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HELLAM TOWNSHIP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023
AND
INDEPENDENT AUDITOR'S REPORT

HAMILTON & MUSSER, P.C.
Certified Public Accountants

HELLAM TOWNSHIP
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For the Year Ended December 31, 2023

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HAMILTON & MUSSER, PC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Hellam Township
York, Pennsylvania

Adverse and Unmodified Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hellam Township (the Township), York County, 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Unmodified
Fire Capital Fund	Unmodified
Aggregate Remaining Fund Information	Adverse

Adverse Opinion on Aggregate Remaining Fund Information

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the financial statements referred to above do not present fairly the modified cash basis financial position of the Aggregate Remaining Fund Information of Hellam Township, York County, Pennsylvania, or the changes in the modified cash basis financial position and where applicable, modified cash basis cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Unmodified Opinions on Governmental Activities, General Fund, and Fire Capital Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Hellam Township, York County, Pennsylvania, as of December 31, 2023, and the respective changes in modified cash basis financial position and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Aggregate Remaining Fund Information

Management has not included certain custodial fund assets, liabilities, revenues and expenses related to funds related to the tax collector. The modified cash basis of accounting requires that those funds be recorded as a custodial fund which would increase the assets, liabilities, revenues, expenses and net position of the custodial fund listed in the fiduciary funds of the Township. The amount by which this departure would affect the assets, liabilities, revenues, expenses and net position of the custodial fund has not been determined.

Emphasis of Matter

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Change in Accounting Principles

We draw attention to Note 11 of the financial statements, which describes the change in accounting principle. As described in Note 11, in 2023 the Township adopted a policy of preparing its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The financial statements for 2023 have been retrospectively adjusted to reflect the modified cash basis of accounting adopted in 2023. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, in 2023 the Township adopted new accounting guidance, GASB No. 96, Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

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 as described in Note 1, this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards, 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.

Other Information

Management is responsible for the other information included in the financial statements. The other information on pages 32-36 comprises of the budgetary comparison schedules, schedule of changes in the Township's net pension liability (asset) and related ratios, and the schedule of employer contributions but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

January 6, 2025

Mechanicsburg, Pennsylvania



Certified Public Accountants

HELLAM TOWNSHIP
Statement of Net Position – Modified Cash Basis
December 31, 2023

	Governmental Activities
Assets	
Cash and Cash Equivalents (Note 2)	\$ 2,956,104
Restricted Cash and Cash Equivalents (Note 2)	439,702
Capital Assets, Not Being Depreciated (Note 3)	367,808
Capital Assets, Being Depreciation (Note 3)	<u>7,753,448</u>
Total Assets	<u>11,517,062</u>
Liabilities	
Escrow Payable	132,001
Current Portion of Long-Term Liabilities	
Notes Payable (Note 5)	226,000
Finance Lease Liabilities (Note 5)	84,119
Non-Current Portion of Long-Term Liabilities	
Notes Payable (Note 5)	4,996,000
Finance Lease Liabilities (Note 5)	<u>126,111</u>
Total Liabilities	<u>5,564,231</u>
Net Position	
Net Investment in Capital Assets	2,689,026
Restricted	307,701
Unrestricted	<u>2,956,104</u>
Total Net Position	<u>\$ 5,952,831</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HELLAM TOWNSHIP
Statement of Activities – Modified Cash Basis
December 31, 2023

		<u>Program Revenue</u>		Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Functions/Programs				
Governmental Activities:				
General Government	\$ 673,373	\$ 120,228	\$ -	\$ (553,145)
Public Safety	2,561,339	890,754	276,891	(1,393,694)
Public Works	985,800	-	273,591	(712,209)
Culture and Recreation	64,098	-	-	(64,098)
Interest on Long-Term Debt	<u>93,384</u>	<u>-</u>	<u>-</u>	<u>(93,384)</u>
Total Governmental Activities	<u>\$ 4,377,994</u>	<u>\$ 1,010,982</u>	<u>\$ 550,482</u>	<u>(2,816,530)</u>
General Revenues:				
Taxes				2,387,969
Interest Earnings				89,558
Gain on Disposal of Assets				<u>10,250</u>
Total General Revenues				<u>2,487,777</u>
Change in Net Position				(328,753)
Net Position, as Adjusted – Beginning of Year (Note 11)				<u>6,281,584</u>
Net Position – End of Year				<u>\$ 5,952,831</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HELLAM TOWNSHIP
Balance Sheet – Governmental Funds – Modified Cash Basis
December 31, 2023

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Fire Capital Fund</u>	<u>Highway Aid Fund</u>	
Assets				
Cash and Cash Equivalents (Note 2)	\$ 1,690,298	\$ 1,265,806	\$ -	\$ 2,956,104
Restricted Cash and Cash Equivalents (Note 2)	<u>132,001</u>	<u>-</u>	<u>307,701</u>	<u>439,702</u>
Total Assets	<u>\$ 1,822,299</u>	<u>\$ 1,265,806</u>	<u>\$ 307,701</u>	<u>\$ 3,395,806</u>
Liabilities				
Escrow Payable	\$ 132,001	\$ -	\$ -	\$ 132,001
Total Liabilities	<u>132,001</u>	<u>-</u>	<u>-</u>	<u>132,001</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	307,701	307,701
Committed	-	1,265,806	-	1,265,806
Assigned	-	-	-	-
Unassigned	<u>1,690,298</u>	<u>-</u>	<u>-</u>	<u>1,690,298</u>
Total Fund Balances	<u>1,690,298</u>	<u>1,265,806</u>	<u>307,701</u>	<u>3,263,805</u>
Total Liabilities and Fund Balances	<u>\$ 1,822,299</u>	<u>\$ 1,265,806</u>	<u>\$ 307,701</u>	<u>\$ 3,395,806</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HELLAM TOWNSHIP
Reconciliation of the Balance Sheet – Governmental Funds – Modified Cash Basis
to the Statement of Net Position – Modified Cash Basis
For the Year Ended December 31, 2023

Total Fund Balances – Governmental Funds	\$ 3,263,805
Total net position reported for governmental activities in the Statement of Net Position – Modified cash Basis is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,121,256
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Notes Payable	(5,222,000)
Finance Lease Liabilities	<u>(210,230)</u>
Total Net Position – Governmental Activities	<u>\$ 5,952,831</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HELLAM TOWNSHIP

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Modified Cash Basis
For the Year Ended December 31, 2023

