

EAST MANCHESTER TOWNSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2020

EAST MANCHESTER TOWNSHIP

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INTRODUCTORY SECTION

EAST MANCHESTER TOWNSHIP

ORGANIZATION

MEMBERS OF THE BOARD OF SUPERVISORS	Steven H. Gross, Jr. David L. Naylor Barry E. Rudisill	Chairman Vice-Chairman
TOWNSHIP MANAGER/SECRETARY/ TREASURER	Kristie Masemer	
CONSULTING ENGINEER	Gordon L. Brown and Associates, Inc.	
SOLICITOR	Andrew J. Miller – MPL Law Firm, LLP	
SEWAGE ENFORCEMENT OFFICER	David R. Brown Keith Hunnings - Alternate	
DEPOSITORIES	BB&T Bank, Pennsylvania Members 1 st FCU Local Government Investment Trust and Counsel Trust Company	



EAST MANCHESTER TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of East Manchester Township's financial performance provides an overview of the township's financial activities for the fiscal year ending December 31, 2020.

Several different funds are included in this report: Government Funds, Temporary Investments, and Risk Management. The yearend assets for 2020 were \$7,053,627.00.

Financial Highlights

East Manchester Township net assets as of December 31, 2020 were \$ 7,053,627.00. The yearend net assets for 2019 were \$6,707,912.00.

Summary of Net Assets as of December 31, 2020

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total Assets:		
Cash	\$1,152,783.00	\$1,467,368.00
Temporary investments (at cost)	<u>\$5,900,844.00</u>	<u>\$5,240,544.00</u>
Total Assets	\$7,053,627.00	\$6,707,912.00
Net Assets:		
Unrestricted	\$3,761,435.00	\$ 3,842,202.00

Restricted: Customer Deposits, Payroll Taxes, Pension and Insurance, State Highway Aid, Street Lighting, Fire Hydrants, Recreation.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	\$3,292,192.00	\$2,865,710.00
Total Net Assets	\$7,053,627.00	\$6,707,912.00

Capital Assets and Debt Administration

Capital Assets:

East Manchester Township serves 7,738 citizens (2020 census). The Township provides services to its citizens in many ways. The Township provides infrastructure for its citizens including, but not limited to, public safety, highways, sanitary sewer, parks, and planned land development. The Township maintains 47.05 miles of roadway. A fleet of trucks and equipment is utilized throughout the year to provide road maintenance, improvements, applying salt, anti-skid materials and snow removal. Leaf collection machines and manpower are used to provide the citizens of the Township with curbside leaf collection. The Township maintains three public parks...Dauberton Park, Saginaw Park, and Brunner Island Soccer Fields.

Seven highway department employees provide highway, park, and building maintenance services. In 2005 the township constructed a new equipment storage building to allow a more productive environment. In 2009 and 2013 the township acquired some adjoining land to provide for future expansion of facilities that is needed due to growth. In 2017, the Township purchased another adjoining parcel.

The Township constructed a new salt box building including new fuel tanks and parking area. As planned in 2020, total costs incurred for these projects was \$517,050.

The Township donates to Mt Wolf and Manchester Fire Companies for fire protection.

Building permits are issued through the township by a Zoning and Codes Officer. Two services are shared with the boroughs of Manchester and Mount Wolf. These include a shared police department (Northeastern York County Regional Police Department) and a shared sewer service (Northeastern York County Sewer Authority).

Significant Activity

East Manchester Township's population grew by 52% between 2000 and 2020. Industrial, residential, and commercial growth continue to be steady. These factors contribute to increased earned income and property taxes. The Township budget remains balanced and debt free.

FINANCIAL SECTION

Fink and Company, P.C.

Certified Public Accountants
"Financial excellence since 1953."

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Marvin D. Fink, C.P.A.
Dean T. Fink, C.P.A.

Elmer R. Fink, C.P.A. – 1953-1994

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
East Manchester Township
York County Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of East Manchester Township as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1B, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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 basic financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities and each major fund, and the aggregate remaining fund information of East Manchester Township as of December 31, 2020, and the respective changes in financial position-cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1B.

