



EAST FALLOWFIELD TOWNSHIP

**ANNUAL AUDIT
AND
FINANCIAL REPORT**

DECEMBER 31, 2016



2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

Department of Community & Economic Development
Governor's Center for Local Government Services
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
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City of: _____ County: _____

Borough of: _____ County: _____

Township of: East Fallowfield County: Chester

Municipality of: _____ County: _____

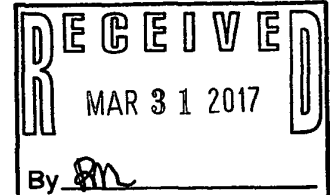
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Wilmington, Delaware 19810

INDEPENDENT AUDITOR'S REPORT

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March 27, 2017

To the Board of Supervisors
East Fallowfield Township
East Fallowfield, Pennsylvania



Report on the Financial Statements

We have audited the accompanying annual audit and financial report ("financial statements") of East Fallowfield Township, East Fallowfield, Pennsylvania, which comprise the balance sheet for each fund type as of December 31, 2016, and the related statement of revenues and expenditures for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Department of Community and Economic Development of the Commonwealth of Pennsylvania ("DCED"). 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

BARBACANE
THORNTON
& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Supervisors
East Fallowfield Township

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheet of each of the fund types of East Fallowfield Township, East Fallowfield, Pennsylvania as of December 31, 2016, and the revenues it received and the expenditures it paid for the year then ended on the basis of accounting described on the basis of accounting described in the second paragraph of this report.

Emphasis of a Matter

During the year ended December 31, 2016, the Township elected to change its method of preparing the financial statements from the modified accrual basis of accounting to the cash basis of accounting. In addition, the Township has restated its January 1, 2016 fund balance in the General Fund to record the opening balance of an interfund receivable for funds belonging to the Township that are held in the Agency Fund. These changes have resulted in a decrease in opening fund balance in the General Fund of \$82,865 and an increase in the Special Revenue Fund of \$6,865. Our opinion is not modified with respect to these matters.

Basis of Accounting

We draw attention to the basis of accounting, which is described in the second paragraph of this report. The financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by the DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the DCED. As permitted by the DCED, East Fallowfield Township, East Fallowfield, Pennsylvania, prepares its financial statements on the cash basis of accounting; consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when a liability is incurred. Additionally, in accordance with the prescribed accounting practices permitted by the DCED, the Township does not include footnote disclosures. Our opinion is not modified with respect to this matter.

Restriction on Use

This report is intended solely for the information and use of management, the Board of Supervisors, others within East Fallowfield Township, the Department of Community and Economic Development, and the Chester County Courthouse, and is not intended to be and should not be used by anyone other than these specified parties.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

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Balance Sheet					
December 31, 2016					
		Governmental Funds			
Assets and Other Debits		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
100-120	Cash and Investments	945,849	107,376	337,529	
140-144	Tax Receivable				
121-129					
145-149	Accounts Receivable (excluding taxes)				
130	Due From Other Funds	306,781	29,071	65,000	
131-139					
150-159	Other Current Assets				
160-169	Fixed Assets				
180-189	Other Debits				
Total Assets and Other Debits		\$ 1,252,630	\$ 136,447	\$ 402,529	\$ -

Liabilities and Other Credits					
210-229	Payroll Taxes and Other Payroll Withholdings				
200-209					
231-239	All Other Current Liabilities				
230	Due To Other Funds	91,931			
260-269	Long-Term Liabilities				
240-259	Current Portion of Long-Term Debt and Other Credits				
Total Liabilities and Other Credits		\$ 91,931	\$ -	\$ -	\$ -

Fund and Account Group Equity					
281-284	Contributed Capital				
290	Investment in General Fixed Assets				
270-289	Fund Balance / Retained Earnings on 12/31	1,160,699	136,447	402,529	
291-299	Other Equity				
Total Fund and Account Group Equity		\$ 1,160,699	\$ 136,447	\$ 402,529	\$ -

Total Assets and Other Debits minus Total Liabilities and Other Credits must Equal the Total Fund and Account Group Equity.

		Proprietary Funds		Fiduciary Fund	Account Groups		Total
Assets and Other Debits		Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Memorandum Only
100-120	Cash and Investments			401,082			1,791,836
140-144	Tax Receivable						-
121-129							
145-149	Accounts Receivable (excluding taxes)						-
130	Due From Other Funds						400,852
131-139							
150-159	Other Current Assets						-
160-169	Fixed Assets						-
180-189	Other Debits						-
Total Assets and Other Debits		\$	\$	\$ 401,082	\$	\$	\$ 2,192,688

Liabilities and Other Credits							
210-229	Payroll Taxes and Other Payroll Withholdings						-
200-209							
231-239	All Other Current Liabilities			92,161			92,161
230	Due To Other Funds			308,921			400,852
260-269	Long-Term Liabilities						-
	Current Portion of Long-Term Debt and Other Credits						-
Total Liabilities and Other Credits		\$	\$	\$ 401,082	\$	\$	\$ 493,013

Fund and Account Group Equity							
281-284	Contributed Capital						-
290	Investment in General Fixed Assets						-
270-289	Fund Balance / Retained Earnings on 12/31						1,699,675
291-299	Other Equity						-
Total Fund and Account Group Equity		\$	\$	\$	\$	\$	\$ 1,699,675

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY							\$ 2,192,688
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Total Assets and Other Debits minus Total Liabilities and Other Credits must Equal the Total Fund and Account Group Equity.