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Fire Capital Fund</u>	<u>Highway Aid Fund</u>	
Revenues				
Taxes	\$ 2,387,969	\$ -	\$ -	\$ 2,387,969
Donations	49,051	-	-	49,051
Interest and Rents	48,134	18,314	23,110	89,558
Intergovernmental Revenue	228,640	-	273,591	502,231
Charges for Services	<u>1,010,182</u>	<u>-</u>	<u>-</u>	<u>1,010,182</u>
Total Revenues	<u>3,723,976</u>	<u>18,314</u>	<u>296,701</u>	<u>4,038,991</u>
Expenditures				
General Government	650,316	-	-	650,316
Public Safety	2,575,905	84,316	-	2,660,221
Public Works				
Highways, Roads and Streets	448,870	-	300,651	749,521
Culture and Recreation	58,704	-	-	58,704
Principal	217,031	58,000	34,073	309,104
Interest	<u>85,243</u>	<u>5,239</u>	<u>2,902</u>	<u>93,384</u>
Total Expenditures	<u>4,036,069</u>	<u>147,555</u>	<u>337,626</u>	<u>4,521,250</u>
Excess Revenues Over (Under) Expenditures	(312,093)	(129,241)	(40,925)	(482,259)
Other Financing Sources (Uses)				
Transfers In	-	174,718	-	174,718
Transfers Out	(174,718)	-	-	(174,718)
Gain on Sale of Assets	10,250	-	-	10,250
Proceeds from Debt Issuance	<u>715,298</u>	<u>974,999</u>	<u>-</u>	<u>1,690,297</u>
Total Other Financing Sources	<u>550,830</u>	<u>1,149,717</u>	<u>-</u>	<u>1,700,547</u>
Change in Fund Balances	<u>238,737</u>	<u>1,020,476</u>	<u>(40,925)</u>	<u>1,218,288</u>
Fund Balances, as Adjusted, Beginning of Year (Note 11)	<u>1,451,561</u>	<u>245,330</u>	<u>348,626</u>	<u>2,045,517</u>
Fund Balances, End of Year	<u>\$ 1,690,298</u>	<u>\$ 1,265,806</u>	<u>\$ 307,701</u>	<u>\$ 3,263,805</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HELLAM TOWNSHIP

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds – Modified Cash Basis to the Statement of Activities – Modified Cash Basis
For the Year Ended December 31, 2023

Net Change in Fund Balances – Governmental Funds	\$ 1,218,288
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The change in net position reported for governmental activities in the Statement of Activities – Modified Cash Basis is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities – Modified Cash Basis, the cost of those assets is allocated over estimated useful lives as depreciation expense:

Capital Outlays	227,759
Less Depreciation and Amortization Expense	(393,607)

Debt proceeds are reported as financing sources in governmental funds, and thus, contribute to the change in fund balance. In the Statement of Net Position – Modified Cash Basis, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities – Modified Cash Basis. Similarly, repayment is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position – Modified Cash Basis.

The details of the differences are as follows:

Issuance:

Notes Payable	(1,580,340)
Finance Lease Payable	(109,957)

Repayments:

Notes Payable	222,000
Finance Lease Payable	<u>87,104</u>

Change in Net Position – Governmental Activities	<u>\$ (328,753)</u>
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The Accompanying Notes are an Integral Part of the Financial Statements

HELLAM TOWNSHIP
Statement of Fiduciary Net Position – Modified Cash Basis
December 31, 2023

	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents (Note 2)	\$ -	\$ 4,052	\$ 4,052
Investments (Note 2)	<u>466,883</u>	<u>-</u>	<u>466,883</u>
Total Assets	<u>\$ 466,883</u>	<u>\$ 4,052</u>	<u>\$ 470,935</u>
Liabilities			
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position Held in Trust for			
Pension Benefits	466,883	-	466,883
Other Purposes	<u>-</u>	<u>4,052</u>	<u>4,052</u>
Total Fund Balances	<u>466,883</u>	<u>4,052</u>	<u>470,935</u>
Total Liabilities and Fund Balances	<u>\$ 466,883</u>	<u>\$ 4,052</u>	<u>\$ 470,935</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HELLAM TOWNSHIP
Statement of Changes in Fiduciary Net Position – Modified Cash Basis
For the Year Ended December 31, 2023

	<u>Pension</u> <u>Trust Fund</u>	<u>Custodial</u> <u>Funds</u>	<u>Total</u>
Additions			
Donations	\$ -	\$ 8,114	\$ 8,114
Employer Contributions	30,175	-	30,175
Investment Income	<u>66,320</u>	<u>-</u>	<u>66,320</u>
Total Additions	<u>96,495</u>	<u>8,114</u>	<u>104,609</u>
Deductions			
Administrative Fees	120	-	120
Emergency Management Expenses	<u>-</u>	<u>12,315</u>	<u>12,315</u>
Total Deductions	<u>120</u>	<u>12,315</u>	<u>12,435</u>
Increase (Decrease) in Net Position Held in Trust	96,375	(4,201)	92,174
Net Position Held in Trust			
Beginning of Year	<u>370,508</u>	<u>8,253</u>	<u>378,761</u>
End of Year	<u>\$ 466,883</u>	<u>\$ 4,052</u>	<u>\$ 470,935</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Hellam Township (the Township) is located in York County, Pennsylvania and operates under the Township Code under the laws of the Commonwealth of Pennsylvania. The Township is governed by a five-member Board of Township Supervisors, elected by the registered voters of the Township. The Township Supervisors have the authority to create ordinances or resolutions, to appoint Township officers, and have the primary accountability for fiscal matters. The Township has the authority under the laws of the Commonwealth of Pennsylvania to levy taxes upon the property and residents within the Township limits in order to provide police and fire protection, parks and recreational facilities, and to maintain its streets and highways.

Reporting Entity:

Consistent with the guidance contained in Government Accounting Standards Board (GASB) Statement No. 61, *Determining Whether Certain Organizations Are Component Units*, an amendment to GASB No. 39 *Determining Whether Certain Organizations Are Component Units* and GASB No. 14, *The Reporting Entity*, the criteria used by the Township to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviews the applicability of the following criteria.

The Township is financially accountable for:

1. Organizations that make up the legal Township entity.
2. Legally separate organizations if Township officials appoint a voting majority of the organization's governing body and the Township is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township as defined below.

Impose its Will – If the Township can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial Benefit or Burden – Exists if the Township (1) is entitled to the organization's resources, or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the Township. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the Township.

Discretely Presented Component Unit:

Based on the above criteria, it has been determined that no entities meet the criteria for inclusion as part of this reporting entity.

