

**WEST HEMPFIELD TOWNSHIP**

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**Financial Statements**

**Year Ended December 31, 2016**

WEST HEMPFIELD TOWNSHIP  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

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# BERTZ, HESS & CO., LLP

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BERTZ, HESS & CO., LLP  
Founded in 1945

## INDEPENDENT AUDITORS' REPORT

Board of Supervisors

West Hempfield Township

Lancaster, Pennsylvania

We have audited the accompanying financial statements of West Hempfield Township (the "Township"), Pennsylvania, as of and for the year ended December 31, 2016, 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 as described in Note 2; 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 error or fraud.

### **Auditors' 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 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.

Board of Supervisors  
West Hempfield Township  
Lancaster, Pennsylvania

**Auditors' Responsibility (Continued)**

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

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

As described in Note 2, these financial statements are prepared on the modified cash basis of accounting using accounting practices and on a form prescribed or permitted by the Pennsylvania Department of Community and Economic Development (DCED), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016, or changes in financial position for the year then ended. Further, the Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund of the Township as of December 31, 2016, and their respective changes in financial position for the year then ended, in accordance with financial reporting provisions of the Pennsylvania DCED as described in Note 2.

*Bertz, Hess & Co., LLP*

BERTZ, HESS & CO., LLP  
Lancaster, Pennsylvania  
March 27, 2017



## BALANCE SHEET - Modified Cash Basis

DCED-CLGS-30 (9-09)

### WEST HEMPIFIELD TWP, LANCASTER County BALANCE SHEET - Modified Cash Basis December 31, 2016

|  | Governmental Funds |  |                  |              | Proprietary Funds |                  |                  | Fid. Fund            |                        | Account Groups  |  | Total             |
|--|--------------------|--|------------------|--------------|-------------------|------------------|------------------|----------------------|------------------------|-----------------|--|-------------------|
|  | General Fund       | Special Revenue (including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | General Fixed Assets | General Long Term Debt | Memorandum Only |  |                   |
| <b>Assets and Other Debits</b>                         |                    |  |                  |              |                   |                  |                  |                      |                        |                 |  |                   |
| 100-120 Cash and Investments                           | 4,287,957          | 1,256,698                                      |                  |              | 201,702           |                  | 8,134,220        |                      |                        |                 |  | 13,880,577        |
| 140-144 Tax Receivable                                 | 7,773              |  |                  |              |                   |                  |                  |                      |                        |                 |  | 7,773             |
| 121-129, 145-149 Accounts Receivable (excluding taxes) | 48,841             | 31,587   |                  |              | 21,193            |                  |                  |                      |                        |                 |  | 101,621           |
| 130.00 Due From Other Funds                            |                    | 30,313   |                  |              | 3,096             |                  |                  |                      |                        |                 |  | 33,409            |
| 131-139, 150-159 Other Current Assets                  |                    | 6,000  |                  |              | 782,740           |                  |                  | 5,597,663            |                        |                 |  | 6,386,403         |
| 160-169 Fixed Assets                                   |                    |  |                  |              |                   |                  |                  |                      |                        |                 |  |                   |
| 180-189 Other Debits                                   |                    |  |                  |              |                   |                  |                  |                      |                        |                 |  |                   |
| <b>Total Assets and Other Debits</b>                   | <b>4,344,571</b>   | <b>1,324,598</b>                               |                  |              | <b>1,008,731</b>  |                  | <b>8,134,220</b> | <b>5,597,663</b>     |                        |                 |  | <b>20,409,783</b> |

| <b>Liabilities and Other Credits</b>                 |           |
|--|-----------|
| 210-229 Payroll Taxes and Other Payroll Withholdings |           |
| 200-209, 231-239 All Other Current Liabilities       | 1,938,573 |
| 230.00 Due To Other Funds                            | 29,409    |
|  | 4,000     |
|  | 2,039,382 |
|  | 33,409    |

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**BALANCE SHEET - Modified Cash Basis**  
 December 31, 2016

|   | Governmental Funds |  |                  |              |            |                  | Fid. Fund | Account Groups   |                      | Total     |
|---|--------------------|--|------------------|--------------|------------|------------------|-----------|------------------|----------------------|-----------|
|   | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service |           | Trust and Agency | General Fixed Assets |           |
| <b>Liabilities and Other Credits</b>                        |                    |  |                  |              |            |                  |           |                  |                      |           |
| 260-269 Long-Term-Liabilities                               |                    |  |                  |              |            |                  |           |                  |                      |           |
| 240-259 Current Portion of Long-Term Debt and Other Credits |                    |  |                  |              |            |                  |           |                  |                      |           |
| <b>Total Liabilities and Other Credits</b>                  | 1,967,982          | 104,809  |                  |              |            |                  |           |                  |                      | 2,072,791 |

