, 2012**

In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations) and other post-employment benefit obligations - are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated Absences	\$ (19,907)	
Net Other Post-Employment Benefit Obligations (OPEB)	<u>(49,526)</u>	\$ (69,433)

Some expenses reported in the fund financial statements relating to pension expense are recognized based on the annual required contribution or amount actually paid and in the government-wide statements are recognized based on the annual pension cost. (3,094)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Net Change in Accrued Interest on Bonds		2,737
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Bond issue costs, bond discount, premium and deferred loss on defeasance are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities:

Bond Issuance Costs	36,704	
Bond Premium	(5,649)	
Amortization of Issuance Costs, Discount, Premium and Deferred Loss on Refunding	<u>(23,851)</u>	
		<u>7,204</u>

Change in Net Position of Governmental Activities		<u>\$2,034,088</u>
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See Accompanying Notes

**Peters Township
Statement of Net Position
Proprietary Fund
December 31, 2012**

Exhibit 7

	Garbage Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$109,806
Accounts Receivable	<u>35,747</u>
TOTAL ASSETS	<u>145,553</u>
LIABILITIES	
Current Liabilities	
Due to Other Funds	50,000
Accounts Payable	<u>1,241</u>
TOTAL LIABILITIES	<u>51,241</u>
NET POSITION	
Unrestricted	<u>\$ 94,312</u>

See Accompanying Notes

**Peters Township
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Fund
Year Ended December 31, 2012**

Exhibit 8

	Garbage Fund
Operating Revenues	
Charges for Services	<u>\$1,340,208</u>
Operating Expenses	
Other Services and Charges	<u>1,402,362</u>
Operating Income (Loss)	(62,154)
Nonoperating Revenues	
Investment Income	<u>26</u>
Change in Net Position	(62,128)
Total Net Position - January 1, 2012	<u>156,440</u>
Total Net Position - December 31, 2012	<u>\$ 94,312</u>

See Accompanying Notes

**Peters Township
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2012**

Exhibit 9

	Garbage Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,331,604
Cash Payments to Suppliers for Goods and Services	<u>(1,433,903)</u>
Net Cash Used for Operating Activities	<u>(102,299)</u>
Cash Flows from Investing Activities	
Earnings on Investments	<u>26</u>
Net Decrease in Cash and Cash Flows	(102,273)
Cash and Cash Equivalents - January 1, 2012	<u>212,079</u>
Cash and Cash Equivalents - December 31, 2012	\$ <u>109,806</u>
Operating Income (Loss)	\$ (62,154)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
(Increase) Decrease in Accounts Receivable	(8,603)
Increase (Decrease) in Accounts Payable	<u>(31,542)</u>
Total Adjustments	<u>(40,145)</u>
Cash Used for Operating Activities	\$ <u>(102,299)</u>

See Accompanying Notes

**Peters Township
Statement of Net Position
Fiduciary Funds
December 31, 2012**

Exhibit 10

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 737,300
Investments	
Mutual Funds	9,981,225
Guaranteed Interest Accounts	131,420
Receivables - Employees	<u>22,236</u>
TOTAL ASSETS	<u>10,872,181</u>
NET POSITION	
Held in Trust for Pension Benefits	<u>\$10,872,181</u>

See Accompanying Notes

Peters Township
Statement of Change in Net Position
Fiduciary Funds
Year Ended December 31, 2012

Exhibit 11

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 593,618
Plan Members	<u>103,215</u>
Total Contributions	<u>696,833</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	1,215,151
Interest and Dividends	<u>3,037</u>
Net Investment Income	<u>1,218,188</u>
Total Additions	<u>1,915,021</u>
Deductions	
Benefits	185,412
Administrative Expenses	<u>19,927</u>
Total Deductions	<u>205,339</u>
Change in Net Position	1,709,682
Net Position - January 1, 2012	<u>9,162,499</u>
Net Position - December 31, 2012	<u>\$10,872,181</u>

See Accompanying Notes

Peters Township
Notes to Financial Statements
December 31, 2012

Note 1 - Summary of Significant Accounting Policies

Peters Township was incorporated in 1781 under the provisions of Article 9, Section 1 of the Constitution of the Commonwealth of Pennsylvania, as amended. Peters Township operates under the Home Rule Charter with a Council/Manager form of government.

A. Description of Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

B. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Peters Township
Notes to Financial Statements
December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *cable television fund*, a special revenue fund, is used to account for revenues received under the cable television franchise agreement and related expenditures of operating the public access channel.

The *capital projects fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

The Township reports the following major proprietary fund:

The *garbage fund* accounts for the revenues and other costs and expenses providing garbage collection to residents during the year.

Additionally, the Township reports the following fund type:

The *pension trust fund(s)* account for the activities of the Police and Non-Uniform Pension Plans, which accumulate resources for pension benefit payments to covered employees.

The Township also reports as nonmajor governmental funds the following:

Special revenue funds focus on revenues that are restricted or committed to specific purposes. Their revenues serve as the foundation for those funds. The Highway Aid and Library Funds are considered special revenue funds.

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation bonds of governmental funds.

Peters Township
Notes to Financial Statements
December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Basis of Presentation - Fund Financial Statements (Cont'd)

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of any uncollectible amounts, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes levied but collected beyond 60 days after year end are recorded as deferred revenue to be recognized as revenue when the taxes are collected. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets

Peters Township
Notes to Financial Statements
December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

D. Measurement Focus and Basis of Accounting (Cont'd)

acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, investment income, rent and certain miscellaneous revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues (state and federal sources), the legal and contractual requirements of the individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Township; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditures. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise funds are charges to residents for collection of garbage and recyclables. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. Cash and Cash Equivalents

The Township's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. Investments are stated at fair value. Fair value is based on quoted market prices. For the purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Expenditures may not legally exceed the budgeted appropriation at the function level. As a matter of policy, supplemental appropriations are requested whenever expenditures exceed appropriations at the function level. Only Council may take action to amend appropriations. The budgetary procedures utilized by Peters Township are prescribed in the Township's Home Rule Charter. Those procedures are as follows:

1. Sixty days prior to the close of the fiscal year (December 31), the Township Manager is required to submit to Council a proposed budget.

Peters Township
Notes to Financial Statements
December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

F. Budgets (Cont'd)

2. Upon submission to Council, the proposed budget is considered public record and, as such, is available to the public for their review.
3. Council holds a public hearing to obtain input from Township residents on the proposed budget. This hearing must be held no earlier than two weeks after the submittal of the proposed budget to Council, but no later than two weeks prior to the anticipated adoption date.
4. No sooner than two weeks after the public hearing, but before the close of the fiscal year (December 31), Council adopts the budget.
5. Budgets are adopted as on-line item basis by departments. At any time during the year, the Township Manager may transfer monies among programs within a function. Appropriation transfers between functions require Council action.
6. Appropriations authorized by the budget or any addendum cannot exceed anticipated income.
7. Budgets are legally adopted for the general fund, all special revenue funds, capital projects funds, and the debt service funds on a basis consistent with generally accepted accounting principles.
8. All appropriations lapse at the end of each fiscal year (December 31).
9. There were no supplemental budgetary appropriations made during the year ended December 31, 2012.

G. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There were no material inventory balances as of December 31, 2012.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 1 - Summary of Significant Accounting Policies (Cont'd)

I. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB Statement No. 34, infrastructure has been prospectively capitalized, beginning January 1, 2004. The Township, a phase-3 government under GASBS No. 34 implementation guidelines, is not required and has not elected retroactive reporting of infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Building Improvement	20-40
Land Improvements	20
Furniture	5
Vehicles	5-15
Equipment	5-15
Computers	3
Infrastructure	20-40

J. Compensated Absences

The Township's policies regarding vacation time under various contracts, provide for employees to accumulate sick days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report a compensated absence liability only if they have matured; for example, as a result of employee resignations and retirements.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 1 - Summary of Significant Accounting Policies (Cont'd)

K. Government-Wide and Proprietary Fund Net Position

Net position is divided into three components:

Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Governmental - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the Township classifies governmental funds balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the Township's highest level of authority, Council. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money, which is the passage of a motion.

Assigned - reflects the Township's intent to use the money for a specific purpose but is not considered restricted or committed. Fund balance may be assigned by the Township's manager or assistant manager.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

Peters Township
Notes to Financial Statements
December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

K. Government-Wide and Proprietary Fund Net Position (Cont'd)

Governmental - Fund Balance (Cont'd)

The Township's informal policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

The purposes of the nonspendable, restricted, committed and assigned fund balances as of December 31, 2012, are as follows:

1. The nonspendable fund balance in the general fund in the amount of \$3,069 is for prepaid insurance.
2. The restricted fund balance in the capital projects fund of \$3,318,935 is for future capital construction projects and major capital purchases.
3. The restricted fund balance in the nonmajor funds of \$54 is for highway maintenance, rebuilding and construction.
4. The committed fund balance in the general fund is for other post-employment benefits in the amount of \$440,979; in the cable television fund for the public access channel costs of operation in the amount of \$1,245,903; and in the capital projects fund for future capital projects in the amount of \$877,253 which represents the funds received from the local gaming impact fees allocated.
5. The assigned fund balance in nonmajor funds of \$290,925 is for the public library.
6. The assigned fund balance in the general fund of \$64,614 is for public safety and parks.

Note 2 - Deposits and Investments

Pennsylvania statutes provide for investment of governmental and proprietary funds into certain authorized investment types including U. S. Treasury bills, other short-term U. S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental and proprietary funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 2 - Deposits and Investments (Cont'd)

The deposit and investment policy of the Township adheres to state statutes and prudent business practice.

The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of other municipal funds. Investments are reported at fair value. Fair value is based on quoted market prices. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. There were no deposit or investment transactions during the year that were in violation of either state statutes or the policy of the Township.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of December 31, 2012, \$3,264,741 of the Township's bank balance of \$4,688,097 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging

Bank's Agent not in the Township's Name	<u>\$3,264,741</u>
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As of December 31, 2012, the Township had the following investments:

Investments	Maturity Date	Fair Value
PLGIT	N/A	\$ 2,236,962
PA Invest	60 days or less	1,171,316
PNC Government		
Money Market Fund	60 days or less	1,793,979
Principal Global Investors		
Money Market Fund	55 days or less	674,429
Equity Mutual Funds	N/A	9,981,225
Principal Financial Group		
Guaranteed Interest Accounts	12/31/13	54,828
Guaranteed Interest Accounts	12/31/14	29,168
Guaranteed Interest Accounts	12/31/15	25,969
Guaranteed Interest Accounts	12/31/16	10,799
Guaranteed Interest Accounts	12/31/17	2,458
Guaranteed Interest Accounts	12/31/18	<u>8,198</u>
 Total Investments		 <u>\$15,989,331</u>

Peters Township
Notes to Financial Statements
December 31, 2012

Note 2 - Deposits and Investments (Cont'd)

The investments in the Mutual Funds, Principal Money Market Fund and the Guaranteed Interest Accounts are reported in the Township's fiduciary funds.

Interest Rate Risk - The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The money market funds maintain an average maturity that is less than sixty days.

Credit Risks - Pennsylvania statutes authorize the type of investments allowed and are described above. The Township has no investment policy that would further limit its investments choices. The Township's investments in PA Invest, the Pennsylvania Local Government Investment Trust (PLGIT) and the PNC Government Money Market Fund were rated AAAM by Standard & Poor's. The Principal Money Market Fund and the Principal Guaranteed Interest Accounts held in the fiduciary funds are not rated.

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issue.

The Pennsylvania Local Government Investment Trust (PLGIT) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania and the provision of the Intergovernmental Cooperation Act. Shares of the Fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the Fund is to enable such governmental units to pool their available funds for investments. The Trust is governed by an elected board of trustees who are responsible for the overall management of the Trust. The trustees are elected from the several classes of local governments participating in the Trust. The Trust is audited annually by independent auditors. PLGIT is rated AAAM by Standard and Poor's.

PLGIT operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. PLGIT uses amortized cost to report net position to compute share prices. PLGIT maintains a net asset value of \$1 per share. Accordingly, the fair value of the position in PLGIT is the same as the value of the PLGIT shares.

