

MILLCREEK TOWNSHIP
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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FINANCIAL STATEMENTS
DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Millcreek Township
Newmanstown, Pennsylvania

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Millcreek 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 modified cash basis of accounting described in Note 1; this includes determining that the modified 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 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 opinions.

Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above include only the primary government of Millcreek Township, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Township’s legal entity. These primary government financial statements do not include financial data for the Township’s legally separate component units, which are required 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 Township, as of December 31, 2020, the changes in its modified cash basis financial position or, where applicable, its cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

Basis of Accounting

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

Other-Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Millcreek Township’s basic financial statements. The budgetary comparison information and historical pension information on pages 29 through 35, which are the responsibility of management, are presented for additional analysis and are not a required part of the basic financial statements. We have applied certain limited procedures to the budgetary comparison information and the historical pension information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Millcreek Township has not presented management’s discussion and analysis that, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements is not affected by this missing information.

Garcia Garman & Shea, PC

Lebanon, Pennsylvania
October 21, 2021

MILLCREEK TOWNSHIP
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 995,556
Total current assets	995,556

NON-CURRENT ASSETS

Capital assets	
Depreciable buildings, property and equipment, net	576,119
Total assets	\$ 1,571,675

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Payroll taxes and other withholdings	1,498
Escrow payable	4,306
Current portion of long-term obligations	
Notes	44,233
Total current liabilities	50,037

NON-CURRENT LIABILITIES

Non-current portion of long-term obligations	
Notes	45,941
Total liabilities	95,978

NET POSITION

Invested in capital assets, net of related debt	485,945
Restricted net position	
Street Light	82,893
Hydrant	8,305
Highway Aid	251,433
Parks and Recreation	5,000
Unrestricted net position	642,121
Total net position	1,475,697
Total liabilities and net position	\$ 1,571,675

See accompanying notes to the financial statements.

MILLCREEK TOWNSHIP
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 187,093	\$ 156	\$ 45,942	\$ -
Public safety	290,105	6,497	26,128	-
Public works	308,251	-	201,545	-
Culture and recreation	30,521	-	51,826	-
Community development	750	-	-	-
Insurance	29,782	-	-	-
Employee benefits	251,765	-	-	-
Interest on long-term debt	5,123	-	-	-
Total primary government	\$ 1,103,390	\$ 6,653	\$ 325,441	\$ -

General revenues

Taxes

Property taxes, levied for general purpose

Earned income taxes, levied for general purpose

Other enabling taxes, levied for general purpose

Franchise taxes

Public service taxes

Investment earnings

Miscellaneous

Total general revenues, special items, and transfers

Change in net position

Net position, beginning

Net position, ending

See accompanying notes to the financial statements.

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

	Governmental Activities		Total
	\$ (140,995)	\$	(140,995)
	(257,480)		(257,480)
	(106,706)		(106,706)
	21,305		21,305
	(750)		(750)
	(29,782)		(29,782)
	(251,765)		(251,765)
	(5,123)		(5,123)
	<hr/>		
	(771,296)		(771,296)
	<hr/>		
	410,860		410,860
	507,295		507,295
	122,006		122,006
	55,216		55,216
	60,309		60,309
	621		621
	2,703		2,703
	<hr/>		
	1,159,010		1,159,010
	<hr/>		
	387,714		387,714
	<hr/>		
	1,087,983		1,087,983
	<hr/>		
	\$ 1,475,697	\$	1,475,697
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See accompanying notes to the financial statements.

MILLCREEK TOWNSHIP
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Highway Aid	Street Light	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalents	\$ 588,836	\$ 251,395	\$ 83,093	\$ 72,232	\$ 995,556
Due from other funds	240	38	12	-	290
Total current assets	<u>\$ 589,076</u>	<u>\$ 251,433</u>	<u>\$ 83,105</u>	<u>\$ 72,232</u>	<u>\$ 995,846</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Due to other funds	\$ 37	\$ -	\$ 212	\$ 41	\$ 290
Escrow payable	4,306	-	-	-	4,306
Payroll taxes and other withheld	1,499	-	-	-	1,499
Total liabilities	<u>5,842</u>	<u>-</u>	<u>212</u>	<u>41</u>	<u>6,095</u>
 FUND BALANCES					
Restricted					
Highway Aid	-	251,433	-	-	251,433
Street Light	-	-	82,893	-	82,893
Hydrant	-	-	-	8,305	8,305
Parks and Recreation	5,000	-	-	-	5,000
Committed	-	-	-	63,886	63,886
Unassigned	578,234	-	-	-	578,234
Total fund balances	<u>583,234</u>	<u>251,433</u>	<u>82,893</u>	<u>72,191</u>	<u>989,751</u>
Total liabilities and fund balances	<u>\$ 589,076</u>	<u>\$ 251,433</u>	<u>\$ 83,105</u>	<u>\$ 72,232</u>	<u>\$ 995,846</u>

See accompanying notes to the financial statements.

MILLCREEK TOWNSHIP
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2020

Governmental funds balance total		\$ 989,751
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Governmental funds do not include capital assets and accumulated depreciation; however, they are included in the government-wide statement of net position:

Capital assets	\$ 1,892,193	
Accumulated depreciation	<u>(1,316,074)</u>	
		576,119

Governmental funds do not include long-term debt; however, it is included in the government-wide statement of net position		<u>(90,173)</u>
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Net position		<u><u>\$ 1,475,697</u></u>
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See accompanying notes to the financial statements.