|   | Fund and Account Group Equity | Investment in General Fixed Assets | Fund Balance / Retained Earnings on 12/31 | Other Equity | Total Fund and Account Group Equity |
|---|-------------------------------|------------------------------------|---|--------------|-------------------------------------|
| 281-284 Contributed Capital                       |                               |                                    |   |              |                                     |
| 290.00 Investment in General Fixed Assets         |                               | 782,740                            |   |              | 6,380,403                           |
| 270-289 Fund Balance / Retained Earnings on 12/31 | 2,376,589                     | 225,991                            | 8,134,220                                 |              | 11,956,589                          |
| 291-299 Other Equity                              |                               |                                    |   |              |                                     |
| <b>Total Fund and Account Group Equity</b>        | 2,376,589                     | 1,008,731                          | 8,134,220                                 | 5,597,663    | 18,336,992                          |

|  |                   |
|--|-------------------|
| <b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b> | <b>20,408,783</b> |
|--|-------------------|

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES - Modified Cash Basis**  
 December 31, 2016

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |                  | Fiduciary Fund | Total |
|--------------|--|------------------|--------------|------------|-------------------|------------------|----------------|-------|
|              | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  | Trust and Agency |                |       |

**REVENUES**

| Taxes  |  |                  |  |  |  |  |  |                  |
|--------|--|------------------|--|--|--|--|--|------------------|
| 301.00 | Real Estate Taxes  | 1,386,796        |  |  |  |  |  | 1,386,796        |
| 305.00 | Occupation Taxes (levied under municipal code)                           |                  |  |  |  |  |  |                  |
| 308.00 | Residence Taxes (levied by cities of the 3rd Class)                      |                  |  |  |  |  |  |                  |
| 309.00 | Regional Asset District Sales Tax (Allegheny County municipalities only) |                  |  |  |  |  |  |                  |
| 310.00 | Per Capita Taxes   |                  |  |  |  |  |  |                  |
| 310.10 | Real Estate Transfer Taxes   | 363,432          |  |  |  |  |  | 363,432          |
| 310.20 | Earned Income Taxes / Wage Taxes   | 2,209,409        |  |  |  |  |  | 2,209,409        |
| 310.30 | Business Gross Receipts Taxes  |                  |  |  |  |  |  |                  |
| 310.40 | Occupation Taxes (levied under Act 511)                                  |                  |  |  |  |  |  |                  |
| 310.50 | Local Services Tax **  | 342,135          |  |  |  |  |  | 342,135          |
| 310.60 | Amusement / Admission Taxes  |                  |  |  |  |  |  |                  |
| 310.70 | Mechanical Device Taxes  |                  |  |  |  |  |  |                  |
| 310.90 | Other Local Tax Enabling Act / Act 511 / Taxes                           |                  |  |  |  |  |  |                  |
|        | Other: _____   |                  |  |  |  |  |  |                  |
|        | <b>Total Taxes</b>   | <b>4,301,772</b> |  |  |  |  |  | <b>4,301,772</b> |

**Licenses and Permits**

|         |                                   |                |  |  |            |  |  |                |
|---------|-----------------------------------|----------------|--|--|------------|--|--|----------------|
| 320-322 | All Other Licenses and Permits    | 4,269          |  |  | 100        |  |  | 4,369          |
| 321.80  | Cable Television Franchise Fees   | 230,386        |  |  |            |  |  | 230,386        |
|         | <b>Total Licenses and Permits</b> | <b>234,655</b> |  |  | <b>100</b> |  |  | <b>234,755</b> |

**Fines and Forfeits**

|         |                                 |               |  |  |  |  |  |               |
|---------|---------------------------------|---------------|--|--|--|--|--|---------------|
| 330-332 | Fines and Forfeits              | 56,517        |  |  |  |  |  | 56,517        |
|         | <b>Total Fines and Forfeits</b> | <b>56,517</b> |  |  |  |  |  | <b>56,517</b> |

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES - Modified Cash Basis**  
 December 31, 2016

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |                  | Fiduciary Fund | Total |
|--------------|--|------------------|--------------|------------|-------------------|------------------|----------------|-------|
|              | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  | Trust and Agency |                |       |
| 14,046       | 5,702  |                  |              | 131        |                   | 939,000          | 958,879        |       |
| 55,925       |  |                  |              |            |                   |                  | 55,925         |       |
| 69,971       | 5,702  |                  |              | 131        |                   | 939,000          | 1,014,804      |       |

