

WEST HEMPFIELD TOWNSHIP

Financial Statements

Year Ended December 31, 2021

WEST HEMPFIELD TOWNSHIP
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS

Independent Auditors' Report

Financial Statements

Balance Sheet - Modified Cash Basis

Pages 6-7

Statement of Revenues and Expenditures - Modified Cash Basis

Pages 8-16

Notes to Financial Statements

Pages 17-32

Supplementary Information

Independent Auditors' Report on Supplementary Information

Page 34

Debt Statement

Page 35

Statements of Capital Expenditures and Employee Compensation

Page 36

BERTZ, HESS & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS AND FINANCIAL CONSULTANTS

36 EAST KING STREET
LANCASTER, PA 17602-2896

(717) 393-0767
FAX: (717) 293-8560
800-522-9967
www.bertzhess.com

*Over 75
Years of
Service*
BERTZ, HESS & CO., LLP
Founded in 1945

INDEPENDENT AUDITORS' REPORT

Board of Supervisors

West Hempfield Township

Lancaster, Pennsylvania

Opinions

We have audited the accompanying financial statements of West Hempfield Township (the "Township"), Pennsylvania, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the regulatory basis financial position of each fund of the Township as of December 31, 2021, 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.

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 section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2021, or the changes in financial position for the year then ended. Further, the Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Board of Supervisors
West Hempfield Township
Lancaster, Pennsylvania

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 of the financial statements, the financial statements are prepared by the Township on the modified cash basis of accounting under the financial reporting provisions of the Pennsylvania 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 the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and the financial reporting provisions of the 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Board of Supervisors
West Hempfield Township
Lancaster, Pennsylvania

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error,
- and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
 - Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Bertz, Hess & Co., LLP

BERTZ, HESS & CO., LLP
Lancaster, Pennsylvania
March 31, 2022

DCED-CLGS-30 (9-09)

Received by DCED:
Approved by DCED:

Department of Community & Economic Development
Governor's Center for Local Government Services
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
Ph: 888-223-6837 | fax: 717-783-1402

**2021 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

361805 WEST HEMPFIELD TWP, LANCASTER COUNTY



BALANCE SHEET

DCED-CLGS-30 (9-09)

WEST HEMPFIELD TWP, LANCASTER County
BALANCE SHEET
 December 31, 2021

	Governmental Funds						Proprietary Funds		Fid. Fund		Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only			
Assets and Other Debits													
100-120 Cash and Investments	7,302,924	2,956,131			100		12,470,496					22,729,651	
140-144 Tax Receivable	6,951	794										7,745	
121-129, 145-149 Accounts Receivable (excluding taxes)	27,975				16,128							44,103	
130-00 Due From Other Funds	86,505	897,428										983,933	
131-139, 150-159 Other Current Assets													
160-169 Fixed Assets								12,483,776				12,483,776	
180-189 Other Debits									6,375,000			6,375,000	
Total Assets and Other Debits	7,424,355	3,854,353			16,228		12,470,496	12,483,776	6,375,000			42,624,208	
Liabilities and Other Credits													
210-229 Payroll Taxes and Other Payroll Withholdings	21,692											21,692	
200-209, 231-239 All Other Current Liabilities	868,478	141,401										1,009,879	
230-00 Due To Other Funds	897,428	86,505										983,933	

WEST HEMPFIELD TWP, LANCASTER COUNTY
BALANCE SHEET
 December 31, 2021

	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	
Liabilities and Other Credits										
260-269 Long-Term-Liabilities								6,033,000		6,033,000
240-259 Current Portion of Long-Term Debt and Other Credits								342,000		342,000
Total Liabilities and Other Credits	1,787,598	227,906						6,375,000		8,390,504
Fund and Account Group Equity										
281-284 Contributed Capital										
290.00 Investment in General Fixed Assets								12,483,776		12,483,776
270-289 Fund Balance / Retained Earnings on 12/31	5,636,757	3,626,447		16,228		12,470,496				21,749,928
291-299 Other Equity										
Total Fund and Account Group Equity	5,636,757	3,626,447		16,228		12,470,496		12,483,776		34,233,704

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	42,624,208
--	-------------------

WEST HEMPFIELD TWP, LANCASTER COUNTY
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2021

