

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

To The Board of Supervisors
Hellam Township
York, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hellam Township as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Unmodified
Liquid Fuels Fund	Unmodified
Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinion on the Aggregate Remaining Fund Information

The Police Pension Trust Fund has not been included in these statements. The amounts that should be recorded in the Police Pension Trust Fund are not known.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on the Aggregate Remaining Fund Information” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of Hellam Township, as of December 31, 2019, or the changes in financial position, thereof for the year ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hellam Township as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township’s basic financial statements. The combining capital projects fund financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining capital projects fund financial statements is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements as a whole.

Disclaimer of Opinion on Other Information

The budgetary comparison information on pages 29 and 30, and the schedule of changes in net pension liability and schedule of employer contributions on pages 31 and 32, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters

Required Supplementary Information

Management has not presented the management’s discussion and analysis that governmental accounting principles generally accepted in the United State of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Sager, Swisher and Company, LLP

Columbia, Pennsylvania
June 10, 2020

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 922,942
Investments	210,715
Taxes Receivable, Net	48,901
Due from Other Governments	70,968
Note Receivable	214,817
Accounts Receivable	62,579
Total Current Assets	1,530,922
Capital Assets	
Land	367,808
Buildings and Improvements	2,119,958
Machinery, Equipment and Vehicles	1,454,798
Infrastructure Assets	2,698,615
Construction in Progress	219,170
Less Accumulated Depreciation	(2,562,653)
Total Capital Assets	4,297,696
TOTAL ASSETS	5,828,618
DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	241,752
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,070,370
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 36,660
Current Portion of Long-Term Debt	74,289
Current Portion of Compensated Absences	1,898
Accrued Salaries and Wages	57,663
Payroll Deductions and Withholdings	5,101
Other Current Liabilities	159,213
Total Current Liabilities	334,824
Noncurrent Liabilities	
Notes Payable	264,818
Leases Payable	132,550
Current Portion of Long-Term Debt	(74,289)
Long-Term Portion of Compensated Absences	17,086
Net Pension Liability	366,526
Total Noncurrent Liabilities	706,691
TOTAL LIABILITIES	1,041,515
DEFERRED INFLOWS OF RESOURCES – PENSIONS	45,297
NET POSITION	
Net Investment in Capital Assets	3,900,328
Restricted	352,350
Unrestricted	730,880
TOTAL NET POSITION	4,983,558
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 6,070,370

The accompanying notes are an integral part of these financial statements.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities					
General Government	\$ 285,819	\$ 5,162	\$ --	\$ --	\$ (280,657)
Public Safety	1,506,555	782,520	52,755	--	(671,280)
Health and Welfare	3,542	--	--	--	(3,542)
Highways and Streets	685,105	7,046	--	296,963	(381,096)
Other Public Works	13,351	--	--	--	(13,351)
Culture and Recreation	41,335	--	--	--	(41,335)
Employee Benefits, Insurance and Other	692,430	16,204	122,892	--	(553,334)
Interest on Long-Term Debt	<u>51,456</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(51,456)</u>
Total Governmental Activities	<u>\$ 3,279,593</u>	<u>\$ 810,932</u>	<u>\$ 175,647</u>	<u>\$ 296,963</u>	<u>\$ (1,996,051)</u>
General Revenues					
Property Taxes Levied for General Purpose					784,673
Other Taxes and Franchise Fees Levied for Specific Purposes, Net					1,131,187
Investment Earnings					27,978
Miscellaneous Income					<u>3,637</u>
Total General Revenues					<u>1,947,475</u>
Change in Net Position					(48,576)
Net Position – January 1, 2019					<u>5,032,134</u>
Net Position – December 31, 2019					<u>\$ 4,983,558</u>

The accompanying notes are an integral part of these financial statements.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Major Funds			Total Governmental Funds
	General Fund	Liquid Fuels Fund	Capital Projects Fund	
ASSETS				
Cash and Cash Equivalents	\$ 577,504	\$ 310,697	\$ 34,741	\$ 922,942
Investments	210,715	--	--	210,715
Taxes Receivable (Net)	48,901	--	--	48,901
Due from Other Governments	70,968	--	--	70,968
Due from Other Funds	222,628	--	--	222,628
Notes Receivable	--	--	214,817	214,817
Accounts Receivable	47,856	5,626	5,639	59,121
TOTAL ASSETS	\$ 1,178,572	\$ 316,323	\$ 255,197	\$ 1,750,092
LIABILITIES				
Accounts Payable	\$ 36,660	\$ --	\$ --	\$ 36,660
Accrued Salaries and Benefits	57,663	--	--	57,663
Payroll Deductions and Withholdings	5,101	--	--	5,101
Due to Other Funds	--	--	219,170	219,170
Other Liabilities	159,213	--	--	159,213
TOTAL LIABILITIES	258,637	--	219,170	477,807
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue – Property Taxes	30,924	--	--	30,924
TOTAL DEFERRED INFLOWS OF RESOURCES	30,924	--	--	30,924
FUND BALANCES				
Restricted	--	316,323	36,027	352,350
Unassigned	889,011	--	--	889,011
TOTAL FUND BALANCES	889,011	316,323	36,027	1,241,361
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,178,572	\$ 316,323	\$ 255,197	\$ 1,750,092

The accompanying notes are an integral part of these financial statements.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019**

Total Fund Balances – Governmental Funds	\$ 1,241,361
Amounts reported for governmental activities in the statement of net position are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$6,860,349 and the accumulated depreciation is \$2,562,653 .	4,297,696
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and, therefore, are deferred in the funds.	30,924
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Notes Payable	(264,818)
Lease Payable	(132,550)
Compensated Absences	(18,984)
Net Pension Liability	<u>(366,526)</u> (782,878)
Deferred outflows and inflows of resources related to pensions represent a consumption or acquisition of net position that applies to a future period and will not be recognized as an outflow or inflow of resources until that time. The following deferred outflows and inflows of resources are reported on the statement of net position:	
Pension contributions for current year	112,343
Deferred Inflows of Resources – Pensions	(45,297)
Deferred Outflows of Resources – Pensions	<u>129,409</u>
TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES	<u>\$ 4,983,558</u>