Basis of Accounting

We draw attention to Note 1B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise East Manchester Township's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 2-3 and 18-24 is required by the Governmental Accounting Standards Board, which also are the responsibility of management, are presented for the purpose of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Fink and Company, P.C.

Fink and Company, P.C.
Certified Public Accountants
York, PA

August 31, 2021

EAST MANCHESTER TOWNSHIP
STATEMENT OF NET POSITION-CASH BASIS
DECEMBER 31, 2020

	<u>Governmental Activities</u>
<u>Assets:</u>	
Cash	\$ 1,152,783
Temporary Investments (At Cost)	5,900,844
	<hr/>
<u>Total Assets</u>	<u>\$ 7,053,627</u>
<u>Net Position:</u>	
Restricted	3,292,192
Unrestricted	3,761,435
	<hr/>
<u>Total Net Position</u>	<u>\$ 7,053,627</u>

EAST MANCHESTER TOWNSHIP
STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Cash	Charges for	Operating	Net
	Disbursements	Service	Grants and	(Disbursements)
			Contributions	Receipts and
				Changes in
				Net Position
<u>Governmental Activities:</u>				
General Government	\$ (958,717)	\$ 9,023	\$ 38,123	\$ (911,571)
Public Safety	(1,714,821)	6,090	56,179	(1,652,552)
Public Works-Sanitation	(1,590)	3,121		1,531
Public Works-Highways	(875,727)	40,983	296,394	(538,350)
Culture and Recreation	(61,100)	293,408		232,308
Payroll Taxes and Other				
Employee Benefits	(272,055)	-	-	(272,055)
Refund of Prior Year Revenue		-	-	-
Miscellaneous Expenditures		-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net Program</u>				
<u>(Disbursements) Receipts</u>	<u>\$ (3,884,010)</u>	<u>\$ 352,625</u>	<u>\$ 390,696</u>	<u>\$(3,140,689)</u>
<u>General Receipts:</u>				
Taxes				3,076,660
Licenses and Permits				322,347
Fines and Forfeits				49,773
State Receipts				3,096
Investment Income				34,528
Contributions from Private Sector				-
Other Miscellaneous				-
				<hr/>
<u>Total General Receipts</u>				3,486,404
<u>Increase in Net Position</u>				345,715
<u>Net Position-Beginning of Year</u>				<hr/> 6,707,912
<u>Net Position-End of Year</u>				<hr/> <u>\$ 7,053,627</u>

EAST MANCHESTER TOWNSHIP
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH RECEIPTS
DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES-GOVENMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	State Highway Aid Fund	Street Light Fund
<u>Receipts:</u>			
Taxes	\$ 3,008,594	\$ -	\$ -
Licenses, Permits and Fees	322,347	-	-
Fines and Forfeits	49,773	-	-
Federal Revenues	-	-	-
State Revenues	97,398	296,394	-
Charges for Service	38,234	-	20,983
Investment Income	28,666	3,504	8
Contributions from Private Sector	-	-	-
Other Miscellaneous	-	-	-
<u>Total Receipts</u>	<u>3,545,012</u>	<u>299,898</u>	<u>20,991</u>
<u>Disbursements:</u>			
General Government	958,717	-	-
Public Safety	1,648,508	-	-
Public Works-Sanitation	1,590	-	-
Public Works-Highways	697,802	166,739	11,186
Culture and Recreation	34,075	-	-
Payroll Taxes and Other Employee Benefits	272,055	-	-
Refund of Prior Year Revenues	-	-	-
Miscellaneous Expenditures	-	-	-
<u>Total Disbursements</u>	<u>3,612,747</u>	<u>166,739</u>	<u>11,186</u>
<u>Excess of Receipts/(Disbursements) Over Disbursements/(Receipts)</u>	<u>(67,735)</u>	<u>133,159</u>	<u>9,805</u>
<u>Cash Basis Fund Balance-Beginning of Year</u>	<u>5,486,216</u>	<u>598,017</u>	<u>78,016</u>
<u>Cash Basis Fund Balance-End of Year</u>	<u>\$ 5,418,481</u>	<u>\$ 731,176</u>	<u>\$ 87,821</u>
<u>Cash Basis Assets-End of Year</u>			
Cash	\$ 732,866	\$ 8,464	\$ 87,821
Temporary Investments (At Cost)	4,685,615	722,712	-
	<u>\$ 5,418,481</u>	<u>\$ 731,176</u>	<u>\$ 87,821</u>
<u>Cash Basis Fund Balances-End of Year</u>			
Committed Fund Balances	\$ -	\$ 731,176	\$ 87,821
Assigned Fund Balance:			
Payroll Taxes Withheld	1,790	-	-
Pension Withheld	4,659	-	-
Customer and Escrow Deposits	1,650,597	-	-
Unassigned Fund Balance	3,761,435	-	-
	<u>\$ 5,418,481</u>	<u>\$ 731,176</u>	<u>\$ 87,821</u>

