



**WEST HEMPFIELD TOWNSHIP**

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**Financial Statements**

**Year Ended December 31, 2022**

WEST HEMPFIELD TOWNSHIP  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

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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

### **Opinions**

We have audited the accompanying financial statements of West Hempfield Township (the "Township"), Pennsylvania, as of and for the year ended December 31, 2022, 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, 2022, 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, 2022, 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 29, 2023

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

**2022 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**361805 WEST HEMPFIELD TWP, LANCASTER COUNTY**



# BALANCE SHEET

DCED-CLGS-30 (09-09)

WEST HEMPFIELD TWP, LANCASTER County  
**BALANCE SHEET**  
 December 31, 2022

	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	
<b>Assets and Other Debits</b>										
100-120 Cash and Investments	8,827,406	2,932,535					11,394,592			23,154,533
140-144 Tax Receivable	6,230									6,230
121-129, 145-149 Accounts Receivable (excluding taxes)	607	160								767
130-00 Due From Other Funds	11,526	20,635								32,161
131-139, 150-159 Other Current Assets	147,834	2,109								149,943
160-169 Fixed Assets								12,991,406		12,991,406
180-189 Other Debits									7,333,365	7,333,365
<b>Total Assets and Other Debits</b>	<b>8,993,603</b>	<b>2,955,439</b>					<b>11,394,592</b>	<b>12,991,406</b>	<b>7,333,365</b>	<b>43,668,405</b>

<b>Liabilities and Other Credits</b>	
210-229 Payroll Taxes and Other Payroll Withholdings	10,836
200-209, 231-239 All Other Current Liabilities	1,025,438
230-00 Due To Other Funds	21,124
	11,037
	10,836
	1,221,626
	32,161

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**BALANCE SHEET**  
 December 31, 2022

	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	
<b>Liabilities and Other Credits</b>										
260-269 Long-Term-Liabilities									6,915,000	6,915,000
240-259 Current Portion of Long-Term Debt and Other Credits									418,365	418,365
<b>Total Liabilities and Other Credits</b>	1,057,398	207,225							7,333,365	8,597,988
<b>Fund and Account Group Equity</b>										
281-284 Contributed Capital										
290.00 Investment in General Fixed Assets								12,991,406		12,991,406
270-289 Fund Balance / Retained Earnings on 12/31	7,936,205	2,748,214				11,394,592				22,079,011
291-299 Other Equity										
<b>Total Fund and Account Group Equity</b>	7,936,205	2,748,214				11,394,592		12,991,406		35,070,417

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>	<b>43,668,405</b>
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**WEST HEMPFIELD TWP, LANCASTER County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2022

	Governmental Funds						Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		
<b>REVENUES</b>								
<b>Taxes</b>								
301.00	Real Estate Taxes	2,383,387	273,436					2,656,823
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	517,972						517,972
310.20	Earned Income Taxes / Wage Taxes	2,783,954						2,783,954
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	287,686						287,686
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other: _____							
	Other: _____							
	<b>Total Taxes</b>	5,972,999	273,436					6,246,435

<b>Licenses and Permits</b>							
320-322	All Other Licenses and Permits	7,871					7,871
321.80	Cable Television Franchise Fees	247,531					247,531
	<b>Total Licenses and Permits</b>	255,402					255,402

<b>Fines and Forfeits</b>							
330-332	Fines and Forfeits	57,817					57,817
	<b>Total Fines and Forfeits</b>	57,817					57,817

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2022

	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	
341.00 Interest Earnings	72,675	34,683					190,511	297,869
342.00 Rents and Royalties	31,545							31,545
<b>Total Interest, Rents and Royalties</b>	<b>104,220</b>	<b>34,683</b>					<b>190,511</b>	<b>329,414</b>

**REVENUES**

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

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

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2022

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		
713,915	584,857							1,298,772

**REVENUES**

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

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

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

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2022

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**

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	913						913
<b>Total Charges for Service</b>		563,980	1,390,893					1,954,873

Unclassified Operating Revenues								
383.00	Special Assessments		61,468					61,468
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	20						20
388.00	Fiduciary Fund Pension Contributions					672,858		672,858
389.00	All Other Unclassified Operating Revenues	1,080	57					1,137
<b>Total Unclassified Operating Revenues</b>		1,100	61,525			672,858		735,483

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	18,895	31,900					50,795
392.00	Interfund Operating Transfers	876,291						876,291
393.00	Proceeds of General Long-Term Debt	1,300,365						1,300,365
394.00	Proceeds of Short Term-Debt							

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2022

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		
	149,633							149,633
<b>Total Other Financing Sources</b>	2,345,184	31,900						2,377,084

**REVENUES**

Other Financing Sources	
395.00	Refunds of Prior Year Expenditures
	<b>Total Other Financing Sources</b>