Note 3 - Real Estate Taxes

The tax collector bills and collects real estate taxes on behalf of the Township based upon assessed values provided by the County. The Township's tax rate for all purposes in 2012 was 13 mills (\$13 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2012 is as follows:

Tax Levy Date	March 7, 2012
2% Discount Period	Through June 7, 2012
Face Payment Period	June 8, 2012 - August 7, 2012
10% Penalty Period	August 8, 2012 until Liened
Lien Filing Date	January 1, 2013

Peters Township
Notes to Financial Statements
December 31, 2012

Note 3 - Real Estate Taxes (Cont'd)

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$52,226 along with other taxes receivable of \$1,143,711.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the Township. At December 31, 2012 the following amounts are due from other governmental units:

	Governmental Funds
State	\$16,166
School District	56,561
Other Local Governments	<u>951</u>
 Total	 <u>\$73,678</u>

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance 01/01/12	Additions	Disposals	Balance 12/31/12
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 5,877,316	\$ -	\$ -	\$ 5,877,316
Construction in Progress	<u>-</u>	<u>154,578</u>	<u>-</u>	<u>154,578</u>
 Total Capital Assets Not Being Depreciated	 <u>5,877,316</u>	 <u>154,578</u>	 <u>-</u>	 <u>6,031,894</u>

Peters Township
Notes to Financial Statements
December 31, 2012

Note 5 - Capital Assets (Cont'd)

	Balance 01/01/12	Additions	Disposals	Balance 12/31/12
Governmental Activities (Cont'd)				
Capital Assets Being Depreciated				
Buildings and Building Improvements	\$12,671,289	\$ -	\$ -	\$12,671,289
Land Improvements	5,305,858	1,332,190	-	6,638,048
Machinery and Equipment	4,019,881	35,007	10,140	4,044,748
Vehicles	3,545,725	254,754	-	3,800,479
Infrastructure	<u>15,722,917</u>	<u>1,818,420</u>	<u>-</u>	<u>17,541,337</u>
Total Capital Assets Being Depreciated	<u>41,265,670</u>	<u>3,440,371</u>	<u>10,140</u>	<u>44,695,901</u>
Totals	<u>47,142,986</u>	<u>3,594,949</u>	<u>10,140</u>	<u>50,727,795</u>
Less Accumulated Depreciation				
Buildings and Building Improvements	3,707,736	319,303	-	4,027,039
Land Improvements	1,543,416	274,208	-	1,817,624
Machinery and Equipment	2,654,230	195,863	8,239	2,841,854
Vehicles	2,558,031	239,496	-	2,797,527
Infrastructure	<u>2,895,580</u>	<u>714,179</u>	<u>-</u>	<u>3,609,759</u>
Total Accumulated Depreciation	<u>13,358,993</u>	<u>1,743,049</u>	<u>8,239</u>	<u>15,093,803</u>
Governmental Activities Capital Assets, Net	<u>\$33,783,993</u>	<u>\$1,851,900</u>	<u>\$ 1,901</u>	<u>\$35,633,992</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 49,688
Public Safety	158,568
Public Works - Highways	985,147
Culture - Recreation	<u>549,646</u>
Total Depreciation Expense	<u>\$1,743,049</u>

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 6 - Interfund Balances

Interfund balances at December 31, 2012 were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$55,510	\$ -
Cable Television Fund	-	5,510
Enterprise Fund		
Garbage Fund	<u>-</u>	<u>50,000</u>
	<u>\$55,510</u>	<u>\$55,510</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

Note 7 - Interfund Transfers

For the year ended December 31, 2012, interfund transfers consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>		Totals
	General Fund	Cable Television Fund	
Capital Projects Funds	\$2,789,492	\$61,699	\$2,851,191
Nonmajor Governmental Funds	<u>1,830,497</u>	<u>-</u>	<u>1,830,497</u>
	<u>\$4,619,989</u>	<u>\$61,699</u>	<u>\$4,681,688</u>

The general fund transfer to the capital projects fund in the amount of \$2,789,492 is to fund certain capital projects throughout the Township. The cable television fund transfer of \$61,699 to the capital projects fund was for capital purchases.

The general fund transfers to the nonmajor governmental funds in the amount of \$1,830,497 were comprised of \$743,000 to the library fund and is an annual transfer to subsidize the operations of the Township Library and \$1,087,497 to the debt service funds to pay the principal and interest due annually on the Township's general obligation bonds.

Peters Township
Notes to Financial Statements
December 31, 2012

Note 8 - Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Balance 01/01/12	Additions	Reductions	Balance 12/31/12	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$12,950,000	\$2,290,000	\$2,870,000	\$12,370,000	\$660,000
Plus: Bond Premium	-	5,649	665	4,984	-
Less: Bond Discount	(30,153)	-	(6,991)	(23,162)	-
Less: Deferred Loss on Refunding	<u>-</u>	<u>(74,892)</u>	<u>(8,811)</u>	<u>(66,081)</u>	<u>-</u>
Total Bonds Payable	12,919,847	2,220,757	2,854,863	12,285,741	660,000
Capital Leases	389,889	-	142,361	247,528	80,483
Compensated Absences	<u>564,803</u>	<u>47,035</u>	<u>27,128</u>	<u>584,710</u>	<u>8,757</u>
Governmental Activities Long-Term Liabilities	<u>\$13,874,539</u>	<u>\$2,267,792</u>	<u>\$3,024,352</u>	<u>\$13,117,979</u>	<u>\$749,240</u>

General Obligation Bonds

\$11,010,000 Refunding Issue of 2010 due serially through 2028; interest at 2.00% - 4.10%; debt service source - general fund transfers to debt service fund.

\$10,535,000

\$2,290,000 Refunding Issue of 2012 due serially through 2017; interest at 0.30% - 1.25% debt service source - general fund transfers to debt service fund.

1,835,000

\$12,370,000

The general obligation bonds were issued for providing funds for capital projects throughout the Township. The compensated absences and capital leases liabilities will be liquidated primarily by the general fund.

The annual requirements of the Township's funds to amortize all debt outstanding (excluding compensated absences and capital leases) as of December 31, 2012, are as follows:

Peters Township
Notes to Financial Statements
December 31, 2012

Note 8 - Long-Term Liabilities (Cont'd)

Year Ended December 31,	Governmental Activities Bonds		Totals
	Principal	Interest	
2013	\$ 660,000	\$ 396,710	\$ 1,056,710
2014	665,000	388,985	1,053,985
2015	680,000	374,160	1,054,160
2016	690,000	364,020	1,054,020
2017	700,000	351,680	1,051,680
2018-2022	3,860,000	1,429,384	5,289,384
2023-2027	4,635,000	658,185	5,293,185
2028	<u>480,000</u>	<u>19,680</u>	<u>499,680</u>
	<u>\$12,370,000</u>	<u>\$3,982,804</u>	<u>\$16,352,804</u>

On May 1, 2012, the Township issued \$2,290,000 Series 2012 bonds with interest rates from 0.30% to 1.30% to currently refund the outstanding 2006 bonds (\$2,210,000) with interest rates ranging from 3.65% - 3.80%. Net proceeds of \$2,250,873 (including premium of \$5,649 and payment of issuance costs) were used to currently refund the 2006 bonds.

As a result, the currently refunded 2006 bonds are considered defeased and the liability for those bonds have been removed as a liability in these financial statements.

The Township currently refunded the 2006 bonds to reduce its total debt service payments over six years by \$82,053 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$81,000.

Note 9 - Capital Lease

The Township has entered into lease agreements as lessee for financing the acquisition of fire trucks. The lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 9 - Capital Lease (Cont'd)

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset	
Machinery and Equipment	\$402,600
Less: Accumulated Depreciation	<u>(75,499)</u>
 Total	 <u>\$327,101</u>

The future minimum lease obligations and the net present value of these minimum lease payments, as of December 31, 2012, were as follows:

Year Ended December 31,	Governmental Activities
2013	\$ 86,664
2014	86,664
2015	<u>86,664</u>
 Total Minimum Lease Payments	 259,992
 Less: Amount Representing Interest	 <u>(12,464)</u>
 Present Value of Minimum Lease Payments	 <u>\$247,528</u>

Note 10 - Defined Benefit Pension Plan

A. Plan Descriptions, Contribution Information, and Funding Policies

The Township contributes to a Defined Benefit Pension Plan. Assets are held separately and may be used only for the payment of benefits to the members of the Plan.

Peters Township Police Pension Plan (PPP) - The Police Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time basis by the Township as a member of the police force is eligible to participate in the Plan.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 10 - Defined Benefit Pension Plan (Cont'd)

A. Plan Descriptions, Contribution Information, and Funding Policies (Cont'd)

Actuarial valuations are performed biannually. For additional information related to basis of accounting and reported investment values, see Notes 1D. and 2. The Plan does not issue stand-alone financial reports.

The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>PPP</u>
Date Established	November 3, 1958
Governing Authority and Administrator	Peters Township Council and Resolutions
Determination of Contribution Requirements	Actuarially determined
Employer	\$424,347
Plan Members	Contributions are currently 5% of compensation
Funding of Administrative Costs, including Investment and Custodial Fees and Actuarial Services	From investment earnings
Eligibility Requirements	
Normal Retirement	Hired on or before 01/01/11 Age 50 and completion of 25 years of Service; hired after 01/01/11 attained Age 55 with 25 years of service
Early Retirement	None
Vesting	100% after 12 years of service
Retirement Benefit	50% of average monthly earnings, averaged over the 36 months preceding retirement and accrued benefit adjustment defined as the number of months of service as of a given date divided by the number of complete months of service as of normal retirement date

Peters Township
Notes to Financial Statements
December 31, 2012

Note 10 - Defined Benefit Pension Plan (Cont'd)

A. Plan Descriptions, Contribution Information, and Funding Policies (Cont'd)

	<u>PPP</u>
Service Increment	None
Post Retirement Benefit Increases	Hired on or before 01/01/11, Consumer Price Index with limits; hired after 01/01/11, no cost of living adjustment
Provisions for Disability Benefits	Yes
Provisions for Death Benefits	Yes

Membership of the Plan is as follows, based on the latest actuarial valuation reports dated January 1, 2011:

Nonvested Active Members	8
Fully Vested Active Members	14
Retirees and Beneficiaries Currently	
Receiving Benefits	9
Deferred not Vested	<u>1</u>
Total	<u>32</u>

B. Annual Pension Cost and Net Pension Obligation

Current year annual pension costs for the Police Plan is shown in the trend information provided below. Annual required contributions were made by the Plan. The net pension obligation (asset) for the Plan is also shown below.

The annual pension cost and net pension obligation (asset) to the Police Plan for the current year are as follows:

Annual Required Contribution	\$ 424,347
Interest on Net Pension Obligation	(2,837)
Adjustment to Annual Required Contribution	<u>5,931</u>
Annual Pension Cost	427,441
Contributions Made	<u>(424,347)</u>
Increase (Decrease) in Net Pension Obligation	3,094

Peters Township
Notes to Financial Statements
December 31, 2012

Note 10 - Defined Benefit Pension Plan (Cont'd)

B. Annual Pension Cost and Net Pension Obligation (Cont'd)

Net Pension Obligation (Asset)

Beginning of Year	\$ <u>(37,830)</u>
End of Year	\$ <u>(34,736)</u>

The Township's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

There are no assets legally reserved for purposes other than the payment of Plan member benefits for the Plan.

The Police Pension Plan investments in Mutual Funds held by Principal Financial Group account for 100% of the total investments at December 31, 2012.

There are no long-term contracts for contributions.

C. Trend Information

Year Ended December 31,	Police Pension			
	Annual Pension Cost (APC)	Percentage of APC Contributed	Actual Contributions Made	Net Pension Obligation (NPO) (Asset)
2010	\$161,314	99%	\$159,293	\$(40,708)
2011	293,295	99%	290,417	(37,830)
2012	427,441	99%	424,347	(34,736)

D. Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the Plan was 79% funded. The actuarial accrued liability for benefits was \$8,628,934 and the actuarial value of assets was \$6,850,868, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,778,066. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,678,251. The ratio of the UAAL to the covered payroll is 106%. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 10 - Defined Benefit Pension Plan (Cont'd)

E. Actuarial Methods and Assumptions

In the January 1, 2011 actuarial valuation, the most recent valuation completed, the entry age actuarial cost method was used. The actuarial assumptions included: 7.5% investment rate of return; projected salary increase of 4.75% annually; and an underlying inflation rate of 2.25%. The actuarial value of assets was determined using a four-year smoothing. The amortization method used is a level dollar with a ten year open amortization period.

Note 11 - Defined Contribution Pension Plans

Peters Township Municipal Employees

A. Plan Description

The Township sponsors and contributes to the Peters Township Municipal Employees Pension Plan which is a defined contribution plan. All full-time administrative employees not represented by a bargaining unit and full-time firefighters are covered by this Plan. The Plan's total membership as of December 31, 2012 is thirty-nine. Administrative costs of the Plan are funded by the general fund.

The Township is required to contribute for each employee who has 1,000 or more hours of service in the service period, 8.00% of the employee's annual pay. For members of the firefighters union, effective May 1, 2011, they can contribute up to the maximum allowable. The Township, for the firefighters union members only, has an obligation to match an employee's contribution up to 1% in 2011, 2% in 2012 and 3% each year after. Employees, except as noted above for firefighters, do not contribute to the Plan. Plan participants are 100% vested with five or more years of vesting service.

Benefits can start on the participants:

1. Normal retirement date - the first day of the month on or after the participant reaches age 65; or
2. Early retirement date - this day shall be on or after the date the participant has severance from employment and the date the participant meets the following requirements:
 - a. The date the participant reaches age 55;
 - b. Has completed 10 years of service with the employer.

Benefits paid can be in various forms at the option of the participant. The amount of the benefit depends on the amount contributed to the participant's account, earnings on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to the participant's account.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 11 - Defined Contribution Pension Plans (Cont'd)

Peters Township Municipal Employees (Cont'd)

A. Plan Description (Cont'd)

The amount contributed by the Township to the Plan for the year ended December 31, 2012 was \$169,271 or 8.26% of wages. Unallocated forfeitures from participants no longer in the Plan and not fully vested are allocated among current participants and amounted to \$16 in 2012. Township Council is responsible for establishing and/or amending the Plan provisions and contribution requirements.

B. Summary of Significant Accounting Policies

The financial statements of the Plan are included as a pension trust fund in this report. For additional information related to basis of accounting reported investment values see Notes 1D. and 2.

C. Concentrations

The Municipal Employees Pension Plan investments in mutual funds held by Principal Financial Group account for 93% of the total investments at December 31, 2012. The balance (7%) of the Plan's investments are in guaranteed interest accounts.

Road Department

Plan Description

The Township provides pension benefits for all of its full-time road department employees through a defined contribution plan, by participating in the Laborers' District Council of Western Pennsylvania Pension Fund for Local Union #1058 who administers the Plan.

Payments by the Township are calculated at the rate of \$2.50 for every hour worked by the road department employees. The total contribution required and made by the Township for the year ended December 31, 2012 was \$86,341 (11.46% of covered payroll).

Employees are eligible to participate from the date of employment.

Plan participants are all union employees for whom 300 hours of employment are credited in the fund for a single calendar year.

On and after January 1, 1987, the normal retirement benefit of an employee eligible for retirement and who applies, therefore, shall be a monthly amount equal to the sum of the following:

1. Fifteen dollars (\$15.00) multiplied by the sum of the employee's years of credited past service, if any; plus

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 11 - Defined Contribution Pension Plans (Cont'd)

Road Department (Cont'd)

Plan Description (Cont'd)

2. Three and three-quarters percent (3.75%) of the total amount contributed for him after his most recent break in service, if any, through December 31, 1987; plus
3. Three percent (3.0%) of the total amount contributed for him from January 1, 1987.