EAST MANCHESTER TOWNSHIP
 STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND CASH RECEIPTS
 DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES-GOVENMENTAL FUNDS
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

Fire Hydrant Fund	Recreation Fund	Total Governmental Funds
\$ 68,066	\$ -	\$ 3,076,660
-	-	322,347
-	-	49,773
-	-	-
-	-	393,792
-	293,408	352,625
281	2,069	34,528
-	-	-
-	-	-
<u>68,347</u>	<u>295,477</u>	<u>4,229,725</u>
-	-	958,717
66,313	-	1,714,821
-	-	1,590
-	-	875,727
-	27,025	61,100
-	-	272,055
-	-	-
-	-	-
<u>66,313</u>	<u>27,025</u>	<u>3,884,010</u>
2,034	268,452	345,715
<u>72,897</u>	<u>472,766</u>	<u>6,707,912</u>
<u>\$ 74,931</u>	<u>\$ 741,218</u>	<u>\$ 7,053,627</u>
\$ 16,386	\$ 307,246	\$ 1,152,783
<u>58,545</u>	<u>433,972</u>	<u>5,900,844</u>
<u>\$ 74,931</u>	<u>\$ 741,218</u>	<u>\$ 7,053,627</u>
\$ 74,931	\$ 741,218	\$ 1,635,146
-	-	1,790
-	-	4,659
-	-	1,650,597
-	-	3,761,435
<u>\$ 74,931</u>	<u>\$ 741,218</u>	<u>\$ 7,053,627</u>

EAST MANCHESTER TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies:

A. Reporting Entity

East Manchester Township is a separate entity organized under the laws for second class townships of the Commonwealth of Pennsylvania. It is located north of the city of York in York County, Pennsylvania and encompasses an area of approximately 17.5 square miles. Its governing board during 2020 consisted of three supervisors elected by the citizens of the Township. It has the authority under the laws of the Commonwealth of Pennsylvania to levy taxes upon the property and residents within the Township limits, in order to provide police and fire protection, parks and recreational facilities, and maintain its streets and highways. The Board of Supervisors has set up a Recreation Board and a Planning Commission to whom members are appointed from residents within the Township.

An annual donation is made by the Township to the Manchester Union Fire Company and the Mount Wolf Eagle Fire Company for fire protection to be provided by these volunteer organizations. Based on a contractual agreement, police protection is provided by the Northeastern Regional Police Department. Sewer services are provided to certain residents in certain areas of the Township by the Northeastern York County Sewer Authority, an independent operating authority. All of the previously listed organizations are joint ventures of East Manchester Township in conjunction with Manchester and Mount Wolf Boroughs. Since these organizations providing fire, police, and sewer services do not receive their entire support from the Township, they are not included as component units within these financial statements.

B. Measurement Focus, Basis of Accounting, And Basis of Presentation

East Manchester Township accounts for its financial position and results of operations in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, the Township uses several funds, which are described below.

Fund Types

A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. East Manchester Township maintains the following fund types:

Governmental Fund Types that include General Fund, and Special Revenue Funds (State Highway Aid, Street Light, Fire Hydrant, and Recreation), are used to record the general operations of the Township.

