

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021



SWATARA TOWNSHIP
DAUPHIN COUNTY, PENNSYLVANIA

Prepared by James Fosselman,
Township Manager

SWATARA TOWNSHIP, PENNSYLVANIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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SWATARA TOWNSHIP

ADMINISTRATION

January 31, 2023

To the Swatara Township Board of Commissioners and the Residents of Swatara Township

It is our pleasure to present the Swatara Township, Dauphin County Pennsylvania Annual Comprehensive Financial Report (ACFR) for the period January 1, 2021 - December 31, 2021. The report is structured in a manner that is designed to fairly and concisely present the financial activity of the various Township funds,

The ACFR consists of management's representations concerning the finances of the Township. Accordingly, management assumes full responsibility for the completeness and accuracy of the information contained within this report. The information presented was prepared by the Finance Director with the assistance of the administrative staff and the Tax Collector. Swatara Township employs internal controls that minimize our exposure to loss, theft, and misuse of Township assets. Therefore, the administrative staff asserts that, to the best of our knowledge, this report is complete and reliable in all material respects.

This letter serves as an introduction to the ACFR and should be read in conjunction with all sections of the ACFR, including management's discussion and analysis, for a full understanding of the Township and its results of operations for the calendar year ending December 31, 2021.

Municipal Reporting Entity and Services Provided

Swatara Township, a political subdivision of the First Class, is a suburb of Harrisburg, the Capital city of the Commonwealth of Pennsylvania. Geographically Swatara Township is in the south-central region of the state.

The Township currently functions under the guidance of a 5-member elected Board of Commissioners starting in January 2018. The Board appoints a Manager who is responsible for the day-to-day operations of the Township and enforcement of all ordinances and resolutions passed by the Board of Commissioners.

Swatara Township provides a full range of municipal services to its residents. This includes public safety (police, four volunteer fire companies, and emergency management), public works (streets, parks), community development (planning and zoning, codes, building inspection) and general administrative services. In addition, the Township contracts with an ambulance service and trash removal company for the benefit of the residents. Citizens contract directly with public utilities for water and electric service.

Sewer Service is provided Swatara Township Authority. Storm Water Management Utilities is provided by the Swatara Township Stormwater Authority. Their transactions are reported in their separately issued financial statements.

The Township's Employee Retirement Plan for the Police provides retirement, disability, and death benefits to eligible retirees of the Township. The Plan is included as a discretely presented component unit of Swatara Township under the definition of the Governmental Accounting Standards Boards (GASB) Codification. There are no other entities that should have been considered for inclusion within the financial statements based upon the criteria of the GASB Codification.

The Swatara Township Board of Commissioners is authorized to collect a Real Estate, Earned Income, Local Services, Fire and Business Privilege taxes. The monies derived from these sources are used to provide services to roughly 27,900 residents. On a yearly basis, the Board adopts a balanced budget and establishes a tax rate that will support the planned expenditures.

Budgetary Information and Accounting Systems

Annually the Finance Director presents a proposed budget to the Board of Commissioners for the calendar year that begins on January 1st. The budget process commences in August with budget forecasting. This activity allows the Township to identify, with an accuracy rate of 0.5% to 1.0%, the amount of funds that will be available at the close of the calendar year.

During the month of September department heads present their budget requests to the Manager/Finance Director. Priorities are discussed and initial adjustments to the line-item expenses are made. During the months of October and November, the Board of Commissioners holds a series of advertised budget hearings that are conducted in the Swatara Township Hearing Room. During these hearings department heads review and explain their requests to the Commissioners. The public at that time has an opportunity to ask questions and offer up comments on the budget. The Commissioners make additional modifications to the proposed budget before it is tentatively adopted in November and put out for public display. The final budget is adopted on the second Wednesday of December.

Even though the budget is approved on an annual basis the Finance Department works on five (5) year tentative budgets to ensure the financial condition of the Township to be positive into the future years. This need for long term budget considerations is based on plans for building, highway, and other capital needs presently and into the future.

At the request of the administration at any time during the calendar year the Commissioners may authorize budget revisions. The revision allows for the transfer of unused budgeted line-item balances in a fund to other line-items within that fund. The Finance Chairperson initially reviews the need for such action and thereafter issues a recommendation to the full Board.

Budgetary controls are maintained through continuous review by the Finance Director. The Township supports all its financial management systems through its own computer system. The general ledger is interfaced with all other computerized financial functions. The Township also utilizes networked computers in all departments.

All accounting systems are designed to enhance internal accounting controls which are in place to provide reasonable, but not absolute, assurance that all assets are shielded against loss, theft or misuse and may be depended upon to compile sufficient reliable information for the preparation of the Township's financial statements in conformity with generally accepted accounting principles (GAAP). Since the cost of internal controls should not exceed the anticipated benefits, the Township's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of any material misstatements.

Local Economic Conditions and Outlook

Swatara Township is located within the Harrisburg - Carlisle metropolitan statistical area. The area is recognized as a government, health services, and tourist destination area. This fact is confirmed by a review of the 5 largest sectors of employment within the Township:

1. Healthcare and Social Assistance	18.5%
2. Retail Trade	10.6%
3. Manufacturing	9.6%
4. Educational Services	8.2%
5. Accommodation and Food Services	7.0%

Most of land in the Township is zoned for residential development, which is appropriate as a suburb of Harrisburg, the Capital City of Pennsylvania. The Township is not a homogeneous municipality but rather a collection of distinct neighborhoods, in large part this is since the Township is bisected by Route 322 and 1-83. Several of the neighborhoods originally were developed to serve major employers in the area. Rutherford was affiliated with the Rutherford (now Norfolk Southern) railroad yard while the Oberlin-Enhaut-Bressler area was home to many Bethlehem Steel employees. Lenker Manor, Lawnton and Chambers Hill came about in response to the demand for more suburban housing stock. Starting in 2017 these areas saw an influx of foreign home buyers. Cultural differences have become a challenge for Township staff who act as the liaison between existing citizens and the new, multi-generational occupants. Swatara Township also enjoys a desirable mix of commercial and industrial businesses.

In 2021 the Swatara Business Privilege Tax Collector issued 2,977 Business Privilege Licenses, a decrease of 74 licenses compared to calendar year 2020. Furthermore, 510 building permits were issued during the same time frame for construction within the Township. Nineteen (19) hotels are located near Route 1-83, the Swatara exit off Route 1-283, due to its proximity to the Pennsylvania Turnpike Route 1-76, State Route 322 that travels to Hershey, and its central location for tourists doing day trips to Amish country in Lancaster or to the battlefields in Gettysburg. Swatara Township is also home to the third largest Norfolk Southern multi-modal hub in the United States. Perhaps the presence of the varied business base is the reason that in 2021 Swatara Township had an unemployment rate of 7.2%. By comparison Dauphin County's rate was 8.9%, Pennsylvania was 6.3% and the unemployment rate in the United States was 5.3%. According to the Harrisburg Area Transportation Study (HATS) Regional Transportation Plan, employment in Central Pennsylvania is expected to increase by 26.4% in the years 2010-2040 for a total of 4,963 new jobs. Census data states that Swatara Township had 22,426 employed citizens in 2010 with an expected increase to 33,502 employed residents by 2021.

Looking forward the foremost project that will impact Swatara Township will be the widening of 1-83. This PennDOT project is underway and being addressed in phases. Currently the piers of overpass bridges are being relocated to accommodate an additional travel lane in each direction; the overpass bridges are being replaced with new structures. Some exit ramps will be permanently closed, and new ones constructed in other locations. PennDOT is in the process of identifying which homes and commercial buildings will need to be acquired along the 1-83 corridor. Financial offers will be made to property owners however PennDOT is prepared to use their power of eminent domain to acquire the property of unwilling sellers, this project will likely have a negative impact on a variety of Township tax receipts. Local officials are closely monitoring the situation and hope to assist affected property owners in relocating to other areas of the Township. The entire project is scheduled for completion in 2030.

Major Initiatives

During the year staff focused on areas of financial concern:

In fairness to all business entities enforcement of the Business Privilege Tax will be continued to ensure that all are complying with this tax. The number of Licenses issued remains steady, and tax collection enforcement continues.

The township plans to continue with the smoothing the annual cost of the purchase of major equipment. In prior years, the township would budget monies to fund the acquisition of long-lived apparatus such as fire trucks, dump trucks, street sweepers and other municipal equipment. The graph depicting the fund used for such a purchase reflected incremental increases from year to year and then the fund balance drops to zero when the purchases took place. In 2020, with interest rates at 2.7% for equipment, the Finance Director recommended that all major equipment be leased so that the payment schedule reflects the year in which the equipment is being used.

After 5 years, each piece of equipment can be purchased for \$1. In the meantime, fund balances continue to earn interest on significantly higher balances on deposit.

Independent Reviews

The independent auditor's opinion, which is a significant component of the report, is included in the financial section of the ACFR. Zelenkofske Axelrod LLC, Certified Public Accountants, express the opinion that the financial statements present, in all material respects, the financial position of Swatara Township as of December 31, 2021, and the results of its operations and financial controls for the year then ended. All information conforms with generally accepted accounting principles.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Swatara Township, Dauphin County Pennsylvania, for its 2019 calendar year Annual Comprehensive Financial Report. That award marked the twenty-fifth consecutive year (1995 - 2019) that Swatara Township was so honored. To be awarded a Certificate of Achievement the government entity must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to generally accepted accounting principles and legal requirements. The Certificate of Achievement is only valid for a period of one year. Swatara Township management staff believe that the 2021 report that is being submitted to the GFOA will also meet the Certificate of Achievement requirements and therefore make Swatara Township eligible for another certificate.

Acknowledgments

Swatara Township staff, elected officials and Authority staff invested countless hours of time gathering the facts and figures needed to formulate the 2021 Swatara Township Consolidated Annual Financial Report, the Administration thanks each one of them for the timely and professional work that was produced.

Respectfully

A handwritten signature in black ink, appearing to read "James R. Fosselman". The signature is fluid and cursive, with a long horizontal stroke at the end.

James R. Fosselman, Manager Swatara Township

Township Electorate

Board of Commissioners

Tax Collector
Joseph L. Donato III

External Relations

Civil Service Commission
Sewer Authority
Zoning Hearing Board
Planning Commission

Manager
Jim Fosselman

Special Staff

Auditor
Solicitor
Engineer

Standing Committees

- Budget, Finance, Planning/Codes
- Police, Fire Emergency
- Highway/Capital Facilities
- Recreation
- Communication/Grants
- Personnel

Assistant Manager
Kim Kaufman

Custodial
Keith Flynn

Administrative Assistant
Karen Alleman

Administration

Brenda Pupo,
Receptionist

Zoning & Codes

Robert Ihlein, Director

- Henry Good, General Codes Enforcement Officer.
- Mary Jane Snyder, Permit Technician
- Yvonne Bekelja, OLDS
- Omar Sarotic, General Codes Enforcement Officer

Finance

Jim Fosselman, Director

- Jennifer Reichwein
Bus, Privilege Officer
- Deb Miller, Payroll
- Brittany Yarzinsky,
Finance Assistant

Public Safety

Darrell Reider, Public Safety Director

Mike Ibberson, Fire Chief

Craig Powers, EMA Director

Christine Stoltz, Secretary
Michelle Scheetz, Receptionist

Recreation

Brenden Orth
Randy Smith
Richard Miller
Chad Huggins

Highway

Todd Webb, Superintendent

- Mark Plesic
- Rich Tezak
- Robert Horner
- Gregory Miller
- Marlin Young
- Tony Kepp
- Kevin Trafka
- Brian Venesevich
- Chris McDonel
- Doug Goff
- Adam Sikorski
- Michael Gould
- Charles Hock
- Chris Stipe
- Dakota Shultz

***Note: Dotted line indicates coordination with; no supervisory authority

SWATARA TOWNSHIP, DAUPHIN COUNTY, PENNSYLVANIA
2021 PRINCIPAL OFFICIALS

Elected Officials

President	Thomas Connolly
Vice President	Richard Boudier
Commissioner	Christine Zubeck
Commissioner	Jeffrey Varner
Commissioner	Shaela Ellis
Tax Collector	Joseph Donato

Appointed Officials

Township Manager	James Fosselman
Secretary	Karen Alleman
Auditor	Zelenkofske Axelrod LLC
Engineer	Dawood Engineering Inc.
Solicitor	Salzmann Hughes

Department Directors

Director of Public Safety	Darrell Reider
Director of Finance	James Fosselman
Director of Planning and Zoning	Robert Ihlein
Director of Public Works	Todd Webb
Fire Chief	Mike Ibberson
Business Privilege Officer	Jennifer Reichwein



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Swatara Township
Harrisburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Swatara Township (the "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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

Responsibilities of Management for the Financial Statements

The Township's 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 the Township's ability to continue as a going concern for one year after the date that the financial statements are issued.

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



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Board of Commissioners
Swatara Township
Harrisburg, Pennsylvania

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios - police pension, schedule of employer contributions – police pension, schedule of investment returns - police pension, schedule of changes in the net pension liability and related ratios - non-uniformed pension, schedule of employer contributions – non-uniformed pension, schedule of changes in the total OPEB liability and related ratios last ten years, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, and schedule of revenues, expenditures, and changes in fund balance – budget and actual – fire prevention fund on pages 10-17 and 59-66 be presented to supplement the basic financial statements. Such 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. We and the other auditor 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.



