

**TOWNSHIP OF CRESCENT**



**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**TOWNSHIP OF CRESCENT**  
ALLEGHENY COUNTY, PENNSYLVANIA

AUDIT OF FINANCIAL STATEMENTS

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**TOWNSHIP OF CRESCENT**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
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# Mark C. Turnley

Certified Public Accountant

2919 Duss Avenue  
Ambridge, Pennsylvania 15003  
(724) 266-2669  
FAX (724) 266-4124

To the Board of Commissioners  
Township of Crescent

## Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Crescent as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township Commissioners. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the statements of fiduciary net assets and changes in fiduciary net assets of the Township's pension trust funds (Exhibit F and G). This information is audited by PMRS auditors whose report is forwarded to the Township annually.

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

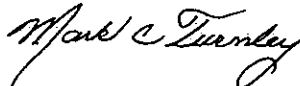
As described in Note 2, the Township prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Crescent as of December 31, 2005, and the respective changes in cash basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting described in Note 2.

The Township of Crescent has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The defined benefit trust funds' historical pension information on pages 29-30 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Township of Crescent's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 2.



Mark C. Turnley, CPA

June 30, 2006  
Ambridge, Pennsylvania

**TOWNSHIP OF CRESCENT**  
**STATEMENT OF NET ASSETS (CASH BASIS)**  
**DECEMBER 31, 2005**

**EXHIBIT A**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 52,771
Investments	29,286
<b>Total Current Assets</b>	<u><b>\$ 82,057</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 82,057</b></u>
<b>NET ASSETS</b>	
Unrestricted	\$ 82,057
<b>TOTAL NET ASSETS</b>	<u><b>\$ 82,057</b></u>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT**  
**STATEMENT OF ACTIVITIES (CASH BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

Functions/Programs	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>			
General Government	\$ 260,560	\$ -	\$ (222,910)
Public Safety - Police	283,016	41,357	(227,900)
Public Safety - Fire	62,982	13,641	(49,341)
Public Safety - Other	6,299	-	2,592
Public Works - Sanitation	138,608	-	(5,755)
Public Works - Highways	265,017	60,759	(195,948)
Culture and Recreation	22,381	-	(20,056)
Debt Service	357,212	-	(357,212)
Insurance and Employee Benefits	180,119	5,196	(174,923)
Miscellaneous	3,100	-	(3,100)
<b>Total Governmental Activities</b>	<b>\$ 1,579,294</b>	<b>\$ 120,953</b>	<b>(1,254,553)</b>
<b>Total Primary Government</b>	<b>\$ 1,579,294</b>	<b>\$ 120,953</b>	<b>\$ (1,254,553)</b>
<b>General Receipts:</b>			
Taxes:			
Property Taxes, Levied for General Purposes (net)			\$ 696,930
Act 511 Taxes			272,459
Public Utility Realty Tax/Alcohol Beverage Tax			1,581
Sales Tax			43,254
Tax Anticipation Loan			250,000
Investment Earnings			1,381
Transfer From Agency Funds			3,106
Miscellaneous			18,149
<b>Total General Receipts</b>			<b>\$ 1,286,860</b>
<b>Change in Net Assets</b>			<b>\$ 32,307</b>
Net Assets --- January 1, 2005			49,750
<b>Net Assets --- December 31, 2005</b>			<b>\$ 82,057</b>

The accompanying notes are an integral part of these financial statements  
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EXHIBIT C

TOWNSHIP OF CRESCENT  
BALANCE SHEET (CASH BASIS)  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	MAJOR GOVERNMENTAL FUNDS						TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	LIQUID FUELS FUND	DEPARTMENT FUND	FIRE FUND	CAPITAL RESERVE FUND	NON-MAJOR GOVERNMENTAL FUNDS	
<b>ASSETS:</b>							
Cash and Cash Equivalents	\$ 8,127	\$ -	\$ -	\$ -	\$ 44,000	\$ 644	\$ 52,771
Investments	1,445	12,372	10,249		5,220		29,286
<b>TOTAL ASSETS</b>	<b>\$ 9,572</b>	<b>\$ 12,372</b>	<b>\$ 10,249</b>	<b>\$ -</b>	<b>\$ 49,220</b>	<b>\$ 644</b>	<b>\$ 82,057</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCES:</b>							
Undesignated - Unreserved	\$ 9,572	\$ 12,372	\$ 10,249	\$ -	\$ 49,220	\$ 644	\$ 82,057
<b>TOTAL FUND BALANCES</b>	<b>\$ 9,572</b>	<b>\$ 12,372</b>	<b>\$ 10,249</b>	<b>\$ -</b>	<b>\$ 49,220</b>	<b>\$ 644</b>	<b>\$ 82,057</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,572</b>	<b>\$ 12,372</b>	<b>\$ 10,249</b>	<b>\$ -</b>	<b>\$ 49,220</b>	<b>\$ 644</b>	<b>\$ 82,057</b>



TOWNSHIP OF CRESCENT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS)  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