MILLCREEK TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Highway Aid	Street Light	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,040,161	\$ -	\$ 52,078	\$ 8,231	\$ 1,100,470
Licenses and permits	55,216	-	-	-	55,216
Fines	6,497	-	-	-	6,497
Interest and rents	244	100	36	241	621
Grants and gifts	123,009	197,653	-	-	320,662
Other revenue	3,893	-	-	1,000	4,893
Other financing sources	2,745	-	-	-	2,745
Total revenues	1,231,765	197,753	52,114	9,472	1,491,104
EXPENDITURES					
Administration	127,895	-	-	-	127,895
Tax collection	15,014	-	1,575	250	16,839
Municipal buildings	20,672	-	-	-	20,672
Protection to persons and property	277,015	-	-	19,284	296,299
Highways and streets	173,039	43,671	-	-	216,710
Library contribution	750	-	-	-	750
Employee payroll taxes and benefits	251,765	-	-	-	251,765
Insurance	29,782	-	-	-	29,782
Street lighting	-	-	42,132	-	42,132
Parks and recreation	29,403	-	-	-	29,403
Debt service					
Principal	24,231	18,359	-	-	42,590
Interest	3,093	2,030	-	-	5,123
Total expenditures	952,659	64,060	43,707	19,534	1,079,960
Excess (deficiency) of revenues over expenditures	279,106	133,693	8,407	(10,062)	411,144
Transfers in	-	-	-	23,500	23,500
Transfers (out)	(23,500)	-	-	-	(23,500)
Net change in fund balances	255,606	133,693	8,407	13,438	411,144
Fund balances, beginning	327,628	117,740	74,486	58,753	578,607
Fund balances, ending	\$ 583,234	\$ 251,433	\$ 82,893	\$ 72,191	\$ 989,751

MILLCREEK TOWNSHIP
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2020

Net change in fund balances, governmental funds \$ 411,144

Governmental fund statements include capital acquisitions as expenditures whereas on the government-wide statements they are included in capital assets on the statement of net position and depreciation is included as an expense:

Asset purchases (less financing)	\$	7,801	
Depreciation expense		<u>(73,822)</u>	
			(66,021)

In the governmental fund statements, the incurrence of debt is considered a financing source and the payment of debt principal as an expenditure whereas on the government-wide statements they are considered as additions and reductions of liabilities, respectively:

Principal payments		<u>42,591</u>	
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Change in net position, statement of activities	\$	<u><u>387,714</u></u>	
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See accompanying notes to the financial statements.

MILLCREEK TOWNSHIP
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Police Pension Fund	Non-Uniformed Pension Fund	Total Fiduciary Funds
ASSETS			
Investments at fair value with PMRS	\$ 723,008	\$ 459,828	\$ 1,182,836
NET POSITION			
Net position held in trust for pension benefits	\$ 723,008	\$ 459,828	\$ 1,182,836

See accompanying notes to the financial statements.

MILLCREEK TOWNSHIP
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Police Pension Fund	Non-Uniformed Pension Fund	Total Fiduciary Funds
ADDITIONS			
Contributions			
Employer	\$ 34,007	\$ 6,777	\$ 40,784
Commonwealth	60	120	180
Member	-	2,849	2,849
Investment income (loss), interest	120,239	81,592	201,831
 Total additions	 154,306	 91,338	 245,644
DEDUCTIONS			
Administrative expenses	1,183	861	2,044
Benefit payments	-	15,689	15,689
 Total deductions	 1,183	 16,550	 17,733
 Net decrease	 153,123	 74,788	 227,911
 Net position, beginning	 569,885	 385,040	 954,925
 Net position, ending	 \$ 723,008	 \$ 459,828	 \$ 1,182,836

See accompanying notes to the financial statements.

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Millcreek Township conform to the modified cash basis of accounting. The following summary of significant accounting policies of Millcreek Township is presented to assist in understanding the Township's financial statements. The financial statements and notes are representations of the Township's management who is responsible for their integrity and objectivity.

Reporting Entity

The combined financial statements of the Township include all funds, functions and activities to which the Board of Supervisors has oversight responsibility. The criteria for such oversight responsibility are financial interdependency, selection of governing authority, designation of management, significant influence on operations and accountability for fiscal matters.

Newmanstown Water Authority and Millcreek-Richland Joint Authority are considered component units of Millcreek Township. Their financial statements are on file at the Township office.

Fund Accounting

The Township of Millcreek 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. The operation of each fund is accounted for within a set of self-balancing accounts.

The Township's governmental funds are grouped as follows:

Major Governmental Funds

- 1) General Fund is the general operating fund of the Township. It is utilized to account for all revenues and expenditures except those required to be accounted for in another fund.
- 2) Highway Aid Fund is a Special Revenue Fund used to account for revenues and expenditures related to street repair and maintenance.
- 3) Street Light Fund is a Special Revenue Fund used to account for revenues and expenditures related to street lighting and maintenance.

Non-Major Governmental Funds

- 1) Hydrant Fund is a Special Revenue Fund used to account for revenues and expenditures related to street hydrants and maintenance.
- 2) Capital Projects Fund is used to account for revenues and expenditures related to the construction of or acquisition of equipment or construction projects.

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the Township as a trustee or agent for other funds or governmental entities.

- Uniformed Pension Fund – This fund accounts for the activities of the uniformed pension plan, which accumulates resources for pension benefits payments to qualified employees.
- Non-Uniformed Pension Fund – This fund accounts for the activities of the non-uniformed pension plan, which accumulates resources for pension benefits payments to qualified employees.

Government-wide Financial Statements

The Statement of Net Position 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 statements account for capital assets, accumulated depreciation and long-term debt on the Statement of Financial Position and depreciation in the Statement of Activities. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between government-wide statements and the statements for governmental funds.

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 for 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.

Basis of Accounting

The Township uses a modified cash accounting system for the General Fund. Modifications in such method from the accrual basis follow:

- Revenues are recorded as collected or received.
- Expenditures are recorded as cash is disbursed, not when incurred. Prepaid expenses are not recorded; they are considered an expense of the period in which they are paid.