Related Organizations / Joint Venture:

A related organization is a legally separate entity or other organization where the Township officials are responsible for appointing the members to the Board of the organizations, but the Township's accountability for these organizations does not extend beyond making the appointments.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Organizations / Joint Venture (Continued):

A joint venture is a legally separate entity or other organization that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

The following are related parties or joint ventures of the Township:

- Eastern York County Sewer Authority
The Eastern York County Sewer Authority is a separate legal entity operating under the joint authority between Hallam Borough and Hellam Township. The Authority was incorporated for the purpose of constructing and operating a sanitary sewer collection system and treatment plant in certain portions of Hallam Borough and Hellam Township. Both the Borough and the Township appoint three board members each to serve as a joint operating committee member.
- Eastern York Regional Recreation Authority
The Eastern York Regional Recreation Authority is a separate legal entity established by an intergovernmental agreement between the three municipalities: Hallam Borough, Hellam Township, and Lower Windsor Township. Each municipality appoints two members, of which one is a primary and one is an alternate, for voting purposes. The purpose of the Authority is to operate a recreation program for residents.
- Eastern York County Emergency Management Agency (EYCEMA)
The Eastern York County Emergency Management Agency is an entity established by an inter-governmental agreement between the six municipalities that make up the Eastern York School District: East Prospect Borough, Hallam Borough, Hellam Township, Lower Windsor Township, Wrightsville Borough, and Yorkana Borough. Each municipality appoints two members, of which one is a primary and one is an alternate, for voting purposes. The purpose of the agency is to jointly deal with all aspects of disasters within the communities that participate in the agency.
- Wrightsville Fire & Rescue Company
The Wrightsville Fire & Rescue Company is a separate legal entity established to protect the lives and property of residents and visitors of Wrightsville Borough and Hellam Township by providing the highest quality of fire, rescue, and emergency medical services. The Township provides financial assistance to the Company through the fire capital fund.
- Friendship Fire Company of Hallam, Pennsylvania
The Friendship Fire Company is a separate legal entity established for the purpose of fire suppression and prevention, the preservation of life and property from the perils of fire and other emergencies that may occur in Hallam Borough or Hellam Township and lend assistance to other areas by the way of mutual aid when requested. The Township provides financial assistance to the Company through the fire capital fund.

Basis of Presentation:

The accounts of the Township are organized on the fund basis, each of which is considered 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, revenue, and expenditures. The various funds are summarized by type in the financial statements. The Township's Governmental Funds are the General Fund, Highway Aid Fund, and Fire Capital Fund.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) report information on all activities of the primary government. The effect of material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

The Statement of Activities – Modified Cash Basis demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers of applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are properly not included among program revenues and are reported instead as general revenue.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated, when applicable, and presented in a single column.

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus, and the governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis accounting as explained in the paragraph below.

The accounting and financial reporting treatment is determined by the basis of accounting. The basis of accounting indicates the timing of transaction or events for recognition in the financial reports.

The government-wide financial statements and the fund financial statements are reported using the modified cash basis of accounting. Revenues resulting from exchange and nonexchange transactions are recorded when received and expenses are recorded when paid. Exchange transactions involve both parties giving and receiving essentially equal value. Nonexchange transactions, in which the Township receives value without directly giving equal value in return, include property taxes, earned income taxes, grants, entitlements, and donations. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt is reported as other financing sources. The recording of capital assets and debt are modifications from the pure cash basis of accounting.

As discussed in the preceding paragraph, these financial statements are presented on the modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011, incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements.

Township accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

The Township reports the following major governmental funds:

- General Fund – This Fund is used to account for all financial transactions not accounted for in another fund. Revenue is primarily derived from local property, per capita, and other taxes, user fees and intergovernmental distributions.
- Fire Capital Fund – is used to account for funds set aside specifically for fire protection-related projects.

The Township reports the following non-major governmental funds:

- Highway Aid Fund – This Special Revenue Fund is used to account for revenue that is restricted to expenditures for the improvement and maintenance of Township roads, bridges, curbs and gutters.

In addition, the Township reports the following fiduciary fund types:

- Defined Contribution Pension Trust Fund – Defined contribution pension trust fund is used to account for resources held by the Township in a trustee capacity for employees of the Township.
- Custodial Funds – Custodial funds are used to account for resources held by the Township in a trustee capacity for private organizations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance to the Governmental Accounting Standards Board. The Township has elected not to follow subsequent private-sector guidance.

Basis of Accounting:

The financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund balance, receipts, and disbursements when they result from cash transactions except that:

- Investment assets are recorded at fair value and changes in fair value are recognized as a component of receipts
- Capital assets are treated as an asset and depreciated over the useful life of the specific asset.
- Developer escrow deposits withheld, but not remitted, are treated as liabilities.
- Debt is treated as a liability and principal payments on debt are recorded as a reduction of debt.

The basis is a special purpose framework other than accounting principles generally accepted in the United States of America.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the government-wide statements, proprietary fund types, and pension trust fund would use the accrual basis of accounting.

Budgets:

Prior to the beginning of each fiscal year, an annual budget is adopted for the General Fund. Appropriations lapse at the close of the fiscal year to the extent they have not been expended.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Interfund Transactions:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

Cash and Cash Equivalents:

Cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are reported at carrying amounts which reasonably estimate fair value.

Investments:

Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned.

Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Mutual funds are valued based on published market prices and quotations from national security exchanges and securities pricing services. Money market investments that have a remaining maturity at the time of purchase of one year or less are measured at amortized cost.

Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to investment operations, as well as the internal administrative expenses associated with the investment program.

Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs are those other than quoted prices within Level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets:

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets acquired or constructed before January 1, 2004 are currently excluded as defined by GASB 34. The capitalization threshold is \$25,000 for infrastructure assets (including roads, bridges, sidewalks, traffic signals, street lights, etc.) of the governmental activities, which consists primarily of roads, bridges, sidewalks, street lighting, traffic signals and storm sewers.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	20-50 Years
Buildings and Improvements	20-75 Years
Machinery, Equipment, and Vehicles	3-20 Years

Subscription Based Information Technology Agreements (SBITA)

The Township is a lessee for noncancellable software subscriptions. The Township recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) as part of capital assets, net of accumulated depreciation on the Statement of Net Position. At the commencement of a subscription, the Township initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the commencement date, plus certain indirect costs. Subsequently, the subscription asset is amortized on the straight-line basis over its useful life. Key estimates and judgments related to subscription liabilities include how the Township determines (1) the discount rate it uses to discount the expected contract payments to present value, (2) subscription term, and (3) subscription payments.

- The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for subscription contracts.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the liability are composed of fixed payments and purchase option prices the Township is reasonably certain to exercise.

The Township monitors changes in circumstances that would require remeasurement of its subscription liability and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with equipment and other right-of-use assets, and subscription liabilities are reported with current and non-current liabilities on the Statement of Net Position – Modified Cash Basis.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases:

The Township's lease agreements are recognized as a lease liability and lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term, less lease incentives (if any). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term. The lease liability is reduced as payments are made. The right-of-use lease asset is amortized on the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Lease assets are reported with equipment and other right-of-use assets, and lease liabilities are reported with current and non-current liabilities on the Statement of Net Position – Modified Cash Basis.