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Harrisburg, Pennsylvania

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, nonmajor governmental funds budget and actual schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and nonmajor governmental funds budget and actual schedules on pages 68-73 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 combining and individual nonmajor fund financial statements and nonmajor governmental funds budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Harrisburg, Pennsylvania
January 31, 2023

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

SWATARA TOWNSHIP, PENNSYLVANIA
Management's Discussion and Analysis

Swatara Township provides this Management's Discussion and Analysis as part of the Annual Comprehensive Financial Report (ACFR) for the readers of its financial statements. This narrative overview and analysis of financial activities is for the period ended December 31, 2021. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, along with the Township's financial statements which follow.

Financial Highlights-Primary Government

The assets and deferred outflows of resources of Swatara Township exceeded liabilities and deferred inflows of resources at December 31, 2021, by \$8,901,353. Of this amount, there was a deficit unrestricted net position of \$7,999,941.

The Township's net position increased by \$904,726 during the year 2021.

The Township's capital assets, net of depreciation, increased \$1,337,370 as a result of current year capital asset additions of \$2,831,591 exceeding depreciation of \$1,494,221. Total assets of the Township increased \$389,107 predominantly due to increases in the Township's capital assets previously mentioned. The Township's total liabilities and deferred inflows of resources increased by \$1,747,875 due to the deferred inflows related to Pensions and OPEB totaling \$1,919,755 and \$444,923, respectively.

At December 31, 2021, the governmental funds reported combined fund balances of \$28,166,322, a decrease of \$2,650,001 from 2020. Of this figure, \$20,437,132 was restricted; \$4,319,007 was assigned and \$3,410,183 was unassigned.

Overview of the Financial Statements

The management's discussion and analysis is intended to serve as an introduction to Swatara Township's basic financial statements. The Township's basic financial statements include three components: 1) government-wide statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information (combining financial statements) in addition to the basic schedules themselves. These components are described below.

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the Township the **Government-Wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Township's operations in a manner similar to a private sector business. The statements provide both short-term and long-term information about the Township's financial position, which assists in assessing the Township's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means that they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The *statement of net position* presents all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as "net position". Over time, increases or decreases in the Township's net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

SWATARA TOWNSHIP, PENNSYLVANIA
Management's Discussion and Analysis (Continued)

Government-Wide Financial Statements (continued)

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the Township.

Both of the above financial statements have separate sections for the two different types of Township programs or activities. These two types of activities are:

Government activities- The activities in this section are mostly supported by taxes and intergovernmental revenues. Most services normally associated with the Township government fall into this category, including general government, health and welfare, public safety, highway and streets and culture and recreation.

Business-Type activities- These functions are intended to cover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the Township include the operations of the Swatara Township Stormwater Authority, a discretely presented component unit.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives or activities. The Township, like other state or local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the township government, reporting the Township's operations in more detail for each fund. These funds are accounted for in the same manner, although separated by fund type and restrictions.

Swatara Township has 4 major funds reported in the governmental fund financial statements.

General Fund: This fund is used to finance the operational demands of Swatara Township including Administration, Police, Highway, Business Taxes, Recreation and Building and Health Codes. The fund is used to account for and report all financial resources not accounted for and reported in another fund. The deficiency of revenues under expenditures for 2021 was \$1,655,302 and the net decrease in fund balance was \$396,537. The net decrease in fund balance can be mainly attributed to transfers in during the year and higher than anticipated culture and recreation, debt service, and capital outlay expenses during the year. The ending fund balance was \$3,410,183 of which \$3,410,183 was unassigned.

Capital Reserve Fund: The use of this fund is assigned by the Township Board of Commissioners. These funds may be utilized for any purpose the board deems appropriate with a two-thirds approval by the board. The excess of revenues over expenditures for 2021 was \$1,574, and the net decrease in fund balance was \$68,426. The decrease in fund balance is attributable to the fund earning \$1,574 in interest and transferring funds of \$70,000 during the year. Fund balance as of December 31, 2021 was \$4,318,910. This fund receives no tax revenue, only interest income, intergovernmental revenue, and the transfer of general fund monies assigned for capital projects.

Bond Fund: This fund maintains the restricted proceeds of the Township's bonds. These funds are restricted for specific capital projects outlined in the Bond Indentures. The deficiency of revenues under expenditures and change in fund balance for 2021 was \$2,179,097. The fund expenditures during the year were primarily spent on capital improvements of the Township's infrastructure. Going forward, the fund balance will decrease, as funds are spent by the Township on various capital projects. The ending 2021 fund balance was \$19,332,121.

SWATARA TOWNSHIP, PENNSYLVANIA
Management's Discussion and Analysis (Continued)

Fund Financial Statements (Continued)

Fire Prevention Fund: This fund has been established to assist the Township's volunteer fire companies with their financial requirements. The Township has enacted a real estate tax for this purpose. Payments to the fire companies are made on a reimbursement basis. The excess of revenues over expenditures and increase in fund balance in this fund for 2021 was \$156,231. The increase in fund balance is due to increased tax revenue of \$34,000 and a reduction of public safety expenditures of \$142,000 offset by increases in debt service expenditures and decreases in other financing sources during the year. The fund has a fund balance of \$590,915 as of December 31, 2021.

Non-major Funds

Liquid Fuels Fund: This fund is comprised of funds received from the State via fuel (gasoline) taxes. The Township receives an allocation annually based upon population and the number of lane miles it has to maintain within its geographic borders. The monies in this account are legally restricted in that they may only be expended on road related equipment, maintenance or construction. The deficiency of revenues under expenditures and decrease in fund balance for 2021 was \$143,558. The fund has a fund balance of \$474,939 as of December 31, 2021.

Ambulance Fund: This fund has been established to assist the Township's ambulance company with its financial requirements. The Township has enacted a real estate tax for this purpose. Payments are made on a monthly basis to fulfill the contract with the emergency service provider. The deficiency of revenues under expenditures and change in fund balance for 2021 was \$25,969. Fund balance as of December 31, 2021 was \$7,393.

Debt Service Fund: This fund is used to finance the debt service of Swatara Township. The Township has enacted a real estate tax for this purpose. These restricted funds may only be used for debt service payments. The deficiency of revenues under expenditures for 2021 was \$62,802 and the net increase in fund balance was \$7,198. Fund balance as of December 31, 2021 was \$31,764.

ARPA Fund: This fund is used to account for the federal coronavirus rescue package designed to facilitate the recovery from the devastating economic and health effects of the COVID-19 pandemic. The excess of revenues over expenditures for 2021 was \$1,258,861 and the net increase in fund balance was \$97. Fund balance as of December 31, 2021 was \$97.

Fiduciary Fund

Fiduciary funds represent assets held in trust for pension benefits of the police pension plan administered by the Township.

Component Unit

Discretely Presented: The Swatara Stormwater Authority is a component unit of Swatara Township. The government wide statements present the component unit information in a single column in the statement of net position and the statement of activities.

Fiduciary Component Unit - Police Pension Plan: This fund represents the assets held in trust for pension benefits of the police pension plan of Swatara Township. The balance in this plan as of December 31, 2021 was \$29,433,242. This represents an increase in plan assets of \$3,017,443 from the prior year. Please refer to required supplementary information for detail on the pension plan.

Notes to Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the fiduciary funds' financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes the historical information for the pensions and postemployment benefits plan and budgetary comparison schedules.

SWATARA TOWNSHIP, PENNSYLVANIA
Management's Discussion and Analysis (Continued)

Government Wide Financial Analysis

Net position

Net position may serve over time as a useful indicator of a government's financial position. The Township's net position totaled \$8,901,353 at the end of 2021 and \$7,996,627 at the end of 2020. The largest portion of net position \$14,533,792 reflects the net capital investment in land, buildings, infrastructure, and equipment. The Township uses these capital assets to provide services to its citizens. The remaining portion of net position \$2,367,502 and (\$7,999,941) were reported as "restricted" and "unrestricted", respectively. The primary reason for the increase in net position from 2020 to 2021 was the Township saw a reduction in expenditures greater than the decrease in revenues. Revenues decreased \$416,749 as a result of increases in general revenues including real estate taxes, earned income taxes, business privilege tax, and miscellaneous revenues totaling \$1,243,043 offset by decreases in charges for services, operating grants, and investment earnings totaling \$1,679,529. Expenditures decreased \$1,869,336 due to decreases in general government, highways and street, and interest expenses totaling \$2,051,715 offset by increases in public safety, and culture and recreation expenses of \$182,379. The Township has set a goal of reducing the other postemployment benefit costs through negotiation of new employment agreements as a means to increase the Township's unrestricted net position.

Assets and liabilities

Other assets totaled \$30,595,187 or 55.1% of total assets, and exceeded current liabilities for year ended December 31, 2021 by \$27,939,112. Other assets are comprised of cash and equivalents \$6,134,641, taxes receivable \$2,058,606, other receivables \$1,013,660, due from stormwater authority of \$537,220, restricted cash of \$19,588,569, and pension asset of \$1,262,491. The Township saw a decrease in other assets from 2020 to 2021 totaling \$1,485,483 which is mainly attributed to a decrease in cash and cash equivalents and restricted cash and cash equivalents totaling \$3,251,284 due to the Township not collecting as much stormwater fees during the year and undertaking major capital projects reducing unspent bond proceeds held at year-end. This decrease was offset by increases in taxes receivable, other receivables, and pension asset totaling \$235,132, \$541,645, and \$907,183. The Township's capital assets include land, buildings, infrastructure and equipment. The net depreciable portion of capital assets is \$18,703,519 and land and construction in progress is \$6,276,533. Deferred outflows of \$7,368,503 at December 31, 2021 were comprised of the refunding loss, pension outflows, and OPEB outflows. Total liabilities and deferred inflows of resources increased from 2020 to 2021 by \$2,128,753. This increase is primarily attributed to increases in the Township's deferred inflows related to Pensions and OPEB which totaled \$1,683,780 and \$444,973. Current portion of liabilities are comprised of accounts payable \$450,104, accrued payroll \$239,306, escrow deposits \$123,734, the current portion of long-term debt \$800,000, the current portion of compensated absences \$192,189, the current portion of loans payable \$150,860, current portion of capital lease payable \$416,517, unearned revenue \$45,590, and accrued interest payable \$240,775. Noncurrent liabilities due in more than one year are comprised of bonds and notes payable \$26,073,743, loans payable \$457,122, capital lease payable \$1,880,139, compensated absences \$1,089,071, net pension liability \$1,919,479 and total OPEB liability \$13,711,987.

Governmental activities
Net position
Years ended December 31, 2021 and 2020

	2021	2020
Other assets	\$ 30,595,187	\$ 32,080,670
Capital assets	24,980,052	23,642,682
Total assets	55,575,239	55,723,352
Deferred outflow of resources	7,368,503	4,803,714
Current portion of liabilities	2,656,075	2,797,075
Noncurrent portion of liabilities	45,131,541	45,607,344
Total liabilities	47,787,616	48,404,419
Deferred inflows of resources	\$ 6,254,773	\$ 4,126,020

SWATARA TOWNSHIP, PENNSYLVANIA
Management's Discussion and Analysis (Continued)

Government Wide Financial Analysis (continued)

Assets and liabilities (continued)

	2021	2020
Net position:		
Net investment in capital assets	\$ 14,533,792	\$ 14,016,621
Restricted	2,367,502	1,466,417
Unrestricted	(7,999,941)	(7,486,411)
Total net position	\$ 8,901,353	\$ 7,996,627

Change in net position

The change in net position for 2021 was \$904,726.

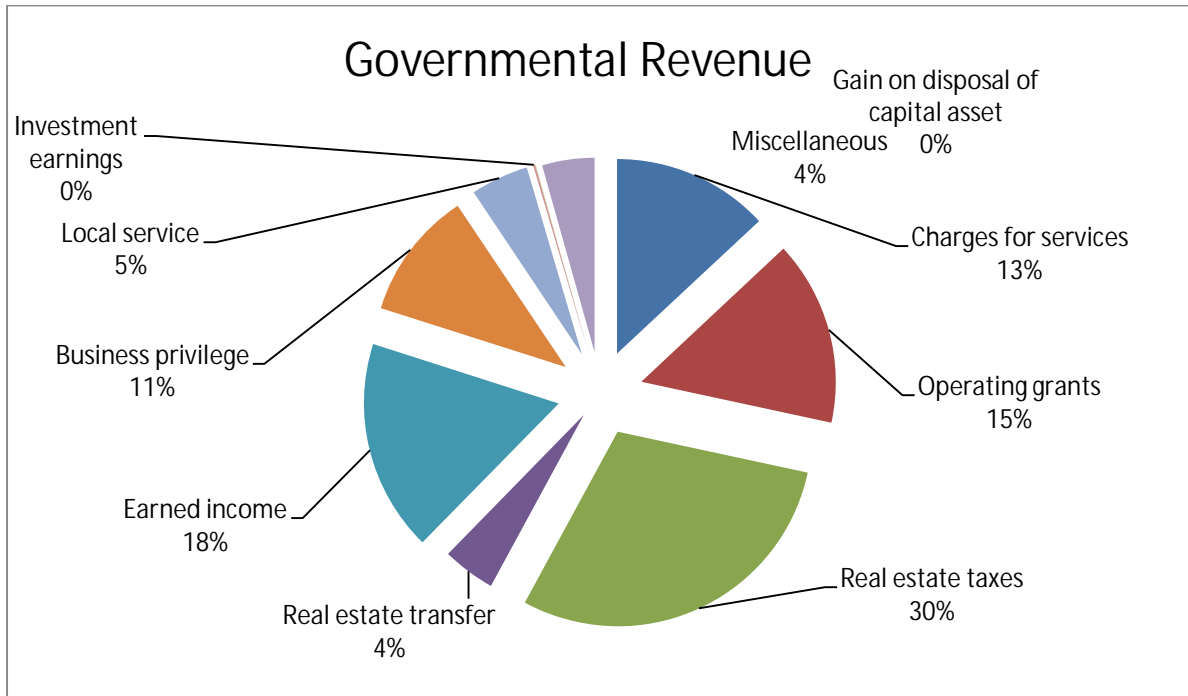
Following is a comparative statement of changes in net position.

