

Conewago Township Municipal Authority

Annual Report and Independent Auditors' Report

December 31, 2016

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 - 4
FINANCIAL REPORTS	
OPERATING AUTHORITIES BALANCE SHEET	5
OPERATING AUTHORITIES STATEMENT OF REVENUES AND EXPENSES	6
DEBT STATEMENT	7

INDEPENDENT AUDITORS' REPORT

Members of the Authority Board
Conewago Township Municipal Authority

We have audited the accompanying Commonwealth of Pennsylvania's Annual Report (financial report) (Form DCED-CLGS-04) of Conewago Township Municipal Authority, a component unit of Conewago Township, as of, and for the year ended, December 31, 2016.

Management's Responsibility for the Commonwealth of Pennsylvania's Annual Report (Form DCED-CLGS-04)

Management is responsible for the preparation and fair presentation of this financial report in accordance with the financial reporting provisions prescribed by the Commonwealth of Pennsylvania's Department of Community and Economic Development and the related accounting practices permitted by the Commonwealth of Pennsylvania's Department of Community and Economic Development. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this 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 and disclosures in the financial report. The procedures selected depend on the auditors' 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 opinion.

INDEPENDENT AUDITORS' REPORT - continued

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

Conewago Township Municipal Authority has prepared this financial report in accordance with the financial reporting provisions of the Commonwealth of Pennsylvania's Department of Community and Economic Development, which is a reporting format other than that required by accounting principles generally accepted in the United States of America, to comply with the requirements of the Commonwealth of Pennsylvania's Department of Community and Economic Development. The effects on the financial report of the variances between the financial reporting provisions prescribed by the Commonwealth of Pennsylvania's Department of Community and Economic Development and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial report referred to in the first paragraph does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Conewago Township Municipal Authority as of December 31, 2016 and the respective changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial report referred to above does not include depreciation or amortization expense, which is normally included in financial reports presented by proprietary units. The amount that should be recorded as depreciation and amortization is not known.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion on Regulatory Basis of Accounting paragraph, the financial report referred to in the first paragraph presents fairly, in all material respects, the financial position of Conewago Township Municipal Authority, a component unit of Conewago Township, as of December 31, 2016 and the respective changes in financial position for the year then ended, in conformity with the financial reporting provisions prescribed by the Commonwealth of Pennsylvania's Department of Community and Economic Development in accordance with permitted accounting practices as described below.

Basis of Accounting

Conewago Township Municipal Authority's policy is to prepare its financial report on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred.

Stambaugh Ness, PC

York, Pennsylvania
June 21, 2017

ANNUAL REPORT OF MUNICIPAL AUTHORITIES 2016
 Commonwealth of Pennsylvania
 Department of Community and Economic Development
 Governor's Center for Local Government Services
 4th Floor Commonwealth Keystone Building
 Harrisburg, Pennsylvania 17120-0225
 1-888-223-6837
 FAX # 717-783-1402

FACE SHEET

	Current Information	Corrected Information
Authority Name	CONEWAGO TOWNSHIP MUNICIPAL AUTHORITY	_____
Authority Address	541 OXFORD AVENUE	_____
	HANOVER, PA	_____
	17331	_____
Telephone Number	(717) 637-0411	_____
Fax Number		_____
Name of Contact Person	EARL E. MYERS, JR.	<u>Francis C. Tananis</u>
E-Mail Address		_____
Title	SECRETARY	_____

Filing Status

1 Active _____

2 Inactive _____

3 Terminated _____

Authority Type

04 Sewer

Date Authority Organized (year) 1964

Fiscal Year Ends (month/day) 12/31

Date Authority Terminates (year) 2066

Number of Employees

(full time equivalent) 0

(part time equivalent) 0

SIGNATURE Francis C. Tananis

TITLE Secretary/Treasurer
 Conewago Township Municipal Authority

PHONE (717) 637-0411

Geographical Areas Served

Mun Code	Municipality Name	County
010245	CONEWAGO TWP	ADAMS

Holly Zepp

CONEWAGO TOWNSHIP MUNICIPAL AUTHORITY
OPERATING AUTHORITIES BALANCE SHEET
FISCAL YEAR ENDING DECEMBER 31, 2016

ASSETS

CURRENT ASSETS

Cash	\$2,542,980
Investments	2,717,407
Accounts receivable	-
Inventories	-
Other current assets	1,485

