

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**DECEMBER 31, 2021**

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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, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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, 2021, 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.

### **Summary of Opinions**

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

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the Hellam Township, as of December 31, 2021, or the changes in financial position, thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hellam 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 qualified and unmodified audit opinions.

*Matter Giving Rise to 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.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Hellam 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, amount 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.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

**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 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining capital projects fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Disclaimer of Opinion on Other Information**

The budgetary comparison information on pages 30 and 31, and the schedule of changes in net pension liability and schedule of employer contributions on pages 32 and 33, 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.

*Sager, Swisher and Company, LLP*

Lancaster, Pennsylvania  
November 1, 2022

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 1,173,238
Investments	775,503
Taxes Receivable, Net	45,204
Due from Other Governments	82,875
Accounts Receivable	25,251
<b>Total Current Assets</b>	<b>2,102,071</b>
<b>Capital Assets</b>	
Land	367,808
Buildings and Improvements	6,306,594
Machinery, Equipment and Vehicles	1,577,978
Infrastructure Assets	2,982,174
Less Accumulated Depreciation	(2,994,085)
<b>Total Capital Assets</b>	<b>8,240,469</b>
<b>Noncurrent Assets</b>	
Net Pension Asset	88,445
<b>Total Noncurrent Assets</b>	<b>88,445</b>
<b>TOTAL ASSETS</b>	<b>10,430,985</b>
<b>DEFERRED OUTFLOWS OF RESOURCES - PENSIONS</b>	<b>204,477</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 10,635,462</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 41,906
Current Portion of Long-Term Debt	208,828
Current Portion of Compensated Absences	2,316
Accrued Salaries and Wages	75,607
Payroll Deductions and Withholdings	3,266
Other Current Liabilities	185,923
<b>Total Current Liabilities</b>	<b>517,846</b>
<b>Noncurrent Liabilities</b>	
Notes Payable, Net of Current Portion	3,813,659
Leases Payable, Net of Current Portion	104,131
Long-Term Portion of Compensated Absences, Net of Current Portion	20,846
<b>Total Noncurrent Liabilities</b>	<b>3,938,636</b>
<b>TOTAL LIABILITIES</b>	<b>4,456,482</b>
<b>DEFERRED INFLOWS OF RESOURCES – PENSIONS</b>	<b>372,151</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	4,113,851
Restricted	932,316
Unrestricted	760,662
<b>TOTAL NET POSITION</b>	<b>5,806,829</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 10,635,462</b>

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

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b>Program Revenues</b>			<b><u>Net (Expense) Revenue and Changes in Net Position</u></b>
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>	<b><u>Total Governmental Activities</u></b>
Governmental Activities					
General Government	\$ 438,311	\$ 14,037	\$ 313,327	\$ --	\$ (110,947)
Public Safety	1,588,016	860,146	67,129	--	(660,741)
Health and Welfare	4,585	--	--	--	(4,585)
Highways and Streets	523,910	1,115	--	268,250	(254,545)
Other Public Works	24,666	--	--	--	(24,666)
Culture and Recreation	36,330	--	8,000	--	(28,330)
Employee Benefits, Insurance and Other	783,669	--	163,755	--	(619,914)
Interest on Long-Term Debt	<u>146,486</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(146,486)</u>
<b>Total Governmental Activities</b>	<b><u>\$ 3,545,973</u></b>	<b><u>\$ 875,298</u></b>	<b><u>\$ 552,211</u></b>	<b><u>\$ 268,250</u></b>	<b><u>\$ (1,850,214)</u></b>
<b>General Revenues</b>					
Property Taxes Levied for General Purpose					1,048,203
Other Taxes and Franchise Fees Levied for Specific Purposes, Net					1,220,472
Investment Earnings					908
Miscellaneous Income					<u>1,930</u>
<b>Total General Revenues</b>					<b><u>2,271,513</u></b>
<b>Change in Net Position</b>					<b>421,299</b>
<b>Net Position – January 1, 2021</b>					<b><u>5,385,530</u></b>
<b>Net Position – December 31, 2021</b>					<b><u>\$ 5,806,829</u></b>

