

**WEST HEMPFIELD TOWNSHIP**

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**Financial Statements**

**Year Ended December 31, 2023**

WEST HEMPFIELD TOWNSHIP  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

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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

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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, 2023, 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, 2023, 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, 2023, 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 Auditors' 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.

### **Auditors' 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

**Auditors' 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 28, 2024

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

# **2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT**

**361805 WEST HEMPFIELD TWP, LANCASTER COUNTY**



## BALANCE SHEET - MODIFIED CASH BASIS

DCED-CLGS-30 (09-09)

**WEST HEMPFIELD TWP, LANCASTER County**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
 December 31, 2023

		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
<b>Assets and Other Debits</b>											
100-120	Cash and Investments	9,489,360	2,788,948					12,302,339			24,580,647
140-144	Tax Receivable	12,460									12,460
121-129, 145-149	Accounts Receivable (excluding taxes)	68,343									68,343
130.00	Due From Other Funds		2,591								2,591
131-139, 150-159	Other Current Assets	16,546	152								16,698
160-169	Fixed Assets								13,645,924		13,645,924
180-189	Other Debits									6,780,365	6,780,365
<b>Total Assets and Other Debits</b>		9,586,709	2,791,691					12,302,339	13,645,924	6,780,365	45,107,028
<b>Liabilities and Other Credits</b>											
210-229	Payroll Taxes and Other Payroll Withholdings	6,445									6,445
200-209, 231-239	All Other Current Liabilities	1,192,551	104,770								1,297,321
230.00	Due To Other Funds	2,591									2,591

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

December 31, 2023

		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
<b>Liabilities and Other Credits</b>											
260-269	Long-Term-Liabilities									6,218,365	6,218,365
240-259	Current Portion of Long-Term Debt and Other Credits									562,000	562,000
<b>Total Liabilities and Other Credits</b>		1,201,587	104,770							6,780,365	8,086,722
<b>Fund and Account Group Equity</b>											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets								13,645,924		13,645,924
270-289	Fund Balance / Retained Earnings on 12/31	8,385,122	2,686,921					12,302,339			23,374,382
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		8,385,122	2,686,921					12,302,339	13,645,924		37,020,306
<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>											45,107,028



**WEST HEMPFIELD TWP, LANCASTER County**  
**STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS**  
 December 31, 2023

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	2,428,347	274,254				2,702,601
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	354,948					354,948
310.20	Earned Income Taxes / Wage Taxes	2,893,889					2,893,889
310.30	Business Gross Receipts Taxes						
310.40	Occupation Taxes (levied under Act 511)						
310.50	Local Services Tax **	320,453					320,453
310.60	Amusement / Admission Taxes						
310.70	Mechanical Device Taxes						
310.90	Other: _____						
	Other: _____						
<b>Total Taxes</b>		5,997,637	274,254				6,271,891

Licenses and Permits							
320-322	All Other Licenses and Permits	22,375					22,375
321.80	Cable Television Franchise Fees	235,019					235,019
<b>Total Licenses and Permits</b>		257,394					257,394

Fines and Forfeits							
330-332	Fines and Forfeits	57,367					57,367
<b>Total Fines and Forfeits</b>		57,367					57,367

**WEST HEMPFIELD TWP, LANCASTER County**  
**STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS**

December 31, 2023

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**

Interest, Rents and Royalties									
341.00	Interest Earnings	334,830	129,271					1,189,194	1,653,295
342.00	Rents and Royalties	37,580							37,580
<b>Total Interest, Rents and Royalties</b>		<b>372,410</b>	<b>129,271</b>					<b>1,189,194</b>	<b>1,690,875</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	2,635							2,635
354.09	Community Development								
354.15	Recycling / Act 101								
354.00	All Other State Capital and Operating Grants		250,855						250,855
355.01	Public Utility Realty Tax (PURTA)	5,583							5,583
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		578,304						578,304
355.04	Alcoholic Beverage Licenses	1,800							1,800
355.05	General Municipal Pension System State Aid	308,878							308,878
355.07	Foreign Fire Insurance Tax Distribution	113,698							113,698
355.08	Local Share Assessment/Gaming Proceeds								
355.09	Marcellus Shale Impact Fee Distribution								

**WEST HEMPFIELD TWP, LANCASTER County**  
**STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS**

December 31, 2023

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**

State								
356.00	State Payments in Lieu of Taxes							
355.00	All Other State Shared Revenues and Entitlements	827,190						827,190
<b>Total State</b>		1,259,784	829,159					2,088,943

