

**HAMILTONBAN TOWNSHIP**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2020

# HAMILTONBAN TOWNSHIP

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## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
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We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamiltonban Township, Pennsylvania as of and for the year ended December 31, 2020 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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.

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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 Township'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 Township'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.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hamiltonban Township, Pennsylvania, as of December 31, 2020, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are unmodified with respect to this matter.

### **Other Matters**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hamiltonban Township, Pennsylvania's basic financial statements. The pension data on page 25, which is the responsibility of management, is presented for purposes of additional analysis and is 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.

The non-major fund financial schedules and detailed general fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 non-major fund financial schedules and detailed general fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rotz & Stonesifer, P.C.*

Chambersburg, Pennsylvania  
September 20, 2021

# HAMILTONBAN TOWNSHIP

## STATEMENT OF NET POSITION – MODIFIED CASH BASIS

December 31, 2020

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash & cash equivalents	\$ 1,165,883
<b>TOTAL ASSETS</b>	<u>1,165,883</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Payroll taxes payable	1,186
Purchase card liability	697
Escrow deposits	1,331
<b>TOTAL LIABILITIES</b>	<u>3,214</u>
<b>NET POSITION</b>	
Restricted - highway aid	72,523
Restricted - fire & EMS	28,271
Unrestricted	1,061,875
<b>TOTAL NET POSITION</b>	<u>\$ 1,162,669</u>

See accompanying notes to financial statements.

# HAMILTONBAN TOWNSHIP

## STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS

For the Year Ended December 31, 2020

	Expenses	Program Revenues		Net (Expenses) and	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Position
				Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
<b>Governmental Activities</b>					
General government	\$ 182,302	\$ 10,242	\$ 19,794	\$ -	\$ (152,266)
Public safety	105,028	26,742	17,851	-	(60,435)
Public works	610,942	-	154,074	-	(456,868)
Culture & recreation	11,191	-	-	14,889	3,698
Insurance & employee benefits	115,474	-	-	-	(115,474)
Debt service	291,990	-	-	-	(291,990)
Refund of prior year revenue	4,037	-	-	-	(4,037)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,320,964</b>	<b>\$ 36,984</b>	<b>\$ 191,719</b>	<b>\$ 14,889</b>	<b>(1,077,372)</b>
<b>General Revenues</b>					
Taxes					
Real estate taxes					369,867
Earned income taxes					280,727
Fire & EMS taxes					59,221
Real estate transfer taxes					42,546
Per capita taxes					8,254
Amusement taxes					8,475
Debt proceeds					244,500
Proceeds from sale of assets					278
Contributions					4,584
Miscellaneous, licenses & permits, franchise fees					15,108
Investment income					10,088
<b>Total General Revenues</b>					<b>1,043,648</b>
<b>Changes in Net Position</b>					<b>(33,724)</b>
<b>Net Position - January 1, 2020</b>					<b>1,196,393</b>
<b>Net Position - December 31, 2020</b>					<b>\$ 1,162,669</b>

See accompanying notes to financial statements.

# HAMILTONBAN TOWNSHIP

## BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS

December 31, 2020

	General Fund	Highway Aid Fund	Non-major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash & cash equivalents	\$ 1,065,089	\$ 72,523	\$ 28,271	\$ 1,165,883
<b>TOTAL ASSETS</b>	<u>\$ 1,065,089</u>	<u>\$ 72,523</u>	<u>\$ 28,271</u>	<u>\$ 1,165,883</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Payroll taxes payable	\$ 1,186	\$ -	\$ -	\$ 1,186
Purchase card liability	697	-	-	697
Escrow liability	1,331	-	-	1,331
<b>Total Liabilities</b>	<u>3,214</u>	<u>-</u>	<u>-</u>	<u>3,214</u>
<b>Fund Balances</b>				
Restricted - highway aid	-	72,523	-	72,523
Restricted - fire & EMS	-	-	28,271	28,271
Unassigned	1,061,875	-	-	1,061,875
<b>Total Fund Balances</b>	<u>1,061,875</u>	<u>72,523</u>	<u>28,271</u>	<u>1,162,669</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,065,089</u>	<u>\$ 72,523</u>	<u>\$ 28,271</u>	<u>\$ 1,165,883</u>

See accompanying notes to financial statements.



