

CONEWAGO TOWNSHIP
FINANCIAL STATEMENTS
DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Conewago Township
Elizabethtown, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Conewago Township as of and for the year ended December 31, 2010, 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's management. Our responsibility is to express an opinion on these financial statements 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 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, Conewago Township prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements do not include the Conewago Township Authority – Proprietary Fund Type (a component unit), which accounting principles generally accepted in the United States of America, as applied to the Township's modified cash basis of accounting, require to be reported with the financial data of the Township's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the modified cash basis financial position of the reporting entity of the Conewago Township as of December 31, 2010, and the changes in its modified cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In our opinion, except for the effect on the financial statement of the omission of the Conewago Township Authority – Proprietary Fund Type (a component unit) the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the government of the Conewago Township, as of December 31, 2010, and the respective changes in financial position for the year then ended in conformity with the basis of accounting described in Note 1.

The budgetary comparison information on pages 19 through 20 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The Conewago Township has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Garcia Garman McCarthy & Shea, PC

Lebanon, Pennsylvania
March 28, 2011

CONEWAGO TOWNSHIP
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2010

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 2,815,298	\$ 40,323	\$ 2,855,621
Certificates of deposit	796,510	-	796,510
Due from Conewago Municipal Authority	184,835	-	184,835
Current portion of lease rental receivable	-	126,908	126,908
Total current assets	3,796,643	167,231	3,963,874
NON-CURRENT ASSETS			
Cash, restricted for parks and recreation	108,494	-	108,494
Long-term lease rental receivable	-	2,050,011	2,050,011
Total non-current assets	108,494	2,050,011	2,158,505
Total assets	\$ 3,905,137	\$ 2,217,242	\$ 6,122,379
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Current portion of note payable	\$ -	\$ 138,387	\$ 138,387
Payroll taxes and withholdings	4,589	-	4,589
Accrued pension contributions	3,499	-	3,499
Escrow payable	44,500	-	44,500
Total current liabilities	52,588	138,387	190,975
LONG-TERM LIABILITIES			
Long-term portion of note payable	-	2,050,002	2,050,002
Total liabilities	52,588	2,188,389	2,240,977
NET ASSETS			
Unrestricted	3,539,869	28,853	3,568,722
Restricted			
Parks and recreation	108,494	-	108,494
Highway Aid	204,186	-	204,186
Total net assets	3,852,549	28,853	3,881,402
Total liabilities and net assets	\$ 3,905,137	\$ 2,217,242	\$ 6,122,379

See accompanying notes to the financial statements.

CONEWAGO TOWNSHIP
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 164,145	\$ 49,020	\$ -	\$ -
Public safety	65,359	9,905	23,947	-
Public works, highway	156,741	-	151,089	-
Public works, sanitation	1,875	17,500	-	-
Culture and recreation	416,216	-	4,039	-
Insurance	11,786	-	-	-
Employee benefits	39,283	-	2,461	-
Total primary government	855,405	76,425	181,536	-
Business-type activities				
Sewer	22,613	-	-	-
Total primary government	\$ 878,018	\$ 76,425	\$ 181,536	\$ -
General revenues				
Taxes				
Earned income taxes, levied for general purpose				
Real estate transfer taxes, levied for general purpose				
Per capita taxes, levied for general purpose				
Public service taxes				
Interest and rents				
Refund of prior year expenses				
Total general revenues, special items, and transfers				
Change in net assets				
Net assets, beginning				
Net assets, ending				

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets
Primary Government

Governmental Activities	Business-type Activities	Total
\$ (115,125)	\$ -	\$ (115,125)
(31,507)	-	(31,507)
(5,652)	-	(5,652)
15,625	-	15,625
(412,177)	-	(412,177)
(11,786)	-	(11,786)
(36,822)	-	(36,822)
(597,444)	-	(597,444)
-	(22,613)	(22,613)
(597,444)	(22,613)	(620,057)
401,230	-	401,230
39,322	-	39,322
7,578	-	7,578
748	-	748
47,617	22,519	70,136
621	-	621
497,116	22,519	519,635
(100,328)	(94)	(100,422)
3,952,877	28,947	3,981,824
\$ 3,852,549	\$ 28,853	\$ 3,881,402

See accompanying notes to the financial statements.

