

**WEST HEMPFIELD TOWNSHIP**

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**Financial Statements**

**Year Ended December 31, 2020**

WEST HEMPFIELD TOWNSHIP  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

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# BERTZ, HESS & CO., LLP

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BERTZ, HESS & CO., LLP  
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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors

West Hempfield Township

Lancaster, Pennsylvania

We have audited the accompanying financial statements of West Hempfield Township (the "Township"), Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting in a form prescribed by the Pennsylvania Department of Community and Economic Development as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

### **Auditors' Responsibility (Continued)**

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

Board of Supervisors  
West Hempfield Township  
Lancaster, Pennsylvania

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

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

As described in Note 2, these financial statements are prepared on the modified cash basis of accounting under the reporting provisions of the Pennsylvania Department of Community and Economic Development (DCED), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Pennsylvania DCED.

The effects on the financial statements of the variances between these regulatory accounting practices, described in Note 2, and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020, or changes in financial position for the year then ended. Further, the Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund of the Township as of December 31, 2020, and their respective changes in financial position for the year then ended, in accordance with the modified cash basis of accounting and the financial reporting provisions of the Pennsylvania DCED as described in Note 2.

*Bertz, Hess & Co., LLP*

BERTZ, HESS & CO., LLP  
Lancaster, Pennsylvania  
March 31, 2021

# 2020 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

361805 WEST HEMPFIELD TWP, LANCASTER COUNTY



# **BALANCE SHEET - MODIFIED CASH BASIS**

DCED-CLGS-30 (9-09)

WEST HEMPFIELD TWP, LANCASTER County

## **BALANCE SHEET - MODIFIED CASH BASIS**

December 31, 2020

	Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		General Fixed Assets	General Long Term Debt	
<b>Assets and Other Debits</b>										
100-120 Cash and Investments	5,955,385	2,333,269			100		11,649,499			19,938,253
140-144 Tax Receivable	14,504									14,504
121-129, 145-149 Accounts Receivable (excluding taxes)	26,640	41,501			16,128					84,269
130-00 Due From Other Funds		173,954								173,954
131-139, 150-159 Other Current Assets										
160-169 Fixed Assets								12,472,716		12,472,716
180-189 Other Debits									6,628,000	6,628,000
<b>Total Assets and Other Debits</b>	5,996,529	2,548,724			16,228		11,649,499	12,472,716	6,628,000	39,311,696

<b>Liabilities and Other Credits</b>										
210-229 Payroll Taxes and Other Payroll Withholdings	19,952									19,952
200-209, 231-239 All Other Current Liabilities	838,283	102,038								940,321
230-00 Due To Other Funds	173,954									173,954

WEST HEMPFIELD TWP, LANCASTER County  
BALANCE SHEET - MODIFIED CASH BASIS  
December 31, 2020

	Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		General Fixed Assets	General Long Term Debt	
<b>Liabilities and Other Credits</b>										
260-269 Long-Term-Liabilities									6,276,000	6,276,000
240-259 Current Portion of Long-Term Debt and Other Credits									352,000	352,000
<b>Total Liabilities and Other Credits</b>	1,032,189	102,038							6,628,000	7,762,227
<b>Fund and Account Group Equity</b>										
281-284 Contributed Capital										
290.00 Investment in General Fixed Assets								12,472,716		12,472,716
270-289 Fund Balance / Retained Earnings on 12/31	4,964,340	2,446,686			16,228		11,649,499			19,076,753
291-299 Other Equity										
<b>Total Fund and Account Group Equity</b>	4,964,340	2,446,686			16,228		11,649,499	12,472,716		31,549,469

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>	39,311,696
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WEST HEMPFIELD TWP, LANCASTER COUNTY  
**STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS**  
 December 31, 2020

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

**REVENUES**

Taxes									
301.00	Real Estate Taxes		2,351,822	134,198					2,486,020
305.00	Occupation Taxes (levied under municipal code)								
308.00	Residence Taxes (levied by cities of the 3rd Class)								
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)								
310.00	Per Capita Taxes								
310.10	Real Estate Transfer Taxes	339,060							339,060
310.20	Earned Income Taxes / Wage Taxes	2,407,753							2,407,753
310.30	Business Gross Receipts Taxes								
310.40	Occupation Taxes (levied under Act 511)								
310.50	Local Services Tax **	332,860							332,860
310.60	Amusement / Admission Taxes								
310.70	Mechanical Device Taxes								
310.90	Other: _____								
	Other: _____								
<b>Total Taxes</b>		5,431,495	134,198						5,565,693