EAST MANCHESTER TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies - (Continued)

B. Fund Types - (Continued)

The governmental fund types are maintained on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. This means that certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when a liability is incurred.

C. General Fixed Assets

Acquisitions of property and equipment are not recorded on the financial statements, but are included as expenditures in the year of acquisition. Therefore, no depreciation expense is recorded.

D. Temporary Investments

Temporary investments are stated at cost, which approximates market value.

E. Risk Management

East Manchester Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township carries commercial insurance in order to reduce the risks of loss associated with all of these potential areas of exposure.

F. Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting used by the Township requires management to make estimates and assumptions that could affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

EAST MANCHESTER TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 2 - Cash and Investments:

Cash

At year end, the carrying amounts of the Township's deposits were \$1,152,783 and the bank balances were \$1,154,942. All of the bank balances were covered by federal depository insurance and collateral pledged by the financial institution on a pooled basis as provided by the provisions of Act 72 of 1971. Cash accounts were maintained at the following banks:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
BB&T Bank	\$ 1,135,153	\$ 1,132,994
Members 1 st FCU	19,789	19,789
	\$ 1,154,942	\$ 1,152,783

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2020, \$885,153 of the Township's bank balance of \$1,154,942 was exposed to custodial credit risk as:

Uninsured and Uncollateralized	\$ -0-
Collateralized with securities held by the pledging financial institution	885,153
Uninsured and collateral held by the pledging bank's trust Department not in the Township's name	-0-
	\$ 885,153

Reconciliation to Financial Statements:

Collateralized with securities held by the pledging financial institution	\$ 885,153
Plus: Insured Amount	269,789
Less: Outstanding Checks	(2,659)
Plus: Petty Cash	500
Total Cash per Financial Statements	\$1,152,783

Investments

The Township's investments are with the PA Local Government Investment Trust (PLGIT) pooled accounts, and certificates of deposits and money market savings held in escrow with Counsel Trust Company. These investments are by nature temporary investments and the carrying value approximates market value.

The fair value of the investments of the Township at December 31, 2020 was as follows:

<u>Standard & Poors Rating</u>	<u>Portfolio Percentage</u>	<u>PLGIT</u>	<u>Counsel Trust Escrow Funds</u>	<u>Total</u>
CD's & Treas. Notes		\$ -0-	\$ 225,000	\$ 225,000
Money Market Savings Account			675,000	675,000
AAA	4.94%	247,057		247,057
AA+	12.52%	626,152		626,152
A-1+	15.52%	776,294		776,294
A-1	43.74%	2,187,119		2,187,119
Exempt	22.80%	1,140,274		1,140,274
Not Rated	0.48%	23,948		23,948
		\$ 5,000,844	\$ 900,000	\$ 5,900,844

EAST MANCHESTER TOWNSHIP
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

Note 2 - Cash and Investments (continued):

Custodial Credit Risk-Investments

As of December 31, 2020, all of the Township's investments in certificates of deposits and the Money Market Savings Account were covered by FDIC Insurance (\$250,000 per institution) and collateral pledged by the financial institutions in accordance with Act 72 of 1971. The remaining investments with PLGIT have an overall rating with Standard & Poor's of AAAM and are subject to custodial credit risk in the amount of \$5,400,844.

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 3 - Customer and Escrow Deposits:

The amount of \$1,650,597 reflected under the restricted net position on the Statement of Net Position-Cash Basis represents deposits received from developers for sidewalks and curbs and to cover the cost of engineering rendered by the Township Engineer for those developments. This amount also includes deposits for traffic signals, storm water basins and other miscellaneous items held by the Township for developers and residents. Included in this amount were deposits into escrow accounts with Counsel Trust Company as Escrow Agent by a Developer on December 1, 2014. One of these deposits was for possible future improvements to Zions View Road in the amount of \$600,000 and the second for Traffic Signals in the amount of \$300,000.

Note 4 - Property Taxes:

Property taxes are levied by the Township on January 1 of each calendar year. The taxes are collected by a Tax Collector who is elected by the voters of the Township. All property taxes collected prior to April 15 are given a 2% discount and those collected after June 15 include a 10% penalty. All unpaid property taxes as of the last working day in December must be turned over by the Tax Collector to the York County Delinquent Tax Claim Bureau by January 15, and at that time enforceable liens can be attached to properties.