# HAMILTONBAN TOWNSHIP

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS

For the Year Ended December 31, 2020

	General Fund	Highway Aid Fund	Non-major Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 709,869	\$ -	\$ 59,221	\$ 769,090
Intergovernmental	52,534	154,074	-	206,608
Charges for services	36,984	-	-	36,984
Investment earnings	9,643	432	13	10,088
Licenses & permits	8,922	-	-	8,922
Contributions	4,584	-	-	4,584
Fines & forfeits	4,300	-	-	4,300
<b>Total Revenue</b>	<b>826,836</b>	<b>154,506</b>	<b>59,234</b>	<b>1,040,576</b>
<b>Expenditures</b>				
Public works - highways	510,760	99,032	-	609,792
Debt service - principal payments	258,793	-	-	258,793
General government	182,302	-	-	182,302
Public safety	51,116	-	53,912	105,028
Employee benefits	94,997	-	-	94,997
Debt service - interest payments	33,197	-	-	33,197
Insurance	20,477	-	-	20,477
Culture & recreation	11,191	-	-	11,191
Other public works	1,150	-	-	1,150
<b>Total Expenditures</b>	<b>1,163,983</b>	<b>99,032</b>	<b>53,912</b>	<b>1,316,927</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(337,147)</b>	<b>55,474</b>	<b>5,322</b>	<b>(276,351)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from general long-term debt	244,500	-	-	244,500
Refund of prior year expenditures	1,886	-	-	1,886
Proceeds from sale of assets	278	-	-	278
Refund of prior year revenues	(4,037)	-	-	(4,037)
<b>Total Other Financing Sources (Uses)</b>	<b>242,627</b>	<b>-</b>	<b>-</b>	<b>242,627</b>
<b>Net Changes in Fund Balances</b>	<b>(94,520)</b>	<b>55,474</b>	<b>5,322</b>	<b>(33,724)</b>
<b>Fund Balances</b>				
January 1, 2020	1,156,395	17,049	22,949	1,196,393
December 31, 2020	<u>\$ 1,061,875</u>	<u>\$ 72,523</u>	<u>\$ 28,271</u>	<u>\$ 1,162,669</u>

See accompanying notes to financial statements.

# HAMILTONBAN TOWNSHIP

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS

For the Year Ended December 31, 2020

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 651,000	\$ 651,000	\$ 709,869	\$ 58,869
Intergovernmental	32,690	32,690	52,534	19,844
Charges for services	23,900	23,900	36,984	13,084
Investment earnings	3,125	3,125	9,643	6,518
Licenses & permits	7,150	7,150	8,922	1,772
Miscellaneous revenue	-	-	4,584	4,584
Fines & forfeits	3,000	3,000	4,300	1,300
<b>Total Revenue</b>	<u>720,865</u>	<u>720,865</u>	<u>826,836</u>	<u>105,971</u>
<b>Expenditures</b>				
Public works - highways	507,602	550,152	510,760	39,392
Debt service	223,557	250,368	291,990	(41,622)
General government	208,298	158,298	182,302	(24,004)
Miscellaneous	120,147	134,934	115,474	19,460
Public safety	38,002	38,002	51,116	(13,114)
Culture & recreation	7,739	7,739	11,191	(3,452)
Other public works	1,100	1,100	1,150	(50)
<b>Total Expenditures</b>	<u>1,106,445</u>	<u>1,140,593</u>	<u>1,163,983</u>	<u>(23,390)</u>
<b>Deficiency of Revenues Over Expenditures</b>	(385,580)	(419,728)	(337,147)	82,581
<b>Other Financing Sources (Uses)</b>				
Proceeds of long term debt	250,000	250,000	244,500	(5,500)
Proceeds of general fixed assets	-	-	278	278
Refunds of prior year expenditures	80	80	1,886	1,806
Transfers in	160,500	169,648	-	(169,648)
Transfers out	(25,000)	-	-	-
Refunds of prior year revenues	-	-	(4,037)	(4,037)
<b>Total Other Financing Uses</b>	<u>385,580</u>	<u>419,728</u>	<u>242,627</u>	<u>(177,101)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	(94,520)	<u>\$ (94,520)</u>
<b>Fund Balance</b>				
January 1, 2020			1,156,395	
December 31, 2020			<u>\$ 1,061,875</u>	

See accompanying notes to financial statements.