Licenses and Permits									
320-322	All Other Licenses and Permits	7,240							7,240
321.80	Cable Television Franchise Fees	240,817							240,817
<b>Total Licenses and Permits</b>		248,057							248,057

Fines and Forfeits									
330-332	Fines and Forfeits	69,292							69,292
<b>Total Fines and Forfeits</b>		69,292							69,292



WEST HEMPFIELD TWP, LANCASTER COUNTY  
STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS  
December 31, 2020

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
Interest, Rents and Royalties								
341.00 Interest Earnings	30,414	10,306			178		2,198,825	2,239,723
342.00 Rents and Royalties	39,580							39,580
<b>Total Interest, Rents and Royalties</b>	69,994	10,306			178		2,198,825	2,279,303

**REVENUES**

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

State									
354.03	Highways and Streets	1,900							1,900
354.09	Community Development								
354.15	Recycling / Act 101		29,860						29,860
354.00	All Other State Capital and Operating Grants								
355.01	Public Utility Realty Tax (PURTA)	5,274							5,274
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		589,544						589,544
355.04	Alcoholic Beverage Licenses	1,500							1,500
355.05	General Municipal Pension System State Aid	265,887							265,887
355.07	Foreign Fire Insurance Tax Distribution	101,222							101,222
355.08	Local Share Assessment/Gaming Proceeds								
355.09	Marcellus Shale Impact Fee Distribution								

WEST HEMPFIELD TWP, LANCASTER COUNTY  
STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS  
December 31, 2020

General Fund	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Internal Service	Enterprise		Trust and Agency	Memorandum Only
								10,000
	385,783	619,404						1,005,187

**REVENUES**

State		
356.00	State Payments in Lieu of Taxes	
355.00	All Other State Shared Revenues and Entitlements	10,000
	<b>Total State</b>	385,783
		619,404
		1,005,187

  

Local Government Units		
357.03	Highways and Streets	
357.00	All Other Local Governmental Units Capital and Operating Grants	132,286
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes	
	<b>Total Local Government Units</b>	132,286

Charges for Service		
361.00	General Government	5,915
362.00	Public Safety	659,410
363.20	Parking	
363.00	All Other Charges for Highway & Street Services	
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)	
364.30	Solid Waste Collection and Disposal Charge (trash)	1,382,836
364.60	Host Municipality Benefit Fee for Solid Waste Facility	
364.00	All Other Charges for Sanitation Services	
365.00	Health	
366.00	Human Services	
367.00	Culture and Recreation	
368.00	Airports	

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS**  
December 31, 2020

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

**REVENUES**

Charges for Service									
369.00	Bars								
370.00	Cemeteries								
372.00	Electric System								
373.00	Gas System								
374.00	Housing System								
375.00	Markets								
377.00	Transit Systems								
378.00	Water System								
379.00	All Other Charges for Service								
<b>Total Charges for Service</b>		665,325	1,382,836						2,048,161

Unclassified Operating Revenues									
383.00	Special Assessments		60,100						60,100
386.00	Escheats (sale of personal property)								
387.00	Contributions and Donations from Private Sectors	2,600							2,600
388.00	Fiduciary Fund Pension Contributions						704,654		704,654
389.00	All Other Unclassified Operating Revenues	18,544							18,544
<b>Total Unclassified Operating Revenues</b>		21,144	60,100				704,654		785,898

Other Financing Sources									
391.00	Proceeds of General Fixed Asset Disposition	9,200							9,200
392.00	Interfund Operating Transfers	456,180	4,000			397			460,577
393.00	Proceeds of General Long-Term Debt								
394.00	Proceeds of Short Term-Debt								

WEST HEMPFIELD TWP, LANCASTER COUNTY  
STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS  
December 31, 2020

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

**REVENUES**

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	63,683	11,043					74,726
	<b>Total Other Financing Sources</b>	529,063	15,043			397		544,503

<b>TOTAL REVENUES</b>	7,552,439	2,221,887			575		2,903,479	12,678,380
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**EXPENDITURES**

General Government								
400.00	Legislative (Governing) Body	18,417						18,417
401.00	Executive (Manager or Mayor)	175,351						175,351
402.00	Auditing Services / Financial Administration	7,600						7,600
403.00	Tax Collection							
404.00	Solicitor / Legal Services	15,183						15,183
405.00	Secretary / Clerk	49,699						49,699
406.00	Other General Government Administration	86,274	139					86,413
407.00	IT-Networking Services-Data Processing	4,532						4,532
408.00	Engineering Services	7,704						7,704
409.00	General Government Buildings and Plant	81,096						81,096
	<b>Total General Government</b>	445,856	139					445,995