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

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	<b>Major Funds</b>			<b>Nonmajor Fund</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Liquid Fuels Fund</b>	<b>Capital Projects Fund</b>		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 554,249	\$ 388,080	\$ 192,564	\$ 38,345	\$ 1,173,238
Investments	775,503	--	--	--	775,503
Taxes Receivable (Net)	45,204	--	--	--	45,204
Due from Other Governments	82,875	--	--	--	82,875
Accounts Receivable	25,251	--	--	--	25,251
<b>TOTAL ASSETS</b>	<b>\$ 1,483,082</b>	<b>\$ 388,080</b>	<b>\$ 192,564</b>	<b>\$ 38,345</b>	<b>\$ 2,102,071</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 41,906	\$ --	\$ --	\$ --	\$ 41,906
Accrued Salaries and Benefits	75,607	--	--	--	75,607
Payroll Deductions and Withholdings	3,266	--	--	--	3,266
Other Liabilities	185,923	--	--	--	185,923
<b>TOTAL LIABILITIES</b>	306,702	--	--	--	306,702
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue – Property Taxes	34,593	--	--	--	34,593
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	34,593	--	--	--	34,593
<b>FUND BALANCES</b>					
Restricted	313,327	388,080	192,564	38,345	932,316
Unassigned	828,460	--	--	--	828,460
<b>TOTAL FUND BALANCES</b>	1,141,787	388,080	192,564	38,345	1,760,776
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,483,082</b>	<b>\$ 388,080</b>	<b>\$ 192,564</b>	<b>\$ 38,345</b>	<b>\$ 2,102,071</b>

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, 2021**

<b>Total Fund Balances – Governmental Funds</b>		<b>\$ 1,760,776</b>
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>		
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 <b>\$11,234,554</b> and the accumulated depreciation is <b>\$2,994,085</b> .		8,240,469
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.		34,593
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	(3,973,659)	
Lease Payable	(152,959)	
Compensated Absences	(23,162)	
Net Pension Asset (Liability)	<u>88,445</u>	(4,061,335)
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:		
Deferred Inflows of Resources – Pensions		(372,151)
Deferred Outflows of Resources – Pensions		<u>204,477</u>
<b>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 5,806,829</u></b>

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, 2021**

	<u>Major Funds</u>			<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Liquid Fuels Fund</u>	<u>Capital Projects Fund</u>		
<b>REVENUES</b>					
Real Estate Taxes and Penalties	\$ 1,054,624	\$ --	\$ --	\$ --	\$ 1,054,624
Other Taxes	1,140,116	--	--	--	1,140,116
Licenses and Permits	81,471	--	--	--	81,471
Fines and Forfeits	54,518	--	--	--	54,518
Interest, Rents and Royalties	704	52	133	19	908
Intergovernmental Revenues	512,927	268,250	--	--	781,177
Charge for Service	804,157	--	--	--	804,157
Contributions	1,270	--	--	30,014	31,284
Miscellaneous Revenue	<u>1,930</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,930</u>
<b>TOTAL REVENUES</b>	<u>3,651,717</u>	<u>268,302</u>	<u>133</u>	<u>30,033</u>	<u>3,950,185</u>
<b>EXPENDITURES</b>					
General Government	367,715	--	--	--	367,715
Public Safety	1,547,787	--	500	25,166	1,573,453
Health and Welfare	4,585	--	--	--	4,585
Highways and Streets	335,232	150,135	95,980	--	581,347
Other Public Works	24,666	--	--	--	24,666
Culture and Recreation	30,937	--	--	--	30,937
Debt Service	250,002	37,894	4,144,659	--	4,432,555
Employee Benefits, Insurance and Other	<u>783,669</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>783,669</u>
<b>TOTAL EXPENDITURES</b>	<u>3,344,593</u>	<u>188,029</u>	<u>4,241,139</u>	<u>25,166</u>	<u>7,798,927</u>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>	<u>307,124</u>	<u>80,273</u>	<u>(4,241,006)</u>	<u>4,867</u>	<u>(3,848,742)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Long Term Debt	--	--	4,144,659	--	4,144,659
Refund of Prior Year's Expenditures	12,329	--	--	--	12,329
Refund of Prior Year's Revenues	--	--	(4,367)	--	(4,367)
Lease Proceeds	--	--	86,980	--	86,980
Compensation for Asset Loss	15,546	--	--	--	15,546
Sale of Capital Assets	--	--	9,000	--	9,000
Transfer In	--	--	127,760	--	127,760
Transfer Out	<u>(127,760)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(127,760)</u>
<b>TOTAL OTHER FINANCING (SOURCES) USES</b>	<u>(99,885)</u>	<u>--</u>	<u>4,364,032</u>	<u>--</u>	<u>4,264,147</u>
<b>Changes in Fund Balances</b>	207,239	80,273	123,026	4,867	415,405
<b>Fund Balances – January 1, 2021</b>	<u>934,548</u>	<u>307,807</u>	<u>69,538</u>	<u>33,478</u>	<u>1,345,371</u>
<b>Fund Balances – December 31, 2021</b>	<u>\$ 1,141,787</u>	<u>\$ 388,080</u>	<u>\$ 192,564</u>	<u>\$ 38,345</u>	<u>\$ 1,760,776</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, 2021**