The Local Union #1058 has the authority for establishing and amending Plan provisions, and the contribution rate is negotiated by the Township through the Union employee's contract requirements.

Note 12 - Pension Plans Financial Information

The Township's Police Pension, a defined benefit plan and the Municipal Employees' Pension Plan, a defined contribution plan, do not issue standalone financial reports. The following is a statement of fiduciary net position and statement of changes in fiduciary net position for the two plans as of and for the year ended December 31, 2012:

	Pension Trust Funds		Total Pension Trust Funds
	Police Pension Fund	Employees' Pension Fund	
Assets			
Cash and Cash Equivalents	\$ 2	\$ 737,298	\$ 737,300
Investments, at Fair Value			
Mutual Funds	8,187,192	1,794,033	9,981,225
Guaranteed Interest Accounts	-	131,420	131,420
Receivables - Employees	<u>22,236</u>	<u>-</u>	<u>22,236</u>
Total Assets	<u>8,209,430</u>	<u>2,662,751</u>	<u>10,872,181</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Held in Trust for Pension Benefits	<u>\$8,209,430</u>	<u>\$2,662,751</u>	<u>\$10,872,181</u>

Peters Township
Notes to Financial Statements
December 31, 2012

Note 12 - Pension Plans Financial Information (Cont'd)

	Pension Trust Funds		Total Pension Trust Funds
	Police Pension Fund	Employees' Pension Fund	
Additions			
Contributions			
Employer	\$ 424,347	\$ 169,271	\$ 593,618
Plan Members	<u>93,106</u>	<u>10,109</u>	<u>103,215</u>
Total Contributions	<u>517,453</u>	<u>179,380</u>	<u>696,833</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	934,997	280,154	1,215,151
Interest and Dividends	<u>-</u>	<u>3,037</u>	<u>3,037</u>
Net Investment Income	<u>934,997</u>	<u>283,191</u>	<u>1,218,188</u>
Total Additions	<u>1,452,450</u>	<u>462,571</u>	<u>1,915,021</u>
Deductions			
Benefits	185,412	-	185,412
Administrative Expenses	<u>19,564</u>	<u>363</u>	<u>19,927</u>
Total Deductions	<u>204,976</u>	<u>363</u>	<u>205,339</u>
Changes in Net Position	1,247,474	462,208	1,709,682
Net Position - January 1, 2012	<u>6,961,956</u>	<u>2,200,543</u>	<u>9,162,499</u>
Net Position - December 31, 2012	<u>\$8,209,430</u>	<u>\$2,662,751</u>	<u>\$10,872,181</u>

Peters Township
Notes to Financial Statements
December 31, 2012

Note 13 - Post Employment Healthcare Plan

A. Plan Description

Peters Township administers a single-employer defined benefit healthcare plan ("the Supplemental Health Plan"). The plan provides medical, dental and vision for eligible Township police officers. The benefits provided are for the eligible retirees and their spouses through the Township group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the Township and union representing the employees. No post-employment benefits are provided for non-uniform employees. The plan does not issue a publicly available financial report.

B. Funding Policy

The eligibility and the benefits are as follows:

Police Employees

Medical, Dental and Vision Eligibility	Retired from the police pension plan after age 50 and 25 years of service.
Death Benefit Eligibility	Termination from the police pension plan after 15 years of service.
Persons Covered	Coverage will include retiree, spouse and eligible dependents.
Benefits Provided	The Township will pay 102% of the charged premium for medical, dental and vision coverage for the retiree, spouse and dependents for the first year of retirement. For the next four years, the Township will pay 52% of the charged premiums. During the following five years, the Township will pay the actual cost of premiums up to \$200 per month. In addition, the Township self-funds the difference between the high deductible (\$1,500/\$3,000) and a \$250/\$500 deductible. After 10 years of retirement, medical, dental and vision benefits cease. A death benefit of \$2,000 is payable to the beneficiary of a participant who terminates after 15 years of service, with the benefit amount increasing by \$200 for each additional year of service, to a maximum of \$5,000.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 13 - Post Employment Healthcare Plan (Cont'd)

B. Funding Policy (Cont'd)

Police Employees (Cont'd)

Benefits Provider

Highmark High Deductible \$1,500/\$3,000 PPO Plan or PPO Blue Option 1 Plan (with retirees paying the difference in cost between the two if the Option 1 plan is elected) for medical coverage, United Concordia for dental coverage and Vision Benefits of America (VBA) for vision coverage, all administered through the Municipal Employers Insurance Trust (MEIT). The death benefit is currently self-insured. Effective January 1, 2013, medical coverage is a UPMC Health Plan PPO with a \$2,000 in-network deductible and \$3,000/\$6,000 out-of-network deductible.

Retiree Contributions

Retirees pay the charged premium in excess of the amount paid by the Township. For the second through fifth years of retirement, 48% of the charged premium is paid by the retiree. For years six through ten, premiums in excess of \$2,400 annually are paid by the retiree.

Public Works Employees

Medical, Dental and Vision Eligibility

Hired prior to May 1, 2012 and retired from the pension plan after age 62 with 15 years of service.

Persons Covered

Coverage will include retiree, spouse, and eligible dependents.

Benefits Provided

The Township will pay the charged premium for medical, dental, and vision coverage for the retiree, spouse, and eligible dependents, up to a maximum of \$337.38 per month for single coverage or a maximum of \$901.89 per month for other coverage, for a maximum of three years after retirement. After three years of retirement, medical, dental, and vision benefits cease.

Opt Out

At retirement, eligible participants may make an irrevocable election to receive payments equal to 50% of the maximum amounts outlined above, based on coverage level at retirement, in lieu of continued health coverage.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 13 - Post Employment Healthcare Plan (Cont'd)

B. Funding Policy (Cont'd)

Public Works Employees (Cont'd)

Benefits Provider

Highmark High Deductible 1500/3000 PPO Plan or PPO Blue Option 1 Plan (with retirees paying the difference in cost between the two if the Option 1 Plan is elected) for medical coverage, United Concordia for dental coverage, and Vision Benefits of America (VBA) for vision coverage, all administered through the Municipal Employers Insurance Trust (MEIT). Effective January 1, 2013, medical coverage is a UPMC Health Plan PPO with \$2,000 in-network deductible and \$3,000/\$6,000 out-of-network deductible.

Retiree Contributions

Retirees pay the charged premium in excess of the amount paid by the Township.

Non-Police, Non-Public Works Employees

No post-retirement benefits are provided for employees other than police officers and public works employees.

For the year ended December 31, 2012, the Township contributed \$10,990. Plan members receiving benefits contributed \$10,249. The plan is financed on a pay-as-you-go basis.

C. Annual OPEB Cost and Net OPEB Obligation

The Township's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (funding excess) over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Township's net OPEB obligation.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 13 - Post Employment Healthcare Plan (Cont'd)

C. Annual OPEB Cost and Net OPEB Obligation (Cont'd)

Annual Required Contribution	\$ 97,864
Interest on Net OPEB Obligation	6,268
Adjustment to Annual Required Contribution	<u>(9,015)</u>
Annual OPEB Cost (Expense)	95,117
Contributions Made	<u>(45,591)</u>
Increase (Decrease) in OPEB Obligation	49,526
Net OPEB Obligation - Beginning of Year	<u>139,298</u>
Net OPEB Obligation - End of Year	<u>\$188,824</u>

The Township's OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the years ended December 31, 2012, 2011 and 2010, is as follows.

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/12	\$95,117	47.9%	\$188,824
12/31/11	85,398	44.8%	139,298
12/31/10	86,252	39.6%	92,156

D. Funded Status and Funding Progress

As of January 1, 2012, the actuarial accrued liability for benefits was \$970,958, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,473,319 and the ratio of unfunded actuarial accrued liability to the covered payroll was 39.2%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Multi-year information will be presented in future years.

**Peters Township
Notes to Financial Statements
December 31, 2012**

Note 13 - Post Employment Healthcare Plan (Cont'd)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an investment return of 4.5%, an annual healthcare cost trend rate of 5% annually and a 3% rate for dental/vision with no change over the period and no separate rate for inflation. The method used to determine the actuarial value of assets is not applicable since there are no plan assets. The unfunded actuarial accrued liability is being amortized using the level dollar method. The amortization period for the most recent actuarial valuation is twenty-seven years. The period is open.

Note 14 - Risk Management

Peters Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Township does participate in the Municipal Risk Management (MRM) program for the purchase of certain insurance policies. The MRM is comprised of a number of municipalities which have combined their purchasing power to receive more favorable rates from independent insurance companies. There is no transfer or pooling of risk among the members and each member purchases its own insurance policies from an independent company.

The Township also purchases commercial insurance for its employee health and accident insurance coverage.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 15 - Construction Commitment

As of December 31, 2012, the Township had construction commitments in the amount of approximately \$65,000 for the public works fueling station. It is anticipated this project will be completed in 2013.

Note 16 - Subsequent Events

In January 2013, the Township issued \$10,000,000 of general obligation bonds Series of 2013 to advance refund a portion (\$9,360,000) of the Series of 2010 outstanding bonds and pay the cost of issuance.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$ 4,359,928	\$ 4,359,928	\$ 4,169,582	\$ (190,346)
Delinquent	20,000	20,000	12,025	(7,975)
Liened	50,000	50,000	58,711	8,711
Real Estate Transfer Taxes	1,100,000	1,100,000	1,706,977	606,977
Earned Income Taxes/Wage Taxes	4,480,000	4,480,000	5,075,430	595,430
Mechanical Device Taxes	5,000	5,000	6,150	1,150
Local Services Taxes	<u>280,000</u>	<u>280,000</u>	<u>310,084</u>	<u>30,084</u>
Total Taxes	<u>10,294,928</u>	<u>10,294,928</u>	<u>11,338,959</u>	<u>1,044,031</u>
Licenses and Permits				
Street and Curb Permits	<u>10,000</u>	<u>10,000</u>	<u>16,033</u>	<u>6,033</u>
Fines and Forfeits				
Vehicle Code Violations	70,000	70,000	73,645	3,645
Violations of Ordinances	6,000	6,000	2,150	(3,850)
Court Fines	<u>2,000</u>	<u>2,000</u>	<u>1,899</u>	<u>(101)</u>
Total Fines and Forfeits	<u>78,000</u>	<u>78,000</u>	<u>77,694</u>	<u>(306)</u>
Interest, Rents and Royalties				
Interest Earnings	<u>27,000</u>	<u>27,000</u>	<u>40,256</u>	<u>13,256</u>
Intergovernmental				
State				
Beverage Licenses	7,225	7,225	6,950	(275)
Public Utility Realty Tax	14,700	14,700	14,727	27
Foreign Casualty Insurance	295,000	295,000	325,426	30,426
Foreign Fire Insurance Premium Tax	121,000	121,000	126,496	5,496
Other Grants	<u>101,500</u>	<u>101,500</u>	<u>62,956</u>	<u>(38,544)</u>
Total Intergovernmental	<u>539,425</u>	<u>539,425</u>	<u>536,555</u>	<u>(2,870)</u>

Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (Cont'd)				
Charges for Services				
General Government				
Zoning & Subdivision	\$ 30,000	\$ 30,000	\$ 29,625	\$ (375)
Sale of Materials	40,000	40,000	32,374	(7,626)
Tax Collection Fees	15,255	15,255	51,228	35,973
Public Safety				
Special Police Services	42,849	42,849	39,813	(3,036)
Building Permits	225,000	225,000	232,995	7,995
Fire Hall Rental	42,000	42,000	42,000	-
Burning Permits	-	-	50	50
Highways and Streets				
Contracted Highway & Street Work				
Contracted Snow Removal for PennDOT	42,000	42,000	45,513	3,513
Culture - Recreation				
Park & Recreation Fees	225,000	225,000	254,073	29,073
Tennis Fees	<u>138,000</u>	<u>138,000</u>	<u>148,723</u>	<u>10,723</u>
 Total Charges for Services	 <u>800,104</u>	 <u>800,104</u>	 <u>876,394</u>	 <u>76,290</u>
 Miscellaneous Revenue				
Contributions & Donations from				
Private Sources	12,520	12,520	11,114	(1,406)
Other Miscellaneous Revenue	<u>30,000</u>	<u>30,000</u>	<u>69,092</u>	<u>39,092</u>
 Total Miscellaneous Revenue	 <u>42,520</u>	 <u>42,520</u>	 <u>80,206</u>	 <u>37,686</u>
 Total Revenues	 <u>11,791,977</u>	 <u>11,791,977</u>	 <u>12,966,097</u>	 <u>1,174,120</u>
 Expenditures				
Current:				
General Government				
Legislative Body				
Personal Services	22,607	22,607	18,247	4,360
Executive				
Personal Services	366,844	366,844	367,377	(533)
Supplies	16,500	16,500	14,772	1,728
Other Services & Charges	57,100	57,100	50,395	6,705

Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
General Government (Cont'd)				
Special Project Administration				
Supplies	\$ 3,000	\$ 3,000	\$ 2,623	\$ 377
Other Services & Charges	11,000	11,000	9,295	1,705
Tax Collection				
Supplies	750	750	125	625
Other Services & Charges	170,107	170,107	170,129	(22)
Professional Services				
Personal Services	108,188	108,188	96,611	11,577
Supplies	2,600	2,600	4,096	(1,496)
Other Services & Charges	209,750	209,750	128,029	81,721
Information Technology				
Personal Services	29,066	29,066	28,569	497
Supplies	12,000	12,000	9,259	2,741
Other Services & Charges	88,600	88,600	67,377	21,223
Administration Vehicle Maintenance				
Personal Services	2,153	2,153	2,230	(77)
Supplies	3,700	3,700	3,324	376
Other Services & Charges	1,000	1,000	-	1,000
Municipal Building				
Personal Services	16,148	16,148	28,912	(12,764)
Supplies	11,000	11,000	8,056	2,944
Other Services & Charges	<u>97,000</u>	<u>97,000</u>	<u>71,229</u>	<u>25,771</u>
Total General Government	<u>1,229,113</u>	<u>1,229,113</u>	<u>1,080,655</u>	<u>148,458</u>
Public Safety				
Police				
Administration				
Personal Services	277,952	277,952	276,432	1,520
Supplies	7,500	7,500	7,121	379
Other Services & Charges	26,000	26,000	23,639	2,361
Patrol				
Personal Services	1,550,698	1,550,698	1,585,741	(35,043)
Supplies	45,600	45,600	37,619	7,981
Other Services & Charges	8,800	8,800	5,393	3,407

Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Safety (Cont'd)				
Police (Cont'd)				
Investigations				
Personal Services	\$ 167,934	\$ 167,934	\$ 163,431	\$ 4,503
Supplies	5,130	5,130	2,735	2,395
Other Services & Charges	1,000	1,000	1,000	-
Police Community Relations				
Personal Services	101,729	101,729	93,659	8,070
Supplies	7,713	7,713	6,875	838
Other Services & Charges	1,000	1,000	-	1,000
Vehicle Maintenance				
Personal Services	11,626	11,626	12,434	(808)
Supplies	98,740	98,740	118,699	(19,959)
Other Services & Charges	12,000	12,000	8,828	3,172
Capital Purchase	85,000	85,000	58,662	26,338
Animal Control				
Other Services & Charges	14,000	14,000	11,940	2,060
School Guards				
Personal Services	12,918	12,918	12,721	197
Supplies	400	400	634	(234)
Other Services & Charges	500	500	352	148
Fire				
Administration/Prevention				
Personal Services	162,552	162,552	167,296	(4,744)
Supplies	17,800	17,800	7,570	10,230
Other Services & Charges	14,000	14,000	6,119	7,881
Fire Suppression				
Personal Services	551,168	551,168	483,745	67,423
Supplies	42,000	42,000	43,143	(1,143)
Other Services & Charges	152,000	152,000	152,065	(65)
Contributions, Grants & Subs.	121,000	121,000	126,496	(5,496)
Fire Vehicle Maintenance				
Personal Services	139,945	139,945	163,161	(23,216)
Supplies	46,600	46,600	35,585	11,015
Other Services & Charges	13,000	13,000	12,356	644
Fire Stations				
Supplies	10,500	10,500	2,173	8,327
Other Services & Charges	42,100	42,100	28,142	13,958

Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Safety (Cont'd)				
Emergency Medical Service				
Other Services & Charges	\$ 89,700	\$ 89,700	\$ 89,811	\$ (111)
Planning				
Personal Services	214,224	214,224	213,166	1,058
Supplies	6,000	6,000	4,231	1,769
Other Services & Charges	36,500	36,500	29,260	7,240
Building Inspection				
Personal Services	138,869	138,869	142,211	(3,342)
Supplies	250	250	363	(113)
Other Services & Charges	21,800	21,800	12,038	9,762
Zoning Hearing Board				
Other Services & Charges	<u>15,500</u>	<u>15,500</u>	<u>3,264</u>	<u>12,236</u>
Total Public Safety	<u>4,271,748</u>	<u>4,271,748</u>	<u>4,150,110</u>	<u>121,638</u>
Public Works - Sanitation				
Recycling Collection and Disposal				
Personal Services	20,454	20,454	17,139	3,315
Supplies	5,000	5,000	722	4,278
Other Services & Charges	<u>5,000</u>	<u>5,000</u>	<u>4,716</u>	<u>284</u>
Total Sanitation	<u>30,454</u>	<u>30,454</u>	<u>22,577</u>	<u>7,877</u>
Public Works - Highways				
Administration				
Personal Services	193,824	193,824	179,554	14,270
Supplies	10,450	10,450	11,352	(902)
Other Services & Charges	10,000	10,000	9,656	344
Maintenance of Building				
Personal Services	10,765	10,765	17,525	(6,760)
Supplies	3,000	3,000	4,850	(1,850)
Other Services & Charges	27,000	27,000	19,100	7,900
Snow and Ice Removal				
Personal Services	113,033	113,033	84,943	28,090
Supplies	304,000	304,000	201,615	102,385
Other Services & Charges	9,000	9,000	5,236	3,764

Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Works - Highways (Cont'd)				
Traffic Signals and Signs				
Personal Services	\$ 15,071	\$ 15,071	\$ 16,889	\$ (1,818)
Supplies	15,000	15,000	11,135	3,865
Other Services & Charges	26,500	26,500	18,939	7,561
Street Lighting				
Other Services & Charges	15,500	15,500	11,532	3,968
Storm Sewer Maintenance				
Personal Services	37,678	37,678	47,682	(10,004)
Supplies	17,500	17,500	19,637	(2,137)
Other Services & Charges	5,000	5,000	7,965	(2,965)
Vehicle Maintenance				
Personal Services	59,208	59,208	58,532	676
Supplies	83,725	83,725	86,596	(2,871)
Other Services & Charges	9,000	9,000	19,547	(10,547)
Highway Maintenance				
Personal Services	369,240	369,240	280,827	88,413
Supplies	71,500	71,500	45,806	25,694
Other Services & Charges	<u>25,800</u>	<u>25,800</u>	<u>11,887</u>	<u>13,913</u>
Total Highways	<u>1,431,794</u>	<u>1,431,794</u>	<u>1,170,805</u>	<u>260,989</u>
Total Public Works	<u>1,462,248</u>	<u>1,462,248</u>	<u>1,193,382</u>	<u>268,866</u>
Culture - Recreation				
Administration				
Personal Services	100,653	100,653	100,771	(118)
Supplies	3,650	3,650	2,175	1,475
Other Services & Charges	14,000	14,000	2,750	11,250
Recreation Programming				
Personal Services	33,910	33,910	26,793	7,117
Supplies	14,200	14,200	9,446	4,754
Other Services & Charges	148,700	148,700	118,871	29,829
Parks Maintenance				
Personal Services	350,401	350,401	354,724	(4,323)
Supplies	103,500	103,500	56,141	47,359
Other Services & Charges	101,500	101,500	66,876	34,624

Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Culture - Recreation (Cont'd)				
Community Center				
Personal Services	\$ 102,268	\$ 102,268	\$ 83,049	\$ 19,219
Supplies	13,700	13,700	9,845	3,855
Other Services & Charges	151,000	151,000	120,876	30,124
Tennis Center				
Personal Services	129,180	129,180	131,216	(2,036)
Supplies	14,500	14,500	10,580	3,920
Other Services & Charges	5,200	5,200	5,841	(641)
Libraries				
Personal Services	42,145	42,145	35,449	6,696
Supplies	4,000	4,000	5,047	(1,047)
Other Services & Charges	<u>109,500</u>	<u>109,500</u>	<u>92,575</u>	<u>16,925</u>
Total Culture - Recreation	<u>1,442,007</u>	<u>1,442,007</u>	<u>1,233,025</u>	<u>208,982</u>
Ins., Employee Benefits & Other				
Retirement Fund Contributions	680,000	680,000	684,904	(4,904)
Workers' Comp. Contributions	171,000	171,000	252,335	(81,335)
Unemployment Compensation	13,000	13,000	10,830	2,170
Hospitalization Ins. Premiums	865,000	865,000	759,733	105,267
Group Life Ins. Premiums	12,000	12,000	10,654	1,346
Sickness & Accident Ins. Premiums	35,000	35,000	22,274	12,726
Insurance Premiums - Other				
Fire & Liability	118,000	118,000	139,673	(21,673)
Other Employee Benefits	-	-	5,097	(5,097)
Miscellaneous	<u>60,000</u>	<u>60,000</u>	<u>62,631</u>	<u>(2,631)</u>
Total Insurance, Employee Benefits & Other	<u>1,954,000</u>	<u>1,954,000</u>	<u>1,948,131</u>	<u>5,869</u>
Debt Service:				
Principal Retirement	139,623	139,623	142,361	(2,738)
Interest	<u>11,001</u>	<u>11,001</u>	<u>11,001</u>	<u>-</u>
Total Debt Service	<u>150,624</u>	<u>150,624</u>	<u>153,362</u>	<u>(2,738)</u>
Total Expenditures	<u>10,509,740</u>	<u>10,509,740</u>	<u>9,758,665</u>	<u>751,075</u>

Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,282,237</u>	<u>\$ 1,282,237</u>	<u>\$ 3,207,432</u>	<u>\$1,925,195</u>
Other Financing Sources (Uses)				
Transfers Out				
Special Revenue Fund	(743,000)	(743,000)	(743,000)	-
Debt Service Fund	(1,081,001)	(1,081,001)	(1,087,497)	(6,496)
Capital Projects Fund	<u>(2,796,900)</u>	<u>(2,796,900)</u>	<u>(2,789,492)</u>	<u>7,408</u>
Total Other Financing Sources (Uses)	<u>(4,620,901)</u>	<u>(4,620,901)</u>	<u>(4,619,989)</u>	<u>912</u>
Net Change in Fund Balance	(3,338,664)	(3,338,664)	(1,412,557)	1,926,107
Fund Balance - January 1, 2012	<u>5,300,758</u>	<u>5,300,758</u>	<u>5,831,291</u>	<u>530,533</u>
Fund Balance - December 31, 2012	<u>\$ 1,962,094</u>	<u>\$ 1,962,094</u>	<u>\$ 4,418,734</u>	<u>\$ 2,456,640</u>

See Accompanying Note to the Budgetary Comparison Schedule

**Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Special Revenue Fund
Cable Television Fund
Budget and Actual
Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits				
Cable TV Franchise Fees	\$ 473,360	\$ 473,360	\$ 456,199	\$(17,161)
Interest, Rents & Royalties				
Interest Earnings	300	300	383	83
Miscellaneous - Other	<u>300</u>	<u>300</u>	<u>660</u>	<u>360</u>
 Total Revenues	 <u>473,960</u>	 <u>473,960</u>	 <u>457,242</u>	 <u>(16,718)</u>
 Expenditures				
Current:				
General Government - Administrative				
Other Services & Charges	72,615	72,615	42,663	29,952
Culture - Recreation				
Cable Television				
Personal Services	68,691	68,691	68,205	486
Supplies	20,500	20,500	19,181	1,319
Other Services & Charges	26,000	26,000	6,203	19,797
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>38,066</u>	<u>11,934</u>
 Total Expenditures	 <u>237,806</u>	 <u>237,806</u>	 <u>174,318</u>	 <u>63,488</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>236,154</u>	 <u>236,154</u>	 <u>282,924</u>	 <u>46,770</u>
 Other Financing Sources (Uses)				
Transfers Out				
Capital Projects Fund	<u>(80,000)</u>	<u>(80,000)</u>	<u>(61,699)</u>	<u>18,301</u>
 Net Change in Fund Balance	 156,154	 156,154	 221,225	 65,071
 Fund Balance - January 1, 2012	 <u>940,365</u>	 <u>940,365</u>	 <u>1,024,678</u>	 <u>84,313</u>
 Fund Balance - December 31, 2012	 <u>\$1,096,519</u>	 <u>\$1,096,519</u>	 <u>\$1,245,903</u>	 <u>\$149,384</u>

See Accompanying Note to the Budgetary Comparison Schedule

Peters Township
Note to the Required Supplementary Information
Budget Comparison
December 31, 2012

Note 1 - Budgetary Information

Budgets are adopted on a basis consistent with U. S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund and cable television fund, a major special revenue fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

Peters Township
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2012

1. Schedules of Funding Progress

Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
01/01/01	\$4,954,564	\$3,947,575	\$(1,006,989)	126%	\$1,052,946	N/A
01/01/03	3,996,570	4,954,999	958,429	81%	1,171,823	82%
01/01/05	5,362,366	5,771,608	409,242	93%	1,272,340	32%
01/01/07	6,696,926	6,561,981	(134,945)	102%	1,414,747	N/A
01/01/09	5,889,878	7,615,283	1,725,405	77%	1,498,023	115%
01/01/11	6,850,868	8,628,934	1,778,066	79%	1,678,251	106%

Note: State law requires biennial valuations on the odd numbered years. Interim year valuations were not performed.

2. Schedules of Employer's Contributions

Year Ended December 31,	Police Pension Plan	
	Annual Required Contribution	Percentage Contributed
2007	\$173,663	100%
2008	137,840	100%
2009	146,215	100%
2010	159,293	100%
2011	290,417	100%
2012	424,347	100%

**Peters Township
Required Supplementary Information
Other Post-Employment Benefits
December 31, 2012**

Schedule of Funding Progress for Retiree Health Plan

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (AVA/AAL)	Covered Payroll	UAAL as Percentage of Covered Payroll
01/01/09	\$ -	\$885,131	\$885,131	0.0%	\$1,469,703	60.2%
01/01/12	-	970,958	970,958	0.0%	2,473,319	39.2%

Note: December 31, 2009 was the first year of implementation of the new standards for accounting and reporting of post-employment benefits; therefore, only two actuarial valuations have been completed. (Future reports will include additional valuations as they are performed.)

**COMBINING AND INDIVIDUAL
FUND SECTION**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Highway Aid Fund - To account for resources received from the Commonwealth of Pennsylvania as the Township's share of the proceeds from the state gasoline tax and the related expenditures.

Library Fund - To account for revenues and expenditures related to the operation of the Peters Township Library.

DEBT SERVICE FUNDS

Series of 2010 - To account for accumulation of resources for and payment of debt principal, interest and fees of the 2010 Series bonds.

Series of 2012 - To account for accumulation of resources for and payment of debt principal, interest and fees of the 2006 and 2012 Series bonds.