Statement of Revenues and Expenditures					
December 31, 2016					
REVENUES		GOVERNMENTAL FUNDS			
Taxes		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
301.00	Real Estate Taxes	474,572			
305.00	Occupation Taxes (levied under municipal code)				
308.00	Residence Taxes (levied by cities of the third class)				
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)				
310.00	Per Capita Taxes				
310.10	Real Estate Transfer Taxes	170,896			
310.20	Earned Income Taxes/Wage Taxes	1,250,909			
310.30	Business Gross Receipts Taxes				
310.40	Occupation Taxes (levied under Act 511)				
310.50	Local Services Tax**	23,625			
310.60	Amusement/Admission Taxes				
310.70	Mechanical Device Taxes				
310.90	Other Local Tax Enabling Act/Act511 Taxes (Please List)				
Total Taxes		\$ 1,920,002	\$ -	\$ -	\$ -

Licenses and Permits					
320-322	All Other Licenses and Permits	1,160			
321.80	Cable Television Franchise Fees	167,097			
Total Licenses and Permits		\$ 168,257	\$ -	\$ -	\$ -

Fines and Forfeits					
330-332	Fines and Forfeits	16,543			
Total Fines and Forfeits		\$ 16,543	\$ -	\$ -	\$ -

Interest, Rents, and Royalties					
341.00	Interest Earnings	1,105	111	190	
342.00	Rents and Royalties	37,941			
Total Interest, Rents, and Royalties		\$ 39,046	\$ 111	\$ 190	\$ -

** This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
Taxes		Enterprise	Internal Service	Trust and Agency	Memorandum Only
301.00	Real Estate Taxes				474,572
305.00	Occupation Taxes (levied under municipal code)				-
308.00	Residence Taxes (levied by cities of the third class)				-
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)				-
310.00	Per Capita Taxes				-
310.10	Real Estate Transfer Taxes				170,896
310.20	Earned Income Taxes/Wage Taxes				1,250,909
310.30	Business Gross Receipts Taxes				-
310.40	Occupation Taxes (levied under Act 511)				-
310.50	Local Services Tax**				23,625
310.60	Amusement/Admission Taxes				-
310.70	Mechanical Device Taxes				-
310.90	Other Local Tax Enabling Act/Act511/Taxes (Please List)				-
Total Taxes		\$ -	\$ -	\$ -	\$ 1,920,002

Licenses and Permits					
320-322	All Other Licenses and Permits				1,160
321.80	Cable Television Franchise Fees				167,097
Total Licenses and Permits		\$ -	\$ -	\$ -	\$ 168,257

Fines and Forfeits					
330-332	Fines and Forfeits				16,543
Total Fines and Forfeits		\$ -	\$ -	\$ -	\$ 16,543

Interest, Rents, and Royalties					
341.00	Interest Earnings				1,406
342.00	Rents and Royalties				37,941
Total Interest, Rents, and Royalties		\$ -	\$ -	\$ -	\$ 39,347

** This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES		GOVERNMENTAL FUNDS			
Federal		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
351.03	Highways and Streets	12,395	22,117		
351.09	Community Development				
351.00	All Other Federal Capital and Operating Grants				
352.01	National Forest				
352.00	All Other Federal Shared Revenue and Entitlements				
353.00	Federal Payments in Lieu of Taxes				
Total Federal		\$ 12,395	\$ 22,117	\$	\$

State					
354.03	Highway and Streets		26,931		
354.09	Community Development				
354.15	Recycling/Act 101				
354.00	All Other State Capital and Operating Grants				
355.01	Public Utility Realty Tax (PURTA)	1,885			
355.02- 355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		300,928		
355.04	Alcoholic Beverage Licenses				
355.05	General Municipal Pension System State Aid	96,242			
355.07	Foreign Fire Insurance Tax Distribution	50,965			
355.08	Local Share Assessment/Gaming Proceeds				
355.09	Marcellus Shale Impact Fee Distribution**				
355.00	All Other State Shared Revenues and Entitlements				
356.00	State Payments in Lieu of Taxes				
Total State		\$ 149,092	\$ 327,859	\$	\$

Local Governmental Units					
357.03	Highways and Streets				
357.00	All Other Local Governmental Units Capital and Operating Grants	4,593			
358.00	Local Governmental Unit Shared Payments for Contracted Intergovernmental Services				
359.00	Local Governmental Units, Authorities Payments, and Payments in Lieu of Taxes				
Total Local Governmental Units		\$ 4,593	\$	\$	\$

2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
Federal		Enterprise	Internal Service	Trust and Agency	Memorandum Only
351.03	Highways and Streets				-
351.09	Community Development				-
351.00	All Other Federal Capital and Operating Grants				-
352.01	National Forest				-
352.00	All Other Federal Shared Revenue and Entitlements				-
353.00	Federal Payments in Lieu of Taxes				-
Total Federal		\$ -	\$ -	\$ -	\$ -

State					
354.03	Highway and Streets				61,443
354.09	Community Development				-
354.15	Recycling/Act 101				-
354.00	All Other State Capital and Operating Grants				-
355.01	Public Utility Realty Tax (PURTA)				1,885
355.02-	Motor Vehicle Fuel Tax				
355.03	(Liquid Fuels Tax) and State Road Turnback				300,928
355.04	Alcoholic Beverage Licenses				-
355.05	General Municipal Pension System State Aid				96,242
355.07	Foreign Fire Insurance Tax Distribution				50,965
355.08	Local Share Assessment/Gaming Proceeds				-
355.09	Marcellus Shale Impact Fee Distribution**				-
355.00	All Other State Shared Revenues and Entitlements				-
356.00	State Payments in Lieu of Taxes				-
Total State		\$ -	\$ -	\$ -	\$ 511,463