The accompanying notes are an integral part of these financial statements.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	Major Funds			Total Governmental Funds
	General Fund	Liquid Fuels Fund	Capital Projects Fund	
REVENUES				
Real Estate Taxes and Penalties	\$ 781,312	\$ --	\$ --	\$ 781,312
Other Taxes	1,048,318	--	--	1,048,318
Licenses and Permits	84,289	--	--	84,289
Fines and Forfeits	67,800	--	--	67,800
Interest, Rents and Royalties	19,880	7,335	763	27,978
Intergovernmental Revenues	175,647	296,963	--	472,610
Charge for Services	710,119	--	--	710,119
Miscellaneous Revenue	<u>3,637</u>	<u>--</u>	<u>--</u>	<u>3,637</u>
TOTAL REVENUES	<u>2,891,002</u>	<u>304,298</u>	<u>763</u>	<u>3,196,063</u>
EXPENDITURES				
General Government	278,748	--	219,170	497,918
Public Safety	1,376,187	--	131,146	1,507,333
Health and Welfare	3,542	--	--	3,542
Highways and Streets	333,983	187,098	--	521,081
Other Public Works	13,351	--	--	13,351
Culture and Recreation	35,942	--	--	35,942
Debt Service	42,338	49,754	45,648	137,740
Employee Benefits, Insurance, and Other	<u>623,834</u>	<u>--</u>	<u>--</u>	<u>623,834</u>
TOTAL EXPENDITURES	<u>2,707,925</u>	<u>236,852</u>	<u>395,964</u>	<u>3,340,741</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	<u>183,077</u>	<u>67,446</u>	<u>(395,201)</u>	<u>(144,678)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long Term Debt	--	--	264,818	264,818
Refund of Prior Year's Expenditures	21,366	5,626	--	26,992
Lease Proceeds	--	--	48,746	48,746
Compensation for Asset Loss	4,601	--	--	4,601
Sale of Capital Assets	<u>1,310</u>	<u>52,500</u>	<u>--</u>	<u>53,810</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>27,277</u>	<u>58,126</u>	<u>313,564</u>	<u>398,967</u>
Changes in Fund Balances	210,354	125,572	(81,637)	254,289
Fund Balances – January 1, 2019	<u>678,657</u>	<u>190,751</u>	<u>117,664</u>	<u>987,072</u>
Fund Balances – December 31, 2019	<u>\$ 889,011</u>	<u>\$ 316,323</u>	<u>\$ 36,027</u>	<u>\$ 1,241,361</u>

The accompanying notes are an integral part of these financial statements.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Total net change in fund balance – governmental funds	\$ 254,289
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period. Depreciation expense \$ (260,003)</p>	
Capital outlays	337,530
	77,527
<p>The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position</p>	
	(85,938)
<p>Because some property taxes will not be collected for several months after the Township’s fiscal year ends, they are not considered as “available” revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.</p>	
	3,361
<p>Repayment of notes payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
	86,284
<p>The issuance of debt provides current financial resources to governmental funds, but has no effect on net position.</p>	
	(313,564)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>	
Increase in compensated absences	(1,939)
<p>Pension expenditures reported in the governmental funds do not require the use of current financial resources, however, the costs are reported as a deferred outflow of resources as required by GASB Statement No. 68</p>	
	112,343
<p>Some pension expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the governmental funds:</p>	
Township Pension Contributions	(122,760)
Pension Expense	<u>(58,179)</u>
Change in net position of governmental activities	<u>\$ (48,576)</u>

The accompanying notes are an integral part of these financial statements.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019**

	<u>Custodial Fund</u> Eastern York County Emergency Management Agency	<u>Pension Trust</u> Non- Uniform Pension Fund
ASSETS		
Cash and Cash Equivalents	\$ 8,995	\$ --
Investments	<u> --</u>	<u>330,801</u>
TOTAL ASSETS	<u><u>\$ 8,995</u></u>	<u><u>\$ 330,801</u></u>
LIABILITIES		
Due to Other Funds	<u> --</u>	<u>3,458</u>
TOTAL LIABILITIES	<u> --</u>	<u>3,458</u>
NET POSITION		
Restricted for		
Emergency Management	8,995	--
Pension Benefits	<u> --</u>	<u>327,343</u>
TOTAL NET POSITION	<u>8,995</u>	<u>327,343</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 8,995</u></u>	<u><u>\$ 330,801</u></u>

The accompanying notes are an integral part of these financial statements.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2019**

	Custodial Fund	Pension
	Eastern York	Trust
	County	Non-
	Emergency	Uniform
	Management	Pension
	Agency	Fund
ADDITIONS		
State Contributions – Act 205	\$ --	\$ 10,549
Municipal Contributions	8,699	14,478
Investment Income	--	61,211
TOTAL ADDITIONS	8,699	86,238
DEDUCTIONS		
Forfeiture Expense	--	16,204
Pension Distributions	--	35,454
Emergency Management Expenses	12,939	--
Miscellaneous Expenses	--	126
TOTAL DEDUCTIONS	12,939	51,784
Changes in Net Position	(4,240)	34,454
Net Position – January 1, 2019 (Restated)	13,235	292,889
Net Position – December 31, 2019	\$ 8,995	\$ 327,343

The accompanying notes are an integral part of these financial statements.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hellam Township have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

In evaluating the Township as a reporting entity, management has addressed all potential component units which may or may not fall within the Township's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the Township's reporting entity are financial accountability and the nature and significance of the relationship. This report includes all of the funds of Hellam Township. The Township is not a component unit of another reporting entity, nor does it have any component units.

The following jointly governed organization is not a component unit of Hellam Township, and is not included in this report.

Eastern York County Sewer Authority - is a separate legal entity. It is a joint operating authority between Hallam Borough and Hellam Township, and 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 - is an entity established by an inter-governmental 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 agency is to operate a recreation program for residents.

The following jointly governed organization is not a component unit of Hellam Township, but is included in this report as a custodial fund.

The Eastern York County Emergency Management Agency (EYCEMA) – The EYCEMA 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.

B. Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

C. Basis of Presentation

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately in the government-wide financial statements.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Township's governmental activities. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds and the fiduciary funds of the Township. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The Township reports the following major governmental funds:

The general fund is the Township's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The special revenue funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The fund included in this category is:

- State Liquid Fuels Fund

The capital projects fund is used to account for financial resources related to capital asset acquisitions, construction, and improvements. The Fire Capital Fund is used to account for funds set aside for fire capital needs.

Fiduciary Fund Types are used to account for the assets held by the Township as a trustee or agent for individuals, private organizations, and/or governmental units. The funds included in this category are:

The pension trust fund provides benefits for Township employees and employees of certain other related governmental agencies. The principal revenue source for these funds are state contributions and employer and employee contributions. The funds included in this category are the Police Pension Fund and the Non-Uniform Pension Fund.

The Township accounts for assets held for others in a custodial fund. The fund included in this category is the Eastern York County Emergency Management Agency.

D. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund and all Special Revenue Funds on a modified accrual basis of accounting.

Appropriations lapse at the end of the year. In order to preserve a portion of an appropriation for which an expenditure has been committed by purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year end are reported as reservations of fund balances. As of December 31, 2019, the Township had no encumbrances.

The Board of Supervisors may make new appropriations, supplementary appropriations and transfers from one appropriation to another during the fiscal year, provided it is within the current year's revenues or from funds made available from additional borrowings or available fund balance.

F. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds".

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. 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 not known and the Township has elected to report infrastructure prospectively and not retrospectively. 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 asset lives are not capitalized.

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

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land	N/A
Buildings and Improvements	20 to 75
Machinery, Equipment and Vehicles	3 to 20
Infrastructure Assets	20 to 50

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental columns in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

All investments are stated at cost including accrued interest, which approximates fair value.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

L. Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted and unrestricted resources. It is the Township's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Other Post Employment Benefits (OPEB)

The Township does not currently offer any paid post employment benefits to retirees. Retirees are permitted to continue health insurance coverage through the Township, but the retiree is responsible for 100% of the premiums. Each office may have a post retirement insurance account established whereby if that officer contributes \$500 annual, the township will contribute an additional \$500. The officer may choose to contribute additional funds, but they will not be matched by the Township. This account would be usable by the officer upon retirement. If the officer's employment ends prior to retirement, the officer will be eligible to receive his or her contribution only.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Policy

The Township implemented *GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions*, to address issues related to how fund balance was being reported. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable – amounts that are not in spendable form (such as inventory) or required to be legally or contractually maintained intact,

Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed – amounts that can be used only for the specific purposes determined by a formal action of the Board of Supervisors (the township's highest level of decision-making authority). The Board of Supervisors is required to also take formal action to modify or rescind the commitment,

Assigned – amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. Assignments can be made by the governing body itself or by its designee,

Unassigned – residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications.

Committed Fund Balance Policy

The Township's committed fund balances are amounts required to be reported by the Board of Supervisors, either because of policy or because of motions that passed at board meetings.

As of December 31, 2019, the Township did not have any committed fund balances.

Assigned Fund Balance Policy

The Township's assigned fund balances are amounts the Township intends to use for a specific purpose as expressed by the Township Manager. The Township adopted a fund balance policy authorizing the Township Manager to assign fund balance.

As of December 31, 2019, the Township did not have any assigned fund balances.

Order of Fund Balance Spending Policy

The Township's policy is to first apply restricted fund balance, then committed, assigned, and unassigned, respectively when an expenditure is incurred for purposes for which amounts in any of these classifications could be used.

Minimum Fund Balance

The Township has not adopted a formal minimum fund balance policy.

O. Compensated Absences

It is the Township's policy to permit employees to accumulate earned, but unused, vacation and sick leave benefits. Vacation leave is payable to all employees regardless of how their employment with the Township is terminated. Accumulated sick hours will be paid to police officers only upon a vested retired (12 years of service) at \$20 per day with a maximum of \$3,200.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pennsylvania Municipal Retirement System (PMRS) and additions to/deductions from PMRS's fiduciary net position have been determined on the same basis as they are reported by PMRS. For this purpose, benefit payments (including refunds of employee contributions) are reported when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Date of Management's Review

Management has evaluated subsequent events through June 10, 2020, the date the financial statements were available to be issued.

R. Changes in Accounting Principles

During the year ended December 31, 2019, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. The primary objective of this statement is to establish uniform criteria for governments to recognize and disclose certain asset retirement obligations, including obligations that may not have been previously reported. The implementation of this standard does not currently impact the Township.

During the year ended December 31, 2019, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The primary objective of this statement is to establish criteria for identifying fiduciary activities of all state and local governments. As a result of implementing GASB 84, the Township restated beginning net position for the fiduciary fund as of January 1, 2019 as part of these statements. The restatement of the net position is detailed below.

Restatement of Net Position

	Custodial Fund
Net Position, January 1, 2019	\$ --
Net Position of Custodial Funds	13,235
Restated Net Position, January 1, 2019	\$ 13,235

During the year ended December 31, 2019, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in the notes to governmental financial statements related to debt.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the governmental fund statements and government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Capital related differences include non-facility related fixed asset purchases are recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and capitalization and recording of depreciation expense in the statement of activities.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. In addition to the investments authorized for governmental funds, Fiduciary Fund investments allow the participant of the plan to invest in a variety of mutual funds, depending on the objective and level of risk each participant wants to assume.

Deposits of the governmental funds are either maintained in demand deposits, certificates of deposit, or investments pooled for investment in the Pennsylvania Local Government Investment Trust (PLGIT) and other local financial institutions. Investments for the fiduciary fund are maintained with ICMA Retirement Corporation. The cash and cash equivalents are stated at cost, which is equal to market value.

The Township holds investments in the Pennsylvania Local Government Investment Trust (PLGIT). In accordance with the Government Accounting Standards Board, PLGIT funds are valued at amortized cost. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the investment. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. PLGIT does not have any limitations or restrictions on withdrawals from the fund.

