

EAST LAMPETER TOWNSHIP

Financial Statements

December 31, 2015

**WEINHOLD, NICKEL & COMPANY, LLP**

**Certified Public Accountants**

**Reamstown, PA 17567**

# EAST LAMPETER TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

Supervisors  
East Lampeter Township  
Lancaster, Pennsylvania

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of East Lampeter Township, Pennsylvania, as of and for the year ended December 31, 2015, 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. 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, the business-type activities, each major fund and the aggregate remaining fund information of East Lampeter Township, Pennsylvania, as of December 31, 2015, 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 modified cash basis of accounting as described in the notes to the financial statements.

**Basis of Accounting**

We draw attention to the notes of the financial statements that describe 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***Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Township's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 4-26 and 72-75, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Weinhold, Nickel & Company, LLP*

June 28, 2016



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**INTRODUCTION**

The following discussion and analysis of the financial performance of East Lampeter Township provides an overview of the Township's financial activities including the East Lampeter Sewer Authority for the fiscal year ended December 31, 2015. This should be read in conjunction with the financial statements and other information that follow this section.

**FINANCIAL HIGHLIGHTS**

- The Township's total ending net assets decreased, from \$11.1 million to \$7.8 million, a 30% decrease. Net assets for Business-Type activities decreased by 50%, from \$7.3 million to \$3.6 million. Governmental ending net assets increased 9%, from \$3.8 million to \$4.2 million.
- In 2015, Government-wide revenues increased to \$14.5 million and corresponding expenditures increased to \$17.9 million.
- The Township's General Fund ended the year of 2015 with a fund balance of \$3.0 million, a 12% increase. Revenues increased 9% and expenditures increased by 5% during 2015.
- The Township has met all of its required debt service payments and pension obligations during 2015. Total debt outstanding decreased by 7% from \$21.4 million in 2014 to \$19.8 million in 2015.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Basic Annual Financial Report includes all activities for which East Lampeter Township is responsible. These activities are defined as the Township's reporting entity, are operated within a legal entity for the primary government and another separate legal entity that is included as a blended component unit.

This report is comprised of the basic financial statements and supplemental disclosures. Supplemental disclosures are presented to facilitate the reader's understanding of the basic financial statements. The basic financial statements are comprised of three components:

1. Government-wide financial statements.
2. Fund financial statements
3. Notes to the financial statements

The Basic Annual Financial report contains other information as well as the basic financial statements.

**Government-Wide Financial Statements**

Government-wide financial statements are designed to provide financial information for the government as a whole, except for fiduciary funds. Governmental activities and business-type activities of the township are presented in separate columns and added together to show a total for the entire Township.

**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Government-Wide Financial Statements (cont'd)**

- Governmental activities include most of the Township's basic services. These include: general government, police services, fire and ambulance, inspection, planning, and zoning, highways and streets, culture and recreation, debt service, and miscellaneous expenses. These activities are financed by taxes, charges for services, investment earnings, sale of assets, and state and county grants.
- Two Business-type activities of the Township:
  - a. Providing sewer services to residents of East Lampeter Township. The Township charges a user fee to customers to cover the cost of operations.
  - b. Financing infrastructure repairs through East Lampeter Sewer Authority, a component unit of East Lampeter Township. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The Authority is a financing authority operating under the Pennsylvania Municipal Authorities Act of 1945. As a financing authority, it finances, acquires, and owns capital assets. The sewer system and related facilities are leased exclusively to East Lampeter Township. The payment of the debt obligations acquired through the construction of these assets is guaranteed by the Township and funded by rental payments received from East Lampeter Township.

**Fund Financial Statements**

Fund financial statements focus on the individual parts of the Township government. These statements report the Township's operations in more detail than the government-wide reports. East Lampeter Township has three types of funds: governmental funds, proprietary funds and fiduciary funds.

- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These funds are concerned with the financial resources received and expended during a fiscal period. The Township maintains eight individual governmental funds. Three of these funds are considered major funds – the General Fund, the Capital Reserve Fund, and the Highway Aid Fund. Information on these funds is presented separately on the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. Data from the other five governmental funds are combined into a single column and presented as Non-Major Funds. The five funds included in this column are: Street Light, Police Forfeiture, Debt Service, Fire Companies' Apparatus, and Parkland Capital Reserve.
- *Proprietary funds*, sometimes referred to as Enterprise Funds, are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. East Lampeter Township uses a proprietary fund to account for its Sewer Fund activities, the East Lampeter Sewer Authority and an Insurance Fund to account for medical insurance activities.
- *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the Township's citizens. The Fiduciary funds are used to account for the Township's two Pension Trust Funds – Police Pension, and the Non-Uniform Pension.



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found later in this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain optional other information including this Management's Discussion and Analysis and budgetary comparison schedules for the General Fund and the Highway Aid Fund. Detailed information regarding the pension plans is included in the notes to these financial statements.

The diagram below illustrates the relationship between all the elements of the Basic Annual Financial Report.

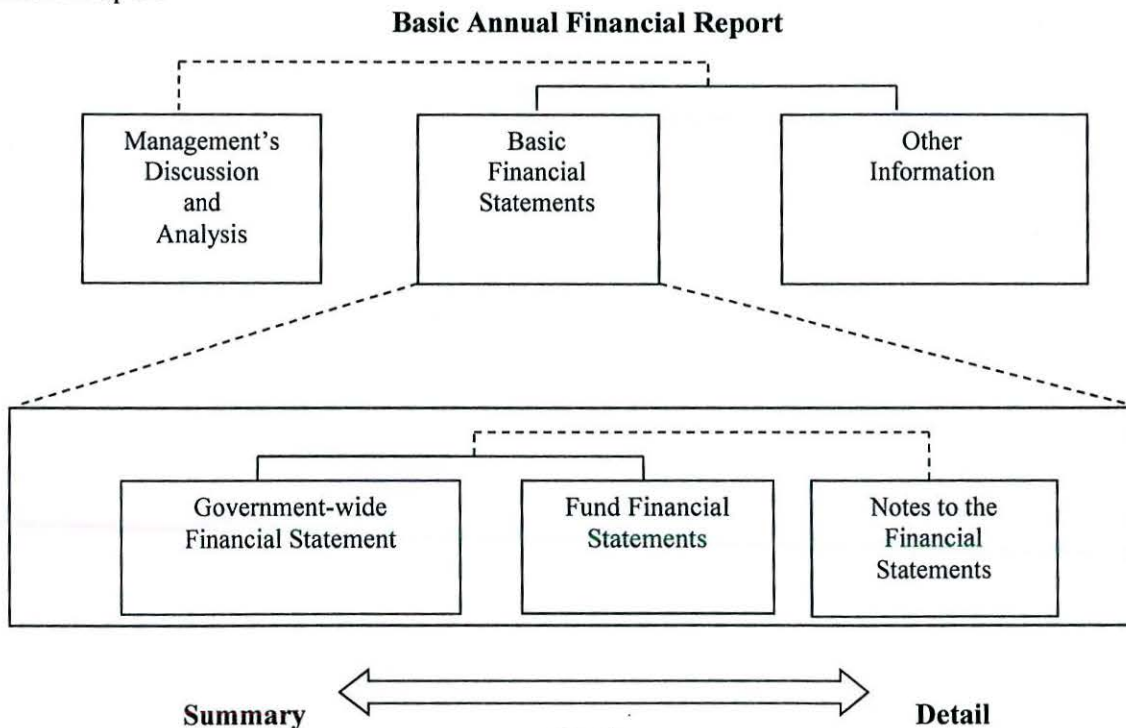


Chart 1

**BASIS OF ACCOUNTING**

The Township has elected to present its financial statements on a modified cash basis of accounting. As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed for provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, as well as accrued expenses and liabilities) are not recorded in these financial statements. The only assets recorded are cash, investments and inter-fund receivables resulting from cash transactions. The township has made modifications to the liability accounts to include inter-fund payables resulting from cash transactions, escrow deposits and selected other liabilities. Such modifications are both logical and consistent with Generally Accepted Accounting Principles (GAAP) as to the recording of these liabilities. Neither capital assets and the related depreciation nor long term debt has been recorded in these financial statements.



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS**

**Net Position—Modified Cash Basis**

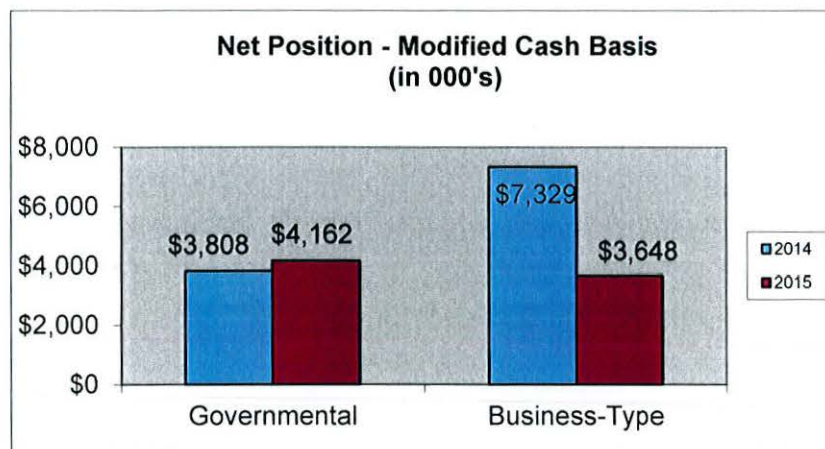
The Township's combined net position, resulting from modified cash basis transactions, decreased by \$3.3 million (30%) - from \$11.1 million at the end of 2014 to \$7.8 million at the end of 2015.

**Comparative Statements of Net Position (As Adjusted)**  
(000's)

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Cash and Equivalents	\$ 3,812	\$ 3,879	\$ 1,154	\$ 114	\$ 4,966	\$ 3,993
Restricted Cash and Cash Equivalents	101	1,166	4,258	2,400	4,359	3,566
Restricted Assets - Escrow Agreements	0	0	1,978	1,449	1,978	1,449
Internal Balances	61	315	(61)	(315)	0	0
<b>Total Assets</b>	<b>\$ 3,974</b>	<b>\$ 5,360</b>	<b>\$ 7,329</b>	<b>\$ 3,648</b>	<b>\$ 11,303</b>	<b>\$ 9,008</b>
Other current liabilities	166	1,198	0	0	166	1,198
<b>Total Net Assets</b>	<b>\$ 3,808</b>	<b>\$ 4,162</b>	<b>\$ 7,329</b>	<b>\$ 3,648</b>	<b>\$ 11,137</b>	<b>\$ 7,810</b>

Chart 2

The graph below illustrates an increase in net position for governmental activities and a decrease in net position for business-type activities. Total government revenues increased by \$1.8 million (excluding 9.0 million from bond proceeds) and expenditures increased by \$4.6 million dollars during 2015. Total primary government net assets decreased 30% in 2015. Net assets of the Township's business-type activities decreased by \$3.7 million or 50% in 2015.



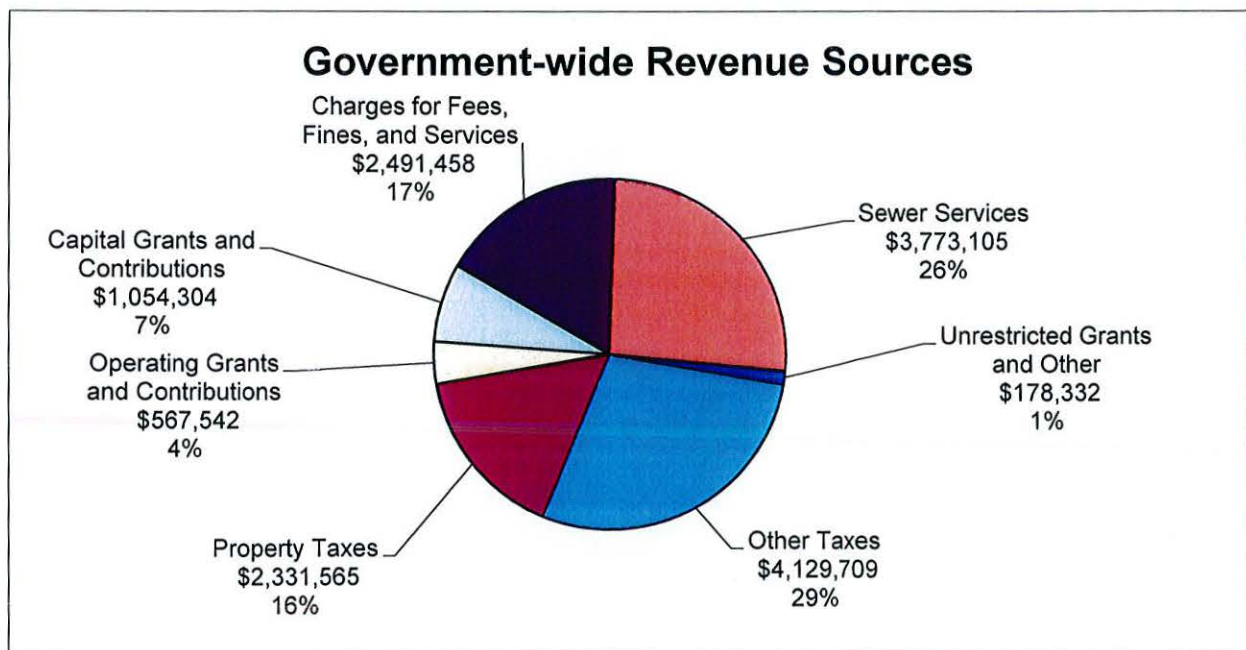
Graph 1

**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Statement of Activities—Modified Cash Basis**

To aid in the understanding of the Statement of Activities, some additional information is provided. The format is significantly different from a typical Statement of Revenues, Expenses, and Changes in Fund Balance. The column identified as Direct Expenses shows the direct activity expenses. The column entitled "Indirect Expenses Allocation" lists the applicable internal service costs. The total of these two columns is the expense for each activity. The revenues attributed to each activity are deducted to obtain the net expense of each activity. The column identified as Governmental Activities shows the net expense for each governmental activity. The column identified as Business-type Activities shows the net expense for each business-type activity. The final column shows the total of all net expenses.

**Government-wide revenues**, excluding Fiduciary Funds is \$14.5 million for the year ended December 31, 2015. The graph below shows the source of all revenues for both governmental and business-type activities.



