



**Hamiltonban Township**  
**Financial Statements and  
Supplementary Information**

December 31, 2022



# Hamiltonban Township

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December 31, 2022

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## Independent Auditor's Report

To the Board of Supervisors  
Hamiltonban Township  
Adams County, Pennsylvania

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the related notes to the financial statements of Hamiltonban Township (the Township), Adams County, Pennsylvania, as of and for the year ended December 31, 2022, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2022, 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 2.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Basis of Accounting

We draw attention to Note 2 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 not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

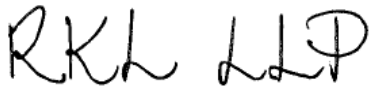
In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 2.

Handwritten signature in black ink that reads "RKL LLP". The letters are cursive and somewhat stylized.

May 26, 2023  
Chambersburg, Pennsylvania

# Hamiltonban Township

Statement of Net Position - Modified Cash Basis

December 31, 2022

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,579,760
Restricted cash	<u>78,973</u>
<b>Total Assets</b>	<b><u>\$ 1,658,733</u></b>
<b>Liabilities</b>	
Payroll taxes payable	\$ 1,493
Purchase card liability	1,711
Escrow liability	<u>78,973</u>
<b>Total Liabilities</b>	<b><u>\$ 82,177</u></b>
<b>Net Position</b>	
Restricted	
Fire/EMS	\$ 73,256
Highway aid	78,867
Unrestricted	<u>1,424,433</u>
<b>Total Net Position</b>	<b><u>\$ 1,576,556</u></b>

## Hamiltonban Township

Statement of Activities - Modified Cash Basis

Year Ended December 31, 2022

<i>Functions/Programs</i>	Expenditures	Program Revenues			Net Revenues and (Expenditures), Change in Net Position, Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
Governmental activities					
General government	\$ 202,756	\$ 25,132	\$ 175,303	\$ -	\$ (2,321)
Public safety	67,979	25,170	17,788	-	(25,021)
Public works	425,663	11,909	160,029	-	(253,725)
Culture and recreation	20,731	125	-	-	(20,606)
Insurance and employee benefits	148,880	-	-	-	(148,880)
Debt service	177,277	-	-	-	(177,277)
Refund of prior year revenue	735	-	-	-	(735)
<b>Total Primary Government</b>	<b>\$ 1,044,021</b>	<b>\$ 62,336</b>	<b>\$ 353,120</b>	<b>\$ -</b>	<b>(628,565)</b>
<b>General Revenues</b>					
Taxes					
Real estate taxes					371,633
Earned income taxes					348,362
Real estate transfer taxes					57,557
Fire and EMS taxes					60,224
Amusement taxes					10,474
Per capita taxes					8,737
Miscellaneous, licenses and permits, franchise fees					36,780
Contributions					5,524
Investment income					15,441
Proceeds from sale of fixed assets					217
<b>Total General Revenues</b>					<b>914,949</b>
<b>Change in Net Position</b>					<b>286,384</b>
<b>Net Position at Beginning of Year</b>					<b>1,290,172</b>
<b>Net Position at End of Year</b>					<b>\$ 1,576,556</b>

## Hamiltonban Township

### Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis - Governmental Funds

December 31, 2022

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,427,637	\$ 152,123	\$ 1,579,760
Restricted cash	78,973	-	78,973
<b>Total Assets</b>	<b>\$ 1,506,610</b>	<b>\$ 152,123</b>	<b>\$ 1,658,733</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Payroll taxes payable	\$ 1,493	\$ -	\$ 1,493
Purchase card liability	1,711	-	1,711
Escrow liability	78,973	-	78,973
<b>Total Liabilities</b>	<b>82,177</b>	<b>-</b>	<b>82,177</b>
<b>Fund Balances</b>			
Restricted			
Fire/EMS	-	73,256	73,256
Highway aid	-	78,867	78,867
Unassigned	1,424,433	-	1,424,433
<b>Total Net Position</b>	<b>1,424,433</b>	<b>152,123</b>	<b>1,576,556</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,506,610</b>	<b>\$ 152,123</b>	<b>\$ 1,658,733</b>



