

CONEWAGO TOWNSHIP, ADAMS COUNTY, PENNSYLVANIA

**MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT
(DCED-CLGS-30)**

YEAR ENDED DECEMBER 31, 2019



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation



Independent Auditor's Report

Board of Supervisors
Conewago Township, Adams County, Pennsylvania
Hanover, Pennsylvania

Report on the Financial Report

We have audited the accompanying 2019 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Conewago Township, Adams County, Pennsylvania as of and for the year ended December 31, 2019.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the 2019 Municipal Annual Audit and Financial Report (DCED-CLGS-30) ("financial report") in accordance with the financial reporting provisions prescribed by the Pennsylvania Department of Community and Economic Development ("PA DCED") statutory reporting requirements, under the provisions of the Second Class Township Code; this includes determining that the modified cash basis of accounting is an acceptable basis of accounting for the preparation of the financial report in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial report 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity'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 report.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

The financial report is prepared by Conewago Township, Adams County, Pennsylvania, on the basis of the financial reporting provisions prescribed by the PA DCED statutory reporting requirements, under the provisions of the Second Class Township Code, using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Consequently revenues are recorded when received, and expenditures are recorded when paid. The cash basis of accounting is modified for recording the investments in marketable securities at the current fair value.

The effects on the financial report of the variances between the modified cash basis of accounting used under the PA DCED statutory reporting requirements described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

The financial report is not intended to be a complete presentation of Conewago Township, Adams County, Pennsylvania's financial statements, notes to financial statements and required supplementary information as required by the Governmental Accounting Standards Board (GASB).

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial report does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the assets, liabilities and equity of Conewago Township, Adams County, Pennsylvania, as of December 31, 2019, or its revenues and expenditures for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial report referred to above omits the general fixed assets account group and the statement of capital expenditures, which are required under the financial reporting provisions prescribed by the PA DCED statutory reporting requirements, under provisions of the Second Class Township Code. The impact of these amounts are not reasonably determinable.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial report presents fairly, in all material respects, the assets, liabilities and equity of Conewago Township, Adams County, Pennsylvania as of December 31, 2019, and its revenues and expenditures for the year then ended, in accordance with the basis of accounting described herein and the financial reporting provisions prescribed by the PA DCED statutory reporting requirements, under provisions of the Second Class Township Code.

Brown Schultz Steidman & Fritz

Hanover, Pennsylvania
June 16, 2020

**2019 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

010245 CONEWAGO TWP, ADAMS COUNTY

CONEWAGO TWP, ADAMS County

BALANCE SHEET

December 31, 2019

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Liabilities and Other Credits											
260-269	Long-Term-Liabilities										
240-259	Current Portion of Long-Term Debt and Other Credits										
Total Liabilities and Other Credits		150,549	14,376								164,925
Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	5,292,795	684,917					4,019,199			9,996,911
291-299	Other Equity										
Total Fund and Account Group Equity		5,292,795	684,917					4,019,199			9,996,911
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											10,161,836

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Taxes

301.00	Real Estate Taxes	1,456,547						1,456,547
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)							
310.00	Per Capita Taxes	28,259						28,259
310.10	Real Estate Transfer Taxes	159,111						159,111
310.20	Earned Income Taxes / Wage Taxes	1,003,141						1,003,141
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	142,934						142,934
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes	1,550						1,550
310.90	Other: _____							
	Other: _____							
Total Taxes		2,791,542						2,791,542

Licenses and Permits

320-322	All Other Licenses and Permits							
321.80	Cable Television Franchise Fees							
Total Licenses and Permits								

Fines and Forfeits

330-332	Fines and Forfeits	55,819						55,819
Total Fines and Forfeits		55,819						55,819

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Interest, Rents and Royalties								
341.00	Interest Earnings	65,090	440				735,535	801,065
342.00	Rents and Royalties							
Total Interest, Rents and Royalties		65,090	440				735,535	801,065