Graph 2

The largest type of revenue is General Revenues (revenues not allocable to a specific expense category) of \$6.6 million. Taxes, Unrestricted Contributions, Sale of Assets, and Investment Earnings are considered General Revenues. The other categories are Charges for Sewer Services, Operating Grants and Contributions, Capital Grants and Contributions, and a separate category including Charges for Fees, Fines, and Services. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

**EAST LAMPETER TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2015**

**Statement of Activities—Modified Cash Basis (cont'd)**

The following table shows the comparison of revenues received in the years ended December 31, 2014 and December 31, 2015.

**Comparison of Government-Wide Revenue Sources**

	2014	2015	Increase (Decrease)
Charges for Fees, Fines & Services	\$ 2,243,910	\$ 2,491,458	\$ 247,548
Sewer Services	2,832,943	3,773,105	940,162
Operating Grants and Contributions	736,227	567,542	(168,685)
Capital Grants and Contributions	679,096	1,054,304	375,208
Unrestricted Grants and Contributions	143,891	165,370	21,479
Property Taxes	2,307,696	2,331,565	23,869
Other Taxes	3,728,222	4,129,709	401,487
Investment Earnings	6,080	3,662	(2,418)
Sale of Assets	6,169	9,700	3,531
Total Revenues	<u>\$ 12,684,234</u>	<u>\$ 14,526,415</u>	<u>\$ 1,842,181</u>

Chart 3

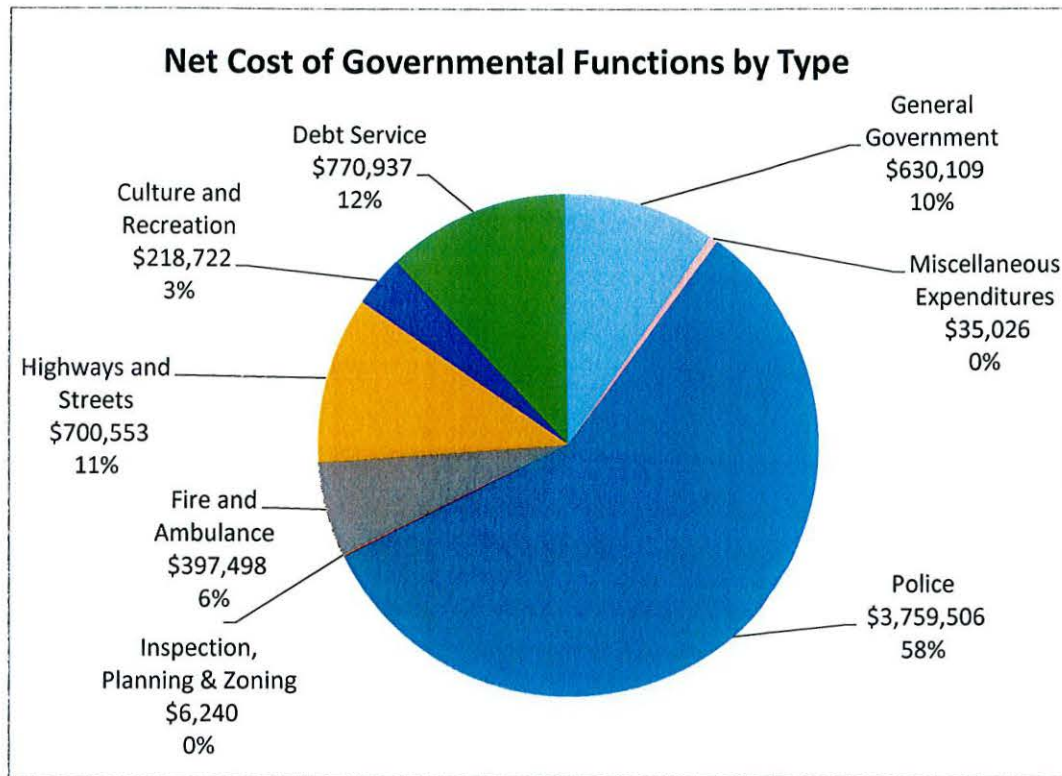
Total revenues collected in 2015 amounted to \$14.5 million compared to \$12.7 in 2014, an increase for 2015 of \$1.8 million or 14%. Excluding investment earnings, only Operating Grants and Contributions decreased from 2014 amounts. During 2014, the Sewer Authority received bond proceeds of \$ 9.0 million which are not shown in the above schedule.

**Governmental Activity expenses** are presented net of applicable revenues. This type of format highlights the relative financial burden of each of the functions on the Township's taxpayers. It also identifies how much each function draws from the general revenues or, if it is self-financing, through fees, grants or contributions. Graph 3 shows the net amount that the governmental functions draw from General Revenue and reserves.



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Statement of Activities—Modified Cash Basis (cont'd)**



Graph 3

Chart 4 shows the net amount that these functions draw from General Revenues in 2015 compared to the draw down in 2014.

**Net Cost of Township Governmental Activities - Modified Cash Basis**

	2014	2015	Increase (Decrease)
General Government	\$ 650,073	\$ 630,109	\$ (19,964)
Police	3,550,439	3,759,506	209,067
Fire and Ambulance	279,954	397,498	117,544
Inspection, Planning, and Zoning	83,470	6,240	(77,230)
Highways and Streets	650,517	700,553	50,036
Culture and Recreation	178,362	218,722	40,360
Debt Service	746,249	770,937	24,688
Miscellaneous expenditures	57,039	35,026	(22,013)
Total	\$ 6,196,103	\$ 6,518,591	\$ 322,488

Chart 4

**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Statement of Activities—Modified Cash Basis (cont'd)**

**General Government (3% decrease)** – Increase in tax collection expenses was more than offset by a decrease in building maintenance, an increase in cable television franchise fees and state pension assistance.

**Police (6% increase)** – Pension costs, increased legal, and decreased revenues from the asset forfeiture program contributed to the increase in net cost.

**Fire and Ambulance (42% increase)** – New agreement with the fire companies whereby the Township sets aside funds on an annual basis to assist with vehicles purchases.

**Inspection, Planning and Zoning (93% decrease)** – Revenues from services increased due to increased development activity.

**Highways and Streets (8% increase)** – Construction costs increased.

**Culture and Recreation (23% increase)** – Cost of land purchased for a new park.

**Debt Service (3% increase)** – Increased principal paid in 2015.

**Miscellaneous Expenditures (39% decrease)** – Liability insurance cost decrease and a reduction in refunds of prior years' revenues.

The Net Cost of Governmental Activities was funded by General Revenues as shown below for the years of 2014 and 2015.

	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Real Estate Taxes	\$ 2,307,696	\$ 2,331,565	\$ 23,869
Transfer Taxes	294,633	354,845	60,212
Earned Income Taxes	1,958,248	2,142,467	184,219
Earned Income Taxes-Non-resident	144,760	140,686	(4,074)
Local Services Tax	641,690	650,319	8,629
Admissions Taxes	688,891	841,392	152,501
PURTA Tax	7,612	7,023	(589)
Recycling Grant	136,279	158,347	22,068
Sale of Assets	6,169	9,700	3,531
Investment Earnings	3,503	2,743	(760)
Total General Revenues	<u>\$ 6,189,481</u>	<u>\$ 6,639,087</u>	<u>\$ 449,606</u>
(Excluding Transfers and Bond refunding)			

Chart 5

**Transfer Taxes** – Higher taxable value of property transferred.

**Earned Income Taxes** - Resident earned income tax collected increased.

**Local Services Tax** – Increase in number of employees working within the Township.

**Admissions Taxes** – Area attraction began charging for an additional service.



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**FUND FINANCIAL STATEMENT ANALYSIS**

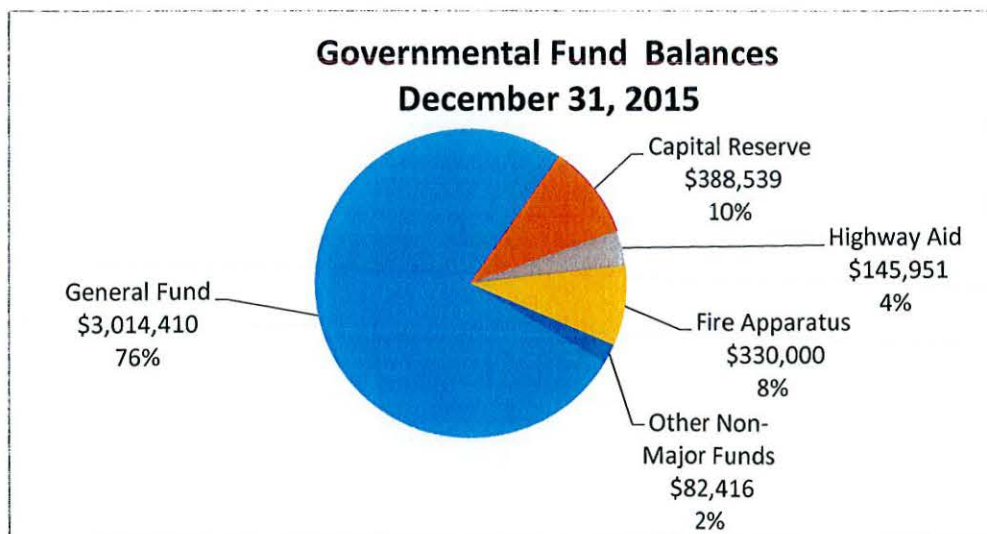
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Fund Financial Statement allows the presentation of source and uses and budgeting compliance within the specific fund. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The funds of East Lampeter Township can be divided into three categories: Governmental funds, Proprietary funds and Fiduciary funds. Each category can be viewed and analyzed independently. The balances due between the individual funds on December 31, 2015 are presented below.

	Due to General Fund	Due to Police Forfeiture	Total Due From Fund
Due from General Fund	\$ 0	\$ 5,621	\$ 5,621
Due from Streetlight Fund	17,404	0	17,404
Due from Sewer Fund	315,294	0	315,294
Due from Capital Reserve	17,519	0	17,519
Due from Parkland Reserve	143	0	143
	<hr/>	<hr/>	<hr/>
Total Due to Fund	\$ 350,360	\$ 5,621	\$ 355,981

Chart 6

**Governmental Funds**

The General Fund is the principal fund that includes all activities except those required to be accounted for in another fund. Thus, it is always considered a major fund. Other funds are established to account for specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The township has established separate funds to isolate project costs, and to control the expenditure of certain grant monies, contributions and assessments. Graph 4 indicates the reserves held by each governmental fund as of December 31, 2015.



Graph 4



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Governmental Funds (cont'd)**

As of December 31, 2015, the total fund balance of all governmental funds was \$4.0 million. The fund balances equal the available cash balances adjusted by the amounts due to/due from the other funds and certain other liabilities. As of December 31, 2015, the General Fund (the largest governmental fund) had a liability of \$1.2 million – improvement guarantees and treatment settlement payments of \$1.1 million which are deposited into a separate cash account. In addition, escrow of \$52 thousand is held to cover inspection costs of ongoing permitted projects and \$8 thousand held as police evidence.

**Revenues**

The revenues reported for all the governmental funds were \$10.1 million in 2015, an increase of \$0.8 million from 2014. The revenues listed below; do not include other financing sources such as asset sales, and refunds on prior years' expenditures. Operating transfers were not included in revenues. Following is a comparison of the revenue changes by type.

	<u>2014</u>	<u>2015</u>	<u>Inc.(Dec.)</u>	
Property Taxes	\$ 2,307,696	\$ 2,331,565	\$ 23,869	1.0%
Transfer Taxes	294,633	354,845	60,212	20.4%
Earned Income Tax	1,958,248	2,142,467	184,219	9.4%
Earned Income Tax - Non-resident	144,760	140,686	(4,074)	-2.8%
Local Services Tax	641,690	650,319	8,629	1.3%
Admissions Tax	688,891	841,392	152,501	22.1%
Licenses and Permits	245,257	262,567	17,310	7.1%
Fines and Forfeits	240,858	150,562	(90,296)	-37.5%
Interest, Rents, and Royalties	3,613	2,888	(725)	-20.1%
Charges for Services	416,589	702,600	286,011	68.7%
Miscellaneous Revenues	219,288	92,804	(126,484)	-57.7%
Intergovernmental Revenues	2,118,184	2,396,720	278,536	13.1%
Total Revenues	<u>\$ 9,279,707</u>	<u>\$10,069,415</u>	<u>\$ 789,708</u>	8.5%

Chart 7

*Transfer Tax* – higher taxable value of property transferred.

*Earned Income Taxes* – increase in residents' earned income.

*Earned Income Taxes – Non-resident* – wages of employees of Township businesses from home districts with no earned income tax is less than expected.

*Local Services Tax* – more employees within the Township.

*Admissions Taxes* – additional taxable activity

*Licenses and Permits* – additional revenue from Cable Franchise Fees.

*Fines and Forfeits* – reduced DEA forfeitures collected in 2015.

*Charges for Services* – increases in fees from permits and sub-divisions; insurance claim reimbursement from accidents; and reimbursement from police services in connection with the U.S. Women's Open

**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Governmental Funds (cont'd)**

*Miscellaneous Revenue* – Witmer Fire Company and Lafayette Fire Company debt service payments are recorded as miscellaneous revenue to offset a portion of debt service cost. Lafayette paid additional debt principal in 2014 but did not pay any principal in 2015. Debt is guaranteed by Township so it must be presented.

*Inter-governmental Revenues* – increases in recycling grant, Liquid Fuel tax allocation, and State Pension Aid. Several road projects were completed for which grants were received.

Below is the percentage of revenues applicable to each governmental fund for 2014 and 2015.

(Not including other Financing Sources)

	<u>2014</u>	<u>2015</u>
General Fund	90.7%	91.2%
Capital Reserve	0.5%	2.7%
Highway Aid	4.2%	4.3%
Non-Major Funds	4.6%	1.8%

Chart 8

The increase in revenue percentage shown for Capital Reserve Fund is due to the completion of grant funded projects in 2015. The reduction of revenue percentage in Non-major funds relates to the debt service fund as lower debt service payments were required from the fire companies.

**Expenditures**

The total expenditures reflected in Governmental Funds for the year ended December 31, 2015 was \$10.2 million, an increase of \$530 thousand or 5.5% from 2014. Refunds of prior year receipts were not included as expenditures.