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants	118,773						118,773
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>		118,773						118,773

Charges for Service								
361.00	General Government	6,591						6,591
362.00	Public Safety	509,620						509,620
363.20	Parking							
363.00	All Other Charges for Highway & Street Services	9,617						9,617
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)							
364.30	Solid Waste Collection and Disposal Charge (trash)		1,398,034					1,398,034
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health							
366.00	Human Services							
367.00	Culture and Recreation							
368.00	Airports							

WEST HEMPFIELD TWP, LANCASTER County  
STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS

December 31, 2023

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

Charges for Service								
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
<b>Total Charges for Service</b>		525,828	1,398,034					1,923,862

Unclassified Operating Revenues								
383.00	Special Assessments		62,181					62,181
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	6,147						6,147
388.00	Fiduciary Fund Pension Contributions					728,849		728,849
389.00	All Other Unclassified Operating Revenues	1,715	130					1,845
<b>Total Unclassified Operating Revenues</b>		7,862	62,311			728,849		799,022

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	96,274	15,000					111,274
392.00	Interfund Operating Transfers							
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

**WEST HEMPFIELD TWP, LANCASTER County**  
**STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS**  
 December 31, 2023

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**

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	19,670						19,670
<b>Total Other Financing Sources</b>		115,944	15,000					130,944

<b>TOTAL REVENUES</b>	8,712,999	2,708,029				1,918,043	13,339,071
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**EXPENDITURES**

General Government								
400.00	Legislative (Governing) Body	14,347						14,347
401.00	Executive (Manager or Mayor)	218,782						218,782
402.00	Auditing Services / Financial Administration	15,304						15,304
403.00	Tax Collection							
404.00	Solicitor / Legal Services	8,587						8,587
405.00	Secretary / Clerk	94,283						94,283
406.00	Other General Government Administration	96,416	1,061					97,477
407.00	IT-Networking Services-Data Processing	33,452						33,452
408.00	Engineering Services	18,488						18,488
409.00	General Government Buildings and Plant	85,458						85,458
<b>Total General Government</b>		585,117	1,061					586,178

Public Safety								
410.00	Police	3,016,303						3,016,303
411.00	Fire	113,698	54,500					168,198
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement							

WEST HEMPFIELD TWP, LANCASTER County  
STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS

December 31, 2023

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

**EXPENDITURES**

Public Safety								
414.00	Planning and Zoning	880,694						880,694
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>		4,010,695	54,500					4,065,195

Health and Human Services								
420.00-425.00	Health and Human Services	4,671						4,671
<b>Total Health and Human Services</b>		4,671						4,671

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)		1,570,834					1,570,834
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection	3,528						3,528
<b>Total Public Works - Sanitation</b>		3,528	1,570,834					1,574,362

Public Works - Highways and Streets								
430.00	General Services - Administration	552,977						552,977
431.00	Cleaning of Streets and Gutters		3,160					3,160
432.00	Winter Maintenance – Snow Removal		15,065					15,065
433.00	Traffic Control Devices		36,685					36,685
434.00	Street Lighting		58,491					58,491

WEST HEMPFIELD TWP, LANCASTER County  
STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS

December 31, 2023

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

**EXPENDITURES**

<b>Public Works - Highways and Streets</b>								
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains		3,360					3,360
437.00	Repairs of Tools and Machinery	113,830	232,552					346,382
438.00	Maintenance and Repairs of Roads and Bridges		78,727					78,727
439.00	Highway Construction and Rebuilding Projects		599,539					599,539
<b>Total Public Works - Highways and Streets</b>		666,807	1,027,579					1,694,386

<b>Other Public Works Enterprises</b>								
440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking							
446.00	Storm Water and Flood Control							
447.00	Transit System							
448.00	Water System		114,613					114,613
449.00	Water Transport and Terminals							
<b>Total Other Public Works Enterprises</b>			114,613					114,613

<b>Culture and Recreation</b>								
451.00	Culture-Recreation Administration	192,320						192,320
452.00	Participant Recreation	60,140						60,140
453.00	Spectator Recreation							
454.00	Parks							