Governmental activities
Changes in net position
Years ended December 31, 2021 and 2020

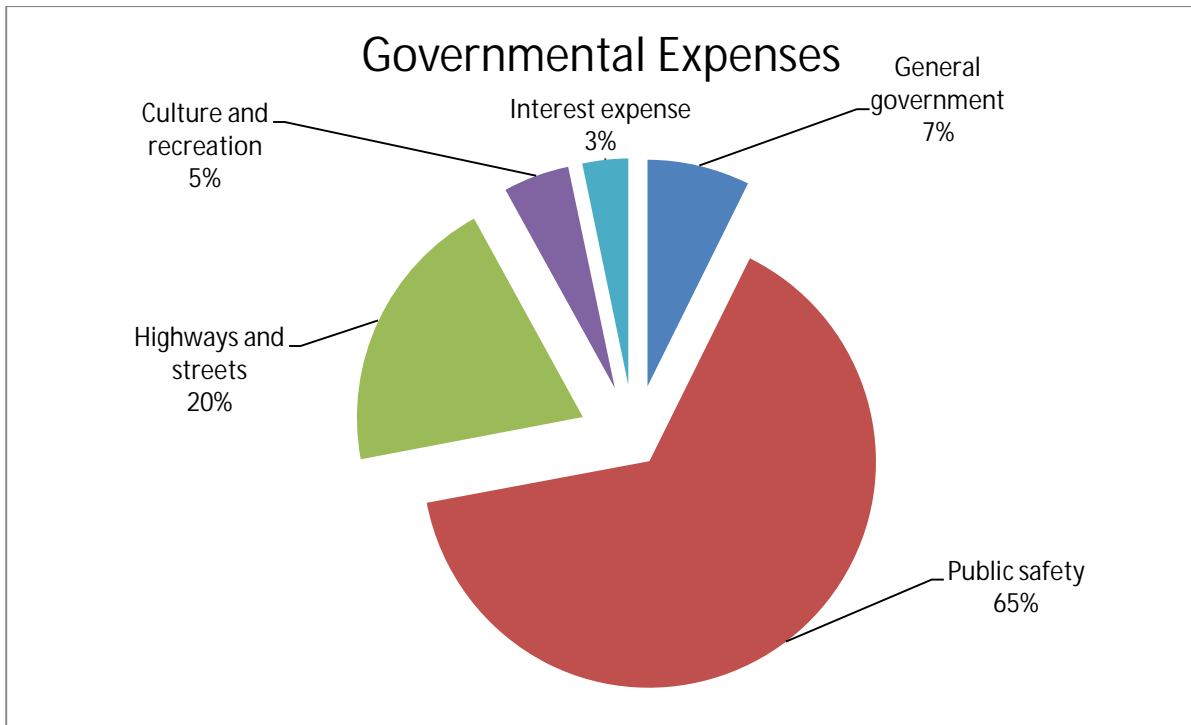
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 2,507,350	\$ 3,926,172
Operating grants	2,945,907	3,144,452
General revenues:		
Real estate taxes	5,678,080	5,551,241
Real estate transfer	843,891	816,180
Earned income	3,376,932	3,148,381
Business privilege	2,060,251	1,788,049
Local service	922,755	910,968
Investment earnings	32,812	94,974
Gain on disposal Capital Asset	-	28,243
Miscellaneous	844,564	220,631
Total revenues	19,212,542	19,629,291
Expenses		
General government	1,345,048	2,180,441
Public safety	11,843,270	11,766,118
Highways and streets	3,650,578	4,735,903
Culture and recreation	869,043	763,816
Interest expenses	599,877	730,874
Total expenses	18,307,816	20,177,152
Change in net position	904,726	(547,861)
Net position, beginning	7,996,627	8,544,488
Net position, ending	\$ 8,901,353	\$ 7,996,627

SWATARA TOWNSHIP, PENNSYLVANIA
Management's Discussion and Analysis (Continued)

Total Governmental Revenues by major source is \$19,212,542.



Total Governmental Program Expenses by source is \$18,307,816.



SWATARA TOWNSHIP, PENNSYLVANIA
Management's Discussion and Analysis (Continued)

Net position increased by \$904,726 in 2021 and decreased by \$547,861 in 2020. Total 2021 revenues decreased by \$416,749 or 2.1% over last year, as previously discussed primarily, due to decreases in charges for services and operating grants offset by increases in general revenues. Total 2021 expenses decreased by \$1,869,336 or -9.3% primarily driven by decreased general government, highway and streets, and interest expenses related to the there being no bond issuance costs incurred in the current year, the stormwater related costs transferring to the authority, and decreases in the Township's accrued interest expense and amortization of outstanding bond premiums.

2021 Budget Overview

2021 General Fund actual revenue exceeded the budgeted revenue by \$777,707. The main reason for this was greater than anticipated miscellaneous revenue.

2021 General Fund actual expenditures were higher than the budgeted expenditures by \$303,666. The main reason for this was lower than anticipated general government and public safety expenditures offset by more than anticipated recreation, debt service, and capital outlay expenditures during the year.

2021 General Fund net other financing sources/(uses) were higher than the budget figures by \$1,244,264. This was primarily due to transfers to the general fund totaling \$1,258,764 that was not included within the budget.

Capital Asset Administration

Swatara Township purchased \$2,831,591 of capital assets in 2021. The major asset additions include equipment totaling \$426,155 and construction in progress totaling \$1,879,235.

Governmental activities
Capital assets
Years ended December 31, 2021 and 2020

	2021	2020
Non-depreciable Assets:		
Land	\$ 2,866,180	\$ 2,866,180
Construction in progress	3,410,353	1,531,118
Total Capital Assets Not Being		
Depreciated	6,276,533	4,397,298
Depreciable Assets:		
Buildings and improvements	10,818,897	10,574,912
Automotive equipment	9,653,236	9,430,578
Machinery and equipment	6,918,926	6,492,771
Bridges	6,253,335	6,253,335
Roads and street light	52,363,251	52,303,693
Less Accumulated Depreciation	(67,304,126)	(65,809,905)
Total Capital Assets Being		
Depreciated Net	18,703,519	19,245,384
Total Net Capital Assets	\$ 24,980,052	\$ 23,642,682

Additional information on capital assets can be found in Note 5 of the financial statements.

SWATARA TOWNSHIP, PENNSYLVANIA
Management's Discussion and Analysis (Continued)

Debt Administration

	Governmental activities Debt Years ended December 31, 2021 and 2020	
	<u>2021</u>	<u>2020</u>
Compensated absences	\$ 1,281,260	\$ 1,674,910
Loans	607,982	758,092
General obligation notes, and bonds	<u>26,873,743</u>	<u>27,848,061</u>
Total	<u>\$ 28,762,985</u>	<u>\$ 30,281,063</u>

During 2021, compensated absences decreased by \$393,650.

2015 Bonds

The Township issued the Series of 2015 General Obligation Bonds to finance a variety of capital projects and capital outlays for over the next several years. The proceeds were also used to currently refund the General Obligation Bonds, Series of 2010 and to fund the termination payment associated with the cancellation of the Township's Swap. The balance of the outstanding bonds as of December 31, 2021 is \$6,130,000.

2020 Bonds

The Township issued the Series of 2020 General Obligation Bonds to finance capital improvements to various Township facilities including, without limitation, streets, roads, governmental buildings, parks, and recreational facilities. The balance of the outstanding bonds as of December 31, 2021 is \$17,695,000.

Infrastructure Loan

The Township entered into an infrastructure loan with the County of Dauphin in the amount of \$1,500,000 for renovations and repairs on the 63rd Street Bridge. The outstanding balances of the loan as of December 31, 2021 is \$607,982.

Additional information on long-term debt obligations can be found in Note 8 of the financial statements.

Economic Factors And Next Year's Budget

The following economic factors will affect Swatara Township and will be considered in developing the 2022 budget. The Township continues to experience an upturn in construction of commercial and residential property. As a result, we anticipate a slight increase in the overall assessed value and thus an increase in real estate tax revenue. Also, the Township continued to see improved collections of the Business Privilege Licenses and related tax revenue as we continue throughout the pandemic. The Township plans to undertake multiple capital projects to address stormwater runoff utilizing the funds collected from the stormwater fees assessed.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, business residents, customers, investors and creditors with a general overview of the Township's Finances and to demonstrate the Township's accountability for the money it receives. If you have any questions regarding this report or need financial information, please contact the Township Manager at 599 Eisenhower Blvd., Harrisburg, Pennsylvania 17111.

SWATARA TOWNSHIP, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Primary</u>	<u>Component</u>
	<u>Governmental</u>	<u>Swatara</u>
	<u>Activities</u>	<u>Township</u>
		<u>Stormwater</u>
		<u>Authority</u>
Assets:		
Cash and cash equivalents	\$ 6,134,641	\$ 151,759
Taxes receivable	2,058,606	-
Other receivables	1,013,660	545,905
Restricted assets:		
Cash and cash equivalents	19,588,569	-
Pension asset	1,262,491	-
Due from stormwater authority	537,220	-
Capital assets:		
Nondepreciable	6,276,533	623,248
Depreciable, net	18,703,519	61,865
Total assets	<u>55,575,239</u>	<u>1,382,777</u>
Deferred outflows of resources:		
Loss on refunding	282,098	-
Pensions	3,494,501	-
OPEB	3,591,904	-
Total deferred outflows of resources	<u>7,368,503</u>	<u>-</u>
Liabilities:		
Accounts payable	450,104	-
Accrued payroll and expenses	239,306	-
Escrow deposits payable	123,734	-
Accrued interest payable	240,775	-
Due to Township	-	537,220
Unearned revenue	42,590	106,168
Noncurrent liabilities due within one year:		
Current portion of loan payable	150,860	-
Current portion of capital lease payable	416,517	-
Current portion of bonds and notes payable	800,000	-
Compensated absences	192,189	-
Noncurrent liabilities due in more than one year:		
OPEB Liability	13,711,987	-
Loan payable	457,122	-
Capital lease payable	1,880,139	-
Bonds and notes payable	26,073,743	-
Net Pension Liability	1,919,479	-
Compensated absences	1,089,071	-
Total liabilities	<u>47,787,616</u>	<u>643,388</u>
Deferred inflows of resources:		
Pensions	5,189,696	-
OPEB	1,065,077	-
Total deferred inflows of resources	<u>6,254,773</u>	<u>-</u>
Net position:		
Net investment in capital assets	14,533,792	685,113
Restricted for:		
Liquid fuels	474,939	-
Fire prevention	590,915	-
Ambulance	7,393	-
Debt Service	31,764	-
Pension asset	1,262,491	-
Unrestricted	(7,999,941)	54,276
Total net position	<u>\$ 8,901,353</u>	<u>\$ 739,389</u>

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

SWATARA TOWNSHIP, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
Primary government:						
Government activities:						
General government	\$ 1,345,048	\$ 659,051	\$ 1,290,731	\$ -	\$ 604,734	\$ -
Public safety	11,843,270	961,075	858,978	-	(10,023,217)	-
Highway and street	3,650,578	884,024	714,793	-	(2,051,761)	-
Culture and recreation	869,043	3,200	81,405	-	(784,438)	-
Interest expense	599,877	-	-	-	(599,877)	-
Total primary government	<u>\$ 18,307,816</u>	<u>\$ 2,507,350</u>	<u>\$ 2,945,907</u>	<u>\$ -</u>	<u>(12,854,559)</u>	<u>-</u>
Component Unit, Swatara Township Stormwater Authority	<u>\$ 1,801,045</u>	<u>\$ 2,214,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>413,072</u>
		General revenues:				
		Taxes:				
			Real estate		5,678,080	-
			Real estate transfer		843,891	-
			Earned income		3,376,932	-
			Business privilege		2,060,251	-
			Local service		922,755	-
			Investment income:			
			Interest income		32,812	106
			Miscellaneous		844,564	140
			Total general revenues		<u>13,759,285</u>	<u>246</u>
			Change in net position		904,726	413,318
			Net position - beginning		<u>7,996,627</u>	<u>326,071</u>
			Net position - ending		<u>\$ 8,901,353</u>	<u>\$ 739,389</u>