Fund Balances:

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Township classifies governmental fund balances as follows:

- Nondisposable – includes fund balance amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or laws and regulations of other governments, or amounts constrained by law through constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Township through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned – includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

Approval of an official motion at a formal meeting by the Township Supervisors is required to establish, modify, or rescind committed fund balances. The Township Supervisors or the Township Management has the authority to express intended uses of resources that result in assigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Township's policy is to spend resources in the following order:

1. Restricted
2. Unrestricted

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued):

Unless the Township Supervisors specifically approve the use of committed resources, or the Township Supervisors or the authorized body or official specifically approves the use of assigned resources, the Township's policy is to spend unrestricted resources in the following order:

1. Unassigned
2. Assigned
3. Committed

The Township does not have a formal minimum fund balance policy.

Tax Revenue:

Real estate, per capita and earned income taxes are recorded at net amounts collected. Real estate transfer and delinquent taxes are recorded at the net amount received from the collecting agency after deduction of fees and expenses.

Use of Restricted/Unrestricted Net Position:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Township's policy is to apply restricted net position first.

Change in Accounting Principles

The Township follows Governmental Accounting Standards Board Pronouncements as applicable to the modified cash basis of accounting. Below are the current and future pronouncements that may have to be adopted.

Adoption of GASB Pronouncements:

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The Statement's objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The Township was required to adopt Statement No. 94 for their fiscal year 2023 financial statements.

In March 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Township was required to adopt Statement No. 96 for their fiscal year 2023 financial statements.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Statement's objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Township was required to adopt Statement No. 99 for their fiscal year 2023 and 2024 financial statements.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending GASB Pronouncements:

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Township may be required to adopt Statement No. 100 for their fiscal year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Statement's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Township may be required to adopt Statement No. 101 for their fiscal year 2024 financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The Statement's objective is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The Township may be required to adopt Statement No. 102 for their fiscal year 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The Statement's objective is to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. The Township will be required to adopt Statement No. 103 for its fiscal year 2025 financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits:

Statutes authorize the Township to invest in the following:

- United States treasury bills
- Obligations of the United States government and federal agencies
- Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions
- General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency or of any Pennsylvania political subdivision
- Shares of mutual funds whose investments are restricted to the above categories
- Repurchase agreements collateralized by United States treasury bills or federal agency securities
- Commercial paper issued by corporations or other business entities organized in accordance with federal and state law, with a maturity not to exceed 270 days and the issuing corporation or business entity is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- Bankers' acceptances that do not exceed 170 days' maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- Negotiable certificates of deposit with a remaining maturity of three years or less, issued by a nationally or state-chartered bank, a federal or state savings and loan association or a state-licensed branch of a foreign bank

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Township's deposits may not be returned to them. The Township does not have a policy for custodial credit risk on deposits.

For public unit accounts, the federal deposit insurance coverage depends upon the type of deposit, and the location of the insured depository institution. Under these provisions, \$1,422,703 of the Township's bank balance of \$2,011,035 was exposed to custodial credit risk, but \$1,422,703 was collateralized by the pledging bank's trust department as permitted by Act 72. Of the bank balance, \$588,332 was covered by federal depository insurance.

The reconciliation of deposits to the financial statements at December 31, 2023 is as follows:

Uninsured but Collateralized in Accordance with Act 72	\$ 1,422,703
Plus: Amount Insured by FDIC	<u>588,332</u>
	2,011,035
Plus: Deposits in Pooled Investments	1,412,577
Plus: Outstanding Deposits	71
Less: Outstanding Checks	<u>(24,575)</u>
Total Deposits	3,399,108
Plus: Cash on Hand	<u>750</u>
 Total	 <u><u>\$ 3,399,858</u></u>
 Cash and Cash Equivalents	 \$ 2,960,156
Restricted Cash and Cash Equivalents	<u>439,702</u>
 Total Cash and Cash Equivalents per Financial Statements	 <u><u>\$ 3,399,858</u></u>
 General Fund	 \$ 1,822,299
Highway Aid Fund	307,701
Fire Capital Fund	1,265,806
Custodial Fund	<u>4,052</u>
 Total	 <u><u>\$ 3,399,858</u></u>

External Investment Pool:

The Township uses an external investment pool to ensure safety and maximize efficiency, liquidity and yield for Township funds. The external investment pool is valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its costs on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. The fair value of the security, held by the external investment pool is evaluated on at least a weekly basis using prices supplied from an independent pricing service. These values are compared to the amortized cost of the securities.

The Township has funds totaling \$1,412,577 invested in Pennsylvania Local Government Investment Trust (PLGIT) as of December 31, 2023. PLGIT separately issues audited financial statements that are available to the public via their website. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pools. At December 31, 2023, PLGIT carries an AAAM rating and has an average maturity of less than one year.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest-Rate Risk:

The Township does have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk:

The Township has an investment policy that limits its investment choices in accordance with Pennsylvania statutes for Townships.

The Township has the following recurring amortized cost measurement as of December 31, 2023, including unfunded commitments and redemption terms as follows:

	<u>Amortized Costs</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Pennsylvania Local Government Investment Trust (PLGIT) - Class ¹	\$ 1,412,577	None	None	0 Days

¹ External investment pool: This type includes pooled investments in bank repurchase agreements, certificates of deposit, U.S. treasuries and U.S. government obligations. The fair value of the investments in this type have been determined using amortized cost, which approximates fair value. Distributions from the fund will be received as the underlying investments of the funds are liquidated, which is expected to occur weekly.

Investments:

The composition of investments held as of December 31, 2023, reported at fair value, were as follows:

Interest Maturities (in Years) (Unaudited)

<u>Type and Ratings*</u>	<u>Total Fair Value (Level 1)</u>
Equity Mutual Funds – N/A	\$ 466,883
Total	<u>\$ 466,883</u>

* Ratings are unaudited; information from Standard and Poor's (S&P). U.S. Treasury Obligations issued are explicitly guaranteed by the U.S. Government.

Custodial Credit Risk – Investment custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Township's formal investment policies require for financial institutions to purchase securities in the Township's name, and hold by a custodian bank on the Township's behalf to limit exposure of custodial credit risk. The Township does not have a written policy for investment custodial credit risk in relation to its pension funds. All of the Township's investments are held by the financial institutions' trust departments or agents, not in the Township's name.