**REVENUES**

| Interest, Rents and Royalties |   |
|-------------------------------|---|
| 341.00                        | Interest Earnings                                 |
| 342.00                        | Rents and Royalties                               |
|                               | <b>Total Interest, Rents and Royalties</b>        |
| Federal                       |   |
| 351.03                        | Highways and Streets                              |
| 351.09                        | Community Development                             |
| 351.00                        | All Other Federal Capital and Operating Grants    |
| 352.01                        | National Forest                                   |
| 352.00                        | All Other Federal Shared Revenue and Entitlements |
| 353.00                        | Federal Payments in Lieu of Taxes                 |
|                               | <b>Total Federal</b>                              |

| State         |   |
|---------------|---|
| 354.03        | Highways and Streets  |
| 354.09        | Community Development   |
| 354.15        | Recycling / Act 101   |
| 354.00        | All Other State Capital and Operating Grants                      |
| 355.01        | Public Utility Realty Tax (PURTA)                                 |
| 355.02-355.03 | Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback |
| 355.04        | Alcoholic Beverage Licenses                                       |
| 355.05        | General Municipal Pension System State Aid                        |
| 355.07        | Foreign Fire Insurance Tax Distribution                           |
| 355.08        | Local Share Assessment/Gaming Proceeds                            |
| 355.09        | Marcellus Shale Impact Fee Distribution                           |

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES - Modified Cash Basis**  
 December 31, 2016

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |                  | Fiduciary Fund | Total |
|--------------|--|------------------|--------------|------------|-------------------|------------------|----------------|-------|
|              | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  | Trust and Agency |                |       |

**REVENUES**

| State  |  |
|--------|--|
| 356.00 | State Payments in Lieu of Taxes                  |
| 355.00 | All Other State Shared Revenues and Entitlements |
|        | <b>Total State</b>                               |

| Local Government Units |   |
|------------------------|---|
| 357.03                 | Highways and Streets  |
| 357.00                 | All Other Local Governmental Units Capital and Operating Grants                 |
| 358.00                 | Local Government Unit Shared Payments for Contracted Intergovernmental Services |
| 359.00                 | Local Governmental Units and Authorities Payments in Lieu of Taxes              |
|                        | <b>Total Local Government Units</b>   |

| Charges for Service |  |
|---------------------|--|
| 361.00              | General Government   |
| 362.00              | Public Safety  |
| 363.20              | Parking  |
| 363.00              | All Other Charges for Highway & Street Services  |
| 364.10              | Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.) |
| 364.30              | Solid Waste Collection and Disposal Charge (trash)   |
| 364.60              | Host Municipality Benefit Fee for Solid Waste Facility   |
| 364.00              | All Other Charges for Sanitation Services  |
| 365.00              | Health   |
| 366.00              | Human Services   |
| 367.00              | Culture and Recreation   |
| 368.00              | Airports   |

WEST HEMPFIELD TWP, LANCASTER COUNTY  
**STATEMENT OF REVENUES AND EXPENDITURES - Modified Cash Basis**  
 December 31, 2016

|                            | Governmental Funds               |  |                  |              |                                 | Fiduciary Fund | Total     |
|----------------------------|----------------------------------|--|------------------|--------------|---------------------------------|----------------|-----------|
|                            | General Fund                     | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Proprietary Funds<br>Enterprise |                |           |
| <b>REVENUES</b>            |                                  |  |                  |              |                                 |                |           |
| <b>Charges for Service</b> |                                  |  |                  |              |                                 |                |           |
| 369.00                     | Bars                             |  |                  |              |                                 |                |           |
| 370.00                     | Cemeteries                       |  |                  |              |                                 |                |           |
| 372.00                     | Electric System                  |  |                  |              |                                 |                |           |
| 373.00                     | Gas System                       |  |                  |              |                                 |                |           |
| 374.00                     | Housing System                   |  |                  |              |                                 |                |           |
| 375.00                     | Markets                          |  |                  |              |                                 |                |           |
| 377.00                     | Transit Systems                  |  |                  |              |                                 |                |           |
| 378.00                     | Water System                     |  |                  |              |                                 |                |           |
| 379.00                     | All Other Charges for Service    |  |                  |              |                                 |                |           |
|                            | <b>Total Charges for Service</b> | 349,810  | 778,708          |              | 181,701                         |                | 1,310,219 |

| <b>Unclassified Operating Revenues</b> |  |       |         |  |     |         |         |
|--|--|-------|---------|--|-----|---------|---------|
| 383.00                                 | Special Assessments                              |       | 183,111 |  |     |         | 183,111 |
| 386.00                                 | Escheats (sale of personal property)             |       |         |  |     |         |         |
| 387.00                                 | Contributions and Donations from Private Sectors | 100   |         |  |     |         | 100     |
| 388.00                                 | Fiduciary Fund Pension Contributions             |       |         |  |     | 544,536 | 544,536 |
| 389.00                                 | All Other Unclassified Operating Revenues        | 2,509 | 116     |  | 900 |         | 3,525   |
|  | <b>Total Unclassified Operating Revenues</b>     | 2,609 | 183,227 |  | 900 | 544,536 | 731,272 |

| <b>Other Financing Sources</b> |   |  |  |  |  |  |  |
|--------------------------------|---|--|--|--|--|--|--|
| 391.00                         | Proceeds of General Fixed Asset Disposition |  |  |  |  |  |  |
| 392.00                         | Interfund Operating Transfers               |  |  |  |  |  |  |
| 393.00                         | Proceeds of General Long-Term Debt          |  |  |  |  |  |  |
| 394.00                         | Proceeds of Short-Term-Debt                 |  |  |  |  |  |  |