## Hamiltonban Township

Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds  
Year Ended December 31, 2022

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 796,763	\$ 60,224	\$ 856,987
Intergovernmental	210,059	143,061	353,120
Charges for services	62,336	-	62,336
Licenses and permits	31,445	-	31,445
Investment earnings	14,101	1,340	15,441
Contributions	5,524	-	5,524
Fines and forfeits	3,108	-	3,108
Miscellaneous income	133	-	133
<b>Total Revenues</b>	<b>1,123,469</b>	<b>204,625</b>	<b>1,328,094</b>
<b>Expenditures</b>			
Public works - highways	333,263	90,912	424,175
General government	202,756	-	202,756
Debt service - principal payments	150,481	-	150,481
Employee benefits	121,304	-	121,304
Public safety	45,265	22,714	67,979
Insurance	27,576	-	27,576
Debt service - interest payments	26,796	-	26,796
Culture and recreation	20,731	-	20,731
Other public works	1,488	-	1,488
<b>Total Expenditures</b>	<b>929,660</b>	<b>113,626</b>	<b>1,043,286</b>
<b>Excess of Revenues over Expenditures</b>	<b>193,809</b>	<b>90,999</b>	<b>284,808</b>
<b>Other Financing Sources (Uses)</b>			
Refund of prior year expenditures	2,094	-	2,094
Proceeds from sale of assets	217	-	217
Refund of prior year revenues	(735)	-	(735)
<b>Total Other Financing Sources (Uses)</b>	<b>1,576</b>	<b>-</b>	<b>1,576</b>
<b>Net Changes in Fund Balances</b>	<b>195,385</b>	<b>90,999</b>	<b>286,384</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,229,048</b>	<b>61,124</b>	<b>1,290,172</b>
<b>Fund Balances at End of Year</b>	<b>\$ 1,424,433</b>	<b>\$ 152,123</b>	<b>\$ 1,576,556</b>

## Hamiltonban Township

Budgetary Comparison Schedule - Modified Cash Basis - General Fund

Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ 651,000	\$ 796,763	\$ 145,763
Intergovernmental	164,119	210,059	45,940
Charges for services	38,000	62,336	24,336
Licenses and permits	30,050	31,445	1,395
Investment earnings	825	14,101	13,276
Contributions	-	5,524	5,524
Fines and forfeits	3,000	3,108	108
Miscellaneous income	-	133	133
<b>Total Revenues</b>	<b>886,994</b>	<b>1,123,469</b>	<b>236,475</b>
<b>Expenditures</b>			
Public works - highways	446,508	333,263	113,245
General government	180,514	202,756	(22,242)
Debt service - principal payments	153,931	150,481	3,450
Employee benefits	154,174	121,304	32,870
Public safety	29,500	45,265	(15,765)
Insurance	23,841	27,576	(3,735)
Debt service - interest payments	27,478	26,796	682
Culture and recreation	10,139	20,731	(10,592)
Other public works	1,225	1,488	(263)
<b>Total Expenditures</b>	<b>1,027,310</b>	<b>929,660</b>	<b>97,650</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(140,316)</b>	<b>193,809</b>	<b>334,125</b>
<b>Other Financing Sources (Uses)</b>			
Refund of prior year expenditures	80	2,094	2,014
Proceeds from sale of assets	-	217	217
Transfers in	140,236	-	(140,236)
Refund of prior year revenues	-	(735)	(735)
<b>Total Other Financing Sources (Uses)</b>	<b>140,316</b>	<b>1,576</b>	<b>(138,740)</b>
<b>Net Changes in Fund Balances</b>	<b>\$ -</b>	<b>195,385</b>	<b>\$ 195,385</b>
<b>Fund Balance at Beginning of Year</b>		<b>1,229,048</b>	
<b>Fund Balance at End of Year</b>		<b>\$ 1,424,433</b>	

## **Hamiltonban Township**

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### Notes to Financial Statements

December 31, 2022

#### **Note 1 - Nature of Activity**

Hamiltonban Township (the Township), Adams County, Pennsylvania, 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.