The institutions holding the Township's investments are members of the Securities Investor Protection Corporation (SIPC). SIPC insures the cash and securities in each investor's account up to \$500,000 against loss in the case of a failed brokerage firm or misappropriation of assets by the broker; however, it only insures up to \$250,000 for cash.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk – The Township does not have formal investment policies that limit exposure to fair value losses arising from increasing interest rates.

Credit Risk and Concentration of Credit Risk – Investments in entities that are subject to credit risk are limited to those held by the Pension Trust. The ratings for all investments currently held by the Pension Trust are summarized in the previous schedule. The Township does not have a formal investment policy that limits exposure to credit and concentration of credit risk.

There were no investments that exceeded 5% of plan net position for these funds as of December 31, 2023.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 367,808	\$ -	\$ -	\$ 367,808
Total Capital Assets Not Being Depreciated	367,808	-	-	367,808
Capital Assets Being Depreciated				
Buildings and Improvements	6,306,594	3,935	-	6,310,529
Machinery Equipment, and Vehicles	1,690,763	223,824	-	1,914,587
Infrastructure	3,259,163	-	-	3,259,163
Total Capital Assets Being Depreciated	11,256,520	227,759	-	11,484,279
Accumulated Depreciation and Amortization	(3,337,224)	(393,607)	-	(3,730,831)
Total Capital Assets Being Depreciated, Net	7,919,296	(165,848)	-	7,753,448
Total Capital Assets, Net	\$ 8,287,104	\$ (165,848)	\$ -	\$ 8,121,256

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

	<u>Amount</u>
Governmental Activities	
General Government	\$ 72,554
Public Safety	68,604
Public Works	247,055
Culture and Recreation	5,394
Total Depreciation and Amortization Expense – Governmental Activities	\$ 393,607

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 4 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

In August 2023, the Township entered into a subscription agreement for information technology services. This agreement qualifies as a SBITA under GASB Statement No. 96, which was adopted in the current period as described in Note 1. The agreement is for a term of 36 months, with payment made up front. The value of the subscription asset as of December 31, 2023 was \$17,362 and had accumulated amortization of \$4,341 and is recorded within capital assets.

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2023.

	Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Payments</u>	Balance December 31, <u>2023</u>
Long-Term Debt Obligations				
Governmental Activities				
General Obligation Note, Series 2021	\$ 3,813,659	\$ 605,341	\$ (164,000)	\$ 4,255,000
General Obligation Note, Series 2022	<u>50,001</u>	<u>974,999</u>	<u>(58,000)</u>	<u>967,000</u>
Total Governmental Activities	<u>\$ 3,863,660</u>	<u>\$ 1,580,340</u>	<u>\$ (222,000)</u>	<u>\$ 5,222,000</u>
	Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Payments</u>	Balance December 31, <u>2023</u>
Finance Lease Obligations				
Governmental Activities				
Finance Leases				
2018 Ford Explorer due May 2023	\$ 1	\$ -	\$ 1	\$ -
Tahoe 4.82%, due May 2024	16,894	-	8,275	8,619
Mower 3.50%, due May 2024	35,059	-	17,228	17,831
2021 F550 3.21%, due March 2025	52,170	-	16,845	35,325
2021 Interceptor 3.13%, due August 2026	40,977	-	9,776	31,201
2022 Interceptor 4.10%, due September 2026	40,545	-	9,534	31,011
2021 F150 4.10%, due May 2027	-	56,365	12,156	44,209
2022 F150 4.10%, due May 2027	-	53,592	11,558	42,034
Copier	<u>1,732</u>	<u>-</u>	<u>1,732</u>	<u>-</u>
Total Governmental Activities	<u>\$ 187,379</u>	<u>\$ 109,957</u>	<u>\$ 87,105</u>	<u>\$ 210,230</u>

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 5 – LONG-TERM DEBT (CONTINUED)

General Obligation Note, Series 2021

The Township issued a general obligation note dated April 29, 2021 with Peoples Security Bank and Trust Company in the amount of \$4,750,000. The purpose of the note was to refinance the General Obligation Notes, Series of 2019 as well as to borrow additional funds for capital projects. The note bears a fixed rate of 2.09% through June 1, 2036. Thereafter, the rate of interest will continually reset to 65% of the *Wall Street Journal* Prime Rate until final maturity on December 1, 2044. The variable rate of interest shall not exceed more than 2.99% per annum. The Township utilized the portion of funds for the refinance of General Obligation Notes, Series of 2019, but did not draw down the portion earmarked for additional capital projects as of December 31, 2023. The balance outstanding as of December 31, 2023 was \$4,255,000.

General Obligation Note, Series 2022

The Township issued a general obligation note in 2022 with Peoples Security Bank and Trust Company in the amount of \$1,025,000. The note was issued on a draw-down basis and serves as a nonrevolving loan, with advances made to the Township through December 1, 2023. The note bears a fixed rate of 2.29% through December 1, 2037. The purpose of the note is to finance fire company capital needs. The note bears a fixed interest rate of 2.29%. As of December 31, 2023, the Township had drawn down total costs of \$967,000.

The future annual debt service requirements to maturity including total interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 226,000	\$ 114,501	\$ 340,501
2025	232,000	109,723	341,723
2026	236,000	104,836	340,836
2027	242,000	99,842	341,842
2028	247,000	94,740	341,740
2029-2033	1,313,000	373,585	1,686,585
2034-2038	1,338,000	267,007	1,605,007
2039-2043	1,139,000	141,337	1,280,337
2044	<u>249,000</u>	<u>7,445</u>	<u>256,445</u>
Total	<u>\$ 5,222,000</u>	<u>\$ 1,313,016</u>	<u>\$ 6,535,016</u>

Total interest expense was \$84,349 for the year ended December 31, 2023.

Finance Leases Payable

In May 2018, the Township entered into a lease agreement in the amount of \$38,043 with Fulton Bank for the purchase of a 2018 Ford Explorer for use in the Police Department. Payments began in May 2018 and are payable annually for five (5) years. The balance outstanding as of December 31, 2023 was \$0.

In May 2019, the Township entered into a lease agreement in the amount of \$48,746 with Fulton Bank for the purchase of a 2019 Chevrolet Tahoe for use in the Police Department. Payments began in May 2019 and are payable annually for six (6) years. The balance outstanding as of December 31, 2023 was \$8,619.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Finance Leases Payable (Continued)

In May 2020, the Township entered into a lease agreement in the amount of \$86,208 with Fulton Bank for the purchase of a John Deere tiger mower with plow for use in the Highway Department. Payments began in May 2020 and are payable annually for five (5) years. The balance outstanding as of December 31, 2023 was \$17,831.