<b>TOTAL REVENUES</b>	11,006,748	2,377,294				863,369	14,247,411
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**EXPENDITURES**

General Government	
400.00	Legislative (Governing) Body
401.00	Executive (Manager or Mayor)
402.00	Auditing Services / Financial Administration
403.00	Tax Collection
404.00	Solicitor / Legal Services
405.00	Secretary / Clerk
406.00	Other General Government Administration
407.00	IT-Networking Services-Data Processing
408.00	Engineering Services
409.00	General Government Buildings and Plant
	<b>Total General Government</b>

	15,913						15,913
	228,725						228,725
	11,221						11,221
	7,465						7,465
	61,411						61,411
	114,140	1,389					115,529
	996						996
	25,611						25,611
	81,473						81,473
	546,955	1,389					548,344

Public Safety	
410.00	Police
411.00	Fire
412.00	Ambulance / Rescue
413.00	UCC and Code Enforcement

	2,842,457						2,842,457
	114,182	54,500					168,682

**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2022

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**

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

1,841,665								1,841,665
4,798,304	54,500							4,852,804

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

2,000								2,000
2,000								2,000

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

	1,331,867							1,331,867
8,731			16,228					24,959
8,731	1,331,867		16,228					1,356,626

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

538,395								538,395
	3,195							3,195
	16,487							16,487
	22,318							22,318
	54,864							54,864





**WEST HEMPFIELD TWP, LANCASTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2022

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

**EXPENDITURES**

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

106,268							106,268
978,371							978,371
1,919,244				1,391,448			3,310,692

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

97,956							97,956
97,956							97,956

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

						547,825	547,825
1,772							1,772
1,772						547,825	549,597

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

	876,291						876,291
	876,291						876,291

<b>TOTAL EXPENDITURES</b>	8,707,300	3,255,527		16,228		1,939,273	13,918,328
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	2,299,448	-878,233		-16,228		-1,075,904	329,083
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WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

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 of America.

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, 2022

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, 2022

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. The Township discontinued this fund during the year ended December 31, 2022. These monies are now accounted for in the general fund.

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. The Sewer Fund was discontinued during the year ended December 31, 2022.

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.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Funds (Continued)

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:

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, 2022

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, 2022, 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, 2022, is \$21,367 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, 2022, consisted of the following:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash	\$ 11,759,941	\$ -	\$ -	\$ 11,759,941
Investments	-	-	11,394,592	11,394,592
<b>Total cash and investments</b>	<b>\$ 11,759,941</b>	<b>-</b>	<b>\$ 11,394,592</b>	<b>\$ 23,154,533</b>

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2022, the Township had the following investments in its governmental and fiduciary funds:

Investment Type	Fiduciary Funds
Mutual Funds	\$ 9,104,425
Money Market Funds	2,290,167
<b>Total investments</b>	<b>\$ 11,394,592</b>

All investments are carried at fair market value. The fair market values of exchange-traded funds, money market funds and mutual funds are based on quoted market prices. The fair market values 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, 2022.

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, 2022. 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, 2022, the Township had deposits of \$11,372,315 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, 2022, of \$10,894,592.

NOTE 4: FIXED ASSETS

Activity in the General Fixed Assets Account Group for the year ended December 31, 2022, was as follows:

	Beginning	Additions	Retirements	Ending
Buildings/Improvements	\$ 9,543,464	\$ 125,000	\$ -	\$ 9,668,464
Equipment	2,940,312	429,096	(46,466)	3,322,942
<b>Total General Fixed Assets Account Group</b>	<b>\$ 12,483,776</b>	<b>\$ 554,096</b>	<b>\$ (46,466)</b>	<b>\$ 12,991,406</b>

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

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 2022. During the year ended December 31, 2022, 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 2022, the Township received \$149,633 of refunds, recognized within the General Fund as 'Refunds of Prior Year Expenditures', from these two risk pools for the 2021 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, 2022.

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, 2022.

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.

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2022

NOTE 7: PENSION PLANS (Continued)

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 2022 was determined as part of the January 1, 2021, 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 2022 were as follows:

Annual required contribution	\$	234,876
Adjustment to annual required contribution		317,498
Annual pension cost		552,374
Contributions made by members		(102,919)
Contributions made by Township		(477,573)
Net pension obligation, beginning of year		(46,819)
Net pension obligation, end of year	\$	(74,937)

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

NOTE 7: PENSION PLANS (Continued)

West Hempfield Township Police Pension Plan (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
2022	\$ 552,374	\$ 580,492	105.1 %
2021	625,687	634,805	101.5 %
2020	544,454	543,334	99.8 %

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, 2022

NOTE 7: PENSION PLANS (Continued)