#### **Note 2 - Summary of Significant Accounting Policies**

These financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (U.S. GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

##### **The Financial Reporting Entity**

The Township is a Pennsylvania Second Class Township which operates under a Board of Supervisors form of government. The governing body is an elected three-member Board of Supervisors. The Township operates the general government activities of the community, including police and fire protection, street and road maintenance, parks and other culture and recreation, health and welfare, and various administrative functions.

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 a 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.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Basis of Presentation**

**Government-Wide Financial Statements**

The statement of net position - modified cash basis and the statement of activities - modified cash basis display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. The statements include all funds of the reporting entity except for fiduciary funds.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the Township, or meets the following criteria:

Total assets, liabilities, revenues, or expenditures of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or types, and total assets, liabilities, revenues, or expenditures of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Township may also report as a major fund, any fund it believes to be of particular importance to the financial statement users.

Presently all funds maintained by the Township are governmental fund types. The Township has no proprietary fund types.

The funds of the financial reporting entity are described below:

**Governmental Funds**

**General Fund** - is the primary operating fund of the Township and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

**Special Revenue Funds** - are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Basis of Presentation (continued)**

**Fund Financial Statements (continued)**

**Governmental Funds (continued)**

The reporting entity includes the following special revenue funds, which are reported as nonmajor funds:

**Fire/EMS Fund** - is used to account for taxes assessed for the purpose of providing financial support to the Township's volunteer fire companies.

**State Liquid Fuels Highway Aid Fund** - is used to account for the proceeds from the State Motor License Fund. Under the Act of June 1, 1956, P.L. 1944, No. 145, this Fund must be kept separate from all other funds and no other funds shall be commingled with this Fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations. County liquid fuels tax payments to the local government are not accounted for in this Fund.

**Basis of Accounting and Measurement Focus**

**Basis of Accounting**

The Township's policy is to prepare its financial statements on a modified cash basis under which only revenues collected and expenditures paid, intergovernmental due to and due from receivables and payables are recorded, and the changes in fair value of investments are recorded. Under this basis, revenue is recognized when collected, rather than when earned, and expenditures are generally recognized when paid, rather than when the related liability is incurred. Consequently, other receivables, other payables, inventories, long-lived assets, accrued income and expenses, and amortization and depreciation, which may be material in amount, are not reflected in the accompanying financial statements, which are not intended to present the financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

**Measurement Focus**

In the government-wide statement of net position - modified cash basis and statement of activities - modified cash basis, governmental activities are presented using the economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent, or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Basis of Accounting and Measurement Focus (continued)**

**Measurement Focus (continued)**

In the fund financial statements, the current financial resources measurement focus, as applied to the modified cash basis of accounting, is used. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Assets and Liabilities**

**Cash**

For the purpose of financial reporting, cash includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Cash held in investment accounts is recorded as investments.

**Investments**

The Board of Commissioners is authorized by statutes to invest its funds as defined in the Township Code. Authorized types of investments include the following:

- A. U.S. Treasury Bills.
- B. Short-term obligations of the U.S. Government and Federal agencies.
- C. Insured savings and checking accounts and certificates of deposit in banks, savings, and loan associations, and credit unions.
- D. General obligation bonds of the federal government, the Commonwealth of Pennsylvania, or any state agency, or of any Pennsylvania political subdivision.
- E. Bills of exchange or time drafts drawn and accepted by a commercial bank not to exceed 180 days.
- F. Short-term, unsecured obligations of corporations or other business entities organized in accordance with federal or state law.
- G. Shares of mutual funds whose investments are restricted to the above categories.

Investments are carried at fair value.

Investments of pension trust funds are pursuant to the guidelines established by the pension boards.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Assets and Liabilities (continued)**

**Due (to) from Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Capital Assets**

Capital assets resulting from modified cash transactions are reported as disbursements in the acquiring fund and in the appropriate government-wide activity column upon disbursement. No capital assets or related depreciation are reported in the fund financial statements or the government-wide statements.

**Long-Term Debt**

Debt proceeds from issuance of long-term debt are reported as other financing sources, and the payments of principal and interest are reported as expenditures.