Local Governmental Units					
357.03	Highways and Streets				-
357.00	All Other Local Governmental Units Capital and Operating Grants				4,593
358.00	Local Governmental Unit Shared Payments for Contracted Intergovernmental Services				-
359.00	Local Governmental Units, Authorities Payments, and Payments in Lieu of Taxes				-
Total Local Government Units		\$ -	\$ -	\$ -	\$ 4,593

TOTAL INTERGOVERNMENTAL REVENUES					\$ 516,056
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2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		GOVERNMENTAL FUNDS			
Charges For Service		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
361.00	General Government	3,845			
362.00	Public Safety	77,803			
363.20	Parking				
363.00	All Other Charges for Highway and Streets Services	3,161	2,484		
364.10	Wastewater/Sewage Charges				
364.30	Solid Waste Collection and Disposal Charge (trash)	625,252			
364.60	Host Municipality Benefit Fee for Solid Waste Facility				
364.00	All Other Charges for Sanitation Services				
365.00	Health				
366.00	Human Services				
367.00	Culture and Recreation				
368.00	Airports				
369.00	Bars				
370.00	Cemeteries				
372.00	Electric System				
373.00	Gas System				
374.00	Housing System				
375.00	Markets				
377.00	Transit Systems				
378.00	Water System				
379.00	All Other Charges for Service				
Total Charges for Service		\$ 710,061	\$ 2,484	\$ -	\$ -

Unclassified Operating Revenues					
383.00	Assessments				
386.00	Escheats (sale of personal property)				
387.00	Contributions and Donations from Private Sectors	7,660			
388.00	Fiduciary Fund Pension Contributions				
389.00	All Other Unclassified Operating Revenues***	1,249			
Total Unclassified Operating Revenues		\$ 8,909	\$ -	\$ -	\$ -

Other Financing Sources					
391.00	Proceeds of General Fixed Asset Disposition				
392.00	Interfund Operating Transfers**			65,000	
393.00	Proceeds of General Long-Term Debt				
394.00	Proceeds of Short-Term Debt				
395.00	Refunds of Prior Year Expenditures	15,828			
Total Other Financing Sources		\$ 15,828	\$ -	\$ 65,000	\$ -

TOTAL REVENUES		\$ 3,044,726	\$ 352,574	\$ 65,000	\$ -
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**The total of line 392.00 must match the total of line 492.00

*** This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
Charges For Service		Enterprise	Internal Service	Trust and Agency	Memorandum Only
361.00	General Government				3,845
362.00	Public Safety				77,803
363.20	Parking				-
363.00	All Other Charges for Highway and Streets Services				5,645
364.10	Wastewater/Sewage Charges				-
364.30	Solid Waste Collection and Disposal Charge (trash)				625,252
364.60	Host Municipality Benefit Fee for Solid Waste Facility				-
364.00	All Other Charges for Sanitation Services				-
365.00	Health				-
366.00	Human Services				-
367.00	Culture and Recreation				-
368.00	Airports				-
369.00	Bars				-
370.00	Cemeteries				-
372.00	Electric System				-
373.00	Gas System				-
374.00	Housing System				-
375.00	Markets				-
377.00	Transit Systems				-
378.00	Water System				-
379.00	All Other Charges for Service				-
Total Charges for Service		\$ -	\$ -	\$ -	\$ 712,545

Unclassified Operating Revenues					
383.00	Assessments				-
386.00	Escheats (sale of personal property)				-
387.00	Contributions and Donations from Private Sectors				7,660
388.00	Fiduciary Fund Pension Contributions				-
389.00	All Other Unclassified Operating Revenues***				1,249
Total Unclassified Operating Revenues		\$ -	\$ -	\$ -	\$ 8,909

Other Financing Sources					
391.00	Proceeds of General Fixed Asset Disposition				-
392.00	Interfund Operating Transfers**				65,000
393.00	Proceeds of General Long-Term Debt				-
394.00	Proceeds of Short-Term Debt				-
395.00	Refunds of Prior Year Expenditures				15,828
Total Other Financing Sources		\$ -	\$ -	\$ -	\$ 80,828

TOTAL REVENUES		\$ -	\$ -	\$ -	\$ 3,462,487
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**The total of line 392.00 must match the total of line 492.00

*** This amount cannot be greater the 1% of "TOTAL REVENUES" in each of the funds.

EXPENDITURES		GOVERNMENTAL FUNDS			
General Government		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
400.00	Legislative (Governing) Body	12,171			
401.00	Executive (Manager or Mayor)				
402.00	Auditing Services/Financial Administration	14,900			
403.00	Tax Collection	258			
404.00	Solicitor/Legal Services	48,603			
405.00	Secretary/Clerk	96,013			
406.00	Other General Government Administration	41,820			
407.00	IT - Networking Services - Data Processing	18,704			
408.00	Engineering Services	15,295			
409.00	General Government Buildings and Plant	14,589			
Total General Government		\$ 262,353	\$ -	\$ -	\$ -

Public Safety					
410.00	Police	729,800			
411.00	Fire	182,534			
412.00	Ambulance/Rescue				
413.00	UCC and Code Enforcement	35,880			
414.00	Planning and Zoning	3,484			
415.00	Emergency Management and Communications				
416.00	Militia and Armories				
417.00	Examination of Licensed Occupations				
418.00	Public Scales (weights and measures)				
419.00	Other Public Safety				
Total Public Safety		\$ 951,698	\$ -	\$ -	\$ -