**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Governmental Funds (cont'd)**

**Comparison of Expenditures by Governmental Funds  
(Excluding Other Financing Uses)  
December 31, 2014 and 2015**

Chart 9

	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
General Government	\$ 953,809	\$ 947,945	\$ (5,864)	-0.6%
Police	5,527,475	5,637,885	110,410	2.0%
Fire and Ambulance	425,129	537,166	112,037	26.4%
Inspection, Planning, and Zoning	250,605	244,777	(5,828)	-2.3%
Public Works - Highways and Streets	1,258,793	1,643,485	384,692	30.6%
Culture and Recreation	215,347	314,467	99,120	46.0%
Debt Service	965,538	813,741	(151,797)	-15.7%
Miscellaneous Expenditures	36,651	23,610	(13,041)	-35.6%
Total Expenditures	<u>\$ 9,633,347</u>	<u>\$10,163,076</u>	<u>\$ 529,729</u>	5.5%

*Police* –Township contribution to defined benefit plan increased based on actuarial study

*Fire and Ambulance* –2015 purchase of new radios for fire companies; Township paid fuel and insurance costs for certain fire company vehicles.

*Public Works – Highway and Streets* – increased stormwater management costs due to federal and state mandates, excessive damage to traffic signals added significant costs.

*Culture and Recreation:* – purchased land for an additional passive park

*Debt Service* – reduction in required principal payments on Fire Company debt.

*Miscellaneous Expenditures* – liability insurance payment for the first half of 2015 was paid in 2014 and a three year crime policy premium was paid in 2014.

Below is the percentage of expenditures applicable to each governmental fund for 2014 and 2015.

**Expenditure % Collected by Governmental Fund  
(Not including other Financing Uses)**

	<u>2014</u>	<u>2015</u>
General Fund	88.8%	88.7%
Capital Reserve	2.2%	3.9%
Highway Aid	3.2%	5.2%
Non-Major Funds	5.8%	2.2%

Chart 10



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Governmental Funds (cont'd)**

*Capital Reserve* expenditure percentage increased in 2015 due to the purchase of radios for the fire companies and security cameras for the police department.

*Highway Aid* percentage increased due to equipment purchases, ADA improvements on Old Philadelphia Pike and a large reconstruction project at Bowman Road.

*Non-Major Funds* percentage decreased because Lafayette Fire Company had no required principal payments on a loan secured by the Township.

**General Fund Budgetary Analysis**

The original General Fund budget was not adjusted in 2015.

**Revenues**

Total General Fund revenues (excluding other financing sources) projected for 2015 were \$8.49 million. The actual revenues were \$9.18 million, \$0.69 million (8.0%) greater than was anticipated.

REVENUES	Budgeted Amounts <i>Original and Final</i>	Actual <i>(Budgetary Basis)</i>	Variance with Final Budget <i>Positive(Negative)</i>	Percentage Over (Under) Budget
Taxes	\$ 6,076,047	\$ 6,461,274	\$ 385,227	6.3%
Licenses and Permits	244,050	262,567	18,517	7.6%
Fines and Forfeits	133,800	117,508	(16,292)	-12.2%
Interest, Rents, and Royalties	3,610	2,572	(1,038)	-28.8%
Intergovernmental Revenues	1,737,370	1,740,705	3,335	0.2%
Charges for Services	299,015	593,003	293,988	98.3%
<b>TOTAL REVENUES</b>	<b>\$ 8,493,892</b>	<b>\$ 9,177,629</b>	<b>\$ 683,737</b>	<b>8.0%</b>

Chart 11

**Taxes**

Earned income tax revenue and revenues from the tax on newly established parking fees created the positive variance.

**Licenses and Permits**

Cable Franchise fees paid were greater than expected.

**Fines and Forfeits**

No fines were collected for ordinance violations. All other fines were lower.

**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**General Fund Budgetary Analysis (cont'd)**

**Charges for Services (Inspection, Planning & Zoning, Public Safety, Highway and Streets, Pavilion Rent)**

*Zoning and sub-division* - fees from permits and sub-divisions continue to rise more than expected.

*Highway and Streets* – higher state reimbursements for the 2014-2015 plowing season due to severe weather. More street sweeping services provided to surrounding townships. Increase in insurance claim reimbursements.

*Police Services* - Fees collected from the DEA overtime reimbursement and from the US Women's Open.

**Expenditures**

Total expenditures were budgeted at \$8.94 million. Actual expenditures were \$9.01 million which is over budget by \$72 thousand or 0.8%. A comparison of the budgeted amounts to actual expenditures incurred follows.

<b>EXPENDITURES</b>	<b>Budgeted Amounts Original and Final</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive(Negative)</b>	<b>Percentage (Over )Under Budget</b>
General Government	\$ 980,460	\$ 933,881	\$ 46,579	4.8%
Police	5,446,424	5,547,163	(100,739)	-1.8%
Fire and Ambulance	473,101	432,895	40,206	8.5%
Inspection, Planning, Zoning, and other Public Safety	295,256	244,777	50,479	17.1%
Public Works - Highway and Streets	774,110	902,521	(128,411)	-16.6%
Culture and Recreation	223,432	197,760	25,672	11.5%
Debt Service	724,357	730,066	(5,709)	-0.8%
Miscellaneous Expenditures	23,104	23,610	(506)	-2.2%
<b>TOTAL REVENUES</b>	<b>\$ 8,940,244</b>	<b>\$ 9,012,673</b>	<b>\$ (72,429)</b>	<b>-0.8%</b>

Chart 12

**General Government**

Positive variance created due to vacancy in Custodian position, a reduction in legal costs, delaying the codification work and a reduction in the commission on earned income tax collected.

**Police**

Negative variance created by legal expenses associated with labor arbitration and other personnel matters as well as overtime in excess of budget.



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**General Fund Budgetary Analysis (cont'd)**

**Fire and Ambulance**

Insurance and fuel costs lower than expected. The state fire relief funding was lower than expected.

**Inspection, Planning, Zoning, and other Public Safety**

Storm water professional fees were budgeted but charged under Public Works. Development of on-lot sewer was delayed.

**Public Works – Highway and Streets**

Storm water professional fees were budgeted under inspections but charged under Public Works. Snow removal costs were higher than expected. High traffic signal maintenance due to multiple accidents.

As of December 31, 2015, the General Fund balance was \$3.0 million, an increase of 0.6 million over the expected balance of \$2.4 million. The December 31, 2015 General Fund balance is 32% of projected General Fund 2016 expenditures.

**Highway Aid Fund Budgetary Analysis**

Highway Aid Fund Budgeted Revenues were exceeded by 3%. The state allocation was increased to reflect higher taxes and fees collected at the state level.

Expenditures for 2015 were less than the budgeted amount by \$32 thousand (6%) as shown on the next chart.

	<b>Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Percentage</b>
	<i>Original and Final</i>	<i>(Budgetary Basis)</i>	<i>Positive (Negative)</i>	<i>(Over )Under budget</i>
<b>Expenditures</b>				
Equipment Purchases	\$ 110,500	\$ 86,635	\$ 23,865	21.6%
Salt	50,000	87,277	(37,277)	-74.6%
Stormwater Pipe Reline	10,000	0	10,000	100.0%
Highway and Bridge Construction	358,276	322,657	35,619	9.9%
Debt Service	38,915	38,916	(1)	0.0%
<b>Total Expenditures</b>	<b>\$ 567,691</b>	<b>\$ 535,485</b>	<b>\$ 32,206</b>	<b>5.7%</b>

Chart 13

The budgeted expenditures for 2015 of \$567,691 compares with actual expenditures of \$535,485, a decrease of \$ 32,206.

**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Highway Aid Fund Budgetary Analysis (cont'd)**

**Equipment Purchases**

Belt loader for cleaning gutters was budgeted in 2015 but purchased at the end of 2014. Other equipment was purchased for less than expected.

**Salt**

Replenish supplies after the 2014-2015 severe winter depleted supplies.

**Stormwater Pipe Reline**

Projected not undertaken.

**Highway and Bridge Construction**

Penn DOT did not bill the Township for the required ADA ramps connected with construction on Old Philadelphia Pike. This amount is carried over to the 2016 budget.

The Bowman Road Culvert project completed in 2015 was much more than expected. Excess cost was more than offset by a reduction in paving projects.

**Proprietary Funds**

East Lampeter Township maintains three Proprietary Funds. The *Sewer Fund* accounts for the operating activities of the sewer distribution system within the Township. The Township has an agreement with Lancaster City for final processing. *East Lampeter Sewer Authority (ELSA)* finances, acquires, and owns capital assets. Facilities are leased exclusively to East Lampeter Township. The *Insurance Fund* accounts for Township self-funded employee health insurance plans managed by the IIC, an inter-municipal cooperative comprised of over forty local municipalities. If Township deposits to the fund are less than benefits paid, funds are paid by other coop members to cover the short fall. If Township deposits to the fund are more than coop requirements, any remaining funds are returned to the Township.

***Sewer Fund***

As of December 2015, the Sewer Fund maintained a net deficit of \$235 thousand. Below is a comparison of 2014 and 2015 sewer activity. Operating Net income decreased by 103%. Revenues increased by 33%. The rate increase of 29% and an improved collection rate was insufficient to cover an arbitration settlement of \$2.4 million to the City of Lancaster.

Debt service expense added to the operating loss created a decrease in net position of \$1,289,881.



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Proprietary Funds cont'd**

**Sewer Fund Revenues and Expenses - 2014 and 2015**

	2014	2015	Increase (Decrease)
Operating Revenues	\$ 2,832,943	\$ 3,773,105	\$ 940,162
Operating Expenses	(1,864,736)	(3,797,401)	1,932,665
Operating Net Income	968,207	(24,296)	(992,503)
Earnings of Investments	2,577	518	(2,059)
State Pension Aid Act 205	17,427	21,565	4,138
Capital Contributions (Tapping Fees)	124,700	294,550	169,850
Debt Service Expense	(1,136,374)	(1,348,200)	(211,826)
Transfers Out	(256,638)	(234,018)	22,620
Change in Net Position	<u>\$ (280,101)</u>	<u>\$ (1,289,881)</u>	<u>\$ (1,009,780)</u>

Chart 14

*Blended Component Unit – East Lampeter Sewer Authority*

As of December 2015, East Lampeter Sewer Authority maintained a net position of \$3.9 million. Below is a comparison of 2014 and 2015 Authority activity.

Due to extensive construction costs, operating net income decreased by \$1.6 million. Debt service expense added to the operating loss created a decrease in net position of \$4,568,664. Operating revenues are exclusively from East Lampeter Township and included in the debt service expense of the sewer fund as shown above. A combination entry would eliminate the Sewer Authority operating revenues as well as the debt service expense.

**Sewer Authority Revenues and Expenses**

	2014	2015	Increase (Decrease)
Operating Revenues	\$ 1,082,294	\$ 1,294,120	\$ 211,826
Construction Costs	(524,190)	(2,365,286)	(1,841,096)
Operating Expenses	(48,070)	(41,773)	6,297
Operating Income	510,034	(1,112,939)	(1,622,973)
Earnings of Investments	443	401	(42)
Interest paid to Township	(480)	0	480
Net Bond Proceeds	2,845,627	0	(2,845,627)
Debt Service Expense	(1,163,619)	(1,264,121)	(100,502)
Change in Net Position	<u>\$ 2,192,005</u>	<u>\$ (2,376,659)</u>	<u>\$ (4,568,664)</u>

Chart 15

**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Proprietary Funds (cont'd)**

*Insurance Fund*

As of December 31, 2015, the Insurance Fund's net position was \$218,812, representing the surplus from medical claims deposits. Operating Revenues consists of deposits from the General fund and the Sewer Fund and third party insurance reimbursements. Township deposits are adequate to pay the claims in 2015. Operating Expenses consist of claims paid for employee medical coverage. Excess funds are held in an unrestricted cash account maintained by the Insurance Cooperative to be distributed to the Township in 2016.

Comparison of 2014 and 2015 activity is presented below.

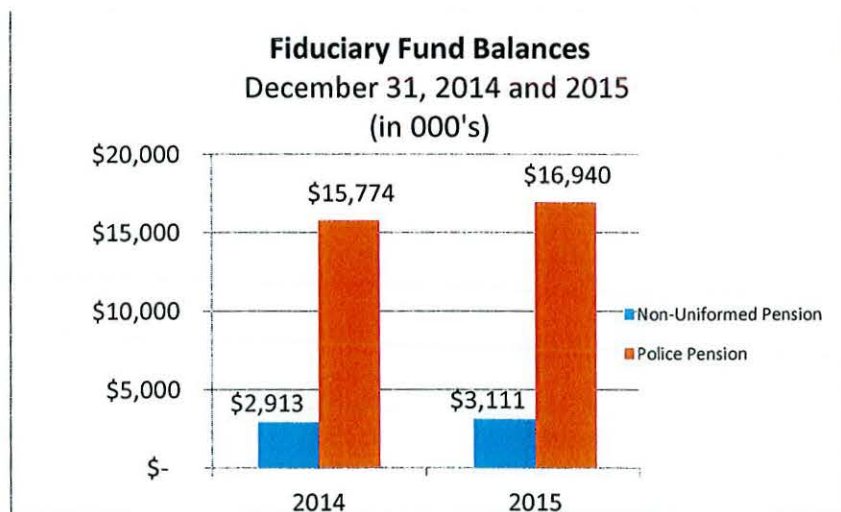
**Internal Service Fund Activity - 2014 and 2015**

	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Operating Revenues	\$ 934,680	\$ 873,628	\$ (61,052)
Operating Expenses	560,567	657,808	97,241
Operating Income (Loss)	<u>374,113</u>	<u>215,820</u>	<u>(158,293)</u>
Refund of Prior Year Revenue	(430,619)	(372,805)	(57,814)
Investment Earnings	0	0	0
Change in Net Assets	<u>\$ (56,506)</u>	<u>\$ (156,985)</u>	<u>\$ (100,479)</u>

Chart 16

**Fiduciary Funds**

The two Pension Trust Funds - Police Pension and the Non-Uniformed Pension have combined Net Position of \$20.1 million, an increase of \$1.4 million (7.3%) from 2014. Pension funds balances are recorded at cost and do not include unrealized gains on held investments of \$2.2 million and \$3.0 million for the years ended December 31, 2015 and 2014 respectively.



Graph 5



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Fiduciary Funds (cont'd)**

Chart 17 presents the additions and deductions to the funds for 2014 and 2015.

	<u>2014</u>	<u>2015</u>	Increase (Decrease)
Additions			
Interest and Investment Earnings	\$ 2,860,010	\$ 1,066,557	\$ (1,793,453)
State Pension Aid (Act 205)	360,159	368,558	8,399
Township Contributions	191,137	381,259	190,122
Employee Contributions	183,085	189,802	6,717
Total Additions	<u>\$ 3,594,391</u>	<u>\$ 2,006,176</u>	<u>(1,588,215)</u>
These resources were used as shown below:			
Retirement Benefits Paid	463,616	487,016	23,400
Administrative Expenses	154,180	155,679	1,499
Total Deductions	<u>\$ 617,796</u>	<u>\$ 642,695</u>	<u>\$ 24,899</u>

Chart 17

There were no additional retirees in 2015. There was one uniformed and one non-uniformed payout. 2015 was the first year of full retirement payments for the two 2014 non-uniformed retirees.