Public Safety								
410.00	Police	2,295,969						2,295,969
411.00	Fire	174,722						174,722
412.00	Ambulance / Rescue	15,000						15,000
413.00	UCC and Code Enforcement							

WEST HEMPFIELD TWP, LANCASTER COUNTY  
STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS  
December 31, 2020

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

**EXPENDITURES**

Public Safety								
414.00	Planning and Zoning	333,162						333,162
415.00	Emergency Management and Communications							
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety							
<b>Total Public Safety</b>		2,818,853						2,818,853

Health and Human Services								
420.00-425.00	Health and Human Services	3,200						3,200
<b>Total Health and Human Services</b>		3,200						3,200

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)		1,221,751					1,221,751
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection	79						79
<b>Total Public Works - Sanitation</b>		79	1,221,751					1,221,830

Public Works - Highways and Streets								
430.00	General Services - Administration	471,771	6,773					478,544
431.00	Cleaning of Streets and Gutters		2,711					2,711
432.00	Winter Maintenance - Snow Removal		20,874					20,874
433.00	Traffic Control Devices		22,034					22,034
434.00	Street Lighting		56,164					56,164

WEST HEMPFIELD TWP, LANCASTER COUNTY  
STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS  
December 31, 2020

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
		5,649						5,649
	79,592							79,592
		87,687						87,687
		10,975						10,975
	551,363	212,867						764,230

**EXPENDITURES**

Public Works - Highways and Streets									
435.00	Sidewalks and Crosswalks								
436.00	Storm Sewers and Drains		5,649						5,649
437.00	Repairs of Tools and Machinery	79,592							79,592
438.00	Maintenance and Repairs of Roads and Bridges		87,687						87,687
439.00	Highway Construction and Rebuilding Projects		10,975						10,975
<b>Total Public Works - Highways and Streets</b>		551,363	212,867						764,230
Other Public Works Enterprises									
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		115,529						115,529
449.00	Water Transport and Terminals								
<b>Total Other Public Works Enterprises</b>			115,529						115,529

Culture and Recreation									
451.00	Culture-Recreation Administration	150,157							150,157
452.00	Participant Recreation	58,991							58,991
453.00	Spectator Recreation								
454.00	Parks								

WEST HEMPFIELD TWP, LANCASTER COUNTY  
STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS  
December 31, 2020

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

**EXPENDITURES**

Culture and Recreation								
455.00	Shade Trees							
456.00	Libraries	27,900						27,900
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
	<b>Total Culture and Recreation</b>	237,048						237,048

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

Debt Service								
471.00	Debt Principal (short-term and long-term)	343,000						343,000
472.00	Debt Interest (short-term and long-term)	181,911						181,911
475.00	Fiscal Agent Fees							
	<b>Total Debt Service</b>	524,911						524,911

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	234,270						234,270
482.00	Judgments and Losses	2,483					1,369,690	1,372,173
483.00	Pension / Retirement Fund Contributions	620,939						620,939

WEST HEMPFIELD TWP, LANCASTER COUNTY  
**STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS**  
 December 31, 2020

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

**EXPENDITURES****Employer Paid Benefits and Withholding Items**

484.00	Worker Compensation Insurance	100,234					100,234
487.00	Other Group Insurance Benefits	1,020,301					1,020,301
<b>Total Employer Paid Benefits and Withholding Items</b>		1,978,227				1,369,690	3,347,917

**Insurance**

486.00	Insurance, Casualty, and Surety	93,799					93,799
<b>Total Insurance</b>		93,799					93,799

**Unclassified Operating Expenditures**

488.00	Fiduciary Fund Benefits and Refunds Paid					357,069	357,069
489.00	All Other Unclassified Expenditures	26,925					26,925
<b>Total Unclassified Operating Expenditures</b>		26,925				357,069	383,994

**Other Financing Uses**

491.00	Refund of Prior Year Revenues						
492.00	Interfund Operating Transfers	300,507	22,495		137,575		460,577
493.00	All Other Financing Uses						
<b>Total Other Financing Uses</b>		300,507	22,495		137,575		460,577

**TOTAL EXPENDITURES**

6,980,768	1,572,781			137,575		1,726,759	10,417,883
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**EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES**