MAJOR GOVERNMENTAL FUNDS

	GENERAL FUND	LIQUID FUELS FUND	FIRE DEPARTMENT FUND	CAPITAL RESERVE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>RECEIPTS</b>						
Taxes	\$ 971,945	-	-	-	\$ -	\$ 971,945
Licenses and Permits	34,577	-	-	-	-	34,577
Fines and Forfeitures	13,194	-	-	-	-	13,194
Interest and Rents	4,414	673	534	146	60	5,827
Intergovernmental	98,675	42,141	-	-	24,972	165,788
Charges for Services	152,217	-	-	-	-	152,217
<b>Total Receipts</b>	<b>\$ 1,275,022</b>	<b>\$ 42,814</b>	<b>\$ 534</b>	<b>\$ 146</b>	<b>\$ 25,032</b>	<b>\$ 1,343,548</b>
<b>DISBURSEMENTS</b>						
General Government	\$ 260,560	-	-	-	\$ 112	\$ 260,672
Public Safety	269,353	-	38,866	-	44,078	352,297
Public Works	365,190	38,435	-	-	-	403,625
Culture and Recreation	22,381	-	-	-	-	22,381
Debt Service	357,212	-	-	-	-	357,212
Miscellaneous	183,219	-	-	-	-	183,219
<b>Total Disbursements</b>	<b>\$ 1,457,915</b>	<b>\$ 38,435</b>	<b>\$ 38,866</b>	<b>\$ -</b>	<b>\$ 44,190</b>	<b>\$ 1,579,406</b>
<b>Excess ( Deficiency) of Receipts over Disbursements</b>	<b>\$ (182,893)</b>	<b>\$ 4,379</b>	<b>\$ (38,332)</b>	<b>\$ 146</b>	<b>\$ (19,158)</b>	<b>\$ (235,858)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Township Property	\$ 9,052	-	-	-	-	\$ 9,052
Refund of Prior Year Expenses	7,563	-	-	-	-	7,563
Refund of Prior Year Receipts	(1,556)	-	-	-	-	(1,556)
Tax Anticipation Note	250,000	-	-	-	-	250,000
Operating Transfers In	3,956	-	49,181	44,000	-	97,137
Operating Transfers Out	(93,181)	-	(600)	-	(250)	(94,031)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 175,834</b>	<b>\$ -</b>	<b>\$ 48,581</b>	<b>\$ 44,000</b>	<b>\$ (250)</b>	<b>\$ 268,165</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (7,059)</b>	<b>\$ 4,379</b>	<b>\$ 10,249</b>	<b>\$ 44,146</b>	<b>\$ (19,408)</b>	<b>\$ 32,307</b>
<b>FUND BALANCE - JANUARY 1, 2005</b>	<b>16,631</b>	<b>7,993</b>	<b>-</b>	<b>5,074</b>	<b>20,052</b>	<b>49,750</b>
<b>FUND BALANCE - DECEMBER 31, 2005</b>	<b>\$ 9,572</b>	<b>\$ 12,372</b>	<b>\$ 10,249</b>	<b>\$ 49,220</b>	<b>\$ 644</b>	<b>\$ 82,057</b>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL (CASH BASIS)**  
**GOVERNMENTAL FUNDS - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 872,025	\$ 872,025	\$ 971,945	\$ 99,920
Licenses and Permits	28,100	28,100	34,577	6,477
Fines and Forfeitures	15,500	15,500	13,194	(2,306)
Interest and Rents	4,100	4,100	4,414	314
Intergovernmental	71,600	71,600	98,675	27,075
Charges for Services	172,400	172,400	152,217	(20,183)
<b>Total Receipts</b>	<b>\$ 1,163,725</b>	<b>\$ 1,163,725</b>	<b>\$ 1,275,022</b>	<b>\$ 111,297</b>
<b>DISBURSEMENTS</b>				
General Government	\$ 237,300	\$ 237,300	\$ 260,560	\$ (23,260)
Public Safety - Police	233,850	233,850	238,938	(5,088)
Public Safety - Fire	20,500	20,500	24,116	(3,616)
Public Safety - Other	9,900	9,900	6,299	3,601
Public Works - Sanitation	134,000	134,000	138,608	(4,608)
Public Works - Highways	264,150	264,150	226,582	37,568
Culture and Recreation	25,500	25,500	22,381	3,119
Debt Service	322,500	322,500	357,212	(34,712)
Miscellaneous	164,725	164,725	183,219	(18,494)
<b>Total Disbursements</b>	<b>\$ 1,412,425</b>	<b>\$ 1,412,425</b>	<b>\$ 1,457,915</b>	<b>\$ (45,490)</b>
<b>Excess ( Deficiency) of Receipts over Disbursements</b>	<b>\$ (248,700)</b>	<b>\$ (248,700)</b>	<b>\$ (182,893)</b>	<b>\$ 65,807</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Township Property	\$ -	\$ -	\$ 9,052	\$ 9,052
Refund of Prior Year Expenses	6,000	6,000	7,563	1,563
Refund of Prior Year Receipts	(6,600)	(6,600)	(1,556)	5,044
Loan Proceeds	250,000	250,000	250,000	-
Operating Transfers In	10,000	10,000	3,956	(6,044)
Operating Transfers Out	-	-	(93,181)	(93,181)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 259,400</b>	<b>\$ 259,400</b>	<b>\$ 175,834</b>	<b>\$ (83,566)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 10,700</b>	<b>\$ 10,700</b>	<b>\$ (7,059)</b>	<b>\$ (17,759)</b>
<b>FUND BALANCE - JANUARY 1, 2005</b>	<b>-</b>	<b>-</b>	<b>16,631</b>	<b>16,631</b>
<b>FUND BALANCE - DECEMBER 31, 2005</b>	<b>\$ 10,700</b>	<b>\$ 10,700</b>	<b>\$ 9,572</b>	<b>\$ (1,128)</b>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2005**

	<u>POLICE PENSION FUND</u>	<u>NON-UNIFORM PENSION FUND</u>	<u>ESCROW DEVELOPERS FUNDS</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ 10,374
Investments - PMRS	534,694	263,702	-
<b>TOTAL ASSETS</b>	<u>\$ 534,694</u>	<u>\$ 263,702</u>	<u>\$ 10,374</u>
<b>LIABILITIES</b>			
Other Current Liabilities	\$ -	\$ -	\$ 10,374
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,374</u>
<b>NET ASSETS</b>			
Held in Trust for Pension Benefits	\$ 534,694	\$ 263,702	
<b>TOTAL NET ASSETS</b>	<u>\$ 534,694</u>	<u>\$ 263,702</u>	

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>POLICE PENSION FUND</u>	<u>NON-UNIFORM PENSION FUND</u>
<b>ADDITIONS</b>		
Contributions		
Employer	\$ -	\$ 11,588
Plan Members	5,146	4,818
Total Contributions	<u>\$ 5,146</u>	<u>\$ 16,406</u>
Investment Earnings		
Interest	\$ 30,097	\$ 14,379
Total Investment Earnings	<u>\$ 30,097</u>	<u>\$ 14,379</u>
Less investment Expense	-	-
Net Investment Earnings	<u>\$ 30,097</u>	<u>\$ 14,379</u>
<b>TOTAL ADDITIONS</b>	<u><b>\$ 35,243</b></u>	<u><b>\$ 30,785</b></u>
<b>DEDUCTIONS</b>		
Refunds of Member Contributions	\$ 80	\$ 873
Administrative Expenses	-	160
Allocated Insurance Premiums	286	65
<b>TOTAL DEDUCTIONS</b>	<u><b>\$ 366</b></u>	<u><b>\$ 1,098</b></u>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 34,877</b>	<b>\$ 29,687</b>
<b>NET ASSETS - JANUARY 1, 2005</b>	<u>499,817</u>	<u>234,015</u>
<b>NET ASSETS - DECEMBER 31, 2005</b>	<u><b>\$ 534,694</b></u>	<u><b>\$ 263,702</b></u>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 1 – DESCRIPTION OF THE TOWNSHIP AND REPORTING ENTITY**

**DESCRIPTION**

The Township of Crescent was created and organized under the provision governing the creation of municipal corporations by the Commonwealth of Pennsylvania. Members of the Board of Commissioners are elected by the voting public. These board members have complete authority over the operations and administration of the Township's activities. The major functions of the Township include public safety, maintenance of Township infrastructure (roads), sanitation control, maintenance of parks and other general administrative functions to facilitate the needs of the Township residents.

**REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Township of Crescent consists of all funds, departments, boards and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. The management of the Township of Crescent applies the criteria set forth in the 'Codification of Governmental Accounting and Financial Reporting Standards' for defining the scope of its reporting entity. Based on the application of these criteria, the Township of Crescent has no component units.