TOTAL CURRENT ASSETS 5,261,872

RESTRICTED ASSETS/TRUST FUNDS

DEFERRED CHARGES -

FIXED ASSETS:

Property, plant & equipment, at cost	6,662,697
Less accumulated depreciation	-
Construction work-in-progress	-
Other fixed assets	-

NET FIXED ASSETS 6,662,697

TOTAL ASSETS \$11,924,569

LIABILITIES AND FUND EQUITY

Accounts payable	\$ -
Accrued payroll & withholdings	-
Accrued interest payable	-
Current portion of long-term debt	-
Other current liabilities	77,081

TOTAL CURRENT LIABILITIES 77,081

LONG-TERM DEBT - less current portion -

TOTAL LIABILITIES 77,081

FUND EQUITY

CONTRIBUTED CAPITAL

Governmental grants	-
Other contributions	1,605,272

TOTAL CONTRIBUTED CAPITAL 1,605,272

RETAINED EARNINGS

Reserved <i>3/2/16</i>	-
Unreserved	10,242,216

TOTAL RETAINED EARNINGS 10,242,216

TOTAL FUND EQUITY \$11,847,488

TOTAL LIABILITIES & FUND EQUITY \$11,924,569

CONEWAGO TOWNSHIP MUNICIPAL AUTHORITY
OPERATING AUTHORITIES STATEMENT OF REVENUES AND EXPENSES
FISCAL YEAR ENDING DECEMBER 31, 2016

OPERATING REVENUES		
Sale of services/user charges	<u>\$ 955,092</u>	
Operating grants - State	<u>-</u>	
- Federal	<u>-</u>	
Local government operating subsidies	<u>-</u>	
Interest income	<u>16,764</u>	
Other operating revenues	<u>-</u>	
TOTAL OPERATING REVENUES		<u>971,856</u>
OPERATING EXPENSES		
Cost of sales and services	<u>288,698</u>	
Administration - Salaries	<u>126,128</u>	
- Other costs	<u>-</u>	
Depreciation	<u>-</u>	
Other operating expenses	<u>-</u>	
TOTAL OPERATING EXPENSES		<u>414,826</u>
OPERATING INCOME (LOSS)		<u>557,030</u>
NONOPERATING REVENUES		
Capital grants - State	<u>-</u>	
- Federal	<u>-</u>	
Proceeds of sale of fixed assets	<u>-</u>	
Proceeds of borrowings	<u>-</u>	
Other nonoperating revenues	<u>3,550</u>	
TOTAL NONOPERATING REVENUES		<u>3,550</u>
NONOPERATING EXPENSES		
Debt service payments (interest only)	<u>-</u>	
Constructions/extension of system	<u>-</u>	
Major equipment purchased	<u>-</u>	
Other nonoperating expenses	<u>30,459</u>	
TOTAL NONOPERATING EXPENSES		<u>30,459</u>
TOTAL NONOPERATING REVENUE (LOSS)		<u>(26,909)</u>
NET INCOME BEFORE EXTRAORDINARY ITEMS		<u>530,121</u>
EXTRAORDINARY GAIN (LOSS)		<u>-</u>
NET INCOME		<u>530,121</u>
RETAINED EARNINGS (beginning of year)		<u>9,712,095</u>
RETAINED EARNINGS (end of year)		<u>\$ 10,242,216</u>

**CONEWAGO TOWNSHIP MUNICIPAL AUTHORITY
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.

<u>Type Purp</u>	<u>Bond (B) Note (N)</u>	<u>Issue Date (mm/yy)</u>	<u>Original Amount of Issue</u>	<u>Outstanding Beginning of Year</u>	<u>Principal Paid this Year</u>	<u>Outstanding at Year End</u>	<u>Final Year</u>
						\$ -	

Total bonds and notes outstanding	\$ -	
Capital lease obligations	-	
Other debt	-	
TOTAL OUTSTANDING DEBT		\$ -
Minus assets held in debt service funds, bond reserve funds and bond redemption funds	-	
Minus lease rental payments receivable	-	
NET DEBT		\$ -

Holly Zepp