# HAMILTONBAN TOWNSHIP

## STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUNDS MODIFIED CASH BASIS

December 31, 2020

	<u>Police</u>	<u>Non-Uniformed</u>	<u>Total</u>
<b>ASSETS</b>			
Investments	<u>\$ 226,450</u>	<u>\$ 337,051</u>	<u>\$ 563,501</u>
<b>NET POSITION</b>			
Restricted	<u>\$ 226,450</u>	<u>\$ 337,051</u>	<u>\$ 563,501</u>

See accompanying notes to financial statements.

# HAMILTONBAN TOWNSHIP

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUNDS – MODIFIED CASH BASIS

For the Year Ended December 31, 2020

	<u>Police</u>	<u>Non-Uniformed</u>	<u>Total</u>
<b>Additions</b>			
Contributions - employer	\$ -	\$ 5,000	\$ 5,000
Investment gain	39,724	57,220	96,944
<b>Total additions</b>	<u>39,724</u>	<u>62,220</u>	<u>101,944</u>
<b>Deductions</b>			
Benefit payments	8,827	-	8,827
Administrative costs	394	659	1,053
<b>Total deductions</b>	<u>9,221</u>	<u>659</u>	<u>9,880</u>
<b>Change in Net Position</b>	30,503	61,561	92,064
<b>Net Position</b>			
January 1, 2020	195,947	275,490	471,437
December 31, 2020	<u>\$ 226,450</u>	<u>\$ 337,051</u>	<u>\$ 563,501</u>

See accompanying notes to financial statements.

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hamiltonban Township is located in Adams County, Pennsylvania. The Township is governed by a Board of Supervisors. The daily operations and management of the Township are performed by the administrative staff of the Township. The Township provides the following services as authorized by its charter: Public Safety – Police, Highways and Streets, Culture and Recreation, Public Improvements, Planning and Zoning, and General Administrative Services. In December, 2012, the Township disbanded the Police Department. Police protection is provided by the Pennsylvania State Police.

The Township receives the majority of its revenue from taxes assessed to individuals and real estate owners. As a result, the Township is substantially dependent on the local economy for its operations.

The financial statements of the Hamiltonban Township (Township) have been prepared in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Township's accounting policies are described below.

#### Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Township are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separated from the Township.

The Township, as the primary government, is to evaluate the possible inclusion in the Township's financial statements of organizations which the primary government is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township legally has access to the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the Township's approved budget, the issuance of debt, or the levying of taxes.

#### Basis of Presentation

The Township's basic financial statements consist of government-wide statements, including statements of net position and activities, and fund financial statements, which provide a more detailed level of financial reporting.

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

#### Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the financial condition of the governmental and business-type activities of the Township at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues of the Township. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function draws from the general revenues of the Township.

#### Fund Financial Statements

During the year, the Township segregates transactions related to certain government functions or activities in separate funds in order to aid financial management and to comply with legal requirements. Fund financial statements are designed to present financial information of the Township at a more detailed level. The focus of governmental and proprietary (enterprise) fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Township prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred, with the exception of certain receivables and liabilities. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation – continued

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the economic resources measurement focus, within the limitation of the modified cash basis of accounting.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as described below.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. Their operating statements present sources and uses of available spendable financial resources during a given time period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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 with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements as governmental and proprietary.

Governmental funds are those through which most governmental functions are typically financed. Governmental fund reporting focuses on sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Township’s major governmental funds:

General Fund - The General Fund is the Township’s primary operating fund. It accounts for all financial resources except those required to be accounted for in other funds.

Highway Aid Fund - This fund is used to account for the state subsidy from liquid fuels taxes, which must be expended for highway and street maintenance or construction.

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation – continued

The Township has the following non-major governmental funds:

Fire/EMS Fund – This fund accounts for the real estate taxes levied for the benefit of the Township’s volunteer fire companies and financial support provided by the Township.

The fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, or other governments. This includes the uniformed and non-uniformed pension trust funds that account for resources, including both principal and earnings, which must be expended according to the provisions of the trust agreement and is accounted for in essentially the same manner as proprietary funds.