571,671	649,106			-137,000		1,176,720	2,260,497
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WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 1: NATURE OF ENTITY

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Reporting Entity

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

Budgets and Budgetary Accounting

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

Description of Funds

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

Governmental Fund Types

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

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

General Fund

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

Special Revenue Funds

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

Liquid Fuels Fund

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

Street Lighting Fund

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

Fire Hydrant Fund

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

Refuse Fund

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

Transferable Development Rights Fund

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

Proprietary Fund Type

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

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Type (Continued)

Sewer Fund

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

Fiduciary Funds

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

Police Pension Fund

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

Non-uniformed Pension Fund

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

General Long-Term Debt Account Group

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

General Fixed Assets Account Group

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

Cash

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

Investments

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

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

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

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

Compensated Absences

The Township allows uniformed employees to accumulate unused sick leave up to a maximum of 150 days and non-uniformed employees to accumulate unused sick leave up to a maximum of 90 days. Earned vacation time is generally required to be used within the year in which it is earned. Sick leave is paid upon normal retirement for uniformed employees up to 45 days if hired on or before December 31, 1992, 35 days if hired on or after January 1, 1993. For non-uniformed employees, sick leave is paid only upon illness while in the employment of the Township and is not paid out at retirement. Total compensated absences earned but not paid to employees as of December 31, 2020 is \$43,043 and is included in 'All Other Current Liabilities'.

Real Estate Taxes

Based upon assessments by the County, real estate taxes are billed and collected by the County's tax collector. As of January 1, 2019, the Township eliminated fire hydrant assessments and enacted a fire tax, which makes up a portion of the real estate millage. The Township's tax rate for the year ended December 31, 2020 was 1.85 mills (1.75 mills general tax and .10 mills fire tax; \$1.85 per \$1,000 of assessed valuation) as levied by the Township Commissioners. Township real estate tax revenues are recognized when received. The schedule for real estate taxes levied for each fiscal year is as follows:

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

Accounts Receivable

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

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 3: DEPOSITS AND INVESTMENTS

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

The carrying amount of the cash and investments at December 31, 2020 consisted of the following:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash	\$ 8,288,654	\$ 100	\$ 909,106	\$ 9,197,860
Investments	-	-	10,740,393	10,740,393
<b>Total cash and investments</b>	<b>\$ 8,288,654</b>	<b>\$ 100</b>	<b>\$ 11,649,499</b>	<b>\$ 19,938,253</b>

As of December 31, 2020, the Township had the following investments in its governmental and fiduciary funds:

Investment Type	Fiduciary Funds
Mutual Funds	\$ 9,390,092
Money Market Funds	1,350,301
<b>Total investments</b>	<b>\$ 10,740,393</b>

All investments are carried at fair market value. The fair market value of exchange-traded funds, money market funds and mutual funds are based on quoted market prices. The fair market value of certificates of deposit and governmental bonds are based on significant other observable inputs.

**Credit Quality Risk**

As of December 31, 2020, the Township's money market funds were rated "AAAm" by Standard & Poor's.

**Concentration of Credit Risk - Investments:**

The Fiduciary Funds held no investment in excess of 5% of total Fiduciary Fund investments as of December 31, 2020.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned to it. The Township has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance. Cash balances of governmental entities are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 as of December 31, 2020. The Township maintains investment accounts where the cash and investment balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. At December 31, 2020, the Township had deposits of \$9,011,420 which were exposed to custodial risk because they were collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. The Township had uninsured investment balances at December 31, 2020 of \$10,240,393.

NOTE 4: FIXED ASSETS

Activity in the General Fixed Assets Account Group for the year ended December 31, 2020 was as follows:

	Beginning	Additions	Retirements	Ending
Buildings/Improvements	\$ 9,543,464	\$ -	\$ -	\$ 9,543,464
Equipment	2,992,058	36,362	(99,168)	2,929,252
<b>Total General Fixed Assets Account Group</b>	<b>\$ 12,535,522</b>	<b>\$ 36,362</b>	<b>\$ (99,168)</b>	<b>\$ 12,472,716</b>

Activity in the Special Revenue Fund as of December 31, 2020 was as follows:

	Beginning	Additions	Retirements	Accumulated Depreciation	Ending
Equipment	\$ 26,507	\$ -	\$ -	\$ (26,507)	\$ -

Depreciation expense charged to Refuse Fund operating expenses totaled \$1,500 for the year ended December 31, 2020. Equipment is depreciated on the straight line basis over estimated useful lives of 5 to 7 years.