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a policy for custodial credit risk. As of December 31, 2019, \$369,666 of the Township's bank balance of \$965,105 was exposed to custodial credit risk as:

Insured or Registered	\$ --
Uninsured or unregistered with securities held by counterparty's trust department	--
Uninsured or unregistered held by the counterparty or by its trust department not in the Township's name	<u>369,666</u>
	<u>\$ 369,666</u>
<u>Reconciliation to Financial Statements</u>	
Uninsured Amount Above	\$ 369,666
Insured Amount	284,742
Less: Outstanding Checks	<u>(33,368)</u>
Carrying Amount – Bank Balances	621,040
Plus: Petty Cash	200
Pooled Cash Equivalents - PLGIT	<u>310,697</u>
Total Cash per Financial Statements	<u>\$ 931,937</u>

Investments

As of December 31, 2019, the Township had the following investments:

<u>Investment</u>	<u>Fair Value</u>
PLGIT CD Program	\$ 209,650
Member's First Savings Account	<u>1,065</u>
	<u>\$ 210,715</u>

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Management does monitor rates of returns for investments on a monthly basis.

Credit Risk

The Township does not have an investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2019, the Township's investment in PA Local Government Investment Trust was rated AAAM by Standard & Poor's.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2019, none of the Township's governmental investments of \$210,715 was exposed to custodial risk.

Concentration of Credit Risk – Deposits and Investments

More than 5% of the Township's governmental fund deposits and investments are held at various financial institutions as well as the PA Local Government Investment Trust. The total deposits and investments were invested in the various financial institutions as follows:

<u>Financial Institution</u>	<u>Deposit Amount</u>	<u>Concentration Percentage</u>
Fulton Bank	\$ 619,666	52.70%
PA Local Government Investment Trust	520,348	44.25%
Northwest Savings Bank	30,388	2.58%
S&T Bank	4,353	.37%
Member's First Federal Credit Union	<u>1,065</u>	<u>.10%</u>
	<u>\$ 1,175,820</u>	<u>100.00%</u>

NOTE 4 – INVESTMENTS – PENSION FUND

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of December 31, 2019, the Township had the following investments:

<u>Investment</u>	<u>Fair Value Level 1</u>	
<u>ICMA - Non-Uniformed Pension Fund</u>		
Balanced Funds	\$ 288,586	87.24%
U.S. Stock Funds	35,284	10.67%
Bond Funds	3,458	1.05%
International Stock Funds	3,243	.98%
Specialty Funds	<u>230</u>	<u>.06%</u>
	<u>\$ 330,801</u>	<u>100.0%</u>

The above investments include money market mutual funds, bond funds, balanced funds, U.S. stock funds, and international stock funds.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 – INVESTMENTS – PENSION FUNDS (Continued)

Credit Risk

The Township does not have an investment policy that would limit its investment choices to certain credit ratings. The investments in ICMA are not rated.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2019, all of the Township's pension trust fund investments of \$330,801 were exposed to custodial risk as:

Insured or Registered	\$	--
Uninsured or unregistered with securities held by counterparty's trust department		--
Uninsured or unregistered held by the counterparty or by its trust department not in the Township's name		<u>330,801</u>
	<u>\$</u>	<u>330,801</u>

NOTE 5 – PROPERTY TAXES, TAXES RECEIVABLE AND UNAVAILABLE REVENUE

Property taxes are levied as of January 1 on property values assessed by the county as of the same date. Hellam Township's tax rate for the year ended December 31, 2019 was 1.8 mills (\$1.80 per \$1,000 of assessed valuation). A 2% discount is given on taxes paid prior to April 15th, the face amount is payable April 15 - June 14 and a 10% penalty is assessed on payments received June 15 – December 31. In January of the year following assessment, the unpaid taxes are submitted to the tax claim bureau for collection.

Hellam Township, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by management. A portion of the net amount to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred. The balances at December 31, 2019 are as follows:

	<u>Taxes Receivable</u>	<u>Tax Revenue Recognized</u>	<u>Unavailable Revenue</u>
Real Estate	\$ 45,436	\$ 17,977	\$ 27,459
Interims	<u>3,465</u>	<u>--</u>	<u>3,465</u>
	<u>\$ 48,901</u>	<u>\$ 17,977</u>	<u>\$ 30,924</u>

NOTE 6 – DUE FROM OTHER GOVERNMENTS

The Township accrued receipts as of December 31, 2019 from other governmental entities are as follows:

York Area Earned Income Tax Bureau	\$ 64,350
County of York	<u>6,618</u>
	<u>\$ 70,968</u>

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 – CHANGES IN CAPITAL ASSETS

A summary of capital assets of the Governmental Activities for the year ended December 31, 2019, was:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 367,808	\$ --	\$ --	\$ 367,808
Construction in Progress	<u> --</u>	<u> 219,170</u>	<u> --</u>	<u> 219,170</u>
Total Capital Assets Not Being Depreciated	<u> 367,808</u>	<u> 219,170</u>	<u> --</u>	<u> 586,978</u>
Capital Assets Being Depreciated				
Buildings and Improvements	2,119,958	--	--	2,119,958
Machinery, Equipment and Vehicles	1,591,460	48,746	185,408	1,454,798
Infrastructure Assets	<u>2,629,001</u>	<u> 69,614</u>	<u> --</u>	<u>2,698,615</u>
Total Capital Assets Being Depreciated	<u>6,340,419</u>	<u> 118,360</u>	<u> 185,408</u>	<u>6,273,371</u>
Less Accumulated Depreciation				
Buildings and Improvements	407,235	32,602	--	439,837
Machinery, Equipment and Vehicles	1,064,548	97,599	99,470	1,062,677
Infrastructure Assets	<u> 930,337</u>	<u> 129,802</u>	<u> --</u>	<u>1,060,139</u>
Total Accumulated Depreciation	<u>2,402,120</u>	<u> 260,003</u>	<u> 99,470</u>	<u>2,562,653</u>
Total Capital Assets Being Depreciated, Net	<u> 3,938,299</u>	<u> (141,643)</u>	<u> 85,938</u>	<u> 3,710,718</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,306,107</u>	<u>\$ 77,527</u>	<u>\$ 85,938</u>	<u>\$ 4,297,696</u>

Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities	
General Government	\$ 6,936
Public Safety	46,850
Highways and Streets	200,824
Culture and Recreation	<u>5,393</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 260,003</u>

NOTE 8 – LONG-TERM DEBT

During the year 2019, long-term debt changed as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Notes from Direct Borrowings and Direct Placements	\$ --	\$ 264,818	\$ --	\$ 264,818
Capital Lease Obligations	170,088	48,746	86,284	132,550
Compensated Absences	<u> 17,045</u>	<u> 1,939</u>	<u> --</u>	<u> 18,984</u>
Total Long-Term Debt	<u>\$ 187,133</u>	<u>\$ 315,503</u>	<u>\$ 86,284</u>	<u>\$ 416,352</u>

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 – LONG-TERM DEBT (Continued)

The Township's outstanding notes from direct borrowings and direct placements related to governmental activities of \$264,818 contain a provision that in the event of default, outstanding amounts become immediately due if the Township is unable to make payment.