**Peters Township
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	<u>Special Revenue Funds</u>		Total Nonmajor Govern- mental Funds
	Highway Aid Fund	Library Fund	
ASSETS			
Cash and Cash Equivalents	\$54	\$292,118	\$292,172
Prepaid Items	<u>-</u>	<u>1,833</u>	<u>1,833</u>
TOTAL ASSETS	<u>\$54</u>	<u>\$293,951</u>	<u>\$294,005</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ -	\$ 3,026	\$ 3,026
Fund Balances			
Restricted	54	-	54
Assigned	<u>-</u>	<u>290,925</u>	<u>290,925</u>
Total Fund Balances	<u>54</u>	<u>290,925</u>	<u>290,979</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$54</u>	<u>\$293,951</u>	<u>\$294,005</u>

**Peters Township
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2012**

	Special Revenue Funds		Debt Service Funds		Total Nonmajor Governmental Funds
	Highway Aid Fund	Library Fund	Series of 2010	Series of 2012	
Revenues					
Fines and Forfeits	-	\$ 40,489	-	-	\$ 40,489
Interest, Rents and Royalties	77	575	-	-	652
Intergovernmental	521,478	120,013	-	-	641,491
Charges for Services	-	19,118	-	-	19,118
Miscellaneous	-	1,310	-	-	1,310
Total Revenues	<u>521,555</u>	<u>181,505</u>	<u>-</u>	<u>-</u>	<u>703,060</u>
Expenditures					
Current:					
General Government	-	-	-	36,704	36,704
Culture - Recreation	-	865,443	-	-	865,443
Debt Service:					
Principal	-	-	205,000	455,000	660,000
Interest	-	-	380,960	54,609	435,569
Capital Outlay	521,523	-	-	-	521,523
Total Expenditures	<u>521,523</u>	<u>865,443</u>	<u>585,960</u>	<u>546,313</u>	<u>2,519,239</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>32</u>	<u>(683,938)</u>	<u>(585,960)</u>	<u>(546,313)</u>	<u>(1,816,179)</u>
Other Financing Sources (Uses)					
Issuance of Refunding Bonds	-	-	-	2,290,000	2,290,000
Premium on Bonds Issued	-	-	-	5,649	5,649
Transfers In	-	743,000	585,960	501,537	1,830,497
Payment to Refunded Bond Escrow Agent	-	-	-	(2,250,873)	(2,250,873)
Total Other Financing Sources (Uses)	<u>-</u>	<u>743,000</u>	<u>585,960</u>	<u>546,313</u>	<u>1,875,273</u>
Net Changes in Fund Balances	<u>32</u>	<u>59,062</u>	<u>-</u>	<u>-</u>	<u>59,094</u>
Fund Balances - January 1, 2012	<u>22</u>	<u>231,863</u>	<u>-</u>	<u>-</u>	<u>231,885</u>
Fund Balances - December 31, 2012	<u>\$ 54</u>	<u>\$ 290,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,979</u>

**Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Special Revenue Fund
Highway Aid Fund
Budget and Actual
Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest, Rents and Royalties				
Interest Earnings	\$ 75	\$ 75	\$ 77	\$ 2
Intergovernmental				
Liquid Fuels Tax	<u>500,000</u>	<u>500,000</u>	<u>521,478</u>	<u>21,478</u>
Total Revenues	<u>500,075</u>	<u>500,075</u>	<u>521,555</u>	<u>21,480</u>
Expenditures				
Capital Outlay	<u>500,099</u>	<u>500,099</u>	<u>521,523</u>	<u>(21,424)</u>
Net Change in Fund Balance	(24)	(24)	32	56
Fund Balance - January 1, 2012	<u>24</u>	<u>24</u>	<u>22</u>	<u>(2)</u>
Fund Balance - December 31, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 54</u>

**Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Special Revenue Fund
Library Fund
Budget and Actual
Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeits				
Library Fines	\$ 32,860	\$ 32,860	\$ 40,489	\$ 7,629
Interest, Rents and Royalties				
Interest Earnings	1,500	1,500	575	(925)
Intergovernmental				
State Grant	78,000	78,000	78,116	116
County Grant	37,640	37,640	41,897	4,257
Charges for Services				
Library Use Fees	22,000	22,000	19,118	(2,882)
Miscellaneous				
Contributions & Donations from Private Sources	<u>10,000</u>	<u>10,000</u>	<u>1,310</u>	<u>(8,690)</u>
Total Revenues	<u>182,000</u>	<u>182,000</u>	<u>181,505</u>	<u>(495)</u>
Expenditures				
Current:				
Culture - Recreation				
Libraries				
Personal Services	675,000	675,000	601,158	73,842
Supplies	200,000	200,000	208,990	(8,990)
Other Services & Charges	<u>50,000</u>	<u>50,000</u>	<u>55,295</u>	<u>(5,295)</u>
Total Expenditures	<u>925,000</u>	<u>925,000</u>	<u>865,443</u>	<u>59,557</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(743,000)</u>	<u>(743,000)</u>	<u>(683,938)</u>	<u>59,062</u>
Other Financing Sources (Uses)				
Transfers In				
General Fund	<u>743,000</u>	<u>743,000</u>	<u>743,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	59,062	59,062
Fund Balance - January 1, 2012	<u>250,793</u>	<u>250,793</u>	<u>231,863</u>	<u>(18,930)</u>
Fund Balance - December 31, 2012	<u>\$ 250,793</u>	<u>\$ 250,793</u>	<u>\$ 290,925</u>	<u>\$ 40,132</u>

Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Debt Service Fund
Series of 2010
Budget and Actual
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Expenditures				
Debt Service:				
Principal	205,000	205,000	205,000	-
Interest	<u>381,160</u>	<u>381,160</u>	<u>380,960</u>	<u>200</u>
Total Expenditures	<u>586,160</u>	<u>586,160</u>	<u>585,960</u>	<u>200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(586,160)</u>	<u>(586,160)</u>	<u>(585,960)</u>	<u>200</u>
Other Financing Sources (Uses)				
Transfers In				
General Fund	<u>586,160</u>	<u>586,160</u>	<u>585,960</u>	<u>(200)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - January 1, 2012	_____ -	_____ -	_____ -	_____ -
Fund Balance - December 31, 2012	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>

**Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Debt Service Fund
Series of 2012
Budget and Actual
Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ _____	\$ _____	\$ _____	\$ _____
Expenditures				
Current:				
General Government				
Other Services and Charges	-	-	36,704	(36,704)
Debt Service:				
Principal	490,000	490,000	455,000	35,000
Interest	<u>81,745</u>	<u>81,745</u>	<u>54,609</u>	<u>27,136</u>
Total Expenditures	<u>571,745</u>	<u>571,745</u>	<u>546,313</u>	<u>25,432</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(571,745)</u>	<u>(571,745)</u>	<u>(546,313)</u>	<u>25,432</u>
Other Financing Sources (Uses)				
Issuance of Refunding Bonds	-	-	2,290,000	2,290,000
Premium on Bonds Issued	-	-	5,649	5,649
Transfers In				
General Fund	571,745	571,745	501,537	(70,208)
Payment to Refunded Bond Escrow Agent	<u>-</u>	<u>-</u>	<u>(2,250,873)</u>	<u>(2,250,873)</u>
Total Other Financing Sources (Uses)	<u>571,745</u>	<u>571,745</u>	<u>546,313</u>	<u>(25,432)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - January 1, 2012	_____	_____	_____	_____
Fund Balance - December 31, 2012	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

CAPITAL PROJECTS FUND

Capital Reserve Fund - To account for the financing and construction of a variety of capital projects in Peters Township. General fund revenues, state grants, and debt proceeds provide the financing for projects included in this fund.

**Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Capital Projects Fund
Budget and Actual
Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest, Rents and Royalties				
Interest Earnings	\$ 41,350	\$ 41,350	\$ 60,883	\$ 19,533
Intergovernmental				
State Grants	930,150	930,150	987,319	57,169
Miscellaneous Revenue				
Contributions & Donations	<u>83,333</u>	<u>83,333</u>	<u>210,183</u>	<u>126,850</u>
Total Revenues	<u>1,054,833</u>	<u>1,054,833</u>	<u>1,258,385</u>	<u>203,552</u>
Expenditures				
Capital Outlay:				
General Government				
Administration				
Capital Purchase	24,000	24,000	5,328	18,672
Network Administration				
Capital Purchase	80,000	80,000	61,669	18,331
Municipal Building				
Capital Purchase	501,420	501,420	97,978	403,442
Public Safety				
Police Administration				
Capital Purchase	-	-	3,590	(3,590)
Police Patrol				
Capital Purchase	9,820	9,820	9,260	560
Fire Administration				
Capital Purchase	15,000	15,000	13,150	1,850
Fire Station				
Capital Construction	46,000	46,000	56,108	(10,108)
Planning				
Capital Purchase	85,800	85,800	77,201	8,599
Public Works - Sanitation				
Recycling				
Capital Purchase	27,500	27,500	-	27,500
Public Works - Highways				
Maintenance Building				
Capital Construction	185,000	185,000	159,773	25,227

**Peters Township
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Capital Projects Fund
Budget and Actual
Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Capital Outlay: (Cont'd)				
Public Works - Highways (Cont'd)				
Traffic Signals & Signs				
Capital Purchase	\$ -	\$ -	\$ 1,210	\$ (1,210)
Storm Sewers and Drains				
Capital Construction	240,000	240,000	151,765	88,235
Vehicle Maintenance				
Capital Purchase	222,500	222,500	206,713	15,787
Highway Maintenance				
Capital Construction	2,209,734	2,209,734	1,242,308	967,426
Culture - Recreation				
Park Maintenance				
Capital Purchase	-	50,000	48,666	1,334
Capital Construction	<u>1,886,000</u>	<u>1,836,000</u>	<u>1,351,548</u>	<u>484,452</u>
Total Expenditures	<u>5,532,774</u>	<u>5,532,774</u>	<u>3,486,267</u>	<u>2,046,507</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,477,941)</u>	<u>(4,477,941)</u>	<u>(2,227,882)</u>	<u>2,250,059</u>
Other Financing Sources (Uses)				
Transfers In				
General Fund	2,796,900	2,796,900	2,789,492	(7,408)
Cable Television Fund	<u>80,000</u>	<u>80,000</u>	<u>61,699</u>	<u>(18,301)</u>
Total Other Financing Sources (Uses)	<u>2,876,900</u>	<u>2,876,900</u>	<u>2,851,191</u>	<u>(25,709)</u>
Net Change in Fund Balance	(1,601,041)	(1,601,041)	623,309	2,224,350
Fund Balance - January 1, 2012	<u>3,628,360</u>	<u>3,628,360</u>	<u>3,572,879</u>	<u>(55,481)</u>
Fund Balance - December 31, 2012	<u>\$ 2,027,319</u>	<u>\$ 2,027,319</u>	<u>\$ 4,196,188</u>	<u>\$ 2,168,869</u>

STATISTICAL SECTION

This part of Peters Township's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health.

CONTENTS

TABLE

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being has changed over time.

1 - 5

REVENUE CAPACITY

These schedules contain information to help the reader assess the factors affecting the Township's ability to generate its property and earned income taxes.

6 - 12

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.

13 - 17

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place and to help make comparisons over time and with other governments.

18 - 19

OPERATING INFORMATION

These schedules contain information about the Township's operations and resources to help the reader understand how the Township's financial information relates to the services the Township provides and the activities it performs.

20 - 28

PETERS TOWNSHIP
NET POSITION BY COMPONENT
LAST NINE FISCAL YEARS ¹
(accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Invested in capital assets (net of related debt)	\$9,327,652	\$11,787,504	\$14,068,912	\$16,901,010	\$18,472,602	\$20,739,176	\$21,162,320	\$22,351,241	\$23,100,723
Restricted	\$2,202,354	\$2,237,508	\$1,819,580	\$1,414,653	\$1,217,202	\$1,114,460	\$1,507,858	\$1,695,917	\$3,318,989
Unrestricted	\$3,725,876	\$4,295,936	\$4,753,115	\$5,196,852	\$5,545,759	\$4,938,964	\$6,549,655	\$6,627,336	\$6,288,870
Total Governmental Activities Net Position	<u>\$15,255,882</u>	<u>\$18,320,948</u>	<u>\$20,641,607</u>	<u>\$23,512,515</u>	<u>\$25,235,563</u>	<u>\$26,792,600</u>	<u>\$29,219,833</u>	<u>\$30,674,494</u>	<u>\$32,708,582</u>
Business-type Activities									
Unrestricted	\$27,288	\$4,851	\$19,651	\$71,539	\$141,179	\$156,440	\$156,440	\$94,312	\$94,312
Total Business-type Net Position	<u>\$27,288</u>	<u>\$4,851</u>	<u>\$19,651</u>	<u>\$71,539</u>	<u>\$141,179</u>	<u>\$156,440</u>	<u>\$156,440</u>	<u>\$94,312</u>	<u>\$94,312</u>
Total Primary Government									
Invested in capital assets (net of related debt)	\$9,327,652	\$11,787,504	\$14,068,912	\$16,901,010	\$18,472,602	\$20,739,176	\$21,162,320	\$22,351,241	\$23,100,723
Restricted	\$2,202,354	\$2,237,508	\$1,819,580	\$1,414,653	\$1,217,202	\$1,114,460	\$1,507,858	\$1,695,917	\$3,318,989
Unrestricted	\$3,725,876	\$4,295,936	\$4,780,403	\$5,201,703	\$5,565,410	\$5,010,503	\$6,690,834	\$6,783,776	\$6,383,182
Total Net Position	<u>\$15,255,882</u>	<u>\$18,320,948</u>	<u>\$20,668,895</u>	<u>\$23,517,366</u>	<u>\$25,255,214</u>	<u>\$26,864,139</u>	<u>\$29,361,012</u>	<u>\$30,830,934</u>	<u>\$32,802,894</u>

(1) Peters Township began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004