	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		
REVENUES										
Taxes										
301.00	Real Estate Taxes	2,394,734	270,353							2,665,087
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	551,427								551,427
310.20	Earned Income Taxes / Wage Taxes	2,554,017								2,554,017
310.30	Business Gross Receipts Taxes									
310.40	Occupation Taxes (levied under Act 511)									
310.50	Local Services Tax **	328,501								328,501
310.60	Amusement / Admission Taxes									
310.70	Mechanical Device Taxes									
310.90	Other: _____									
	Other: _____									
	Total Taxes	5,828,679	270,353							6,099,032

Licenses and Permits										
320-322	All Other Licenses and Permits	8,610								8,610
321.80	Cable Television Franchise Fees	241,406								241,406
	Total Licenses and Permits	250,016								250,016

Fines and Forfeits										
330-332	Fines and Forfeits	55,041								55,041
	Total Fines and Forfeits	55,041								55,041

WEST HEMPFIELD TWP, LANCASTER COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2021

	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		
Interest, Rents and Royalties									
341.00 Interest Earnings	1,923	1,065					859,030		862,018
342.00 Rents and Royalties	37,090								37,090
Total Interest, Rents and Royalties	39,013	1,065					859,030		899,108

REVENUES

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

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

WEST HEMPFIELD TWP, LANCASTER COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2021

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

REVENUES

State								
356.00	State Payments in Lieu of Taxes							
355.00	All Other State Shared Revenues and Entitlements	71,626						71,626
	Total State	415,312	548,058					963,370

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants	268,685						268,685
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
	Total Local Government Units	268,685						268,685

Charges for Service								
361.00	General Government	6,195						6,195
362.00	Public Safety	489,873						489,873
363.20	Parking							
363.00	All Other Charges for Highway & Street Services	1,919						1,919
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)							
364.30	Solid Waste Collection and Disposal Charge (trash)		1,359,380					1,359,380
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
 December 31, 2021

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		
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								
Total Charges for Service	497,987	1,359,380						1,857,367

Unclassified Operating Revenues								
383.00 Special Assessments		57,305						57,305
386.00 Escheats (sale of personal property)								
387.00 Contributions and Donations from Private Sectors	1,021							1,021
388.00 Fiduciary Fund Pension Contributions						776,675		776,675
389.00 All Other Unclassified Operating Revenues	5,453							5,453
Total Unclassified Operating Revenues	6,474	57,305				776,675		840,454

Other Financing Sources								
391.00 Proceeds of General Fixed Asset Disposition	7,350	145,900						153,250
392.00 Interfund Operating Transfers	37,753							37,753
393.00 Proceeds of General Long-Term Debt	6,375,000							6,375,000
394.00 Proceeds of Short Term-Debt								

WEST HEMPFIELD TWP, LANCASTER COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2021

	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	271,866						271,866
	Total Other Financing Sources	6,691,969	145,900					6,837,869

TOTAL REVENUES	14,053,176	3,258,352					1,635,705	18,947,233
-----------------------	------------	-----------	--	--	--	--	-----------	------------

EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	17,145						17,145
401.00	Executive (Manager or Mayor)	186,525						186,525
402.00	Auditing Services / Financial Administration	8,000						8,000
403.00	Tax Collection							
404.00	Solicitor / Legal Services	67,430						67,430
405.00	Secretary / Clerk	40,504						40,504
406.00	Other General Government Administration	96,287	19					96,306
407.00	IT-Networking Services-Data Processing	1,796						1,796
408.00	Engineering Services	15,408						15,408
409.00	General Government Buildings and Plant	94,482						94,482
	Total General Government	527,577	19					527,596

Public Safety								
410.00	Police	2,440,211						2,440,211
411.00	Fire	90,816	54,500					145,316
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement							

WEST HEMPFIELD TWP, LANCASTER COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2021

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		
414.00	373,260							373,260
415.00								
416.00								
417.00								
418.00								
419.00								
Total Public Safety	2,904,287	54,500						2,958,787

EXPENDITURES

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

Health and Human Services	
420.00-425.00	Health and Human Services
	Total Health and Human Services

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

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

WEST HEMPFIELD TWP, LANCASTER COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2021