The following entities that perform activities within the Township of Crescent boundaries for the benefit of its residents are excluded from the accompanying financial statements because the Township is not financially accountable for these entities nor are they fiscally dependent on the Township:

- Moon Area School District
- Crescent Township Volunteer Fire Department

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Township's accounting policies are as follows:

**BASIS OF ACCOUNTING**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Governmental activities in the government-wide financial statements and government funds use the cash basis of accounting. Under the cash method, revenue is recognized at the time cash is received rather than when earned, and expenses are recognized when paid rather than when obligations are incurred. Fiduciary funds use the accrual basis of accounting.

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**GASB STATEMENT IMPLEMENTATIONS**

In June of 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, 'Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments'. Certain of the significant changes in this new statement applicable to local governments include the following:

1. For the first time, the financial statements should include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations. The Township of Crescent has opted not to present a Management and Discussion Analysis for the year ended December 31, 2005.
  - Government-wide financial statements using the full accrual basis of accounting for all of the Township's activities, including reporting infrastructure assets.
2. A change in the fund financial statements to focus on the major funds

Under GASB Statement No. 34, the focus of the fund financial statements is on major funds. Major funds represent the Township's most important funds and are determined based on percentages of assets, liabilities, receipts, and disbursements. For the Township of Crescent, the General Fund is always considered a major fund.

The provisions of GASB Statement No. 34 were effective January 1, 2004 for the Township of Crescent. The Township adopted certain provisions of GASB Statement No. 34 including, but not limited to, 1) changing its fund financial statements to focus on the major funds and 2) presentation of government-wide financial statements – Statement of Net Assets and Statement of Activities (see Basis of Presentation). The Township of Crescent's financial statements were prepared using the cash basis of accounting. The Governmental Accounting Standards Board requires the government-wide financial statements to be prepared using the economic resources measurement focus (full accrual), and the fund financial statements to be prepared using a flow of current financial resources measurement focus (modified accrual), to be in conformity with general accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present the financial position or results of operations of the Township of Crescent in conformity with accounting principles generally accepted in the United States.

**FUND ACCOUNTING**

The Township uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Township functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For the Township of Crescent, funds are classified into two categories: governmental and fiduciary. Fund categories are defined as follows:

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Townships' major and non-major governmental funds:

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

**MAJOR GOVERNMENTAL FUNDS:**

**GENERAL FUND** - Established under 'The First Class Township Code' of the Commonwealth of Pennsylvania and is used for the general operations of the Township. Income in this fund is derived mainly from assessed revenue such as real estate taxes, local taxes established under Act 511, charges for sanitation service, and other miscellaneous revenues not designated for other restricted fund purposes. These revenues are used for general ongoing government services such as public safety, public works, general administration of the Township and other miscellaneous operating expenses.

**HIGHWAY AID FUND (SPECIAL REVENUE)** - Established and restricted under Act 655 of the Commonwealth of Pennsylvania. Funding is received from the Commonwealth and is restricted in use for the maintenance, repair and construction of roads, streets and bridges for which the Township is responsible.

**FIRE DEPARTMENT FUND (SPECIAL REVENUE)** - Established in 2005 to accumulate monies to assist the Township's volunteer fire department in defraying a portion of its' annual operating costs. Funding is received through transfers from the General Fund through a designation of one-half mill from the overall real estate tax millage assessed to property owners in the Township.

**CAPITAL RESERVE FUND (CAPITAL PROJECT)** - Established to accumulate monies for the purchase of capital equipment. Monies have been received mainly through grants and transfers from the General Fund.

**NON-MAJOR GOVERNMENTAL FUNDS:**

**POLICE CAR GRANT FUND (SPECIAL REVENUE)** - Established to accumulate monies for the purchase of police vehicles. Monies are received through grants from the Commonwealth of Pennsylvania. This fund was fully expended at December 31, 2005.

**COMMUNITY REVITALIZATION GRANT FUND (SPECIAL REVENUE)** - Established to accumulate monies for the purchase of police vehicles. Monies are received through grants from the Commonwealth of Pennsylvania. This fund was fully expended at December 31, 2005

**POLICE GRANT FUND (SPECIAL REVENUE)** - Established in 2005 from a grant received from the Department of Community and Economic Development to support the purchase of video systems for the police cars and for an emergency response and training program.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. The Township has two pension trust funds (police pension fund and non-uniform service employees pension fund). Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The Township maintains an agency fund to account for escrow monies received from developers to pay for legal and engineering costs incurred by the Township related to specific development projects within the Township (Schedule 5).

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net assets (Exhibit A) and the statement of activities (Exhibit B) display information about the Township as a whole. In specific, these financial statements combine all of the financial activity of the Township's major and non-major funds as described herein Note 2. The government-wide financial statements do not include the financial activity of the Township's fiduciary funds, which cannot be used to finance general operations. GASB Statement No. 34 describes and distinguishes the financial activity in any fund as being either governmental or business-type. The Township of Crescent does not currently operate any business-type activities.

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for each function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Township allocates the following program revenues under the column 'charges for services' to each functional disbursement category as follows:

- General Government – Licenses and permits, rents, lien letters, and miscellaneous sales of reports and maps
- Public Safety (Police) – Fines and forfeitures, police reports, task force receipts
- Public Safety (Other) – Building permits, electrical inspections, use and occupancy permits
- Public Works (Sanitation) – Solid waste collection fees
- Public Works (Highways) – Snow removal fees
- Culture and Recreation – Shouse park rentals

Revenues which are not classified as program revenues are presented as general revenues of the Township. General revenue consists mainly of taxes, unrestricted grants, and other miscellaneous receipts not earmarked for a specific function. The comparison of direct disbursements with program receipts identifies the extent to which the government function is self-financing or draws from the general receipts of the Township.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the Township. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. In Exhibit C, non-major funds are segregated and combined in a single column. Fiduciary funds are reported by fund type.



**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BUDGETS**

On December 28, 2004, the Township of Crescent adopted its annual budget for its general fund in accordance with the provisions of the Township Code. The general fund budget of \$1,419,025 was prepared utilizing the cash basis of accounting. General fund disbursements exceeded budget as reflected in Exhibit E. All annual appropriations of the general fund lapse at calendar year end.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposit accounts and all highly liquid short-term investments with original maturity terms of less than three months.

**INVESTMENTS**

Provisions of Section 1705 of the First Class Township Code authorize the following investments:

- I. U.S. Treasury Bills.
- II. Short-term obligations of the United States Government or its agencies or instrumentalities.
- III. Deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation and National Credit Union Share Insurance Fund.
- IV. Obligations of the United States of America, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth of Pennsylvania, or any of their agencies or instrumentalities backed by the full faith and credit of these governmental units.
- V. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.

The Township of Crescent investment portfolio is in compliance with these statutes at December 31, 2005.