**Equity**

**Government-Wide Statements**

The Township classifies net position into the following components:

**Restricted** - This component of net position consists of constraints placed on net position use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (b) law through constitutional provisions or enabling legislation.

**Unrestricted** - This component of net position consists of net position that does not meet the definition of "restricted."

The Township's policy is to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

**Fund Financial Statements**

The Township reports fund balances in the governmental funds into the following classifications:

**Nonspendable** - This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact. The Township has no amounts reported in this category.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Equity (continued)**

**Fund Financial Statements (continued)**

**Restricted** - This classification consists of amounts that are restricted to specific purposes either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (b) law through constitutional provisions or enabling legislation. The restriction is binding, unless removed with the consent of the resource provider.

**Committed** - This classification consists of amounts used for specific purposes imposed by formal action of the Township's highest level of decision-making authority. The commitment is binding, unless removed in the same manner imposed. Formal action must occur prior to fiscal year-end; however, the amount may be determined subsequent to year-end.

**Assigned** - This classification consists of amounts constrained by the Township's intent to be used for specific purposes that are neither restricted, nor committed.

**Unassigned** - This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance.

It is the Township's policy to first use restricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It is also the Township's policy to use committed fund balances before assigned fund balances, and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The Township has no formal minimum fund balance policies.

**Revenues and Expenditures**

**Program Revenues**

All revenues are recognized when received.

In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are program revenues. Amounts reported as program revenues include (a) charges to customers or applicants for goods and services or privileges provided, (b) operating grants and contributions, and (c) capital grants and contributions, including special assessments.

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



## **Hamiltonban Township**

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### Notes to Financial Statements

December 31, 2022

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Revenues and Expenditures (continued)**

###### **Property Taxes**

The Township is permitted by state law to levy taxes up to 30 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Township for 2022 was 1.7359 mills, consisting of 1.4859 mills for general obligations, and 0.25 mills for fire protection, as established by the Board of Commissioners. Current tax collections for the Township are approximately 98% of the total tax levy.

The Township's real estate taxes are based on assessed values established by the County's Board of Assessments. The taxes are collected by elected local tax collectors. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of 2% is applied to payments made prior to April 30. A penalty of 10% is added to the face amount of taxes paid after June 30. The County of Adams Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the County Tax Claim Bureau is made by January 15 of the subsequent year.

##### **Internal and Interfund Balances and Activities**

###### **Fund Financial Statements**

Interfund activity, if any, within and among the governmental fund categories is reported as follows in the fund financial statements:

###### **Interfund Services**

Sales or purchases of goods and services between funds are reported as revenues and expenditures.

###### **Interfund Reimbursements**

Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements, but as adjustments to expenditures in the respective 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.

## **Hamiltonban Township**

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### Notes to Financial Statements

December 31, 2022

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Budgets and Budgetary Accounting (continued)**

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.

#### **Note 3 - Deposits and Investments**

The Township's available cash is invested in demand deposit accounts and money market accounts at local financial institutions and The Pennsylvania Local Government Investment Trust (PLGIT). As of December 31, 2022, book balances were \$962,630 and the corresponding bank balance was \$987,836, of which \$771,721 was covered by the Federal Deposit Insurance Corporation. As of December 31, 2022, \$216,114 of deposits were exposed to custodial credit risk, because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

As of December 31, 2022, the Township's balance in PLGIT was \$696,053. While the PLGIT portfolios seek to maintain a stable net asset value of \$1.00 per share, it is possible to lose money investing in PLGIT. An investment in PLGIT is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Securities held in PLGIT accounts owned by the Authority are stated at fair value, which is determined by using the amortized cost method. The Authority's investments in PLGIT require a one day minimum deposit after which the funds can be withdrawn at no cost. Certain of the Authority's deposits are subject to a maximum number of two withdrawals per month.