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Capital Assets and Depreciation

General fixed assets are recorded as expenditures in the respective fund at time of purchase. Purchased buildings, vehicles and assets are listed at cost. In the government-wide statements, all reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	Not depreciated
Land improvements	30 years
Building and improvements	12 to 40 years
Furniture and equipment	5 to 20 years
Vehicles	8 to 20 years
Infrastructure	10 to 50 years

The cost of building and maintaining infrastructure assets, roads, bridges, sidewalks and similar assets, is recorded as an expenditure in the respective fund at the time of acquisition. Infrastructure assets are required to be capitalized prospectively. The threshold for capitalization of infrastructure is established at \$55,000. The threshold for capitalization of other long-lived assets is \$500. Activity related to capital assets for the year ended December 31, 2020 was as follows:

	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Governmental activities				
Land	\$ 79,025	\$ -	\$ -	\$ 79,025
Land improvements	52,777	-	-	52,777
Furniture and equipment	495,447	7,801	-	503,248
Automotive equipment	635,374	-	-	635,374
Buildings	203,286	-	-	203,286
Infrastructure	418,483	-	-	418,483
	1,884,392	7,801	-	1,892,193
Less accumulated depreciation				
Land improvements	42,030	779	-	42,809
Furniture and equipment	291,446	27,601	-	319,047
Automotive equipment	487,815	12,073	-	499,888
Buildings	112,677	5,010	-	117,687
Infrastructure	308,284	28,359	-	336,643
	1,242,252	73,822	-	1,316,074
Capital assets, net	\$ 642,140	\$ (66,021)	\$ -	\$ 576,119

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Depreciation expense was charged to governmental functions as follows:

Recreation	\$ 1,118
Police	4,501
Highway	49,409
General	<u>18,794</u>
Total	<u>\$ 73,822</u>

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.

Cash and Cash Equivalents

The Township considers cash equivalents as short-term, highly liquid investments that are readily convertible to known amounts of cash that mature within three months or less.

Restricted Resources

The Township utilizes restricted resources first on those occasions where both restricted and unrestricted resources are available for the same purpose.

Pension Plans

The Township has two pension plans that cover police and non-uniform employees.

Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consist of assets that are restricted by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Budgets

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. Prior to the beginning of each fiscal year, an annual budget is adopted for the governmental funds. No budget revisions were made between the original and final budget during the year. Appropriations lapse at the end of the year.

Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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 \$995,556 and the bank balance was \$1,001,037 of which \$250,000 was fully insured and \$679,664 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 \$71,374 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, 2020, the Township's investment in PLGIT was rated AAAM by Standard & Poor's.

The Township places no limit on the amounts invested in any one issuer. The Township's deposits in Fulton Bank represented 92.9% of the Township's total investments.

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS *(continued)*

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 under 60 days as of December 31, 2020.

The Township does not have a formal investment policy that limits investment maturities as a means of managing changing interest rates, addresses custodial credit risk, concentration of credit risk, or foreign currency risk.

NOTE 3 – PROPERTY TAXES

Based upon assessed valuations provided by the county, the tax collector bills and collects taxes on behalf of the Township. The schedule for property taxes levied for 2020 is as follows:

Tax levy date	March 1, 2020
2% discount period	Through June 30, 2020
Face payment period	Through October 31, 2020
10% penalty period	Beginning November 1, 2020
Lien filing date	January 1, 2021

The Township tax rate in 2020 was 1.33 (\$1.33 per \$1,000 assessed value).

NOTE 4 – LONG-TERM DEBT

(A) On March 29, 2017, the Board of Supervisors entered into a capital lease agreement to John Deere Financial requiring annual payments of \$20,389, commencing March 31, 2017 and continuing through March 31, 2022. The purpose of the lease was to purchase a 710L loader backhoe.

(B) On June 1, 2017, the Board of Supervisors entered into a loan obligation to Daimler Truck Financial in the amount of \$148,673, requiring annual payments of \$27,324 with interest of 4.086% through June 1, 2022. The purpose of the loan was to purchase a 2018 Freightliner truck.

Changes to long-term debt are as follows:

	Balance		Balance		Amounts Due in
	12/31/2019	Additions	Retirements	12/31/2020	One Year
Equipment Lease - (A)	\$ 57,061	\$ -	\$ (18,359)	\$ 38,703	\$ 19,012
Equipment Loan - (B)	75,703	-	(24,231)	51,472	25,221
	\$ 132,764	\$ -	\$ (42,590)	\$ 90,175	\$ 44,233

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 – LONG-TERM DEBT *(continued)*

The following is a schedule of the required Debt Service for the next five years:

Loan	2021	2022	2023	2024	2025	Total
Principal						
(A)	\$ 19,012	\$ 19,691	\$ -	\$ -	\$ -	\$ 38,703
(B)	25,221	26,251	-	-	-	51,472
Interest						
(A)	1,377	700	-	-	-	2,077
(B)	2,103	1,073	-	-	-	3,176
Total	\$ 47,713	\$ 47,715	\$ -	\$ -	\$ -	\$ 95,428

Long-term debt is liquidated from the General Fund.

NOTE 5 – FUND BALANCE

The Township reports fund balance under GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority.

Unassigned fund balance – amounts available for any purpose. Positive amounts are reported only in the General Fund.

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 – FUND BALANCE *(continued)*

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The Township will typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

At December 31, 2020, the Township had \$63,886 committed to future capital projects.

NOTE 6 – PENSION PLANS

The Township maintains two defined benefit pension plans. The Police Pension Plan covers all of its full-time police officers. The Non-Uniformed Pension Plan, covers all of the Township's general full-time employees. The assets of the plans are not commingled. Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205 of the Commonwealth (the Act).

Basis of Accounting

The plans' financial statements are prepared on the accrual basis of accounting. Contributions to the plans are recognized when due as required by the Act. Benefits are recognized when due and payable in accordance with the terms of the individual plans.

Method used to Value Investments

Investments are reported at fair value. All of the Plans' assets are held in trust with PMRS and are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by Governmental Accounting Standards Board for aggregate PMRS investments are included in PMRS' separately issued CAFR.

Funding Standards and State Aid

The Township is required to make annual contributions to the plan pursuant to Act 205, which specifies minimum funding standards for municipal pension plans in the Commonwealth. Act 205 requires the Township to budget and contribute to the plan the minimum municipal obligation, which includes both the normal cost of the plan and an amortization contribution sufficient to amortize unfunded liabilities by target dates established under the Act.

