

CONEWAGO TOWNSHIP, ADAMS COUNTY, PENNSYLVANIA

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

YEAR ENDED DECEMBER 31, 2020



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 2020 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Conewago Township, Adams County, Pennsylvania as of and for the year ended December 31, 2020.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the 2020 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 an opinion 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, 2020, 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 is 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, 2020, 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
April 19, 2021

**2020 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

010245 CONEWAGO TWP, ADAMS COUNTY

CONEWAGO TWP, ADAMS County

BALANCE SHEET

December 31, 2020

		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		49,725	36,418								86,143
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	6,249,947	715,028					4,385,073			11,350,048
291-299	Other Equity										
Total Fund and Account Group Equity		6,249,947	715,028					4,385,073			11,350,048
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											11,436,191

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2020

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	1,822,448						1,822,448
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	28,695						28,695
310.10	Real Estate Transfer Taxes	260,368						260,368
310.20	Earned Income Taxes / Wage Taxes	1,008,001						1,008,001
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	145,053						145,053
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes	1,650						1,650
310.90	Other: _____							
	Other: _____							
Total Taxes		3,266,215						3,266,215

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	56,657						56,657
Total Fines and Forfeits		56,657						56,657

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2020

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	28,137	900				411,133	440,170
342.00	Rents and Royalties							
Total Interest, Rents and Royalties		28,137	900				411,133	440,170

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							
354.00	All Other State Capital and Operating Grants							
355.01	Public Utility Realty Tax (PURTA)	2,777						2,777
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		238,731					238,731
355.04	Alcoholic Beverage Licenses	400						400
355.05	General Municipal Pension System State Aid	150,269						150,269
355.07	Foreign Fire Insurance Tax Distribution	43,959						43,959
355.08	Local Share Assessment/Gaming Proceeds	3,043						3,043
355.09	Marcellus Shale Impact Fee Distribution							

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2020

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		200,448	238,731					439,179

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants							
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	6,840						6,840
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes	8,733						8,733
Total Local Government Units		15,573						15,573

Charges for Service								
361.00	General Government	18,951	503,530					522,481
362.00	Public Safety	29,145						29,145
363.20	Parking							
363.00	All Other Charges for Highway & Street Services	945						945
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)							
364.30	Solid Waste Collection and Disposal Charge (trash)	344						344
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		6,100					6,100
368.00	Airports							

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2020

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		49,385	509,630					559,015

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	13,195						13,195
388.00	Fiduciary Fund Pension Contributions					164,938		164,938
389.00	All Other Unclassified Operating Revenues	3,332	7					3,339
Total Unclassified Operating Revenues		16,527	7			164,938		181,472

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	30,000						30,000
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, 2020

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	1,107						1,107
Total Other Financing Sources		31,107						31,107
TOTAL REVENUES		3,664,049	749,268				576,071	4,989,388

EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	11,359						11,359
401.00	Executive (Manager or Mayor)	60,973						60,973
402.00	Auditing Services / Financial Administration	31,869						31,869
403.00	Tax Collection	28,154						28,154
404.00	Solicitor / Legal Services	12,770						12,770
405.00	Secretary / Clerk	84,426						84,426
406.00	Other General Government Administration	7,002						7,002
407.00	IT-Networking Services-Data Processing	8,224						8,224
408.00	Engineering Services	2,165						2,165
409.00	General Government Buildings and Plant	140,028						140,028
Total General Government		386,970						386,970

Public Safety								
410.00	Police	1,359,117						1,359,117
411.00	Fire	287,915						287,915
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	78,089						78,089

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2020

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	34,394						34,394
415.00	Emergency Management and Communications							
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		1,759,515						1,759,515

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	92						92
427.00	Solid Waste Collection and Disposal (garbage)							
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection							
Total Public Works - Sanitation		92						92

Public Works - Highways and Streets								
430.00	General Services - Administration	134,558						134,558
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal	8,818	20,374					29,192
433.00	Traffic Control Devices	21,076						21,076
434.00	Street Lighting	39,278						39,278

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2020

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	5,745						5,745
438.00	Maintenance and Repairs of Roads and Bridges	126,815						126,815
439.00	Highway Construction and Rebuilding Projects	3,395	253,833					257,228
Total Public Works - Highways and Streets		339,685	274,207					613,892

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	4,672	414,950					419,622
447.00	Transit System	1,600						1,600
448.00	Water System	41,281						41,281
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises		47,553	414,950					462,503

Culture and Recreation								
451.00	Culture-Recreation Administration	22,596						22,596
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks	14,624						14,624

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2020

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	8,300						8,300
Total Culture and Recreation		51,520						51,520

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	98,830						98,830
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions							

CONEWAGO TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2020

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	4,790						4,790
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		103,620						103,620

Insurance								
486.00	Insurance, Casualty, and Surety	9,086						9,086
Total Insurance		9,086						9,086

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						198,975	198,975
489.00	All Other Unclassified Expenditures	8,856					11,222	20,078
Total Unclassified Operating Expenditures		8,856					210,197	219,053

Other Financing Uses								
491.00	Refund of Prior Year Revenues							
492.00	Interfund Operating Transfers		30,000					30,000
493.00	All Other Financing Uses							
Total Other Financing Uses			30,000					30,000

TOTAL EXPENDITURES	2,706,897	719,157					210,197	3,636,251
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	957,152	30,111					365,874	1,353,137
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CONEWAGO TWP
December 31, 2020

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, 2020

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)

1,413,735

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, CPAs Appointed Auditor/CPA

December 31, 2020

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 \$1,413,735. This total includes wages of \$75,008 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 corporation, 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 on November 6, 2008, and Conewago Township's pro rata portion is 58%.

If SAVES would default on the note, Conewago Township would be liable for 58% of the outstanding principal balance (plus interest) as of the date of default. SAVES has not defaulted on the note through year end December 31, 2020. As of December 31, 2020, there was an outstanding principal balance of \$1,784,380 on the note. The Conewago Township's maximum guaranteed portion is \$1,034,940 as of December 31, 2020.

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 the virus has the potential to cause business disruption to the City's tax base, due to state government-imposed shutdowns of businesses and other results of the virus. While the City expects this matter may negatively impact its results, the extent of the impact of COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the related travel advisories and restrictions and the impact of COVID-19 on overall economic trends, all of which are highly uncertain and cannot be predicted.