Governmental fund type investments include monies pooled for investment purposes with the Pennsylvania Local Government Investment Trust (PLGIT). Fiduciary fund (pension fund) investments include money funds and mutual funds invested with the Pennsylvania Municipal Retirement System. Investments are stated at fair market value.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net assets, governmental inter-fund receivables and payables have been eliminated. During the 2005 year, the General Fund transferred \$49,181 to the Fire Department Fund for operating costs and \$44,000 to the Capital Reserve Fund for future capital acquisitions or renovation projects.

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL ASSETS**

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**LONG-TERM DEBT**

Long term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

**NET ASSETS**

GASB Statement No. 34 requires equity in the government-wide statement of net assets to be reported as 'Net Assets' rather than 'Fund Balance'. Net assets are classified into four categories according to external donor or legal restrictions or availability of assets to satisfy Township obligations. Net assets are classified as follows:

- Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets.
- Restricted-Nonexpendable – Net assets subject to externally imposed restrictions which are required to be maintained in perpetuity.
- Restricted-Expendable – Net assets whose use is subject to externally imposed conditions that can be fulfilled by the actions of the Township or by the passage of time.
- Unrestricted – Consists of net assets that do not meet the definition of 'restricted' or 'invested in capital assets, net of related debt'.

The Township applies restricted resources first, when available, before using unrestricted resources, to pay expenditures that can be paid from either source.

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

At December 31, 2005, the Township of Crescent had the following carrying values on its cash and cash equivalent accounts:

	<b>Bank Balance</b>	<b>(Memo Only) Book Balance</b>
Major Governmental Funds	\$ 111,307	\$ 52,127
Non-Major Governmental Funds	644	644
Agency Funds	10,374	10,374
<b>TOTAL</b>	<b>\$ 122,325</b>	<b>\$ 63,145</b>

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**

The difference between the bank and book balance represents reconciling items such as deposits in transit and outstanding checks. The first \$100,000 held at PNC Bank and Citizens Bank is insured through the Federal Deposit Insurance Corporation (FDIC). In accordance with Act number 72-1971 Session of the Commonwealth of Pennsylvania, the above deposits at each depository in excess of \$100,000, if any, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of December 31, 2005, the Township's bank balance is not exposed to custodial credit risk as this amount is fully insured through the FDIC.

The following represents the fair value of the Township's governmental and fiduciary fund investments as of December 31, 2005:

	<u>Fair Value</u>
PLGIT	\$ 33,115
Reconciling Outstanding Checks	(3,829)
<b>Total Governmental Investments</b>	<b>\$ 29,286</b>
PMRS	\$ 798,396
<b>Total Fiduciary Investments</b>	<b>\$ 798,396</b>

The purpose of the Pennsylvania Local Government Investment Trust (PLGIT) is to enable governmental units to pool their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The fund operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund uses amortized cost to report net assets to compute share prices. The fund maintains net asset values of \$1 per share. Accordingly, the fair value of the position in this fund is the same as the value of these shares.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. PLGIT has the characteristics of open-end mutual funds and are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Township does not have a policy that would limit its investment choices to those with certain credit ratings.

**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.

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Credit Risk:**

Section 1705 of the First Class Township Code and the Intergovernmental Cooperation Act limits the Township to certain types of investments. The Township does not have an investment policy that further limits its investment choices.

**NOTE 4 - PROPERTY TAXES**

The Township of Crescent levies property taxes May 1st of each calendar year. The calendar dates for payment of these taxes is as follows:

**PAYMENT PERIOD**

May 1 – June 30, 2005	(Discount period)
July 1 – August 31, 2005	(Face period)
September 1 and after	(Penalty period)

Taxpayers are entitled to a 2% discount if taxes are paid prior to July 1st. Collections after August 31st are assessed a 10% penalty. Unpaid taxes for 2005 are sent to the Township's delinquent real estate tax collector for collection and subsequent lien with Allegheny County. The Township had unpaid property taxes for 2005 totaling \$69,132 as of December 31, 2005. This represents 9.6% of the Township's original assessment for the year totaling \$719,171.

The tax millage assessment for the 2005 calendar year is 6.5 mills on the assessed value of land and buildings (\$110,641,666), which represents \$6.50 of revenue for every \$1,000 of assessed value. The Township recognized property tax revenue when received during the fiscal year. Accordingly, no provision has been made for amounts estimated to be uncollectable.

**NOTE 5 - LONG TERM DEBT**

**NOTES PAYABLE**

During 2002, The Township of Crescent entered into two (2) general obligation loan agreements to obtain funding for the enhancement of the Township Municipal Building. The first loan agreement was entered into on June 25, 2002, with The Authority for Improvements in Municipalities (AIM) in the amount of \$150,000. The terms of the loan call for five (5) annual payments of \$30,000, plus interest, at the rate of 3.59 percent. The second loan agreement was entered into on August 20, 2002, with The Commonwealth of Pennsylvania Department of Community and Economic Development in the amount of \$50,000. The terms of this loan call for forty (40) quarterly payments of \$1,377.69 at the rate of 2.015 percent.

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 5 - LONG TERM DEBT (Continued)**

**NOTES PAYABLE (Continued)**

A summary of the debt service requirements on the notes payable is as follows:

Year End Dec 31	AIM Principal	DCED Principal	Interest	Total
2006	\$ 30,000	\$ 4,663	\$ 4,079	\$ 38,742
2007	30,000	4,757	2,908	37,665
2008	30,000	4,853	1,735	36,588
2009	-	4,950	561	5,511
2010	-	5,050	461	5,511
2011-2014	-	19,743	804	20,547
	<u>\$ 90,000</u>	<u>\$ 44,016</u>	<u>\$ 10,548</u>	<u>\$ 144,564</u>

**TAX ANTICIPATION NOTE**

In January of 2005 the Township of Crescent received \$250,000 in the form of a tax anticipation note from PNC Bank at an interest rate of 3.69% which was repaid by the Township on July 25, 2005. In January of 2006, the Township received a tax anticipation note in the amount of \$250,000 from Citizens Bank at an interest rate of 3.78% scheduled to mature in December 2006.