The following is a breakdown of the 2020 property tax levy:

Total Assessed Valuation for Real Estate Tax Purposes	\$ 785,665,238
Exempt Valuation	\$ 20,311,480
Taxable Valuation	\$ 765,353,758
Taxable Valuation in Dollars	\$ 795,968
Rates-General Purposes	1.04 Mills
Fire Hydrant	0.11 Mills

Note 5 - Other Tax Levies:

The following is a list of additional taxes levied by the Township during 2020:

Per Capita Taxes	\$5.00 per Person
Earned Income Tax	½ of 1 %
Real Estate Transfer Tax	½ of 1 %
Local Services Tax	\$52.00 per Person

EAST MANCHESTER TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 6 - Accrued Compensated Absences:

The policy for compensating absences as per the Employee Handbook is defined as a Paid Time Off (PTO) system. There is no distinction between vacation and sick time and the reason for the time off is not required and does not require specific documentation as to purpose. The policy also contains a "Use It or Lose It" provision. Each employee can only accrue up to 5 days (40 hrs.) of PTO at the end of a service year and must use those days within 3 months or they will be lost or expire. As well, employees will not be paid any of their unused PTO hrs. /days upon termination. It has been determined that there will not be any amounts due to employees upon termination. Accrued Compensated Absences to record at the end of 2020 is \$-0-.

Note 7 - Pension –GASB 68 Report:

The purpose of this report is to provide accounting and financial reporting information under Government Accounting Standards Board Statement 68 as amended by statements 73 and 82 for East Manchester Township (the Employer).

The Pennsylvania Municipal Retirement System (PMRS) is an agent multiple-employer defined benefit pension plan. The Measurement Date for the Net Pension Liability (NPL) is December 31, 2019, which is no earlier than the end of the employer's prior fiscal year as allowed by Paragraph 20 of GASB 68.

The table below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of Plan Assets), and the Net Pension Liability as of the Measurement Date.

Change in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at 12/31/2018	<u>\$ 1,728,318</u>	<u>\$ 1,621,874</u>	<u>\$ 106,444</u>
Changes for the Year:			
Service Cost	57,055		57,055
Interest	90,834		90,834
Contributions - Employer	38,812		(38,812)
Contributions - PMRS Assessment		420	(420)
Contributions - Employee		17,841	(17,841)
PMRS Investment Income		89,392	(89,392)
Market Value Investment Income		250,749	(250,749)
Transfers			
Benefit Payments	(106,782)	(106,782)	
PMRS Administrative Expense		(420)	420
Additional Administrative Expense		(3,090)	3,090
Net Changes	<u>41,107</u>	<u>286,922</u>	<u>(245,815)</u>
Balances at 12/31/2019	<u>\$ 1,769,425</u>	<u>\$ 1,908,796</u>	<u>\$ (139,371)</u>

See auditor's report.

EAST MANCHESTER TOWNSHIP
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

Note 7 - Pension –GASB 68 Report– (Continued):

This report does not reflect the changes in benefits, assumptions or reserve accounts after January 1, 2020. Because the beginning and end of year TPL are based upon the same actuarial valuation dates, there is no difference between expected and actual experience reported this year, per GASB 68 paragraph 22. The beginning of year TPL is based upon the January 1, 2019 actuarial valuation with liabilities measured at December 31, 2018. The end of year TPL is based on the same actuarial valuation with liabilities rolled forward to December 31, 2019.

The Discount Rate adopted by the PMRS Board and used to measure the individual participating municipalities Total Pension Liability as of December 31, 2019 was 5.25%.

In accordance with Governmental Accounting Standards Board (GASB) Statements No. 67 and 68, PMRS is required to allocate/distribute all funds to the respective participating employers for financial reporting purposes, to determine the respective employer “plan fiduciary net position.”