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES - Modified Cash Basis**  
 December 31, 2016

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |  | Fiduciary Fund | Total |
|--------------|--|------------------|--------------|------------|-------------------|--|----------------|-------|
|              | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  |  |                |       |

**REVENUES**

| Other Financing Sources |                                      |         |  |  |  |  |  |  |         |
|-------------------------|--------------------------------------|---------|--|--|--|--|--|--|---------|
| 395.00                  | Refunds of Prior Year Expenditures   | 147,672 |  |  |  |  |  |  | 147,672 |
|                         | <b>Total Other Financing Sources</b> | 147,672 |  |  |  |  |  |  | 147,672 |

**TOTAL REVENUES**

|           |           |  |         |           |           |
|-----------|-----------|--|---------|-----------|-----------|
| 5,658,230 | 1,506,003 |  | 182,832 | 1,483,536 | 8,830,601 |
|-----------|-----------|--|---------|-----------|-----------|

**EXPENDITURES**

**General Government**

|        |  |         |       |  |  |  |  |  |         |
|--------|--|---------|-------|--|--|--|--|--|---------|
| 400.00 | Legislative (Governing) Body                 | 18,043  |       |  |  |  |  |  | 18,043  |
| 401.00 | Executive (Manager or Mayor)                 | 147,286 |       |  |  |  |  |  | 147,286 |
| 402.00 | Auditing Services / Financial Administration | 7,600   |       |  |  |  |  |  | 7,600   |
| 403.00 | Tax Collection                               |         |       |  |  |  |  |  |         |
| 404.00 | Solicitor / Legal Services                   | 15,359  |       |  |  |  |  |  | 15,359  |
| 405.00 | Secretary / Clerk                            | 51,085  |       |  |  |  |  |  | 51,085  |
| 406.00 | Other General Government Administration      | 57,142  | 2,488 |  |  |  |  |  | 59,630  |
| 407.00 | IT-Networking Services-Data Processing       | 5,599   |       |  |  |  |  |  | 5,599   |
| 408.00 | Engineering Services                         | 32,896  |       |  |  |  |  |  | 32,896  |
| 409.00 | General Government Buildings and Plant       | 272,041 |       |  |  |  |  |  | 272,041 |
|        | <b>Total General Government</b>              | 607,051 | 2,488 |  |  |  |  |  | 609,539 |

**Public Safety**

|        |                          |           |  |  |  |  |  |  |           |
|--------|--------------------------|-----------|--|--|--|--|--|--|-----------|
| 410.00 | Police                   | 2,162,123 |  |  |  |  |  |  | 2,162,123 |
| 411.00 | Fire                     | 465,754   |  |  |  |  |  |  | 465,754   |
| 412.00 | Ambulance / Rescue       | 15,000    |  |  |  |  |  |  | 15,000    |
| 413.00 | UCC and Code Enforcement |           |  |  |  |  |  |  |           |

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES - Modified Cash Basis**  
 December 31, 2016

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |                  | Fiduciary Fund | Total     |
|--------------|--|------------------|--------------|------------|-------------------|------------------|----------------|-----------|
|              | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  | Trust and Agency |                |           |
|              | 99,531   |                  |              |            |                   |                  |                | 99,531    |
|              |  |                  |              |            |                   |                  |                |           |
|              |  |                  |              |            |                   |                  |                |           |
|              |  |                  |              |            |                   |                  |                |           |
|              |  |                  |              |            |                   |                  |                |           |
|              |  |                  |              |            |                   |                  |                |           |
|              |  |                  |              |            |                   |                  |                |           |
|              | 2,742,408                                      |                  |              |            |                   |                  |                | 2,742,408 |

**EXPENDITURES**

| Public Safety |   |
|---------------|---|
| 414.00        | Planning and Zoning                     |
| 415.00        | Emergency Management and Communications |
| 416.00        | Militia and Armories                    |
| 417.00        | Examination of Licensed Occupations     |
| 418.00        | Public Scales (weights and measures)    |
| 419.00        | Other Public Safety                     |
|               | <b>Total Public Safety</b>              |

| Health and Human Services |  |
|---------------------------|--|
| 420.00-425.00             | Health and Human Services              |
|                           | <b>Total Health and Human Services</b> |

| Public Works - Sanitation |   |
|---------------------------|---|
| 426.00                    | Recycling Collection and Disposal             |
| 427.00                    | Solid Waste Collection and Disposal (garbage) |
| 428.00                    | Weed Control                                  |
| 429.00                    | Wastewater / Sewage Treatment and Collection  |
|                           | <b>Total Public Works - Sanitation</b>        |

| Public Works - Highways and Streets |                                   |
|-------------------------------------|-----------------------------------|
| 430.00                              | General Services - Administration |
| 431.00                              | Cleaning of Streets and Gutters   |
| 432.00                              | Winter Maintenance - Snow Removal |
| 433.00                              | Traffic Control Devices           |
| 434.00                              | Street Lighting                   |