**LEASE PAYABLE**

In February of 2005, the Township of Crescent entered into a lease agreement for the purchase of a 2005 Ford F-550 in the amount of \$53,329. The lease calls for two initial payments of \$6,000 in 2005 followed by four (4) annual principal and interest payments of \$12,259.84 at an interest rate of 5.9% beginning in July of 2006. A summary of the minimum lease payments due on this obligation is as follows:

Year End Dec 31	Principal	Interest	Total
2006	\$ 9,748	\$ 2,512	\$ 12,260
2007	10,323	1,937	12,260
2008	10,928	1,331	12,259
2009	11,577	683	12,260
	<u>\$ 42,576</u>	<u>\$ 6,463</u>	<u>\$ 49,039</u>

The following represents the changes in the Township's long-term liabilities during 2005:

	Balance 1/1/2005	Additions	Reductions	Balance 12/31/2005	Due Within One Year
General Obligation Notes	\$ 166,806	\$ -	\$ 32,790	\$ 134,016	\$ 34,663
Tax Anticipation Note	40,000	250,000	290,000	-	-
Lease Obligations	12,988	53,329	23,741	42,576	9,748
	<u>\$ 219,794</u>	<u>\$ 303,329</u>	<u>\$ 346,531</u>	<u>\$ 176,592</u>	<u>\$ 44,411</u>

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 6 – TOWNSHIP PENSION PLANS**

**POLICE PENSION PLAN** - The police pension plan is a single-employer defined benefit pension plan, established December 1, 1979, to provide retirement and death benefits to qualified police department employees under the provisions governing police pension plans in the Commonwealth of Pennsylvania and Local Township ordinances. The plan is governed by the Crescent Township Board of Commissioners who are responsible for the management of plan assets. The Board of Commissioners has delegated the authority to manage plan assets to the Pennsylvania Municipal Retirement System (PMRS), an agent multiple-employer public employee retirement system.

Plan membership as of December 31, 2005 was comprised of:

Active employees	3
Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to benefits but not yet receiving them	-
Total	4

The summary of the plans provisions are as follows:

- PARTICIPANTS** - All full-time policemen of the Township of Crescent shall be participants in the plan.
- ELIGIBILITY** - All participants are eligible for retirement benefits provided that they have completed twelve (12) years of credited service as a Township employee and have attained the age of fifty-five.
- BENEFITS** - Based on 2.5% of the participant's average monthly salary earned during the 36 month period preceding retirement.
- TERMINATION** - The plan provides terminated employees with a return of their contributions, if any, plus 6.0% interest.
- FUNDING** - Employee contributions are equal to 5% of monthly earnings. Township contributions are to be determined by the actuary.
- VESTING** - Participants are 100% vested after twelve (12) years of service.

**NON-UNIFORM EMPLOYEES PENSION FUND** - The non-uniform employees pension plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 389 adopted pursuant to Act 15, established August 1, 1978, to provide retirement benefits for all qualified non-uniform employees. The plan is governed by the Crescent Township Board of Commissioners who are responsible for the management of plan assets. The Board of Commissioners has delegated the authority to manage plan assets to the Pennsylvania Municipal Retirement System (PMRS), an agent multiple-employer public employee retirement system.

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 6 - TOWNSHIP PENSION PLANS (Continued)**

Plan membership as of December 31, 2005 was comprised of:

Active employees	5
Retirees and beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving them	-
Total	<u>8</u>

The summary of the plans provisions are as follows:

- PARTICIPANTS** - All full-time non-uniformed employees of the Township of Crescent.
- ELIGIBILITY** - All participants are eligible for retirement benefits provided that they have attained the normal retirement age of sixty-two.
- BENEFITS** - The plan provides for a monthly benefit equal to 1.5% of average monthly compensation earned during the sixty month period preceding retirement.
- TERMINATION** - The plan provides terminated employees with a return of their contributions, if any, plus 6.0% interest.
- FUNDING** - Employee contributions are equal to 3% of total compensation. Township contributions are to be determined by the actuary. Annual contributions are received from the Commonwealth of Pennsylvania as provided by Act 205, the General Municipal Pension State Aid Program.
- VESTING** - Participants are 100% vested after twelve (12) years of service.

**FUNDING REQUIREMENTS**

On December 18, 1984, act 205 was passed into law, and is known as the "Municipal Pension Plan Funding Standard and Recovery Act." The act mandates actuarial funding standards, establishes a recovery program for financially distressed pension plans and provides for the distribution of the tax on the premiums of foreign fire insurance companies.

The act requires minimum funding standards based on the most recent actuarial valuation report, including normal cost and administrative expense requirements and an amortization contribution of the unfunded actuarial accrued liability. For financially distressed pension plans, the act provides for delayed implementation of this funding standard over either 10 or 15 years. In addition, supplemental state aid is available to all eligible municipalities and will be paid from the supplemental state assistance account.

**TOWNSHIP OF CRESCENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 6 - TOWNSHIP PENSION PLANS (Continued)**

**FUNDING REQUIREMENTS (Continued)**

In addition to member contributions, the pension plan may also receive an annual allocation from the General Municipal Pension System State Aid Program. The entire proceeds of the insurance premium tax on foreign casualty insurance companies and any investment income earned on those proceeds, and the portion of the proceeds of the insurance premium tax on foreign fire insurance companies which represents the amount of the distributions applicable to paid firefighters, and any investment income earned on the amount of those distributions are specifically designated for municipal pension plans. Any remaining obligation with respect to the pension plan shall be paid by the municipality.

The plan's investment income was used to fund administrative costs. There are no long-term contracts for contributions as of December 31, 2005. In addition, there are no assets legally reserved for purposes other than the payment of plan member benefits.

**NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES**

**LEGAL MATTERS**

The Township of Crescent on occasion is a party to various legal actions normally associated with municipalities, the aggregate effect of which, in management's opinion, would not be material to the financial position of the Township of Crescent. Legal services in the amount of \$87,103 were accrued and unbilled to the Township as of December 31, 2005.

**STATE FUNDING**

The Township of Crescent's state funded programs are subject to audit by various governmental agencies. The Township is potentially liable for any expenditures disallowed by the results of these audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**NOTE 8 - RISK MANAGEMENT**

The Township of Crescent is exposed to various risks of loss related to tort; 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. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.