CONEWAGO TOWNSHIP
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Highway Aid	Total
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,611,112	\$ 204,186	\$ 2,815,298
Certificates of deposit	796,510	-	796,510
Cash, restricted for parks and recreation	108,494	-	108,494
Due from Conewago Municipal Authority	184,835	-	184,835
Total assets	\$ 3,700,951	\$ 204,186	\$ 3,905,137
<u>LIABILITIES AND FUND BALANCES</u>			
CURRENT LIABILITIES			
Accrued and withheld payroll taxes	4,589	-	4,589
Accrued pension contributions	3,499	-	3,499
Escrow payable	44,500	-	44,500
Total liabilities	52,588	-	52,588
FUND BALANCES			
Unreserved	3,539,869	204,186	3,744,055
Reserved, parks and recreation	108,494	-	108,494
Total fund balances	3,648,363	204,186	3,852,549
Total liabilities and fund balances	\$ 3,700,951	\$ 204,186	\$ 3,905,137

See accompanying notes to the financial statements.

CONEWAGO TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Highway Aid	Total
REVENUES			
Taxes	\$ 448,130	\$ -	\$ 448,130
Grants and gifts	73,571	106,899	180,470
Charges for services	72,275	-	72,275
Licenses and permits	680	-	680
Fines	5,284	-	5,284
Interest and rents	46,915	702	47,617
Total revenues	646,855	107,601	754,456
EXPENDITURES			
General government	164,145	-	164,145
Public safety	65,359	-	65,359
Public works, highway	156,741	-	156,741
Public works, sanitation	1,875	-	1,875
Culture and recreation	416,216	-	416,216
Insurance	11,786	-	11,786
Employee benefits	39,283	-	39,283
Total expenditures	855,405	-	855,405
Excess (deficiency) of revenues over expenses	(208,550)	107,601	(100,949)
OTHER FINANCING SOURCES (USES)			
Refund of prior year expenditures	621	-	621
Total other financing sources (uses)	621	-	621
Net change in fund balances	(207,929)	107,601	(100,328)
Fund balances, beginning	3,856,292	96,585	3,952,877
Fund balances, ending	\$ 3,648,363	\$ 204,186	\$ 3,852,549

See accompanying notes to the financial statements.

CONEWAGO TOWNSHIP
 STATEMENT OF NET ASSETS - MODIFIED CASH BASIS - PROPRIETARY FUND
 SEWER FINANCING
 DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 40,323
Current portion of lease rental receivable	126,908
	167,231
Total current assets	167,231

NON-CURRENT ASSETS

Long-term lease rental receivable	2,050,011
	2,050,011
Total assets	\$ 2,217,242

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of note payable	\$ 138,387
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LONG-TERM LIABILITIES

Long-term portion of note payable	2,050,002
	2,050,002
Total liabilities	2,188,389

NET ASSETS

Total liabilities and net assets	\$ 28,853
	\$ 2,217,242

See accompanying notes to the financial statements.

CONEWAGO TOWNSHIP
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
 MODIFIED CASH BASIS - PROPRIETARY FUND - SEWER FINANCING
 FOR THE YEAR ENDED DECEMBER 31, 2010

NON-OPERATING REVENUES (EXPENSES)	
Investment income	\$ 22,519
Interest expense	(22,613)
	(94)
Income (loss) before operating transfers	(94)
Transfers out	-
	-
Change in net assets	(94)
Net assets, beginning	28,947
	28,947
Net assets, ending	\$ 28,853
	28,853

See accompanying notes to the financial statements.

CONEWAGO TOWNSHIP
STATEMENT OF NET ASSETS - FIDUCIARY FUND - PENSION TRUST FUND
DECEMBER 31, 2010

ASSETS

Investments at fair value with PMRS	<u>\$ 114,597</u>
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NET ASSETS

Net assets held in trust for pension benefits	<u>\$ 114,597</u>
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See accompanying notes to the financial statements.

CONEWAGO TOWNSHIP
 STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUND - PENSION TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

ADDITIONS	
Contributions	
Employer	\$ 1,315
Commonwealth	2,461
Member	9,814
Investment income, interest	<u>6,011</u>
 Total additions	 <u>19,601</u>
DEDUCTIONS	
Benefits	-
Refund of member contributions	7,593
Administrative and other expenses	<u>100</u>
 Total deductions	 <u>7,693</u>
 Net increase	 11,908
 Net assets, beginning	 <u>102,689</u>
 Net assets, ending	 <u><u>\$ 114,597</u></u>

See accompanying notes to the financial statements.

CONEWAGO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Conewago Township is located in Dauphin County, Pennsylvania and operates as a second-class township incorporated in 1850. The Township operates under a Board of Supervisors form of government and provides the following services as authorized by its charter: public safety, public works, public health and welfare, culture and recreation. The Township is a suburb of Harrisburg with approximately 3,000 residents and an area of 32 square miles.