The payments of long-term debt are to be funded by the General Fund. Payments for compensated absences are funded by the General Fund.

General Obligation Notes, Series of 2019

The Township issued a general obligation note dated November 19, 2019 with S&T Bank in the amount of \$4,055,000. The purpose of the note is for the construction of a new municipal building and to pay the costs of issuing the note. The interest rate on the note is fixed 2.85% for 10 years, ending December 1, 2029. After that date, the interest rate shall be continually reset at the non-bank qualified tax-exempt rate at 79% of the 30 Day Libor plus 138 basis points. The balance outstanding at December 31, 2019 was \$264,818. The Township is currently in the construction draw down phase of the note.

The future annual payments required to amortize the General Obligation Note, Series of 2019 after the draw down phase of the note is completed will be:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2020	\$ --	\$ 119,420	\$ 119,420
2021	139,000	115,567	254,567
2022	143,000	111,606	254,606
2023	147,000	107,531	254,531
2024	152,000	103,341	255,341
2025-2029	826,000	449,331	1,275,331
2030-2034	678,000	597,450	1,275,450
2035-2039	865,000	410,150	1,275,150
2040-2044	<u>1,105,000</u>	<u>171,150</u>	<u>1,276,150</u>
	<u>\$ 4,055,000</u>	<u>\$ 2,185,546</u>	<u>\$ 6,240,546</u>

*Interest rate is based on a maximum potential debt service.

Leases Payable

Fulton Bank

In July 2016, the Township entered into a lease agreement in the amount of \$27,536 with Fulton Bank for the purchase of a 2017 Ford F250 for use by the Highway Department. Payment began in December 2016, and are payable annually for 5 years. The balance outstanding as of December 31, 2019 was \$5,546.

In July 2016, the Township entered into a lease agreement in the amount of \$168,893 with Fulton Bank for the purchase of a 2017 Western Star 4700SB for use by the Highway Department. Payments began in July 2017 and are payable annually for 5 years. The balance outstanding as of December 31, 2019 was \$34,647.

In May 2017, the Township entered into a lease agreement in the amount of \$15,405 with Fulton Bank for the purchase of a 2017 Ford Taurus for use in the Police Department. Payments began in August 2017 and are payable annually for 5 years. The balance outstanding as of December 31, 2019 was \$6,247.

In May 2018, the Township entered into a lease agreement in the amount of \$27,900 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 4 years. The balance outstanding as of December 31, 2019 was \$13,944.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 – LONG-TERM DEBT (Continued)

Leases Payable (Continued)

Fulton Bank (Continued)

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 5 years. The balance outstanding as of December 31, 2019 was \$22,809.

In December 2018, the Township entered into a lease agreement in the amount of \$28,705 with Fulton Bank for the purchase of CODY Records Anywhere Software System and hardware for use in the Police Department. Payments began in December 2018 and are payable annually for 3 years. The balance outstanding as of December 31, 2019 was \$9,565.

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 6 years. The balance outstanding as of December 31, 2019 was \$39,792.

Susquehanna Commercial Finance

In January 2015, the Township entered into a lease agreement in the amount of \$39,961 with Susquehanna Commercial Finance for the purchase of a New Holland Tractor for use by the highway department. Payments began on January 2015, and are payable annually for 5 years. The balance outstanding as of December 31, 2019 was \$0.

In March 2015, the Township entered into a lease agreement in the amount of \$20,080 with Susquehanna Commercial Finance for the purchase of dash cameras for police vehicles. Payments began in March 2015, and are payable annually for 5 years. The balance outstanding as of December 31, 2019 was \$0.

The future annual payments required to amortize the Capital Lease Obligations as of December 31, 2019 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 74,289	\$ 4,845	\$ 79,134
2021	25,506	2,372	27,878
2022	15,861	1,359	17,220
2023	8,275	701	8,976
2024	<u>8,619</u>	<u>358</u>	<u>8,977</u>
	<u>\$ 132,550</u>	<u>\$ 9,635</u>	<u>\$ 142,185</u>

Compensated Absences

Accrued compensated absences of \$18,984 consist of accrued vacation and sick leave computed for all employees who had not used all allowable time prior to December 31, 2019.

NOTE 9 – NON-UNIFORM PENSION FUND

Hellam Township established a non-uniform pension plan effective January 1, 1990. The plan is a defined contribution money purchase pension plan through ICMA Retirement Corporation and covers non-uniform employees who are 18 years or older. Contributions are equal to 7% of eligible employee's annual compensation. The employees 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, 2019 were \$23,295. Employees may elect to contribute up to five (5%) percent of his/her total annual compensation. Normal retirement is attained at age 65.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 – POLICE PENSION PLAN

Plan Description

The Township's Police Pension Plan is a single-employer defined benefit pension plan for full-time police employees. The police pension plan was established as of September 6, 1973 by Hellam Township Ordinance 1973-3 and super ceded by Ordinance 1997-2. The Police Pension Fund participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public retirement system that acts as a common investment and administrative agent to the participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained by contacting the PMRS accounting office.

Eligibility Requirements and Benefit Provisions

All full-time police employees of Hellam 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.