<b>Total net change in fund balance – governmental funds</b>	\$ 415,405
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
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 \$ (319,315)	
Capital outlays 232,063	(87,252)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets	(45,007)
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.	(6,421)
Repayment of notes payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	4,286,069
The issuance of debt provides current financial resources to governmental funds, but has no effect on net position.	(4,231,639)
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:	
Increase in compensated absences	(698)
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	168,550
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:	
Pension Expense	<u>(77,708)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 421,299</u></b>

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, 2021**

	<b>Custodial Fund</b>	<b>Pension</b>
	<b>Eastern York</b>	<b>Trust</b>
	<b>County</b>	<b>Non-</b>
	<b>Emergency</b>	<b>Uniform</b>
	<b>Management</b>	<b>Pension</b>
	<b>Agency</b>	<b>Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 11,580	\$ --
Investments	--	473,785
<b>TOTAL ASSETS</b>	<b>\$ 11,580</b>	<b>\$ 473,785</b>
<b>LIABILITIES</b>		
	--	--
<b>NET POSITION</b>		
Restricted for		
Emergency Management	11,580	--
Pension Benefits	--	473,785
<b>TOTAL NET POSITION</b>	<b>11,580</b>	<b>473,785</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 11,580</b>	<b>\$ 473,785</b>

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, 2021**

	<u>Custodial Fund</u> Eastern York County Emergency Management Agency	<u>Pension Trust</u> Non- Uniform Pension Fund
<b>ADDITIONS</b>		
Municipal Contributions	\$ 8,075	\$ 19,861
Investment Income	<u>          --</u>	<u>        62,976</u>
<b>TOTAL ADDITIONS</b>	<u>        8,075</u>	<u>       82,837</u>
<b>DEDUCTIONS</b>		
Pension Distributions	--	9,826
Emergency Management Expenses	9,999	--
Miscellaneous Expenses	<u>          --</u>	<u>          69</u>
<b>TOTAL DEDUCTIONS</b>	<u>        9,999</u>	<u>        9,895</u>
<b>Changes in Net Position</b>	(1,924)	72,942
<b>Net Position – January 1, 2021</b>	<u>       13,504</u>	<u>      400,843</u>
<b>Net Position – December 31, 2021</b>	<u>      \$ 11,580</u>	<u>      \$ 473,785</u>

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

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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, 2021**

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.

The Township reports the following nonmajor governmental fund:

The Police K-9 fund is used to account for donations and fundraising income to support the police department's K-9 officer.

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, 2021**

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, 2021, 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, 2021**

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, 2021**

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, 2021, 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, 2021, 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, 2021**

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 November 1, 2022, the date the financial statements were available to be issued.

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.

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.