Federal								
351.03	Highways and Streets							
351.09	Community Development							
351.00	All Other Federal Capital and Operating Grants							
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements							
353.00	Federal Payments in Lieu of Taxes							
Total Federal								

State								
354.03	Highways and Streets							
354.09	Community Development							
354.15	Recycling / Act 101	54,452						54,452
354.00	All Other State Capital and Operating Grants							
355.01	Public Utility Realty Tax (PURTA)	2,597						2,597
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		245,298					245,298
355.04	Alcoholic Beverage Licenses	400						400
355.05	General Municipal Pension System State Aid	124,468						124,468
355.07	Foreign Fire Insurance Tax Distribution	43,620						43,620
355.08	Local Share Assessment/Gaming Proceeds	3,156						3,156
355.09	Marcellus Shale Impact Fee Distribution							

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State

355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
Total State		228,693	245,298					473,991

Local Government Units

357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants		25,000					25,000
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	5,600						5,600
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
Total Local Government Units		5,600	25,000					30,600

Charges for Service

361.00	General Government	9,325	511,950					521,275
362.00	Public Safety	25,997						25,997
363.20	Parking							
363.00	All Other Charges for Highway & Street Services	1,025						1,025
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)							
364.30	Solid Waste Collection and Disposal Charge (trash)							
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health							
366.00	Human Services							
367.00	Culture and Recreation		32,340					32,340
368.00	Airports							

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Charges for Service								
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
Total Charges for Service		36,347	544,290					580,637

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	7,240						7,240
388.00	Fiduciary Fund Pension Contributions					143,634		143,634
389.00	All Other Unclassified Operating Revenues	2,000						2,000
Total Unclassified Operating Revenues		9,240				143,634		152,874

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	39,900						39,900
392.00	Interfund Operating Transfers	30,000	40,603					70,603
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	7,775						7,775
Total Other Financing Sources		77,675	40,603					118,278
TOTAL REVENUES		3,270,006	855,631				879,169	5,004,806

EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	11,666						11,666
401.00	Executive (Manager or Mayor)	101,882						101,882
402.00	Auditing Services / Financial Administration	26,596						26,596
403.00	Tax Collection	22,311						22,311
404.00	Solicitor / Legal Services	6,555						6,555
405.00	Secretary / Clerk	111,566						111,566
406.00	Other General Government Administration	5,570						5,570
407.00	IT-Networking Services-Data Processing	8,098						8,098
408.00	Engineering Services	2,430						2,430
409.00	General Government Buildings and Plant	72,376						72,376
Total General Government		369,050						369,050

Public Safety								
410.00	Police	1,361,158						1,361,158
411.00	Fire	210,740						210,740
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	70,580						70,580

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety

414.00	Planning and Zoning	41,367						41,367
415.00	Emergency Management and Communications	125						125
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety							
Total Public Safety		1,683,970						1,683,970

Health and Human Services

420.00-425.00	Health and Human Services							
Total Health and Human Services								

Public Works - Sanitation

426.00	Recycling Collection and Disposal	529						529
427.00	Solid Waste Collection and Disposal (garbage)							
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection							
Total Public Works - Sanitation		529						529

Public Works - Highways and Streets

430.00	General Services - Administration	170,317						170,317
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal	18,328	17,106					35,434
433.00	Traffic Control Devices	2,742						2,742
434.00	Street Lighting	39,921						39,921

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Works - Highways and Streets								
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains							
437.00	Repairs of Tools and Machinery	8,229						8,229
438.00	Maintenance and Repairs of Roads and Bridges	123,366						123,366
439.00	Highway Construction and Rebuilding Projects	10,439	240,531					250,970
Total Public Works - Highways and Streets		373,342	257,637					630,979

Other Public Works Enterprises								
440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking							
446.00	Storm Water and Flood Control	5,556	481,134					486,690
447.00	Transit System	1,600						1,600
448.00	Water System	44,053						44,053
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises		51,209	481,134					532,343