Table 2

PETERS TOWNSHIP
CHANGES IN NET POSITION
LAST NINE FISCAL YEARS ¹
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental Activities									
General Government	\$1,157,018	\$1,270,901	\$1,285,731	\$1,424,457	\$1,409,361	\$1,449,339	\$1,527,661	\$1,584,088	\$1,595,251
Public Safety	\$3,846,925	\$3,920,206	\$4,059,150	\$4,134,975	\$4,462,287	\$4,775,435	\$4,929,104	\$5,311,593	\$5,712,717
Public Works-Sanitation	\$35,903	\$110,672	\$43,507	\$91,034	\$43,890	\$64,389	\$49,076	\$76,492	\$26,486
Public Works - Highway	\$1,369,490	\$2,325,172	\$1,787,352	\$2,565,780	\$2,625,321	\$2,491,604	\$3,439,842	\$3,144,509	\$3,340,061
Culture - Recreation	\$2,322,769	\$2,473,190	\$2,386,836	\$2,567,790	\$2,799,125	\$2,774,708	\$2,715,179	\$2,907,506	\$2,979,531
Interest on Long Term Debt	\$426,310	\$404,347	\$384,466	\$346,570	\$340,874	\$320,188	\$508,893	\$501,342	\$453,737
Total Governmental	\$9,158,415	\$10,504,488	\$9,947,042	\$11,130,606	\$11,680,858	\$11,875,663	\$13,169,755	\$13,525,530	\$14,107,783
Activities Expenses									
Business-Type Activities									
Solid Waste Collection ²			\$528,206	\$1,227,538	\$1,283,842	\$1,253,927	\$1,247,810	\$1,343,662	\$1,402,362
Total Business-Type Expenses			\$528,206	\$1,227,538	\$1,283,842	\$1,253,927	\$1,247,810	\$1,343,662	\$1,402,362
Total Primary Government Expenses	\$9,158,415	\$10,504,488	\$10,475,248	\$12,358,144	\$12,964,700	\$13,129,590	\$14,417,565	\$14,869,192	\$15,510,145
Program Revenue									
Governmental Activities									
General Government									
Charges for Services	\$96,201	\$84,088	\$108,877	\$113,532	\$117,375	\$120,458	\$108,932	\$122,769	\$101,940
Operating Grants	\$76,869	\$93,990	\$93,536	\$67,963	\$109,873	\$118,570	\$119,422	\$142,579	\$81,357
Public Safety									
Charges for Services	\$353,665	\$402,039	\$349,037	\$328,529	\$277,986	\$311,509	\$403,066	\$472,241	\$453,885
Operating Grants	\$254,953	\$241,289	\$247,038	\$273,071	\$285,857	\$258,502	\$276,399	\$484,934	\$331,514
Capital Grants and Contributions						\$534,321			
Public Works - Sanitation									
Charges for Services		\$3,788		\$6,366	\$0	\$11,368	\$5,461	\$10,425	\$5,673
Operating Grants		\$60,000		\$67,330	\$41,273	\$73,136	\$32,688	\$23,184	
Public Works - Highway									
Charges for Services	\$32,098	\$34,352	\$36,609	\$38,305	\$47,575	\$56,160	\$52,597	\$43,413	\$45,513
Operating Grants	\$421,674	\$406,104	\$493,901	\$489,345	\$530,477	\$511,714	\$493,678	\$681,079	\$560,529
Capital Grants and Contributions		\$2,418,772	\$601,416	\$944,375	\$738,487	\$809,395	\$1,932,556	\$784,000	\$1,577,537

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Culture - Recreation									
Charges for Services	\$467,057	\$525,087	\$573,985	\$651,854	\$738,552	\$771,609	\$854,945	\$871,332	\$918,602
Operating Grants	\$188,607	\$240,314	\$180,309	\$190,499	\$190,268	\$165,315	\$125,307	\$141,078	\$123,273
Capital Grants and Contributions	\$750,000	\$0	\$0	\$651,918	\$331,504	\$0	\$6,506	\$0	\$125,000
Total Governmental	\$2,641,124	\$4,509,823	\$2,684,708	\$3,823,087	\$3,409,227	\$3,742,057	\$4,411,557	\$3,777,034	\$4,324,823
Activities Program Revenues									
Business-Type Activities									
Solid Waste Collection		\$555,494	\$555,494	\$1,204,652	\$1,296,969	\$1,305,633	\$1,317,316	\$1,358,824	\$1,340,208
Total Business-type Expenses		\$555,494	\$555,494	\$1,204,652	\$1,296,969	\$1,305,633	\$1,317,316	\$1,358,824	\$1,340,208
Total Primary Government Revenues	\$2,641,124	\$4,509,823	\$3,240,202	\$5,027,739	\$4,706,196	\$5,047,690	\$5,728,873	\$5,135,858	\$5,665,031
Governmental Activities and Business Type Net (Expense)/Revenue	(\$6,517,291)	(\$5,994,665)	(\$7,235,046)	(\$7,330,405)	(\$8,258,504)	(\$8,081,900)	(\$8,688,692)	(\$9,733,334)	(\$9,845,114)
General Revenues and Other Changes in Net Position									
Taxes									
Property Taxes	\$3,158,032	\$3,271,106	\$3,457,588	\$3,496,267	\$3,583,129	\$3,652,450	\$4,300,408	\$4,094,648	\$4,170,057
Earned Income Taxes	\$3,418,622	\$3,539,279	\$3,920,769	\$4,264,794	\$4,348,038	\$4,462,747	\$4,614,173	\$4,782,082	\$5,075,430
Other Taxes	\$1,554,755	\$1,942,447	\$1,659,969	\$1,931,693	\$1,741,025	\$1,397,666	\$1,563,884	\$1,796,611	\$2,023,211
Grants and Contributions	\$838,621	\$19,619	\$20,617	\$19,280	\$22,712	\$28,033	\$593,316	\$406,685	\$321,763
Investment Earnings	\$61,408	\$187,018	\$345,081	\$372,659	\$197,551	\$109,784	\$99,599	\$105,386	\$102,174
Miscellaneous Income	\$124,524	\$100,262	\$178,969	\$93,734	\$103,897	\$40,145	\$14,185	\$17,745	\$124,413
Total Governmental Activities	\$9,155,962	\$9,059,731	\$9,582,993	\$10,178,427	\$9,996,352	\$9,690,825	\$11,185,565	\$11,203,157	\$11,817,048
Business-Type Activities									
Investment Earnings								\$99	\$26
Total Business-type Expenses								\$99	\$26
Total General Revenues and Other Changes in Net Position	\$9,155,962	\$9,059,731	\$9,582,993	\$10,178,427	\$9,996,352	\$9,690,825	\$11,185,565	\$11,203,256	\$11,817,074
Change in Net Position									
Governmental Activities and Business-type	\$2,638,671	\$3,065,066	\$2,347,947	\$2,848,022	\$1,737,848	\$1,608,925	\$2,496,873	\$1,469,922	\$1,971,960

(1) Peters Township began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004

(2) Peters Township in 2006 began billing homeowners for solid waste collection

PETERS TOWNSHIP
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable									\$3,069	\$3,069
Committed									\$351,936	\$440,979
Assigned									\$706,256	\$64,614
Unassigned	\$3,307,456	\$3,395,271	\$3,846,938	\$4,164,188	\$4,654,146	\$4,935,648	\$4,350,296	\$5,787,074	\$4,770,030	\$3,910,072
Total General Fund	\$3,307,456	\$3,395,271	\$3,846,938	\$4,164,188	\$4,654,146	\$4,935,648	\$4,350,296	\$5,787,074	\$5,831,291	\$4,418,734
All Other Governmental Funds										
Restricted										
Capital Projects Fund	\$4,393,088	\$2,147,566	\$2,181,375	\$1,819,580	\$1,414,653	\$1,217,202	\$1,114,460	\$4,192,244	\$3,572,879	\$3,318,935
Highway Aid Fund	\$425	\$975	\$2,302	\$42	\$5,799	\$1,883	\$542	\$109	\$22	\$54
Committed										
Cable Television Fund	\$346,062	\$405,080	\$515,281	\$639,710	\$521,793	\$644,914	\$702,594	\$808,755	\$1,024,678	\$1,245,903
Capital Projects Fund										\$877,253
Assigned										
Library Fund	\$346,339	\$246,792	\$240,367	\$190,595	\$262,160	\$240,344	\$253,962	\$250,033	\$231,863	\$290,925
Total All Other Governmental Funds	\$5,085,914	\$2,800,413	\$2,939,325	\$2,649,927	\$2,204,405	\$2,104,343	\$2,071,558	\$5,251,141	\$4,829,442	\$5,733,070
Fund Balance - All Funds	\$8,393,370	\$6,195,684	\$6,786,263	\$6,814,115	\$6,858,551	\$7,039,991	\$6,421,854	\$11,038,215	\$10,660,733	\$10,151,804

The fund balances presented have been restated to reflect the implementation of GASB Statement No. 54

PETERS TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$7,355,138	\$8,136,209	\$8,765,977	\$9,055,135	\$9,735,998	\$9,714,247	\$9,581,898	\$10,550,017	\$10,765,185	\$11,338,959
Licenses and Permits	\$203,004	\$222,614	\$242,621	\$273,664	\$298,403	\$329,642	\$341,375	\$442,426	\$453,632	\$472,232
Fines and Forfeits	\$87,033	\$105,758	\$114,282	\$110,661	\$115,203	\$122,569	\$152,904	\$159,876	\$137,681	\$118,183
Interest, Rents and Royalties	\$115,608	\$61,408	\$187,018	\$345,081	\$372,659	\$195,878	\$116,602	\$99,465	\$105,386	\$102,174
Grants	\$921,275	\$1,708,747	\$1,061,316	\$1,035,401	\$1,453,074	\$1,331,513	\$1,147,859	\$1,469,737	\$1,864,232	\$2,165,365
Charges for Services	\$446,558	\$620,649	\$692,451	\$684,183	\$724,980	\$729,277	\$754,335	\$798,791	\$912,111	\$895,512
Special Assessments	\$1,757	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$142,756	\$107,880	\$219,806	\$178,969	\$400,066	\$284,348	\$198,655	\$215,672	\$201,427	\$292,359
Total Revenue	\$9,273,129	\$10,963,265	\$11,283,471	\$11,683,094	\$13,100,383	\$12,707,474	\$12,293,628	\$13,735,984	\$14,439,654	\$15,384,784
Expenditures										
General Government	\$882,382	\$913,192	\$993,932	\$1,043,269	\$1,099,669	\$1,101,122	\$1,115,194	\$1,313,478	\$1,212,065	\$1,160,022
Public Safety	\$2,658,345	\$2,803,693	\$2,958,966	\$3,147,379	\$3,284,247	\$3,479,248	\$3,705,732	\$3,786,951	\$4,028,389	\$4,150,110
Public Work - Sanitation	\$82,431	\$31,487	\$106,744	\$39,609	\$86,570	\$39,276	\$59,703	\$40,930	\$56,658	\$22,577
Public Works -Highways	\$919,185	\$874,782	\$964,942	\$869,433	\$1,092,375	\$1,167,846	\$1,048,960	\$1,222,455	\$1,246,424	\$1,170,805
Culture - Recreation	\$1,441,794	\$1,765,060	\$1,926,925	\$1,867,561	\$1,961,445	\$2,150,739	\$2,183,937	\$2,159,507	\$2,194,654	\$2,192,057
Insurance and Employee Benefits	\$979,752	\$1,301,874	\$1,322,076	\$1,322,232	\$1,314,728	\$1,322,512	\$1,487,122	\$1,575,491	\$1,754,622	\$1,948,131
Capital Outlays	\$3,982,286	\$4,571,487	\$1,516,811	\$2,624,353	\$3,613,517	\$2,296,014	\$2,340,077	\$4,884,073	\$3,011,770	\$4,045,856
Debt Service										
Principal	\$427,781	\$468,398	\$494,408	\$515,000	\$550,000	\$628,573	\$650,973	\$578,480	\$812,709	\$802,361
Interest and Fees	\$329,722	\$429,978	\$408,088	\$386,183	\$346,360	\$340,704	\$320,067	\$488,756	\$499,845	\$446,570
Total Expenditures	\$11,703,678	\$13,159,951	\$10,692,892	\$11,815,019	\$13,348,911	\$12,526,034	\$12,911,765	\$16,050,121	\$14,817,136	\$15,938,489
Excess of Revenues over (under) Expenditures	(\$2,430,549)	(\$2,196,686)	\$590,579	(\$131,925)	(\$248,528)	\$181,440	(\$618,137)	(\$2,314,137)	(\$377,482)	(\$553,705)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Proceeds from Capital Lease	\$0	\$0	\$0	\$0	\$292,964	\$0	\$0	\$402,660	\$0	\$0
Proceeds from General										
Long Term Debt	\$5,042,261	\$0	\$0	\$4,405,000	\$0	\$0	\$0	\$11,010,000	\$0	\$2,290,000
Premium on Bonds Issued				(\$10,223)				(\$27,505)	\$0	\$5,649
Discount on Bonds Issued				(\$4,235,000)				(\$4,454,657)	\$0	\$0
Payment to Refunded Bond Agent	\$0	\$0	\$0	\$159,777	\$292,964	\$0	\$0	\$6,930,498	\$0	(\$2,250,873)
Total Other Financing Sources (Uses)	<u>\$5,042,261</u>	<u>\$0</u>	<u>\$0</u>	<u>\$159,777</u>	<u>\$292,964</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,930,498</u>	<u>\$0</u>	<u>\$44,776</u>
Net Change in Fund Balance	\$2,611,712	(\$2,196,686)	\$590,579	\$27,852	\$44,436	\$181,440	(\$618,137)	\$4,616,361	(\$377,482)	(\$508,929)
Fund Balance 1/1	\$5,780,658	\$8,392,370	\$6,195,684	\$6,786,263	\$6,814,115	\$6,858,551	\$7,039,991	\$6,421,854	\$11,038,215	\$10,660,733
Fund Balance 12/31	<u>\$8,392,370</u>	<u>\$6,195,684</u>	<u>\$6,786,263</u>	<u>\$6,814,115</u>	<u>\$6,858,551</u>	<u>\$7,039,991</u>	<u>\$6,421,854</u>	<u>\$11,038,215</u>	<u>\$10,660,733</u>	<u>\$10,151,804</u>
Total Noncapital Expenditure	\$7,721,392	\$8,588,464	\$9,176,081	\$9,542,340	\$10,602,981	\$11,049,816	\$11,223,213	\$12,533,022	\$12,666,721	\$13,170,888
Debt Service as a % of	9.8%	10.5%	9.8%	9.4%	8.5%	8.8%	8.7%	8.5%	10.4%	9.5%
Noncapital Expenditures										