#### Budgets and Budgetary Accounting

The Township Council approves an annual budget based on the requirements of the Commonwealth of Pennsylvania, Department of Community and Economic Development. The Township Council adopts annual appropriated budgets for Township operating funds, consistent with the Township’s modified cash basis of accounting. These funds include the general fund, special revenues fund, capital projects fund, and proprietary funds. All annual appropriations lapse at the fiscal year end. Once approved, the Township Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund’s appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services, other services and charges, supplies, capital outlay, transfers, and debt service. All budget transfers within expenditures are allowed with approval of the Township’s finance committee chair.

#### Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the Township requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.



# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Subsequent Events: In preparing these financial statements, the Township has evaluated events and transactions for potential recognition or disclosure through September 20, 2021, the date the financial statements were available to be issued.

Cash and Cash Equivalents: For the purpose of financial reporting, cash and cash equivalents include amounts in demand and interest-bearing bank deposits; and short-term, highly-liquid investments, with original maturities of three months or less when purchased, that are readily available to be converted to cash.

Investment: Investments are reported at fair value.

Internal Balances: 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.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Capital Assets: In both the government-wide and fund financial statements, capital assets arising from cash transactions acquired for operations are accounted for as capital outlay expenditures in the year of acquisition. No expenditures for capital assets are capitalized under the Township’s modified cash basis of accounting.

Inventories of Material and Supplies: Material and supplies of all funds are expensed when purchased under the modified cash basis of accounting.

Net Position: Government-wide statements – Net position is classified and displayed in three components:

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvements of those assets.

Unrestricted - All other net position that do not meet the definition of “restricted” or “net invested in capital assets.”

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

#### Net Position: – continued

It is the Township's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for a purpose for which both restricted and unrestricted net position are available.

Fund Financial Statements – Governmental fund balance is classified as follows:

Nonspendable - Fund balances that are either not in spendable form, or legally or contractually required to be maintained intact, such as permanent fund.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Committed - Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by Council through an ordinance. An ordinance also must be passed by Council to modify or rescind committed fund balances.

Assigned - Assigned fund balances are constrained by intent made by Council to be used for specific purposes but are neither restricted or committed.

Unassigned - All other fund balances that are not nonspendable, restricted, committed or assigned.

It is the Township's policy to first use restricted, committed and assigned funds prior to the use of unassigned funds when an expense is incurred for a purpose for which both restricted, committed, assigned and unassigned funds are available.

Proprietary fund equity is classified the same as in government-wide statements.

In the statement of activities, modified cash basis revenues that are derived directly from each activity or from parties outside the Township's taxpayers as charges for service or restricted operational or capital grants are reported as program revenues. The Township has the following program revenues in each activity:

General Government - Zoning charges, cable franchise fees

Streets and Public Works - Highway street lighting charges; operating grants to repair damaged streetlights and liquid fuels funds from the Commonwealth of Pennsylvania.

Culture and Recreation - Operating grants restricted for culture and recreation activities.

All other governmental revenues are reported as general. All taxes are classified as general revenues even if restricted for a specific purpose.

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### NOTE 2: CASH 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. In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

The deposit and investment policy of the Township adheres to state statutes and prudent business practice. Township funds are maintained in demand deposits, highly liquid money market funds, certificates of deposit, or pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT) and are captioned as “cash and cash equivalents” in the financial statements. These amounts are stated at cost which approximates market. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Township.

Custodial Credit Risk: Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the government’s deposits may not be returned to it.

Act 72 of the Commonwealth of Pennsylvania recognized this risk and requires deposits of Township funds in excess of FDIC insurance to be collateralized. Banks are required to pledge as collateral securities with an aggregate market value in excess of all of its uninsured Pooled Public Fund deposits.

As of December 31, 2020, the Township’s bank balance was exposed to custodial credit risk in the amount of \$537,311. In addition to the carrying amount with the bank, the Township has \$370,831 invested in the Pennsylvania Local Government Investment Trust (PLGIT) and \$50 in petty cash. All amounts invested with PLGIT as of December 31, 2020 were invested in money market accounts.

Investments in Pennsylvania Local Government Investment Trust (PLGIT) are not subject to interest rate risk as the funds are accessible on a daily basis and the interest rates change daily based on market conditions. This fund invests in U.S. Treasury and Federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificate of deposit. Weighted-average portfolio maturity for the fund is expected to be kept at or below 60 days.

Restricted investments in the pension funds are reported at fair value.