Act 205 also establishes a general municipal pension system state aid program, financed by a tax on the premiums of casualty and fire insurance policies sold in the Commonwealth. The Township is eligible for this aid for each of its pension plans; however, the ultimate obligation to contribute the minimum municipal obligation to the plans is the Township's.

MILLCREEK TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 6 – PENSION PLANS *(continued)*

Plan Membership

Membership of each plan consisted of the following at January 1, 2019, the date of the latest actuarial valuations:

	Non-Uniformed	Police Pension
Active plan members	5	2
Retiree beneficiaries currently receiving benefits	2	-
Terminated plan members entitled to benefits but not yet receiving them	-	1
	7	3
Total	7	3

Plan Administration

The plans are governed by Township Supervisors which may amend plan provisions, subject to collective bargaining and to Act 600, *the Municipal Police Pension Law* and Act 205, *the Municipal Pension Plan Funding Standard and Recovery Act*, for the Uniformed and Non-Uniformed plans respectively. The Plans participate 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 (CAFR). A copy of the CAFR can be obtained by contacting the PMRS accounting office; P.O. Box 1165, Harrisburg, PA 17108-1165.

Benefits Provided

The Police Plan covers all full-time members of the police force upon employment, and provides retirement, disability, and death benefits to plan members and their beneficiaries.

Members are eligible for normal retirement upon attaining age 55 and 12 years of vesting service. The normal retirement benefit is calculated by multiplying the member’s final salary by all years of credited service and multiplying by the benefit accrual rate of 2%, not to exceed 50% of the member’s final salary. Upon death, the retiree’s spouse or eligible child receives a benefit equal to 50% of the member’s benefit. Active members who become disabled in the line of duty are eligible for disability pension benefits equal to 50% of the member’s monthly salary at the time of disability. If an active member is eligible for retirement on the date of death, monthly death benefits are payable to his/her surviving spouse or eligible child equal to 50% of the monthly benefit the member would have been receiving if retired at the time of death.

The Non-Uniformed Plan covers all of the Township’s general full-time employees, and provides retirement, disability, and death benefits to plan members and their beneficiaries.

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 – PENSION PLANS *(continued)*

Members are eligible for normal retirement upon attaining age 65. Retirement benefits are determined as 1% of the member's final salary multiplied by all years of credited service. Upon death, a survivor monthly annuity death benefit will be paid to the member's surviving spouse equal to the amount that would have been paid had the member terminated employment on the date of death and was eligible for retirement with a qualified joint and 50% survivor annuity in effect. A single sum death benefit equal to the member's transfer value will be paid if the participant does not meet requirements of the survivor annuity death benefit. Active members who become disabled in the line of duty are eligible for disability pension benefits equal to 50% of the member's monthly salary at the time of disability. Active members who have a non-service disability are eligible for disability pension benefits equal to 30% of the member's monthly salary at the time of disability.

The plan administrator will only take into account the first \$280,000 of compensation, as adjusted for cost-of-living increases in accordance with IRC Section 401(a)(17) of any participant's annual compensation for determining all benefits provided under the plan for the applicable 12 month period.

Vesting

Police Plan member's benefits vest upon completion of 12 years of vesting service. Non-Uniformed Plan member's benefits vest upon completion of 10 years of vesting service.

Contributions

Police Plan member contributions are 0% of pay, effective January 1, 2015. Member contributions to the plan may be suspended if an actuarial study shows the plan to have sufficient assets to fund plan benefits. Police Plan members' contributions, if any, are credited with 5.5% annual interest. Contributions include \$47,374 in state pension aid for the year ended December 31, 2019.

Non-uniformed employees shall contribute 3% of their total compensation. If sufficient funds exist, the Township may annually elect to lower or waive the required member contribution rate by adopting a resolution and filing it with the Board.

Concentrations

Concentrations are defined as investments held by the Plan, other than those issued or explicitly guaranteed by the U.S. Government, in any one organization that represent 5% or more of the plan's fiduciary net position. At December 31, 2019, there were no concentrations of investments in the Plan.

MILLCREEK TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 6 – PENSION PLANS *(continued)*

Investment Policy

The Plans’ policy in regard to the allocation of invested assets is established and may be amended by PMRS’s Board. The following was the PMRS’s adopted asset allocation policy for the Plan as of December 31, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
Large capitalized firms	25.0%	4.7%
Small capitalized firms	15.0	7.1%
International developed markets	15.0	2.9%
Emerging markets	10.0	7.6%
Fixed income	15.0	0.0%
Real estate	20.0	5.3%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 5.25%. The projection of cash flow to determine the discount rate assumed the contributions will be made at contractually required rates specified under Act 205. Act 205 requires full funding of the entry age normal cost plus Plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status. Based on those assumptions, the pension plans’ fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 – PENSION PLANS *(continued)*

Net Pension Liability

Net pension liability for non-uniformed and police at December 31, 2019, was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Non-Uniformed Pension Plan			
Balances at December 31, 2018	\$ 385,644	\$ 385,040	\$ 604
Changes for the year:			
Service cost	11,511	-	11,511
Interest on the total pension liability	20,444	-	20,444
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Contributions - employer		6,777	(6,777)
Contributions - PMRS assessment		120	(120)
Contributions - employees		2,849	(2,849)
PMRS investment income	-	21,435	(21,435)
Market value investment income	-	60,157	(60,157)
Benefit payments	(15,689)	(15,689)	-
Pension plan administrative expense	-	(861)	861
Net changes	16,266	74,788	(58,522)
Balances at December 31, 2019	\$ 401,910	\$ 459,828	\$ (57,918)
Police Pension Plan			
Balances at December 31, 2018	\$ 706,097	\$ 569,885	\$ 136,212
Changes for the year:			
Service cost	26,492	-	26,492
Interest on the total pension liability	38,461	-	38,461
Differences between expected and actual experience	-	-	-
Contributions - employer		34,007	(34,007)
Contributions - PMRS assessment		60	(60)
PMRS investment income	-	32,497	(32,497)
Market value investment income	-	87,742	(87,742)
Pension plan administrative expense	-	(1,183)	1,183
Net changes	64,953	153,123	(88,170)
Balances at December 31, 2019	\$ 771,050	\$ 723,008	\$ 48,042