***SUPPLEMENTAL  
SCHEDULES***

**TOWNSHIP OF CRESCENT**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL RECEIPTS - CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET	ACTUAL	(MEMORANDUM ONLY) 2004
<b><u>TAXES:</u></b>			
Real estate tax - current	\$ 607,025	\$ 642,544	\$ 365,060
Real estate tax - prior	37,000	27,941	55,473
Real estate tax - liened	20,000	25,808	31,259
Delinquent tax penalties	3,000	2,893	3,828
Real estate transfer tax	53,000	44,347	62,155
Earned income tax	148,000	216,469	178,625
EMS tax	4,000	11,943	300
<b>TOTAL TAXES</b>	<b>\$ 872,025</b>	<b>\$ 971,945</b>	<b>\$ 696,700</b>
<b><u>LICENSES AND PERMITS:</u></b>			
Vending and amusement	\$ 5,000	\$ 4,700	\$ 2,260
Cable franchise fees	22,000	29,547	26,871
Street and curb permits	1,000	330	1,090
One call dividend	100	-	38
<b>TOTAL LICENSES AND PERMITS</b>	<b>\$ 28,100</b>	<b>\$ 34,577</b>	<b>\$ 30,259</b>
<b><u>FINES AND FORFEITURES:</u></b>			
Vehicle code violations	\$ 14,000	\$ 11,319	\$ 12,831
State police fines	1,500	1,875	2,153
<b>TOTAL FINES AND FORFEITURES</b>	<b>\$ 15,500</b>	<b>\$ 13,194</b>	<b>\$ 14,984</b>
<b><u>INTEREST AND RENTS:</u></b>			
Interest earnings	\$ 600	\$ 80	\$ 1,426
Rent of land	-	535	-
Rents	3,500	3,800	3,750
<b>TOTAL INTEREST AND RENTS</b>	<b>\$ 4,100</b>	<b>\$ 4,414</b>	<b>\$ 5,176</b>
<b><u>INTERGOVERNMENTAL:</u></b>			
Public utility realty tax	\$ 1,000	\$ 1,181	\$ 890
Alcoholic beverage licenses	400	400	400
COPS Grant	7,200	12,669	26,082
Police Equipment Grant	-	3,716	20,000
Pension state aid	9,000	5,196	9,869
FEMA Grant	-	18,618	-
Foreign fire insurance tax	12,000	13,641	11,802
Regional sales tax allocation	42,000	43,254	41,284
<b>TOTAL INTERGOVERNMENTAL</b>	<b>\$ 71,600</b>	<b>\$ 98,675</b>	<b>\$ 110,327</b>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL RECEIPTS - CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>2004</u>
<b><u>CHARGES FOR SERVICES:</u></b>			
Zoning and subdivision	\$ 300	\$ 887	\$ 265
Building permits	12,000	4,419	10,426
Use and occupancy permits	2,000	620	1,942
Electrical inspections	3,000	2,965	2,825
Snow removal	12,000	8,310	529
Solid waste collection and disposal	129,500	122,867	101,359
Portnoff/Creditech delinquent garbage fees	9,000	9,986	7,956
Misc receipts - reports, maps, etc.	100	358	261
Lien letters	1,000	1,240	1,260
Task Force RMB	3,000	180	1,422
Police reports	500	385	390
<b>TOTAL CHARGES FOR SERVICES</b>	<b>\$ 172,400</b>	<b>\$ 152,217</b>	<b>\$ 128,635</b>
<b><u>OTHER FINANCIAL SOURCES:</u></b>			
Transfer from Capital Reserve Fund	\$ 10,000	\$ -	\$ 25,000
Transfer from Capital Project Fund	-	-	1,065
Transfer from Fire Department Fund	-	600	-
Transfer from Agency Fund	-	3,106	-
Transfer from Police Grant Fund	-	250	-
Tax anticipation loan	250,000	250,000	200,000
Loan Proceeds	-	-	10,000
Sale of Assets	-	9,052	1,000
Refund prior year expenses	6,000	7,487	5,991
Unknown	-	77	2,600
<b>TOTAL FINANCIAL SOURCES</b>	<b>\$ 266,000</b>	<b>\$ 270,571</b>	<b>\$ 245,656</b>
<b>TOTAL RECEIPTS</b>	<b>\$ 1,429,725</b>	<b>\$ 1,545,594</b>	<b>\$ 1,231,736</b>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL DISBURSEMENTS - CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET	ACTUAL	(MEMORANDUM ONLY) 2004
<b>GENERAL GOVERNMENT:</b>			
<b><u>LEGISLATIVE BODY:</u></b>			
Personal services	\$ 400	\$ 358	\$ 55
Commissioners	9,000	7,500	8,667
Advertising	-	866	1,668
Association dues and expense	11,500	5,916	10,436
<b>TOTAL LEGISLATIVE BODY</b>	<b>\$ 20,900</b>	<b>\$ 14,641</b>	<b>\$ 20,826</b>
<b><u>EXECUTIVE:</u></b>			
Salary - secretary	\$ 45,500	\$ 37,341	\$ 37,924
Salary - assistant	26,000	26,060	29,532
Office supplies	5,500	3,634	5,745
Office phone	3,000	1,180	2,301
Cell phone	-	772	-
PA one call fax charges	200	261	143
Maintenance and repair	1,000	1,641	901
Association dues	2,500	954	1,803
Education expense	500	25	-
<b>TOTAL EXECUTIVE:</b>	<b>\$ 84,200</b>	<b>\$ 71,867</b>	<b>\$ 78,347</b>
<b><u>FINANCIAL ADMINISTRATION:</u></b>			
Rodan	\$ 3,000	\$ 2,375	\$ 3,200
ADP	5,000	1,185	3,442
Realstats	1,200	1,584	1,200
Comcast	600	1,607	738
Quick Books	-	5,938	-
Bank Service Charges	-	331	-
Professional auditors	1,500	4,200	1,300
<b>TOTAL FINANCIAL ADMINISTRATION</b>	<b>\$ 11,300</b>	<b>\$ 17,220</b>	<b>\$ 9,880</b>
<b><u>TAX COLLECTION:</u></b>			
Salary - treasurer and tax collector	\$ 10,000	\$ 10,000	\$ 10,000
<b>Commissions:</b>			
Occupational privilege tax	-	-	25
Delinquent property tax	5,000	3,751	5,151
<b>General expenses:</b>			
Treasurer	1,800	1,497	1,027
Wage tax - PMS expense	3,500	6,492	3,544
Computer maintenance	200	750	1,268
EMST - Keystone Commission	-	128	-
Computer forms	1,000	343	491
Liened property	2,000	3,823	2,218
Association dues and expenses	1,000	794	700
<b>TOTAL TAX COLLECTION</b>	<b>\$ 24,500</b>	<b>\$ 27,576</b>	<b>\$ 24,424</b>
<b><u>LEGAL SERVICES:</u></b>			
Solicitor quarterly compensation	\$ 39,500	\$ 39,500	\$ 39,500
Other legal fees	2,000	18,414	25,456
Other legal filing fees	1,000	87	1,096
Labor Counsel	10,000	26,103	-
Association and Dues	2,200	2,124	1,723
<b>TOTAL LEGAL SERVICES</b>	<b>\$ 54,700</b>	<b>\$ 86,228</b>	<b>\$ 67,776</b>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL DISBURSEMENTS - CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>2004</u>
<b><u>ENGINEER:</u></b>			
Engineer/architect fees	\$ 12,000	\$ 12,340	\$ 8,510
<b>TOTAL ENGINEER</b>	<b>\$ 12,000</b>	<b>\$ 12,340</b>	<b>\$ 8,510</b>
<b><u>GOVERNMENT BUILDING &amp; PLANT:</u></b>			
Cleaning services	\$ 6,200	\$ 6,200	\$ 6,034