Health and Human Services					
420.00-425.00	Health and Human Services	6,710			

Public Works - Sanitation					
426.00	Recycling Collection and Disposal				
427.00	Solid Waste Collection and Disposal (trash)	586,277			
428.00	Weed Control				
429.00	Wastewater/Sewage Collection and Treatment				
Total Public Works - Sanitation		\$ 586,277	\$ -	\$ -	\$ -

2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
General Government		Enterprise	Internal Service	Trust and Agency	Memorandum Only
400.00	Legislative (Governing) Body				12,171
401.00	Executive (Manager or Mayor)				-
402.00	Auditing Services/Financial Administration				14,900
403.00	Tax Collection				258
404.00	Solicitor/Legal Services				48,603
405.00	Secretary/Clerk				96,013
406.00	Other General Government Administration				41,820
407.00	IT - Networking Services - Data Processing				18,704
408.00	Engineering Services				15,295
409.00	General Government Buildings and Plant				14,589
Total General Government		\$ -	\$ -	\$ -	\$ 262,353

Public Safety					
410.00	Police				729,800
411.00	Fire				182,534
412.00	Ambulance/Rescue				-
413.00	UCC and Code Enforcement				35,880
414.00	Planning and Zoning				3,484
415.00	Emergency Management and Communications				-
416.00	Militia and Armories				-
417.00	Examination of Licensed Occupations				-
418.00	Public Scales (weights and measures)				-
419.00	Other Public Safety				-
Total Public Safety		\$ -	\$ -	\$ -	\$ 951,698

Health and Human Services					
420.00-425.00	Health and Human Services				6,710

Public Works - Sanitation					
426.00	Recycling Collection and Disposal				-
427.00	Solid Waste Collection and Disposal (trash)				586,277
428.00	Weed Control				-
429.00	Wastewater/Sewage Collection and Treatment				-
Total Public Works - Sanitation		\$ -	\$ -	\$ -	\$ 586,277

2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
Public Works - Highways and Streets					
430.00	General Services - Administration	340,817	13,236		
431.00	Cleaning of Streets and Gutters				
432.00	Winter Maintenance - Snow Removal		42,455		
433.00	Traffic Control Devices	20	2,328		
434.00	Street Lighting		1,595		
435.00	Sidewalks and Crosswalks				
436.00	Storm Sewers and Drains		1,136		
437.00	Repairs of Tools and Machinery	3,834	44,162		
438.00	Maintenance and Repairs of Roads and Bridges		8,861		
439.00	Highway Construction and Rebuilding Projects		159,874		
Total Public Works - Highways and Streets		\$ 344,671	\$ 273,647	\$ -	\$ -

Public Works - Other Services					
440.00	Airports				
441.00	Cemeteries				
442.00	Electric System				
443.00	Gas System				
444.00	Markets				
445.00	Parking				
446.00	Storm Water and Flood Control				
447.00	Transit System				
448.00	Water System				
449.00	Water Transport and Terminals				
Total Public Works - Other Services		\$ -	\$ -	\$ -	\$ -

Culture and Recreation					
451.00	Culture - Recreation Administration				
452.00	Participant Recreation				
453.00	Spectator Recreation				
454.00	Parks	11,972			
455.00	Shade Trees				
456.00	Libraries				
457.00	Civil and Military Celebrations				
458.00	Senior Citizens' Centers				
459.00	All Other Culture and Recreation				
Total Culture and Recreation		\$ 11,972	\$ -	\$ -	\$ -

Community Development					
461.00	Conservation of Natural Resources				
462.00	Community Development and Housing				
463.00	Economic Development				
464.00	Economic Opportunity				
465.00-					
469.00	All Other Community Development				
Total Community Development		\$ -	\$ -	\$ -	\$ -

2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
Public Works - Highways and Streets					
430.00	General Services - Administration				354,053
431.00	Cleaning of Streets and Gutters				-
432.00	Winter Maintenance - Snow Removal				42,455
433.00	Traffic Control Devices				2,348
434.00	Street Lighting				1,595
435.00	Sidewalks and Crosswalks				-
436.00	Storm Sewers and Drains				1,136
437.00	Repairs of Tools and Machinery				47,996
438.00	Maintenance and Repairs of Roads and Bridges				8,861
439.00	Highway Construction and Rebuilding Projects				159,874
Total Public Works - Highways and Streets		\$ -	\$ -	\$ -	\$ 618,318

Public Works - Other Services					
440.00	Airports				-
441.00	Cemeteries				-
442.00	Electric System				-
443.00	Gas System				-
444.00	Markets				-
445.00	Parking				-
446.00	Storm Water and Flood Control				-
447.00	Transit System				-
448.00	Water System				-
449.00	Water Transport and Terminals				-
Total Public Works - Other Services		\$ -	\$ -	\$ -	\$ -

Culture and Recreation					
451.00	Culture - Recreation Administration				-
452.00	Participant Recreation				-
453.00	Spectator Recreation				-
454.00	Parks				11,972
455.00	Shade Trees				-
456.00	Libraries				-
457.00	Civil and Military Celebrations				-
458.00	Senior Citizens' Centers				-
459.00	All Other Culture and Recreation				-
Total Culture and Recreation		\$ -	\$ -	\$ -	\$ 11,972

Community Development					
461.00	Conservation of Natural Resources				-
462.00	Community Development and Housing				-
463.00	Economic Development				-
464.00	Economic Opportunity				-
465.00-469.00	All Other Community Development				-
Total Community Development		\$ -	\$ -	\$ -	\$ -