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### NOTE 3: PROPERTY TAXES

The Township levies its property taxes based upon assessed valuation provided by Adams County. Real estate tax bills are issued as of March 1 of each year. The schedule for property taxes levied for 2020 is as follows:

March 1	levy date
March 1 - June 30	2% discount period
July 1 - October 31	face payment period
November 1 - December 31	10% penalty period

All taxes unpaid at December 31 are turned over to the county for collection. The Township's property tax rate in 2020 was 1.4859 mills.

In 2014, the Adams County Council of Governments suggested and was a proponent for levying a Fire and EMS tax. The Adams County Council of Governments provided a history of Fire and EMS calls in the Township to determine the percentage allocation to four fire companies. The Township's Fire and EMS tax rate in 2020 was 0.25 mills.

### NOTE 4: LONG-TERM DEBT

On May 25, 2017 the Township borrowed \$725,499 in the form of a General Obligation Note to refinance a Series 2010 General Obligation Note. The terms of this loan require semi-annual payments with an interest rate of 3.65% fixed for 10 years. After the initial fixed rate period, the interest rate will convert to a floating rate of 66% of U.S. Prime for the term of the note with a floor rate of 2.64% and a cap of 4.785%. This loan is scheduled to be repaid over a period of 14 years and 8 months with the final payment due in December 2032.

During 2016, the Township borrowed \$200,000 from the Commonwealth of Pennsylvania, the proceeds of which were used for bridge construction. The terms of the loan required annual payments with an interest rate of 1.625% fixed for a term of five years. The final payment was paid August 13, 2020.

During 2018, the Township borrowed \$50,000 from the Commonwealth of Pennsylvania, the proceeds of which were used for a down payment on a 2018 Mack Truck. The terms of the loan require quarterly payments with an interest rate of 2.0% fixed for a term of five years. The final payment is due December 1, 2022.

During 2018, the Township leased a 2018 Mack Truck. They paid a \$50,000 down payment and the remaining lease payments will be \$13,655 per year until September 5, 2022. At this time the purchase option price is zero.

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### **NOTE 4: LONG-TERM DEBT - continued**

During 2019, the Township borrowed \$50,000 from the Commonwealth of Pennsylvania, the proceeds of which were used for a down payment on a 2019 wheel loader. The terms of the loan require quarterly payments with an interest rate of 2.0% fixed for a term of five years. The final payment is due June 1, 2024.

During 2019, the Township leased a 2019 wheel loader. They paid a \$50,000 down payment and the remaining lease payments were \$11,043 per year until May 7, 2024. The final payment was paid October 29, 2020.

During 2020 the Township leased a 2019 boom mower. They paid a \$31,309 down payment and the remaining lease payments were \$31,309 per year until January 23, 2024. The Township may exercise a \$1 purchase option at the end of the lease term.

During 2020, the Township borrowed \$250,000 from ACNB Bank, the proceeds of which were used for road construction. The terms of the loan require semi-annual payments with an interest rate of 2.584% fixed for a term of five years. The final payment is due February 20, 2025.

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

For the Year Ended December 31, 2020

### NOTE 4: LONG-TERM DEBT - continued

The following displays the details of the debt for the year ended December 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
General Obligation Note, Series 2017	\$ 623,209	\$ -	\$ (38,955)	\$ 584,254	\$ (40,389)	\$ 543,865
Commonwealth of Pennsylvania Note Payable	81,948	-	(81,948)	-	-	-
Commonwealth of Pennsylvania Note Payable	31,105	-	(10,162)	20,943	(10,367)	10,576
Community Leasing Partners	38,202	-	(12,289)	25,913	(12,729)	13,184
Commonwealth of Pennsylvania Note Payable	46,222	-	(9,916)	36,306	(10,116)	26,190
FNB Equipment Lease	50,633	-	(50,633)	-	-	-
FNB Equipment Lease	-	143,384	(31,309)	112,075	(26,160)	85,915
ACNB Note Payable	-	250,000	(23,581)	226,419	(48,079)	178,340
Totals	<u>\$ 871,319</u>	<u>\$ 393,384</u>	<u>\$ (258,793)</u>	<u>\$ 1,005,910</u>	<u>\$ (147,840)</u>	<u>\$ 858,070</u>