Reporting Entity

The accompanying financial statements present the Township's primary government. The component unit of the Township is reported separately, a copy of which is held in the Township's Municipal Building. The component unit of the Township is the Conewago Municipal Authority. The criteria for determining if an organization is a component unit of the Township include whether:

- The organization is legally separate.
- The Township holds the corporate powers of the organization.
- The Township appoints a voting majority of the organization's board.
- The organization has the potential to impose a financial benefit/burden on the Township.
- There is fiscal dependency by the organization on the Township or vice versa.

Basis of Accounting

The Township's policy is to prepare its financial statements on the modified cash basis; consequently, certain revenue is recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. The Township does not accumulate the cost of fixed assets for any fund. Interfund receivables and payables are recorded when incurred.

The Township applies (a) all GASB pronouncements and (b) FASB statements and interpretations, APB opinions and Research Bulletins issued on or before November 30, 1989, except those in direct conflict with a GASB pronouncement.

Fund Accounting

The Township uses funds to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The Township's governmental funds are grouped as follows:

Major Governmental Funds

The funds included in this category are:

- General Fund – This fund is used to account for all financial transactions not accounted for in another fund. Revenues are primarily derived from local property, per capita, and other taxes, user fees and other intergovernmental distributions.
- Highway Aid Fund – This fund is used to account for specific revenues that are restricted to the expenditures for the improvement and maintenance of the Township's roads, bridges, curbs and gutters.

CONEWAGO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Proprietary Fund Types

Proprietary Funds are established to operate similar to a business. The accounting objectives are a determination of net income, financial position and cash flows. All assets and liabilities associated with a proprietary fund's activities are included in its balance sheet. The Township uses this fund type to account for financing of the Township's sanitary system.

Other Fund Types

Fiduciary Funds

These funds are used to account for assets held by the Township in a Trustee capacity or as an agent for individuals, private organizations, or other governments. This includes the Non-Uniform Pension Fund that account for resources, including both principal and earnings, which must be expended according to the provisions of the trust agreement, and is accounted for in essentially the same manner as proprietary funds.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government.

The government-wide Statement of Activities presents a comparison between direct expense and program revenues for each function or program of the governmental activities of the Township. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the Township.

Fund Financial Statements

Fund financial statements report detailed information about the Township. Their focus is on major funds rather than reporting by fund type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

Budgets

Prior to the beginning of each fiscal year, an annual budget is adopted for each of the funds. Encumbrances and appropriations outstanding at December 31, are reported as reservations of fund balances and do not constitute expenditures, expenses or liabilities of the present year because the commitments will be honored in the subsequent year.

CONEWAGO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tax Revenue

Per capita tax is recorded at gross amounts collected with expenses and commissions paid recorded as expenditure under tax collection. Real estate transfer and earned income taxes are recorded at the net amount received from the collecting agency after deduction for fees and expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term, highly liquid investments with an original maturity of three months or less maintained at a local financial institution.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

General Fixed Assets

General fixed assets purchased are reported as expenditures in the respective fund at the time of purchase. The Township has not maintained a record of its general fixed assets.

Infrastructure

The cost of constructing or acquiring Infrastructure Assets is reported as expenditures in the respective fund at the time of purchase. The Township has not maintained a record of its Infrastructure Assets.

Compensated Absences

The Township employees are granted vacation, sick leave, and personal time in varying amounts based on length of service and hours worked. Unused vacation, sick leave, and personal time may be carried over indefinitely. Upon termination, employees are paid accumulated leave at full rates. As of December 31, 2010, the long-term accrued vacation pay and sick leave was \$7,008.

Restricted Funds

In the event that both restricted and unrestricted funds are available for the same purpose, the Township utilizes the restricted funds first.

Interfund Activity

Transfers between governmental and business type activities on government-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

CONEWAGO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Memorandum Only Totals

Total columns on these financial statements are included for analysis purposes only. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles. This data does not represent a consolidation. Inter-fund eliminations were not made in the aggregation of this data.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Township is permitted to invest funds consistent with sound business practices in the following types of investments:

- 1) Obligations of (a) the United States of America, (b) the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of their agencies or instrumentalities backed respectively by their full faith and credit.
- 2) Deposits in savings, time deposit or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

The deposit and investment policy of the Township adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or Township policy.