2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
Debt Service					
471.00	Debt Principal (short-term and long-term)	8,078	18,808	9,198	
472.00	Debt Interest (short-term and long-term)	387	3,910	444	
475.00	Fiscal Agent Fees				
Total Debt Service		\$ 8,465	\$ 22,718	\$ 9,642	\$ -

Employer Paid Benefits and Withholding Items					
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	89,134			
482.00	Judgments and Losses				
483.00	Pension/Retirement Fund Contributions	115,127			
484.00	Worker Compensation Insurance	84,758			
487.00	Group Insurance and Other Benefits	268,264			
Total Employer Paid Benefits and Withholding Items		\$ 557,283	\$ -	\$ -	\$ -

Insurance					
486.00	Insurance, Casualty, and Surety	47,159			

Unclassified Operating Expenditures					
488.00	Fiduciary Fund Benefits and Refunds Paid				
489.00	All Other Unclassified Expenditures***				
Total Unclassified Operating Expenditures		\$ -	\$ -	\$ -	\$ -

Other Financing Uses					
491.00	Refund of Prior Year Revenues	68,934			
492.00	Interfund Operating Transfers**	65,000			
493.00	All Other Financing Uses				
Total Other Financing Uses		\$ 133,934	\$ -	\$ -	\$ -

TOTAL EXPENDITURES		\$ 2,910,522	\$ 296,365	\$ 9,642	\$ -
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EXCESS / (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES		\$ 134,204	\$ 56,206	\$ 55,548	\$ -
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** The total of line 492.00 must match the total of line 392.00

*** This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

2016 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
Debt Service					
471.00	Debt Principal (short-term and long-term)				36,084
472.00	Debt Interest (short-term and long-term)				4,741
475.00	Fiscal Agent Fees				-
Total Debt Service		\$ -	\$ -	\$ -	\$ 40,825

Employer Paid Benefits and Withholding Items					
481.00	Employer Paid Withholding Taxes and Unemployment Compensation				89,134
482.00	Judgments and Losses				-
483.00	Pension/Retirement Fund Contributions				115,127
484.00	Worker Compensation Insurance				84,758
487.00	Group Insurance and Other Benefits				268,264
Total Employer Paid Benefits and Withholding Items		\$ -	\$ -	\$ -	\$ 557,283

Insurance					
486.00	Insurance, Casualty, and Surety				47,159

Unclassified Operating Expenditures					
488.00	Fiduciary Fund Benefits and Refunds Paid				-
489.00	All Other Unclassified Expenditures***				-
Total Unclassified Operating Expenditures		\$ -	\$ -	\$ -	\$ -

Other Financing Uses					
491.00	Refund of Prior Year Revenues				68,934
492.00	Interfund Operating Transfers**				65,000
493.00	All Other Financing Uses				-
Total Other Financing Uses		\$ -	\$ -	\$ -	\$ 133,934

TOTAL EXPENDITURES		\$ -	\$ -	\$ -	\$ 3,216,529
---------------------------	--	------	------	------	--------------

EXCESS / (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES		\$ -	\$ -	\$ -	\$ 245,958
---	--	------	------	------	------------

** The total of line 492.00 must match the total of line 392.00

*** This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

[illegible]

\$	-
	82,756
	-
\$	82,756

Total bonds and notes outstanding

Capitalized lease obligations

Other debt

TOTAL OUTSTANDING DEBT

TOTAL CAPITAL EXPENDITURES*	\$	190,347
------------------------------------	-----------	----------------

* Capital expenditures are generally considered to be those which result in additions to the value of fixed assets (land, buildings and other structures, machinery and equipment.)

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

\$	1,035,137
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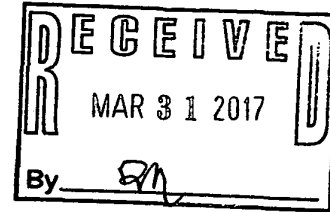
**** Use income from box 16 of the W-3 Statement**

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March 30, 2017

Ms. Frangipani Martin
Township Treasurer
East Fallowfield Township
2264 Strasburg Road
East Fallowfield, PA 19320



Dear Ms. Martin:

We have enclosed seven copies of the Annual Audit and Financial report of East Fallowfield Township for the year ended December 31, 2016, which should be filed with the following agency by April 1, 2017:

- County Courthouse - Chester County

We have enclosed a self-addressed envelope for your use in the above filing.

In addition, we have electronically filed your Annual Audit and Financial Report with the Department of Community and Economic Development, which is also due by April 1, 2017. An electronic copy of the Annual Audit and Financial Report has also been transmitted for your records and should be posted to your website.

Also enclosed is one copy each of the Summary Financial Statement and management letter. You are required to publish the Summary Financial Statement in a newspaper of general circulation by April 15, 2017 in accordance with the applicable Township Code.

If you intend to reproduce or publish additional copies of these reports or any portion thereof, with which our name is to be associated, we request that copies of the reproduction of all such materials be submitted to us so that we may consent to the use of our name before distribution.

We appreciate the opportunity to be of service to you.

Very truly yours,

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

/nrb

Enclosures

fst\EastFallowfield2016.dced

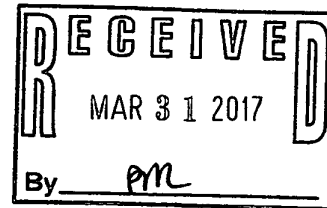
BARBACANE
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& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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March 27, 2017

To the Board of Supervisors
East Fallowfield Township
East Fallowfield, Pennsylvania



In planning and performing our audit of the financial statements, we considered East Fallowfield Township's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below as item #2016-001 that we consider to be a material weakness.