PMRS has determined net investment income or loss and administrative expenses will be allocated to the employer/municipality accounts pro-rata based on their beginning Fiduciary Net Position balance adjusted for cash flows throughout the year. The “Additional administrative expenses” are the expenses in excess of the “PMRS administrative expense” (i.e. \$20 per participant expense paid by each plan). The “PMRS investment income” is based upon the regular and excess interest used to credit accounts annually. The “Market value investment income” reflects the investment income/loss during the year net of PMRS investment income and the income/loss due to the difference between expected and actual asset values, including the impact from allocation of assets in support of the underlying retiree liabilities.

The following table contains the number of active employees, inactive employees entitled to but not yet receiving benefits, and inactive employees or beneficiaries currently receiving benefits from the Plan based on the most recent actuarial valuation date of January 1, 2019.

Employees Covered by Benefit Terms

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>8</u>
 Total Participant Count	 <u>17</u>

EAST MANCHESTER TOWNSHIP
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020

Note 7 - Pension –GASB 68 Report– (Continued):

An Actuarially Determined Contribution is a contribution amount determined in accordance with Actuarial Standards of Practice. The Actuarially Determined Contribution provided is based upon the Minimum Municipal Obligation as defined in ACT 205 which conforms to these standards.

Schedule of Employer Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution (ADC)	\$ 36,230	\$ 29,254	\$ 26,803	\$ 26,473
Contributions in Relation to the ADC	<u>39,232</u>	<u>44,262</u>	<u>30,661</u>	<u>29,206</u>
Contributions Deficiency/ (Excess)	<u>\$ (3,002)</u>	<u>\$ (15,008)</u>	<u>\$ (3,858)</u>	<u>\$ (2,733)</u>
Covered Employee Payroll	\$ 369,363	\$ 354,774	\$ 330,921	\$ 328,102
Contributions as a Percentage of Covered Payroll	10.62%	12.48%	9.27%	8.90%

The valuation date for actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two years prior to the end of the fiscal year in which the contributions were reported. Therefore, the Actuarially Determined Contribution for calendar year 2019 is based upon the January 1, 2017 actuarial valuation.

The following is a summary of the key assumptions and methods used to determine the 2019 contribution rates:

- (a) Actuarial Cost Method: Entry Age
- (b) Amortization Period: Level dollar based upon the amortization periods in Act 205
- (c) Asset valuation method: Based upon the municipal reserves
- (d) Discount Rate: 5.25%
- (e) Inflation: 2.8%
- (f) Salary increases: age related scale with merit and inflation component

Other detailed schedules of changes in net pension liability, collective deferred inflows and outflows, and calculation of collective pension expense are not included in this footnote, but can be obtained as part of the PMRS-GASB 68 financial statements kept at the Township office.

EAST MANCHESTER TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8 - Contingencies:

- A. An agreement was entered into between East Manchester Township, Manchester Borough and Mount Wolf Borough to guarantee Sewer Revenue Bonds-Series of 2013 issued by the Northeastern York County Sewer Authority in the amount of \$4,700,000. This issue has a final maturity date of April 25, 2042 and its purpose was for refunding the Series of 2009 Sewer Revenue Bonds, purchasing the Sinking Springs farm land, and other capital additions.
- B. A guaranty agreement was entered into September 24, 2015 between the Township and Manchester and Mount Wolf Boroughs to guarantee Sewer Revenue Bonds-Series of 2015 issued by the Northeastern York County Sewer Authority in the amount of \$10,370,000. The purpose of this issue was to refund the Series of 2005 Sewer Revenue Bonds and the payment of development and planning costs, cost of acquisition, and costs of construction of the 2015 capital additions.

Note 9 - Subsequent Events:

Management of the Township has evaluated subsequent events through the date of the audit report. No subsequent events were noted.

Note 10 - GASB #54 Fund Balance Implementation:

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Township classifies government fund balances as follows:

Non-spendable – include fund balance amounts that cannot be spent either because it's not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end. The total committed funds at December 31, 2020 are \$1,635,146.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The total assigned funds at December 31, 2020 are \$1,657,046 and comprise payroll withholdings and various customer deposits.

Unassigned – includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The amount of unassigned fund balance is \$3,761,435.