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**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, 2021, \$264,950 of the Township's bank balance of \$1,134,739 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>264,950</u>
	<u><u>\$ 264,950</u></u>

**Reconciliation to Financial Statements**

Uninsured Amount Above	\$ 264,950
Insured Amount	481,709
Add: Outstanding Deposits	53,229
Less: Outstanding Checks	<u>(3,350)</u>
Carrying Amount – Bank Balances	796,538
Plus: Petty Cash	200
Pooled Cash Equivalents - PLGIT	<u>388,080</u>
Total Cash per Financial Statements	<u><u>\$ 1,184,818</u></u>

**Investments**

As of December 31, 2021, the Township had the following investments:

<u>Investment</u>	<u>Fair Value</u>
PLGIT Class	\$ 524,020
Member's First Money Market Account	250,298
Member's First Savings Account	<u>1,185</u>
	<u><u>\$ 775,503</u></u>

**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, 2021, 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, 2021, \$40,129 of the Township's governmental investments of \$775,503 was exposed to custodial risk.

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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	\$ 514,950	26.96%
PA Local Government Investment Trust	912,100	47.75%
Northwest Savings Bank	193,064	10.11%
Member’s First Federal Credit Union	<u>290,128</u>	<u>15.18%</u>
	<u>\$ 1,910,242</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, 2021, the Township had the following investments:

<u>ICMA - Non-Uniformed Pension Fund</u>	<u>Fair Value Level 1</u>	
Balanced Funds	\$ 412,136	86.99%
U.S. Stock Funds	54,336	11.47%
International Stock Funds	6,260	1.32%
Specialty Funds	557	.12%
Bond Funds	<u>496</u>	<u>.10%</u>
	<u>\$ 473,785</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.

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, 2021, all of the Township’s pension trust fund investments of \$473,785 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>473,785</u>
	<u>\$ 473,785</u>

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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, 2021 was 2.4 mills (\$2.40 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, 2021 are as follows:

	<u>Taxes Receivable</u>	<u>Tax Revenue Recognized</u>	<u>Unavailable Revenue</u>
Real Estate	\$ 42,667	\$ 10,611	\$ 32,056
Interims	<u>2,537</u>	<u>--</u>	<u>2,537</u>
	<u>\$ 45,204</u>	<u>\$ 10,611</u>	<u>\$ 34,593</u>

**NOTE 6 – DUE FROM OTHER GOVERNMENTS**

The Township accrued receipts as of December 31, 2021 from other governmental entities are as follows:

York Area Earned Income Tax Bureau	\$ 72,091
County of York	<u>10,784</u>
	<u>\$ 82,875</u>

**NOTE 7 – CHANGES IN CAPITAL ASSETS**

A summary of capital assets of the Governmental Activities for the year ended December 31, 2021, 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
Total Capital Assets Not Being Depreciated	<u>367,808</u>	<u>--</u>	<u>--</u>	<u>367,808</u>
Capital Assets Being Depreciated				
Buildings and Improvements	6,395,620	--	89,026	6,306,594
Machinery, Equipment and Vehicles	1,518,044	98,580	38,646	1,577,978
Infrastructure Assets	<u>2,848,691</u>	<u>133,483</u>	<u>--</u>	<u>2,982,174</u>
Total Capital Assets Being Depreciated	<u>10,762,355</u>	<u>232,063</u>	<u>127,672</u>	<u>10,866,746</u>

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 – CHANGES IN CAPITAL ASSETS** (Continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 472,439	\$ 89,610	\$ 44,019	\$ 518,030
Machinery, Equipment and Vehicles	1,091,574	88,918	38,646	1,141,846
Infrastructure Assets	<u>1,193,422</u>	<u>140,787</u>	<u>--</u>	<u>1,334,209</u>
Total Accumulated Depreciation	<u>2,757,435</u>	<u>319,315</u>	<u>82,665</u>	<u>2,994,085</u>
Total Capital Assets Being Depreciated, Net	<u>8,004,920</u>	<u>(87,252)</u>	<u>45,007</u>	<u>7,872,661</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,372,728</u>	<u>\$ (87,252)</u>	<u>\$ 45,007</u>	<u>\$ 8,240,469</u>

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

Governmental Activities	
General Government	\$ 35,441
Public Safety	106,455
Highways and Streets	172,026
Culture and Recreation	<u>5,393</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 319,315</u>