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 – PENSION PLANS *(continued)*

Pension Expense

Pension expense calculated under GASB 68 for the Plan at December 31, 2019, was as follows:

Year Ended December 31, 2019	Non-Uniformed Pension	Police Pension
Service cost	\$ 11,511	\$ 26,492
Interest on the total pension liability	20,444	38,461
Change of benefit terms	-	-
Difference between expected and actual experience	(916)	8,747
Changes of assumptions	1,305	(574)
Member contributions	(2,849)	-
Projected earnings on pension plan investments	(21,435)	(32,497)
Difference between projected and actual earnings on investments	(9,281)	(11,709)
Pension plan administrative expense	861	1,183
Other changes in fiduciary net position	-	-
	<u>\$ (360)</u>	<u>\$ 30,103</u>

Net Pension Liability

The components of the net pension liability of the Plans at December 31, 2019, were as follows:

Description	Non-Uniformed	Police Pension
Total Pension Liability	\$ 401,910	\$ 771,050
Plan Fiduciary Net Position	<u>459,828</u>	<u>723,008</u>
Net Pension (Asset) Liability	<u>\$ (57,918)</u>	<u>\$ 48,042</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>114%</u>	<u>94%</u>

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 – PENSION PLANS *(continued)*

For the year ended December 31, 2019, the Township would recognize pension expense of \$30,103 and \$(360) for the Police Plan and Non-Uniformed Plan under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, respectively.

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to the Uniformed Plan from the following sources:

Police Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,678	\$ 1,031
Changes in assumptions	12,585	11,163
Net difference between projected and actual investment earnings	-	53,193
Contributions subsequent to the measurement date	35,732	-
	<u>\$ 74,995</u>	<u>\$ 65,387</u>

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to the Non-Uniformed Plan from the following sources:

Non-Uniformed Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,933
Changes in assumptions	1,315	7
Net difference between projected and actual investment earnings	-	39,198
Contributions subsequent to the measurement date	6,113	-
	<u>\$ 7,428</u>	<u>\$ 41,138</u>

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 – PENSION PLANS *(continued)*

The Township reported \$35,735 and \$6,113 for the Police Plan and Non-Uniformed Plan, respectively, as deferred outflows of resources related to pensions resulting from Township’s contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Non-Uniformed	
	Pension	Police Pension
2020	\$ (13,496)	\$ (8,454)
2021	(11,347)	(7,001)
2022	(2,947)	(1,334)
2023	(12,033)	(10,976)
2024	-	1,641
Thereafter	-	-
	\$ (39,823)	\$ (26,124)

Actuarial Assumptions

	Non-Uniformed Pension	Police Pension
Actuarial Valuation Date	January 1, 2017	January 1, 2017
Actuarial Cost Method	Entry age	Entry age
Amortization Method	Level Dollar based upon the amortization periods in Act 205	Level Dollar based upon the amortization periods in Act 205
Asset Valuation Method	Based upon the municipal reserves	Based upon the municipal reserves
Pre-Retirement Mortality	RP 2000, Males Non-Annuitant table projected 15 years with Scale AA, Females Non-Annuitant table projected 15 years with Scale AA and then setback 5 years.	RP 2000, Males Non-Annuitant table projected 15 years with Scale AA, Females Non-Annuitant table projected 15 years with Scale AA and then setback 5 years.
Post-Retirement Mortality	Sex Distinct RP 2000 Combined Healthy Mortality	Sex Distinct RP 2000 Combined Healthy Mortality
Actuarial Assumptions		
Discount Rate	5.25%	5.25%
Inflation	2.80%	2.80%
Projected Salary Increases	Age-related scale for merit/seniority including inflation	Age-related scale for merit/seniority including inflation
COLA Increases	2.8 % for those eligible for a COLA	2.8% for those eligible for a COLA

MILLCREEK TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 6 – PENSION PLANS *(continued)*

Sensitivity of the Township’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Police Plan’s net pension liability calculated using the discount rate of 5.25%, as well as what the Township’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	4.25%	5.25%	6.25%
Net pension liability - Police Plan	\$ 189,300	\$ 48,042	\$ (67,383)

The following presents the Non-Uniformed Plan’s net pension liability calculated using the discount rate of 5.25%, as well as what the Township’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	4.25%	5.25%	6.25%
Net pension liability - Non-Uniformed Plan	\$ (24,473)	\$ (57,918)	\$ (87,213)

NOTE 7 – DEFERRED COMPENSATION PLAN

The Township offers employees the option to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan permits the employees to voluntarily defer a percentage of their salary until future years. The Township matches employee contributions into the Plan up to 3%. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries. The compensation deferred is managed by outside trustees under various investment options. As a result, the deferred compensation plan is excluded from the accompanying financial statements.

MILLCREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The Township has no material violations of finance related legal and contractual provisions.

Deficit Net Position

The Township does not have any deficit in net position.

Excess of Expenditures over Appropriations

The Township does not have any excess of expenditures over appropriations.

NOTE 9 – CONTINGENCIES AND COMMITMENTS

In 2016, the Township entered into agreements to guarantee a certain portion of the Guaranteed Sewer Revenue Bonds Series of 2016 of the Millcreek-Richland Joint Authority (a component unit of Millcreek Township). The guarantee, in the amount of \$5,484,500, is backed by the full faith, credit and taxing power of the Township. The bonds were issued for the purpose of refinancing debt related to the construction additions, extensions, and improvements to the sanitary sewage system of the Authority, a portion of which serves the Township, and paying related costs and expenses. The bond has a final maturity of August 1, 2036. The outstanding balance on the bonds as of December 31, 2020, was \$7,430,000, of which the Township guarantees \$5,201,000.