REQUIRED SUPPLEMENTARY INFORMATION

EAST MANCHESTER TOWNSHIP
 BUDGETARY COMPARISON SCHEDULE-CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts Original and Final	Actual Amounts	Variance With Final Budget Positive (Negative)
<u>Beginning Budgetary Fund</u>			
<u>Balance</u>	\$ 2,470,705	\$ 5,486,216	\$ 3,015,511
<u>Resources (Inflows):</u>			
Taxes:			
Real Estate Tax	570,000	702,856	132,856
Per Capita Taxes	22,000	28,244	6,244
Real Estate Transfer Tax	125,000	735,558	610,558
Earned Income Tax	820,000	1,278,502	458,502
Local Services Tax	185,000	263,434	78,434
	<u>1,722,000</u>	<u>3,008,594</u>	<u>1,286,594</u>
Licenses, Permits and Fees	148,950	322,347	173,397
Fines and Forfeits	33,000	49,773	16,773
Investment Income	3,000	28,666	25,666
Intergovernmental Revenues:			
State Recycling Grant	12,000	-	(12,000)
Public Utility Realty Tax	2,000	3,096	1,096
State Grants	80,000	94,302	14,302
	<u>94,000</u>	<u>97,398</u>	<u>3,398</u>
Charges for Service	9,350	38,234	28,884
Contributions from Private Sector	500	-	
Miscellaneous	2,000	-	(2,000)
<u>Amounts Available for Appropriation</u>	<u>4,483,505</u>	<u>9,031,228</u>	<u>4,548,223</u>
<u>Charges to Appropriations (Outflows):</u>			
General Government:			
General Expenses	175,200	81,103	94,097
Administrative	74,000	62,134	11,866
Legal and Auditing Services	59,300	52,121	7,179
Tax collection	36,500	35,565	935
Clerical Services	96,486	79,220	17,266
Municipal Building	695,500	648,574	46,926
	<u>1,136,986</u>	<u>958,717</u>	<u>178,269</u>

EAST MANCHESTER TOWNSHIP
 BUDGETARY COMPARISON SCHEDULE-CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Charges to Appropriations</u>			
<u>(Outflows)-Continued:</u>			
Public Safety			
Police Protection	1,210,721	1,208,376	2,345
Fire Protection	320,000	325,905	(5,905)
Ambulance	12,000	6,396	5,604
Planning and Zoning	160,786	108,058	52,728
Emergency Management	4,000	(227)	4,227
Other	-	-	-
	<u>1,707,507</u>	<u>1,648,508</u>	<u>58,999</u>
Public Works-Sanitation			
Recycling and Weed Control	<u>11,000</u>	<u>1,590</u>	<u>9,410</u>
Public Works-Highway	<u>1,238,500</u>	<u>697,802</u>	<u>540,698</u>
Culture and Recreation	<u>73,500</u>	<u>34,075</u>	<u>39,425</u>
Miscellaneous			
Payroll Taxes and Other			
Employee Benefits	315,000	272,055	42,945
Refund of Prior Year Revenues	1,000	-	1,000
Miscellaneous	12	-	12
	<u>316,012</u>	<u>272,055</u>	<u>43,957</u>
<u>Total Charges to Appropriations</u>	<u>4,483,505</u>	<u>3,612,747</u>	<u>870,758</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ -</u>	<u>\$ 5,418,481</u>	<u>\$ 5,418,481</u>

EAST MANCHESTER TOWNSHIP
 BUDGETARY COMPARISON SCHEDULE-CASH BASIS
 SPECIAL REVENUE FUND-STATE HIGHWAY AID
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Beginning Budgetary Fund Balance</u>	\$ 295,500	\$ 598,017	\$ 302,517
<u>Revenues (Inflows):</u>			
Investment Income	1,000	3,504	2,504
Intergovernmental Revenues State Grant	<u>290,000</u>	<u>296,394</u>	<u>6,394</u>
<u>Amounts Available for Appropriation</u>	586,500	897,915	311,415
<u>Charges to Appropriations (Outflows):</u>			
Public Works-Highways	<u>586,500</u>	<u>166,739</u>	<u>419,761</u>
 <u>Ending Budgetary Fund Balance</u>	 <u>\$ -</u>	 <u>\$ 731,176</u>	 <u>\$ 731,176</u>