**WEST HEMPFIELD TWP, LANCASTER County**  
**STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS**

December 31, 2023

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

**EXPENDITURES**

<b>Culture and Recreation</b>								
455.00	Shade Trees							
456.00	Libraries	27,900						27,900
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
<b>Total Culture and Recreation</b>		280,360						280,360

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

<b>Debt Service</b>								
471.00	Debt Principal (short-term and long-term)	553,000						553,000
472.00	Debt Interest (short-term and long-term)	129,679						129,679
475.00	Fiscal Agent Fees		735					735
<b>Total Debt Service</b>		682,679	735					683,414

<b>Employer Paid Benefits and Withholding Items</b>								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	265,302						265,302
482.00	Judgments and Losses						173,537	173,537
483.00	Pension / Retirement Fund Contributions	618,580						618,580



WEST HEMPFIELD TWP, LANCASTER County  
**STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS**  
 December 31, 2023

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

**EXPENDITURES**

**Employer Paid Benefits and Withholding Items**

484.00	Worker Compensation Insurance	135,806						135,806
487.00	Other Group Insurance Benefits	789,932						789,932
<b>Total Employer Paid Benefits and Withholding Items</b>		1,809,620				173,537		1,983,157

**Insurance**

486.00	Insurance, Casualty, and Surety	220,605						220,605
<b>Total Insurance</b>		220,605						220,605

**Unclassified Operating Expenditures**

488.00	Fiduciary Fund Benefits and Refunds Paid					836,759		836,759
489.00	All Other Unclassified Expenditures							
<b>Total Unclassified Operating Expenditures</b>						836,759		836,759

**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>								

**TOTAL EXPENDITURES**

		8,264,082	2,769,322				1,010,296	12,043,700
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**EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES**

		448,917	-61,293				907,747	1,295,371
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WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

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, 2023

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.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

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.

Fiduciary Funds

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

Police Pension Fund

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

Non-uniformed Pension Fund

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

General Long-term Debt Account Group

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

General Fixed Assets Account Group

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

Cash

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

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2023, 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

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023, is \$17,324 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, 2023, consisted of the following:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash	\$ 12,278,308	\$ -	\$ -	\$ 12,278,308
Investments	-	-	12,302,339	12,302,339
<b>Total cash and investments</b>	<b>\$ 12,278,308</b>	<b>-</b>	<b>\$ 12,302,339</b>	<b>\$ 24,580,647</b>

As of December 31, 2023, the Township had the following investments in its governmental and fiduciary funds:

Investment Type	Fiduciary Funds
Mutual Funds	\$ 12,302,339

All investments are carried at fair market value. The fair market values of mutual funds are based on quoted market prices.

Concentration of Credit Risk - Investments:

The Fiduciary Funds held no investment in excess of 5% of total Fiduciary Fund investments as of December 31, 2023.

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2023

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned to it. The Township has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance. Cash balances of governmental entities are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 as of December 31, 2023. 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, 2023, the Township had deposits of \$2,495,537 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 additional deposits of \$9,563,466 as of December 31, 2023, in an intergovernmental cooperative institution which are not subject to FDIC coverage. The Township had uninsured investment balances at December 31, 2023, of \$11,802,339.

NOTE 4: FIXED ASSETS

Activity in the General Fixed Assets Account Group for the year ended December 31, 2023, was as follows:

	Beginning	Additions	Retirements	Ending
Buildings/Improvements	\$ 9,668,464	\$ -	\$ -	\$ 9,668,464
Equipment	3,322,942	769,635	(115,117)	3,977,460
<b>Total General Fixed Assets Account Group</b>	<b>\$ 12,991,406</b>	<b>\$ 769,635</b>	<b>\$ (115,117)</b>	<b>\$ 13,645,924</b>

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 2023. During the year ended December 31, 2023, 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 2023, the Township received \$19,670 of refunds, recognized within the General Fund as 'Refunds of Prior Year Expenditures', from these two risk pools for the 2022 plan year.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

NOTE 5: RISK MANAGEMENT (Continued)

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, 2023.

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, 2023.

NOTE 7: PENSION PLANS

Plan Description

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

Valuation of Investments

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

Trends

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

West Hempfield Township 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.



WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

NOTE 7: PENSION PLANS (Continued)

West Hempfield Township Police Pension Plan (Continued)

Annual Pension Cost and Net Pension Obligation

The annual required contribution for 2023 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 2023 were as follows:

	\$	
Annual required contribution	279,892	
Adjustment to annual required contribution	317,498	
Annual pension cost		597,390
Contributions made by members		(110,269)
Contributions made by Township		(508,253)
<u>Net pension obligation, beginning of year</u>		<u>(74,937)</u>
<u>Net pension obligation, end of year</u>	<u>\$</u>	<u>(96,069)</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
2023	\$ 597,390	\$	618,522		103.5 %
2022	552,374		580,492		105.1 %
2021	625,687		634,805		101.5 %

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

NOTE 7: PENSION PLANS (Continued)

West Hempfield Township Police 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 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		
	2023	2021	2019
1. Actuarial Value of Assets	\$ 9,971,515	\$ 8,682,507	\$ 6,802,244
2. Actuarial Accrued Liability (AAL)	\$ 11,070,053	\$ 9,871,840	\$ 8,703,777
3. Unfunded AAL (UAAL) (2) – (1)	\$ 1,098,538	\$ 1,189,333	\$ 1,901,533
4. Funded Ratio (1) / (2)	90.1 %	88.0 %	78.2 %
5. Annual Covered Payroll	\$ 1,777,675	\$ 1,723,986	\$ 1,701,674
6. UAAL as a % of Payroll (3) / (5)	61.8 %	69.0 %	111.7 %

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.

Annual required contribution	\$ 110,327
Adjustment to annual required contribution	-
Annual pension cost	110,327
Contributions made by the Township	(110,327)
<u>Net pension obligation, beginning of year</u>	<u>-</u>
<u>Net pension obligation, end of year</u>	<u>\$ -</u>

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

NOTE 7: PENSION PLANS (Continued)

West Hempfield Township Non-Uniformed Pension Plan (Continued)

Annual Pension Cost and Net Pension Obligation (Continued)

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

	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed
2023	\$ 110,327	\$ 110,327	100.0 %
2022	92,366	92,366	100.0 %
2021	141,870	141,870	100.0 %

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		
	2023	2021	2019
1. Actuarial Value of Assets	\$ 3,253,000	\$ 3,024,471	\$ 2,244,135
2. Actuarial Accrued Liability (AAL)	\$ 3,182,399	\$ 2,633,703	\$ 2,488,703
3. Unfunded AAL (UAAL) (2) - (1)	\$ (70,601)	\$ (390,768)	\$ 244,568
4. Funded Ratio (1) / (2)	102.2 %	114.8 %	90.2 %
5. Annual Covered Payroll	\$ 1,034,291	\$ 952,556	\$ 792,521
6. UAAL as a % of Payroll (3) / (5)	(6.8)%	(41.0)%	30.9 %

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.

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2023

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

Plan Description (Continued)

Information about post-employment health care benefits is derived from the most recent actuarial valuation, which was as of January 1, 2023.

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, 2023, actuarial valuation, the following change in actuarial assumptions and methods was made: The discount rate changed from 1.93% to 4.31%.

Employees covered by the Plan

At January 1, 2023, employees covered by the OPEB plan were as follows:

	Police
Covered employees	
Active	22
Inactive but not yet receiving payments	2
Inactive and receiving benefits	1
Total covered employees	25

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution for 2023 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.

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

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

Actuarial assumptions and other inputs

The total OPEB liability as of December 31, 2023, was determined using the following January 1, 2023, actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	Police
Valuation Date	1/1/2023
Discount Rate	4.31%
Salary increases (annual)	5.00%

Health care cost trends are 7.0% in 2023 with a 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later, based on the Society of Actuaries Long-Run Medical Cost Trend Model.

The Township's actuarially determined annual OPEB cost and net obligation to the OPEB Plan as of January 1, 2023, for the year ended December 31 was as follows:

	2023
Service cost	\$ 203,508
Differences between expected and actual	(1,293,543)
Changes of assumptions	(370,021)
Interest on total OPEB liability	88,911
Annual OPEB cost	(1,371,145)
Actuarial computed benefit payments	(93,033)
Decrease in net OPEB obligation	(1,464,178)
<u>Beginning net OPEB obligation</u>	3,798,506
<u>Ending net OPEB obligation</u>	\$ 2,334,328

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

	2023	2021
Covered payroll	\$ 2,094,855	\$ 1,923,845
<u>OPEB as a % of covered payroll</u>	111.43%	190.68%

WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

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 discount rate that is one percentage point lower (3.31%) or one percentage point higher (5.31%) than the current discount rate as of December 31:

	2023
1% Decrease (3.31%)	\$ 2,171,728
Discount rate (4.31%)	2,334,328
1% Increase (5.31%)	2,509,098

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:

	2023
1% Decrease	\$ 2,158,986
Health Care Cost Increase	2,334,328
1% Increase	2,531,191

NOTE 9: COMMITMENT

West Hempfield Township entered into an agreement with Mountville Borough by which the Township would provide police services to Mountville Borough, under a contract which automatically renews each calendar year with a 5.00% increase in the price of services unless cancelled by either party on September 30 prior to each calendar year-end. Total revenues received under the contract for 2023 were \$405,321. 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:

2024	\$ 445,853
2025	490,438
2026	539,482
2027	593,430
 Total	 \$ 2,069,203

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2023

NOTE 10: DUE TO AND FROM OTHER FUNDS

The composition of interfund balances as of December 31, 2023, was as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 2,591
Special Revenue Funds		
Fire Hydrant Fund	376	-
Refuse Fund	1,672	-
Street Light Fund	145	-
State Liquid Fuels Fund	-	-
Fire Tax Fund	398	-
Total all funds	\$ 2,591	\$ 2,591

Amounts due from the General Fund are the special assessment revenues received and deposited into the General Fund accounts for the Fire Hydrant, Refuse, 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, 2023, have been evaluated by the Township's management through March 28, 2024, which is the date the financial statements were available to be issued.

WEST HEMPFIELD TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2023

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 note was refinanced, 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, 2023, were \$349,000 and \$112,899, respectively. Total principal and interest payments for the next five years and five-year periods thereafter are as follows:

Years	Principal	Interest	Total
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	383,000	78,851	461,851
2029-2033	2,026,000	282,895	2,308,895
2034-2037	1,763,000	84,086	1,847,086
Total	\$ 5,634,000	\$ 830,976	\$ 6,464,976



WEST HEMPFIELD TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

NOTE 13: GENERAL OBLIGATION NOTES (Continued)

In 2021, the Township's Board of Supervisors approved issuance of \$3,050,000 with fixed interest rates of 1.23% 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. Total principal and interest paid in 2023 was \$204,000 and \$16,780, respectively. Total principal and interest payments for the next five years and thereafter are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	217,000	5,375	222,375
Thereafter	85,365	1,353	86,718
<u>Total</u>	<u>\$ 1,146,365</u>	<u>\$ 54,341</u>	<u>\$ 1,200,706</u>

Long-term debt activity for the year ended December 31, 2023, was as follows:

	<u>Beginning</u>	<u>Draws</u>	<u>Principal Paid</u>	<u>Ending</u>
General obligation note - Series C	\$ 5,983,000	\$ -	\$ (349,000)	\$ 5,634,000
General obligation note - Series A	1,350,365	-	(204,000)	1,146,365
<u>Total Long-term Debt</u>	<u>\$ 7,333,365</u>	<u>\$ -</u>	<u>\$ (553,000)</u>	<u>\$ 6,780,365</u>

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SUPPLEMENTARY INFORMATION

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# BERTZ, HESS & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

BUSINESS AND FINANCIAL CONSULTANTS

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*Over 75  
Years of  
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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, 2023, 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 28, 2024

**WEST HEMPFIELD TWP**  
December 31, 2023

<b>DEBT STATEMENT</b>											
<b>OUTSTANDING BONDS AND NOTES</b>											
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
<b>General Obligation Bonds and Notes</b>											
General Obligation Note	Bond	2021	2037	6,325,000	5,983,000		349,000		5,634,000		5,634,000
General Obligation Note	Bond	2021	2029	1,485,000	1,350,365		204,000		1,146,365		1,146,365
<b>Revenue Bonds and Notes</b>											
<b>Lease Rental Debt</b>											
<b>Other</b>											

(1) - excludes unamortized premium/discount

<b>Total bonds and notes outstanding</b>	6,780,365
<b>Capitalized lease obligations</b>	0
<b>Net debt</b>	6,780,365

**WEST HEMPFIELD TWP, LANCASTER County**  
**STATEMENT OF CAPITAL EXPENDITURES**  
 December 31, 2023

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	114,952		114,952
Recreation			
Sewer			
Solid Waste			
Streets / Highways	589,387	65,296	654,683
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>704,339</b>	<b>65,296</b>	<b>769,635</b>

**EMPLOYEE COMPENSATION**

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

3,466,624