NOTE 10 – COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on the Township's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the Township's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Township's financial position and fund balance is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 11 – SUBSEQUENT EVENTS

The Township's management has evaluated subsequent events through October 21, 2021, the date of this report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

MILLCREEK TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL - MAJOR FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund		
	Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ 1,008,790	\$ 1,040,161	\$ 31,371
Licenses and permits	54,675	55,216	541
Fines	6,000	6,497	497
Interest and rents	200	244	44
Grants and gifts	90,495	123,009	32,514
Other revenue	3,000	4,935	1,935
Other financing sources	-	2,745	2,745
Total revenues	1,163,160	1,232,807	69,647
EXPENDITURES			
Administration	131,954	127,895	4,059
Tax collection	17,100	15,014	2,086
Municipal buildings	28,519	20,672	7,847
Protection to persons and property	293,113	277,015	16,098
Highways and streets	308,853	173,039	135,814
Library contribution	750	750	-
Employee payroll taxes and benefits	276,304	251,765	24,539
Insurance	30,662	29,782	880
Street lighting	-	-	-
Parks and recreation	43,581	29,403	14,178
Debt service			
Principal	24,231	24,231	-
Interest	3,093	3,093	-
Total expenditures	1,158,160	952,659	205,501
Excess of revenues (under) over expenditures	5,000	280,148	275,148
OTHER FINANCING (USES)			
Refund of prior year revenues	-	(1,042)	(1,042)
Transfers (to) from other funds	(5,000)	(23,500)	(18,500)
Excess of revenues and other sources over (under) expenditures and other uses	\$ -	255,606	\$ 255,606
Fund balance, beginning		327,628	
Fund balance, ending		\$ 583,234	

Special Revenue - Major Funds			Totals			
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)	
\$ 47,738	\$ 52,078	\$ 4,340	\$ 1,056,528	\$ 1,092,239	\$ 35,711	
-	-	-	54,675	55,216	541	
-	-	-	6,000	6,497	497	
155	136	(19)	355	380	25	
193,732	197,653	3,921	284,227	320,662	36,435	
-	-	-	3,000	4,935	1,935	
-	-	-	-	2,745	2,745	
241,625	249,867	8,242	1,404,785	1,482,674	77,889	
-	-	-	131,954	127,895	4,059	
1,550	1,575	(25)	18,650	16,589	2,061	
-	-	-	28,519	20,672	7,847	
-	-	-	293,113	277,015	16,098	
173,459	43,671	129,788	482,312	216,710	265,602	
-	-	-	750	750	-	
-	-	-	276,304	251,765	24,539	
-	-	-	30,662	29,782	880	
46,228	42,132	4,096	46,228	42,132	4,096	
-	-	-	43,581	29,403	14,178	
18,359	18,359	-	42,590	42,590	-	
2,029	2,030	(1)	5,122	5,123	(1)	
241,625	107,767	133,858	1,399,785	1,060,426	339,359	
-	142,100	142,100	5,000	422,248	417,248	
-	-	-	-	(1,042)	(1,042)	
-	-	-	(5,000)	(23,500)	(18,500)	
\$ -	142,100	\$ 142,100	\$ -	397,706	\$ 397,706	
	192,226			519,854		
	\$ 334,326			\$ 917,560		

MILLCREEK TOWNSHIP
SCHEDULE OF EMPLOYER CONTRIBUTIONS -
NON-UNIFORMED AND POLICE PENSION PLANS

POLICE PENSION PLAN

Year	Actuarially Determined Contribution	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Payroll
December 31, 2010	\$ 24,160	\$ 24,160	\$ -		
December 31, 2011	27,751	27,751	-		
December 31, 2012	29,152	29,152	-		
December 31, 2013	31,290	31,290	-		
December 31, 2014	26,304	26,304	-	\$ 136,004	19.34%
December 31, 2015	29,795	29,795	-	150,918	19.74
December 31, 2016	30,737	30,737	-	159,216	19.31
December 31, 2017	37,695	37,695	-	161,547	23.33
December 31, 2018	36,956	36,956	-	169,839	21.76
December 31, 2019	34,067	34,067	-	174,570	19.51
December 31, 2020	35,732	35,732	-	156,907	22.77

NON-UNIFORMED PENSION PLAN

Year	Actuarially Determined Contribution	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Payroll
December 31, 2010	\$ 7,970	\$ 7,970	\$ -		
December 31, 2011	6,531	6,531	-		
December 31, 2012	9,347	9,347	-		
December 31, 2013	7,009	7,009	-		
December 31, 2014	7,679	8,009	(330)	\$ 216,847	3.69%
December 31, 2015	7,810	7,830	(20)	217,354	3.60
December 31, 2016	8,024	8,024	-	236,894	3.39
December 31, 2017	6,974	6,973	1	228,247	3.06
December 31, 2018	6,907	6,947	(40)	237,266	2.93
December 31, 2019	2,948	6,897	(3,949)	284,894	2.42
December 31, 2020	6,113	6,113	-	301,089	2.03

MILLCREEK TOWNSHIP
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS –
POLICE PENSION PLAN