	Governmental Funds			Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	
EXPENDITURES							
Public Works - Highways and Streets							
435.00							
436.00							
437.00	77,272	127,345					204,617
438.00	19,000	180,929					199,929
439.00		198,139					198,139
Total Public Works - Highways and Streets	570,654	634,055					1,204,709

Other Public Works Enterprises							
440.00							
441.00							
442.00							
443.00							
444.00							
445.00							
446.00							
447.00							
448.00		114,913					114,913
449.00							
Total Other Public Works Enterprises		114,913					114,913

Culture and Recreation							
451.00	156,920						156,920
452.00	58,991						58,991
453.00							
454.00							

WEST HEMPFIELD TWP, LANCASTER COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2021

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

EXPENDITURES

Employer Paid Benefits and Withholding Items	
484.00	Worker Compensation Insurance
487.00	Other Group Insurance Benefits
Total	Employer Paid Benefits and Withholding Items

119,501								119,501
1,157,889								1,157,889
2,194,478						463,662		2,658,140

Insurance	
486.00	Insurance, Casualty, and Surety
	Total Insurance

98,069								98,069
98,069								98,069

Unclassified Operating Expenditures	
488.00	Fiduciary Fund Benefits and Refunds Paid
489.00	All Other Unclassified Expenditures
	Total Unclassified Operating Expenditures

						351,046		351,046
	3,835							3,835
	3,835					351,046		354,881

Other Financing Uses	
491.00	Refund of Prior Year Revenues
492.00	Interfund Operating Transfers
493.00	All Other Financing Uses
	Total Other Financing Uses

	37,753							37,753
	37,753							37,753

TOTAL EXPENDITURES	13,380,759	2,078,591				814,708		16,274,058
---------------------------	------------	-----------	--	--	--	---------	--	------------

	672,417	1,179,761						2,673,175

EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	
--	--

WEST HEMPFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 1: NATURE OF ENTITY

West Hempfield Township, Lancaster County, Pennsylvania (the "Township"), which was founded in 1818, has an approximate population of 17,020 based on the 2020 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.

The West Hempfield Township Municipal Authority ("WHTMA") is classified as a component unit of the Township. WHTMA is organized as a special purpose government in Pennsylvania, effective February 4, 2020, for the purpose of administering the Township's stormwater maintenance plan. The Township and WHTMA are under common control, but WHTMA presents its own discrete set of financial statements.

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:

WEST HEMPFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Funds (Continued)

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:

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 real estate taxes collected and disbursements made relative to fire hydrant service.

Fire Tax Fund

The Fire Tax Fund is used to account for real estate taxes collected and expenditures made to fund the personnel and apparatus of the fire companies which serve the Township. This fund began in 2021.

WEST HEMPFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Funds (Continued)

Special Revenue Funds (Continued)

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.

ARPA Fund

The Township established the ARPA Fund in 2021 to account for the grants received under the American Rescue Plan Act of 2021 and related expenditures of those funds.

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.

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.

WEST HEMPFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Funds (Continued)

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:

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.

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, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 special assessments and enacted a fire hydrant tax. Effective January 1, 2021, the Township also has enacted a fire tax. The Township's tax rate for the year ended December 31, 2021, was 1.95 mills (1.75 mills general tax, .10 mills fire tax and .10 mills fire hydrant tax; \$1.95 per \$1,000 of assessed valuation) as levied by the Township Commissioners. Township real estate tax revenues are recognized when remitted to the tax collector. 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

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, 2021, is \$26,208 and is included in 'All Other Current Liabilities'.

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, 2021, consisted of the following:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash	\$ 10,259,055	\$ 100	\$ -	\$ 10,259,155
Investments	-	-	12,470,496	12,470,496
Total cash and investments	\$ 10,259,055	\$ 100	\$ 12,470,496	\$ 22,729,651

WEST HEMPFIELD TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2021, the Township had the following investments in its governmental and fiduciary funds:

Investment Type	Fiduciary Funds
Mutual Funds	\$ 9,992,346
Money Market Funds	2,478,150
Total investments	\$ 12,470,496

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.

Concentration of Credit Risk - Investments:

The Fiduciary Funds held no investment in excess of 5% of total Fiduciary Fund investments as of December 31, 2021.

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, 2021. 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, 2021, the Township had deposits of \$6,492,980 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, 2021, of \$11,970,496.