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

For the Year Ended December 31, 2020

### NOTE 4: LONG-TERM DEBT - continued

The following schedule lists the amount of debt service for the next five years and thereafter:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 147,840	\$ 33,569	\$ 181,409
2022	152,649	28,761	181,410
2023	133,180	23,868	157,048
2024	132,224	19,438	151,662
2025	73,146	15,015	88,161
2026-2030	307,658	41,757	349,415
2031-2033	59,213	1,177	60,390
	<u>\$ 1,005,910</u>	<u>\$ 163,585</u>	<u>\$ 1,169,495</u>

### NOTE 5: RISK MANAGEMENT

The Township is exposed to various risks of loss due to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

### NOTE 6: PENSION PLAN

#### Plan Descriptions

Hamiltonban Township has two single-employer defined benefit pension plans, the non-uniformed pension plan and the police pension plan. The plans provide retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan. Act No. 205, Municipal Pension Plan Funding Standard and Recovery Act, provides the authority for the Township to establish and amend the plans.

Both plans participate in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as common investment and administrative agent for 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 at 717-787-2065, or by accessing their website at [www.pMrs.state.pa.us](http://www.pMrs.state.pa.us).

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### NOTE 6: PENSION PLAN - continued

#### Funding Policy

Plan members are required to contribute 0.0% of their annual covered salary. The Township is required to contribute at an actuarially determined rate. Act 205 establishes the contribution requirements of the plan members and the Township. Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the plan and funded through investment earnings.

The plan is also eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the Township in accordance with Act 205.

<u>Plan Membership</u>	<u>Police</u>	<u>Non-Uniform</u>
Active employees	0	4
Retirees and beneficiaries currently receiving benefits	1	0
Terminated employees entitled to benefits but not yet receiving them	0	2
Total	<u>1</u>	<u>6</u>



# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

For the Year Ended December 31, 2020

### NOTE 6: PENSION PLAN - continued

#### Actuarial Methods of Assumption

The following is information as of the most recent actuarial valuation:

	Non-Uniformed Pension Plan	Police Pension Plan
Actuarial valuation date	January 1, 2017	January 1, 2017
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar closed basis	Level dollar closed basis
Asset valuation method	Based upon municipal reserves	Based upon municipal reserves
Actuarial assumptions		
Investment rate of return	5.25%	5.25%
Projected salary increases	Age related scale w/merit and inflation component	Age related scale w/merit and inflation component
Inflation	3.00%	3.00%

Funded Status and Funding Progress: The schedule of funding progress, presented as supplementary information following the notes to the financial statements, presents multi-year trend information about whether the plan's fiduciary net position is increasing or decreasing over time relative to the total pension liability for benefits. For the year ended December 31, 2020, the payments to the non-uniform pension plan were \$9,294 and none for the police plan, respectively.

The following information uses a measurement date of December 31, 2019.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Non-uniform pension plan	\$ 207,243	\$ 337,051	\$ (129,808)
Police pension plan	101,736	226,450	(124,714)
	<u>\$ 308,979</u>	<u>\$ 563,501</u>	<u>\$ (254,522)</u>

# HAMILTONBAN TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

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For the Year Ended December 31, 2020

### **NOTE 7: RISKS AND UNCERTAINTIES**

In December, 2019 a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The Township's evaluation of the effects of these events is ongoing as of the date the accompanying statements were issued. COVID-19 may impact various parts of the Township's 2021 operations and financial performance including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of personnel, supply chain disruption, or declines in revenue or volumes of certain revenue streams. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

## **SUPPLEMENTARY INFORMATION**

# HAMILTONBAN TOWNSHIP

## PENSION PLANS – UNAUDITED SCHEDULE OF FUNDING PROGRESS

December 31, 2020

### Non-uniform Plan

Measurement Date	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (b/a)	Covered-employee Payroll (c)	Net Pension Liability as a Percentage of Covered-employee Payroll ((a-b)/c)
12/31/2017	\$ 137,951	\$ 286,987	\$ (149,036)	208.04%	\$ 157,457	-94.65%
12/31/2018	\$ 180,465	\$ 275,490	\$ (95,025)	152.66%	\$ 168,182	-56.50%
12/31/2019	\$ 207,243	\$ 337,051	\$ (129,808)	162.64%	\$ 143,375	-90.54%