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

SWATARA TOWNSHIP, PENNSYLVANIA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Fire Prevention Fund	Capital Reserve Fund	Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 854,095	\$ 620,116	\$ 4,024,030	\$ -	\$ 636,400	\$ 6,134,641
Taxes receivable	1,896,642	83,001	-	-	78,963	2,058,606
Due from other funds	-	-	10,000	-	-	10,000
Due from stormwater authority	537,220	-	-	-	-	537,220
Other receivables	728,780	-	284,880	-	-	1,013,660
Restricted cash and cash equivalents	92,044	-	-	19,496,525	-	19,588,569
Total assets	\$ 4,108,781	\$ 703,117	\$ 4,318,910	\$ 19,496,525	\$ 715,363	\$ 29,342,696
Liabilities:						
Accounts payable	\$ 170,451	\$ 32,545	\$ -	\$ 164,404	\$ 82,704	\$ 450,104
Accrued payroll	239,306	-	-	-	-	239,306
Escrow deposits payable	123,734	-	-	-	-	123,734
Due to other funds	10,000	-	-	-	-	10,000
Unearned revenue	-	-	-	-	42,590	42,590
Total liabilities	543,491	32,545	-	164,404	125,294	865,734
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes	155,107	79,657	-	-	75,876	310,640
Total Deferred Inflows of Resources	155,107	79,657	-	-	75,876	310,640
Fund balances:						
Restricted:						
Capital projects	-	-	-	19,332,121	-	19,332,121
Liquid fuels	-	-	-	-	474,939	474,939
Fire prevention	-	590,915	-	-	-	590,915
Ambulance	-	-	-	-	7,393	7,393
Debt Service	-	-	-	-	31,764	31,764
Assigned:						
Capital projects	-	-	4,318,910	-	-	4,318,910
COVID-19	-	-	-	-	97	97
Unassigned	3,410,183	-	-	-	-	3,410,183
Total fund balances	3,410,183	590,915	4,318,910	19,332,121	514,193	28,166,322
Total liabilities and fund balances	\$ 4,108,781	\$ 703,117	\$ 4,318,910	\$ 19,496,525	\$ 715,363	\$ 29,342,696

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

SWATARA TOWNSHIP, PENNSYLVANIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 28,166,322
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:	
Capital assets	24,980,052
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:	
Unavailable Revenue - Property Taxes	310,640
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Long-term liabilities at year-end consist of:	
Accrued interest payable	(240,775)
Compensated absences	(1,281,260)
Total OPEB liability	(13,711,987)
Loan payable	(607,982)
Capital lease	(2,296,656)
General obligation debt	(23,825,000)
Unamortized premium	(3,048,743)
Net pension liability	(656,988)
Deferred outflows of resources	7,368,503
Deferred inflows of resources	<u>(6,254,773)</u>
Net position of governmental activities	<u><u>\$ 8,901,353</u></u>

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

SWATARA TOWNSHIP, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Fire Prevention Fund	Capital Reserve Fund	Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 10,048,741	\$ 1,450,262	\$ -	\$ -	\$ 1,357,217	\$ 12,856,220
License, fees, and permits	1,024,321	-	-	-	-	1,024,321
Fines and forfeits	122,607	-	-	-	-	122,607
Interest and rents	22,371	189	1,574	8,193	485	32,812
Intergovernmental	961,100	-	-	-	1,984,807	2,945,907
Department earnings	1,355,840	4,582	-	-	-	1,360,422
Miscellaneous	835,919	8,645	-	-	-	844,564
Total revenues	14,370,899	1,463,678	1,574	8,193	3,342,509	19,186,853
Expenditures:						
Current operations:						
General government	1,820,081	-	-	4,452	16,981	1,841,514
Public safety	10,031,690	766,860	-	-	108,068	10,906,618
Highway and street	2,455,898	-	-	-	552,379	3,008,277
Culture and recreation	775,028	-	-	-	-	775,028
Debt service:						
Principal	315,735	430,468	-	-	701,759	1,447,962
Interest	28,615	110,119	-	-	887,130	1,025,864
Capital Outlay	599,153	-	-	2,182,778	49,660	2,831,591
Total expenditures	16,026,200	1,307,447	-	2,187,230	2,315,977	21,836,854
Excess (Deficiency) of Revenues over (under) expenditures	(1,655,301)	156,231	1,574	(2,179,037)	1,026,532	(2,650,001)
Other financing sources (uses):						
Transfers in	1,258,764	-	-	-	70,000	1,328,764
Transfers out	-	-	(70,000)	-	(1,258,764)	(1,328,764)
Total other financing sources (uses)	1,258,764	-	(70,000)	-	(1,188,764)	-
Net changes in fund balances	(396,537)	156,231	(68,426)	(2,179,037)	(162,232)	(2,650,001)
Fund balances:						
Beginning of year	3,806,720	434,684	4,387,336	21,511,158	676,425	30,816,323
End of year	\$ 3,410,183	\$ 590,915	\$ 4,318,910	\$ 19,332,121	\$ 514,193	\$ 28,166,322

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

SWATARA TOWNSHIP, PENNSYLVANIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (2,650,001)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlays	2,831,591
Depreciation expense	(1,494,221)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net change in revenues accrued between the prior and current year:

Real estate tax revenues	25,689
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The issuance of long-term liabilities provide financial resources to governmental funds and contribute to the change in fund balance. However, the issuance of debt does not affect the Statement of Activities since it increases long-term liabilities in the Statement of Net Position. Accordingly, the repayment of principal and the proceeds of bond issuance are reported as an expenditure and revenue in the governmental funds, respectively, but reduce/increase the liability in the Statement of Net Position. The amounts related to the above items that make up differences are:

Principal payments on loans	150,110
Principal payments on long-term debt	750,000
Principal payments on capital lease	547,852

Pursuant to the modified accrual basis of accounting, governmental funds do not recognize expenditures for transactions that are not normally paid with expendable available financial resources. Pursuant to the accrual basis of accounting, the Statement of Activities reports expenses and liabilities regardless of when financial resources are available. In addition, interest on long-term debt is not recognized in the governmental funds until due, while it is accrued in the Statement of Activities. The net differences for the items discussed above are:

Change in deferred loss on refunding	(31,345)
OPEB expense	(1,052,888)
Change in accrued interest payable	233,013
Change in bond premium	224,319
Pension Expense	976,957
Change in accrued compensated absences	393,650

Change in net position of governmental activities	\$ <u>904,726</u>
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The accompanying notes are an integral part of the financial statements.

SWATARA TOWNSHIP, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION - POLICE PENSION
DECEMBER 31, 2021

	Component Unit Police Pension
Assets:	
Cash and cash equivalents	\$ 1,305,350
Investments:	
Fixed income mutual funds	6,659,201
Equities - stocks	7,288,716
Other mutual funds	14,162,712
Accrued Income	17,263
Total assets	29,433,242
Net position:	
Net position restricted for pensions	\$ 29,433,242

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

SWATARA TOWNSHIP, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - POLICE PENSION
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Component Unit Police Pension</u>
Additions:	
Contributions:	
Employer - state aid	\$ 426,050
Employer - other	486,096
Employees	282,010
Other	23,480
Total contributions	1,217,636
Investment income:	
Interest and dividends	1,012,595
Net appreciation in fair value of investments	2,112,909
Total investment income/(loss)	3,125,504
Less investment expenses	102,139
Net investment income/(loss)	3,023,365
Total additions	4,241,001
Deductions:	
Benefit payments	1,213,433
Administrative expenses	10,125
Total deductions	1,223,558
Changes in net position	3,017,443
Net position restricted for pension:	
Beginning of year	26,415,799
End of year	\$ 29,433,242

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

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

The financial statements of Swatara Township have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of Swatara Township are described below.

1. Summary of significant accounting policies:

Reporting entity:

Swatara Township is a Township of the first class and operates under an elected five-member Board of Commissioners. As required by accounting principles generally accepted in the United States of America, these financial statements present Swatara Township and its component unit. The Township includes in its reporting entity organizations for which they are financially accountable and other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of reporting entity is based primarily on the notion of financial accountability. The Township is financially accountable to an organization if they appoint a voting majority of an organization's governing body *and* either *it is able* to impose *its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Township.*

During 2020, the Township's financial accountability over Swatara Township Authority was removed as the Authority paid off the debt in which the Township guaranteed resulting in a change in the reporting entity.

Based upon the application of these criteria, the financial statements include the following discretely presented component units:

Swatara Township Stormwater Authority - The Township is financially accountable, as defined above, for fiscal matters of the Stormwater Authority. The Township appoints a voting majority of the Authority's Board and the Stormwater Authority is not fiscally independent. Thus, there is a potential for the Authority to impose a specific financial burden on the Township. The Stormwater Authority provides stormwater system planning, management and implementation for the Township. The Authority issues separate financial statements annually which can be obtained from the Stormwater Authority office located at 599 Eisenhower Boulevard, Harrisburg, Pennsylvania. The Authority is presented as a discretely presented component unit in the Township's financial statements. All disclosures related to the Authority are presented in Note 20.

Fiduciary Component Unit - The Township's Employee Retirement Plan for the Police (the "Plan") was established to provide retirement, disability, and death benefits to eligible retirees of the Township. The Plan is included in the financial reporting entity as a fiduciary fund because the Plan is (1) considered to be a separate legal entity, (2) the Township's Board of Commissioners functions as the governing board of the plan, and (3) the plan imposes a financial burden on the Township as it is legally obligated to make contributions to the Plan. The Plan does not issue a separate report and is presented as a fiduciary component fund in the Township's financial statements.

Basis of presentation:

Government-wide financial statements - The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. The interfund services provided and used have been eliminated from the government-wide financial statements in the process of consolidation.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category (public safety, general government, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Expenses reported for functional activities do not include allocated indirect expenses. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items are properly excluded from program revenues and reported instead as general revenues.

Major and nonmajor funds

The funds are further classified as major or nonmajor as follows:

Major funds:

General - The principal fund of the Township which accounts for all financial transactions not accounted for in other funds.

Capital project funds:

Capital reserve fund - Accounts for resources assigned by the Board for capital expenditures of the Township. All expenditures require approval by two-thirds of the Board of Commissioners.

Special revenue fund:

Fire prevention fund - Used to account for the support provided to the fire companies within the Township. Financing is provided by a real estate tax assessment (.9358 millage rate).

Bond fund - Bond proceeds from 2015 and 2020 Bond issuances are restricted for various capital projects outlined in the Bond Indentures. As of December 31, 2021, not all funds have been expended.

Nonmajor funds:

Special revenue funds:

Liquid fuels fund - Used to account for maintenance and construction of Township highways, traffic signals and bridges.

Ambulance fund - Used to account for the support provided to the ambulance company within the Township.

Debt service fund - Used to account for the accumulation of financial resources for payment of interest and principal on the General Obligation Bonds and General Obligation Note of the Township.

ARPA fund – Used to account for the federal coronavirus rescue package designed to facilitate the recovery from the devastating economic and health effects of the COVID–19 pandemic.

Fiduciary fund:

Fiduciary Component Unit - Police Pension Trust Fund – is used to account for the retirement pension plan contributions of the Township and members of the police department.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

1. Summary of significant accounting policies (continued):

Basis of accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are reported for using the current financial resources measurement focus, and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds' statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide financial statements and pension trust funds are reported using the economic resources measurement focus, and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net position or on the statement of fiduciary net position. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the general, special revenue, debt service and capital projects funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. The material modifications of the modified accrual method from the accrual method are as follows:

- a. Revenues are recognized in the accounting period in which they become susceptible to accrual; that is when they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or within 60 days after year-end for property taxes. The period of availability for all other for all other significant revenue is 180 days.

Real estate transfer taxes, licenses, permits and fines, rental income and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Intergovernmental revenues and investment income are recorded when earned since they are measurable and available. Real estate taxes which are uncollected or delinquent are recorded as receivables, net of the allowance for doubtful accounts. Current levies of taxes which are not available to finance current expenditures are recorded as deferred inflows of resources. Taxpayer assessed revenues are recognized when they become both measurable and available to finance expenditures of the fiscal period.

- b. Principal and interest on long- term debt are recognized when due.
- c. Accumulated unpaid vacation pay and sick pay amounts which are expected to be paid with expendable available financial resources are recorded in the respective fund financial statements in accordance with criteria prescribed in GASB Statement No. 16. Accrued costs include payroll related expenditures such as the employer's share of Social Security taxes. As of December 31, 2021, no such costs have been recorded in the fund financial statements.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

1. Summary of significant accounting policies (continued):

Cash and cash equivalents:

The Township considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments:

Investments are stated at fair value. The change in fair value of investments is reflected as investment income.

Receivables:

Receivables at December 31, 2021 consisted of various taxes and intergovernmental receivables.

Capital assets:

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The Township maintains a capitalization threshold of \$5,000 for general capital assets and \$25,000 for infrastructure. The Township's infrastructure consists of roads, bridges, traffic signals and storm water systems. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Township's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Automotive equipment	7 years
Machinery and equipment	10 years
Infrastructure (bridges, roads, and street lights)	25 - 50 years

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

1. Summary of significant accounting policies (continued):

Long-Term Debt:

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation notes and bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources when received and the payment of principal and interest is reported as expenditures when paid.

Compensated absences:

The Township's policies regarding sick and vacation time permit employees to accumulate earned but unused sick and vacation leave. The liability for these compensated absences is recorded as a liability in the government-wide statements. In the fund financial statements, a liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred inflows of resources:

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises under a modified accrual basis of accounting, that qualifies for reporting under this category. The governmental funds report unavailable revenue from property taxes. The government has two types of items, which arise under the accrual basis of accounting, that qualify for reporting under this category, the deferred inflows related to pensions and OPEB.