##### **Credit Risk**

The Township limits the type of investments permitted as defined in the Township Code. Permitted investments are defined in Note 2. When making investments, the Township can combine monies from more than one fund under the Township's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

##### **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.

# Hamiltonban Township

## Notes to Financial Statements

December 31, 2022

### Note 4 - Long-Term Debt

Long-term debt consists of the following at December 31, 2022:

	<u>Balance Outstanding December 31, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding December 31, 2022</u>	<u>Amount Due Within One Year</u>
General Obligation Note payable to F&M Trust, original principal amount \$725,499, semi-annual payments of \$30,675, including interest at 3.65% through December 2032	\$ 543,865	\$ -	\$ 41,877	\$ 501,988	\$ 43,420
Loan payable to the Commonwealth of Pennsylvania, original principal amount \$50,000, quarterly payments of \$2,677, including interest at 2.00% through December 2022	10,576	-	10,576	-	-
Capital lease payable to Community Leasing Partners, original principal amount \$61,523, with annual payments of \$13,655, including interest at 3.57% through September 2022	13,184	-	13,184	-	-
Loan payable to the Commonwealth of Pennsylvania, original principal amount \$50,000, quarterly payments of \$2,692, including interest at 2.00% through June 2024	26,190	-	10,320	15,870	10,528
General Obligation Note payable to ACNB, original principal amount \$250,000, semi-annual principal payments of \$26,811, including interest at 2.584% through February 2025	178,920	-	47,162	131,758	50,613
Loan payable to FNB Equipment Finance, original principal amount of \$143,384, annual payments of \$31,309, including interest at 4.50% through January 2024	85,915	-	27,362	58,553	28,619
	<u>\$ 858,650</u>	<u>\$ -</u>	<u>\$ 150,481</u>	<u>\$ 708,169</u>	<u>\$ 133,180</u>

## Hamiltonban Township

### Notes to Financial Statements

December 31, 2022

#### Note 4 - Long-Term Debt (continued)

Aggregate maturities required on long-term debt are as follows at December 31, 2022:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2023	\$ 133,180	\$ 23,868	\$ 157,048
2024	132,224	19,438	151,662
2025	75,893	15,015	90,908
2026	48,396	12,953	61,349
2027	48,516	9,688	58,204
2028 - 2032	269,960	20,293	290,253
	<u>\$ 708,169</u>	<u>\$ 101,255</u>	<u>\$ 809,424</u>

#### Note 5 - American Rescue Plan Act

On March 11, 2021, Congress enacted the American Rescue Plan Act (ARPA) which established the Coronavirus State and Local Fiscal Recovery Fund. These funds were established to provide eligible state, local, territorial, and tribal governments with a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the country recovers. Recipients may use the funds to:

- Support public health expenditures.
- Address negative economic impacts caused by the public health emergency.
- Replace lost public sector revenue.
- Provide premium pay for essential workers.
- Invest in water, sewer, and broadband infrastructure.

The Township received \$126,766 during the year ended December 31, 2022.

#### Note 6 - Pension Plans

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 Recover Act, provides the authority for the Township to establish and amend the plans. During the year ended December 31, 2022, contributions to the plans amounted to \$19,653.

## **Hamiltonban Township**

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### Notes to Financial Statements

December 31, 2022

#### **Note 6 - Pension Plans (continued)**

Both plans participate in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a 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).

#### **Note 7 - 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 8 - Risks and Uncertainties**

In March 2020, the World Health Organization declared the coronavirus outbreak a pandemic. The actions taken to mitigate it adversely affected the economy, financial markets, and the geographical area in which the Township operates. The pandemic and other world events have caused continuing economic and political uncertainties that have also affected the demand for their products or services. It is unknown how long these conditions will last and what the complete financial effect will be to the Township, if any.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

#### **Note 9 - Subsequent Events**

The Township has evaluated subsequent events through May 26, 2023. This date is the date the financial statements were available to be issued. The following event subsequent to December 31, 2022 was noted:

Effective March 1, 2023, the Township issued a General Obligation Note, Series of 2023 in the maximum principal amount of \$200,000 for the purchase and fit out of a truck.

No other material events subsequent to December 31, 2022 were noted.