NOTE 5: RISK MANAGEMENT

The Township maintains both insurance contracts and self-funded arrangements to deal with the risk of loss arising from the following events: torts; thefts of, damage to, or destruction of assets; business interruptions; errors and omissions; job-related illnesses or injuries to employees; acts of God; and losses resulting from providing medical benefits to employees and their dependents.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 5: RISK MANAGEMENT (Continued)

Insurance contracts cover public officials, law enforcement, automobile and umbrella liabilities. The contracts also provide tax collector, treasurer and employee blanket bonds. There have been no reductions in coverage during 2020. During the year ended December 31, 2020 and the three previous years, no settlements exceeded insurance coverage.

The Township has two self-funded arrangements through risk pools for medical and workers' compensation claims. Both of these arrangements are retrospectively rated policies. In a retrospectively rated policy, the Township pays in the maximum amount per covered employee during the period based on their past loss experience on an actuarially determined formula. Subsequent to the plan year, the premium amount is determined based on actual losses during the plan year. As these are pooled arrangements, any excess of losses over premiums paid in by one member is shared by the remaining members. Any excesses of premiums over losses remaining after cost-sharing are refunded to the members. If losses of the pool exceed premiums paid in by all members of the pool, the pool is allowed to make additional assessments to negate this deficit. During 2020, the Township received \$54,056 of refunds, recognized within the General Fund as 'Refunds of Prior Year Expenditures', from these two risk pools for the 2019 plan year.

Due to the nature of the self-funding arrangements, as the amount of all insurance claims must be determined prior to any refund or assessment, the amount of any amounts receivable or payable by the Township in regard to these arrangements cannot be determined as of December 31, 2020.

NOTE 6: LITIGATION

The Township is involved in various claims and legal actions arising in the ordinary course of business. The outcome of these matters cannot be determined for the year ended December 31, 2020.

NOTE 7: PENSION PLANS

Plan Description

The Township contributes to two defined benefit pension plans, the West Hempfield Township Police Pension Plan and the West Hempfield Township Non-Uniformed Pension Plan. The assets of these two plans are invested separately and each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Valuation of Investments

All investments of the pension plans are reported at fair value based on quoted market values. Investments that do not have an established market value are reported at estimated fair value. Insurance holdings, if any, are valued at reported contract values.

Trends

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the accrued liability as a factor.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 7: PENSION PLANS (Continued)

West Hempfield Township Police Pension Plan

The West Hempfield Township Police Pension Plan (the "P-Plan") is a single-employer defined benefit pension plan administered by Charles Schwab. The P-Plan covers all full-time, uniformed employees of the Township. The P-Plan provides retirement, disability and death benefits to P-Plan members and beneficiaries.

Contributions

Act 205 requires that annual contributions to the P-Plan be based upon the P-Plan's Minimum Municipal Obligation (MMO), which in turn is based on the P-Plan's biennial actuarial valuation. Effective January 1, 2011, employees are required to contribute 5.00% of compensation to the P-Plan. The P-Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the Township in accordance with Act 205.

Annual Pension Cost and Net Pension Obligation

The annual required contribution for 2020 was determined as part of the January 1, 2017 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return and (b) a salary increase of 5.00% per year. Provisions for administrative expenses are added to normal cost. The assumptions included post-retirement mortality, disability and inflation. Retirement is based upon normal retirement age. The amortization method utilized is the level dollar closed basis. The Township's annual pension cost and net obligation to the P-Plan for 2020 were as follows:

Annual required contribution	\$ 266,382
Adjustment to annual required contribution	<u>278,072</u>
Annual pension cost	544,454
Contributions made by members	(83,715)
Contributions made by Township	(459,619)
Net pension obligation, beginning of year	<u>(38,821)</u>
Net pension obligation, end of year	<u>\$ (37,701)</u>

The three-year trend information for the years ended December 31 are as follows:

	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed
2020	\$ 544,454	\$ 543,334	99.8 %
2019	534,619	537,319	100.5 %
2018	428,510	434,956	101.5 %



WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 7: PENSION PLANS (Continued)

Annual Pension Cost and Net Pension Obligation (Continued)

The schedule of funding progress, which follows, presents multi-year trend information about whether the actuarial values of P-Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The information about the funded status is prepared using the entry age normal actuarial cost method. The actuarial value of assets is the market value of the assets as determined by the trustee on January 1 of the corresponding years.