Deferred outflows of resources:

In addition to assets, the statement of net 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(s) and so will not be recognized as an outflow of resources (expense) until that time. The government also has three types of items that arise under the accrual basis of accounting, that qualify for reporting under this category, the deferred outflows related to pensions, OPEB, and the deferred outflow related to a loss on refunding.

Net position and fund balance classifications:

Government-wide statements

Net position is displayed in three components:

- a. Net Investment in capital assets - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

1. Summary of significant accounting policies (continued):

Net position and fund balance classifications (continued):

Governmental Fund statements - The following classifications describe the relative strength of the spending constraints on fund balance:

- *Nonspendable Fund Balance* – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- *Restricted Fund Balance* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (i.e. the Township Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same level action to remove or change the constraint. This formal action is a Board approved Resolution.
- *Assigned Fund Balance* – Amounts the Township intends to be used for a specific purpose, but are neither restricted or committed. It is the Township's policy that undesignated excess fund balances may be assigned by the Township Board of Commissioners for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the Township Board of Commissioners at any public meeting.
- *Unassigned Fund Balance* – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Governmental Accounting Standards Boards Statements

In 2021 SWATARA TOWNSHIP adopted the requirements of GASB issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period". The adoption of this statement had no effect on previously reported amounts.

In 2021 SWATARA TOWNSHIP adopted the requirements of GASB issued Statement No. 98 "The Annual Comprehensive Financial Report". The adoption of this GASB Statement had no effect on previously reported amounts.

Pending changes in accounting principles

In June 2017, the GASB issued Statement No. 87, "Leases". The Township is required to adopt statement No. 87 for its calendar year 2022 financial statements.

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations". The Township is required to adopt statement No. 91 for its calendar year 2022 financial statements.

In January 2020, the GASB issued Statement No. 92, "Omnibus 2020". The Township is required to adopt statement No. 92 for its calendar year 2022 financial statements.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

1. Summary of significant accounting policies (continued):

Pending changes in accounting principles (continued)

In March 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates". The Township is required to adopt the provisions of Statement No. 93 for its calendar year 2021 financial statements, except for the requirements of paragraphs 11b, 13, and 14 which are effective for the Township's calendar year 2022 financial statements.

In March 2020, the GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The Township is required to adopt statement No. 94 for its calendar year 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements". The Township is required to adopt statement No. 96 for its calendar year 2023 financial statements.

In June 2020, the GASB issued Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of the GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". The Township is required to adopt the remaining provisions for its calendar year 2022 financial statements. In April 2022, the GASB issued Statement No. 99, "Omnibus 2022". The County is required to adopt requirements related to leases, PPPs, and SBITAs of Statement No. 99 for its calendar year 2023 financial statements and requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 of Statement No. 99 for its calendar year 2024 financial statements.

In June 2022, the GASB issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". The Township is required to adopt Statement No. 100 for its calendar year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, "Compensated Absences". The Township is required to adopt Statement No. 101 for its calendar year 2024 financial statements.

The Township has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

PMRS Pension

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to the Township's pension with PMRS, 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 recognized when due and payable in accordance with benefit terms investments are reported at fair value.

2. Budgets and budgetary accounting:

Formal budgetary accounting is employed as a management control in the governmental fund types of the Township. Annual operating budgets are adopted each year through the passage of an annual budget ordinance and the modified accrual basis of accounting is used to complete the budget for all governmental fund types. Budgetary control is exercised at the fund level. The Township Board of Commissioners is authorized to transfer any unappropriated amounts between funds. During 2021, certain budget amendments were made. Management is authorized to transfer appropriated amounts between line items within a fund. The Township does not prepare budgets for fiduciary and capital project funds.

The Township adopts a budget for all governmental funds except the Bond Fund and the Capital Reserve Fund.

SWATARA TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021

3. Real estate taxes:

The Township is permitted by the Township Code of the Commonwealth of Pennsylvania to levy real estate taxes up to 30 mills on every dollar of adjusted valuation for general Township purposes exclusive of the requirements for the payment of interest and principal on debt and other special purposes. For 2021, the Township real estate taxes were levied at the rate of 3.6473 mills on every dollar of taxable adjusted valuation for general, fire and ambulance protection and debt service purposes. The taxes are collected by an elected tax collector.

The Township levies these taxes on February 1. Taxpayers making payments prior to March 31 are given a 2% discount. Amounts paid June 1 through July 31 are assessed a 5% penalty and taxes paid after July are assessed a 10% penalty. Real estate taxes attach as an enforceable lien on property as of January 1 of the following year. The County of Dauphin collects delinquent real estate taxes on behalf of the Township.

The Township's property tax is levied by ordinance of the Board of Commissioners on real property located within the Township. Assessed values are generally 100% of market value as of the date of the last reassessment by the Dauphin County Board of Property Assessment, Appeals and Review. The total taxable assessed valuation was approximately \$1,600,845,450 as of December 31, 2021.

4. Deposits and investments:

Custodial credit risk, deposits and investments:

For deposits, custodial credit risk is the risk that, in the event of bank failure, the Township's deposits may not be returned to it. For investments, 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 investment or collateral security that is in the possession of an outside party. The Township deposits are carried at cost plus accrued interest.

Total bank deposits held by outside parties at December 31, 2021 were \$25,913,393. Of the \$25,913,393 in deposits, \$342,044 was covered by federal depository insurance and \$25,571,349 was subject to custodial credit risk as the deposits were covered by collateral held in the pledging banks' trust departments or their agents but not in the government's name in conformity with Act 72 of 1971. This Act requires the institution to pool collateral for all its government deposits and to have the collateral held by an approved custodian in the institution's name. At December 31, 2021, the pledged collateral was more than sufficient to cover the balance of the Township's accounts. The Township has no policy regarding custodial credit risk for deposits. At December 31, 2021, none of the Township's police pension fund cash and cash equivalents or investments were subject to custodial credit risk.

Deposits:	
Collateral held by pledging bank under Act 72	\$ 25,571,349
Insured by Federal Deposit Insurance Corporation (FDIC)	342,044
Petty Cash	1,135
Outstanding Checks	(191,318)
Total cash and cash equivalents	\$ 25,723,210

Statutes authorize the Township to invest in the following:

1. U.S. treasury bills;
2. Obligations of the U.S. government and federal agencies;
3. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions;
4. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency or of any Pennsylvania political subdivision; and
5. Shares of mutual funds whose investments are restricted to the above categories.

In addition to the investments authorized for the governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, repurchase agreements and other investments consistent with sound business practice.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

4. Deposits and investments (continued):

Investments (continued):

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 assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The police pension fund has the following recurring fair value measurements as of December 31, 2021:

	<u>12/31/2021</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Debt securities				
Fixed Income Mutual Funds	\$ 6,659,201	\$ 6,659,201	\$ -	\$ -
Total debt securities	<u>6,659,201</u>	<u>6,659,201</u>	<u>-</u>	<u>-</u>
Equity securities				
Cash Equivalents - Money Market Funds	1,305,350	1,305,350	-	-
Stocks	7,288,716	7,288,716	-	-
Other mutual funds	14,162,712	14,162,712	-	-
Total equity securities	<u>22,756,778</u>	<u>22,756,778</u>	<u>-</u>	<u>-</u>
Total investments by fair value	<u>\$ 29,415,979</u>	<u>\$ 29,415,979</u>	<u>\$ -</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

As of December 31, 2021, the Township had the following debt investments and maturities within police pension fund:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Fixed Income Mutual Funds	\$ 6,659,201	\$ -	\$ 302,686	\$ 5,417,085	\$ 939,430
Total	<u>\$ 6,659,201</u>	<u>\$ -</u>	<u>\$ 302,686</u>	<u>\$ 5,417,085</u>	<u>\$ 939,430</u>

Interest rate risk:

The Township has a formal investment policy that permits investments as authorized by law and requires that maturities of investments are consistent with cash flow requirements. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk:

According to the Township's investment policy, the selection of depository institutions, repurchase investment advisors, brokers, custodians, investment advisors, local government investment pools and money market mutual funds is based on legality, performance, quality of service, creditworthiness, reputation and integrity. In addition, the investment companies used by the Township must be rated in the highest category by a nationally recognized rating agency.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

4. Deposits and investments (continued):

Credit risk (continued):

As of December 31, 2021, \$6,659,201 (100%) of the Township police pension fund's investments in fixed income mutual funds were Not Rated by Standard and Poor's.

Concentration of credit risk:

The Township places no limit on the amounts invested in any one issuer. As of December 31, 2021 none of the Township police pension fund investments were subject to concentration of credit risk.

5. Capital Assets:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Non-depreciable Assets:				
Land	\$ 2,866,180	\$ -	\$ -	\$ 2,866,180
Construction in progress	1,531,118	1,879,235	-	3,410,353
Total Capital Assets Not Being Depreciated	4,397,298	1,879,235	-	6,276,533
Depreciable Assets:				
Buildings and improvements	10,574,912	243,985	-	10,818,897
Automotive equipment	9,430,578	222,658	-	9,653,236
Machinery and equipment	6,492,771	426,155	-	6,918,926
Bridges	6,253,335	-	-	6,253,335
Roads and street lights	52,303,693	59,558	-	52,363,251
Total Capital Assets Being Depreciated	85,055,289	952,356	-	86,007,645
Less Accumulated Depreciation:				
Buildings and improvements	5,157,846	241,237	-	5,399,083
Automotive equipment	5,851,906	455,431	-	6,307,337
Machinery and equipment	4,340,527	376,942	-	4,717,469
Bridges	2,645,478	124,347	-	2,769,825
Roads and street lights	47,814,148	296,264	-	48,110,412
Total Accumulated Depreciation	65,809,905	1,494,221	-	67,304,126
Total Capital Assets Being Depreciated Net	19,245,384	(541,865)	-	18,703,519
Total Net Capital Assets	\$ 23,642,682	\$ 1,337,370	\$ -	24,980,052

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

5. Capital Assets (Continued):

Depreciation expense was charged to the governmental functions as follows:

General Government	\$ 88,144
Public Safety	494,999
Highway and Street	817,062
Culture and Recreation	<u>94,016</u>
Total depreciation expense	<u>\$ 1,494,221</u>

6. Capital Lease Obligations:

The Township acquired several pieces of equipment under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized. The leases expire during 2031.

The cost and depreciation of equipment under the capital leases are as follows:

Cost	\$ 4,967,846
Accumulated Depreciation	<u>(1,124,198)</u>
Total	<u>\$ 3,843,648</u>

The future minimum lease payments under the capital leases and the net present value of future minimum capital lease payments at December 31, 2021 are as follows:

Year Ending December 31,	
2022	\$ 477,486
2023	477,485
2024	371,174
2025	217,811
2026	170,764
2027-2031	<u>853,820</u>
Total Minimum Lease Payments	2,568,540
Less: Amount Representing Interest	<u>271,884</u>
Present Value of Minimum Lease Payments	<u>\$ 2,296,656</u>

The following table summarizes the capital lease liability:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021	Due within One year
Capital Lease	\$ 2,844,508	\$ -	\$(547,852)	\$2,296,656	\$ 416,517

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

7. Compensated absences:

At December 31, 2021, the Township has a liability to compensate employees for vacation and sick leave. The liability is recorded in the government wide statement of net position in the amount of \$1,281,260.

The personnel policies of the Township's employees are governed by the collective bargaining agreements of the union employees and the Township's personnel manual for all other employees.

Police have the right to accumulate unlimited sick time, but sick time vests at a sliding scale beginning at 100% for 75 days, up to a maximum of 50% for 350 plus days. Vacation time vests immediately and can accumulate to a maximum of 45 days.

Non-uniformed union employees have the right to accumulate and vest in sick time up to 120 days. Vacation time vests immediately and can accumulate to an unlimited amount. All nonunion employees of the Township are covered by the Township's Personnel Manual. Sick time can be accumulated and vested up to a maximum of 40 days.

All compensated time is paid through the General Fund at the regular straight-time rate in effect on the day of termination under all agreements.

The following table summarizes the compensated absences liability:

	Compensated Absences
Balance at beginning of year	\$ 1,674,910
Additions	136,561
Retirements	(530,211)
Balance at end of year	\$ 1,281,260
Amounts due within one year	\$ 192,189

Compensated absences liability is liquidated by the general fund.

8. Long-term debt:

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt debt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. At December 31, 2021, the Township has not recorded an arbitrage liability in its financial statements.

General Obligation Bonds, Series 2015:

On January 15, 2015, the Township issued a General Obligation Bond, Series of 2015, in the aggregate principal amount of \$10,410,000. The Bonds were issued at a premium of \$1,176,758. Proceeds of the bonds are to be used as follows: (i) to refund, in a current refunding for federal tax purposes, the outstanding General Obligation Bonds, Series 2010 of the Township; (ii) to fund the termination payment associated with the cancellation of the 2012 Pay-Fixed Interest Rate Swap; (iii) to fund various capital projects to the Township; and (iv) to pay costs, fees and expenses with respect to the issuance of the bonds. The interest rates range from 2.0% to 5.0% with maturity at October 1, 2030. The 2015 Bonds are secured by the full faith, credit and taxing power of the Township.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

8. Long-term debt (Continued):

General Obligation Note, Series of 2015 (Continued):

Principal and interest maturities for the Series of 2015 Note is as follows:

	Principal	Interest	Total
2022	\$ 795,000	\$ 256,100	\$ 1,051,100
2023	830,000	216,350	1,046,350
2024	870,000	174,850	1,044,850
2025	545,000	131,350	676,350
2026	570,000	104,100	674,100
2027-2030	2,520,000	191,700	2,711,700
Total	<u>\$ 6,130,000</u>	<u>\$ 1,074,450</u>	<u>\$ 7,204,450</u>

Infrastructure Loan (Direct Borrowing):

In April 2015 the Township entered into an Infrastructure Loan with the County of Dauphin in the amount of \$1,500,000 for renovations and repairs on the 63rd Street Bridge. Payments of principal and interest are due on January 1 of each year. The loan carries an interest rate of .5% and matures on January 1, 2025.