## Hamiltonban Township

Schedule of Assets and Fund Balance - Modified Cash Basis - Nonmajor Governmental Funds  
December 31, 2022

	<u>Fire/EMS</u>	<u>Highway Aid Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 73,256	\$ 78,867	\$ 152,123
<b>Total Assets</b>	<b>\$ 73,256</b>	<b>\$ 78,867</b>	<b>\$ 152,123</b>
<b>Fund Balances</b>			
Restricted - fire/EMS	\$ 73,256	\$ -	\$ 73,256
Restricted - highway aid	-	78,867	78,867
<b>Total Fund Balances</b>	<b>\$ 73,256</b>	<b>\$ 78,867</b>	<b>\$ 152,123</b>

## Hamiltonban Township

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis -  
Nonmajor Governmental Funds  
Year Ended December 31, 2022

	<u>Fire/EMS</u>	<u>Highway Aid Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>			
Intergovernmental revenue	\$ -	\$ 143,061	\$ 143,061
Taxes	60,224	-	60,224
Investment earnings	12	1,328	1,340
<b>Total Revenues</b>	<u>60,236</u>	<u>144,389</u>	<u>204,625</u>
<b>Expenditures</b>			
Public works - highways	-	90,912	90,912
Public safety	22,714	-	22,714
<b>Total Expenditures</b>	<u>22,714</u>	<u>90,912</u>	<u>113,626</u>
<b>Net Changes in Fund Balances</b>	<b>37,522</b>	<b>53,477</b>	<b>90,999</b>
<b>Fund Balances</b>			
January 1, 2022	<u>35,734</u>	<u>25,390</u>	<u>61,124</u>
December 31, 2022	<u><u>\$ 73,256</u></u>	<u><u>\$ 78,867</u></u>	<u><u>\$ 152,123</u></u>

## Hamiltonban Township

Schedule of Revenues - Modified Cash Basis - General Fund  
Year Ended December 31, 2022

### Taxes

Real estate	\$ 371,633
Earned income	348,362
Real estate transfer	57,557
Amusement taxes	10,474
Per capita	8,737
<b>Total Taxes</b>	<b>796,763</b>

### Licenses and Permits

TV cable franchise fees	31,230
All other licenses and permits	215
<b>Total Licenses and Permits</b>	<b>31,445</b>

### Fines and Forfeits

**3,108**

### Investment Earnings

**14,101**

### Intergovernmental

Federal grants	148,766
Foreign fire insurance	17,788
Local grants	17,368
State payments in lieu of taxes	15,520
Pension system state aid	9,818
Public utility realty tax	799
<b>Total Intergovernmental</b>	<b>210,059</b>

### Charges for Services

Public safety	25,170
General government	25,132
Public works	11,909
Culture and recreation	125
<b>Total Charges for Services</b>	<b>62,336</b>

### Miscellaneous Revenue

Contributions and donations	5,524
Refunds of prior year expenditures	2,094
Proceeds from sale of assets	217
Miscellaneous income	133
<b>Total Miscellaneous Revenue</b>	<b>7,968</b>

### Total Revenues

**\$ 1,125,780**



## Hamiltonban Township

Schedule of Expenditures - Modified Cash Basis - General Fund  
Year Ended December 31, 2022

### General Government

Secretary/clerk	\$ 48,766
Other administration	23,316
Engineering services	50,866
General government building and plant	25,785
Tax collection	19,311
Legal services	12,789
Auditing services	12,685
Legislative/governing body	9,238

**Total General Government** 202,756

### Public Safety

Fire	31,479
Planning and zoning	12,736
Code enforcement	1,050

**Total Public Safety** 45,265

### Public Works - Highway

Maintenance and repairs of road and bridges	167,611
General services	53,366
Highway construction and rebuilding projects	40,221
Winter maintenance	34,489
Street signs and markings	32,139
Street lighting	5,437

**Total Public Works - Highway** 333,263

### Other Public Works

1,488

### Culture and Recreation

Parks and recreation	13,092
Contributions	7,639

**Total Culture and Recreation** 20,731

### Debt Service

Principal	150,481
Interest	26,796

**Total Debt Service** 177,277

### Miscellaneous and Other Financing Uses

Group compensation and other benefits	71,886
Insurance	27,576
Retirement fund contributions	19,853
Employer payroll taxes	19,194
Worker compensation insurance	10,371
Refund of prior year revenues	735

**Total Miscellaneous and Other Financing Uses** 149,615

**Total Revenues** \$ 930,395