At year end, the carrying amount of the Township's cash and deposits in all fund types was \$3,760,625 and the bank balance was \$3,765,472, of which \$791,678 was fully insured and \$2,919,101 was collateralized by securities held by the pledging financial institutions' trust department or agent but not in the Township's name. When collateral is required in excess of insurance limits, the requirements of Act 72 of 1971 are followed with respect to pooling, custody and type of collateral. The remaining \$54,693 was with the Pennsylvania Local Government Investment Trust (PLGIT) and not categorized as discussed below.

Investments in PLGIT were not categorized because they are not evidenced by securities that exist in physical or book entry form. This fund invests in U.S. Treasury and agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. Weighted-average portfolio maturity for the fund is expected to be kept at or below 60 days. As of December 31, 2010, the Township's investment in PLGIT was rated AAAM by Standard & Poor's.

The Township places no limit on the amounts deposited in any one issuer. The Township's deposits in Fulton Bank represented 84% of the Township's total investments, respectively.

The Weighted average maturity (WAM) method expresses investment time horizons, the time when investments become due and payable, in years or months, weighted to reflect the dollar size of individual investments within an investment type. The WAM for investments held by PLGIT was 49 days as of December 31, 2010.

CONEWAGO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 – ESCROW PAYABLE

The Township holds funds in escrow totaling \$44,500 as of December 31, 2010. These funds are held in security for the following purposes:

Public safety	\$	35,996
Public works		8,355
Park and recreation		149
		149
Total	\$	44,500

NOTE 4 – LEASE RENTAL

By agreement between the Township and the Derry Township Municipal Authority (Derry), it was determined that Derry will extend its sewer facilities and provide sewer service to significant portions of the Township. Derry will construct these facilities but the Township will finance the construction of and own the facilities. Derry will operate the sewer facilities and provide sewer service to customers in the project area.

Once the project facilities have been constructed, Derry shall pay rentals to operate the facility in an amount equivalent to loan payments required to be made by the Township (see long-term debt note). The lease rental payments will cease once the Township has paid off the long-term debt. It is anticipated that the lease term will be approximately 20 years. The Township receives \$13,303 a month. Once the debt has been retired, Derry has the irrevocable right to purchase the facilities from the Township for the sum of \$1. As of December 31, 2007, lease rental payments have begun and the construction of the project facility is complete. Accumulated financed project costs of \$2,449,795, net of lease rental payments received, have been recognized as lease rental receivable in the Township's statement of net assets.

Year Ended December 31,	Lease Payments PennVest Note
2011	\$ 146,335
2012	159,638
2013	159,638
2014	159,638
2015	159,638
2016-2020	798,190
2021-2025	758,290
	758,290
Total	2,341,367
Less interest	(164,448)
	2,176,919
Total present value of lease payments	\$ 2,176,919

CONEWAGO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 – LONG-TERM DEBT

The Township has entered into a Guaranteed Sewer Revenue Note (the Note) arrangement with the Pennsylvania Infrastructure Investment Authority (PennVest) to finance a portion of the cost of construction of the sewer facility. The funds on the Note have been advanced to the Township on an as needed basis. The maximum amount available for sewer facility construction is \$2,843,334. As of December 31, 2010, the total advanced by PennVest to the Township is \$2,821,250. Therefore, the accumulated advances, net of principal payments, have been recognized as long-term debt on the Township's Statement of Net Assets. Interest will be charged at 1% of the outstanding principal balance. The term of the loan is for the actual months of construction plus the 240 monthly installments of principal and interest.

Long-term debt activity for the year ended December 31, 2010, was as follows on the Note:

	Balance 1/1/10	Additions	Payments	Balance 12/31/10
PennVest	\$ 2,325,400	\$ -	\$ (137,011)	\$ 2,188,389

Maturities for the next five years and five year increments thereafter are:

Year Ended December 31,	Notes Payable		
	Total	Principal	Interest
2011	\$ 159,638	\$ 138,387	\$ 21,251
2012	159,638	139,777	19,861
2013	159,638	141,182	18,456
2014	159,638	142,600	17,038
2015	159,638	144,033	15,605
2016-2020	798,190	742,159	56,031
2021-2025	758,280	740,251	18,029
	\$ 2,354,660	\$ 2,188,389	\$ 166,271

NOTE 6 – DUE FROM CONEWAGO MUNICIPAL AUTHORITY

The disclosures in Notes 4 and 5 relate to "Phase I" of the sewer facility project with Derry Township Municipal Authority. In "Phase II" of the project, the Conewago Municipal Authority (the Authority) has financed the sewer facility project and entered into a long-term debt agreement with PennVest. The Authority was formed in 2005 for the purpose of financing Township sewer projects.