The schedule of principal maturity and debt service for the Township is as follows:

	Principal	Interest	Total
2022	\$ 150,860	\$ 3,040	\$ 153,900
2023	151,615	2,286	153,901
2024	152,373	1,528	153,901
2025	153,134	765	153,899
	<u>\$ 607,982</u>	<u>\$ 7,619</u>	<u>\$ 615,601</u>

General Obligation Bonds, Series 2020:

On September 29, 2020, the Township issued a General Obligation Bond, Series of 2020, in the aggregate principal amount of \$17,695,000. The Bonds were issued at a premium of \$2,563,092. Proceeds of the bonds are to be used toward financing capital improvements to various Township facilities including, without limitation, streets, roads, governmental buildings, parks, recreational facilities and to pay the costs of issuing the bonds. The interest rates range from 2.0% to 4.0% with maturity at October 1, 2050. The 2020 Bonds are secured by the full faith, credit and taxing power of the Township.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

8. Long-term debt (Continued):

General Obligation Bonds, Series 2020 (Continued):

The schedule of principal maturity and debt service for the Township is as follows:

	Principal	Interest	Total
2022	\$ 5,000	\$ 707,000	\$ 712,000
2023	5,000	706,900	711,900
2024	5,000	706,800	711,800
2025	5,000	706,700	711,700
2026	5,000	706,600	711,600
2027-2031	615,000	3,531,350	4,146,350
2032-2036	3,335,000	3,154,800	6,489,800
2037-2041	4,060,000	2,431,800	6,491,800
2042-2046	4,945,000	1,551,800	6,496,800
2047-2050	4,715,000	480,800	5,195,800
Total	<u>\$ 17,695,000</u>	<u>\$ 14,684,550</u>	<u>\$ 32,379,550</u>

The following is a summary of changes in long-term debt for the year ended December 31, 2021:

	General Obligation Notes and Bonds	Bond Premium	Total Long- Term Debt	Infrastructure Loan (Direct Borrowing)
Balance at beginning of year	\$ 24,575,000	\$ 3,273,061	\$ 27,848,061	\$ 758,092
Additions	-	-	-	-
Deletions	<u>(750,000)</u>	<u>(224,318)</u>	<u>(974,318)</u>	<u>(150,110)</u>
Balance at end of year	<u>\$ 23,825,000</u>	<u>\$ 3,048,743</u>	<u>\$ 26,873,743</u>	<u>\$ 607,982</u>
Amounts due within one year	<u>\$ 800,000</u>		<u>\$ 800,000</u>	<u>\$ 150,860</u>

9. Police defined benefit pension plan:

Basis of accounting:

The plan financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plans are recognized when due, in accordance with Act 205, as amended. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments of the plan are reported at fair value.

Plan description:

The Swatara Township Police Pension Plan is a single employer defined benefit pension plan administered by the Township. The plan is controlled by the provisions of Township ordinances and a Collective Bargaining Agreement adopted pursuant to Act 600 as enacted by the Pennsylvania legislature in 1988. The Township has delegated the Authority to manage plan assets to PNC Financial Services as trustee of the plan assets.

SWATARA TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021

9. Police defined benefit pension plan (Continued):

Plan Description (Continued):

The pension plan's board consist of seven members as follows: three duly elected or appointed members of the governing body of the employer serving in such position as selected by the governing body of the employer; three police officers in the active employment of the employer; and one individual chosen by majority consent of the six other members and approved by the governing body of the employer, who shall have a working knowledge of expertise in financial matters or a financial background.

The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Retirement benefits for general plan members are calculated as 50% of average monthly pay, plus a service increment of \$200 after 26 years, plus an additional \$200 after 28 years of service. Average monthly pay is based upon the last 36 months of employment. A member is eligible for normal retirement after attainment of age 50 and completion of 25 years of service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse or eligible child, equal to 50% of the amount payable to the member at the time of death.

Benefit terms provide for annual costs-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are equal to the percentage increase in the Consumer Price Index from the year in which the member last worked. The costs-of-living adjustments are limited as such: (a) no adjustment shall result in a total retirement benefit in excess of 75% of the former participant's average monthly compensation, and (b) the total cost-of-living adjustment to a participant shall not exceed 30%.

The plan assets may be used only for the payment of benefits to members and expenses of the plan, in accordance with the terms of the plan. The plan does not issue a stand-alone financial report.

Plan membership:

Participation in the plan at December 31, 2021 is as follows:

Inactive plan members or beneficiaries currently receiving benefits	33
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	49
Total Members	84

Pension plan investments:

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The following is the plans target asset allocation:

Asset Class	Target Allocation
Domestic Equity	51%
International Equity	6%
Fixed Income	34%
Real Estate	3%
Cash	6%

The money-weighted rate of return on the pension plan investments, net of pension plan investment expense was 12.05% for the year ended December 31, 2021. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Additional details on the investments of the Plan can be found in Note 4 of the financial statements.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

9. Police defined benefit pension plan (Continued):

Contributions and funding policy:

Plan members are required to contribute 5.4% of gross wages to the pension plan. These member requirements are reviewed and approved annually by the Township. The Township is required to fund the plan based upon actuarially determined minimum funding standards. The minimum funding standards were mandated by Act 205, enacted by the Pennsylvania legislature on December 18, 1984. The minimum funding requirement includes normal cost and administrative expenses and amortization of the unfunded actuarial accrued liability. The Act also provides state aid to assist municipalities in meeting their minimum funding requirements. Any remaining minimum funding obligations are paid from the General Fund of the Township. In 2021, the Township contributed \$912,146 to the plan.

Normally, administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and funded through investment earnings.

Net pension liability of the Township:

The total pension liability was based on an actuarial valuation dated January 1, 2021 and update procedures were used to rollforward the total pension liability to the December 31, 2021 measurement date. The components of the net pension liability of the Township at December 31, 2021 were as follows:

Total pension liability	\$ 31,352,721
Plan fiduciary net position	(29,433,242)
Township's net pension liability	<u>\$ 1,919,479</u>
Plan fiduciary net position as a percentage of the total pension liability	93.88%

Changes in the Township's net pension liability for the year ended December 31, 2021 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2020	\$ 29,650,150	\$ 26,415,799	\$ 3,234,351
Changes for the year:			
Service Cost	780,981	-	780,981
Interest	2,367,366	-	2,367,366
Changes of benefits	-	-	-
Changes of assumptions	569,638	-	569,638
Differences between expected and actual experience	(801,981)	-	(801,981)
Contributions - employer	-	912,146	(912,146)
Contributions - member	-	282,010	(282,010)
Net investment income	-	3,023,365	(3,023,365)
Benefit payments, including refunds or employee contributions	(1,213,433)	(1,213,433)	-
Administrative expense	-	(10,125)	10,125
Military Service Purchase	-	23,480	(23,480)
Net Changes	<u>1,702,571</u>	<u>3,017,443</u>	<u>(1,314,872)</u>
Balances at 12/31/2021	<u>\$ 31,352,721</u>	<u>\$ 29,433,242</u>	<u>\$ 1,919,479</u>

SWATARA TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021

9. Police defined benefit pension plan (continued):

Actuarial assumptions:

The total pension liability was measured as of December 31, 2021 and was determined by rolling forward the liability from an actuarial valuation date as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.00%
Projected salary increases	5.50%
Inflation	3.00%
Cost-of-living increase	3.00%

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Expected long-term rate of return:

The 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 (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.50% - 7.50%
International Equity	4.50% - 6.50%
Fixed Income	1.00% - 3.00%
Real Estate	4.50% - 6.50%
Cash	0.00% - 1.00%

Discount rate:

The discount rate used to measure the total pension liability was 8.0%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

The actuarial assumptions used in the January 1, 2021 valuation were based past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the Plan. A recent actuarial experience study was not performed.

SWATARA TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021

9. Police defined benefit pension plan (continued):

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Township, calculated using the discount rate of 8.0%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%).

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Township's net pension liability	\$ 6,022,177	\$ 1,919,479	\$ (1,488,239)

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 \$431,197. At December 31, 2021 the Township reported deferred outflows and inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 2,325,145	\$ 2,148,674
Change in assumptions	498,433	-
Net difference between projected and actual earnings on investments	-	1,191,453
Total	<u>\$ 2,823,578</u>	<u>\$ 3,340,127</u>

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

Year ended December 31:	
2022	\$ (60,462)
2023	(660,083)
2024	(178,052)
2025	(126,875)
2026	55,382
Thereafter	453,541
Total	<u>\$ (516,549)</u>

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

10. Non-uniformed defined benefit pension plan:

A. General Information about the Pension Plan

Plan description:

The Township, through provisions of Ordinance No. 1991-3, adopted pursuant to Act 15, as amended by the January 2013 agreement between the Township and the Pennsylvania Municipal Retirement System (PMRS) provides employee pension benefits to non-uniformed employees through participation in the PMRS. The PMRS was created by the Pennsylvania General Assembly in 1974 with the passage of the Pennsylvania Municipal Retirement Law 1974, P.L. 34, No. 15. PMRS administers pension plans on a contracted basis for any municipality or institution supported and maintained by a Pennsylvania municipality. This agent multiple-employer public employee retirement system maintains each municipality's account separately with that municipality's contributions and related employee contributions, and earnings segregated into separate accounts. PMRS issues a separate Comprehensive Annual Financial Report, which can be obtained by contacting the PMRS accounting office at P.O. Box 1165, Harrisburg, PA 17108-1165.

Benefits Provided:

Benefit terms were established under the 2013 agreement between PMRS and the Township, changes to benefit terms can only occur by modification of this agreement. Major provisions of the 2013 agreement include the following:

Membership for full-time employees of the Municipality is mandatory. Membership for part-time employees, seasonal employees, and temporary employees is prohibited, as is membership for individuals paid only on a fee basis. Benefits vest upon the completion of twelve years of credited service. A member shall be eligible for a retirement benefit upon attainment of retirement age, which shall be sixty-five (65) years of age; or fifty-five (55) years of age, provided the Member has completed twenty-five (25) years of credited service.

The normal form of payment of retirement benefits is a monthly annuity comprised of the sum of the following annuities:

- (a) An annuity calculated by multiplying the Member's Final Salary by all years of Credited Service and multiplied by the benefit accrual rate of two percent (2.00%)
- (b) An annuity equal to a single life annuity starting on the effective date of retirement with a present value equal to the member contributions and regular interest on the optional member contributions.

A retiree may elect to receive a reduced amount of benefit and provide a death benefit in the form of annuity or lump sum to the designated beneficiary. The plan also provides death and disability benefits for an active employee.

An annual excess interest benefit shall be equal to a single life annuity starting on the effective date of retirement with a present value equal to the member's excess investment account.

The plan does not allow for any cost-of-living adjustments to an employee's retirement allowance subsequent to the employee's retirement date.

Employees Covered by Benefit Terms:

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	21
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>36</u>
	<u>59</u>

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

10. Non-uniformed defined benefit pension plan:

Contributions:

Required contributions to the plan are governed by the 2013 agreement. The PMRS Board will actuarially determine the normal cost of the benefits provided under the contract (2013 agreement) and any liability associated with the actuarial experience of such benefits which shall be contributed annually by the Township. The PMRS Board shall determine and the Township shall be charged an additional amount to be contributed annually toward a reserve account for any disability benefit which may be payable under the contract (2013 agreement). The amounts so determined shall be computed in accordance with the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. §895.101 et seq., and the PMRL. Members shall contribute four percent of their compensation to fund the annuity. Members may optionally contribute an additional percentage of their compensation to fund the annuity. The total of the mandatory and optional contributions shall not exceed fifteen percent of the member's compensation. The state contributions to the plan were recognized as revenue and expense in the fund level financial statements in the period contributed. In 2021 the Township contributed \$235,975 and the employees contributed \$132,998 to the plan.

B. Net Pension Liability

The Township's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019.

Actuarial assumptions:

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Investment rate of return	5.25%, net of pension plan investment expense, including inflation
Projected salary increases	Age/Merit Scale including inflation ranging of 2.8%
Inflation	2.8%

Mortality rates Pre-Retirement for the December 31, 2019 valuation were based on the RP-2000 Non-Annuitant Scale projected 15 years with scale AA for males and with a 5 year setback for females. Mortality rates Post-Retirement were based on the RP-2000 Scale projected 5 years with scale AA for males and projected 10 years with scale AA for females.