	Actuarial Valuation Date		
	2019	2017	2015
1. Actuarial Value of Assets	\$ 6,802,244	\$ 6,154,510	\$ 5,512,856
2. Actuarial Accrued Liability (AAL)	\$ 8,703,777	\$ 7,856,001	\$ 6,871,075
3. Unfunded AAL (UAAL) (2) - (1)	\$ 1,901,533	\$ 1,701,491	\$ 1,358,219
4. Funded Ratio (1) / (2)	78.2 %	78.3 %	80.2 %
5. Annual Covered Payroll	\$ 1,701,674	\$ 1,545,627	\$ 1,559,659
6. UAAL as a % of Payroll (3) / (5)	111.7 %	110.1 %	87.1 %

West Hempfield Township Non-Uniformed Pension Plan

The West Hempfield Township Governmental Non-Uniformed Pension Plan (the "NU-Plan") is a single-employer defined benefit pension plan administered by Charles Schwab. The NU-Plan covers substantially all full-time, non-uniformed employees of the Township. The NU-Plan provides retirement, disability and death benefits to NU-Plan members and beneficiaries.

Contributions

Act 205 requires that annual contributions to the NU-Plan be based upon the NU-Plan's Minimum Municipal Obligation (MMO), which in turn is based on the NU-Plan's biennial actuarial valuation. In accordance with the NU-Plan's governing document, employees are not required to contribute to the NU-Plan. The NU-Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the Township in accordance with Act 205.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 7: PENSION PLANS (Continued)

Annual Pension Cost and Net Pension Obligation

The annual required contribution for 2020 was determined as part of the January 1, 2017 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return and (b) a salary increase of 5.00% per year. Provisions for administrative expenses are added to normal cost. The assumptions included post-retirement mortality, disability and inflation. Retirement is based upon normal retirement age. The amortization method utilized is the level dollar closed basis. The Township's annual pension cost and net obligation to the NU-Plan for 2020 were as follows:

Annual required contribution	\$ 122,717
Adjustment to annual required contribution	<u>38,603</u>
Annual pension cost	161,320
Contributions made by the Township	(161,320)
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u><u>\$ -</u></u>

The three-year trend information for the years ended December 31 are as follows:

	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed
2020	\$ 161,320	\$ 161,320	100.0 %
2019	152,227	152,227	100.0 %
2018	124,811	124,811	100.0 %

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 7: PENSION PLANS (Continued)

Annual Pension Cost and Net Pension Obligation (Continued)

The schedule of funding progress, which follows, presents multi-year trend information about whether the actuarial values of NU-Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The information about the funded status is prepared using the entry age normal actuarial cost method. The actuarial value of assets is the market value of the assets as determined by the trustee on January 1 of the corresponding years.

	Actuarial Valuation Date		
	2019	2017	2015
1. Actuarial Value of Assets	\$ 2,244,135	\$ 1,982,180	\$ 1,765,939
2. Actuarial Accrued Liability (AAL)	\$ 2,488,703	\$ 2,114,728	\$ 1,830,559
3. Unfunded AAL (UAAL) (2) - (1)	\$ 244,568	\$ 132,548	\$ 64,620
4. Funded Ratio (1) / (2)	90.2 %	93.7 %	96.5 %
5. Annual Covered Payroll	\$ 792,521	\$ 692,608	\$ 686,120
6. UAAL as a % of Payroll (3) / (5)	30.9 %	19.1 %	9.4 %

NOTE 8: POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The Township has established the West Hempfield Township Postemployment Benefits Plan (the "OPEB-Plan") to provide Other Post-Employment Benefits (OPEB) including hospitalization, major medical and dental services and prescriptions. The OPEB-Plan is a single-employer OPEB plan which covers all members of the police force hired before January 1, 2013, who upon retirement have attained the age of 50 and completed 25 years of service. The retiree is responsible for payment of 25% of the premium for coverage. Such benefits are also available to retiree spouses if the retiree pays 25% of the family tier rate. Retirees and spouses may participate in this OPEB-Plan until they reach Medicare eligibility age, at which time they are required to enroll in Medicare. The OPEB plan is closed to new entrants. Additionally, no assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4.

Information about post-employment health care benefits is derived from the most recent actuarial valuation, which was as of January 1, 2019.

Contributions

The Township has elected to finance post-employment benefits on a pay-as-you-go basis. The Township recognizes expenditures for post-employment insurance when claims are filed with the plan administrator. No contributions are required of retirees outside of the previously disclosed payments.