In February 2021, the Township entered into a lease agreement in the amount of \$86,980 with Fulton Bank for the purchase of a 2021 Ford F-550 with dump body, plow and spreader for use in the Highway Department. Payments began in February 2021 and are payable annually for five (5) years. The balance outstanding as of December 31, 2023 was \$35,325.

In August 2022, the Township entered into a lease agreement in the amount of \$52,022 with Fulton Bank for the purchase of a 2021 Ford Police Interceptor for use in the Police Department. Payments began in August 2022 and are payable annually for five (5) years. The balance outstanding as of December 31, 2023 was \$31,201.

In September 2022, the Township entered into a lease agreement in the amount of \$51,740 with Fulton Bank for the purchase of a 2022 Ford Police Interceptor for use in the Police Department. Payments began in September 2022 and are payable annually for five (5) years. The balance outstanding as of December 31, 2023 was \$31,011.

In May 2023, the Township entered into a lease agreement in the amount of \$56,365 with Fulton Bank for the purchase of a 2021 Ford F-150 for use in the Police Department. Payments began in May 2023 and are payable annually for five (5) years. The balance outstanding as of December 31, 2023 was \$44,209.

In May 2023, the Township entered into a lease agreement in the amount of \$53,591 with Fulton Bank for the purchase of a 2021 Ford Explorer for use in the Police Department. Payments began in May 2023 and are payable annually for five (5) years. The balance outstanding as of December 31, 2023 was \$42,034.

The future annual debt service requirements to maturity including total interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 84,119	\$ 7,900	\$ 92,019
2025	59,777	4,806	64,583
2026	43,455	2,616	46,071
2027	<u>22,879</u>	<u>938</u>	<u>23,817</u>
Total	<u>\$ 210,230</u>	<u>\$ 16,260</u>	<u>\$ 226,490</u>

Total interest expense was \$9,035 for the year ended December 31, 2023.

NOTE 6 – PROPERTY TAXES

The Township's property tax is levied each January 1 on the assessed value as of that date as maintained by York County for all nonexempt real property located in the Township. The taxes are collected by a Tax Collector who is elected by the voters of the Township. All property taxes collected prior to April 15 are given a 2% discount, and those collected after June 15 include a 10% penalty. All unpaid property taxes as of the last working day in December must be turned over by the Tax Collector to the York County Delinquent Tax Claim Bureau by January 15, and at that time enforceable liens can be attached to the properties.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 6 – PROPERTY TAXES (CONTINUED)

The following is a breakdown of the 2023 property tax levy:

Taxable Net Appraised Valuation	\$447,816,977
Taxable Valuation in Dollars	\$ 1,164,324
Rates – General Purposes	2.6 Mills

NOTE 7 – INTERFUND BALANCES

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

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 174,718
Fire Capital	<u>174,718</u>	<u>-</u>
Total	<u>\$ 174,718</u>	<u>\$ 174,718</u>

Interfund balances result from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenses occur; (2) transactions are recorded in the accounting system; (3) payments between funds are made.

NOTE 8 – PENSION PLANS

Non-Uniform Defined Contribution Pension Plan:

The Township established a non-uniform pension plan effective January 1, 1990. The plan is a defined contribution money purchase pension plan through Mission Square Retirement and covers nonuniform employees who are 18 years or older. Contributions are equal to 7% of the eligible employee's annual compensation. The employee's benefits become 100% vested upon completion of three (3) years of continuous employment with the Township. At present there are twelve active members in the plan. Contributions are made by the Township for eligible employees in an amount equal to 7% of their annual compensation. The contributions for the year ended December 31, 2023 were \$29,110. Employees may elect to contribute up to five (5%) percent of his/her total annual compensation. Normal retirement is attained at age 65.

Deferred Compensation Plan:

The Township sponsors three Deferred Compensation Plans, under the provisions of Section 457 of the Internal Revenue Code of 1986. Under the plan, contributions by the Township on behalf of the employees are at management's discretion. The Township views this plan as the employee's investment account. The Township has not made contributions to this plan in the past and does not anticipate making contributions in the future. During the year ended December 31, 2023, the Township did not make any contributions to the plan.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 8 – PENSION PLAN (CONTINUED)

Police Pension Plan:

The Township Uniformed Pension Plan (the Township Pension Plan) participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer defined benefit public employee retirement system, which acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Annual Comprehensive Financial Report. A copy of the Annual Comprehensive Financial Report can be obtained by contacting the PMRS accounting offices at (717) 787-2065 or on the PMRS website (www.pmr.state.pa.us). This plan covers all permanent municipal employees of the Township, who have completed their probationary period, and provides retirement, disability and death benefits to plan members and their beneficiaries. Employee account forfeitures are credited back to the Township and applied to decrease future contributions.

All full-time police employees of the Township shall be eligible to participate in the pension plan after twelve months of service with the Township police force. A participant is eligible for normal retirement after attainment of age 50 and upon completion of 12 years of service.

The normal retirement pension is equal to two percent times credited service times final average salary, not to exceed fifty percent of the final average salary. Final average salary is based upon the final five years' annualized salary. The normal retirement pension is payable monthly during the participant's lifetime.

If the participant is eligible to retire or is retired at the time of death, payments continue after the participant's death to the surviving spouse, provided the surviving spouse is not remarried, equal to fifty percent of the initial amount payable to the participant. If a participant is permanently disabled from permanent injuries incurred in service as a police officer with the Township and the participant is unable to perform gainful employment regardless of age or service, the police officer shall be entitled to monthly disability benefits equal to sixty percent of the average monthly compensation during the sixty-month period preceding disability, reduced by available workers' compensation benefits.

If a participant is permanently disabled from a nonservice related injury, the participant shall be entitled to a sixty percent disability benefit, provided the participant has at least ten years of service and is unable to perform gainful employment. If a participant continues working after the normal retirement date, the pension does not start until the police officer actually retires. The late retirement benefit is the benefit accrued to the late retirement date. A participant's benefits vest upon completion of 12 years of service. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination. If a participant is eligible for retirement or killed in the line of duty, a death benefit is payable to his surviving spouse in an amount equal to fifty percent of the benefit the member would have been receiving had the member been retired at the time of his death.

The plan's funding policy provides for periodic employer contributions, determined actuarially, that are sufficient to accumulate assets to pay benefits when due. The Township is required to contribute each year the Minimum Municipal Obligation (MMO), which is determined the previous year based on the most recent actuarial valuation. The Township may allocate General Municipal Pension State Aid toward the Minimum Municipal Obligation; however, the Township is ultimately responsible for funding the MMO. Administrative costs, including the investment manager, custodial trustee, and actuarial services, are charged to the plan and funded through investment earnings.