EAST MANCHESTER TOWNSHIP
 BUDGETARY COMPARISON SCHEDULE-CASH BASIS
 SPECIAL REVENUE FUND-STREET LIGHTING
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Beginning Budgetary Fund Balance</u>	\$ 90,000	\$ 78,016	\$ (11,984)
<u>Revenues (Inflows):</u>			
Investment Income	50	8	(42)
Charges for Services	25,000	20,983	(4,017)
	<hr/>	<hr/>	<hr/>
<u>Amounts Available for Appropriation</u>	115,050	99,007	(16,043)
<u>Charges to Appropriations (Outflows):</u>			
Public Works-Highways	115,050	11,186	103,864
	<hr/>	<hr/>	<hr/>
<u>Ending Budgetary Fund Balance</u>	<u>\$ -</u>	<u>\$ 87,821</u>	<u>\$ 87,821</u>

EAST MANCHESTER TOWNSHIP
 BUDGETARY COMPARISON SCHEDULE-CASH BASIS
 SPECIAL REVENUE FUND-FIRE HYDRANT
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Beginning Budgetary</u>			
<u>Fund Balance</u>	\$ 31,500	\$ 72,897	\$ 41,397
<u>Revenues (Inflows):</u>			
Taxes:			
Real Estate Tax	55,000	68,066	13,066
Investment Income	500	281	(219)
	<u>87,000</u>	<u>141,244</u>	<u>54,244</u>
<u>Amounts Available for Appropriation</u>			
<u>Charges to Appropriations (Outflows):</u>			
General Government:			
Tax Collector Commission and Supplies	15,000	-	15,000
Public Safety-York Water Company	72,000	66,313	5,687
	<u>87,000</u>	<u>66,313</u>	<u>20,687</u>
<u>Total Charges to Appropriations</u>			
	<u>87,000</u>	<u>66,313</u>	<u>20,687</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ -</u>	<u>\$ 74,931</u>	<u>\$ 74,931</u>

EAST MANCHESTER TOWNSHIP
 BUDGETARY COMPARISON SCHEDULE-CASH BASIS
 SPECIAL REVENUE FUND-RECREATION
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Beginning Budgetary Fund Balance</u>	\$ 470,000	\$ 472,766	\$ 2,766
<u>Revenues (Inflows):</u>			
Investment Income	1,000	2,069	1,069
Charges for Services:			
Fees from Developers	<u>10,000</u>	<u>293,408</u>	<u>283,408</u>
<u>Amounts Available for Appropriation</u>	<u>481,000</u>	<u>768,243</u>	<u>287,243</u>
<u>Charges to Appropriations (Outflows):</u>			
Culture and Recreation:			
Capital Purchases	395,000	18,060	376,940
Park Maintenance	85,000	8,965	76,035
Refund of Prior Year Revenues	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<u>Total Charges to Appropriations</u>	<u>481,000</u>	<u>27,025</u>	<u>453,975</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ -</u>	<u>\$ 741,218</u>	<u>\$ 741,218</u>

EAST MANCHESTER TOWNSHIP
NOTES TO BUDGETARY COMPARISON SCHEDULES
DECEMBER 31, 2020

Budget Law

The Township prepares its annual operating budgets under the provisions of the Second Class Township Code of the Commonwealth of Pennsylvania. In accordance with those provisions, the following process is used to adopt the annual budget:

- a. The Township Supervisors submit proposed operating budgets for the year commencing the following January 1.
- b. The proposed budgets are advertised once in a newspaper of general circulation in the Township for public inspection for a period of twenty days.
- c. Subsequent to the public inspection period, the final budgets are adopted by resolution of the Township Supervisors not later than December 31.
- d. The final budgets are filed with the Department of Community and Economic Development within fifteen days after they are adopted.

Basis of Accounting

The budget is prepared on the same cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.

See auditor's report and disclaimer of opinion paragraph.