Police Pension	12/31/2019	12/31/2018	12/31/2017
TOTAL PENSION LIABILITY			
Service cost	\$ 26,492	\$ 25,659	\$ 24,406
Interest	38,461	34,648	31,640
Differences between expected and actual experience	-	11,481	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Net change in total pension liability	<u>64,953</u>	<u>71,788</u>	<u>56,046</u>
Total pension liability, beginning	<u>706,097</u>	<u>634,309</u>	<u>578,263</u>
 Total pension liability, ending	 <u>\$ 771,050</u>	 <u>\$ 706,097</u>	 <u>\$ 634,309</u>
 PLAN FIDUCIARY NET POSITION			
Contributions, employer	\$ 34,007	\$ 36,896	\$ 37,635
Contributions, PMRS assessment	60	60	60
Net investment income	120,239	(39,682)	82,232
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	(1,183)	(1,348)	(1,235)
Net change in plan fiduciary net position	<u>153,123</u>	<u>(4,074)</u>	<u>118,692</u>
Plan fiduciary net position, beginning	<u>569,885</u>	<u>573,959</u>	<u>455,267</u>
 Plan fiduciary net position, ending	 <u>\$ 723,008</u>	 <u>\$ 569,885</u>	 <u>\$ 573,959</u>
 Township's net pension liability, ending	 <u>\$ 48,042</u>	 <u>\$ 136,212</u>	 <u>\$ 60,350</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>93.77%</u>	 <u>80.71%</u>	 <u>90.49%</u>
 Covered employee payroll	 <u>\$ 174,570</u>	 <u>\$ 169,839</u>	 <u>\$ 161,547</u>
 Township's net pension liability as a percentage of covered employee payroll	 <u>27.52%</u>	 <u>80.20%</u>	 <u>37.36%</u>

<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
\$ 22,704	\$ 26,976	\$ 24,374
28,089	26,993	21,960
14,299	(2,746)	45,304
25,173	(29,768)	-
-	-	-
90,265	21,455	91,638
487,998	466,543	374,905
<u>\$ 578,263</u>	<u>\$ 487,998</u>	<u>\$ 466,543</u>
\$ 30,677	\$ 29,735	\$ 26,304
60	60	-
31,004	(3,579)	16,914
-	-	-
(1,223)	(936)	(768)
60,518	25,280	42,450
394,749	369,469	327,019
<u>\$ 455,267</u>	<u>\$ 394,749</u>	<u>\$ 369,469</u>
<u>\$ 122,996</u>	<u>\$ 93,249</u>	<u>\$ 97,074</u>
<u>78.73%</u>	<u>80.89%</u>	<u>79.19%</u>
<u>\$ 159,216</u>	<u>\$ 150,918</u>	<u>\$ 136,004</u>
<u>77.25%</u>	<u>61.79%</u>	<u>71.38%</u>

MILLCREEK TOWNSHIP
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS –
NON-UNIFORMED PLAN

Non-Uniformed Pension	12/31/2019	12/31/2018	12/31/2017
TOTAL PENSION LIABILITY			
Service cost	\$ 11,511	\$ 8,962	\$ 8,621
Interest	20,444	19,298	18,220
Differences between expected and actual experience	-	(24)	-
Changes of assumptions	-	4,228	-
Benefit payments, including refunds of employee contributions	(15,689)	(10,750)	(2,657)
Net change in total pension liability	16,266	21,714	24,184
Total pension liability, beginning	385,644	363,930	339,746
 Total pension liability, ending	 <u>\$ 401,910</u>	 <u>\$ 385,644</u>	 <u>\$ 363,930</u>
 PLAN FIDUCIARY NET POSITION			
Contributions, employer	\$ 6,897	\$ 6,947	\$ 6,973
Contributions, employee	2,849	2,373	2,284
Net investment income	81,592	(25,727)	61,172
Benefit payments, including refunds of employee contributions	(15,689)	(10,750)	(2,657)
Administrative expense	(861)	(979)	(982)
Net change in plan fiduciary net position	74,788	(28,136)	66,790
Plan fiduciary net position, beginning	385,040	413,176	346,386
 Plan fiduciary net position, ending	 <u>\$ 459,828</u>	 <u>\$ 385,040</u>	 <u>\$ 413,176</u>
 Township's net pension liability, ending	 <u>\$ (57,918)</u>	 <u>\$ 604</u>	 <u>\$ (49,246)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>114.41%</u>	 <u>99.84%</u>	 <u>113.53%</u>
 Covered employee payroll	 <u>\$ 284,894</u>	 <u>\$ 237,266</u>	 <u>\$ 228,247</u>
 Township's net pension liability as a percentage of covered employee payroll	 <u>-20.33%</u>	 <u>0.25%</u>	 <u>-21.58%</u>

12/31/2016	12/31/2015	12/31/2014
\$ 10,807	\$ 10,340	\$ 11,779
17,940	16,631	15,105
(9,591)	-	6,052
6,567	(47)	-
(2,657)	(4,520)	(2,987)
23,066	22,404	29,949
316,680	294,276	264,327
<u>\$ 339,746</u>	<u>\$ 316,680</u>	<u>\$ 294,276</u>
\$ 8,024	\$ 7,830	\$ 8,009
2,369	2,173	2,135
26,322	(735)	15,848
(2,657)	(4,520)	(2,987)
(993)	(840)	(714)
33,065	3,908	22,291
313,321	309,413	287,122
<u>\$ 346,386</u>	<u>\$ 313,321</u>	<u>\$ 309,413</u>
<u>\$ (6,640)</u>	<u>\$ 3,359</u>	<u>\$ (15,137)</u>
101.95%	98.94%	105.14%
<u>\$ 236,894</u>	<u>\$ 217,354</u>	<u>\$ 216,847</u>



Vincent M. Garcia, CPA
Angela K. Shea, CPA
Kelly A. Miller, CPA
Matthew P. Garman, CPA

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION

Board of Supervisors
Millcreek Township
Newmanstown, Pennsylvania

Our report on our audit of the basic financial statements of Millcreek Township for the year ended December 31, 2020, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The combining balance sheet – modified cash basis – non-major governmental funds, combining statement of revenues, expenditures and changes in fund balances – modified cash basis – non-major government funds, the general fund – schedule of revenues – modified cash basis, and general fund – schedule of expenditures – modified cash basis were presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the Township's basic financial statements for the year ended December 31, 2019 (none of which is presented herein), and we expressed an unqualified opinion on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The audit was conducted for purposes of forming an opinion on the financial statements as a whole. The general fund – schedule of revenues – modified cash basis, and general fund – schedule of expenditures – modified cash basis are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the December 31, 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019, general fund – schedule of revenues – modified cash basis, and general fund – schedule of expenditures – modified cash basis are fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Garcia Garman & Shea, PC