NOTE 4: FIXED ASSETS

Activity in the General Fixed Assets Account Group for the year ended December 31, 2021, was as follows:

	Beginning	Additions	Retirements	Ending
Buildings/Improvements	\$ 9,543,464	\$ -	\$ -	\$ 9,543,464
Equipment	2,929,252	38,364	(27,304)	2,940,312
Total General Fixed Assets Account Group	\$ 12,472,716	\$ 38,364	\$ (27,304)	\$ 12,483,776

WEST HEMPFIELD TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021

NOTE 4: FIXED ASSETS (Continued)

Activity in the Special Revenue Fund as of December 31, 2021 was as follows:

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

Depreciation expense charged to Refuse Fund operating expenses totaled \$0 for the year ended December 31, 2021. 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. 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 2021. During the year ended December 31, 2021, 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 2021, the Township received \$241,018 of refunds, recognized within the General Fund as 'Refunds of Prior Year Expenditures', from these two risk pools for the 2020 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, 2021.

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, 2021.

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.

WEST HEMPFIELD TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021

NOTE 7: PENSION PLANS (Continued)

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 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 2021 was determined as part of the January 1, 2019, 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 2021 were as follows:

	\$	
Annual required contribution		276,975
Adjustment to annual required contribution		<u>348,712</u>
Annual pension cost		625,687
Contributions made by members		(93,562)
Contributions made by Township		(541,243)
<u>Net pension obligation, beginning of year</u>		<u>(37,701)</u>
<u>Net pension obligation, end of year</u>	\$	<u>(46,819)</u>

WEST HEMPFIELD TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021

NOTE 7: PENSION PLANS (Continued)

Annual Pension Cost and Net Pension Obligation (Continued)

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

	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed
2021	\$ 625,687	\$ 634,805	101.5 %
2020	544,454	543,334	99.8 %
2019	534,619	537,319	100.5 %

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		
	2021	2019	2017
1. Actuarial Value of Assets	\$ 8,682,507	\$ 6,802,244	\$ 6,154,510
2. Actuarial Accrued Liability (AAL)	\$ 9,871,840	\$ 8,703,777	\$ 7,856,001
3. Unfunded AAL (UAAL) (2) – (1)	\$ 1,189,333	\$ 1,901,533	\$ 1,701,491
4. Funded Ratio (1) / (2)	88.0 %	78.2 %	78.3 %
5. Annual Covered Payroll	\$ 1,723,986	\$ 1,701,674	\$ 1,545,627
6. UAAL as a % of Payroll (3) / (5)	69.0 %	111.7 %	110.1 %

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, 2021

NOTE 7: PENSION PLANS (Continued)

Annual Pension Cost and Net Pension Obligation

The annual required contribution for 2021 was determined as part of the January 1, 2019, 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 2021 were as follows:

Annual required contribution	\$	118,664
Adjustment to annual required contribution		23,206
Annual pension cost		141,870
Contributions made by the Township		(141,870)
<u>Net pension obligation, beginning of year</u>		-
<u>Net pension obligation, end of year</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
2021	\$ 141,870	\$ 141,870	100.0 %
2020	161,320	161,320	100.0 %
2019	152,227	152,227	100.0 %

WEST HEMPFIELD TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021

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		
	2021	2019	2017
1. Actuarial Value of Assets	\$ 3,024,471	\$ 2,244,135	\$ 1,982,180
2. Actuarial Accrued Liability (AAL)	\$ 2,633,703	\$ 2,488,703	\$ 2,114,728
3. Unfunded AAL (UAAL) (2) – (1)	\$ (390,768)	\$ 244,568	\$ 132,548
4. Funded Ratio (1) / (2)	114.8 %	90.2 %	93.7 %
5. Annual Covered Payroll	\$ 952,556	\$ 792,521	\$ 692,608
6. UAAL as a % of Payroll (3) / (5)	(41.0)%	30.9 %	19.1 %

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, 2021.

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, 2021, actuarial valuation, the following change in actuarial assumptions and methods was made: The discount rate changed from 3.64% to 1.93%.