**Transfers Between Funds**

1. General administrative costs, IT administrative costs and the administrative building costs are accumulated in the General Fund. A percentage of these costs are determined to be applicable to the Sewer Fund and to the Streetlight Fund.
2. A portion of the General Fund 2014 undesignated balance was transferred to Capital Reserve Fund to cover the cost of future capital projects.
3. The General Fund transferred funds to the Fire Apparatus Fund to cover the cost of the future purchase of Fire vehicles as per the Fire Apparatus Replacement Schedule adopted by the Board of Supervisors on January 19, 2015.
4. The Highway Aid Fund was reimbursed for a disallowed expense as required by the Auditor General's audit of 2012 disbursements.
5. The Highway Aid Fund was reimbursed for funds received from PP&L and West Lampeter Township to partially cover expenses for the Windy Hill intersection project completed in 2015.

**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Transfers Between Funds (cont'd)**

The chart below summarizes the effect of these transfers.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund - Administrative	\$ 199,070	
General Fund - IT Administrative	17,139	
General Fund - Administrative Building	17,809	
Sewer Fund		\$ 234,018
General Fund Administrative costs attributable to the Sewer Fund.		
General Fund	\$ 2,355	
Streetlight Fund		\$ 2,355
General Fund Administrative costs attributable to the Streetlight Fund.		
Capital Reserve fund	\$ 100,000	
General Fund		\$ 100,000
General Fund reserves transferred for future projects.		
Fire Apparatus Fund	\$ 330,000	
General Fund		\$ 330,000
Provide funding for future purchases as per 1/19/15 agreement.		
Highway Aid Fund	\$ 11,847	
General Fund		\$ 11,847
Reimbursement Highway Aid per Auditor General Audit		
Highway Aid Fund	\$ 12,158	
Capital Reserve Fund		\$ 12,158
Highway Aid Fund expenses reimbursed by others per agreement.		

Chart 18

There were no other transfers between funds.



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**CAPITAL ASSETS**

- An established schedule is followed for vehicle and technology equipment replacements for the Police Department.
- A 10 year Fire Apparatus Replacement Schedule was adopted by the Board of Supervisor on January 19, 2015 providing for a \$330,000 annual township contribution beginning in 2015 and continuing through 2025.
- A 2015 Ford Escape was purchased for use by the Township Manager to replace the 1999 Jeep that needed repair.
- Portable radios were purchased for three fire departments to be compatible with the new county-wide system.
- Land for a new park was purchased along Millcreek. It will be known as Gibbons Park at Nolts Mills.
- A pick-up truck, a boom mower, an asphalt recycler, a salt spreader and a snow blower were purchased by the roads depts.
- Improved security cameras were purchased for the Police Department.
- LED lights were installed on the exterior of the Administrative building.
- Improvements to Lancaster City Treatment Plant.
- Replacement and improvement of sewer lines on U.S. Route 30.

**LONG TERM DEBT**

Purpose	2014	2015
Administrative Building	\$ 6,005,000	\$ 5,445,000
Fire Company Projects	1,607,000	1,592,000
Road Grader	73,813	37,561
Sewer Combination Truck	52,790	0
Sewer System Improvements	13,664,500	12,739,500
Total Debt	<u>\$ 21,403,103</u>	<u>\$ 19,814,061</u>

Chart 19

*Long-term Debt*

Long-term debt was incurred in previous years to finance the construction of the municipal building. During 2015, the Township paid fiscal fees of \$26,921, interest of \$143,145 and principal payments of \$560,000.

A debt of \$275,000 was incurred in 2002 to assist Witmer Fire Company with the purchase of a vehicle. Interest of \$2,801 and principal of \$15,000 were paid in 2015. The balance at the end of 2015 is \$127,000. The fire company is paying the entire cost of the loan.

A construction loan in the amount of \$1,460,000 which was secured to support Lafayette Fire Company in the construction of a new fire hall was converted to a general obligation note in the amount of \$1,710,000. Interest of \$511 and fees of \$27,027 were paid in 2015. No principal payment was due or paid in 2015. The balance at the end of 2015 is \$1,465,000. The fire company is paying the entire cost of this loan.

**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Long-Term Debt (cont'd)**

An agreement to purchase a grader through an installment sale was approved on August 2011. The agreement provides for five annual payments. Total payments amount to \$194,092 of which \$175,168 covers the cost of the grader and \$19,410 is interest. Debt service payments for 2015 totaled \$38,916. Payments are made with Highway Aid funds. Last payment is scheduled in 2016.

A sewer combination truck was acquired through a lease purchase agreement in 2008. This truck replaces the truck destroyed in a fire at the end of 2007. Total payments amount to \$378,558 of which \$330,000 covers the cost of the truck and \$48,558 is interest. Debt service requirements for 2015: principal \$52,790 and interest of \$1,290. Last payment was made in 2015.

Improvements to the sewer system are financed through the East Lampeter Sewer Authority, which is a legally separate blended component unit whose activities are presented in these financial statements. The Township has covenanted to annually appropriate sums sufficient to meet the Authority's debt service if the revenues from sewer operations or other monies of the Authority are not sufficient. The balance owed on these debts as of the beginning of 2015 was \$13.7 million. The total balance owed on as of December 31, 2015 is \$12.7 million. The revenues and cash reserves of the sewer operations were sufficient to meet the debt service requirement: principal of \$925 thousand, fiscal fees of \$30 thousand and interest of \$339 thousand.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

East Lampeter Township continues to feel some effect of the weak national economy. Taxable property assessments have remained steady due to assessment appeals and exempt status requests. Due to a property tax millage increase from 1.6 mills to 1.73 mills, General Fund revenues are expected to increase in 2016. 2016 expenditures are projected to increase by about 6.9% due to projected increases in Police and technology costs. A 30.0% decrease in General Fund reserves is projected which will result in a balance of \$2.1 million--21% of 2016 budgeted expenditures. With this positive financial position, the Township will continue to be able to provide services with the high level of professionalism that the residents expect.

**Arbitration Decision**

In 2014, provisions of the 1983 operating agreement with Lancaster City were submitted for arbitration. Lancaster City was awarded about sixty-five percent of the \$3.7 million they had requested. The result is that the Township avoided paying \$1.3 million, but must pay \$2.4 million to Lancaster City. As of December 31, 2015, the Sewer Fund had reserves to cover the cost except for about \$185 thousand which was covered by General Fund Reserves and \$283 thousand which Lancaster City deferred for an indefinite period with no interest accruing. The Township has set aside \$100,000 of the \$283,000 outstanding in an escrow account. In 2016, \$75,000 was budgeted toward the remaining outstanding amount. The amount covered by General Fund Reserves in 2015 was completely repaid by the Sewer Fund in January 2016.



**EAST LAMPETER TOWNSHIP**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2015

**Economic Factors and Next Year's Budget (cont'd)**

**Road Improvements Scheduled**

- Road projects are selected as specified by the ten-year plan prepared and updated annually by the Township's engineering firm. Road projects are paid through grants, the Liquid Fuels funds received from the State and Capital Reserve Funds set aside for that purpose.
- During 2016, the sign reflectivity project will be completed so that all signage in the Township will meet state standards, of which \$45,000 is to be paid through the Highway Aid Fund.
- A portion of storm sewer replacement, a culvert repair on Millport Road, and ADA improvements on Old Philadelphia Pike will be undertaken in 2016 at estimated cost of \$80,000.
- North Cherry Lane is scheduled for reconstruction in 2016 or 2017.
- Two major paving projects on Seigrist Road and East Lampeter Drive are scheduled for 2016.
- Improvements for the Route 30 Streetscape and other related street projects are planned. Grants and other funding sources are being investigated. Substantial investment will be needed. Capital Reserve Funds will be allocated to cover these costs.
- Storm water management projects will be undertaken throughout the Township to meet State and Federal standards. Grants will be requested to partially cover these costs with the unfunded amounts covered through the Capital Reserve Fund.

**Park and Recreation Improvements**

- A regional plan for Open Space, Greenways and other recreation will be developed in cooperation with Lancaster County, Conestoga Valley School District, and Upper Leacock Township.

**Municipal Separate Storm Sewer System MS4**

- Storm water management projects will be undertaken throughout the Township to meet State and Federal standards. Grants will be requested to partially cover these costs with the unfunded amounts covered through the Capital Reserve Fund.

**Major Equipment Purchases**

- Radios in the Public Works and Sewer Departments will be upgraded to be compatible with the new County radio system.
- A new street sweeper will be purchased in 2016 for \$258,572 through a 5 year lease purchase agreement. Payments of approximately \$55,000 per year will be made through the Highway Aid Fund beginning in 2017.

A careful analysis is made of all Township equipment purchases to ensure the best utilization of funds. Safety concerns, maintenance costs and manpower efficiency are the main determining factors in making equipment purchases.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to: Jeanne L. Glick CPA, Finance Director, East Lampeter Township, 2250 Old Philadelphia Pike, Lancaster, PA 17602.



**EAST LAMPETER TOWNSHIP**  
**Statement of Net Position - Modified Cash Basis**  
**December 31, 2015**

**ASSETS**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 3,879,084	\$ 113,769	\$ 3,992,853
Restricted Cash and Cash Equivalents	1,165,806	2,400,156	3,565,962
Restricted Assets - Escrow Agreements	0	1,448,987	1,448,987
Internal Balances	315,294	(315,294)	0
<b>Total Current Assets</b>	<u>5,360,184</u>	<u>3,647,618</u>	<u>9,007,802</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,360,184</u></u>	<u><u>\$ 3,647,618</u></u>	<u><u>\$ 9,007,802</u></u>

**LIABILITIES**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Current Liabilities:</b>			
Payroll Withholding	\$ 819	\$ 0	\$ 819
Due Other Funds	0	0	0
Other Current Liabilities	1,196,986	0	1,196,986
<b>Total Current Liabilities</b>	<u>1,197,805</u>	<u>0</u>	<u>1,197,805</u>
<b>TOTAL LIABILITIES</b>	1,197,805	0	1,197,805

**NET POSITION**

Restricted for:			
State Highway Aid	145,951	0	145,951
Legal Restrictions to Parkland Projects	21,124	0	21,124
Legal Restrictions to Police Forfeiture Funds	27,678	0	27,678
Administrative Expenses	0	30,787	30,787
Capital Projects and Debt Service	0	3,834,138	3,834,138
Unrestricted:			
Unrestricted	3,967,626	(217,307)	3,750,319
<b>TOTAL NET POSITION</b>	<u>4,162,379</u>	<u>3,647,618</u>	<u>7,809,997</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 5,360,184</u></u>	<u><u>\$ 3,647,618</u></u>	<u><u>\$ 9,007,802</u></u>

See Notes to Financial Statements.

**EAST LAMPETER TOWNSHIP**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended December 31, 2015**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Expenses
<b>Governmental activities:</b>			
General Government	\$ 947,945	\$ 18,147	\$ 966,092
Police	5,637,885	101,104	5,738,989
Fire and Ambulance	537,166	0	537,166
Inspection, Planning and Zoning	244,777	5,185	249,962
Public Works - Highways and Streets	1,643,485	14,259	1,657,744
Culture and Recreation	314,467	2,593	317,060
Debt Service	813,741	0	813,741
Miscellaneous Expenditures	35,026	0	35,026
<b>Total Governmental Activities</b>	10,174,492	141,288	10,315,780
<b>Business-type activities:</b>			
Sewer Service	3,851,481	15,697	3,867,178
Sewer Authority	3,671,180	0	3,671,180
<b>Total Business-type activities</b>	7,522,661	15,697	7,538,358
<b>Total</b>	<u>\$ 17,697,153</u>	<u>\$ 156,985</u>	<u>\$ 17,854,138</u>

**General revenues:**

Taxes:

Property Taxes, Levied for General Purposes, Net

Other Taxes Levied for General Purposes, Net

Grants, Subsidies, and Contributions Not Restricted

Investment Earnings

Gain on Sale of Assets

Transfers - Internal Activity

**Total General Revenues, Special Items,  
Extraordinary Items and Transfers**

**Change in Net Position**

Net Position—Beginning

**Net Position—Ending**

See Notes to Financial Statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Fees, Fines and Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 308,537	\$ 27,446	\$ 0	\$ (630,109)	\$ 0	\$ (630,109)
1,642,529	304,332	32,622	(3,759,506)	0	(3,759,506)
1,625	138,043	0	(397,498)	0	(397,498)
235,880	7,842	0	(6,240)	0	(6,240)
279,611	21,564	656,016	(700,553)	0	(700,553)
23,276	3,946	71,116	(218,722)	0	(218,722)
0	42,804	0	(770,937)	0	(770,937)
0	0	0	(35,026)	0	(35,026)
2,491,458	545,977	759,754	(6,518,591)	0	(6,518,591)
3,773,105	21,565	294,550	0	222,042	222,042
0	0	0	0	(3,671,180)	(3,671,180)
3,773,105	21,565	294,550	0	(3,449,138)	(3,449,138)
<u>\$ 6,264,563</u>	<u>\$ 567,542</u>	<u>\$ 1,054,304</u>	<u>(6,518,591)</u>	<u>(3,449,138)</u>	<u>(9,967,729)</u>
			2,331,565	0	2,331,565
			4,129,709	0	4,129,709
			165,370	0	165,370
			2,743	919	3,662
			9,700	0	9,700
			234,018	(234,018)	0
			6,873,105	(233,099)	6,640,006
			354,514	(3,682,237)	(3,327,723)
			3,807,865	7,329,855	11,137,720
			<u>\$ 4,162,379</u>	<u>\$ 3,647,618</u>	<u>\$ 7,809,997</u>



**EAST LAMPETER TOWNSHIP**  
**Balance Sheet - Modified Cash Basis**  
**Governmental Funds**  
**December 31, 2015**

	<u>General Fund</u>	<u>Highway Aid Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,722,937	\$ 145,951
Restricted Cash and Cash Equivalents	1,144,539	0
Due from Other Funds	350,360	0
	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,217,836</u></u>	<u><u>\$ 145,951</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Payroll Withholdings	\$ 819	\$ 0
Due to Other Funds	5,621	0
Restricted Funds	1,196,986	0
	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES</b>	1,203,426	0
 <b>FUND BALANCES</b>		
Restricted:		
State Highway Aid	0	145,951
Legal Restrictions to Parkland Projects	0	0
Legal Restrictions to Police Forfeiture Funds	0	0
Assigned to:		
Specific Street Light Costs	0	0
Capital Projects	0	0
Fire Apparatus	0	0
Unassigned	3,014,410	0
	<u>                    </u>	<u>                    </u>
<b>TOTAL FUND BALANCES</b>	<u>3,014,410</u>	<u>145,951</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 4,217,836</u></u>	<u><u>\$ 145,951</u></u>

See Notes to Financial Statements.