Culture and Recreation								
451.00	Culture-Recreation Administration	47,878						47,878
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks	85,817	27,547					113,364

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Culture and Recreation								
455.00	Shade Trees							
456.00	Libraries	3,000						3,000
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers	3,000						3,000
459.00	All Other Culture and Recreation	9,800						9,800
Total Culture and Recreation		149,495	27,547					177,042

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing							
463.00	Economic Development							
464.00	Economic Opportunity							
465-469	All Other Community Development							
Total Community Development								

Debt Service								
471.00	Debt Principal (short-term and long-term)							
472.00	Debt Interest (short-term and long-term)							
475.00	Fiscal Agent Fees							
Total Debt Service								

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	104,909						104,909
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions							

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance	48,751						48,751
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		153,660						153,660

Insurance								
486.00	Insurance, Casualty, and Surety	48,977						48,977
Total Insurance		48,977						48,977

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						201,041	201,041
489.00	All Other Unclassified Expenditures	1,361	91				17,722	19,174
Total Unclassified Operating Expenditures		1,361	91				218,763	220,215

Other Financing Uses								
491.00	Refund of Prior Year Revenues	991						991
492.00	Interfund Operating Transfers	40,603	30,000					70,603
493.00	All Other Financing Uses							
Total Other Financing Uses		41,594	30,000					71,594

TOTAL EXPENDITURES	2,873,187	796,409					218,763	3,888,359
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	396,819	59,222					660,406	1,116,447
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CONEWAGO TWP
December 31, 2019

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

0

Capitalized lease obligations

0

Net debt

0

CONEWAGO TWP, ADAMS County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2019

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways			
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES			

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

1,383,388

Independent Public Accountant/Certified Public Accountant Submission Page
Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed: Brown Schultz Sheridan & Fritz Appointed Auditor/CPA

December 31, 2019

NOTES / COMMENTS

1) The Conewago Township Municipal Authority is a component unit of the Conewago Township, Adams County, Pennsylvania. However, the financial information of the component unit is not presented on the Conewago Township's Municipal Annual Audit and Financial Report (DCED-CLGS-30). The Conewago Township Municipal Authority follows the DCED guidance and requirements and submits separately their Municipal Annual Audit and Financial Report (DCED-CLGS-04).

2) The total amount of payroll per Conewago Township's W-3 is \$1,383,388. This total includes wages of \$78,756 for the Conewago Township Municipal Authority, which are reimbursed to Conewago Township on a quarterly basis.

3) The Southeast Adams Volunteer Emergency Services, Inc., Adams County, Pennsylvania (SAVES), a nonprofit corporations, incurred a Mortgage Revenue Note, Series of 2008 for \$2,800,000 on November 6, 2008 to finance the construction of a new fire station. Four municipalities (including Conewago Township) that are serviced by SAVES guaranteed the loan in pro rata portions based on the population of the municipalities at November 6, 2008. Conewago's pro rata portion is 58%, therefore their maximum guaranteed portion is \$1,624,000

If SAVES would default on the note, Conewago Township would be liable for 58% of the outstanding principle balance (plus interest) as of the date of default. SAVES has not defaulted on the note through year end December 31, 2019, there was an outstanding principle balance of \$1,887,911 on the note.

4) Under the Trust and Agency Fund, Line 489.00 "All Other Unclassified Expenditures" has an amount greater than 1% of the fund's total expenditures; however, this amount is for pension funds management fees, which according to the DCED instructions, is prescribed to be presented on this line.

5) In December 2019, a novel strain of coronavirus ("COVID-19") was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus has the potential to cause business disruption to the Township beginning in March 2020, due to state government-imposed shutdowns of businesses and other results of the illness. While the Township expects this matter may negatively impact its results, the extent of the impact of the COVID-19 on the Township's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of the COVID-19 on overall demand for the Township's services, all of which are highly uncertain and cannot be predicted.