WEST HEMPFIELD TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021

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

Employees covered by the Plan

At January 1, 2021, 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>	21

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution for 2021 was determined as part of the January 1, 2021, 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) 1.93% 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% 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, 2021, was determined using the following January 1, 2021, actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	Police
Valuation Date	1/1/2021
Discount Rate	1.93%
<u>Salary increases (annual)</u>	5.00%

Health care cost trends are 5.5% in 2021 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% 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, 2021

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, 2021, for the year ended December 31 was as follows:

	2021
Service cost	\$ 145,629
Differences between expected and actual	154,923
Changes of assumptions	354,154
Interest on total OPEB liability	100,819
Annual OPEB cost	755,525
Actuarial computed benefit payments	(74,290)
Increase (Decrease) in net OPEB obligation	681,235
Beginning net OPEB obligation	2,987,206
Ending net OPEB obligation	\$ 3,668,441

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

	2021	2020
Covered payroll	\$ 1,923,845	\$ 1,701,674
OPEB as a % of covered payroll	190.68%	175.55%

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 (0.93%) or one percentage point higher (2.93%) than the current discount rate as of December 31:

	2021
1% Decrease (0.93%)	\$ 3,958,570
Discount rate (1.93%)	3,668,441
1% Increase (2.93%)	3,398,882

WEST HEMPFIELD TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021

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:

	2021
1% Decrease	3,314,093
Health Care Cost Increase	3,668,441
1% Increase	4,072,661

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 2021 were \$335,697.

NOTE 10: DUE TO AND FROM OTHER FUNDS

The composition of interfund balances as of December 31, 2021, was as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 86,505	\$ 897,428
Special Revenue Funds		
Fire Hydrant Fund	283	86,505
Refuse Fund	17,086	-
Street Light Fund	3,527	-
Fire Tax Fund	241	-
ARPA Fund	876,291	-
Total all funds	\$ 983,933	\$ 983,933

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

WEST HEMPFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

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, 2021, 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.

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.

WEST HEMPFIELD TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021

NOTE 13: GENERAL OBLIGATION NOTE (Continued)

The unpaid principal balance of the note at December 31, 2020, was \$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 paid under this obligation during the year ended December 31, 2021, were \$352,000 and \$169,160, respectively.

The note was then refinanced again, effective December 1, 2021, with People's Security Bank & Trust Co., in the amount of \$6,325,000, with a fixed interest rate of 1.89%. The total refinanced balance includes \$49,000 of loan closing and legal costs. Total principal and interest payments for the next five years and five-year periods thereafter are as follows:

Years	Principal	Interest	Total
2022	\$ 342,000	\$ 119,542	\$ 461,542
2023	349,000	113,079	462,079
2024	355,000	106,483	461,483
2025	362,000	99,773	461,773
2026	369,000	92,931	461,931
2027-2031	1,952,000	357,380	2,309,380
2032-2036	2,143,000	165,848	2,308,848
2037	453,000	8,562	461,562
Total	\$ 6,325,000	\$ 1,063,598	\$ 7,388,598

In 2021, the Township's Board of Supervisors approved issuance of \$3,050,000 in additional notes payable for the purpose of funding the planning, design and construction of stormwater improvements and facilities. Those notes payable were approved by ACNB Bank during 2021, but the Township had drawn only \$50,000 to pay closing costs as of December 31, 2021.

SUPPLEMENTARY INFORMATION

BERTZ, HESS & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS AND FINANCIAL CONSULTANTS

36 EAST KING STREET
LANCASTER, PA 17602-2896

(717) 393-0767
FAX: (717) 293-8560
800-522-9967
www.bertzhess.com

*Over 75
Years of
Service*
BERTZ, HESS & CO., LLP
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, 2021, appears on pages 2 through 4. 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, 2022

WEST HEMPFIELD TWP
December 31, 2021

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	6,628,000	0	6,628,000		0		0
General Obligation Note	Bond	2021	2037	6,325,000	0	6,325,000	0		6,325,000		6,325,000
General Obligation Note	Bond	2021	2029	1,485,000	0	50,000	0		50,000		50,000
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

6,375,000

Capitalized lease obligations

0

Net debt

6,375,000

WEST HEMPFIELD TWP, LANCASTER County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2021

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	38,364		38,364
Recreation			
Sewer			
Solid Waste			
Streets / Highways			
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	38,364		38,364

EMPLOYEE COMPENSATION

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

2,920,347