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES - Modified Cash Basis**  
 December 31, 2016

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |                  | Fiduciary Fund | Total |
|--------------|--|------------------|--------------|------------|-------------------|------------------|----------------|-------|
|              | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  | Trust and Agency |                |       |

**EXPENDITURES**

| <b>Public Works - Highways and Streets</b> |  |         |         |  |  |  |  |         |
|--|--|---------|---------|--|--|--|--|---------|
| 435.00                                     | Sidewalks and Crosswalks                         |         |         |  |  |  |  |         |
| 436.00                                     | Storm Sewers and Drains                          |         | 6,074   |  |  |  |  | 6,074   |
| 437.00                                     | Repairs of Tools and Machinery                   | 46,216  | 55,132  |  |  |  |  | 101,348 |
| 438.00                                     | Maintenance and Repairs of Roads and Bridges     | 21,062  | 39,865  |  |  |  |  | 60,927  |
| 439.00                                     | Highway Construction and Rebuilding Projects     |         | 297,546 |  |  |  |  | 297,546 |
|  | <b>Total Public Works - Highways and Streets</b> | 460,397 | 531,228 |  |  |  |  | 991,625 |

| <b>Other Public Works Enterprises</b> |   |  |         |  |  |  |  |         |
|---------------------------------------|---|--|---------|--|--|--|--|---------|
| 440.00                                | Airports                                    |  |         |  |  |  |  |         |
| 441.00                                | Cemeteries                                  |  |         |  |  |  |  |         |
| 442.00                                | Electric System                             |  |         |  |  |  |  |         |
| 443.00                                | Gas System                                  |  |         |  |  |  |  |         |
| 444.00                                | Markets                                     |  |         |  |  |  |  |         |
| 445.00                                | Parking                                     |  |         |  |  |  |  |         |
| 446.00                                | Storm Water and Flood Control               |  |         |  |  |  |  |         |
| 447.00                                | Transit System                              |  |         |  |  |  |  |         |
| 448.00                                | Water System                                |  | 103,678 |  |  |  |  | 103,678 |
| 449.00                                | Water Transport and Terminals               |  |         |  |  |  |  |         |
|                                       | <b>Total Other Public Works Enterprises</b> |  | 103,678 |  |  |  |  | 103,678 |

| <b>Culture and Recreation</b> |                                   |        |  |  |  |  |  |        |
|-------------------------------|-----------------------------------|--------|--|--|--|--|--|--------|
| 451.00                        | Culture-Recreation Administration | 81,608 |  |  |  |  |  | 81,608 |
| 452.00                        | Participant Recreation            | 35,516 |  |  |  |  |  | 35,516 |
| 453.00                        | Spectator Recreation              |        |  |  |  |  |  |        |
| 454.00                        | Parks                             |        |  |  |  |  |  |        |

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES - Modified Cash Basis**  
 December 31, 2016

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |                  | Fiduciary Fund | Total |
|--------------|--|------------------|--------------|------------|-------------------|------------------|----------------|-------|
|              | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  | Trust and Agency |                |       |

**EXPENDITURES**

| Culture and Recreation |                                     |
|------------------------|-------------------------------------|
| 455.00                 | Shade Trees                         |
| 456.00                 | Libraries                           |
| 457.00                 | Civil and Military Celebrations     |
| 458.00                 | Senior Citizens' Centers            |
| 459.00                 | All Other Culture and Recreation    |
|                        | <b>Total Culture and Recreation</b> |

| Community Development |                                    |
|-----------------------|------------------------------------|
| 461.00                | Conservation of Natural Resources  |
| 462.00                | Community Development and Housing  |
| 463.00                | Economic Development               |
| 464.00                | Economic Opportunity               |
| 465-469               | All Other Community Development    |
|                       | <b>Total Community Development</b> |

| Debt Service |   |
|--------------|---|
| 471.00       | Debt Principal (short-term and long-term) |
| 472.00       | Debt Interest (short-term and long-term)  |
| 475.00       | Fiscal Agent Fees                         |
|              | <b>Total Debt Service</b>                 |

| Employer Paid Benefits and Withholding Items |   |
|--|---|
| 481.00                                       | Employer Paid Withholding Taxes and Unemployment Compensation |
| 482.00                                       | Judgments and Losses  |
| 483.00                                       | Pension / Retirement Fund Contributions                       |