<b>Capital Reserve</b>	<b>Non Major Funds</b>	<b>Total Governmental Funds</b>
\$ 406,058	\$ 403,075	\$ 3,678,021
0	21,267	1,165,806
0	5,621	355,981
<u>\$ 406,058</u>	<u>\$ 429,963</u>	<u>\$ 5,199,808</u>

\$ 0	\$ 0	\$ 819
17,519	17,547	40,687
0	0	1,196,986
<u>17,519</u>	<u>17,547</u>	<u>1,238,492</u>

0	0	145,951
0	21,124	21,124
0	27,678	27,678
0	33,614	33,614
388,539	0	388,539
0	330,000	330,000
0	0	3,014,410
<u>388,539</u>	<u>412,416</u>	<u>3,961,316</u>
<u>\$ 406,058</u>	<u>\$ 429,963</u>	<u>\$ 5,199,808</u>

**EAST LAMPETER TOWNSHIP**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Statement of Net Position - Modified Cash Basis**  
**December 31, 2015**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 3,961,316</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Internal service funds are used by management to charge group insurance to individual funds. Certain assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

201,063
<hr/>

<b>Total Net Position - Governmental Activities</b>
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<u><u>\$ 4,162,379</u></u>
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See Notes to Financial Statements.



**EAST LAMPETER TOWNSHIP**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Modified Cash Basis**  
**Governmental Funds**  
**For the Year Ended December 31, 2015**

	<u>General Fund</u>	<u>Highway Aid Fund</u>
<b>REVENUES</b>		
Taxes	\$ 6,461,274	\$ 0
Licenses and Permits	262,567	0
Fines and Forfeits	117,508	0
Interest, Rents and Royalties	2,572	99
Intergovernmental Revenues	1,740,705	431,498
Charges for Service	593,003	0
Miscellaneous Revenues	0	0
<b>TOTAL REVENUES</b>	<b>9,177,629</b>	<b>431,597</b>
<b>EXPENDITURES</b>		
General Government	933,881	0
Police	5,547,163	0
Fire and Ambulance	432,895	0
Inspection, Planning, Zoning and Other Public Safety	244,777	0
Public Works - Highways and Streets	902,521	496,569
Culture and Recreation	197,760	0
Debt Service	730,066	38,916
Miscellaneous Expenditures	23,610	0
<b>TOTAL EXPENDITURES</b>	<b>9,012,673</b>	<b>535,485</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>164,956</b>	<b>(103,888)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Sale of Fixed Assets	9,700	0
Refunds of Prior Years Expenditures	357,161	0
Interfund Transfers	(205,473)	24,005
Refund of Prior Year Receipts	(11,416)	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>149,972</b>	<b>24,005</b>
<b>Net Change in Fund Balances</b>	<b>314,928</b>	<b>(79,883)</b>
<b>Fund Balance - January 1, 2015</b>	<b>2,699,482</b>	<b>225,834</b>
<b>Fund Balance - December 31, 2015</b>	<b>\$ 3,014,410</b>	<b>\$ 145,951</b>

See Notes to Financial Statements.

<b>Capital Reserve Fund</b>	<b>Non Major Funds</b>	<b>Total Governmental Funds</b>
\$ 0	\$ 0	\$ 6,461,274
0	0	262,567
0	33,054	150,562
178	39	2,888
224,517	0	2,396,720
0	109,597	702,600
50,000	42,804	92,804
<hr/>	<hr/>	<hr/>
274,695	185,494	10,069,415
13,734	330	947,945
23,009	67,713	5,637,885
104,271	0	537,166
0	0	244,777
155,932	88,463	1,643,485
97,434	19,273	314,467
0	44,759	813,741
0	0	23,610
<hr/>	<hr/>	<hr/>
394,380	220,538	10,163,076
(119,685)	(35,044)	(93,661)
0	0	9,700
0	0	357,161
87,842	327,644	234,018
0	0	(11,416)
<hr/>	<hr/>	<hr/>
87,842	327,644	589,463
(31,843)	292,600	495,802
420,382	119,816	3,465,514
<hr/>	<hr/>	<hr/>
\$ 388,539	\$ 412,416	\$ 3,961,316
<hr/>	<hr/>	<hr/>

**EAST LAMPETER TOWNSHIP**  
**Reconciliation of the Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**To the Statement of Activities - Modified Cash Basis**  
**For the Year Ended December 31, 2015**

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 495,802
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Amounts reported for governmental activities in the statement of activities  
are different because:

Internal service funds are used by management to charge group insurance to individual funds. A portion of the net (expense) of the internal service fund is reported with governmental activities.	<u>(141,288)</u>
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<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 354,514</u></u>
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See Notes to Financial Statements.



**EAST LAMPETER TOWNSHIP**  
**Statement of Net Position - Modified Cash Basis**  
**Proprietary Funds**  
**December 31, 2015**

**ASSETS**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer Fund</b>	<b>Sewer Authority</b>	<b>Total Enterprise Funds</b>	<b>Insurance Fund</b>
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 80,238	\$ 15,782	\$ 96,020	\$ 218,812
Restricted Cash and Cash Equivalents	0	2,400,156	2,400,156	0
Restricted Assets - Escrow Agreements	0	1,448,987	1,448,987	0
<b>Total Current Assets</b>	<u>80,238</u>	<u>3,864,925</u>	<u>3,945,163</u>	<u>218,812</u>
<b>TOTAL ASSETS</b>	<u>\$ 80,238</u>	<u>\$ 3,864,925</u>	<u>\$ 3,945,163</u>	<u>\$ 218,812</u>

**LIABILITIES**

<b>Current Liabilities:</b>				
Due to Other Funds	\$ 315,294	\$ 0	\$ 315,294	\$ 0
<b>Total Current Liabilities</b>	<u>315,294</u>	<u>0</u>	<u>315,294</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<u>315,294</u>	<u>0</u>	<u>315,294</u>	<u>0</u>

**NET POSITION**

Restricted for:				
Payment of Administrative Expenses	0	30,787	30,787	0
Payment of Capital Projects and Debt Service	0	3,834,138	3,834,138	0
Unrestricted	(235,056)	0	(235,056)	218,812
<b>TOTAL NET POSITION</b>	<u>(235,056)</u>	<u>3,864,925</u>	<u>3,629,869</u>	<u>218,812</u>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<u>\$ 80,238</u>	<u>\$ 3,864,925</u>	<u>\$ 3,945,163</u>	<u>\$ 218,812</u>

**Reconciliation of Net Position to the Statement of Net Position:**

**Net Position - Enterprise Funds** \$ 3,629,869

Amounts reported for the business-type activities in the statement of net position are different because certain internal service fund assets are included with business-type activities 17,749

**Net Position of Business-Type Activities** \$ 3,647,618

See Notes to Financial Statements.

**EAST LAMPETER TOWNSHIP**  
**Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis**  
**Proprietary Funds**  
**For the Year Ended December 31, 2015**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Sewer Fund</u>	<u>Sewer Authority</u>	<u>Total Enterprise Funds</u>	<u>Insurance Fund</u>
<b>OPERATING REVENUES:</b>				
Wastewater/Sewerage Charges	\$ 3,609,884	\$ 0	\$ 3,609,884	\$ 0
Other Charges for Services	0	0	0	873,628
Rents and Royalties	1,846	1,294,120	1,295,966	0
Other Operating Revenues	161,375	0	161,375	0
<b>TOTAL OPERATING REVENUES</b>	<b>3,773,105</b>	<b>1,294,120</b>	<b>5,067,225</b>	<b>873,628</b>
<b>OPERATING EXPENSES:</b>				
Salaries	302,475	0	302,475	0
Employee Benefits	156,263	0	156,263	657,808
Wastewater/Sewerage Collection and Treatment	2,866,848	0	2,866,848	0
Other Purchased Operating Goods and Services	471,815	2,365,286	2,837,101	0
Other Purchased Administrative Goods and Services	0	41,773	41,773	372,805
<b>TOTAL OPERATING EXPENSES</b>	<b>3,797,401</b>	<b>2,407,059</b>	<b>6,204,460</b>	<b>1,030,613</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (24,296)</b>	<b>\$ (1,112,939)</b>	<b>\$ (1,137,235)</b>	<b>\$ (156,985)</b>

**EAST LAMPETER TOWNSHIP**  
**Statement of Revenues, Expenses and Changes in Fund Net Position - Modified Cash Basis**  
**Proprietary Funds - Continued**  
**For the Year Ended December 31, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer Fund</b>	<b>Sewer Authority</b>	<b>Total Enterprise Funds</b>	<b>Insurance Fund</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Earnings on Investments	\$ 518	\$ 401	\$ 919	\$ 0
State Sources	21,565	0	21,565	0
Debt Service Expense	(1,348,200)	(1,264,121)	(2,612,321)	0
<b>TOTAL NONOPERATING REVENUE/(EXPENSES)</b>	<b>(1,326,117)</b>	<b>(1,263,720)</b>	<b>(2,589,837)</b>	<b>0</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>(1,350,413)</b>	<b>(2,376,659)</b>	<b>(3,727,072)</b>	<b>(156,985)</b>
Capital Contributions - Tapping Fees	294,550	0	294,550	0
Transfers In (Out)	(234,018)	0	(234,018)	0
<b>CHANGE IN NET POSITION</b>	<b>(1,289,881)</b>	<b>(2,376,659)</b>	<b>(3,666,540)</b>	<b>(156,985)</b>
<b>TOTAL NET POSITION-JANUARY 1, 2015</b>	<b>1,054,825</b>	<b>6,241,584</b>	<b>7,296,409</b>	<b>375,797</b>
<b>TOTAL NET POSITION-DECEMBER 31, 2015</b>	<b>\$ (235,056)</b>	<b>\$ 3,864,925</b>	<b>\$ 3,629,869</b>	<b>\$ 218,812</b>

**Reconciliation of Change in Net Position to the Statement of Activities:**

Change in Net Position - Enterprise Funds \$ (3,666,540)

Amounts reported for the business-type activities in the statement of activities  
are different because a portion of the net (expense) of certain  
internal service funds are included with business-type activities

(15,697)

Change in Net Position of Business-Type Activities

\$ (3,682,237)



**EAST LAMPETER TOWNSHIP**  
**Statement of Cash Flows - Modified Cash Basis**  
**Proprietary Funds**  
**For the Year Ended December 31, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer Fund</b>	<b>Sewer Authority</b>	<b>Total Enterprise Funds</b>	<b>Insurance Fund</b>
<b>Cash Flows From Operating Activities</b>				
Received from Users	\$ 3,614,116	\$ 1,294,120	\$ 4,908,236	\$ 873,628
Received from Other Operating Revenue	158,989	0	158,989	0
Payments to Employees for Services	(302,475)	0	(302,475)	0
Payments for Employee Benefits	(156,263)	0	(156,263)	(657,808)
Payments for Sewerage Collection and Treatment	(2,866,848)	0	(2,866,848)	0
Payments for Purchased Goods and Services	(216,981)	(41,773)	(258,754)	0
Payments for Other Operating Expenses	0	(1,717,356)	(1,717,356)	(372,805)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>230,538</b>	<b>(465,009)</b>	<b>(234,471)</b>	<b>(156,985)</b>
<b>Cash Flows From Non-Capital Financing Activities</b>				
State Sources	21,565	0	21,565	0
Operating Transfers (Out)	(234,018)	0	(234,018)	0
<b>Net Cash Used for Non-Capital Financing Activities</b>	<b>(212,453)</b>	<b>0</b>	<b>(212,453)</b>	<b>0</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Tapping Fees Received	294,550	0	294,550	0
Debt Service Paid on Financing Agreements	(1,348,200)	(1,264,121)	(2,612,321)	0
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(1,053,650)</b>	<b>(1,264,121)</b>	<b>(2,317,771)</b>	<b>0</b>
<b>Cash Flows From Investing Activities</b>				
Earnings on Investments	518	220	738	0
Proceeds from Sale of Investments	0	(118,694)	(118,694)	0
<b>Net Cash Provided by Investing Activities</b>	<b>518</b>	<b>(118,474)</b>	<b>(117,956)</b>	<b>0</b>
<b>Net Increase (Decrease) in Cash and Cash Flows</b>	<b>(1,035,047)</b>	<b>(1,847,604)</b>	<b>(2,882,651)</b>	<b>(156,985)</b>
Cash and Cash Equivalents Beginning of Year	1,115,285	4,263,542	5,378,827	375,797
<b>Cash and Cash Equivalents at Year End</b>	<b>\$ 80,238</b>	<b>\$ 2,415,938</b>	<b>\$ 2,496,176</b>	<b>\$ 218,812</b>

See Notes to Financial Statements.

**EAST LAMPETER TOWNSHIP**  
**Statement of Cash Flows - Modified Cash Basis**  
**Proprietary Funds - Continued**  
**For the Year Ended December 31, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer Fund</b>	<b>Sewer Authority</b>	<b>Total Enterprise Funds</b>	<b>Insurance Fund</b>
<b>Operating Income (Loss)</b>	\$ (24,296)	\$ (1,112,939)	\$ (1,137,235)	\$ (156,985)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Construction paid from Restricted Assets	0	647,930	647,930	0
Increase in Due to Other Funds	254,834	0	254,834	0
<b>Total Adjustments</b>	254,834	647,930	902,764	0
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ 230,538</u>	<u>\$ (465,009)</u>	<u>\$ (234,471)</u>	<u>\$ (156,985)</u>
<b>Supplemental Disclosure of Non-Cash Financing and Investing Activities</b>				
Interest Income in Escrow Accounts	\$ 0	\$ 181	\$ 181	\$ 0
Construction Costs Paid from Restricted Assets	0	647,930	647,930	0

See Notes to Financial Statements.

**EAST LAMPETER TOWNSHIP**  
**Statement of Fiduciary Net Position - Modified Cash Basis**  
**Fiduciary Funds**  
**December 31, 2015**

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 668,330
Investments	<u>19,382,190</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 20,050,520</u></u>
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	
Restricted	<u>\$ 20,050,520</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 20,050,520</u></u>

See Notes to Financial Statements.