**NOTE 8 – LONG-TERM DEBT**

During the year 2021, long-term debt changed as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Notes from Direct Borrowings and				
Direct Placements	\$ 4,055,000	\$ 4,144,659	\$ 4,226,000	\$ 3,973,659
Capital Lease Obligations	126,048	86,980	60,069	152,959
Compensated Absences	<u>22,464</u>	<u>698</u>	<u>--</u>	<u>23,162</u>
Total Long-Term Debt	<u>\$ 4,203,512</u>	<u>\$ 4,232,337</u>	<u>\$ 4,286,069</u>	<u>\$ 4,149,780</u>

The Township's outstanding notes from direct borrowings and direct placements related to governmental activities of \$3,973,659 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.

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

NOTE 8 – LONG-TERM DEBT (Continued)

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. This Note was refinanced in April 2021 with the General Obligation Note, Series of 2021. The balance outstanding as of December 31, 2021 was \$0.

General Obligation Notes, Series of 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, 2021. The balance outstanding as of December 31, 2021 was \$3,973,659

The future annual payments required to amortize the General Obligation Note, Series of 2021 are:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2022	\$ 160,000	\$ 95,701	\$ 255,701
2023	164,000	92,357	256,357
2024	167,000	88,930	255,930
2025	171,000	85,439	256,439
2026	174,000	81,865	255,865
2027-2031	927,000	353,168	1,280,168
2032-2036	1,018,000	261,256	1,279,256
2037-2041	1,074,000	206,519	1,280,519
2042-2044	<u>118,659</u>	<u>43,744</u>	<u>162,403</u>
	<u>\$ 3,973,659</u>	<u>\$ 1,308,979</u>	<u>\$ 5,282,638</u>

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

Leases Payable

Fulton Bank

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, 2021 was \$1.

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, 2021 was \$1.

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, 2021 was \$7,915.



**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

NOTE 8 – LONG-TERM DEBT (Continued)  
Leases Payable (Continued)

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, 2021 was \$24,839.

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 6 years. The balance outstanding as of December 31, 2021 was \$51,704.

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 6 years. The balance outstanding as of December 31, 2021 was \$68,499.

The future annual payments required to amortize the Capital Lease Obligations as of December 31, 2021 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 48,828	\$ 5,368	\$ 54,196
2023	42,348	3,603	45,951
2024	43,836	2,116	45,952
2025	<u>17,947</u>	<u>576</u>	<u>18,523</u>
	<u>\$ 152,959</u>	<u>\$ 11,663</u>	<u>\$ 164,622</u>

Compensated Absences

Accrued compensated absences of \$23,162 consist of accrued vacation and sick leave computed for all employees who had not used all allowable time prior to December 31, 2021.

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, 2021 were \$19,681. Employees may elect to contribute up to five (5%) percent of his/her total annual compensation. Normal retirement is attained at age 65.

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.

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

NOTE 10 – POLICE PENSION PLAN (Continued)

According to GASB Statement No. 68 Section 22, the Township may roll forward the measurement date amounts from the actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year end. As of the date of this report, the Actuarial Report for years ended December 31, 2020 was not yet available due to PMRS lack of timely pension data. The pension information is based off of the actuarial report dated December 31, 2019.

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 (December 31, 2019):

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.

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, 2012 through December 31, 2021 were as follows:

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

NOTE 10 – POLICE PENSION PLAN (Continued)

Plan Funding (Continued)

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
2020	152,295	100%
2021	168,550	100%

Net Pension (Asset) Liability

At December 31, 2021, the Township reported an asset of \$(88,445) for its net pension (asset) liability. The beginning of year total pension liability is based upon the January 1, 2019 actuarial valuation and then rolled forward to December 31, 2018. The end of year total pension liability is based upon the same actuarial valuation with liabilities rolled forward to December 31, 2019. 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.
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

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

NOTE 10 – POLICE PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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.

Change in Net Pension Liability

The Township added three officers that were previously employed by Wrightsville Borough into the pension plan as of July 1, 2019. The liability was actuarially determined to be \$256,348, which was transferred from the pension plan of Wrightsville Borough into the Township's plan with PMRS.