WEST HEMPFIELD TWP, LANCASTER COUNTY  
**STATEMENT OF REVENUES AND EXPENDITURES - Modified Cash Basis**  
 December 31, 2016

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |                  | Fiduciary Fund | Total |
|--------------|--|------------------|--------------|------------|-------------------|------------------|----------------|-------|
|              | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  | Trust and Agency |                |       |

**EXPENDITURES**

| Employer Paid Benefits and Withholding Items |   |
|--|---|
| 484.00                                       | Worker Compensation Insurance                       |
| 487.00                                       | Other Group Insurance Benefits                      |
| <b>Total</b>                                 | <b>Employer Paid Benefits and Withholding Items</b> |

| Insurance    |                                 |
|--------------|---------------------------------|
| 486.00       | Insurance, Casualty, and Surety |
| <b>Total</b> | <b>Insurance</b>                |

| Unclassified Operating Expenditures |  |
|-------------------------------------|--|
| 488.00                              | Fiduciary Fund Benefits and Refunds Paid   |
| 489.00                              | All Other Unclassified Expenditures        |
| <b>Total</b>                        | <b>Unclassified Operating Expenditures</b> |

| Other Financing Uses |                               |
|----------------------|-------------------------------|
| 491.00               | Refund of Prior Year Revenues |
| 492.00               | Interfund Operating Transfers |
| 493.00               | All Other Financing Uses      |
| <b>Total</b>         | <b>Other Financing Uses</b>   |

|                           |           |           |        |         |           |
|---------------------------|-----------|-----------|--------|---------|-----------|
| <b>TOTAL EXPENDITURES</b> | 5,479,874 | 1,443,131 | 98,809 | 943,824 | 7,965,638 |
|---------------------------|-----------|-----------|--------|---------|-----------|

|   |         |        |        |         |         |
|---|---------|--------|--------|---------|---------|
| <b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b> | 178,356 | 62,872 | 84,023 | 539,712 | 864,963 |
|---|---------|--------|--------|---------|---------|

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

NOTE 1: NATURE OF ENTITY

West Hempfield Township, Lancaster County, Pennsylvania (the "Township"), which was founded in 1818, has an approximate population of 16,153 based on the 2010 census report, living within an area of about 20.9 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Township have been prepared on the modified cash basis of accounting in a form prescribed by the Pennsylvania Department of Community and Economic Development (DCED). The modified cash basis of accounting, which is a comprehensive basis of accounting other than United States generally accepted accounting principles, is similar to the cash basis of accounting except that accounts receivable, accounts payable, accrued wages and accrued benefits are reflected in the financial statements. Under the modified cash basis of accounting, a statement of cash flows is not presented and fair value disclosures are omitted. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

Reporting Entity

The Township is a second class township under the laws of the Commonwealth of Pennsylvania and operates under a board of supervisors-manager form of government. The financial statements present all fund types and account groups of the Township. They do not include volunteer fire companies located within the Township, which are considered independent and have their own boards of directors which are not appointed by the Township.

Budgets and Budgetary Accounting

As set forth in the Township Code, the Board of Supervisors is required to adopt an annual budget for the General Fund. The annual budget is prepared in accordance with the basis of accounting utilized by the General Fund. The Township Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total budgeted expenditures must be approved by the Board of Supervisors.

Description of Funds

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Governmental resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and groups of accounts are used by the Township:

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the Township's expendable financial resources, and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the Township's governmental fund types:

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

General Fund

The General Fund is the Township's primary operating fund and is used to account for all financial transactions not accounted for in another fund. It receives financial support from a variety of sources including real estate taxes, earned income tax, licenses and permits, fees for services, interest, and state and federal distributions. It provides for various services including general Township government, police protection, and health and welfare programs.

Special Revenue Funds

Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specific purposes as follows:

Liquid Fuels Fund

The Liquid Fuels Fund is used to account for state distributions of the proceeds from the state tax on gasoline. Under the Act of June 1, 1956, P.L. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Expenditures from this fund are restricted to street construction, maintenance and repairs in accordance with Pennsylvania Department of Transportation regulations.

Street Lighting Fund

The Street Lighting Fund is used to account for all special assessment real estate taxes collected and disbursements made relative to street lighting.

Fire Hydrant Fund

The Fire Hydrant Fund is used to account for all special assessment real estate taxes collected and disbursements made relative to fire hydrant service.

Refuse Fund

The Refuse Fund is used to account for revenues from and expenditures of collection and removal of refuse and recyclable materials.

Transferable Development Rights Fund

The Transferable Development Rights Fund is used to provide financial resources to assist with farmland and open-space preservation.