**EAST LAMPETER TOWNSHIP**  
**Statement of Changes in Fiduciary Net Position - Modified Cash Basis**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2015**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
<b>Contributions:</b>	
State Pension Aid	\$ 368,558
Employee	189,802
Township Contribution	<u>381,259</u>
<b>Total Contributions</b>	939,619
<b>Investment Income:</b>	
Interest and Investment Earnings	<u>1,066,557</u>
<b>Total Investment Income</b>	<u>1,066,557</u>
<b>Total Additions</b>	2,006,176
<b>DEDUCTIONS</b>	
Administrative Expense	155,679
Retirement Benefits Paid	<u>487,016</u>
<b>Total Deductions</b>	<u>642,695</u>
<b>Net Increase</b>	1,363,481
<b>Net Position Held in Trust for Pension Benefits</b>	
Net Position - January 1, 2015	<u>18,687,039</u>
<b>Net Position - December 31, 2015</b>	<u><u>\$ 20,050,520</u></u>

See Notes to Financial Statements.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further under Measurement Focus and Basis of Accounting, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

**FINANCIAL REPORTING ENTITY**

East Lampeter Township is located in Lancaster County, Pennsylvania. The Township board of supervisors consists of five members elected by the public. The Township provided the following services to its citizens: public safety, public works, cultural, recreation and community development.

Management has applied the criteria set forth by GASB pronouncements in determining potential component units. Generally, component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for the entity if it appoints a voting majority of the organization's governing body *and* is either able to impose its will on the entity or there is a potential for the organization to provide a specific financial benefit to, or financial burden on, the Township.

The East Lampeter Sewer Authority's governing board is appointed by the Township's governing board. The Authority acquires, constructs, and improves the sewer collection system as requested by the East Lampeter Township. The Authority serves as a financing authority for the Township. The Township guarantees debt of the Authority. Since there is a potential for the Authority to impose a specific financial burden on the Township and the Township has the ability to significantly influence operations, it is considered to be a component unit for financial reporting purposes.

GASB pronouncements require blending a component unit into a primary government when a component unit's governing body is substantially the same as the governing body of the primary government, a component unit provides services entirely, or almost entirely, to the primary government, or a component unit's total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The Authority is presented as a blended component unit within the proprietary funds since the Authority provides services entirely or almost entirely to the Township and the Authority's total debt outstanding is expected to be repaid entirely or almost entirely with resources of the Township. For government-wide financial statement presentation, the lease rental between the Township and the Authority has been eliminated.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

The above Authority has prepared and issued separate audited financial statements. The financial statement for the component unit can be obtained at the Authority office.

**BASIS OF PRESENTATION**

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the reporting limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues, and expenditures or expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total of all funds of that category or type, and
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

The funds of the financial reporting entity are described below:

***Governmental Funds***

General Fund

The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Township. The reporting entity includes the following special revenue funds:

*Highway Aid-* The Highway Aid Fund has been provided to record the state liquid fuels and highway aid resources, which are used to provide maintenance and resurfacing to the streets and highways of the Township.

*Police Forfeiture Fund* – The Police Forfeiture Fund has been provided to record the proceeds of asset forfeitures received from the U.S. Drug Enforcement Agency. These monies are used to fund special projects of the Township's Police Department.

*Street Light Fund* – The Street Light Fund has been provided to record the assessment made and expenses incurred for providing street lighting to the Township.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets. The Capital Reserve Fund has been established to provide monies for future capital project improvements or replacements. The Fire Apparatus Fund has been established to provide monies for future purchases of Township fire company vehicles. The Parkland Capital Reserve and Acquisition Fund has been established to provide monies for Township Park development and improvement.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on general long-term debt.

Of the eight individual governmental funds disclosed above, three of these funds are considered to be major funds. They include the General Fund, the Highway Aid Fund and the Capital Reserve Fund.

***Proprietary Fund Types***

Enterprise Fund

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed through user charges. The Township uses enterprise funds to account for its Sewer Fund and Sewer Authority.

The Township applies the provision of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Internal Service Funds

Internal service funds are used to provide for the benefits for Township employees on a cost-reimbursement basis. The Township uses an internal service fund to account for its Insurance Fund.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

***Fiduciary Funds***

Trust and Agency Funds

Trust and agency funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The Township uses the trust and agency funds to account for its Police Pension Fund and Non-Uniformed Pension Fund. These funds have been provided for the purpose of providing retirement funds for the benefit of the qualified police officers and non-uniform employees of the Township.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, net financial position, and cash flows. All assets, deferred outflows, liabilities and deferred inflows (whether current or non-current, financial or non-financial) associated with their activities are reported within the limitations of the modified cash basis of accounting.

**Basis of Accounting**

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include inter-fund receivables and payables and escrow deposit liabilities.

This modified cash basis of accounting differs from GAAP primarily because certain assets and deferred outflows not yet received and certain liabilities and deferred inflows not yet paid are not recorded in these financial statements. In addition, the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

**ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with professional standards requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**FINANCIAL POSITION**

**Cash and Cash Equivalents**

Cash and cash equivalents include all cash and investments with original maturities of three months or less, except for those monies which are held by an escrow agent in accordance with escrow agreements. For cash flow reporting purposes, all monies held by an escrow agent have been presented as restricted assets – escrow agreements and not as cash and cash equivalents.

**Investments**

In addition to monies held by an escrow agent, investments classified in the financial statements consist of corporate bonds, U.S. Treasury Securities, Federal Agency Securities, stocks and alternative investments held for pension benefits and are recorded in fiduciary funds. Investments are reported at cost.

**Capital Assets**

The Township's modified cash basis of accounting reports capital outlays resulting from cash transactions as expended at the time payment is made, and does not capitalize the cost of capital assets. Accordingly, no depreciation has been reflected in the financial statements.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

**Long-Term Debt**

Long-Term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the government-wide and fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

**Net Position Classifications**

***Government-Wide Statements***

Net Position is classified and displayed in two components:

*Restricted* – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

*Unrestricted* – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows and resources that do not meet the definition of “restricted”.

It is the Township’s policy to first use restricted net position prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

***Fund Financial Statements***

Governmental Fund Statements

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned and unassigned based on the respective level of constraint. These constraints are defined as follows:

Governmental fund equity is classified as fund balance as follows:

*Non-spendable* – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws of regulations of other governments.

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of the Township Supervisors. The Township Supervisors are the highest level of decision making authority for the Township. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Township Supervisors.

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Township’s adopted policy, the Township Supervisors may assign amounts for specific purposes.

*Unassigned* – All other spendable amounts.

It is the Township’s policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also Township policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Proprietary Funds

The difference among assets, deferred outflows, liabilities and deferred inflows of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

**REVENUES, EXPENDITURES, AND EXPENSES**

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are reported as program revenues. The Township has the following program revenues in each activity:

<i>General Government –</i>	Licenses and permits, rents and royalties, DEP program, emergency operations, and refund of prior year expenditures.
<i>Police –</i>	Fines and forfeits, Act 120 (police), municipal pension state aid, alcoholic beverage licenses, Drug Enforcement Agency monies, drug task force, and public safety.
<i>Fire and Ambulance –</i>	Foreign fire insurance.
<i>Inspection, Planning and Zoning –</i>	Building permits, mobile home permits, street encroachment permits, sanitation, and zoning and subdivision.
<i>Public Works –</i>	Highways and streets – snow reimbursement, motor vehicle fuel tax, special assessments, and grants.
<i>Culture and Recreation –</i>	Recreation fees, specific donations, and grants.
<i>Debt Service –</i>	Fire Company debt payments.
<i>Miscellaneous –</i>	Municipal pension state aid.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

INTERFUND BALANCES AND TRANSFERS

Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. Interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as "Internal Balances".

The flow of assets 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. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. Exchange transactions between funds are reported as revenues and as expenditures/expenses in the fund statements. Lease rentals of \$1,294,120 from the Township Sewer Fund to the Sewer Authority are eliminated on the government-wide Statement of Activities.

**CASH AND INVESTMENTS**

In accordance with the Pennsylvania Second Class Township Code (State Code), the Township is authorized to designate one or more banks or bank and trust companies as a depository or depositories for its funds. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. If these funds are fully insured by the FDIC, the Township shall not require any additional bond, insurance or security to cover the amounts of deposits so insured. If these funds are not fully insured by the FDIC, the funds shall be continuously secured by a pledge of direct obligations of the United States of America or of the Commonwealth, having an aggregate market value, exclusive of accrued interest, at all times at least equal to the balance on deposit.

Fiduciary Funds are authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**CASH AND INVESTMENTS (cont'd)**

Cash and investments as of December 31, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Cash Equivalents	\$	3,992,853
Restricted Cash and Cash Equivalents		3,565,962
Restricted Assets - Escrow Agreements		1,448,987
Fiduciary Funds:		
Cash and Cash Equivalents		668,330
Investments		<u>19,382,190</u>
Total Cash and Investments	\$	<u><u>29,058,322</u></u>

Cash and investments as of December 31, 2015 consist of the following:

	<u>Cost</u>	<u>Market Value</u>
Cash on Hand	\$ 550	\$ 550
Deposits with Financial Institutions	5,696,912	5,696,912
Deposits with Morgan Stanley	668,330	668,330
Investments:		
PLGIT		
State Investment Pool	910,184	910,184
Money Market Funds	2,400,156	2,400,156
Morgan Stanley		
Corporate Bonds	5,925,924	5,766,830
Government Bonds	441,766	441,445
Stock	10,011,341	12,443,939
Mutual Funds	761,543	641,076
Alternative	<u>2,241,616</u>	<u>2,207,557</u>
Total Cash and Investments	<u>\$ 29,058,322</u>	<u>\$ 31,176,979</u>

Investments with the Pennsylvania Local Government Investment Trust (PLGIT) are held in the name of the respective funds. Investments in PLGIT are reported at cost.

Pension funds include investments held with Morgan Stanley in money market funds, corporate bonds, stocks and alternative investments. Investments are valued at cost.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**CASH AND INVESTMENTS (cont'd)**

**CREDIT RISK**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment.

The State Code requires the Township to invest funds consistent with "sound business practice": investments are made with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The Township has no investment policy that would further limit its investment choices. Following are the credit ratings as of the year end for each investment type:

Investment Type	Amount	Exempt from Disclosure	Ratings as of Year End			
			AAA	AA	A	BBB
State Investment Pool	\$ 910,184	\$ 0	\$ 910,184	\$ 0	\$ 0	\$ 0
Money Market Funds	2,400,156	0	2,400,156	0	0	0
Corporate Bonds	5,925,924	0	131,587	641,475	1,657,695	3,495,167
US Agency Securities	441,766	441,766	0	0	0	0
Stock	10,011,341	10,011,341	0	0	0	0
Mutual Funds	761,543	761,543	0	0	0	0
Alternative	2,241,616	2,241,616	0	0	0	0
	<u>\$ 22,692,530</u>	<u>\$ 13,456,266</u>	<u>\$ 3,441,927</u>	<u>\$ 641,475</u>	<u>\$ 1,657,695</u>	<u>\$ 3,495,167</u>

**CUSTODIAL CREDIT RISK**

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits from an outside party. For investments it is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Township has no investment policy that would further limit the exposure to custodial credit risk for deposits or investments than that required by the State Code.

As of December 31, 2015, \$5,166,083 of the Township's deposits with financial institutions in excess of federal depository insurance limits were collateralized with securities held by the pledging financial institution or held by the pledging financial institution's trust department or agent but not in the government's name.

Investments with Morgan Stanley include securities uninsured and unregistered and held by the counterparty, or held by the counterparty's trust department or by its agent but not held in the government's name (this includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities).

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**CASH AND INVESTMENTS (cont'd)**

**INTEREST RATE RISK**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2015, the Township has the following investments subject to interest rate risk:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity Date</u>
State Investment Pool	\$ 910,184	Less than 60 Days
Money Market Funds	2,400,156	34 days average
Corporate Bonds	5,925,924	4.53 yrs
U.S. Agency Securities	441,766	6.45 yrs
	<u>\$ 9,678,030</u>	

**CONCENTRATION OF CREDIT RISK**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Township does not have formal investment policy regarding concentration of credit risk but utilizes "sound business practice" in choosing investments mandated by the State Code.

As of December 31, 2015 investments in any one issuer (other than external investment pools) that represent 5% or more of the total fiduciary investments are as follows:

Morgan Stanley	\$ 20,050,520
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**RESTRICTED ASSETS – CITY OF LANCASTER ESCROW AGREEMENTS**

The Authority has entered into various agreements with the City of Lancaster and other neighboring municipalities. As a participant in the agreements, the Authority is required to deposit its cost allocation for the respective projects. The monies are deposited in escrow accounts maintained by the City of Lancaster. These funds are held by an escrow agent on behalf of the City of Lancaster. Funds may only be withdrawn upon authorization of all participants in the escrow agreement. The balance of escrow deposits as of December 31, 2015 is \$1,448,987.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**INTERFUND BALANCES AND TRANSFERS**

Interfund balances are as follows:

<u>Due to the General Fund</u>	
From Non-Major Funds	\$ 17,547
From Sewer Fund	315,294
From Capital Reserve Fund	17,519
<u>Due to Non-Major Funds</u>	
From the General Fund	5,621
<u>Grand Total</u>	<u>\$ 355,981</u>

The amount due to the General Fund from Non-Major, Capital Reserve and Sewer Funds represents reimbursements due for expenditures paid on behalf of those funds. The amount due to Non-Major Funds from the General Fund represents reimbursements due for revenues collected on behalf of Non-Major Funds.

For the purpose of the Township's fund financial statements, the interfund balances are not eliminated.

Interfund transfers were as follows:

	<u>Amount</u>
Transfers to the General Fund	
From the Sewer Fund	\$ 234,018
From Non-Major Fund	2,356
Transfers from the General Fund	
To the Capital Reserve Fund	(100,000)
To the Highway Aid Fund	(11,847)
To Non-Major Fund	(330,000)
Transfers to the Highway Aid Fund	
From the Capital Reserve Fund	12,158
Interfund Transfers	<u>\$ (193,315)</u>

The transfers of \$234,018 into the General Fund from the Sewer Fund and \$2,356 into the General Fund from a Non-Major fund were for the allocation of administrative expenses. The transfers of \$100,000 from the General Fund to the Capital Reserve Fund and \$330,000 from the General Fund to a Non-Major Fund were for funding future capital expenditures. The transfers of \$11,847 from the General Fund and \$12,158 from the Capital Reserve Fund to the Highway Aid Fund were to reimburse Highway Aid for expenditures attributable to General and Capital Reserve Funds.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**NOTES RECEIVABLE**

The debt service fund holds a note receivable of \$127,000 from the Witmer Fire Company. Interest payments are receivable semi-annually at a variable rate through November 2022. At December 31, 2015 interest is payable at a rate of 2.1% per annum. Principal becomes due and payable annually through November 2022.