Supplies	2,500	2,634	2,258
Utilities	15,000	17,069	13,448
Building maintenance and repair	6,000	4,784	7,835
<b>TOTAL GOVERNMENT BUILDING &amp; PLANT</b>	<b>\$ 29,700</b>	<b>\$ 30,687</b>	<b>\$ 29,575</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$ 237,300</b>	<b>\$ 260,560</b>	<b>\$ 239,338</b>
<b><u>PUBLIC SAFETY:</u></b>			
<b><u>POLICE PROTECTION:</u></b>			
Salary - chief	\$ 50,000	\$ 50,000	\$ 45,233
Wages - Patrolman and Sargents	130,000	124,845	127,312
Task Force Wages	3,000	708	1,502
Overtime	10,000	13,052	8,663
Uniform allowance	2,600	2,467	3,274
Supplies	4,000	4,126	10,041
Gasoline and oil	4,000	9,863	6,759
Vehicle maintenance	8,000	10,267	2,455
Pre-Employment Physicals	500	-	365
Telephone	2,000	1,115	1,791
S-1 region	1,100	1,100	550
Cell phone	2,900	3,595	4,102
Radio equipment maintenance	500	599	687
Purchase police radio	700	-	1,173
Computer maintenance	2,500	2,025	-
Investigation fund	100	50	-
Lock-up fees	600	1,200	-
Association dues and expenses	1,000	992	972
Education expense	250	-	268
Moon - dispatch	3,500	4,114	2,837
Demolition	-	-	1,198
Ammunition	900	778	-
Capital purchases	5,700	8,042	10,745
<b>TOTAL POLICE PROTECTION</b>	<b>\$ 233,850</b>	<b>\$ 238,938</b>	<b>\$ 229,925</b>
<b><u>FIRE PROTECTION:</u></b>			
Fire Company Utilities	\$ -	\$ 600	\$ 15,219
Fire hydrant rental	7,000	8,375	3,938
Fire department contribution	1,500	1,500	1,500
Foreign fire insurance	12,000	13,641	11,802
Equipment purchase	-	-	5,099
<b>TOTAL FIRE PROTECTION</b>	<b>\$ 20,500</b>	<b>\$ 24,116</b>	<b>\$ 37,557</b>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL DISBURSEMENTS - CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET	ACTUAL	(MEMORANDUM ONLY) 2004
<b><u>AMBULANCE SERVICE:</u></b>			
General expense	\$ 600	\$ 600	\$ 600
<b>TOTAL AMBULANCE SERVICE</b>	<b>\$ 600</b>	<b>\$ 600</b>	<b>\$ 600</b>
<b><u>PROTECTIVE INSPECTION:</u></b>			
Permits and Electrical Inspections	\$ 2,000	\$ 660	\$ 3,046
<b>TOTAL PROTECTIVE INSPECTION</b>	<b>\$ 2,000</b>	<b>\$ 660</b>	<b>\$ 3,046</b>
<b><u>PLANNING AND ZONING:</u></b>			
Building inspector wages	\$ 6,000	\$ 4,780	\$ 7,624
Zoning hearing board expenses	750	-	-
Planning & zoning expenses	550	259	120
<b>TOTAL PLANNING AND ZONING</b>	<b>\$ 7,300</b>	<b>\$ 5,039</b>	<b>\$ 7,744</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 264,250</b>	<b>\$ 269,353</b>	<b>\$ 278,871</b>
<b><u>PUBLIC WORKS:</u></b>			
<b><u>SANITATION:</u></b>			
Contracted services	\$ 129,500	\$ 133,467	\$ 87,906
Billing service	2,500	2,715	2,139
Portnoff Assoc. delinquent collector	2,000	2,426	1,680
<b>TOTAL SANITATION</b>	<b>\$ 134,000</b>	<b>\$ 138,608</b>	<b>\$ 91,724</b>
<b><u>HIGHWAYS:</u></b>			
Salaries and wages	\$ 110,900	\$ 112,599	\$ 107,916
Uniform allowance	2,000	268	2,888
Materials and supplies	13,000	5,965	14,962
Vehicle fuel	5,000	5,335	3,477
Highway materials	28,000	39,324	29,155
Street lighting	12,000	10,411	3,454
Repair and maintenance	11,200	24,150	7,710
CDL testing	300	-	20
Communications	1,600	3,400	1,988
Education and training	150	-	112
Capital purchases	40,000	-	-
Capital construction - roads	40,000	25,128	4,000
<b>TOTAL HIGHWAYS</b>	<b>\$ 264,150</b>	<b>\$ 226,582</b>	<b>\$ 175,681</b>
<b>TOTAL PUBLIC WORKS</b>	<b>\$ 398,150</b>	<b>\$ 365,190</b>	<b>\$ 267,405</b>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL DISBURSEMENTS - CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET	ACTUAL	(MEMORANDUM ONLY) 2004
<b><u>CULTURE AND RECREATION:</u></b>			
<b><u>RECREATION:</u></b>			
Materials and supplies	\$ 4,500	\$ 1,216	\$ 2,850
Park board events	3,000	2,956	2,914
Professional services	1,000	-	3,828
Grass maintenance	9,000	11,855	-
Utilities	3,000	1,355	4,657
Capital purchases	3,000	3,000	3,025
Civic Club donation	1,000	1,000	1,000
<b>TOTAL RECREATION</b>	<b>\$ 24,500</b>	<b>\$ 21,381</b>	<b>\$ 18,273</b>
<b><u>SENIOR CITIZEN'S CENTER:</u></b>			
General expense	\$ 1,000	\$ 1,000	\$ 1,000
<b>TOTAL SENIOR CITIZEN'S CENTER</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>
<b>TOTAL CULTURE AND RECREATION</b>	<b>\$ 25,500</b>	<b>\$ 22,381</b>	<b>\$ 19,273</b>
<b><u>DEBT SERVICE:</u></b>			
Backhoe 2 yrs	\$ 12,500	\$ 13,101	\$ 12,988
DCED Loan Police	4,500	3,247	4,500
AIM Loan Police	30,000	34,308	30,000
Truck loan	12,000	6,000	-
Debt Interest	5,500	5,380	5,385
TAN interest	8,000	5,176	-
TAN Principal - 2004	-	40,000	-
TAN Principal	250,000	250,000	160,000
<b>TOTAL DEBT SERVICE</b>	<b>\$ 322,500</b>	<b>\$ 357,212</b>	<b>\$ 212,873</b>
<b><u>MISCELLANEOUS:</u></b>			
Intergovernmental	\$ 4,000	\$ 3,100	\$ -
Health and disability insurance	75,000	72,795	79,916
Non-uniform pension contribution	5,000	15,312	215
Social security taxes - township share	20,100	26,453	23,628
Medicare - township share	6,700	5,786	5,526
Unemployment compensation insurance	2,000	2,547	1,758
Workmens compensation insurance	7,500	18,696	15,053
Package insurance	37,550	28,985	34,045
Public official insurance	2,575	4,618	2,309
Miscellaneous	-	-	2,134
Police professional insurance	3,000	3,177	2,710
Bonds	1,300	1,750	1,250
<b>TOTAL MISCELLANEOUS</b>	<b>\$ 164,725</b>	<b>\$ 183,219</b>	<b>\$ 168,544</b>
<b><u>OTHER FINANCING USES:</u></b>			
Interfund transfers	\$ -	\$ 93,181	\$ 25,000
Refund of prior year receipts	6,600	1,556	8,691
<b>TOTAL OTHER FINANCING USES</b>	<b>\$ 6,600</b>	<b>\$ 94,737</b>	<b>\$ 33,691</b>
<b>TOTAL DISBURSEMENTS AND OTHER FINANCING USES</b>	<b>\$ 1,419,025</b>	<b>\$ 1,552,652</b>	<b>\$ 1,219,996</b>

