

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

360455 EAST COCALICO TWP, LANCASTER COUNTY

Independent Auditor's Report

Board of Supervisors East Cocalico Township

We have audited the modified cash basis Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statements of Capital Expenditures and Employee Compensation – regulatory basis (Schedules) included in the 2018 Annual Audit and Financial Report of East Cocalico Township (Township).

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules in accordance with the financial reporting provisions as described in the instructions provided by the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED) to meet filing requirements in Pennsylvania. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Schedules 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 Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the Schedules, 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 Schedules 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 Schedules.

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

To meet the financial reporting requirements of the Commonwealth of Pennsylvania, the Schedules are prepared by the Township on the basis of the instructions provided by DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These requirements permit the Schedules to be prepared on the modified cash basis of accounting, without financial statement disclosures, without government-wide financial statements, without Management's Discussion and Analysis, without budgetary comparisons and historical pension information, and require all funds to be aggregated by fund type on the Schedules.

The effects on the Schedules of the variances between the regulatory basis of accounting described above 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 matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and the results of its operations for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the Schedules referred to above present fairly, in all material respects, the regulatory basis financial position of the Township as of December 31, 2018, and the regulatory results of its operations for the year then ended in accordance with the financial reporting provisions described in the instructions provided by DCED.

Maher Duessel

Harrisburg, Pennsylvania
March 13, 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
Assets and Other Debits											
100-120	Cash and Investments	2,339,989	384,223	1,792,229	5,641			5,774,002			10,296,084
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130.00	Due From Other Funds										
131-139, 150-159	Other Current Assets										
160-169	Fixed Assets										
180-189	Other Debits									1,927,169	1,927,169
Total Assets and Other Debits		2,339,989	384,223	1,792,229	5,641			5,774,002		1,927,169	12,223,253

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TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	12,223,253
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EAST COCALICO TWP, LANCASTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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	1,607,433							1,607,433
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								
310.10	Real Estate Transfer Taxes	288,383							288,383
310.20	Earned Income Taxes / Wage Taxes	1,487,924							1,487,924
310.30	Business Gross Receipts Taxes								
310.40	Occupation Taxes (levied under Act 511)								
310.50	Local Services Tax **	377,651							377,651
310.60	Amusement / Admission Taxes								
310.70	Mechanical Device Taxes								
310.90	Other: _____								
	Other: _____								
Total Taxes		3,761,391							3,761,391

Licenses and Permits									
320-322	All Other Licenses and Permits	50							50
321.80	Cable Television Franchise Fees	134,644							134,644
Total Licenses and Permits		134,694							134,694

Fines and Forfeits									
330-332	Fines and Forfeits	44,764							44,764
Total Fines and Forfeits		44,764							44,764

EAST COCALICO TWP, LANCASTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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	12,628	1,770	11,785	3				26,186
342.00	Rents and Royalties	14,673			2,094				16,767
Total Interest, Rents and Royalties		27,301	1,770	11,785	2,097				42,953

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	218,453							218,453
354.00	All Other State Capital and Operating Grants	11,118							11,118
355.01	Public Utility Realty Tax (PURTA)	4,034							4,034
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		391,186						391,186
355.04	Alcoholic Beverage Licenses	2,250							2,250
355.05	General Municipal Pension System State Aid	178,007							178,007
355.07	Foreign Fire Insurance Tax Distribution	64,522							64,522
355.08	Local Share Assessment/Gaming Proceeds								
355.09	Marcellus Shale Impact Fee Distribution								

EAST COCALICO TWP, LANCASTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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	69							69
Total State		478,453	391,186						869,639

Local Government Units									
357.03	Highways and Streets								
357.00	All Other Local Governmental Units Capital and Operating Grants	16,248							16,248
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	561,120							561,120
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes								
Total Local Government Units		577,368							577,368

Charges for Service									
361.00	General Government	134,857							134,857
362.00	Public Safety	129,684		83,572					213,256
363.20	Parking	917							917
363.00	All Other Charges for Highway & Street Services	881							881
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	1,087							1,087
365.00	Health								
366.00	Human Services								
367.00	Culture and Recreation	47,905							47,905
368.00	Airports								

EAST COCALICO TWP, LANCASTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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		315,331		83,572				398,903

Unclassified Operating Revenues								
383.00	Special Assessments		254,228	117,465				371,693
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	100						100
388.00	Fiduciary Fund Pension Contributions						699,788	699,788
389.00	All Other Unclassified Operating Revenues							
Total Unclassified Operating Revenues		100	254,228	117,465			699,788	1,071,581

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	6,285						6,285
392.00	Interfund Operating Transfers	275,106						275,106
393.00	Proceeds of General Long-Term Debt	86,000						86,000
394.00	Proceeds of Short Term-Debt							

EAST COCALICO TWP, LANCASTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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	329							329
Total Other Financing Sources		367,720							367,720

TOTAL REVENUES

5,707,122	647,184	212,822	2,097			699,788	7,269,013
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EXPENDITURES

General Government									
400.00	Legislative (Governing) Body	15,615							15,615
401.00	Executive (Manager or Mayor)	106,178							106,178
402.00	Auditing Services / Financial Administration	36,036							36,036
403.00	Tax Collection	29,378	6,520						35,898
404.00	Solicitor / Legal Services	7,528							7,528
405.00	Secretary / Clerk	140,241							140,241
406.00	Other General Government Administration	1,376							1,376
407.00	IT-Networking Services-Data Processing								
408.00	Engineering Services	15,222							15,222
409.00	General Government Buildings and Plant	59,382							59,382
Total General Government		410,956	6,520						417,476