West Hempfield Township Non-Uniformed Pension Plan (Continued)

Annual Pension Cost and Net Pension Obligation

The annual required contribution for 2022 was determined as part of the January 1, 2021, 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 2022 were as follows:

Annual required contribution	\$	131,443
Adjustment to annual required contribution		(39,077)
Annual pension cost		92,366
Contributions made by the Township		(92,366)
Net pension obligation, beginning of year		-
Net pension obligation, end of year	\$	-

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

	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed
2022	\$ 92,366	\$ 92,366	100.0 %
2021	141,870	141,870	100.0 %
2020	161,320	161,320	100.0 %

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2022

NOTE 7: PENSION PLANS (Continued)

West Hempfield Township Non-Uniformed Pension Plan (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, 2022

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

Employees covered by the Plan

At January 1, 2022, 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 2022 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, 2022, 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%
Salary increases (annual)	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, 2022

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
<u>Beginning net OPEB obligation</u>	<u>2,987,206</u>
<u>Ending net OPEB obligation</u>	<u>\$ 3,668,441</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:

	2021	2020
Covered payroll	\$ 1,923,845	\$ 1,701,674
<u>OPEB as a % of covered payroll</u>	<u>190.68%</u>	<u>175.55%</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 (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, 2022

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

Actuarial assumptions and other inputs (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 2022 were \$355,745. The Township and Mountville Borough amended their agreement in October 2022 for the years 2023 through 2027. Future payment amounts for the years ended December 31 are as follows:

2023	\$	405,321
2024		445,853
2025		490,438
2026		539,482
2027		593,430
 Total	 \$	 2,474,524

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2022

NOTE 10: DUE TO AND FROM OTHER FUNDS

The composition of interfund balances as of December 31, 2022, was as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 11,526	\$ 21,124
Special Revenue Funds		
Fire Hydrant Fund	486	-
Refuse Fund	19,663	10,310
Street Light Fund	-	593
State Liquid Fuels Fund	-	134
Fire Tax Fund	486	-
Total all funds	\$ 32,161	\$ 32,161

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

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, 84 and 87. 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, 2022, 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, 2022

NOTE 13: GENERAL OBLIGATION NOTES

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, 2021, was \$6,375,000. 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%.

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 paid under this obligation during the year ended December 31, 2022, were \$342,000 and \$119,542, respectively. Total principal and interest payments for the next five years and five-year periods thereafter are as follows:

Years	Principal	Interest	Total
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	376,000	85,957	461,957
2028-2032	1,989,000	320,487	2,309,487
2033-2037	2,183,000	125,345	2,308,345
<b>Total</b>	<b>\$ 5,983,000</b>	<b>\$ 944,055</b>	<b>\$ 6,927,055</b>

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2022

NOTE 13: GENERAL OBLIGATION NOTES (Continued)

In 2021, the Township's Board of Supervisors approved issuance of \$3,050,000 in two 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. As of December 31, 2022, the Township has drawn \$1,350,365 on those notes. Total interest paid in 2022 was \$4,306. Total principal and interest payments for the next five years and the two-year period thereafter are as follows:

Years	Principal	Interest	Total
2023	\$ 69,365	\$ 17,302	\$ 86,667
2024	207,000	15,756	222,756
2025	210,000	13,210	223,210
2026	212,000	10,627	222,627
2027	215,000	8,020	223,020
2028-2029	437,000	8,081	445,081
<b>Total</b>	<b>\$ 1,350,365</b>	<b>\$ 72,996</b>	<b>\$ 1,423,361</b>

Long-term debt activity for the year ended December 31, 2022, was as follows:

	Beginning	Draws	Principal Paid	Ending
General obligation note - Series C	\$ 6,325,000	\$ -	\$ (342,000)	\$ 5,983,000
General obligation note - Series A	50,000	1,300,365	-	1,350,365
<b>Total Long-term Debt</b>	<b>\$ 6,375,000</b>	<b>\$ 1,300,365</b>	<b>\$ (342,000)</b>	<b>\$ 7,333,365</b>

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SUPPLEMENTARY INFORMATION

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# BERTZ, HESS & CO., LLP

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Years of  
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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, 2022, 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 29, 2023

WEST HEMPFIELD TWP

December 31, 2022

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	2021	2037	6,325,000	6,325,000		342,000		5,983,000		5,983,000
General Obligation Note	Bond	2021	2029	1,485,000	50,000	1,300,365	0		1,350,365		1,350,365
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

7,333,365

Capitalized lease obligations

0

Net debt

7,333,365

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

December 31, 2022

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	229,333		229,333
Recreation			
Sewer			
Solid Waste			
Streets / Highways	324,673		324,673
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	554,006		554,006

**EMPLOYEE COMPENSATION**

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

3,237,029