The actuarial assumptions used in the December 31, 2018 valuation were based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020 as well as subsequent Board approved assumption changes.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

10. Non-uniformed defined benefit pension plan (continued):

B. Net Pension Liability (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-estimates of expected future real rates of return are developed for each major asset class. These returns are combined to produce the System's Long-Term Expected Real Rate of Return by calculating the weighted average return for each asset class using each respective target asset allocation percentage and multiplying by the expected future nominal rate of return, while also factoring in covariance across asset classes, then deducting expected inflation (2.25%). Best estimates of geometric real rates of return for each utilized asset class are included in the pension plan's target asset allocation as of December 31, 2020 and summarized in the table below:

Asset Class	Target Allocation	Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities (large capitalized firms)	25%	7.56%	5.31%
Domestic Equities (small capitalized firms)	15%	8.31%	6.06%
International Equities (international developed markets)	15%	7.78%	5.53%
International Equities (emerging markets)	10%	8.20%	5.95%
Real estate	15%	7.50%	5.25%
Timber	5%	6.03%	3.78%
Fixed income	15%	4.12%	1.87%
Total Portfolio	100%		

Based on the three-part analysis, the PMRS Board established the System's Long-Term Expected Rate of Return at 7.8%.

In addition to determining the System's Long-Term Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2020, this rate is equal to 5.25%.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

10. Non-uniformed defined benefit pension plan (continued):

B. Net Pension Liability (continued)

Actuarial assumptions (continued):

Discount rate. While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate. The PMRS Board establishes the Regular Interest Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considers the following five quantitative factors in reviewing the Regular Interest Rate:

- 1.) Retiree Plan liability as a percentage of total Plan liability,
- 2.) Active Plan participant liability as a percentage of total Plan liability,
- 3.) Smoothed Pension Benefit Guarantee Corporation (PBGC) annuity rates as a proxy for annuity purchase rates,
- 4.) PMRS System Long-Term Expected Rate of Return, and
- 5.) PMRS investment expenses

The PMRS Board then adjusts the Regular Interest Rate due to a variety of qualitative factors such as the desire to minimize Regular Interest Rate volatility, varying levels of asset allocation and liquidity, trending of PBGC annuity rates, total PMRS actuarial and fair value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Discount Rates adopted by the PMRS Board and used to measure the individual participating municipalities' total pension liability was 5.25% for the December 31, 2019 actuarial valuation.

The Regular Interest Rate / Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate, the PMRS Board is authorized to allocate any applicable portion of such excess in accordance with PMRS Board policies in the form of Excess Interest as provided for in the law.

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Discount Rate was required (depletion testing"), used the following assumptions: 1.) member contributions will be made at the current contribution rate 2.) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3.) the System's Long-Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

SWATARA TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021

10. Non-uniformed defined benefit pension plan (continued):

C. Changes in the Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances at 12/31/2020 (based on 12/31/19 measurement date)	\$ 12,133,571	\$ 12,488,879	\$ (355,308)
Changes for the year:			
Service Cost	301,124	-	301,124
Interest	638,278	-	638,278
Changes of benefits	-	-	-
Changes of assumptions	403,792	-	403,792
Differences between expected and actual experience	(338,624)	-	(338,624)
Contributions - employer	-	241,964	(241,964)
Contributions - member	-	132,998	(132,998)
Net investment income	-	1,564,552	(1,564,552)
Benefit payments, including refunds or employee contributions	(518,657)	(518,657)	-
Administrative expense	-	(27,761)	27,761
Net Changes	<u>485,913</u>	<u>1,393,096</u>	<u>(907,183)</u>
Balances at 12/31/2021 (based on 12/31/20 measurement date)	<u>\$ 12,619,484</u>	<u>\$ 13,881,975</u>	<u>\$ (1,262,491)</u>

Sensitivity of the pension liability to changes in the discount rate:

The following presents the net pension liability of the Township, calculated using the discount rate of 5.25%, as well as what the Township's net 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	Current	1% Increase
	(4.25%)	Discount Rate (5.25%)	(6.25%)
Township's net pension liability/(asset)	\$ 144,781	\$ (1,262,491)	\$ (2,460,032)

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PMRS financial report.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

10. Non-uniformed defined benefit pension plan (continued):

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

For the year ended December 31, 2020, the Township recognized a reduction in pension expense of \$24,058. At December 31, 2021 the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,538	\$ 274,723
Changes in assumptions	383,410	-
Net difference between projected and actual earnings on pension plan investments	-	1,574,846
Contributions subsequent to the measurement date	235,975	-
Total	\$ 670,923	\$ 1,849,569

The \$235,975 reported as deferred outflows of resources related to pensions resulting from the Township's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022 financial statements. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	\$ (457,789)
2023	(279,980)
2024	(498,810)
2025	(178,042)
2026	-
Thereafter	-
Total	\$ (1,414,621)

11. Commitments and Contingent liabilities:

Concentration of labor risks - The Township currently employs a labor force of which 75% is covered by collective bargaining agreements. The uniformed and non-uniformed collective bargaining agreements have been extended through December 31, 2024.

Other matters - Several other matters have been turned over to the Township's insurance carrier as of December 31, 2021. It is not believed that any significant liability will result to the Township in regard to these matters.

12. Escrow deposit payable:

Escrow deposit payable represent funds held in escrow for payment of maintenance, engineering and development fees on behalf of various projects. There were escrow funds outstanding at December 31, 2021 of \$123,734. This amount is included in escrow deposits on the government-wide financial statements.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

13. Risk management:

The Township is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets and errors or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The Township entered into the Penn PRIME Workers' Compensation Trust in July 1993. The Trust provides workers' compensation coverage in accordance with the Pennsylvania Workmen's Compensation Act. The Trust's liability to pay for damages is limited to \$1,000,000 for bodily injury by accident and \$1,000,000 for bodily injury by disease. The Trust is directly and primarily liable to any person entitled to benefits under the coverage. The Township is responsible for any payments in excess of the benefits regularly provided under Workers' Compensation Law. As of December 31, 2021, the Township's settled claims have not exceeded the limits of liability of the Trust. All payments to the Trust are made through the general fund. The Township has not made an estimate of possible loss or range of loss from unreported claims as of December 31, 2021.

The Township participates in a modified self-funded trust to provide medical benefits to employees and retirees. Under the trust plan, the Township pays reasonable and customary healthcare expenses. For the year ended December 31, 2021, the Township was limited in liability for claims to \$45,000 per enrollee. Actual claims paid for the year ended December 31, 2021 were \$2,849,950 less reimbursements of \$757,447, or net claims of approximately \$2,092,503.

14. Restricted cash and cash equivalents:

Restricted cash and cash equivalents of \$92,044 (general fund), and \$19,496,525 (bond fund) at December 31, 2021, represent cash and cash equivalents restricted for Escrow Deposits and Unspent Bond Proceeds, respectively.

15. Deferred compensation plan:

The Township has a deferred compensation plan authorized under Internal Revenue Code Section 457 which is available to its full-time employees. Participation in the plan is voluntary, and it is funded only by employee contributions.

16. Postemployment Benefits Others Than Pensions (OPEB):

Plan Description

The Township maintains a single-employer defined benefit post-employment benefits other than pensions (OPEB) plan (the Plan) that is used to provide OPEB for eligible retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the Governmental Accounting Standards Board's (GASB) Statement No. 75.

Management of the Plan is vested in the Board of Commissioners, which consists of the five elected Township Commissioners.

SWATARA TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021

16. Postemployment Benefits Others Than Pensions (OPEB) (continued):

Plan Membership:

At January 1, 2021, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	27
Inactive plan members entitled to but not yet receiving benefit payments	7
Active plan members	49
Total	83

Benefits provided:

Swatara Township provides health-related benefits for its police officers through its single-employer defined benefit plan. Benefit provisions are established through negotiations between the Township and the Union representing the police officers. The plan does not issue a publicly available financial report.

The benefits are available to police officers who retired on or after January 1, 1987 and before January 1, 2000. The medical benefits level at retirement cannot be decreased and the annual expense to the Township is the higher of 50% of the officer-only premium or \$190 per month. The Township's contributions are financed on a pay-as-you-go basis.

Benefits are not available to the following persons:

1. Those who obtain subsequent employment and are eligible for healthcare benefits, even if the benefits are less than those provided by the Township.
2. Those who have a working spouse covered by a plan that allows him/her to be eligible, even if the benefits are less than those provided by the Township.
3. Those officers who terminate employment other than from retirement.

Effective January 1, 2000, police officers who retire after January 1, 2000 will be entitled to receive healthcare benefits for life, including Medicare premiums when they reach age 65. The benefits are payable by the Township for the officer only and not his dependents. The officer's dependents are responsible for payment of their portion of the coverage. The benefit is not available to officers under the same provisions for retirees who retire after January 1, 1987, as noted previously, with the exception that if the officer becomes ineligible for alternative healthcare benefits for any reason, the officer can return to the Township's policy.

Contributions: The Township's contributions are financed on a pay-as-you-go basis.

Total OPEB Liability of the Township: The Township's total OPEB liability of \$13,711,987 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2021.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

16. Postemployment Benefits Others Than Pensions (OPEB) (continued):

Actuarial assumptions and other inputs. The Township's total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2019. The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	5.50% average, including inflation
Discount Rate	1.93%
Healthcare cost trend rates	5.5% in 2021 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later.

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2021.

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females.

The actuarial assumptions used in the January 1, 2021 valuation were based on historical results, as a recent experience study was not completed.

Changes in the Total OPEB Liability:

Changes in the Township's total OPEB liability for the plan for the year ended December 31, 2021 were as follows:

	Total OPEB Liability
Balance at 12/31/2020 (Based on a 1/1/2020 measurement date)	\$ 10,946,620
Changes for the year:	
Service Cost	552,593
Interest	370,652
Differences between Expected and actual Experience	(609,782)
Changes in Assumptions	2,690,997
Benefit Payments	(239,093)
Net Changes	<u>2,765,367</u>
Balance at 12/31/2021 (Based on a 1/1/2021 measurement date)	<u>\$ 13,711,987</u>

Changes in assumptions reflect a change in the discount rate from 3.26% in 2020 to 1.93% in 2021 and the trend assumption was updated.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93%) or 1-percentage-point higher (2.93%) than the current discount rate:

	1% Decrease 0.93%	Current Discount Rate 1.93%	1% Increase 2.93%
Total OPEB Liability	<u>\$ 16,376,167</u>	<u>\$ 13,711,987</u>	<u>\$ 11,614,326</u>

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

16. Postemployment Benefits Others Than Pensions (OPEB) (continued):

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5% decreasing to 3.0%) or 1-percentage-point higher (6.5% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (4.5% decreasing to 3.0%)	Medical Trend Rate (5.5% decreasing to 4.0%)	1% Increase (6.5% decreasing to 5.0%)
Total OPEB Liability	\$ 11,237,232	\$ 13,711,987	\$ 16,960,017

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Township recognized OPEB expense of \$1,253,818. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 23,062
Changes in assumptions	3,390,974	1,042,015
Benefit payments subsequent to the measurement date	200,930	-
 Total	 \$ 3,591,904	 \$ 1,065,077

The \$200,930 reported as deferred outflows of resources related to OPEB resulting from the Township's benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022 financial statements. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 330,573
2023	330,573
2024	330,573
2025	330,573
2026	330,574
Thereafter	673,031
Total	<u>\$ 2,325,897</u>

SWATARA TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021

17. Interfund accounts:

Individual fund receivable and payable balances at December 31, 2021, are as follows:

	Due from Other Funds	Due to Other Funds
Capital Reserve	\$ 10,000	\$ -
General	-	10,000
	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Individual funds "transfers in" and "transfers out" were as follows:

Transfers Out		Transfers In	
Capital Reserve	\$ 70,000	Nonmajor Governmental Funds	\$ 70,000
Nonmajor Governmental Funds	<u>1,258,764</u>	General Fund	<u>1,258,764</u>
	<u>\$ 1,328,764</u>		<u>\$ 1,328,764</u>

Transfers were made to pay debt service of the Township and to reimburse for general government services.

18. Excess of Expenditures over Appropriations in Major Fund

The following major fund had an excess of actual expenditures over budget for the year ended December 31, 2021.

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Percent of Excess over Appropriations</u>
General Fund	\$ 15,722,534	\$ 16,026,200	1.93%

The excess expenditures over appropriations were funded by prior year fund balance in the General Fund.

19. Risks and Uncertainties

As the effects of the Coronavirus pandemic continue to evolve and are dependent upon future developments, the impact of the Coronavirus on the Township's operations and financial results are uncertain at this time.

20. Subsequent Events

The Township has evaluated all subsequent events through the report issue date.

21. Component Unit, Swatara Township Stormwater Authority

The Swatara Township Stormwater Authority (the "Authority") was incorporated on December 29, 2020, under the Municipality Authorities Act of 1945 and pursuant to a resolution by the Board of Commissioners of the Township of Swatara (the "Township") to provide for stormwater system planning, management and implementation.

The financial statements of the Swatara Township Stormwater Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Authority are described below.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

21. Component Unit, Swatara Township Stormwater Authority (continued)

Summary of significant accounting policies:

Reporting entity:

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Governmental Accounting Standards Board (GASB) have been considered, and there are no agencies or entities which should be presented with the Authority. However, the Authority is not fiscally independent, and as such, is a component unit of the Township.

The Authority complies with accounting principles generally accepted in the United States of America (GAAP). The Authority's reporting entity applies all relevant GASB pronouncements.

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

The Authority has adopted the accrual basis of accounting to account for operations that are financed and operated in a manner similar to that of a private business enterprise, where the intent is that the costs of providing services to the general public on a continuing basis be financed or recovered substantially through user charges.