Changes in Actuarial Assumptions

As part of the January 1, 2019 actuarial valuation, the following change in actuarial assumptions and methods was made: The mortality table changed from the RP2000 Table to the IRS 2017 Static Combined Table for Small Plans.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 8: POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Employees covered by the Plan

At January 1, 2019, employees covered by the OPEB plan were as follows:

	Police
Covered employees	
Active	20
Inactive but not yet receiving payments	-
Inactive and receiving benefits	1
<u>Total covered employees</u>	<u>21</u>

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution for 2020 was determined as part of the January 1, 2019 actuarial valuation, the last actuarial valuation conducted, using the entry age normal actuarial cost method. The actuarial valuation involves estimates of value of reported amounts and assumptions about the probability of events far into the future and is subject to revision based on actual results. The actuarial assumptions included (a) 3.64% investment rate of return, (b) a salary increase of 5.00% per year and (c) a healthcare cost trend rate of 5.5% in 2020. The assumptions included post-retirement mortality, 90% percent married and 100% participation. Retirement is based upon the latest of age 53, age at completion of 28 years of service or age on the valuation date.

Actuarial assumptions and other inputs

The total OPEB liability as of December 31, 2020 was determined using the following January 1, 2019 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	Police
Valuation Date	1/1/2019
Discount Rate	3.64%
Salary increases (annual)	5.00%

Health care cost trends are 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later, based on the Society of Actuaries Long-Run Medical Cost Trend Model.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 8: POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Actuarial assumptions and other inputs (Continued)

The Township's actuarially determined annual OPEB cost and net obligation to the OPEB Plan as of January 1, 2019 for the year ended December 31 was as follows:

	2019
Service cost	\$ 157,272
Differences between expected and actual	(156,752)
Changes of assumptions	(108,572)
Interest on total OPEB liability	<u>92,243</u>
Annual OPEB cost	(15,809)
Actuarial computed benefit payments	<u>(64,852)</u>
Increase (Decrease) in net OPEB obligation	(80,661)
Beginning net OPEB obligation	<u>2,796,935</u>
Ending net OPEB obligation	<u><u>\$ 2,716,274</u></u>

The Township's covered payroll and total OPEB liability as a percentage of covered payroll for the years ended December 31 is as follows:

	2019	2018
Covered payroll	\$ 1,701,674	\$ 1,641,351
OPEB as a % of covered payroll	<u>159.62%</u>	<u>170.40%</u>

The following table presents the total OPEB liability of the Township, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.64%) or one percentage point higher (4.64%) than the current discount rate as of December 31:

	2020
1% Decrease (2.64%)	\$ 2,947,274
Discount rate (3.64%)	2,716,274
1% Increase (4.64%)	<u>2,503,311</u>

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 8: POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The following table presents the total OPEB liability of the Township, as well as what the total OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current discount rates as of December 31:

	<u>2020</u>
1% Decrease	2,432,909
Discount rate	2,716,274
1% Increase	<u>3,041,528</u>

NOTE 9: COMMITMENT

In 2014, West Hempfield Township entered into a contract with Mountville Borough by which the Township would provide police services to Mountville Borough, beginning January 1, 2015 and continuing for a term of five years ended December 31, 2019. The contract automatically renews each calendar year subsequent to December 31, 2019 with a 5.00% increase in the price of services unless cancelled by either party on September 30 prior to calendar year-end. Total revenues received under the contract for 2020 were \$319,686.

NOTE 10: DUE TO AND FROM OTHER FUNDS

The composition of interfund balances as of December 31, 2020 was as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 173,954
Special Revenue Funds		
Fire Hydrant Fund	123,010	-
Refuse Fund	46,547	-
Street Light Fund	4,397	-
Proprietary Funds		
Sewer Fund	-	-
<u>Total all funds</u>	<u>\$ 173,954</u>	<u>\$ 173,954</u>

Amounts due from the General Fund are special assessment revenues received and deposited into the General Fund accounts for the Fire Hydrant, Refuse, Sewer and Street Light Funds.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 11: ADHERENCE TO GOVERNMENTAL ACCOUNTING STANDARDS

Due to the size of the Township, the Supervisors believe it is not practical or cost effective to conform the financial statements to all Governmental Accounting Standards Board (GASB) standards, and it would not provide meaningful, useful information. Thus, the Township has decided not to issue a financial statement which conforms to all GASB standards. As explained in the independent auditors' report and Note 2, they have elected to present the financial statements on a special purpose framework. Some of the largest variations between these special purpose framework financial statements and financial statements which conform to GASB standards are created by GASB standards 34, 54, 61, 68, 73, 82, and 84. Two major items that are required by GASB standards but are not included in this special purpose framework report are as follows:

1. Financial managers are required to share their insights in a management's discussion and analysis (MD&A) that gives the reader an analysis of the government's overall financial position and results of the previous year's operations.
2. Financial statements would be presented under a dual perspective - a government-wide perspective and a fund-level perspective.