Plan Membership

Membership of the plan consisted of the following based upon the most recent actuarial valuation date:

Active plan members	8
Retirees and beneficiaries currently receiving benefits	<u>9</u>
Total Participant Count	<u><u>17</u></u>

Plan Funding

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.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 – POLICE PENSION PLAN (Continued)

Plan Funding (Continued)

Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the plan and funded through investment earnings. The annual required contribution of the plan, the annual pension cost contributed and the net pension obligation for the years ended December 31, 2010 through December 31, 2019 were as follows:

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 50,725	100%
2011	50,928	100%
2012	62,941	100%
2013	48,162	100%
2014	56,034	100%
2015	83,817	100%
2016	86,328	100%
2017	89,633	100%
2018	122,740	100%
2019	103,247	100%

Net Pension Liability

At December 31, 2019, the Township reported a liability of \$366,526 for its net pension liability. The total pension liability is based upon the January 1, 2018 actuarial valuation, with liabilities measured at December 31, 2017. The end of year total pension liability is based upon the January 1, 2018 actuarial valuation with liabilities measured at December 31, 2017, rolled forward to December 31, 2018. PMRS is required to allocate/distribute all funds to the respective participating employers for financial reporting purposes, to determine the respective employer plan fiduciary net position. PMRS has determined that net investment income or loss and administrative expenses will be allocated to the employer/municipality accounts pro-rata based on their beginning fiduciary net position balance adjusted for cash flows throughout the year. The market value investment income reflects the investment income/loss during the year net of PMRS investment income and the income/loss due to the difference between expected and actual asset values, including the impact from allocation of assets in support of underlying retiree liabilities.

Actuarial Assumptions

The actuarial assumptions are based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015 as well as subsequent Board approved assumption changes. Effective with the December 31, 2016 measurement date, the Investment Return Assumption for municipal assets decreased from 5.50% to 5.25%.

Inflation	2.8 percent
Salary increases	2.8% to 7.05%
Investment rate of return	5.25 percent, compounded annually, net of expenses
Post-Retirement Cost of Living Increases	2.8 percent per year, subject to plan limitations
Rates of Pre-Retirement Mortality	Males: RP-2000 Male Non-Annuitant table projected 15 years with Scale AA Females: RP-2000 Female Non-Annuitant table projected 15 years with Scale AA and then setback 5 years.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 – POLICE PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Rates of Post-Retirement Mortality

Males: RP-2000 Male Annuitant table projected 5 years with Scale AA

Females: RP-2000 Female Annuitant table projected 10 years with Scale AA

The PMRS System's long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class, for the portfolio as a whole and at different levels of probability or confidence. 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 Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (large capitalized firms)	25%	4.6%
Domestic Equities (small capitalized firms)	15%	7.3%
International Equities (international developed markets)	15%	3.5%
International Equities (emerging markets)	10%	8.3%
Real Estate	20%	5.4%
Fixed Income	<u>15%</u>	1.1%
Total Portfolio	100%	

The System's policy in regards to the investment income allocation on invested assets is established and may be amended by the PMRS Board. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of PMRS.

Discount Rate

The discount rate used to measure the total pension liability was 5.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will continue the historical and legally required practice of contributing to the plan based on an Actuarially Determined Contribution, reflecting a payment equal to annual normal cost, the expected administrative expenses and an amount necessary to amortize the remaining unfunded actuarial liability as a level dollar amount over a closed period. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 – POLICE PENSION PLAN (Continued)

Change in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/2017	\$ 3,221,240	\$ 3,163,853	\$ 57,387
Changes for the Year:			
Service Cost	92,362	--	92,362
Interest	170,570	--	170,570
Changes of benefits	16,301	--	16,301
Differences between expected and Actual experience	(32,122)	--	(32,122)
Contributions – Employer	--	122,460	(122,460)
Contributions – PMRS assessment	--	300	(300)
PMRS Investment Income	--	150,875	(150,875)
Market Value Investment Income	--	(328,650)	328,650
Benefits Payments	(130,958)	(130,958)	--
PMRS Administrative Expense	--	(280)	280
Additional Administrative Expense	--	(6,733)	6,733
Net Changes	116,153	(192,986)	309,139
Balances at 12/31/2018	\$ 3,337,393	\$ 2,970,867	\$ 366,526

The Plan Fiduciary Net Position as of December 31, 2018 in the amount of \$2,970,867 shown above includes amounts for Township retirees that are not included in the Pension Trust Fund net position as of December 31, 2018.

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

The following presents the net pension liability, calculated using the discount rate of 5.25 percent, as well as what the pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Total pension liability	\$ 3,827,490	\$ 3,337,393	\$ 2,937,651
Plan Fiduciary Net Position	2,970,867	2,970,867	2,970,867
Net Pension Liability (Asset)	\$ 856,623	\$ 366,526	\$ (33,216)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.62%	89.02%	101.13%

Pension Plan Fiduciary Net Position

Detailed information about PMRS's fiduciary net position is available in PMRS Comprehensive Annual Financial Report which can be found on the PMRS's website at www.pMrs.state.pa.us.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 – POLICE PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the Township recognized pension expense of \$180,939. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 57,556	\$ --
Changes in assumptions	40,119	13,079
Differences between expected and actual experience	31,734	32,218
Contributions subsequent to the measurement date	112,343	--
	\$ 241,752	\$ 45,297

\$112,343 reported as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,

2019	\$ 28,806
2020	2,544
2021	(12,968)
2022	65,730

NOTE 11 – OPERATING LEASE

On September 1, 2017, the Township entered into an operating lease agreement with JGF Funding, LLC for the rental of a Toshiba copier. The operating lease is for a period of 60 months with a monthly payment of \$182.

NOTE 12 – CONTINGENCIES

The Township participates in various federal and state funded grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the Township is potentially liable for any expenditures, which may be disallowed pursuant to the terms of these grant programs. The Township's management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 13 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township has purchased various insurance policies to safeguard its assets from risk of loss. Effective June 1, 2002, the Township elected to become a member of the Pennsylvania Intergovernmental Risk Management Association (PIRMA). During the year ended December 31, 2019 and the three previous fiscal years, no settlements exceeded insurance coverage.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 14 – PARTICIPATION IN RISK SHARING POOL

Effective June 1, 2002, the Township has elected to become a member of the Pennsylvania Intergovernmental Risk Management Association (PIRMA). Membership includes governmental units throughout a majority of the counties in Pennsylvania. The Township's coverage includes liability and property insurance. PIRMA provides limits of liability up to \$10,000,000 and property limits determined by property values and replacement costs.