CURRENT YEAR FINDINGS

2016-001 LACK OF SEGREGATION OF DUTIES

During our current year audit, we noted that due to the size of the Township's administrative staff, the Township is not able to properly segregate the incompatible duties of custody and recordkeeping. In particular, the same individual is responsible for the collection and depositing of funds, recording the transaction information in QuickBooks, and reconciling the bank accounts at month end.

Proper segregation of duties is a cornerstone of a strong internal control structure. Without proper segregation of duties, it is very difficult to design effective internal control procedures that will prevent or detect significant fraud or material misstatements.

BARBACANE
THORNTON
& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Recommendation

We recommend that the Township evaluate its current staffing level, and determine if there are duties or responsibilities that can be reassigned to better segregate certain incompatible duties.

In addition, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are summarized below.

We will review the status of these comments during our next audit engagement. We have already discussed our comments and recommendations with appropriate members of management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

STATUS OF PRIOR YEAR RECOMMENDATION

RECONCILIATION OF ESCROW FUNDS

In prior years, the Township had recorded a significant negative asset of approximately \$752,000 in the Escrow Fund. The Township was not able to identify the genesis of this amount; in addition, the Township was not able to determine the true amount of deposits held on behalf of developers and other entities that should have been recorded as an escrow liability. It was recommended that the Township investigate the issues, and begin properly tracking its escrow activity.

Status

During our current year audit, the Township reviewed the detail for the Escrow Fund and determined the amounts that are believed to be held on behalf of other entities in order to properly state the true escrow liability. In addition, the negative asset balance was corrected, and the Escrow Fund now reflects the true operations of the fund. Therefore, this recommendation is no longer applicable.

CURRENT YEAR RECOMMENDATIONS

DCED CHART OF ACCOUNTS

During our current year audit, we noted that the Township's general ledger account structure does not completely conform to the chart of accounts prescribed by the Department of Community and Economic Development. In many areas of the Township's account structure, judgment is required in order to determine the correct DCED classification for the preparation of the annual financial report. The lack of consistency between the two charts of accounts also results in the preparation of the annual financial report being inefficient.

To the Board of Supervisors
East Fallowfield Township
page 3

Recommendation

We recommend that the Township revise its chart of accounts to conform to the chart of accounts prescribed by the DCED.

CAPITALIZATION POLICY

During our current year audit, we noted that the Township does not have a formally adopted capitalization policy. While the Township reports on the cash basis of accounting and does not include capital assets on its balance sheet, a statement of capital expenditures is included in the annual audit and financial report submitted to the DCED each year. To ensure consistency in its reporting, the Township should adopt a capitalization policy that specifies the cost threshold and other requirements for including expenditures on the statement of capital expenditures. This policy should include items such as the threshold for capitalizing expenditures, the minimum useful life an asset must have to be considered for capitalization, the policy for considering repairs and maintenance expenditures for capitalization, how donated assets are valued, and other similar items.

Recommendation

We recommend that the Township develop and formally adopt a capitalization policy to support its statement of capital expenditures. We would be happy to assist management in the development and implementation of this policy.

This information is intended solely for the information and use of the Board of Supervisors and management of East Fallowfield Township, and is not intended to be and should not be used by anyone other than these specified parties.

Barbacane, Thornton & Company LLP

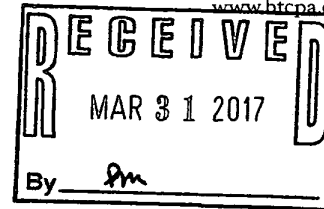
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March 27, 2017

To the Board of Supervisors
East Fallowfield Township
East Fallowfield, Pennsylvania



We have audited the annual audit and financial report ("financial statements") of East Fallowfield Township for the year ended December 31, 2016, and have issued our report thereon dated March 27, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated January 25, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. During 2016, the Township elected to change its method of preparing the financial statements from the modified accrual basis to the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles, to conform to the financial reporting provisions of the Department of Community and Economic Development of the Commonwealth of Pennsylvania. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates found for the year ended December 31, 2016.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The material misstatements described in the attached schedule were detected as a result of audit procedures and were corrected by management.

BARBACANE
THORNTON
& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Supervisors
East Fallowfield Township
page 2

During 2016, the Township restated opening fund balance in the General Fund to record the opening balance of an interfund receivable for funds belonging to the Township that are held in the Agency Fund. This restatement, in addition to the change in accounting principles described above, resulted in a decrease in opening fund balance in the General Fund of \$82,865 and an increase in opening fund balance in the Special Revenue Fund of \$6,865.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 27, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

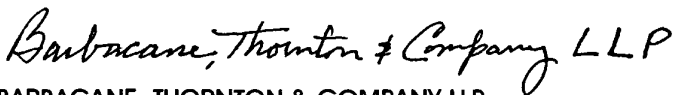
Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditor. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the information and use of the Board of Supervisors and management of East Fallowfield Township, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