On February 19, 2007, the Township entered into an agreement with the Authority and Derry for "Phase II" of the project. The Authority entered into an agreement with PennVest on March 1, 2007, for financing of the project. However, this phase of construction of the sewer facility was begun prior to financing being in place. The Township has paid \$854,835 in "Phase II" costs which the Township recognized as an asset on its Statement of Net Assets. During 2010, the Township received \$-0- from the Authority and has a remaining balance of \$184,835 as of December 31, 2010. It is uncertain if the Authority will be able to honor this obligation in full, however no allowance has been established due to the Authority being a component unit of the Township.

CONEWAGO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 7 – NON-UNIFORMED EMPLOYEE PENSION PLAN

The Non-Uniformed Employees Pension Plan (the Plan) is a single-employer defined contribution pension plan controlled by the provisions of Ordinance No. 2001-1 adopted pursuant to Act 15 of 1974. The Plan is governed by the Township which may amend plan provisions, and which is responsible for the management of plan assets. The Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report, which can be obtained by contacting the PMRS accounting office.

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Active participants are not required to contribute to the Plan. Active participants may elect to contribute up to 10% of eligible compensation. The Township contributes at a rate of 3% of eligible compensation to the Plan. The Township contributes funds through the use of Act 205 state aid and any remainder of the annual contributions shall be paid by the General Fund to the Plan's administrator. Contributions of \$3,776 were required for 2010, including Act 205 state aid monies contributed of \$2,461.

REQUIRED SUPPLEMENTAL INFORMATION

CONEWAGO TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES - BUDGET AND ACTUAL - MAJOR FUNDS - MODIFIED CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund		
	Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ 523,900	\$ 448,130	\$ (75,770)
Grants and gifts	80,223	75,385	(4,838)
Charges for services	52,550	70,461	17,911
Licenses and permits	525	680	155
Fines	3,400	5,284	1,884
Interest and rents	55,150	46,915	(8,235)
Other revenue	6,000	-	(6,000)
Total revenues	721,748	646,855	(74,893)
EXPENDITURES			
General government	449,229	164,145	(285,084)
Public safety	66,700	65,359	(1,341)
Public works, highway	443,359	156,741	(286,618)
Public works, sanitation	6,000	1,875	(4,125)
Culture and recreation	7,500	416,216	408,716
Insurance	20,025	11,786	(8,239)
Employee benefits	34,930	39,283	4,353
Total expenditures	1,027,743	855,405	(172,338)
Excess of revenues over (under) expenditures	(305,995)	(208,550)	97,445
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(281,605)	-	281,605
Refund of prior year expenditures	-	621	621
Refund of prior year revenues	(125)	-	125
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (587,725)</u>	(207,929)	<u>\$ 379,796</u>
Fund balance, beginning		<u>3,856,292</u>	
Fund balance, ending		<u>\$ 3,648,363</u>	

See accompanying notes to the financial statements.

Highway Aid Fund			Total		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ -	\$ -	\$ -	\$ 523,900	\$ 448,130	\$ (75,770)
107,098	106,899	(199)	187,321	182,284	(5,037)
-	-	-	52,550	70,461	17,911
-	-	-	525	680	155
-	-	-	3,400	5,284	1,884
2,500	702	(1,798)	57,650	47,617	(10,033)
-	-	-	6,000	-	(6,000)
109,598	107,601	(1,997)	831,346	754,456	(76,890)
-	-	-	449,229	164,145	(285,084)
-	-	-	66,700	65,359	(1,341)
105,000	-	(105,000)	548,359	156,741	(391,618)
-	-	-	6,000	1,875	(4,125)
-	-	-	7,500	416,216	408,716
-	-	-	20,025	11,786	(8,239)
-	-	-	34,930	39,283	4,353
105,000	-	(105,000)	1,132,743	855,405	(277,338)
4,598	107,601	103,003	(301,397)	(100,949)	200,448
-	-	-	(281,605)	-	281,605
-	-	-	-	621	621
-	-	-	(125)	-	125
<u>\$ 4,598</u>	<u>107,601</u>	<u>\$ 103,003</u>	<u>\$ (583,127)</u>	<u>(100,328)</u>	<u>\$ 482,799</u>
	<u>96,585</u>			<u>3,952,877</u>	
	<u>\$ 204,186</u>			<u>\$ 3,852,549</u>	

See accompanying notes to the financial statements.