As of December 31, 2022, the plan had 21 total participants comprised of 9 inactive employees or beneficiaries currently receiving benefits and 12 active employees.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 8 – PENSION PLAN (CONTINUED)

Actuarial Assumptions:

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	2.80%	
Salary Increases	2.20%	(average, including inflation)
Investment Rate of Return	5.25%	(including inflation)
Postretirement Cost of Living Increase	2.20%	

Mortality Rates were based on the RP2000 Table for males and females. This table does not include projected mortality improvements.

The long-term expected rate of return on the Township Pension Plan investments was determined using a build block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity (Large Capitalized Firms)	24.5%	5.00%
Domestic Equity (Small Capitalized Firms)	8%	5.70%
International Equity (International Developed Markets)	14.5%	5.10%
International Equity (Emerging Markets)	3%	5.51%
Global Equities	5%	4.53%
Real Estate	10%	4.92%
Timber	5%	4.00%
Fixed Income (Core Investment Grade)	24%	2.10%
Fixed Income (Opportunistic Credit)	5%	5.50%
Cash	1%	-0.30%

Discount Rate:

The discount rate used to measure the total pension liability was 5.25%. The Township Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Township Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 8 – PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability:

	Total Pension Liability <u>(a)</u>	Increase (Decrease) Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability (Asset) <u>(a)-(b)</u>
Balances at 1/1/22	\$ 4,371,605	\$ 4,865,058	\$ (493,453)
Service Cost	185,606	-	185,606
Interest Cost	235,806	-	235,806
Changes of Benefit Terms	-	-	-
Changes of Experience	226,732	-	226,732
Changes of Assumptions	-	-	-
Contributions – Employer	-	178,319	(178,319)
Contributions – Member	-	-	-
PMRS Investment Income	-	204,202	(204,202)
Net Investment Loss	-	(791,987)	791,987
Benefit Payments	(133,025)	(133,025)	-
PMRS Administrative Expense	-	(400)	400
Administrative Expense	-	(10,789)	10,789
Net Changes	<u>515,119</u>	<u>(553,680)</u>	<u>1,068,799</u>
Balances at 12/31/22	<u>\$ 4,886,724</u>	<u>\$ 4,311,378</u>	<u>\$ 575,346</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the non-uniform defined benefit plan, calculated using the discount rate of 5.25%, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate.

	1% Decrease (4.25%)	Increase (Decrease) Current Discount Rate (5.25%)	1% Increase (6.25%)
Net Pension Liability (Asset)	\$ 1,345,352	\$ 575,346	\$ (50,228)

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 8 – PENSION PLAN (CONTINUED)

The Township Pension Plan reported deferred outflows and deferred inflows of resources related to the Non-uniform Pension Plan from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference Between Expected and Actual Experience	\$ -	\$ 185,543
Change of Assumptions	-	25,249
Net Difference Between Projected and Actual Investment Earnings on Investments	-	220,953
Contributions Subsequent to the Measurement Date	<u>218,085</u>	<u>-</u>
Total	<u>\$ 218,085</u>	<u>\$ 431,745</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

2023	\$ 14,580
2024	830,589
2025	130,359
2026	203,747
2027	-
Thereafter	-

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Developers operating in the Township are required to obtain letters of credit, payment of insurance bonds or other escrow agreements to provide assurance that projects will be completed according to approved specifications and on a timely basis. Should one or more of these instruments expire and a default occurs, it may be necessary for the Township to take over the defaulted project.

In the normal course of operations, the Township is involved in various civil disputes. It is the opinion of management that the potential claims against the Township not covered by insurance would not materially affect the financial statements.

NOTE 10 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township.

HELLAM TOWNSHIP
Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES

During 2023, management changed its basis of accounting from generally accepted accounting principles to the modified cash basis of accounting. Additionally, management determined that the following prior period adjustment was required in the financial statements.

	Governmental <u>Activities</u>	General <u>Fund</u>
Beginning Net Position/Fund Balance, as Previously Reported, December 31, 2022	\$ 7,498,751	\$ 808,822
Change in Accounting Principles	<u>(1,217,167)</u>	<u>642,739</u>
Net Position, as Adjusted, January 1, 2023	<u>\$ 6,281,584</u>	<u>\$ 1,451,561</u>

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 6, 2025, which is the date the financial statements were available to be issued.

On June 21, 2024, the Township entered into a finance lease agreement to purchase a 2023 Backhoe Loader with a total purchase price of \$173,780. The principal balance will be amortized over a term of 60 months at an effective annual interest rate of 6.45%. Principal and interest of \$30,222 are payable each year, with a final payment due in June 2028.

SUPPLEMENTARY INFORMATION

HELLAM TOWNSHIP
 Budgetary Comparison Schedule – General Fund – Modified Cash Basis
 For the Year Ended December 31, 2023
 (Unaudited)

	General Fund		
	Original/Final Appropriated <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 2,383,068	\$ 2,387,969	\$ 4,901
Donations	-	49,051	49,051
Interest and Rents	7,500	48,134	40,634
Intergovernmental	262,955	228,640	(34,315)
Charges for Services	<u>1,045,500</u>	<u>1,010,182</u>	<u>(35,318)</u>
Total Revenues	<u>3,699,023</u>	<u>3,723,976</u>	<u>24,953</u>
Expenditures			
General Government	560,779	650,316	(89,537)
Public Safety	2,184,727	2,575,905	(391,178)
Public Works			
Highways, Roads and Streets	489,702	448,870	40,832
Culture and Recreation	32,883	58,704	(25,821)
Principal	216,000	217,031	(1,031)
Interest	<u>97,000</u>	<u>85,243</u>	<u>11,757</u>
Total Expenditures	<u>3,581,091</u>	<u>4,036,069</u>	<u>(454,978)</u>
Excess Revenues Over (Under) Expenditures	<u>117,932</u>	<u>(312,093)</u>	<u>(430,025)</u>
Other Financing Sources (Uses)			
Transfer Out	(174,718)	(174,718)	-
Gain on Sale of Assets	1,000	10,250	9,250
Proceeds from Debt Issuance	<u>-</u>	<u>715,298</u>	<u>715,298</u>
Total Other Financing Sources (Uses)	<u>(173,718)</u>	<u>550,830</u>	<u>724,548</u>
Net Change in Fund Balance	<u>\$ (55,786)</u>	<u>238,737</u>	<u>\$ 294,523</u>
Fund Balance, Beginning of Year		<u>1,451,561</u>	
Fund Balance, End of Year		<u>\$ 1,690,298</u>	

See Independent Auditor's Report

HELLAM TOWNSHIP
Pension Plan
Schedule of Changes in the Township's Net Pension Liability (Asset) and Related Ratios

Last 10 Fiscal Years
For the Year Ended December 31, 2023
(Unaudited)