Lebanon, Pennsylvania
October 21, 2021

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SUPPLEMENTAL INFORMATION

MILLCREEK TOWNSHIP
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2020

	Hydrant Fund	Capital Projects	Total Non-major Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 8,346	\$ 63,886	\$ 72,232
Total assets	\$ 8,346	\$ 63,886	\$ 72,232
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Due to other funds	\$ 41	\$ -	\$ 41
Total liabilities	41	-	41
FUND BALANCES			
Restricted	8,305	-	8,305
Committed	-	63,886	63,886
Total fund balances	8,305	63,886	72,191
Total liabilities and fund balances	\$ 8,346	\$ 63,886	\$ 72,232

MILLCREEK TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Hydrant Fund	Capital Projects	Total Non-major Governmental Funds
REVENUES			
Taxes	\$ 8,231	\$ -	\$ 8,231
Interest and rents	4	237	241
Other revenue	-	1,000	1,000
Total revenues	8,235	1,237	9,472
EXPENDITURES			
Tax collection	250	-	250
Protection to persons and property	8,589	10,695	19,284
Total expenditures	8,839	10,695	19,534
Excess of revenues over expenditures	(604)	(9,458)	(10,062)
Transfers in	-	23,500	23,500
Transfers (out)	-	-	-
Net change in fund balances	(604)	14,042	13,438
Fund balances, beginning	8,909	49,844	58,753
Fund balances, ending	\$ 8,305	\$ 63,886	\$ 72,191

MILLCREEK TOWNSHIP
GENERAL FUND - SCHEDULES OF REVENUES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
TAXES		
Real estate, current year	\$ 401,100	\$ 394,889
Real estate, prior years	4,258	2,863
Real estate taxes, delinquent	4,155	3,798
Per capita taxes, current year	11,031	11,107
Per capita taxes, prior years	1,185	1,235
Real estate transfer tax	80,759	78,890
Local services tax, current year	22,549	21,323
Local services tax, prior year	6,319	5,954
Penalties on delinquent tax	1,510	1,769
Earned income tax	507,295	489,892
	1,040,161	1,011,720
LICENSES AND PERMITS		
Zoning permits	1,180	1,280
Junkyard licenses	200	200
Encroachment permits	145	526
Cable television	53,691	53,597
	55,216	55,603
FINES		
District Justice	2,400	2,276
Commonwealth of Pennsylvania	4,097	3,880
	6,497	6,156
INTEREST AND RENTS		
Interest earned on time deposits and savings accounts	244	293
	244	293
GRANTS AND GIFTS		
Municipal Pension System	44,314	40,964
Fireman's Relief Grant	26,128	25,939
Snow removal	-	17,765
Contributions	47,047	5,250
Other grants	3,892	2,146
Public utility realty	1,047	965
Game Commission lands	356	356
Liquor license fees	225	225
	123,009	93,610
Total grants and gifts	123,009	93,610

MILLCREEK TOWNSHIP
GENERAL FUND - SCHEDULES OF REVENUES - MODIFIED CASH BASIS *(Continued)*
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OTHER REVENUE		
Miscellaneous	3,893	2,571
Total other revenue	3,893	2,571
OTHER FINANCING SOURCES		
Refund of prior year expense (revenue)	2,745	-
Total other financing sources	2,745	-
Total revenues	\$ 1,231,765	\$ 1,169,953

MILLCREEK TOWNSHIP
GENERAL FUND - SCHEDULES OF EXPENDITURES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
ADMINISTRATION		
Salaries, commissioners	\$ 5,625	\$ 5,625
Salary, township secretary	59,635	58,131
Material and supplies	6,815	7,074
General expense	3,556	3,011
Advertising and printing	3,278	2,554
Legal fees	31,589	29,242
Telephone	5,872	6,525
Accounting fees	11,075	12,180
Engineering services	450	4,650
	127,895	128,992
TAX COLLECTION		
Commissions	12,886	13,052
Material and supplies	2,128	2,039
	15,014	15,091
MUNICIPAL BUILDING		
Salary	6,224	6,504
Material and supplies	2,782	1,327
Utilities	9,864	10,672
Repairs and maintenance	1,802	2,012
	20,672	20,515
PROTECTION TO PERSONS AND PROPERTY		
Salaries, police	183,461	176,659
Retirement contributions	35,732	34,067
Vehicle operating expense	4,308	7,410
Material and supplies	5,021	4,188
General expense	2,915	2,573
Telephone and radio	2,671	3,054
Contribution to volunteer fire company	7,500	7,500
Fireman's Relief Fund	26,128	25,939
Fire engine fuel	1,224	1,573
Zoning	1,075	9,410

MILLCREEK TOWNSHIP
GENERAL FUND - SCHEDULES OF EXPENDITURES - MODIFIED CASH BASIS *(Continued)*
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
PROTECTION TO PERSONS AND PROPERTY <i>(Continued)</i>		
Communication expense, E.M.	1,540	1,590
Emergency management	2,892	2,724
Traffic signals	1,216	(894)
Collection and disposal	107	-
Equipment	1,225	1,846
	277,015	277,639
HIGHWAYS AND STREETS		
Salaries and wages	124,010	225,476
Material and supplies	20,931	43,546
Repairs and maintenance of equipment	10,380	22,956
Vehicle operation	4,557	6,784
Construction and rebuilding of streets	3,629	36,117
Equipment rental	2,260	-
Miscellaneous	7,272	8,998
	173,039	343,877
PARKS AND RECREATION		
Salaries	-	5,971
Materials and supplies	5,018	3,081
Utilities	926	2,161
Improvements	21,759	3,560
Other charges	1,700	4,124
	29,403	18,897
OTHER EXPENDITURES		
Contributions, library	750	750
Employee payroll taxes and benefits	251,765	267,677
Insurance	29,782	30,642
Debt service		
Principal	24,231	23,280
Interest	3,093	4,044
	309,621	326,393
Total other expenditures		
	309,621	326,393
Total expenditures	\$ 952,659	\$ 1,131,404