Public Safety

410.00	Police	2,587,744							2,587,744
411.00	Fire	175,199							175,199
412.00	Ambulance / Rescue	25,000							25,000
413.00	UCC and Code Enforcement	17,826							17,826

EAST COCALICO TWP, LANCASTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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	292,611							292,611
415.00	Emergency Management and Communications	3,526							3,526
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		3,101,906							3,101,906

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	8,730							8,730
427.00	Solid Waste Collection and Disposal (garbage)								
428.00	Weed Control								
429.00	Wastewater / Sewage Treatment and Collection	88							88
Total Public Works - Sanitation		8,818							8,818

Public Works - Highways and Streets									
430.00	General Services - Administration	379,376							379,376
431.00	Cleaning of Streets and Gutters								
432.00	Winter Maintenance – Snow Removal	22,352	15,334						37,686
433.00	Traffic Control Devices	4,793	25,368	19					30,180
434.00	Street Lighting		171,347						171,347

EAST COCALICO TWP, LANCASTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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	4,418	27,420						31,838
438.00	Maintenance and Repairs of Roads and Bridges	40,784	200,391						241,175
439.00	Highway Construction and Rebuilding Projects		557,663						557,663
Total Public Works - Highways and Streets		451,723	997,523	19					1,449,265

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	20,982							20,982
447.00	Transit System								
448.00	Water System		58,680						58,680
449.00	Water Transport and Terminals								
Total Other Public Works Enterprises		20,982	58,680						79,662

Culture and Recreation

451.00	Culture-Recreation Administration								
452.00	Participant Recreation	102,870							102,870
453.00	Spectator Recreation								
454.00	Parks	19,183							19,183

EAST COCALICO TWP, LANCASTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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	25,000							25,000
457.00	Civil and Military Celebrations								
458.00	Senior Citizens' Centers								
459.00	All Other Culture and Recreation								
Total Culture and Recreation		147,053							147,053

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	10,310							10,310
Total Community Development		10,310							10,310

Debt Service									
471.00	Debt Principal (short-term and long-term)	308,319							308,319
472.00	Debt Interest (short-term and long-term)	45,613							45,613
475.00	Fiscal Agent Fees								
Total Debt Service		353,932							353,932

Employer Paid Benefits and Withholding Items									
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	53,339							53,339
482.00	Judgments and Losses							528,980	528,980
483.00	Pension / Retirement Fund Contributions	626,996							626,996

EAST COCALICO TWP, LANCASTER County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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	18,491							18,491
487.00	Other Group Insurance Benefits	329,818							329,818
Total Employer Paid Benefits and Withholding Items		1,028,644						528,980	1,557,624

Insurance									
486.00	Insurance, Casualty, and Surety	40,275							40,275
Total Insurance		40,275							40,275

Unclassified Operating Expenditures									
488.00	Fiduciary Fund Benefits and Refunds Paid							6,859,121	6,859,121
489.00	All Other Unclassified Expenditures			26				33,102	33,128
Total Unclassified Operating Expenditures				26				6,892,223	6,892,249

Other Financing Uses									
491.00	Refund of Prior Year Revenues								
492.00	Interfund Operating Transfers			275,106					275,106
493.00	All Other Financing Uses								
Total Other Financing Uses				275,106					275,106

TOTAL EXPENDITURES	5,574,599	1,062,723	275,151					7,421,203	14,333,676
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	132,523	-415,539	-62,329	2,097				-6,721,415	-7,064,663
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EAST COCALICO TWP

December 31, 2018

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											
G.O. Note, Series of 2010	Bond	2010	2020	3,429,370	220,875		92,394		128,481		128,481
G.O. Note, Series of 2016	Note	2016	2026	2,000,000	1,814,363		188,900		1,625,463		1,625,463
Revenue Bonds and Notes											
Lease Rental Debt											
Capital Lease	Capital Leases	2017	2021	140,311	114,250		27,025		87,225		87,225
Capital Lease	Capital Leases	2018	2023	86,000	0	86,000			86,000		86,000
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding 1,753,944

Capitalized lease obligations 173,225

Net debt 1,927,169

EAST COCALICO TWP, LANCASTER County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2018

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government	10,099		10,099
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	176,932		176,932
Recreation			
Sewer			
Solid Waste			
Streets / Highways	86,000	484,023	570,023
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	273,031	484,023	757,054

EMPLOYEE COMPENSATION

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

2,166,820

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

SIGNATURE AND VERIFICATION

Signed:

See Attached Appointed Auditor/CPA

December 31, 2018

NOTES / COMMENTS

The \$88 reported in the General Fund 429 account represents costs associated with on lot sewage. The corresponding revenues are reported as a portion of General Fund account 362.

The \$58,680 reported in the Special Revenue Fund 448 account represents costs associated with fire hydrants. The corresponding revenues are reported as a portion of Special Revenue Fund account 383.

The \$8,730 reported in the General Fund 426 account represents costs associated with the Township's yard waste site. The Township does not charge for use of the yard waste site.