Each member is assessed a premium based on number of employees, territory, property values and other factors. All claims are paid from the pool with reinsurance being purchased by the pool for claims in excess of \$250,000 per occurrence. If there is a deficiency in the pooled funds, each member is assessed an amount equal to their proportional share.

As of December 31, 2019, the Township is not aware of any additional assessments relating to the pool.

NOTE 15 – FUND BALANCE

Restricted Fund Balance

The Township's restricted fund balances are amounts restricted by outside parties. As of December 31, 2019, the Township's restricted fund balance was \$352,350; of which \$316,323 is restricted for use by the Commonwealth of Pennsylvania for Liquid Fuels purposes and \$36,027 is restricted for fire capital purposes.

NOTE 16 – TAX ABATEMENTS

The Township has not entered into tax abatement agreements with taxpayers. However, the Township is involved in the Pennsylvania Department of Agriculture's Clean and Green Program. The Clean and Green Program is a preferential tax assessment program that bases property taxes on use values rather than fair market values. The Pennsylvania General Assembly enacted the program in 1974 as a tool to encourage protection of the Commonwealth's valuable farmland, forestland, and open spaces. For the year ended December 31, 2019, the Township abated \$71,377 under this program.

NOTE 17 – SUBSEQUENT EVENT

In May 2020, the Township approved financing of a Tiger Mower in the amount of \$86,208 to be paid out of the Township's Liquid Fuels fund.

NOTE 18 – COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact financial position. Other financial impact could occur though such potential impact is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

OF

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

DECEMBER 31, 2019

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Real Estate Taxes and Penalties	\$ 795,550	\$ 795,550	\$ 781,312	\$ (14,238)
Other Taxes	975,000	975,000	1,048,318	73,318
Licenses and Permits	94,300	94,300	84,289	(10,011)
Fines and Forfeits	61,800	61,800	67,800	6,000
Interest, Rents, and Royalties	8,000	8,000	19,880	11,880
Intergovernmental Revenues	148,450	148,450	175,647	27,197
Charges for Services	708,600	708,600	710,119	1,519
Miscellaneous Revenue	<u>7,500</u>	<u>7,500</u>	<u>3,637</u>	<u>(3,863)</u>
TOTAL REVENUES	<u>2,799,200</u>	<u>2,799,200</u>	<u>2,891,002</u>	<u>91,802</u>
EXPENDITURES				
General Government	290,679	296,679	278,748	17,931
Public Safety	1,352,820	1,399,070	1,376,187	22,883
Health and Welfare	4,300	4,300	3,542	758
Highways and Streets	415,540	415,540	333,983	81,557
Public Works – Other Services	19,000	19,000	13,351	5,649
Culture and Recreation	37,822	37,822	35,942	1,880
Debt Service	39,800	42,800	42,338	462
Employee Benefits, Insurance, and Other	<u>660,407</u>	<u>615,357</u>	<u>623,834</u>	<u>(8,477)</u>
TOTAL EXPENDITURES	<u>2,820,368</u>	<u>2,830,568</u>	<u>2,707,925</u>	<u>122,643</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(21,168)</u>	<u>(31,368)</u>	<u>183,077</u>	<u>214,445</u>
OTHER FINANCING SOURCES (USES)				
Refund of Prior Year's Expenditures	5,000	5,000	21,366	16,366
Compensation for Asset Loss	--	--	4,601	4,601
Sale of Capital Assets	<u>--</u>	<u>--</u>	<u>1,310</u>	<u>1,310</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>5,000</u>	<u>27,277</u>	<u>22,277</u>
Changes in Fund Balances	(16,168)	(26,368)	210,354	236,722
Fund Balances – January 1, 2019	<u>678,657</u>	<u>678,657</u>	<u>678,657</u>	<u>--</u>
Fund Balances – December 31, 2019	<u>\$ 662,489</u>	<u>\$ 652,289</u>	<u>\$ 889,011</u>	<u>\$ 236,722</u>

See accompanying independent auditor's report.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL –
SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2019**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest, Rents and Royalties	\$ 1,000	\$ 7,335	\$ 6,335
Intergovernmental Revenue	<u>289,150</u>	<u>296,963</u>	<u>7,813</u>
TOTAL REVENUES	<u>290,150</u>	<u>304,298</u>	<u>14,148</u>
EXPENDITURES			
Highways and Streets	285,920	187,098	98,822
Other Public Works	24,000	--	24,000
Debt Service	<u>--</u>	<u>49,754</u>	<u>(49,754)</u>
TOTAL EXPENDITURES	<u>309,920</u>	<u>236,852</u>	<u>73,068</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,770)</u>	<u>67,446</u>	<u>87,216</u>
OTHER FINANCING SOURCES			
Refund of Prior Year Expenses	5,400	5,626	226
Sale of Capital Assets	<u>--</u>	<u>52,500</u>	<u>52,500</u>
TOTAL OTHER FINANCING SOURCES	<u>5,400</u>	<u>58,126</u>	<u>52,726</u>
Changes in Fund Balances	(14,370)	125,572	139,942
Fund Balances – January 1, 2019	<u>190,751</u>	<u>190,751</u>	<u>--</u>
Fund Balances – December 31, 2019	<u>\$ 176,381</u>	<u>\$ 316,323</u>	<u>\$ 139,942</u>

See accompanying independent auditor's report.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
POLICE PENSION PLAN
DECEMBER 31, 2019**