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT  
COMBINING BALANCE SHEET - CASH BASIS  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	POLICE CAR GRANT FUND	COMMUNITY REVITALIZATION GRANT FUND	POLICE GRANT FUND	TOAL NON-MAJOR GOVERNMENTAL FUNDS
\$	-	\$ -	644	\$ 644
\$	-	\$ -	644	\$ 644

**ASSETS:**

Cash and Cash Equivalents  
**TOTAL ASSETS**

**LIABILITIES AND FUND BALANCES**

**LIABILITIES:**

Due to Other Funds  
**TOTAL LIABILITIES**

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

**FUND BALANCES:**

Unreserved  
**TOTAL FUND BALANCES**

\$	-	\$ -	644	\$ 644
\$	-	\$ -	644	\$ 644

**TOTAL LIABILITIES AND  
 FUND BALANCES**

\$	-	\$ -	644	\$ 644
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TOWNSHIP OF CRESCENT  
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	POLICE CAR GRANT FUND	COMMUNITY REVITALIZATION GRANT FUND	POLICE GRANT FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<u>RECEIPTS</u>				
Interest	\$ 15	\$ 45	\$ -	\$ 60
Intergovernmental	-	-	24,972	24,972
<b>Total Receipts</b>	<b>\$ 15</b>	<b>\$ 45</b>	<b>\$ 24,972</b>	<b>\$ 25,032</b>
<u>DISBURSEMENTS</u>				
General Government (DCED Interest)	\$ 22	\$ 90	\$ -	\$ 112
Public Safety - Police	5,000	15,000	24,078	44,078
<b>Total Disbursements</b>	<b>\$ 5,022</b>	<b>\$ 15,090</b>	<b>\$ 24,078</b>	<b>\$ 44,190</b>
<b>Excess ( Deficiency) of Receipts over Disbursements</b>	<b>\$ (5,007)</b>	<b>\$ (15,045)</b>	<b>\$ 894</b>	<b>\$ (19,158)</b>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In <Out>	\$ -	\$ -	\$ (250)	\$ (250)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (250)</b>	<b>\$ (250)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (5,007)</b>	<b>\$ (15,045)</b>	<b>\$ 644</b>	<b>\$ (19,408)</b>
FUND BALANCE - JANUARY 1, 2005	5,007	15,045	-	20,052
<b>FUND BALANCE - DECEMBER 31, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 644</b>	<b>\$ 644</b>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
 DEVELOPER ESCROWS  
 DECEMBER 31, 2005**

<b>ASSETS:</b>	<b>M SQUARED LEGAL</b>	<b>M SQUARED ENGINEERING</b>	<b>PARKWOOD DEVELOPMENT LEGAL</b>	<b>TOTAL</b>
Cash and Cash Equivalents	\$ 2,525	\$ 4,814	\$ 3,035	\$ 10,374
<b>TOTAL ASSETS</b>	<b>\$ 2,525</b>	<b>\$ 4,814</b>	<b>\$ 3,035</b>	<b>\$ 10,374</b>
<b>LIABILITIES:</b>				
Due to Developers	\$ 2,525	\$ 4,814	\$ 3,035	\$ 10,374
<b>TOTAL LIABILITIES</b>	<b>\$ 2,525</b>	<b>\$ 4,814</b>	<b>\$ 3,035</b>	<b>\$ 10,374</b>

***REQUIRED  
SUPPLEMENTARY  
INFORMATION***

**TOWNSHIP OF CRESCENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DEFINED BENEFIT PENSION PLANS**  
**DECEMBER 31, 2005**

**SCHEDULES OF FUNDING PROGRESS:**

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>(UAAL) UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>	<u>FUNDED RATIO</u>	<u>COVERED PAYROLL</u>	<u>UAAL AS A % OF COVERED PAYROLL</u>
<b>POLICE:</b>						
1/1/97	\$ 374,216	\$ 222,172	\$ (152,044)	168%	\$ 28,648	-530.7%
1/1/99	457,548	290,434	(167,114)	158%	33,800	-494.4%
1/1/01	574,049	354,631	(219,418)	162%	38,245	-573.7%
1/1/03	613,332	374,149	(239,183)	164%	98,289	-243.3%
1/1/05	672,400	438,420	(233,980)	153%	122,700	-190.7%
<b>NON-UNIFORM:</b>						
1/1/97	\$ 307,849	\$ 317,292	\$ 9,443	97%	\$ 84,670	11.2%
1/1/99	408,515	383,755	(24,760)	106%	90,405	-27.4%
1/1/01	522,092	448,482	(73,610)	116%	100,369	-73.3%
1/1/03	575,565	524,991	(50,574)	110%	159,797	-31.6%
1/1/05	628,548	593,494	(35,054)	106%	178,630	-19.6%

**SCHEDULES OF EMPLOYER'S CONTRIBUTIONS:**

<u>YEAR ENDED DECEMBER 31</u>	<u>ANNUAL REQ. CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTED</u>
<b>POLICE:</b>		
1998	\$ -	N/A
1999	-	N/A
2000	-	N/A
2001	-	N/A
2002	-	N/A
2003	-	N/A
2004	-	N/A
2005	-	N/A
<b>NON-UNIFORM</b>		
1998	\$ 13,218	100%
1999	9,617	100%
2000	9,555	100%
2001	4,543	100%
2002	5,510	100%
2003	-	100%
2004	3,497	100%
2005	4,744	100%

**TOWNSHIP OF CRESCENT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2005**

**NOTE 1 - TREND INFORMATION**

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

Trends in unfunded (assets in excess of) actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded (assets in excess of) actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, where there is an unfunded actuarial accrued liability, the smaller this percentage, the stronger the plan. However, when assets are in excess of the actuarial accrued liability, the higher the bracketed percentage, the stronger the plan.

**NOTE 2 - ACTUARIAL ASSUMPTIONS AND METHODS**

The information presented in the preceding required supplementary information section was determined as part of the actuarial valuations dated January 1, 2005. Additional information included as part of this valuation is as follows:

Actuarial Cost Method - Entry Age Normal

Amortization Method - Level Dollar Closed

Remaining Amortization Period – Weighted Average -      Police – N/A  
Non-Uniform – N/A

Asset Valuation Method – Fair Value

Investment Rate of return - 6.0% per annum

Salary Increase – 4.7% per annum