### Police Plan

Measurement Date	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (b/a)	Covered-employee Payroll (c)	Net Pension Liability as a Percentage of Covered-employee Payroll ((a-b)/c)
12/31/2017	\$ 107,712	\$ 213,100	\$ (105,388)	197.84%	\$ -	0.00%
12/31/2018	\$ 105,265	\$ 195,947	\$ (90,682)	186.15%	\$ -	0.00%
12/31/2019	\$ 101,736	\$ 226,450	\$ (124,714)	222.59%	\$ -	0.00%

# HAMILTONBAN TOWNSHIP

## SCHEDULE OF ASSETS AND FUND BALANCE - NON-MAJOR FUNDS MODIFIED CASH BASIS

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December 31, 2020

	<u>Fire/EMS</u>
<b>ASSETS</b>	
Cash	<u>\$ 28,271</u>
<b>FUND BALANCE</b>	
Restricted - fire/EMS	<u>28,271</u>
<b>Total Fund Balance</b>	<u>\$ 28,271</u>

# HAMILTONBAN TOWNSHIP

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR FUNDS – MODIFIED CASH BASIS

For the Year Ended December 31, 2020

	<u>Fire/EMS</u>
<b>Revenues</b>	
Taxes	\$ 59,221
Investment earnings	13
<b>Total Revenue</b>	<u>59,234</u>
<b>Expenditures</b>	
Public safety	<u>53,912</u>
<b>Change in Fund Balance</b>	5,322
<b>Fund Balance</b>	
January 1, 2020	<u>22,949</u>
December 31, 2020	<u><u>\$ 28,271</u></u>

# HAMILTONBAN TOWNSHIP

## SCHEDULE OF REVENUES – GENERAL FUND – MODIFIED CASH BASIS

For the Year Ended December 31, 2020

### GENERAL FUND

#### Taxes

Real estate	\$ 369,867
Earned income	280,727
Real estate transfer	42,546
Amusement taxes	8,475
Per capita	8,254
<b>Total Taxes</b>	<u>709,869</u>

#### Licenses & Permits

TV cable franchise fees	8,922
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#### Fines & Forfeits

4,300

#### Investment Earnings

9,643

#### Intergovernmental

Foreign fire insurance	16,716
State payments in lieu of taxes	15,520
State grants	14,889
Pension system state aid	4,274
Public utility realty tax	735
Alcoholic beverage licenses	400
<b>Total Intergovernmental</b>	<u>52,534</u>

#### Charges for Services

Public safety	26,742
General government	10,242
<b>Total Charges for Services</b>	<u>36,984</u>

#### Miscellaneous Revenue

Proceeds of long term debt	244,500
Contributions & donations	4,584
Refunds of prior year expenditures	1,886
Proceeds of sale of assets	278
<b>Total Miscellaneous Revenue</b>	<u>251,248</u>

### TOTAL REVENUE

\$ 1,073,500

# HAMILTONBAN TOWNSHIP

## SCHEDULE OF EXPENDITURES – GENERAL FUND – MODIFIED CASH BASIS

For the Year Ended December 31, 2020

### General Government

Secretary/clerk	\$ 48,272
Engineering services	34,976
Other administration	31,193
General government building & plant	19,791
Tax collection	19,750
Legal services	10,845
Legislative/governing body	9,395
Auditing services	8,080
<b>Total General Government</b>	<u>182,302</u>

### Public Safety

Fire	47,241
Planning & zoning	2,961
Code enforcement	629
Emergency management & communication	285
<b>Total Public Safety</b>	<u>51,116</u>

### Public Works - Highway

Highway construction & rebuilding projects	279,276
Maintenance & repairs of road & bridges	137,628
General services	31,921
Street signs & markings	29,587
Winter maintenance	27,158
Street lighting	5,190
<b>Total Public Works - Highway</b>	<u>510,760</u>

### Other Public Works

1,150

### Culture & Recreation

Parks & recreation	5,952
Contributions	5,239
<b>Total Culture &amp; Recreation</b>	<u>11,191</u>

### Debt Service

Principal	258,793
Interest	33,197
<b>Total Debt Service</b>	<u>291,990</u>



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**Miscellaneous & Other Financing Uses**

Group compensation & other benefits	60,778
Insurance	20,477
Employer payroll taxes	15,916
Retirement fund contributions	9,294
Worker compensation insurance	9,009
Refund of prior year revenues	4,037
<b>Total Miscellaneous &amp; Other Financing Uses</b>	<u>119,511</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 1,168,020</u></u>