Proprietary Fund Type

Proprietary funds are accounted for using the economic resources measurement focus; the accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Type (Continued)

Sewer Fund

The Sewer Fund is used to account for the operations of the Township's sewer facilities.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Township in a trustee capacity or as an agent for other funds and/or other governments as follows:

Police Pension Fund

The Police Pension Fund is maintained to cover uniformed employees and is financed by monies from the Commonwealth of Pennsylvania.

Non-uniformed Pension Fund

The Non-uniformed Pension Fund is used to cover non-uniformed employees and is financed by monies received from the Commonwealth of Pennsylvania and West Hempfield Township's general fund.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for long-term debt of the Township. There is no equity in this account group; therefore, the balance sheet - modified cash basis reflects the long-term debt offset as 'Other Debits' on the General Long-Term Debt Account Group financial presentation.

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for fixed assets used in operations. No depreciation is recorded on general fixed assets. Disbursements on public domain ("infrastructure") general fixed assets, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are recorded as expenditures. The cost of normal maintenance and repairs to buildings and equipment that do not materially add to the value of the asset or extend asset lives are not capitalized. Fixed assets that are no longer used in operations are retired.

Cash

The Township considers all demand and time deposit accounts maturing within thirty days, which are not subject to withdrawal restrictions or penalties, to be cash.

Investments

The Township is authorized by the Pennsylvania Second Class Township Code (the "Code") to invest its funds. Authorized types of investments for governmental and proprietary funds include the following:

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

1. U.S. Treasury bills
2. Short-term obligations of the U.S. Government or its agencies or instrumentalities.
3. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions.
4. General obligation bonds of the U.S. Government or any of its agencies, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.
5. Shares of mutual funds whose investments are restricted to the above categories.

In addition to the investments authorized for governmental and proprietary funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practices.

Compensated Absences

The Township allows uniformed employees to accumulate unused sick leave up to a maximum of 150 days and non-uniformed employees to accumulate unused sick leave up to a maximum of 90 days. Earned vacation time is generally required to be used within the year in which it is earned. Sick leave is paid upon normal retirement for uniformed employees up to 45 days if hired on or before December 31, 1992, 35 days if hired on or after January 1, 1993. For non-uniformed employees, sick leave is paid only upon illness while in the employment of the Township and is not paid out at retirement. Total compensated absences earned but not paid to employees as of December 31, 2016 are \$59,974 and are included in 'All Other Current Liabilities.'

Real Estate Taxes

Based upon assessments by the County, real estate taxes are billed and collected by the County's tax collector. The Township's tax rate for the year ended December 31, 2016 was 1.34 mills (\$1.34 per \$1,000 of assessed valuation) as levied by the Township Commissioners. Township real estate tax revenues are recognized when received. The schedule for real estate taxes levied for each fiscal year is as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| January 1                         | Levy date           |
| February 1 - April 30             | 2% Discount period  |
| May 1 - June 30                   | Face payment period |
| July 1 - December 31              | 10% Penalty period  |
| January 1 following the levy date | Lien date           |

Accounts Receivable

Accounts receivable are stated at the amount the Township expects to collect. Accounts receivable are considered to be fully collectible; no allowance for doubtful accounts is required. Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible.

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2016

NOTE 3: DEPOSITS AND INVESTMENTS

The Township's available cash is invested in demand and time deposit accounts. The Township has not adopted a formal investment policy but adheres to prudent business practice in relation to cash and the Code in relation to investments.

The carrying amount of the cash and investments at December 31, 2016 consisted of the following:

|                                   | Governmental<br>Funds | Proprietary<br>Funds | Fiduciary<br>Funds  | Total                |
|-----------------------------------|-----------------------|----------------------|---------------------|----------------------|
| Cash                              | \$ 3,495,810          | \$ 201,702           | \$ 865,782          | \$ 4,563,294         |
| Investments                       | 2,048,845             | -                    | 7,268,438           | 9,317,283            |
| <b>Total cash and investments</b> | <b>\$ 5,544,655</b>   | <b>\$ 201,702</b>    | <b>\$ 8,134,220</b> | <b>\$ 13,880,577</b> |

As of December 31, 2016, the Township had the following investments in its governmental and fiduciary funds:

| Investment Type          | Governmental<br>Funds | Fiduciary<br>Funds  | Total               |
|--------------------------|-----------------------|---------------------|---------------------|
| Certificates of Deposit  | \$ 416,139            | \$ 633,471          | \$ 1,049,610        |
| Government Bonds         | 199,673               | 1,693,492           | 1,893,165           |
| Common Stock             | -                     | 3,442,159           | 3,442,159           |
| Money Market Funds       | 1,433,033             | 249,013             | 1,682,046           |
| Corporate Bonds          | -                     | 842,228             | 842,228             |
| Municipal Bonds          | -                     | 303,761             | 303,761             |
| Government Notes         | -                     | 104,314             | 104,314             |
| <b>Total investments</b> | <b>\$ 2,048,845</b>   | <b>\$ 7,268,438</b> | <b>\$ 9,317,283</b> |

All investments are carried at fair market value. The fair market value of common stock, money market funds and mutual funds are based on quoted market prices. The fair market value of certificates of deposit, governmental notes, governmental bonds, municipal bonds and corporate bonds are based on significant other observable inputs.