The Plan Fiduciary Net Position as of December 31, 2021 in the amount of \$3,599,516 shown below includes amounts for Township retirees that are not included in the Pension Trust Fund net position as of December 31, 2019.

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

NOTE 10 – POLICE PENSION PLAN (Continued)

Change in Net Pension Liability (Continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/2020	\$ 3,337,393	\$ 2,970,867	\$ 366,526
Changes for the Year:			
Service Cost	128,206	--	128,206
Interest	178,497	--	178,497
Contributions – Employer	--	112,023	(112,023)
Contributions – PMRS assessment	--	380	(380)
PMRS Investment Income	--	165,976	(165,976)
Market Value Investment Income	--	489,412	(489,412)
Benefits Payments	(133,025)	(133,025)	--
PMRS Administrative Expense	--	(380)	380
Additional Administrative Expense	--	(5,737)	5,737
Net Changes	173,678	628,649	(454,971)
Balances at 12/31/2021	\$ 3,511,071	\$ 3,599,516	\$ (88,445)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Based on 12/31/2019 Actuarial Data)

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	\$ 4,026,673	\$ 3,511,071	\$ 3,090,526
Plan Fiduciary Net Position	3,599,516	3,599,516	3,599,516
Net Pension Liability (Asset)	\$ 427,157	\$ (88,445)	\$ (508,990)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.39%	102.52%	116.47%

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.pmr.state.pa.us](http://www.pmr.state.pa.us).

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

For the year ended December 31, 2021, the Township recognized pension expense of \$77,708. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

NOTE 10 – POLICE PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ --	\$ 343,308
Changes in assumptions	20,059	8,719
Differences between expected and actual experience	15,868	20,124
Contributions subsequent to the measurement date	168,550	--
	<u>\$ 204,477</u>	<u>\$ 372,151</u>

\$168,550 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, 2021. 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,

2020	\$ (95,338)
2021	(110,850)
2022	(32,152)
2023	(97,884)

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, 2021 and the three previous fiscal years, no settlements exceeded insurance coverage.

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.

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

NOTE 14 – PARTICIPATION IN RISK SHARING POOL (Continued)

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, 2021, 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, 2021, the Township's restricted fund balance was \$932,316; of which \$388,080 is restricted for use by the Commonwealth of Pennsylvania for Liquid Fuels purposes, \$192,564 is restricted for capital purposes, \$313,327 is restricted for American Rescue Plan Act funds, and \$38,345 is restricted for us in the police department for the K-9 officer.

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, 2021, the Township abated \$93,646 under this program.

NOTE 17 – EXPENDITURES IN EXCESS OF BUDGET

The Township's General Fund total expenditures exceeded budgeted amounts by \$42,110. The additional expenditures were appropriated from excess revenues received during the year.

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.

NOTE 19 – SUBSEQUENT EVENT

In March 2022, the Township issued General Obligation Note, Series of 2022 with Peoples Security Bank in the amount of \$1,025,000 for fire company financing. The Note was issued on a draw down basis and serves as a non-revolving loan, with advances to be made to the Township upon request through December 1, 2023. The note bears interest in the amount of 2.29% and is set to mature on December 1, 2037.