NOTE 12: SUBSEQUENT EVENTS

Events that occurred subsequent to December 31, 2020 have been evaluated by the Township's management through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

NOTE 13: GENERAL OBLIGATION NOTE

In May 2017, the Township applied for a general obligation note in the amount of \$7,630,000 to be used to finance the design and construction of a new municipal building, the acquisition of related real estate rights and interests, acquisition and installation of related equipment, machinery, furnishings and professional fees. The proceedings authorizing the issuance and sale of the note have been approved by the Department of Community and Economic Development of the Commonwealth of Pennsylvania. The note was purchased by Fulton Bank, N. A.

A sinking fund was established and segregated from all other funds of the Township. The Township covenants and agrees to deposit respective amounts of debt service appropriations, together with any other funds available to the sinking fund to pay the principal and interest on the note as of and when the same shall become due in accordance with terms of the note. The sinking fund shall be secured and invested by the paying agent in securities or deposits authorized and permitted, and any deposit or security in the sinking fund shall be in the name of the Township.

The note has been designated as a qualified tax exempt obligation. The note obligation contains a representation that the Township has not designated more than \$10,000,000 in aggregate principal obligations which would be considered "qualified tax-exempt obligations" during the calendar year 2017.

The unpaid principal balance of the note at December 31, 2020 is \$6,628,000. The note was refinanced effective June 1, 2020 to bear a fixed interest rate of 2.55% through June 2030, and changes to a variable rate equal to the sum of 80% of the LIBOR Rate plus 1.50%, not to exceed 4.25%. Total principal and interest payments made during the year ended December 31, 2020 were \$343,000 and \$181,911, respectively. Total principal and interest payments for the next five years and five year periods thereafter are as follows:

Years	Principal	Interest	Total
2021	\$ 352,000	\$ 171,361	\$ 523,361
2022	361,000	162,261	523,261
2023	371,000	152,927	523,927
2024	338,000	143,728	481,728
2025	308,000	134,597	442,597
2026-2030	1,749,000	530,722	2,279,722
2031-2035	2,154,000	194,654	2,348,654
2036-2037	995,000	25,220	1,020,220
Total	\$ 6,628,000	\$ 1,515,470	\$ 8,143,470

NOTE 14: RESTATEMENT OF BEGINNING FUND BALANCE

The Township discovered in 2020 that in 2016 it had returned funds held in escrow to the fire department but recorded these disbursements as expenditures, thus overstating expenditures in 2016 by \$246,073. The Township corrected this in 2020 by making an adjustment to increase beginning fund balance by \$246,073.



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## SUPPLEMENTARY INFORMATION

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# BERTZ, HESS & CO., LLP

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Founded in 1945

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Supervisors

West Hempfield Township

Lancaster, Pennsylvania

Our report on our audit of the financial statements of West Hempfield Township for the year ended December 31, 2020 appears on pages 2 and 3. That audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. Although not a part of the basic financial statements, the debt statement and statement of capital expenditures and employee compensation are presented for purposes of additional analysis and are required to supplement the basic financial statements presented under the financial reporting provisions of the Pennsylvania DCED. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Bertz, Hess & Co., LLP*

BERTZ, HESS & CO., LLP  
Lancaster, Pennsylvania  
March 31, 2021

## WEST HEMPFIELD TWP

December 31, 2020

## DEBT STATEMENT

## OUTSTANDING BONDS AND NOTES

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

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
General Obligation Note	Bond	2017	2037	7,630,000	6,971,000		343,000		6,628,000		6,628,000
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

6,628,000

Capitalized lease obligations

0

Net debt

6,628,000

## WEST HEMPFIELD TWP, LANCASTER County

## STATEMENT OF CAPITAL EXPENDITURES

December 31, 2020

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks	16,649		16,649
Police	12,940		12,940
Recreation			
Sewer			
Solid Waste			
Streets / Highways	6,773		6,773
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>36,362</b>		<b>36,362</b>

## EMPLOYEE COMPENSATION

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

2,930,159