<u>Hellam Township Police Pension Plan</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability									
Service Costs	\$ 185,606	\$ 177,560	\$ 157,813	\$ 128,206	\$ 92,362	\$ 88,937	\$ 74,473	\$ 96,990	\$ 72,064
Interest	235,806	221,421	195,812	178,497	170,570	163,616	154,532	150,245	144,946
Changes in Benefit Terms	-	-	-	-	16,301	-	-	-	-
Changes in Experience	226,732	-	16,631	-	(32,122)	-	79,332	-	(28,442)
Changes in Assumptions	-	-	100,999	-	-	-	100,299	(30,519)	-
Transfers	-	-	256,348	-	-	-	-	-	-
Benefit Payments	<u>(133,025)</u>	<u>(133,025)</u>	<u>(133,025)</u>	<u>(133,025)</u>	<u>(130,958)</u>	<u>(116,247)</u>	<u>(116,247)</u>	<u>(116,247)</u>	<u>(118,047)</u>
Net Changes in Total Pension Liability	515,119	265,956	594,578	173,678	116,153	136,306	292,389	100,469	70,521
Total Pension Liability – Beginning of Year	<u>4,371,605</u>	<u>4,105,649</u>	<u>3,511,071</u>	<u>3,337,393</u>	<u>3,221,240</u>	<u>3,084,934</u>	<u>2,792,545</u>	<u>2,692,076</u>	<u>2,621,555</u>
Total Pension Liability – End of Year	<u>\$ 4,886,724</u>	<u>\$ 4,371,605</u>	<u>\$ 4,105,649</u>	<u>\$ 3,511,071</u>	<u>\$ 3,337,393</u>	<u>\$ 3,221,240</u>	<u>\$ 3,084,934</u>	<u>\$ 2,792,545</u>	<u>\$ 2,692,076</u>
Plan Fiduciary Net Position									
Contributions – Employer	\$ 177,919	\$ 168,170	\$ 151,955	\$ 112,023	\$ 122,460	\$ 89,373	\$ 86,048	\$ 83,537	\$ 66,147
Contributions – PMRS Assessment	400	380	360	380	300	300	300	280	-
Contributions – Plan Members	-	-	-	-	-	-	-	-	-
Net Investment Income (Loss)	(587,785)	558,365	415,391	655,388	(177,775)	480,231	230,477	10,313	56,376
Transfers	-	-	256,348	-	-	-	-	-	-
Benefit Payments	(133,025)	(133,025)	(133,025)	(133,025)	(130,958)	(116,247)	(116,247)	(116,247)	(118,047)
Administrative Expenses	<u>(11,189)</u>	<u>(11,223)</u>	<u>(8,154)</u>	<u>(6,117)</u>	<u>(7,013)</u>	<u>(7,098)</u>	<u>(7,567)</u>	<u>(6,184)</u>	<u>(5,660)</u>
Net Changes in Plan Fiduciary Net Position	(553,680)	582,667	682,875	628,649	(192,986)	446,559	193,011	(28,301)	(1,184)
Plan Fiduciary Net Position – Beginning of Year	<u>4,865,058</u>	<u>4,282,391</u>	<u>3,599,516</u>	<u>2,970,867</u>	<u>3,163,853</u>	<u>2,717,294</u>	<u>2,524,283</u>	<u>2,552,584</u>	<u>2,553,768</u>
Plan Fiduciary Net Position – End of Year	<u>\$ 4,311,378</u>	<u>\$ 4,865,058</u>	<u>\$ 4,282,391</u>	<u>\$ 3,599,516</u>	<u>\$ 2,970,867</u>	<u>\$ 3,163,853</u>	<u>\$ 2,717,294</u>	<u>\$ 2,524,283</u>	<u>\$ 2,552,584</u>
Township's Net Pension Liability (Asset)	<u>\$ 575,346</u>	<u>\$ (493,453)</u>	<u>\$ (176,742)</u>	<u>\$ (88,445)</u>	<u>\$ 366,526</u>	<u>\$ 57,387</u>	<u>\$ 367,640</u>	<u>\$ 268,262</u>	<u>\$ 139,492</u>

See Independent Auditor's Report

HELLAM TOWNSHIP

Pension Plan

Schedule of Changes in the Township's Net Pension Liability (Asset) and Related Ratios – Continued

Last 10 Fiscal Years

For the Year Ended December 31, 2023

(Unaudited)

<u>Hellam Township Police Pension Plan</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.23 %	111.29 %	104.30 %	102.52 %	89.02 %	98.22 %	88.08 %	90.39 %	94.82 %
Covered-Employee Payroll	\$ 1,121,344	\$ 1,072,736	\$ 991,798	\$ 805,728	\$ 582,137	\$ 560,551	\$ 488,803	\$ 517,241	\$ 389,293
Township's Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	51.31 %	(46.00) %	(17.82) %	(10.98) %	62.96 %	10.24 %	75.21 %	51.86 %	35.83 %

Notes to Schedule: This schedule will eventually cover the ten most-recent fiscal years; however, this is the information since the implementation year of GASB 68.

See Independent Auditor's Report

HELLAM TOWNSHIP
Pension Plan
Schedule of Employer Contributions
Last 10 Measurement Years
For the Year Ended December 31, 2023
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution (ADC)	\$ 178,319	\$ 168,549	\$ 152,295	\$ 103,247	\$ 122,740	\$ 89,633	\$ 86,328	\$ 83,817	\$ 56,034
Contribution in Relation to the ADC*	<u>178,319</u>	<u>168,550</u>	<u>152,315</u>	<u>112,403</u>	<u>122,760</u>	<u>89,673</u>	<u>86,348</u>	<u>83,817</u>	<u>66,147</u>
Contribution Deficiency / (Excess)	\$ -	\$ (1)	\$ (20)	\$ (9,156)	\$ (20)	\$ (40)	\$ (20)	\$ -	\$ (10,113)
Covered-Employee Payroll**	\$ 1,121,344	\$ 1,072,736	\$ 991,798	\$ 805,728	\$ 582,137	\$ 560,551	\$ 488,803	\$ 517,241	\$ 389,293
Contributions as a Percentage of Covered-Employee Payroll	15.90 %	15.71 %	15.36 %	13.95 %	21.09 %	16.00 %	17.67 %	16.20 %	16.99 %

*Information provided by PMRS and not reconciled to determine the cause of any deviation from the Actuarially Determined Contribution (if applicable)

**Beginning in 2015, amount is actual payroll. In 2014, amount is expected payroll based on the most recent actuarial valuation.

Notes to Schedule: This schedule will eventually cover the ten most-recent fiscal years; however, this is the information since the implementation year of GASB 68.

See Independent Auditor's Report