**REQUIRED SUPPLEMENTARY INFORMATION**

**OF**

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**DECEMBER 31, 2021**



**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL –  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Real Estate Taxes and Penalties	\$ 1,057,080	\$ 1,057,080	\$ 1,054,624	\$ (2,456)
Other Taxes	1,051,500	1,051,500	1,140,116	88,616
Licenses and Permits	87,100	87,100	81,471	(5,629)
Fines and Forfeits	66,250	66,250	54,518	(11,732)
Interest, Rents, and Royalties	8,000	8,000	704	(7,296)
Intergovernmental Revenues	240,450	240,450	512,927	272,477
Charges for Services	805,350	805,350	804,157	(1,193)
Contributions	--	--	1,270	1,270
Miscellaneous Revenue	<u>2,000</u>	<u>2,000</u>	<u>1,930</u>	<u>(70)</u>
<b>TOTAL REVENUES</b>	<u>3,317,730</u>	<u>3,317,730</u>	<u>3,651,717</u>	<u>333,987</u>
<b>EXPENDITURES</b>				
General Government	299,095	366,560	367,715	(1,155)
Public Safety	1,478,420	1,557,545	1,547,787	9,758
Health and Welfare	3,850	4,650	4,585	65
Highways and Streets	366,025	336,205	335,232	973
Public Works – Other Services	16,000	24,750	24,666	84
Culture and Recreation	34,013	33,213	30,937	2,276
Debt Service	188,800	179,260	250,002	(70,742)
Employee Benefits, Insurance, and Other	<u>799,930</u>	<u>800,300</u>	<u>783,669</u>	<u>16,631</u>
<b>TOTAL EXPENDITURES</b>	<u>3,186,133</u>	<u>3,302,483</u>	<u>3,344,593</u>	<u>(42,110)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>131,597</u>	<u>15,247</u>	<u>307,124</u>	<u>291,877</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	(127,760)	(127,760)	(127,760)	--
Refund of Prior Year's Expenditures	5,000	5,000	12,329	7,329
Compensation for Asset Loss	<u>--</u>	<u>15,550</u>	<u>15,546</u>	<u>(4)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(122,760)</u>	<u>(107,210)</u>	<u>(99,885)</u>	<u>7,325</u>
<b>Changes in Fund Balances</b>	8,837	(91,963)	207,239	299,202
<b>Fund Balances – January 1, 2021</b>	<u>934,548</u>	<u>934,548</u>	<u>934,548</u>	<u>--</u>
<b>Fund Balances – December 31, 2021</b>	<u>\$ 943,385</u>	<u>\$ 842,585</u>	<u>\$ 1,141,787</u>	<u>\$ 299,202</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, 2021**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Interest, Rents and Royalties	\$ 1,250	\$ 52	\$ (1,198)
Intergovernmental Revenue	<u>260,000</u>	<u>268,250</u>	<u>8,250</u>
<b>TOTAL REVENUES</b>	<u>261,250</u>	<u>268,302</u>	<u>7,052</u>
<b>EXPENDITURES</b>			
Highways and Streets	266,380	150,135	116,245
Debt Service	<u>36,500</u>	<u>37,894</u>	<u>(1,394)</u>
<b>TOTAL EXPENDITURES</b>	<u>302,880</u>	<u>188,029</u>	<u>114,851</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(41,630)</u>	<u>80,273</u>	<u>121,903</u>
<b>OTHER FINANCING SOURCES</b>			
Refund of Prior Year Expenses	<u>5,400</u>	<u>--</u>	<u>(5,400)</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>5,400</u>	<u>--</u>	<u>(5,400)</u>
<b>Changes in Fund Balances</b>	(36,230)	80,273	116,503
<b>Fund Balances – January 1, 2021</b>	<u>307,807</u>	<u>307,807</u>	<u>--</u>
<b>Fund Balances – December 31, 2021</b>	<u>\$ 271,577</u>	<u>\$ 388,080</u>	<u>\$ 116,503</u>

See accompanying independent auditor's report.

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
POLICE PENSION PLAN  
DECEMBER 31, 2021**