BARBACANE, THORNTON & COMPANY LLP

**EAST FALLOWFIELD TOWNSHIP
ADJUSTING JOURNAL ENTRIES - GENERAL FUND
DECEMBER 31, 2016**

AJE #	ACCOUNT	DEBIT	CREDIT
1	Interfund Transfer	18,430.22	
	1389.60 · Misc Revenue		221.49
	Payables		9,644.18
	3900 · Retained Earnings		8,564.55
	<i>To correct opening fund balance at January 1, 2016 to agree to the 2015 municipal annual financial report.</i>		
2	Audit Adjustment	35.39	
	Allowance - Doubtful Accts	13,041.00	
	Grants Receivable	14.00	
	Accumulated Depreciation	2,442,706.69	
	Payables	13,222.82	
	Portnoff Demand Letter Fee acrl	13,325.93	
	Reserve - Compensated Absences	17,840.00	
	Accrued Payroll	14,141.00	
	Accrued Auditor's Fee	200.00	
	Payroll Liabilities	7,306.59	
	2100.07 · LST - Local Services Tax Payable	2,295.23	
	2100.08 · SUI Payable	100.74	
	Loan Payable - Susquehanna Comm Fin	8,078.46	
	UnclFd · Unclaimed Funds (Non-Cldr Cks)	17,559.30	
	1406.50 · Telephone	630.39	
	1411.45 · Telephone	29.70	
	1441.50 · Hydrants	3.38	
	1402.10 · Auditing Fee	14,900.00	
	1410.96 · Dues and Memberships	75.00	
	1410.45 · Pension Plan	99.41	
	Refund of Prior Year Revenues	96.50	
	1445.70 · Portnoff Notice Fee Expense	7,813.53	
	3900 · Retained Earnings	8,503,785.14	
	Receivables		42,018.90
	Trash Receivables 2013		20,849.82
	Trash Receivables 2014		870.18
	Trash Receivables 2015		10,710.00
	EIT Receivable		395,124.54
	LST Receivable		2,393.00
	Portnoff Notice Fee Prepayment		5,512.40
	Prepayments		505.78
	RE Transfer Tax Receivable		16,996.69
	Capital Asset-2014 DodgeCharger		31,610.98
	Computer Equip (2014)		12,045.00

**EAST FALLOWFIELD TOWNSHIP
ADJUSTING JOURNAL ENTRIES - GENERAL FUND
DECEMBER 31, 2016**

AJE #	ACCOUNT	DEBIT	CREDIT
	Fixed Assets (grouped; pre-2014)		10,518,585.82
	Deferred Revenue - Trash Prepayments		0.02
	2100.03 · Police Pension		711.51
	2100.05 · Teamsters Union Dues		29.15
	1401 · Administration: 1401.87 · Aflac Insurance		95.28
	1401 · Administration: 1401.96 · Dues and Memberships		1,542.15
	1409.50 · Repairs and Maintenance		75.00
	1410.82 · Aflac Insurance		376.02
	1411.20 · Clothing and Uniforms		294.57
	1412.00 · Vehicles - Fuel		672.54
	1412.05 · Vehicle - Repairs and Maintenance		114.97
	1413.05 · Gas		340.88
	1413.25 · Repairs and Maintenance		50.00
	1430.82 · Aflac Insurance		172.56
	1431.55 · PA One Calls		31.51
	Refund of Prior Year Expenditures		15,570.93
	<i>To convert the Township to the cash basis of accounting.</i>		
3	1350.25 · Winter Traffic Services Agrmt	26,930.89	
	Due to Liquid Fuels Fund		26,930.89
	<i>To remove the severe winter weather reimbursement mistakenly deposited in the General Fund and record the amount due to the Liquid Fuels fund.</i>		
4	Transfer to Capital Projects Fund	65,000.00	
	Due to Capital Projects Fund		65,000.00
	<i>To record the transfer and amount due to the Capital Projects fund.</i>		
5	1411.80 · Vehicle loan interest	386.26	
	1412.20 · Vehicle - NEW		386.26
	<i>To reclassify interest payments on the Dodge Charger lease to the proper account.</i>		
6	Due from Escrow Fund	3,161.36	
	1389.20 · Reimbursements		3,161.36
	<i>To record the amount due from the Escrow Fund for snow plowing reimbursements.</i>		

**EAST FALLOWFIELD TOWNSHIP
ADJUSTING JOURNAL ENTRIES - GENERAL FUND
DECEMBER 31, 2016**

<u>AJE #</u>	<u>ACCOUNT</u>	<u>DEBIT</u>	<u>CREDIT</u>
7	Due from Escrow Fund	303,619.70	
	Contribution from Escrow Fund		303,619.70
<i>To record the amount due from the Escrow Fund earned from administrative fees, interest, and other payments held in the Escrow Fund.</i>			
		<u>11,494,828.63</u>	<u>11,494,828.63</u>

**EAST FALLOWFIELD TOWNSHIP
ADJUSTING JOURNAL ENTRIES - PARKS AND RECREATION FUND
DECEMBER 31, 2016**

<u>AJE #</u>	<u>ACCOUNT</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Trail Retained Earnings	6,100.00	6,100.00

To convert the Township to the cash basis of accounting.

<u>6,100.00</u>	<u>6,100.00</u>
-----------------	-----------------

EAST FALLOWFIELD TOWNSHIP
ADJUSTING JOURNAL ENTRIES - SPECIAL REVENUE FUND (LIQUID FUELS FUND)
DECEMBER 31, 2016

AJE #	ACCOUNT	DEBIT	CREDIT
1	Payables 3900 · Retained Earnings	104.11	104.11
	<i>To correct the opening balance of accounts payable at January 1, 2016.</i>		
2	Accumulated Depreciation 1430.52 · Equipment - Repairs and Maintenance 3900 · Retained Earnings Payables Capital Asset - 2013 Ford F350 Capital Asset - Stone Spreader 1430.00 · Salt Supplies 1430.50 · Vehicle - Repairs and Maintenance 1430.10 · Vehicle Fuel - Diesel	14,189.00 19.46 32,616.18 11,804.60	44,261.00 9,409.00 4,333.22 414.60 211.42
	<i>To convert the Township to the cash basis of accounting.</i>		
3	Due from General Fund 1355.60 · Winter Traffic Severe Winter	26,930.89	26,930.89
	<i>To record the severe winter weather reimbursement received from PennDOT in the proper fund, and record the amount due from the general fund.</i>		
4	Capital Lease Principal Capital Lease Interest 1430.77 · Machinery and Equip - new	18,807.77 3,910.21	22,717.98
	<i>To reclassify the principal and interest payments made on the 2015 Freightliner truck lease to the correct amounts.</i>		
5	Due to General Fund 1350.35 · FEMA Snowstorm Funding Miscellaneous revenues	22,460.76	22,116.76 344.00
	<i>To correct the Due to General Fund amount, and record the appropriate revenues.</i>		