The debt service fund holds a note receivable of \$1,465,000 from the Lafayette Fire Company. Interest payments are receivable semi-annually at a variable rate through February 2030. At December 31, 2015 interest is payable at rate of 0.03% per annum. Principal becomes due and payable annually beginning February 2013 and continues through February 2030.

The balance of these receivables are not presented as an asset on the financial statements under the modified cash basis of accounting.

**PROPERTY TAXES**

Based upon assessed valuations provided by the County, the Township bills and collects property taxes. The schedule of property taxes levied for 2015 is as follows:

Tax Levy Date	March 1, 2015
2% Discount Period	March 1 - April 30, 2015
Face Payment Period	May 1 - June 30, 2015
10% Penalty Period	July 1 - December 31, 2015
Lien Filing Date	January 1, 2016

The tax rate for all purposes in 2015 was 1.6 mills (\$1.60 per \$1,000 assessed valuation).

**EMPLOYEE GROUP INSURANCE**

The Township entered into an inter-governmental cooperation agreement with other municipalities, in order to provide life, health, hospitalization, medical, surgical or accident insurance for Township employees and their dependents. Under this agreement the Township is entering into a partially self-funded arrangement with a local insurance carrier. This arrangement requires monthly deposits be placed in an account from which the insurance carrier can draw for claims made. Specific individual losses for claims are limited to \$30,000 per incident per fiscal year. In total, the Township's liability is limited for each fiscal year to the amount that the Township is required to deposit based on individual rates established at the beginning of the year. Depending on the claims incurred by other participating municipalities, the Township may be responsible for a portion of excess claims incurred by the other participants (but not to exceed the Township's overall limit of liability). As of December 31, 2015, funds totaling \$218,812 remain in the account and are restricted in nature. Activity related to this agreement is reported in the insurance fund, an internal service fund.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**PENSION TRUST FUNDS**

The Township has adopted two separate single-employer defined benefit pension plans. Separate reports have not been issued for these plans. Combining statements for the pension trust funds are as follows:

**Combining Statement of Fiduciary Net Position - Modified Cash Basis**  
**December 31, 2015**

	<b>Police Pension</b>	<b>Non-Uniform Pension</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 573,336	\$ 94,994	\$ 668,330
Investments	<u>16,366,407</u>	<u>3,015,783</u>	<u>19,382,190</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 16,939,743</u></u>	<u><u>\$ 3,110,777</u></u>	<u><u>\$ 20,050,520</u></u>
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>			
Restricted	<u>\$ 16,939,743</u>	<u>\$ 3,110,777</u>	<u>\$ 20,050,520</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 16,939,743</u></u>	<u><u>\$ 3,110,777</u></u>	<u><u>\$ 20,050,520</u></u>

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**PENSION TRUST FUNDS (cont'd)**

**Combining Statement of Changes in Fiduciary Net Position - Modified Cash Basis**  
**For the Year Ended December 31, 2015**

	<b>Police Pension</b>	<b>Non-Uniform Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
<b>Contributions:</b>			
State Pension Aid	\$ 274,458	\$ 94,100	\$ 368,558
Employee	157,924	31,878	189,802
Township	367,000	14,259	381,259
<b>Total Contributions</b>	799,382	140,237	939,619
<b>Investment Income:</b>			
Interest and Investment Earnings	884,937	181,620	1,066,557
<b>Total Investment Income</b>	884,937	181,620	1,066,557
<b>Total Additions</b>	1,684,319	321,857	2,006,176
<b>DEDUCTIONS</b>			
Administrative Expense	127,777	27,902	155,679
Retirement Benefits Paid	391,181	95,835	487,016
<b>Total Deductions</b>	518,958	123,737	642,695
<b>Net Increase</b>	1,165,361	198,120	1,363,481
<b>Net Position Held in Trust for Pension Benefits</b>			
<b>Net Position - January 1, 2015</b>	15,774,382	2,912,657	18,687,039
<b>Net Position - December 31, 2015</b>	<u>\$ 16,939,743</u>	<u>\$ 3,110,777</u>	<u>\$ 20,050,520</u>

The plans are governed by the Board of Township Supervisors which is responsible for the management of plan assets. The Board of Township Supervisors has delegated the authority to manage certain plan assets to Morgan Stanley. The plans provide retirement, disability and death benefits to plan members and beneficiaries. A description of the plan participation and benefit provisions follows:



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**PENSION TRUST FUNDS (cont'd)**

**NON-UNIFORMED PENSION PLAN DESCRIPTION**

All full-time employees except police officers shall participate in the non-uniformed plan if they have attained age 20½ and have performed six months of continuous service.

*Eligibility Requirements*

Normal Retirement – first day of the month after member turns age 65 and completes five years plan membership.

Early Retirement – terminates within ten years of member's normal retirement date.

Vesting – 20% after three years of service, plus 20% per year thereafter, 100% after 7 years of service.

*Retirement Benefit*

1.9% of average compensation (1.5% if hired on or after 1/1/14) multiplied by accrued service, but no greater than 60% of average compensation. Average compensation is the monthly average of total pay received for the five consecutive years out of the ten latest years which give the highest average.

*Survivor Benefit*

If death occurs after a participant becomes partially vested, the amount paid to the surviving spouse or eligible child equals the amount that would have been paid had the participant terminated employment on the date of death, survived to his/her earliest retirement age and retired with a qualified joint and 50% survivor annuity in effect.

*Other Benefit*

Single sum death benefit is paid if the death of a participant occurs prior to eligibility for the joint and 50% survivor death benefit. A single sum death benefit equal to the participant's transfer value from the prior plan, increased with interest will be payable.

**POLICE PENSION PLAN DESCRIPTION**

All police officers shall participate in the police pension plan if they are employed for not less than 40 hours per week at a definite salary.

*Eligibility Requirements*

Normal Retirement – first day of the month after member turns age 50 and completes 25 years of service (for employees hired prior to January 1, 1994 – attainment of age 50 with 20 years of service).

Vesting – 100% after twelve years of service.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**PENSION TRUST FUNDS (cont'd)**

*Retirement Benefit*

An amount equal to 50% of average compensation multiplied by accrued benefit adjustment, plus \$20 per month multiplied by years of service in excess of 25 years (maximum shall not exceed \$100 per month). For officers hired prior to January 1, 1994, the service increment is \$100 per month if more than 21 years of service are completed. Average compensation is the monthly average of earnings paid by the Township, excluding unused sick and vacation pay paid at termination over the final 36 months of employment.

*Survivor Benefit*

If death occurs out of or in course of employment, the monthly payment will be made to an eligible spouse or dependent child. The monthly payment shall be 100% of the participant's salary at the time of death payable from the Commonwealth general fund and not from the pension plan. If death does not arise out of, or in the course of employment, the monthly payment to an eligible spouse or child will be 50% of the benefit the member was receiving at the time of death, or would have been receiving had he/she been terminated at the time of death and survived to normal retirement date.

*Disability Benefit*

Service-Related - 50% of monthly salary on the date of total and permanent disability offset by Social Security benefits payable on account of the same illness or injury.

*Post-retirement Adjustments*

A 3% yearly maximum increase with a 30% overall maximum increase will be provided to retirement participants or beneficiaries receiving benefits whenever the Consumer Price Index changes at least 1%.

**PLAN MEMBERSHIP**

Pension plan membership as indicated within the January 1, 2015 actuarial valuation consisted of the following:

	<u>Police Pension</u>	<u>Non-uniformed Pension</u>
Active employees	34	24
Retirees and Beneficiaries		
currently receiving benefits	15	14
Terminated employees entitled to benefits but not yet receiving them	<u>2</u>	<u>6</u>
Total Membership	51	44



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**PENSION TRUST FUNDS (cont'd)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Township's policy is to prepare its pension financial statements using the cash basis of accounting. Consequently, certain investment income, contributions, and related assets are recognized when received rather than when earned, and certain benefit payments and other expenditures are recognized when paid rather than when the obligation is incurred. This practice differs from generally accepted accounting principles, which require the accrual basis of accounting.

**Valuation of Investments**

Investments with Morgan Stanley are in the form of cash and cash equivalents, corporate bonds, stocks and alternatives and are valued at cost.

**Contributions and Funding Requirements**

Act 205 (as amended) requires that annual contributions to the non-uniformed and police pension plan be based upon the Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation (annual valuation for distressed plans). The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10 percent of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Currently, members of the non-uniformed and police pension plans are required to contribute 2.5% and 5.0% of compensation, respectively for 2015. The Township is required to contribute at an actuarially determined rate of 10.7% of annual covered payroll for the non-uniformed plan and 19.6% for the police plan. The contribution requirements of plan members and the Township are established and may be amended by the Board of Supervisors as required based on actuarial computations.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to plans and funded through the MMO and/or plan earnings.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**PENSION TRUST FUNDS (cont'd)**

*Schedule of Employer Contributions (including State Aid)*

Calendar Year	Police Pension		
	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	\$ 468,650	\$ 468,530	100%
2011	513,749	513,749	100%
2012	447,535	447,535	100%
2013	455,956	455,956	100%
2014	455,950	455,950	100%
2015	641,458	641,458	100%

Calendar Year	Non-uniformed Pension		
	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	\$ 99,064	\$ 99,064	100%
2011	104,421	139,910	134%
2012	120,712	120,712	100%
2013	115,391	115,391	100%
2014	95,346	95,346	100%
2015	108,359	108,359	100%

The annual required contributions listed above do not include amounts due from member contributions.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**DEFERRED COMPENSATION PLAN**

The Township maintains a deferred compensation plan that is available to all full-time employees. The contribution levels are determined by the employees. Funds are invested by ICMA Retirement Corporation as directed by each employee. Funds are due to the employee upon retirement or termination of employment. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plans, 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 benefits of participants and their beneficiaries.

The Township does not maintain a fiduciary responsibility in the maintenance of these assets.

**LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the Township for the year ended December 31, 2015:

	Balance January 1, 2015	Issues or Additions	Payments of Expenditures	Balance December 31, 2015	Interest Paid
<u>Governmental Fund Types</u>					
General Obligation Notes and Bonds	\$ 7,612,000	\$ 0	\$ 575,000	\$ 7,037,000	\$ 146,307
Lease Purchase Agreements	73,813	0	36,252	37,561	2,663
Compensated Absences	339,340	22,732	0	362,072	0
<u>Total Governmental Fund Types</u>	8,025,153	22,732	611,252	7,436,633	148,970
<u>Proprietary Fund Types</u>					
Lease Purchase Agreements	52,790	0	52,790	0	1,290
Guaranteed Sewer Revenue					
Note and Bonds	13,664,500	0	925,000	12,739,500	338,386
<u>Total Proprietary Fund Types</u>	13,717,290	0	977,790	12,739,500	339,676
<u>Total All Fund Types</u>	\$ 21,742,443	\$ 22,732	\$ 1,589,042	\$ 20,176,133	\$ 488,646

Governmental fund obligations are generally liquidated by the General Fund when due, except for the obligations on the lease purchase agreement. Those obligations are satisfied by the Highway Aid Fund. Interest is reported as a direct expense of principal and interest on indebtedness on the statement of activities.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**LONG-TERM DEBT** (cont'd)

General Obligation Notes and Bonds

The Township is liable for a General Obligation Note dated September 26, 2002 in the amount of \$275,000. The note owing to the Fulton Bank was obtained to assist Witmer Fire Company in the purchase of firefighting equipment. Annual installments of principal and semi-annual installments of interest are payable through November 2022. Interest accrues at 3.70% per annum for the first 61 months and 60% of Fulton Bank's prime rate (not to exceed 12%) for the remainder of the term of the note. As of December 31, 2015, the interest rate is 2.1%.

The Township issued General Obligation Bonds dated September 20, 2011 in the principal amount of \$4,650,000. Principal maturities occur on November 15, 2011 through 2028. Interest rates vary from 2.50% to 3.75% depending on the date of maturity. Interest is payable beginning November 15, 2011. Interest payments continue November 15 and May 15 of each year thereafter to November 15, 2028. The average annual debt service cost is \$367,682.

The Township is a participant in PLGIT's Bond Pool Program. Issued through the Emmaus General Authority, the Township is liable for the following variable rate obligations:

The Township is liable for a General Obligation Note dated July 1, 1999 in the principal amount of \$3,540,000. Principal maturities occur on February 1, 2000 through 2019. Interest rates vary weekly and interest is payable beginning July 1999. Interest payments continue monthly thereafter to February 1, 2019.

In addition, the Township is liable for a General Obligation Note dated October 1, 1999 in the principal amount of \$1,210,000. Principal maturities occur on February 1, 2000 through 2019. Interest rates vary weekly and interest is payable beginning October 1999. Interest payments continue monthly thereafter to February 1, 2019.

The average interest rate accrued for PLGIT's 1996 Bond Pool Program during 2015 was 0.08%.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**LONG-TERM DEBT (cont'd)**

These monies were obtained for planning, designing, construction and furnishing offices, public works facilities, park facilities and other capital projects as enumerated in the loan agreements.

The Township is liable for a General Obligation Note dated December 13, 2012 in the principal amount of \$1,710,000. The note owing to PLGIT's 2000 Bond Pool Program was issued to refund the General Obligation Note dated June 24, 2011 and provide additional monies to finance the construction of a fire station for Lafayette Fire Company. Principal maturities occur on March 1, 2013 thru 2030. Interest rates vary weekly and interest is payable beginning January 2013. Interest payments continue monthly thereafter to March 1, 2030.

Interest rates assessed participants in PLGIT's 2000 Bond Pool Program averaged 0.03%.

In addition to interest, fiscal agent fees of \$52,748 were paid in 2015. The Township is also responsible for any arbitrage rebates that are calculated. Fees of \$0 were paid in 2015 related to arbitrage rebate calculations.

**Guaranteed Sewer Revenue Note – Series of 2010**

On October 26, 2010, the Township obtained a Line of Credit from PNC Bank with a maximum aggregate principal amount of \$6,000,000. It is secured by the Fifth Supplemental Agreement of Lease dated October 26, 2010. The Township guarantees the payment of principal and interest on the note by making lease rental payments to the Authority. These payments are equivalent to the debt service requirement of the note. The interest rate assessed in 2015 varied from 1.58% to 1.60%.