PETERS TOWNSHIP
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION¹
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenditures ²										
General Government	\$978,957	\$989,120	\$1,324,997	\$1,108,092	\$1,178,281	\$1,141,943	\$1,170,221	\$1,438,031	\$1,299,416	\$1,160,022
Public Safety	\$2,759,583	\$2,841,603	\$4,309,419	\$3,177,910	\$3,677,176	\$3,613,014	\$3,828,379	\$4,240,815	\$4,046,863	\$4,150,110
Public Work - Sanitation	\$82,431	\$31,487	\$22,577	\$39,609	\$86,570	\$39,276	\$59,703	\$40,930	\$71,938	\$22,577
Public Works - Highways	\$1,925,578	\$2,139,349	\$3,454,097	\$2,350,409	\$3,094,180	\$2,835,506	\$2,896,720	\$3,477,961	\$3,208,984	\$1,170,805
Culture - Recreation	\$4,219,874	\$4,958,142	\$3,630,337	\$2,915,574	\$3,101,616	\$2,604,505	\$2,498,580	\$4,209,657	\$3,122,759	\$2,192,057
Insurance and Employee Benefits	\$979,752	\$1,301,874	\$1,948,131	\$1,322,232	\$1,314,728	\$1,322,512	\$1,487,122	\$1,575,491	\$1,754,622	\$1,948,131
Debt Service	\$757,503	\$898,376	\$1,248,931	\$901,183	\$896,360	\$969,277	\$971,040	\$1,067,236	\$1,312,554	\$1,248,931
Total Expenditure	\$11,703,678	\$13,159,951	\$15,938,489	\$11,815,009	\$13,348,911	\$12,526,034	\$12,911,765	\$16,050,121	\$14,817,136	\$11,892,633

(1) Included General, Special Revenue, Debt Service, and Capital Projects Funds

(2) The amounts include operating, as well as, capital expenditures.

Table 6

**PETERS TOWNSHIP
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Taxable Assessed Value ¹	Estimated Market Value ²	Total Direct Tax Rate	Ratio of	
				Total Assessed Value to	Estimated Market Value
2002	\$245,804,250	\$1,489,573,755	12 mills	16.5%	
2003	\$256,769,417	\$1,584,267,301	12 mills	16.2%	
2004	\$266,753,167	\$1,731,228,052	12 mills	15.4%	
2005	\$279,048,917	\$1,936,599,482	12 mills	14.4%	
2006	\$292,099,167	\$2,132,323,917	12 mills	13.7%	
2007	\$299,072,039	\$2,266,966,056	12 mills	13.2%	
2008	\$306,615,839	\$2,222,964,834	12 mills	13.8%	
2009	\$312,816,022	\$1,830,086,400	12 mills	17.1%	
2010	\$317,192,571	\$1,943,754,522	14 mills	16.3%	
2011	\$323,590,796	\$1,987,599,125	13 mills	16.3%	
2012	\$329,928,927	\$2,104,212,063	13 mills	15.7%	

(1) Source - Washington County Assessment Office. The assessment office does not have data which separates commercial and residential assessments values.

(2) Source - Pennsylvania State Tax Equalization Board

Table 7

**PETERS TOWNSHIP
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Tax Rate Per \$1,000 of Assessed Valuation)
LAST TEN FISCAL YEARS**

Fiscal Year	Peters Township	Overlapping Rates		Total Direct and Overlapping Rates
		Peters Township School District	Washington County	
2003	12.0	75.0	17.5	104.5
2004	12.0	80.0	21.4	113.4
2005	12.0	87.0	21.4	120.4
2006	12.0	87.0	21.4	120.4
2007	12.0	89.5	21.4	122.9
2008	12.0	89.5	21.4	122.9
2009	12.0	92.5	24.9	129.4
2010	14.0	95.2	24.9	134.1
2011	13.0	96.5	24.9	134.4
2012	13.0	100.3	24.9	138.2

Tax rate is expressed in mills. One mill of tax is equal to \$1.00 for every \$1,000 of assessed property value. Used to calculate a tax levied on real estate. Township tax levy for operating purposes.

Table 8

**PETERS TOWNSHIP
TEN LARGEST REAL ESTATE TAXPAYERS
CURRENT AND NINE YEARS AGO**

	As of December 31, 2012		As of December 31, 2003			
	Assessed Valuation	Percent of Total Valuation	Assessed Valuation	Percent of Total Valuation		
Waterdam Plaza Associates	1	\$3,801,459	1.2%	1	\$3,771,970	1.5%
Donaldson's Crossroads Associates	2	\$1,709,515	0.5%	2	\$1,393,836	0.6%
HCRJ PA Properties	3	\$1,206,738	0.4%	3	\$1,106,700	0.0%
K-Mart				4	\$1,089,000	
HCR Manorcure	4	\$1,089,000	0.3%			
Gallery Shoppes (I,II,III,Ltd.)	5	\$1,037,884	0.3%			
K-Mart	6	\$904,200	0.3%			
Valleybrook Country Club	7	\$708,651	0.2%	5	\$731,293	0.3%
Gregg Schwotzer Etal	8	\$666,079	0.2%			
Food Gallery				6	\$634,012	0.3%
Robert Murphy				7	\$586,907	0.2%
Lakeview Sq. Associates	9	\$501,854	0.2%			
Mark Miller	10	\$500,272	0.2%			
Rolling Hill Country Club				8	\$488,418	0.2%
Levinb Family Partnership				9	\$487,675	0.2%
McMurray Hill Manor				10	\$437,625	0.2%
		<u>\$12,125,652</u>	3.7%		<u>\$10,727,436</u>	4.3%

Table 9

**PETERS TOWNSHIP
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent & Liened Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
		Amount	Percentage			
2003	\$3,081,233	\$2,938,148	95.36%	\$83,442	\$3,021,590	98.06%
2004	\$3,201,038	\$3,072,612	95.99%	\$90,220	\$3,162,832	98.81%
2005	\$3,348,587	\$3,200,180	95.57%	\$84,071	\$3,284,251	98.08%
2006	\$3,505,190	\$3,378,444	96.38%	\$95,953	\$3,474,397	99.12%
2007	\$3,588,864	\$3,468,492	96.65%	\$71,019	\$3,539,511	98.62%
2008	\$3,679,390	\$3,550,756	96.50%	\$74,428	\$3,625,184	98.53%
2009	\$3,753,792	\$3,642,788	97.04%	\$78,697	\$3,721,485	99.14%
2010	\$4,440,696	\$4,297,078	96.77%	\$74,882	\$4,371,960	98.45%
2011	\$4,206,680	\$4,087,531	97.17%	\$98,961	\$4,186,492	99.52%
2012	\$4,289,076	\$4,169,582	97.21%	\$70,736	\$4,240,318	98.86%

Table 10

**PETERS TOWNSHIP
TAXABLE EARNED INCOME AND TAX COLLECTED
LAST TEN FISCAL YEARS**

Fiscal Year	Taxable Earned Income	Tax Collected
2003	\$574,013,600	\$2,870,068
2004	\$683,724,400	\$3,418,622
2005	\$707,855,800	\$3,539,279
2006	\$784,153,800	\$3,920,769
2007	\$852,958,800	\$4,264,794
2008	\$869,607,600	\$4,348,038
2009	\$892,549,400	\$4,462,747
2010	\$922,834,600	\$4,614,173
2011	\$956,416,400	\$4,782,082
2012	\$1,015,086,000	\$5,075,430

Table 11

**PETERS TOWNSHIP
TAXABLE EARNED INCOME RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Peters Township	Peters Township School District
2003	0.05%	0.05%
2004	0.05%	0.05%
2005	0.05%	0.05%
2006	0.05%	0.05%
2007	0.05%	0.05%
2008	0.05%	0.05%
2009	0.05%	0.05%
2010	0.05%	0.05%
2011	0.05%	0.05%
2012	0.05%	0.05%

Table 12

**PETERS TOWNSHIP
EARNED INCOME TAX FILERS AND LIABILITY
BY INCOME LEVEL**

Income Level	2006			2007			2008		
	Number of Filers	% of Total	% of Total Income	Number of Filers	% of Total	% of Total Income	Number of Filers	% of Total	% of Total Income
\$100,001-and higher	2,045	20.2%	64.4%	2,230	20.8%	67.2%	2,355	22.0%	66.9%
\$70,001-\$100,000	1,168	11.5%	13.5%	1,208	11.3%	12.3%	1,267	11.8%	12.7%
\$50,001-70,000	1,043	10.3%	8.5%	1,091	10.2%	7.8%	1,123	10.5%	8.0%
\$30,001-50,000	1,362	13.4%	7.5%	1,387	12.9%	6.7%	1,383	12.9%	6.6%
\$10,001-30,000	1,842	18.2%	4.9%	2,000	18.7%	4.6%	1,983	18.5%	4.5%
\$10,000 and lower	2,670	26.3%	1.3%	2,795	26.1%	1.3%	2,965	27.7%	1.3%
Total	10,130	100.0%	100.0%	10,711	100.0%	100.0%	11,076	103.4%	100.0%

2009-2012 information not available

Note: Beginning with the 2006 year, the Township of Peters implemented GASB Statement 44 "Economic Condition Reporting: The Statistical Section." Since the information reported in this schedule was not required in 2006 or in previous years, the report only includes readily available information. Future reports will continue to include the presented data until a maximum of ten years of information is accumulated.

Table 13

**PETERS TOWNSHIP
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Capital Leases Outstanding	Governmental Activities General Obligation Bonds	Percentage of Earned Income	Per Capita	Ratio of Bonds Outstanding to Assessed Value
2003		\$10,607,806	1.8%	\$562	4.1%
2004		\$10,139,408	1.5%	\$524	3.8%
2005		\$9,645,000	1.4%	\$486	3.5%
2006		\$9,300,000	1.2%	\$454	3.2%
2007	\$292,964	\$8,750,000	1.0%	\$419	2.9%
2008	\$239,391	\$8,175,000	0.9%	\$381	2.7%
2009	\$183,418	\$7,580,000	0.8%	\$351	2.4%
2010	\$527,598	\$13,625,000	1.5%	\$626	4.3%
2011	\$389,889	\$12,950,000	1.4%	\$576	4.0%
2012	\$247,528	\$12,370,000	1.2%	\$544	3.7%

**PETERS TOWNSHIP
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2012**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Peters Township*	Amount Applicable to Peters Township**
Direct Debt			
Peters Township	\$12,617,528	100.0%	\$12,617,528
Total Direct Debt			<u>\$12,617,528</u>
Overlapping Debt			
Peters Township School District	\$45,510,000	100.0%	\$45,510,000
Washington County	\$53,135,810	20.9%	\$11,095,595
Total Overlapping Debt	<u>\$111,263,338</u>		<u>\$56,605,595</u>
			<u>TOTAL DIRECT AND OVERLAPPING DEBT</u> <u>\$69,223,123</u>

* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the Township's boundaries and dividing it by each unit's total taxable assessed value.

** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Township. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Township. This process recognizes that, when considering the Township's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**PETERS TOWNSHIP
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS ¹**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$22,129,410	\$23,440,910	\$25,126,672	\$27,605,077	\$30,428,498	\$32,455,848	\$33,600,307	\$34,833,803	\$36,518,623	\$38,340,337
Outstanding Debt Applicable to the Debt Limit	\$10,607,806	\$10,139,408	\$9,645,000	\$9,300,000	\$8,750,000	\$8,175,000	\$7,580,000	\$13,625,000	\$12,950,000	\$12,370,000
Legal Debt Margin	\$11,521,604	\$13,301,502	\$15,481,672	\$18,305,077	\$21,678,498	\$24,280,848	\$26,020,307	\$21,208,803	\$23,568,623	\$25,970,337
Total Net Debt Applicable to the Limit as a % of Debt Limit	47.9%	43.3%	38.4%	33.7%	28.8%	25.2%	22.6%	39.1%	35.5%	32.3%

(1) The nonelectoral debt limit is set forth in the Pennsylvania Local Government Unit Debt Act and is defined as the average net revenues for the three most recent years multiplied by electoral debt limit percentage (250%)

Table 16

**PETERS TOWNSHIP
COMPUTATION OF LEGAL DEBT MARGIN AS OF DECEMBER 31, 2012**

	Nonelectoral Debt	Lease Rental Debt	Total
Total Gross Debt	\$12,370,000	\$0	\$12,370,000
Less: Debt Minus Exclusions	\$0	\$0	\$0
Gross Debt Minus Exclusions	\$12,370,000	\$0	\$12,370,000
Applicable Debt Limitations (1) Nonelectoral Regular Borrowing Base (2) x 250% \$15,336,135	\$38,340,337		
Nonelectoral Plus Lease Rental Borrowing Base (2) x 350% \$15,336,135			\$53,676,472
Additional Borrowing Capability - Nonelectoral Regular - Nonelectoral Plus Lease Rental	\$25,970,337		\$41,306,472

(1) As set forth in the Pennsylvania Local Government Unit Debt Act (LGUDA)

(2) Borrowing based defined in Act as average net revenues for three most recent years