Credit Quality Risk

As of December 31, 2016, the Township's investments were rated by Standard & Poor's as follows:

|                    |           |
|--------------------|-----------|
| Corporate Bonds    | BB- to AA |
| Money Market Funds | AAAm      |
| Municipal Bonds    | A- to A   |

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk - Investments:

The Township places no limit on the amount the Township may invest in any one issuer. Investments that represent 5% or more of the Governmental Funds' total investments as of December 31, 2016 are as follows:

| Certificates of Deposit: |    |         |
|--------------------------|----|---------|
| GE Capital Stock         | \$ | 117,225 |
| Goldman Sachs Bank       |    | 118,041 |
| Tristate Bank            |    | 157,593 |

The Fiduciary Funds held no investment in excess of 5% of total Fiduciary Fund investments as of December 31, 2016.

At December 31, 2016, Governmental Funds cash and investments included \$1,413,998 of funds in escrow from developers and others to ensure completion of projects within the Township.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned to it. The Township has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance. Cash balances of governmental entities are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 as of December 31, 2016. The Township maintains investment accounts where the cash and investment balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. At December 31, 2016, the Township had deposits of \$5,764,812 which were exposed to custodial risk because they were collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. The Township had uninsured investment balances at December 31, 2016 of \$6,098,138.

NOTE 4: FIXED ASSETS

Activity in the General Fixed Assets Account Group for the year ended December 31, 2016 was as follows:

|  | Beginning    | Additions | Retirements | Ending       |
|--|--------------|-----------|-------------|--------------|
| Buildings/Improvements                   | \$ 2,727,688 | \$ -      | \$ -        | \$ 2,727,688 |
| Equipment                                | 2,814,843    | 55,132    | -           | 2,869,975    |
| Total General Fixed Assets Account Group | \$ 5,542,531 | \$ 55,132 | \$ -        | \$ 5,597,663 |

WEST HEMPFIELD TWP

December 31, 2016

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

| Purpose                            | Bond (B)<br>Capital Lease (C)<br>Lease Rental (L)<br>Note (N) | Issue Year<br>(yyyy) | Maturity<br>Year<br>(yyyy) | Original<br>Amount of<br>Issue | Outstanding<br>Beginning of<br>Year (1) | Principal<br>Incurred<br>This Year | Principal<br>Paid This<br>Year | Current Year<br>Accretion on<br>Compound Interest<br>Bonds | Outstanding at<br>Year End (1) | Plus (less)<br>Unamortized<br>Premium<br>(Discount) | Total<br>Balance |
|------------------------------------|---|----------------------|----------------------------|--------------------------------|---|------------------------------------|--------------------------------|--|--------------------------------|---|------------------|
| General Obligation Bonds and Notes |   |                      |                            |                                |   |                                    |                                |  |                                |   |                  |
| Revenue Bonds and Notes            |   |                      |                            |                                |   |                                    |                                |  |                                |   |                  |
| Lease Rental Debt                  |   |                      |                            |                                |   |                                    |                                |  |                                |   |                  |
| Other                              |   |                      |                            |                                |   |                                    |                                |  |                                |   |                  |
| Equipment                          | Capital Leases  | 2014                 | 2016                       | 44,038                         | 14,680                                  |                                    | 14,680                         |  | 0                              |   | 0                |

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

0

Capitalized lease obligations

0

Net debt

0

**WEST HEMPFIELD TWP, LANCASTER County**  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2016

| Category                          | Capital Purchases | Capital Construction | Total         |
|-----------------------------------|-------------------|----------------------|---------------|
| Community Development             |                   |                      |               |
| Electric                          |                   |                      |               |
| Fire                              |                   |                      |               |
| Gas System                        |                   |                      |               |
| General Government                |                   |                      |               |
| Health                            |                   |                      |               |
| Housing                           |                   |                      |               |
| Libraries                         |                   |                      |               |
| Mass Transit                      |                   |                      |               |
| Parks                             | 7,500             |                      | 7,500         |
| Police                            |                   |                      |               |
| Recreation                        |                   |                      |               |
| Sewer                             |                   |                      |               |
| Solid Waste                       |                   |                      |               |
| Streets / Highways                | 55,132            |                      | 55,132        |
| Water                             |                   |                      |               |
| Other: _____                      |                   |                      |               |
| <b>TOTAL CAPITAL EXPENDITURES</b> | <b>62,632</b>     |                      | <b>62,632</b> |

**EMPLOYEE COMPENSATION**

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials) 2,420,440