**Guaranteed Sewer Revenue Bonds – Series of 2014**

On August 13, 2014, the Sewer Authority issued Guaranteed Sewer Revenue Bonds, Series of 2014 in the amount of \$8,910,000, secured by the Sixth Supplemental Trust Indenture dated August 13, 2014. The Township guarantees the payment of principal and interest on the Bonds by making lease rental payments to the Authority. These payments are equivalent to the debt service requirements of the Bonds. This bond issuance consists of current interest bonds (taxable) in the amount of \$8,910,000. Principal maturities occur on October 1, 2014 through 2027. Interest rates vary from 2.0% to 4.0% depending on date of maturity. This bond issue was used to refinance the Guaranteed Sewer Revenue Bonds, Series of 2009 and provide additional monies for capital additions.

**Lease Purchase Agreements**

On August 23, 2011, the Township signed a lease purchase agreement with John Deere Credit for the purchase of a 2010 John Deere Grader. Annual payments of \$38,818 begin August 2012 and continue through August 2016. Payments include interest accrued at a rate of 3.55% per annum for a period of five years.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**LONG-TERM DEBT** (cont'd)

Debt service requirements on general obligation notes, bonds and lease purchase agreements in future years are:

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 703,561	\$ 141,476	\$ 945,000	\$ 321,800	\$ 2,111,837
2017	681,000	131,289	980,000	296,460	2,088,749
2018	712,000	122,280	1,015,000	262,780	2,112,060
2019	738,000	112,931	1,050,000	227,820	2,128,751
2020	404,000	103,747	1,095,000	208,020	1,810,767
2021 - 2025	2,161,000	372,757	6,254,500	714,928	9,503,185
2026 - 2030	1,675,000	83,915	1,400,000	50,614	3,209,529
Total Payments	<u>\$ 7,074,561</u>	<u>\$ 1,068,395</u>	<u>\$12,739,500</u>	<u>\$ 2,082,422</u>	<u>\$22,964,878</u>

For the General Obligation Note of 2002 and the PLGIT's 1996 and 2000 Bond Pool Program, estimated interest due for debt service requirements is based on an average of 2015 variable rates.

**Compensated Absences**

Township employees are entitled to accumulate sick days. After five years of employment, police officers are entitled to half of all accumulated sick days upon termination subject to a maximum of 720 hours. Other employees are entitled to half of all accumulated sick days in excess of 60 days. Vacation and personal time may not be accumulated.

**LEASE RENTALS**

**Inter-Municipal Waste Water Treatment Agreements**

The Township has entered into inter-municipal waste water treatment agreements with the City of Lancaster and Lancaster Area Sewer Authority. Both agreements provide that the Township will pay quarterly sewage treatment charges based on their actual usage.

An arbitrator awarded the City of Lancaster \$2,433,543 to be paid by the Township for settlement of disputed treatment costs through 2012. In 2015, the Township paid \$1,685,231 to the City of Lancaster as partial payment. In addition, \$464,769 was previously forwarded to the City. After these payments, the Township owes \$283,543 to the City of Lancaster. The Township has placed \$108,847 into an escrow fund in 2015 dedicated to partially meeting this obligation.

The City of Lancaster has billed an additional \$190,591 for 2013 through 2015 treatment costs which remains unpaid.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**LEASE RENTALS (cont'd)**

Other Lease Agreements

On December 5, 2013, the East Lampeter Sewer Authority extended a lease for space for a radio relay facility. Monthly rent of \$500 is incurred for the period up to and including November 30, 2016. Thereafter, the Township is responsible for monthly installments of \$550 for 24 months, followed by another 60 months at \$600 per month. Annual lease rental payments payable during the next five years are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 6,050
2017	6,600
2018	6,650
2019	7,200
2020	7,200

Lease rentals payable subsequent to 2020 are as follows:

2021 - 2023	\$ 21,000
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Lease rentals of \$6,000 were paid in 2015.

**POST EMPLOYMENT HEALTHCARE PLANS**

POLICE PLAN

Plan Description

The Township administers a single-employer defined benefit healthcare plan ("the Police Retiree Health Plan"). The plan provides hospitalization and health benefits to fully retired police officers and their spouses until the police officer is eligible for Medicare. Post retirement benefits will be for the medical insurance and prescription drug plans with coverage at the same levels provided to active officers. The police officer must notify the Township prior to retirement in order to be eligible. In the event that the retired officer is employed by an employer who provides medical insurance and the retired officer is eligible at any level of benefit, Township provided post-retirement benefits shall become secondary to the employer benefit. The retired officer shall also be required to pay 50% of the Township's premium costs. Spouses are not covered if they have available health coverage through their employer. Spouses are covered under the plan for a maximum of 15 years.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**POST EMPLOYMENT HEALTHCARE PLANS (cont'd)**

Funding Policy

The contribution requirements are based on the level of coverage provided to active police officers. Currently, the Township is covering 100% of the cost of medical insurance and prescription drug plans to its active police officers. The required contribution is based on projected pay-as-you-go financing requirements.

Contributions

For the year ending December 31, 2015, the Township contributed \$18,542 to the plan.

**NON-UNIFORM PLAN**

Plan Description

The Township administers a single-employer defined benefit healthcare plan ("the Non-Uniform Retiree Health Plan"). The plan provides hospitalization and health benefits to fully retired non-uniform employees and their spouses until the employee is eligible for Medicare. Post-retirement benefits are provided for employees hired before January 1, 2007 and retired after January 1, 2001 with a monthly pension benefit, are at least 55 years of age, and have served the Township at least 20 years. Post-retirement benefits are provided for employees hired on or after January 1, 2007, retired with a monthly pension benefit, are at least 55 years of age, and have served the Township at least 25 years. Post-retirement benefits will be for the medical insurance and prescription drug plans with coverage at the same levels provided to active employees. The employee must notify the Township prior to retirement in order to be eligible. In the event that the retired employee is employed by an employer who provides medical insurance and the retired employee is eligible at any level of benefit, Township provided post-retirement benefits shall cease and the retired employee can not be reinstated. Spouses are not covered if they have available health coverage through their employer. Spouses are covered under the plan for a maximum of 10 years.

Funding Policy

The contribution requirements are based on the level of coverage provided to active non-uniform employees. In 2015, the Township is covering 100% of the cost of medical insurance and prescription drug plans to its active employees. The required contribution is based on projected pay-as-you-go financing requirements.

Contributions

For the year ending December 31, 2015, the Township contributed \$0 to the plan as there were no eligible non-uniform retirees.

**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**COMMITMENTS AND CONTINGENCIES**

**CONESTOGA VALLEY REGIONAL OPEN SPACE, GREENWAY, AND RECREATION PLAN**

The Township has entered into a grant agreement with The Pennsylvania Department of Conservation and Natural Resources (DCNR). The proposed project incorporates elements of comprehensive recreation, park, open space planning, community greenway and connectivity planning, as well as conceptual planning for specific park facilities in the region. The total cost of the project is \$102,250. This cost will be shared by Lancaster County Planning Commission (\$4,000), Conestoga Valley School District (\$3,495), Upper Leacock Township (\$17,135), East Lampeter Township's (\$28,320) and DCNR (\$50,000).

**REIMBURSEMENT AND MAINTENANCE AGREEMENT**

The Township has entered into an agreement to reimburse the Commonwealth of Pennsylvania for costs of the installation of new pedestrian facilities required as part of the State improvements to SR340. The remaining outstanding cost of the pedestrian facilities is \$30,447.

**FIRE APPARATUS REPLACEMENT**

The Township has agreed to assist the four Township fire companies in the purchase of fire apparatus through 2029. On a rotating basis, the Township has agreed to reimburse the fire companies between 33.3% and 50% of the cost of approved apparatus. The Township has an expenditure obligation of \$145,795 in 2016.

**CONSTRUCTION COMMITMENTS**

As of December 31, 2015, the Authority has approved bids and entered into construction contracts totaling \$1,783,076. At year-end, the amount remaining to be paid on these contracts is \$326,160. Additional construction commitments of \$293,579 were made in 2016.

**ADDITIONAL CONTRIBUTION ASSESSMENT**

The Township and Authority have entered into an inter-municipal sewage treatment and plant construction agreement with the City of Lancaster and its sewer authority. In prior years, the City of Lancaster has made additional assessments for capital improvements. By a letter received January 27, 1999, the City claims East Lampeter Sewer Authority owes \$1,367,233 on these assessments. The Authority disputes the validity and the amount of this assessment. To date, no formal resolution has been reached. As of December 31, 2015, the City has not updated the amount of these claims.

**FEES FROM DEVELOPERS**

Developers are required to remit various fees to the Township to obtain final plan approval. These fees may include fees in lieu of parkland, traffic study fees and similar charges. Some of these fees may be refundable if not expended within a certain period of time.



**EAST LAMPETER TOWNSHIP**  
**Notes to Financial Statements - Continued**  
**December 31, 2015**

**COMMITMENTS AND CONTINGENCIES (CONT'D)**

**LETTERS OF CREDIT**

Developers and others are periodically required to issue an irrevocable letter of credit to secure the completion of public improvements in accordance with Township ordinances and regulations. These letters of credit are released upon completion of the improvements. A developer may deposit the amount of the required letter of credit into an interest bearing escrow account maintained by the Township. These funds are refunded plus interest earned upon completion of the improvements.

**LITIGATION**

A developer has challenged whether certain fees of \$289,000 contributed in lieu of parkland were properly used in accordance with the Township's Subdivision and Land Development Ordinance. The outcome of this litigation is not presently determinable.

**SUBSEQUENT EVENTS**

In May 2016, the Authority approved an amendment to an escrow agreement with the City of Lancaster. Related to upgrades and improvements to the wastewater treatment plant's nutrient removal system, the amendment is effective upon approval of other neighboring municipalities. When finalized, the Authority will be required to deposit an additional \$1,248,148 for this project.

In June 2016, the Township approved refinancing the 2011 General Obligation Bonds with a Bank Loan. The refinance date will be November 15, 2016. Balance to be refinanced is anticipated to be \$3,870,000.

In June 2016, the Township and Sewer Authority approved a Bank Loan of \$2.5 million to finance sewer plant improvements. The Township will guarantee the payment of principal and interest on the loan by making lease rental payments to the Authority.

Management has evaluated events through June 28, 2016, the date the financial statements were available to be issued.



**EAST LAMPETER TOWNSHIP**  
**Statement of Revenue, Expenditures and Changes in**  
**Fund Balances, Budget and Actual - Modified Cash Basis**  
**General and Major Special Revenue Funds**  
**For the Year Ended December 31, 2015**

<b>GENERAL FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 6,076,047	\$ 6,076,047	\$ 6,461,274	\$ 385,227
Licenses and Permits	244,050	244,050	262,567	18,517
Fines and Forfeits	133,800	133,800	117,508	(16,292)
Interest, Rents and Royalties	3,610	3,610	2,572	(1,038)
Intergovernmental Revenues	1,737,370	1,737,370	1,740,705	3,335
Charges for Service	299,015	299,015	593,003	293,988
<b>TOTAL REVENUES</b>	<b>8,493,892</b>	<b>8,493,892</b>	<b>9,177,629</b>	<b>683,737</b>
<b>EXPENDITURES</b>				
General Government	980,460	980,460	933,881	46,579
Police	5,446,424	5,446,424	5,547,163	(100,739)
Fire and Ambulance	473,101	473,101	432,895	40,206
Inspection, Planning, Zoning and Other Public Safety	295,256	295,256	244,777	50,479
Public Works - Highways and Streets	774,110	774,110	902,521	(128,411)
Culture and Recreation	223,432	223,432	197,760	25,672
Debt Service	724,357	724,357	730,066	(5,709)
Miscellaneous Expenditures	23,104	23,104	23,610	(506)
<b>TOTAL EXPENDITURES</b>	<b>8,940,244</b>	<b>8,940,244</b>	<b>9,012,673</b>	<b>(72,429)</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>\$ (446,352)</b>	<b>\$ (446,352)</b>	<b>\$ 164,956</b>	<b>\$ 611,308</b>

# **HIGHWAY AID FUND**

Budgeted Amounts		Actual		Variance with
Original	Final	(Budgetary Basis)	Positive	Final Budget
			(Negative)	
\$ 0	\$ 0	\$ 0	\$ 0	
0	0	0	0	
0	0	0	0	
50	50	99	49	
419,014	419,014	431,498	12,484	
0	0	0	0	
419,064	419,064	431,597	12,533	
0	0	0	0	
0	0	0	0	
0	0	0	0	
0	0	0	0	
528,776	528,776	496,569	32,207	
0	0	0	0	
38,915	38,915	38,916	(1)	
0	0	0	0	
567,691	567,691	535,485	32,206	
\$ (148,627)	\$ (148,627)	\$ (103,888)	\$ 44,739	

**EAST LAMPETER TOWNSHIP**  
**Statement of Revenue, Expenditures and Changes in Fund Balances, Budget and Actual**  
**General and Major Special Revenue Funds - Continued**  
**For the Year Ended December 31, 2015**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers	\$ (121,957)	\$ (121,957)	\$ (205,473)	\$ (83,516)
Sale of Fixed Assets	10,000	10,000	9,700	(300)
Refunds of Prior Years Expenditures	247,375	247,375	357,161	109,786
Refunds of Prior Years Receipts	0	0	(11,416)	(11,416)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>135,418</u>	<u>135,418</u>	<u>149,972</u>	<u>14,554</u>
Net Change in Fund Balances	<u>(310,934)</u>	<u>(310,934)</u>	<u>314,928</u>	<u>625,862</u>
<b>Fund Balance - January 1, 2015</b>	<u>2,699,482</u>	<u>2,669,482</u>	<u>2,699,482</u>	<u>0</u>
<b>Fund Balance - December 31, 2015</b>	<u>\$ 2,388,548</u>	<u>\$ 2,358,548</u>	<u>\$ 3,014,410</u>	<u>\$ 625,862</u>



HIGHWAY AID FUND			
Budgeted Amounts		Actual	Variance with
Original	Final	(Budgetary Basis)	Final Budget
			Positive
			(Negative)
\$ 0	\$ 0	\$ 24,005	\$ 24,005
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	24,005	24,005
(148,627)	(148,627)	(79,883)	68,744
225,834	225,834	225,834	0
\$ 77,207	\$ 77,207	\$ 145,951	\$ 68,744