(3) Capital leases are not considered in the calculation under the PA LGUDA

**PETERS TOWNSHIP
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT
TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest & Other Fees	Total Debt Service	Total General Expenditures ¹	Ratio of Debt Service to General Expenditures
2003	\$427,781	\$329,722	\$757,503	\$11,703,678	6.47%
2004	\$468,398	\$429,978	\$898,376	\$13,159,951	6.83%
2005	\$494,408	\$408,088	\$902,496	\$10,692,872	8.44%
2006	\$515,000	\$386,183	\$901,183	\$11,815,009	7.63%
2007	\$550,000	\$346,360	\$896,360	\$13,348,911	6.71%
2008	\$628,573	\$340,704	\$969,277	\$12,526,034	7.74%
2009	\$650,973	\$320,067	\$971,040	\$12,911,765	7.52%
2010	\$578,480	\$488,756	\$1,067,236	\$16,050,121	6.65%
2011	\$812,709	\$499,845	\$1,312,554	\$14,817,136	8.86%
2012	\$802,361	\$446,570	\$1,248,931	\$15,938,489	7.84%

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds

**PETERS TOWNSHIP
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

As of December 31, 2012		As of December 31, 2003	
Name	Type of Business	Name	Type of Business
Commercial Employees Inc.	Employment Service	Peters Township School District	Education
Peters Township School District	Education	Giant Eagle Markets, Inc.	Grocery Store
Giant Eagle Markets, Inc.	Grocery Store	Heartland Employment Service	Nursing Home
Valleybook Country Club	Country Club	Sears Roebuck & Co	Service Center
Heartland Employment Service	Nursing Home	Kmart	Retailer
Sears Robuck and Company	Service Center	Valleybrook Country Club	Country Club
Peters Township	Government	American Health Foundation	Nursing Home
Kmart	Retailer	Laidlaw Transit	Transportation
Mancan	Employment Service	Eat N Park	Restaurant
First Student Inc.	Transportation	Peters Scozios Food LLC	Grocery Store

**PETERS TOWNSHIP
TEN LARGEST VENDORS
CURRENT YEAR AND NINE YEARS AGO**

As of December 31, 2012		As of December 31, 2003			
Total Expenditure	Company Name	Expenditure Category	Total Expenditure	Company Name	Expenditure Category
1 \$1,376,669	Waste Management	Public Works - Garbage	1 \$2,144,059	Nello Construction	Construction
2 \$894,220	Univited Civil Contracting	Parks - Turf Field	2 \$640,655	JP Morgan Chase	Debt Service
3 \$743,000	Peters Township Library	Contribution	3 \$419,040	Lane Construction	Public Works -Paving
4 \$629,148	MEIT	Hospitalization	4 \$405,172	MEIT	Hospitalization
5 \$594,567	Youngblood Paving	Public Works - Paving	5 \$333,372	National City Bank	Debt Service
6 \$585,960	Bank of New York/Mellon	Debt Service	6 \$304,899	Gateway Engineers	Professional Services
7 \$434,400	Marricco Construction	Public Works - Bridge	7 \$198,603	Principal	Pension
8 \$429,567	Principal	Pension	8 \$162,170	MRM	Insurance
9 \$260,858	Campbell Insurance	Insurance	9 \$117,846	Jordan Tax Service	Tax Collection
10 \$207,086	West Penn Power	Utility	10 \$116,914	A.J.Gallagher	Insurance
<u>\$6,155,475</u>			<u>\$4,842,730</u>		

PETERS TOWNSHIP INDICATORS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Population	18,889	19,343	19,840	20,500	20,900	21,430	21,595	21,750	22,500	22,750
Permanent Employees - All Departments	67	70	73	72	75	77	79	79	79	82

Public Works Department										
Number of Permanent Employees	13	13	13	13	13	13	13	13	13	14
Miles of Streets										
Municipal Owned	96.0	98.0	98.0	98.9	102.5	103.0	104.4	105.0	106.5	107.5
State Owned	29.0	29.0	29.1	29.1	29.1	29.1	29.1	29.1	29.1	29.1
Private	8.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Total Miles of Streets	133.1	132.0	132.1	133.0	136.6	137.1	138.5	139.1	140.6	141.6

Road Treatment										
Resurfaced & Overlayd (Miles)	4.0	3.2	3.8	2.8	4.0	4.3	4.2	4.5	5.4	5.5
Rejuvenator Treatment (Miles)	10.4	8.2	0.0	4.6	7.8	7.7	8.0	6.4	9.8	9.2
Total Road Treatment (Miles)	14.4	11.5	3.8	7.4	11.8	12.0	12.2	10.8	15.2	14.7
Storm Sewer Installation/Replace (Feet)	236	881	1,460	1,375	1,852	1,215	2,581	135	2,991	2,392

Public Safety Police										
Number of Permanent Employees	24	24	25	26	26	26	27	27	27	27
Number of Stations	1	1	1	1	1	1	1	1	1	1

Services Rendered										
Traffic Tickets Issued	961	1,959	2,669	1,469	1,566	2,352	3,874	3,904	2,505	2,410
Parking Tickets Issued	369	318	378	543	402	317	550	417	411	492
Part I Offenses	245	284	268	228	166	192	128	114	183	145
Part II Offenses	580	562	510	482	330	439	252	253	511	403
Driving Under the Influence	89	111	103	80	74	75	80	95	95	63

Fire Department										
% of Part 1 Offenses Cleared	47%	50%	49%	49%	39%	22%	21%	16%	11%	16%
% of Part 2 Offenses Cleared	66%	77%	72%	76%	52%	46%	62%	69%	50%	52%

Number of Permanent Employees										
Number of Permanent Employees	8	9	9	9	11	12	12	12	12	13
Number of Volunteers	25	26	28	25	24	21	25	21	17	20
Number Stations	2	2	2	2	2	2	2	2	2	2
Number of Response Calls	880	925	832	958	923	1030	1022	1194	942	995
Average Response Time										
7 AM to 11 PM	5.3	5.0	5.2	5.4	5.2	5.0	4.6	4.5	4.3	4.6
11 PM to 7 AM	13.5	12.1	12.6	12.7	13.4	12.7	11.5	10.9	10.5	7.7
Average Manpower Responses										
7 AM to 11 PM	4	6	4	4	5	4	4	4	4	5
11 PM to 7 AM	5	6	6	7	3	2	3	2	3	4

PETERS TOWNSHIP INDICATORS

2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

Planning Department

Number of Permanent Employees	6	6	6	6	6	6	6	6	6	6
Number of New Residential Lots Approved	230	161	114	191	170	31	59	29	101	125

Zoning Hearing Board

Number of Appeals	21	12	16	19	22	22	13	19	23	9
Zoning Enforcement Notifications	21	99	98	161	164	117	151	123	160	123

Building Permits

Building Permits Issued	647	594	629	563	566	340	286	331	347	358
Building Permits New Homes	164	168	197	132	100	80	62	76	86	110

Library

Number of Card Holders	22,159	24,716	26,905	29,018	30,946	32,927	34,772	36,562	38,209	35,711
Circulation	364,886	394,127	397,672	411,846	387,777	390,202	413,856	406,325	395,101	345,862
Library Volumes	111,703	117,590	120,604	118,893	125,175	130,172	138,886	145,287	149,891	150,989
Library Volumes per Resident	6	6	6	6	6	6	6	7	7	7
Children and Young Adults Programs	675	282	739	868	477	719	762	724	585	882

Cable Television

Local Programs Hours Produced	1,049	1,052	1,201	1,756	2,667	2,174	2,832	2,373	4,220	3,700
On-line Views of Program										4,757
Community Events Hours Produced	2,044	1,798	1,603	1,499	2,316	1,854	1,813	2,361	2,413	2,857
Program Hours Aired	3,846	3,652	3,606	3,989	8,396	7,402	7,850	7,857	8,046	9,164

Tax Collection

Assessed Value	\$256,769,417	\$266,753,167	\$279,048,917	\$292,099,167	\$299,072,039	\$306,615,839	\$312,816,022	\$317,192,571	\$323,590,796	\$329,928,927
Total Property Tax Collection	\$2,938,148	\$3,072,612	\$3,200,180	\$3,378,444	\$3,539,511	\$3,625,184	\$3,721,485	\$4,371,960	\$4,186,492	\$4,240,318
Property Tax Collected as a % of Levy	95.4%	96.0%	95.6%	96.4%	96.4%	98.5%	99.1%	98.5%	99.5%	98.9%
Earned Income Tax Collection	\$2,930,339	\$3,239,621	\$3,542,021	\$3,806,119	\$4,160,987	\$4,376,357	\$4,462,747	\$4,614,173	\$4,782,082	\$5,075,430

Table 21

AGE DISTRIBUTION RELATED TO TOTAL POPULATION

AGE	2000		2010	
	Number	Percent	Number	Percent
Under 5 years	1,170	6.7%	1,224	5.8%
5 to 9 years	1,521	8.7%	1,813	8.5%
10 to 14 years	1,564	8.9%	2,005	9.5%
15 to 19 years	1,204	6.9%	1,543	7.3%
20 to 24 years	416	2.4%	582	2.7%
25 to 34 years	1,221	7.0%	1,253	5.9%
35 to 44 years	3,243	18.5%	2,931	13.8%
45 to 54 years	3,162	18.0%	4,025	19.0%
55 to 59 years	1,020	5.8%	1,626	7.7%
60 to 64 years	766	4.4%	1,362	6.4%
65 to 74 years	1,287	7.3%	1,574	7.4%
75 to 84 years	736	4.2%	906	4.3%
85 years and over	256	1.5%	369	1.7%
	17,566	100.0%	21,213	100.0%
2010 Median Age	43.0			
2000 Median Age	40.6			
1990 Median Age	37.8			
1980 Median Age	33.1			

Source: United States Census

Table 22

**PETERS TOWNSHIP
POPULATION GROWTH
1920 -2010**

Year	Population	Change	% Change
1920	1,660		
1930	1,771	111	6.7%
1940	2,137	366	20.7%
1950	3,004	867	40.6%
1960	7,126	4,122	137.2%
1970	10,672	3,546	49.8%
1980	13,104	2,432	22.8%
1990	14,467	1,363	10.4%
2000	17,566	3,099	21.4%
2010	21,213	3,647	20.8%

Source: United States Census

Table 23

**PETERS TOWNSHIP
HOUSEHOLD INCOMES**

Income (\$000)	2000		2010	
	Households	%	Household	%
Less than \$10,000	106	1.8%	281	4.7%
\$10,000 to \$14,999	121	2.0%	70	1.2%
\$15,000 to \$24,999	344	5.7%	238	4.0%
\$25,000 to \$34,999	509	8.5%	237	3.9%
\$35,000 to \$49,999	661	11.0%	441	7.3%
\$50,000 to \$74,999	1,165	19.4%	1,280	21.3%
\$75,000 to \$99,000	909	15.1%	972	16.2%
\$100,000 to \$149,999	1,169	19.4%	1,594	26.5%
\$150,000 to \$199,999	452	7.5%	826	13.7%
\$200,000 or more	580	9.6%	582	9.7%
Total	6,016	100.0%	6,521	108.4%

Source: United States Census

Table 24

EDUCATIONAL CHARACTERISTICS
Education Attainment - Persons 25 Years and Older

	2000		2010	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	250	2.1%	550	4.1%
9th to 12th, no diploma	346	3.0%	523	3.9%
High School Graduate	2,584	22.2%	2,551	19.0%
Some College, no degree	1,933	16.6%	1,943	14.5%
Associates Degree	695	6.0%	897	6.7%
Bachelor's Degree	3,809	32.8%	3,952	29.5%
Graduate or Professional	<u>2,011</u>	<u>17.3%</u>	<u>2,980</u>	<u>22.2%</u>
Totals	11,628	100.0%	13,396	100.0%
Percent high school graduate or higher		94.9%		92.0%
Percent bachelor's degree or higher		50.1%		51.7%

Source: United States Census

Table 25

OCCUPATION OF EMPLOYED PERSONS 16 AND OVER

<u>Occupation</u>	2000		2010	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Management, Professional, Other Related	4,305	53.8%	4,499	50.9%
Service Occupations	602	7.5%	887	10.0%
Sales and Office Occupations	2,314	28.9%	2,500	28.3%
Farming, Fishing, & Forestry	10	0.1%	7	0.1%
Construction, Extraction, Maintenance	438	5.5%	520	5.9%
Production, Transportation, Material Moving	<u>328</u>	<u>4.1%</u>	<u>420</u>	<u>4.8%</u>
Totals	7,997	100.0%	8,833	100.0%

Source: United States Census

Table 26

HOUSING UNITS BY OCCUPANCY

	2000		2010	
	<u>Total</u>	<u>% Total</u>	<u>Total</u>	<u>% Total</u>
Occupied Units	6,026		7,292	
Owner Occupied Units	5,681	91%	6,869	91%
Renter Occupied	345	6%	423	6%
Vacant Units	195	3%	267	4%
Total Units	6,221		7,559	

Source: United States Census

Table 27

VALUE OF SPECIFIED OWNER OCCUPIED HOUSING UNITS

<u>Value</u>	2000		2010	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 50,000	32	1%	81	1%
50,000 to 99,999	554	10%	228	4%
100,000 to 149,999	1,115	20%	459	7%
150,000 to 199,999	1,302	24%	908	15%
200,000 to 299,999	1,303	24%	1,874	30%
300,000 to 499,999	1,010	18%	1,932	31%
500,000 to 999,999	137	3%	630	10%
1,000,000 or more	9	0%	51	1%
Total	5,462	100%	6,163	100%

Source: United States Census

Table 28

MEDIAN HOUSING VALUE COMPARISON

	<u>Peters</u>	<u>Washington</u> <u>County</u>	<u>SMSA</u>
Median Value 1970	27,700	12,000	15,300
Median Value 1980	81,500	38,700	42,600
Median Value 1990	124,500	53,500	57,100
Median Value 2000	189,100	87,500	86,100

Source: 1970, 1980, 1990, 2000 United States Census