	Measurement Date as of				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Total Pension Liability</u>					
Service Cost (Beginning of Year)	\$ 92,362	\$ 88,937	\$ 74,473	\$ 96,990	\$ 72,064
Interest (includes Interest on Service Cost)	170,570	163,616	154,532	150,245	144,946
Change of benefits	16,301	--	--	--	--
Changes of assumption	--	--	100,299	(30,519)	(28,442)
Differences between Expected and Actual Experience	(32,122)	--	79,332	--	--
Benefit Payments, Including Refunds of Member Contributions	<u>(130,958)</u>	<u>(116,247)</u>	<u>(116,247)</u>	<u>(116,247)</u>	<u>(118,047)</u>
Net Change in Total Pension Liability	116,153	136,306	292,389	100,469	70,521
Total Pension Liability – Beginning	<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 – Ending	<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>Plan Fiduciary Net Position</u>					
Contributions – Employer	\$ 122,460	\$ 89,373	\$ 86,048	\$ 83,537	\$ 66,147
Contributions – PMRS assessment	300	300	300	280	--
PMRS Investment Income	150,875	148,681	148,733	141,632	140,281
Market Value Investment Income	(328,650)	331,550	81,744	(131,319)	(83,905)
Benefit Payments, Including Refunds of Member Contributions	(130,958)	(116,247)	(116,247)	(116,247)	(118,047)
PMRS Administrative Expense	(280)	(260)	(280)	(280)	(280)
Additional Administrative Expense	<u>(6,733)</u>	<u>(6,838)</u>	<u>(7,287)</u>	<u>(5,904)</u>	<u>(5,380)</u>
Net Change in Plan Fiduciary Net Position	(192,986)	446,559	193,011	(28,301)	(1,184)
Plan Fiduciary Net Position – Beginning	<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 – Ending	<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>
Net Pension Liability – Ending	<u>\$ 366,526</u>	<u>\$ 57,387</u>	<u>\$ 367,640</u>	<u>\$ 268,262</u>	<u>\$ 139,492</u>
Plan Fiduciary net position as a percentage of the total pension liability	89.02%	98.22%	88.08%	90.39%	94.82%
Covered Employee Payroll	\$ 582,137	\$ 560,551	\$ 488,303	\$ 517,241	\$ 389,293
Township's net pension liability as a percentage of covered employee payroll	62.96%	10.24%	75.21%	51.86%	35.83%

Notes to Schedule:

Plan Changes: None

Assumption Changes: In 2016, amounts reported as changes of assumption resulted primarily from adjustments to expected inflation rate, salary increase rate, and mortality rates. In 2017, amounts reported as changes of assumption resulted primary from adjustments to the discount rate.

See accompanying independent auditor's report.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION PLAN
DECEMBER 31, 2019**

	<u>Actuarially Determined Contribution</u>	<u>Contribution In relation to Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2010	\$ 50,725	\$ 52,537	\$ (1,812)	\$ 440,713	11.92%
2011	\$ 50,928	\$ 54,359	\$ (3,431)	\$ 467,025	11.64%
2012	\$ 62,941	\$ 62,941	\$ --	\$ 417,034	15.09%
2013	\$ 48,162	\$ 48,162	\$ --	\$ 480,122	10.03%
2014	\$ 56,034	\$ 66,147	\$ (10,113)	\$ 389,293	16.99%
2015	\$ 83,817	\$ 83,817	\$ --	\$ 517,241	16.20%
2016	\$ 86,328	\$ 86,328	\$ --	\$ 488,803	17.67%
2017	\$ 89,633	\$ 89,633	\$ --	\$ 560,551	16.00%
2018	\$ 122,740	\$ 122,740	\$ --	\$ 582,137	21.09%
2019	\$ 103,247	\$ 112,343	\$ (9,096)	\$ 530,348	21.18%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two years prior to the end of the fiscal year in which the contributions were reported. Therefore, the Actuarially Determined Contribution for calendar year 2018 is based upon the January 1, 2015 actuarial valuation.

A summary of the key assumptions and methods used to determine the contribution rates:

- Actuarial Cost Method: Entry Age
- Amortization Period: Level dollar based upon the amortization periods in Act 205
- Asset Valuation Method: Based upon the municipal reserves
- Discount Rate: 5.5%
- Inflation: 3.0%
- Salary Increases: Age related scale with merit and inflation component
- COLA Increases: 3.0% for those eligible for a COLA
- Pre-Retirement Mortality: Males – RP 2000 with 1 year set back, Females – RP 2000 with 5 year set back
- Post-Retirement Mortality: Sex distinct RP-2000 Combined Healthy Mortality

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

OF

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

DECEMBER 31, 2019

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019**

	<u>Capital Project Fund</u>	<u>Fire Capital Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 4,353	\$ 30,388	\$ 34,741
Accounts Receivable	--	5,639	5,639
Note Receivable	<u>214,817</u>	<u>--</u>	<u>214,817</u>
Total Current Assets	<u>219,170</u>	<u>36,027</u>	<u>255,197</u>
TOTAL ASSETS	<u>\$ 219,170</u>	<u>\$ 36,027</u>	<u>\$ 255,197</u>
 LIABILITIES			
Current Liabilities			
Due to Other Funds	<u>\$ 219,170</u>	<u>\$ --</u>	<u>\$ 219,170</u>
Total Current Liabilities	<u>219,170</u>	<u>--</u>	<u>219,170</u>
TOTAL LIABILITIES	<u>219,170</u>	<u>--</u>	<u>219,170</u>
 FUND BALANCES			
Restricted	<u>--</u>	<u>36,027</u>	<u>36,027</u>
TOTAL FUND BALANCES	<u>--</u>	<u>36,027</u>	<u>36,027</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 219,170</u>	<u>\$ 36,027</u>	<u>\$ 255,197</u>

See accompanying independent auditor's report.

**HELLAM TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019**

	Capital Project Fund	Fire Capital Fund	Total
REVENUES			
Interest, Rents and Royalties	\$ --	\$ 763	\$ 763
TOTAL REVENUES	--	763	763
EXPENDITURES			
General Government	219,170	--	219,170
Public Safety	48,746	82,400	131,146
Debt Service	45,648	--	45,648
TOTAL EXPENDITURES	313,564	82,400	395,964
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(313,564)	(81,637)	(395,201)
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	48,746	--	48,746
Proceeds from Long-Term Debt	264,818	--	264,818
TOTAL OTHER FINANCING SOURCES (USES)	313,564	--	313,564
Changes in Fund Balances	--	(81,637)	(81,637)
Fund Balances – January 1, 2019	--	117,664	117,664
Fund Balances – December 31, 2019	\$ --	\$ 36,027	\$ 36,027

See accompanying independent auditor's report.