EAST FALLOWFIELD TOWNSHIP
ADJUSTING JOURNAL ENTRIES - SPECIAL REVENUE FUND (LIQUID FUELS FUND)
DECEMBER 31, 2016

<u>AJE #</u>	<u>ACCOUNT</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	1355.45 · Operating Transfers In	2,763.00	
	Due From Escrow Fund		623.00
	Miscellaneous Revenues		2,140.00
	<i>To correct the amount Due from the Escrow Fund.</i>		
		<u>133,605.98</u>	<u>133,605.98</u>

AJE #	ACCOUNT	DEBIT	CREDIT
1	Accumulated Depreciation	26,612.00	
	Capital lease principal payment	9,197.89	
	Retained Earnings	31,808.11	
	Capital Asset - Dodge Durango		35,985.00
	Capital Asset - Dodge Charger		31,633.00
	<i>To convert the Township to the cash basis of accounting.</i>		
2	Due from General Fund	65,000.00	
	Transfer in from General Fund		65,000.00
	<i>To record the transfer and amount due from the General Fund.</i>		
		<u>132,618.00</u>	<u>132,618.00</u>

**EAST FALLOWFIELD TOWNSHIP
ADJUSTING JOURNAL ENTRIES - ESCROW FUND
DECEMBER 31, 2016**

<u>AJE #</u>	<u>ACCOUNT</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	1200 · Accounts Receivable	752,745.35	
	361.71 · Admin Fee	900.00	
	440.01 · Interest	180.31	
	Engineer Rebill	2,351.57	
	Legal Rebill	7,009.45	
	2000 · Accounts Payable		1,365.12
	Due to General Fund		303,619.70
	Contractor Deposit Liability		90,000.00
	3900 · Retained Earnings		351,463.64
	3900.01 · Prior Year Write-off		16,738.22

To convert the Township to the cash basis, eliminate the credit receivable balance, and record the amount of cash held in the Escrow Fund belonging to the General Fund.

763,186.68

763,186.68



EAST FALLOWFIELD TOWNSHIP

SUMMARY FINANCIAL STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 2016

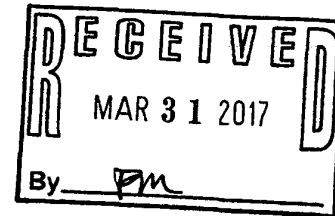
INDEPENDENT AUDITOR'S REPORT ON
SUMMARY FINANCIAL STATEMENT

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March 27, 2017

To the Board of Supervisors
East Fallowfield Township
East Fallowfield, Pennsylvania



Report on the Summary Financial Statement

The accompanying summary financial statement of East Fallowfield Township, East Fallowfield, Pennsylvania, as of and for the year ended December 31, 2016, which comprises the summary assets, liabilities, fund equity, revenues, expenditures, and change in fund equity, is derived from the audited annual audit and financial report of East Fallowfield Township, East Fallowfield, Pennsylvania, as of and for the year ended December 31, 2016. We expressed an unmodified audit opinion on the annual audit and financial report in our report dated March 27, 2017.

The summary financial statement does not contain all the information required for a complete presentation under the accounting practices of the Department of Community and Economic Development of the Commonwealth of Pennsylvania ("DCED"). Reading the summary financial statement, therefore, is not a substitute for reading the audited annual audit and financial report of East Fallowfield Township, East Fallowfield, Pennsylvania.

Management's Responsibility for the Summary Financial Statement

Management is responsible for the preparation of the summary financial statement in conformity with the accounting practices of the DCED.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statement is consistent, in all material respects, with the audited annual audit and financial report based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statement with the related information in the audited annual audit and financial report from which the summary financial statement has been derived, and evaluating whether the summary financial statement is prepared in accordance with the basis described in the second paragraph of this report.

Opinion

In our opinion, the summary financial statement of East Fallowfield Township, East Fallowfield, Pennsylvania as of and for the year ended December 31, 2016 referred to above is consistent, in all material respects, with the audited annual audit and financial report from which it has been derived, in accordance with the basis described in the second paragraph of this report.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

BARBACANE
THORNTON
& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

EAST FALLOWFIELD TOWNSHIP
Chester County, Pennsylvania
Summary Financial Statement
For the Year Ended December 31, 2016

This presentation is published in accordance with Section 904 of the Township Code. A complete copy of the audit report for the year ended December 31, 2016 is on file and available for inspection at the Township office.

TOTAL ASSETS	\$ 2,192,688
TOTAL LIABILITIES	<u>493,013</u>
TOTAL FUND EQUITY	<u><u>\$ 1,699,675</u></u>
 TOTAL REVENUES AND OTHER FINANCING SOURCES	 \$ 3,462,487
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>3,216,529</u>
CHANGE IN FUND EQUITY	<u><u>\$ 245,958</u></u>