	MEASUREMENT DATE					
	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service Cost (Beginning of Year)	\$ 128,206	\$ 92,362	\$ 88,937	\$ 74,473	\$ 96,990	\$ 72,064
Interest (includes Interest on Service Cost)	178,497	170,570	163,616	154,532	150,245	144,946
Changes of Benefits	--	16,301	--	--	--	--
Changes of Assumptions	--	--	--	100,299	(30,519)	(28,442)
Differences between Expected and Actual Experience	--	(32,122)	--	79,332	--	--
Benefit Payments, Including refunds of employee contributions	<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 Change in Total Pension Liability	173,678	116,153	136,306	292,389	100,469	70,521
Total Pension Liability – Beginning	<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 – Ending	<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>
<b>Plan Fiduciary Net Position</b>						
Contributions – Employer	\$ 112,023	\$ 122,460	\$ 89,373	\$ 86,048	\$ 83,537	66,147
Contributions – PMRS assessment	380	300	300	300	280	--
PMRS Investment Income	165,976	150,875	148,681	148,733	141,632	140,281
Market Value Investment Income	489,412	(328,650)	331,550	81,744	(131,319)	(83,905)
Benefit Payments, Including refunds of employee contributions	(133,025)	(130,958)	(116,247)	(116,247)	(116,247)	(118,047)
PMRS Administrative Expense	(380)	(280)	(260)	(280)	(280)	(280)
Additional Administrative Expense	<u>(5,737)</u>	<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	628,649	(192,986)	446,559	193,011	(28,301)	(1,184)
Plan Fiduciary Net Position – Beginning	<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 – Ending	<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>
Net Pension Liability (Asset) – Ending	<u>\$ (88,445)</u>	<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	102.52%	89.02%	98.22%	88.08%	90.39%	94.82%
Covered Employee Payroll	\$ 805,728	\$ 582,137	\$ 560,551	\$ 488,303	\$ 517,241	\$ 378,293
Authority's net pension liability (asset) as a percentage of Covered employee payroll	(10.98%)	62.96%	10.24%	75.21%	51.86%	35.83%

Notes to Schedule:

Plan Changes: None

Assumption Changes: In 2015, amounts reported as changes of assumption resulted primarily from adjustments to expected inflation rates and mortality rates. In 2016, amounts reported as changes in assumption resulted primarily 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, 2021**

	<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>
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%
2020	\$ 152,295	\$ 152,295	\$ --	\$ 830,766	18.33%
2021	\$ 168,550	\$ 168,550	\$ --	\$ 986,119	17.09%

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 2019 is based upon the January 1, 2017 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: 5.25%
- Inflation: 2.8%
- Salary Increases: Age related scale with merit and inflation component
- COLA Increases: 2.8% 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, 2021**

**HELLAM TOWNSHIP  
YORK COUNTY, PENNSYLVANIA**

**COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2021**

	<u>Capital Project Fund</u>	<u>Fire Capital Fund</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$      --	\$ 192,564	\$ 192,564
<b>Total Current Assets</b>	<u>          --</u>	<u>    192,564</u>	<u>    192,564</u>
<b>TOTAL ASSETS</b>	<u>\$      --</u>	<u>\$ 192,564</u>	<u>\$ 192,564</u>
 <b>LIABILITIES</b>			
 <b>FUND BALANCES</b>			
Restricted	<u>          --</u>	<u>    192,564</u>	<u>    192,564</u>
<b>TOTAL FUND BALANCES</b>	<u>          --</u>	<u>    192,564</u>	<u>    192,564</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$      --</u>	<u>\$ 192,564</u>	<u>\$ 192,564</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, 2021**

	<u>Capital Project Fund</u>	<u>Fire Capital Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Interest, Rents and Royalties	\$ --	\$ 133	\$ 133
<b>TOTAL REVENUES</b>	<u>    --</u>	<u>    133</u>	<u>    133</u>
<b>EXPENDITURES</b>			
Public Safety	--	500	500
Highways and Streets	95,980	--	95,980
Debt Service	<u>4,144,659</u>	<u>    --</u>	<u>4,144,659</u>
<b>TOTAL EXPENDITURES</b>	<u>4,240,639</u>	<u>    500</u>	<u>4,241,139</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(4,240,639)</u>	<u>    (367)</u>	<u>(4,241,006)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	--	127,760	127,760
Refund of Prior Year's Revenues	(4,367)	--	(4,367)
Sale of Capital Assets	9,000	--	9,000
Lease Proceeds	86,980	--	86,980
Proceeds from Long-Term Debt	<u>4,144,659</u>	<u>    --</u>	<u>4,144,659</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>4,236,272</u>	<u>  127,760</u>	<u>4,364,032</u>
<b>Changes in Fund Balances</b>	(4,367)	127,393	123,026
<b>Fund Balances – January 1, 2021</b>	<u>    4,367</u>	<u>   65,171</u>	<u>   69,538</u>
<b>Fund Balances – December 31, 2021</b>	<u>\$    --</u>	<u>\$ 192,564</u>	<u>\$ 192,564</u>

See accompanying independent auditor's report.