In the statement of net position and the statement of revenues, expenses and changes in net position, the business-type activity is presented using the economic resources measurement focus.

The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) and deferred outflows and inflows of resources associated with its activities are reported. Proprietary fund equity is classified as net position.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations. The principal operating revenues of the Authority are stormwater service charges. Operating expenses include engineering costs, equipment rental costs, administrative costs and depreciation on capital assets. All other revenues or expenses are reported as nonoperating revenues and expenses.

Cash and cash equivalents:

The Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Receivables:

The Authority invoices residential and commercial property owners within Swatara Township a fee for the use of, benefit by, and services rendered by the Authority's stormwater management system. Receivables for the stormwater fee are carried at the original billed amount plus any penalties charged.

Capital assets:

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The Authority maintains a

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

21. Component Unit, Swatara Township Stormwater Authority (continued)

Summary of significant accounting policies (continued):

capitalization threshold of \$5,000 for general capital assets and \$25,000 for infrastructure. The Authority's infrastructure consists storm water systems. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Authority's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Automotive equipment	7 years
Machinery and equipment	10 years
Infrastructure	25 - 50 years

Net position classifications:

Net position is displayed in three components:

- a) Net Investment in capital assets - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b) Restricted net position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Governmental Accounting Standards Boards Statements

In 2021, the Authority adopted the requirements of GASB issued Statement No. 89 "Accounting for Interest Costs Incurred Before the End of a Construction Period". The adoption of this statement did not result in a modification of reported amounts.

Deposits and investments:

Custodial credit risk, deposits:

For deposits of the Authority, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority's deposits will not be returned to it.

SWATARA TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

21. Component Unit, Swatara Township Stormwater Authority (continued)

Deposits and investments: (continued)

At December 31, 2021, all of the Authority's cash deposits with a carrying amount of \$151,759 and a bank balance of \$150,465 were covered by federal depository insurance.

Capital Assets:

The following is a summary of changes in capital assets for the year ended December 31, 2021:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Non-depreciable Assets:				
Construction in progress	\$ -	\$ 623,248	\$ -	\$ 623,248
Total Capital Assets Not Being Depreciated	-	623,248	-	623,248
Depreciable Assets:				
Automotive equipment	-	68,830	-	68,830
Total Capital Assets Being Depreciated	-	68,830	-	68,830
Less Accumulated Depreciation:				
Automotive equipment	-	6,965	-	6,965
Total Accumulated Depreciation	-	6,965	-	6,965
Total Capital Assets Being Depreciated Net	-	61,865	-	61,865
Total Net Capital Assets	<u>\$ -</u>	<u>\$ 685,113</u>	<u>\$ -</u>	<u>\$ 685,113</u>

Due to Swatara Township:

The Authority reimburses the Township for various payroll, employee benefits, and other operating expenditures during the course of the year. As of December 31, 2021, the Authority owed the Township \$537,220.

Risk management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets and errors or omissions. Significant losses are covered by the Township's insurance. As of December 31, 2021 there have been no claims reported.

REQUIRED SUPPLEMENTARY INFORMATION

SWATARA TOWNSHIP, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION
(REQUIRED SUPPLEMENTARY INFORMATION)

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 780,981	\$ 749,000	\$ 709,953	\$ 700,562	\$ 753,461	\$ 640,706	\$ 607,304	\$ 585,367
Interest	2,367,366	2,239,200	2,102,883	1,743,917	1,786,792	1,661,708	1,554,929	1,476,996
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(801,981)	-	3,100,192	(2,087,090)	-	-	(249,965)	-
Changes of assumptions	569,638	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,213,433)	(1,158,097)	(1,137,740)	(996,242)	(876,149)	(827,105)	(894,689)	(825,656)
Net change in total pension liability	1,702,571	1,830,103	4,775,288	(638,853)	1,664,104	1,475,309	1,017,579	1,236,707
Total pension liability - beginning	29,650,150	27,820,047	23,044,759	23,683,612	22,019,508	20,544,199	19,526,620	18,289,913
Total pension liability - ending (a)	\$ 31,352,721	\$ 29,650,150	\$ 27,820,047	\$ 23,044,759	\$ 23,683,612	\$ 22,019,508	\$ 20,544,199	\$ 19,526,620
Plan fiduciary net position								
Contributions - employer	\$ 912,146	\$ 819,704	\$ 786,598	\$ 756,982	\$ 705,080	\$ 702,513	\$ 660,568	\$ 607,146
Contributions - employee	282,010	265,737	257,118	252,577	273,143	207,072	231,930	202,211
Net investment income	3,023,365	2,196,630	3,906,754	(1,260,237)	2,707,887	961,749	46,900	1,151,574
Benefit payments, including refunds of employee contributions	(1,213,433)	(1,158,097)	(1,137,740)	(996,242)	(876,149)	(827,105)	(894,689)	(825,656)
Administrative expense	(10,125)	(7,175)	(8,225)	(13,775)	(86,440)	(68,806)	(19,050)	(11,410)
Other	23,480	-	-	31,487	736,553	44,795	-	-
Net change in plan fiduciary position	3,017,443	2,116,799	3,804,505	(1,229,208)	3,460,074	1,020,218	25,659	1,123,865
Plan fiduciary net position - beginning	26,415,799	24,299,000	20,494,495	21,723,703	18,263,629	17,243,411	17,217,752	16,093,887
Plan fiduciary net position - ending (b)	29,433,242	26,415,799	24,299,000	20,494,495	21,723,703	18,263,629	17,243,411	17,217,752
Township's net pension liability - ending (a) - (b)	\$ 1,919,479	\$ 3,234,351	\$ 3,521,047	\$ 2,550,264	\$ 1,959,909	\$ 3,755,879	\$ 3,300,788	\$ 2,308,868
Plan fiduciary net position as a percentage of the total pension liability	93.88%	89.09%	87.34%	88.93%	91.72%	82.94%	83.93%	88.18%
Covered payroll	\$ 5,121,218	\$ 4,809,953	\$ 4,633,300	\$ 4,382,975	\$ 4,370,912	\$ 4,288,995	\$ 4,218,485	\$ 3,738,024
Township net pension liability as a percentage of covered payroll	37.48%	67.24%	75.99%	58.19%	44.84%	87.57%	78.25%	61.77%

Notes to schedule

The Township adopted GASB 67 on a prospective basis in 2014; therefore only eight years are presented in the above schedule.

SWATARA TOWNSHIP, PENNSYLVANIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS - POLICE PENSION
(REQUIRED SUPPLEMENTARY INFORMATION)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contributions	\$ 912,146	\$ 819,704	\$ 786,598	\$ 756,982	\$ 705,080	\$ 702,513	\$ 660,568	\$ 607,146	\$ 593,107	\$ 526,094
Contributions in relation to the actuarially determined employer contribution	912,146	819,704	786,598	756,982	705,080	702,513	660,568	607,146	593,107	526,094
Employer contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,121,218	\$ 4,809,953	\$ 4,633,300	\$ 4,382,975	\$ 4,370,912	\$ 4,288,995	\$ 4,218,485	\$ 3,738,024	\$ 3,411,928	\$ 3,385,003
Employer contributions as a percentage of covered payroll	17.81%	17.04%	16.98%	17.27%	16.13%	16.38%	15.66%	16.24%	17.38%	15.54%

Notes to Schedule

Valuation date: January 1, 2019

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	10 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of fair value.
Inflation	3.00%
Salary increases	5.50%
Investment rate of return	8.00%
Retirement age	Normal retirement age.
Mortality	IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect morality improvement.

SWATARA TOWNSHIP, PENNSYLVANIA
SCHEDULE OF INVESTMENT RETURNS - POLICE PENSION
(REQUIRED SUPPLEMENTARY INFORMATION)

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	12.05	9.62%	19.76%	-5.24%	14.58%	5.70%	0.61%	7.65%

Notes to Schedule

The Township adopted GASB 67 on a prospective basis in 2014; therefore only eight years are presented in the above schedule.

SWATARA TOWNSHIP, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -
NON-UNIFORMED PENSION
(REQUIRED SUPPLEMENTARY INFORMATION)

	2020	2019	2018	2017	*** 2016	** 2015	* 2014
Total Pension Liability							
Service Costs	\$ 301,124	\$ 293,888	\$ 273,549	\$ 257,732	\$ 232,247	\$ 263,455	\$ 238,736
Interest	638,278	619,033	593,765	574,744	569,321	547,008	518,008
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(338,624)	-	128,845	-	(22,939)	-	226,132
Changes of Assumptions	403,792	-	-	-	282,239	93,353	-
Benefit Payments, Including Refunds of Member Contributions	(518,657)	(587,306)	(481,329)	(485,853)	(496,661)	(437,445)	(515,077)
Net Change in Total Pension Liability	485,913	325,615	514,830	346,623	564,207	466,371	467,799
Total Pension Liability - beginning	12,133,571	11,807,956	11,293,126	10,946,503	10,382,296	9,915,925	9,448,126
Total Pension Liability - ending (a)	\$ 12,619,484	\$ 12,133,571	\$ 11,807,956	\$ 11,293,126	\$ 10,946,503	\$ 10,382,296	\$ 9,915,925
Plan Fiduciary Net Position							
Contributions - Employer	\$ 241,964	\$ 223,036	\$ 204,794	\$ 203,511	\$ 186,560	\$ 178,149	\$ 123,189
Contributions - Member	132,998	130,241	121,814	111,997	109,780	111,503	99,023
Net Investment Income	1,564,552	2,187,183	(417,029)	1,697,141	825,847	(50,267)	506,577
Benefit Payments, Including Refunds of Member Contributions	(518,657)	(588,526)	(481,329)	(485,853)	(496,661)	(437,445)	(515,077)
Administrative Expense	(27,761)	(20,164)	(25,607)	(25,260)	(26,952)	(22,369)	(19,135)
Net Change in Plan Fiduciary Net Position	1,393,096	1,931,770	(597,357)	1,501,536	598,574	(220,429)	194,577
Plan Fiduciary Net Position - beginning	12,488,879	10,557,109	11,154,466	9,652,930	9,054,356	9,274,785	9,080,208
Plan Fiduciary Net Position - ending (b)	\$ 13,881,975	\$ 12,488,879	\$ 10,557,109	\$ 11,154,466	\$ 9,652,930	\$ 9,054,356	\$ 9,274,785
Township's Net Pension (Asset) Liability - ending (a) - (b)	\$ (1,262,491)	\$ (355,308)	\$ 1,250,847	\$ 138,660	\$ 1,293,573	\$ 1,327,940	\$ 641,140
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	110.00%	102.93%	89.41%	98.77%	88.18%	87.21%	93.53%
Covered Payroll	\$ 2,287,579	\$ 2,226,641	\$ 2,062,934	\$ 1,965,329	\$ 1,842,249	\$ 1,900,369	\$ 1,729,025
Township's Net Pension Liability as a Percentage of Covered Payroll	-55.19%	-15.96%	60.63%	7.06%	70.22%	69.88%	37.08%

* - Information only available for seven years. Future years will be added as information becomes available.

** - The Township had changes in assumptions related to mortality rates, retirement rates, and wage scales in the December 31, 2015 measurement date compared to previous measurement dates.

*** - The Township had changes in assumptions related to the discount rate in the December 31, 2016 measurement date compared to previous measurement dates.

SWATARA TOWNSHIP, PENNSYLVANIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS
NON-UNIFORMED PENSION
(REQUIRED SUPPLEMENTARY INFORMATION)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 235,975	\$ 241,964	\$ 222,976	\$ 204,711	\$ 203,448	\$ 186,460	\$ 178,129	\$ 123,149	\$ 128,695	\$ 132,763
Contribution in Relation to the Actuarially Determined Contribution	235,975	241,964	223,036	204,794	203,511	186,560	178,149	123,189	133,289	132,763
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ (60)	\$ (83)	\$ (63)	\$ (100)	\$ (20)	\$ (40)	\$ (4,594)	\$ -
Covered Payroll	\$ 2,280,732	\$ 2,287,579	\$ 2,226,641	\$ 2,062,934	\$ 1,965,329	\$ 1,842,249	\$ 1,900,369	\$ 1,729,025	\$ 1,659,333	*
Contribution as a percentage of Covered Payroll	10.35%	10.58%	10.02%	9.93%	10.36%	10.13%	9.37%	7.12%	8.03%	*

Notes to Schedule:

Valuation Date: 1/1/2019

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.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar Closed
Remaining Amortization Period	8 years
Asset Valuation Method	Based Upon Municipal Reserves in PMRS (Fair Value)
Inflation	2.8%
Salary Increases	Age/Merit Scale including inflation ranging from 2.8% to 7.05%
Investment Rate of Return	5.25%, net of pension plan investment expense, including inflation
Pre-Retirement Mortality	Males - RP 2000 Non-Annuitant Male Table projected 15 years with Scale AA Females - RP 2000 Non-Annuitant Female Table projected 15 years with Scale AA, set back 5 years.
Post-Retirement Mortality:	Males - RP 2000 Non-Annuitant Male Table projected 5 years with Scale AA Females - RP 2000 Non-Annuitant Female Table projected 10 years with Scale AA

* - Information not available.

SWATARA TOWNSHIP, PENNSYLVANIA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2021	2020	2019	2018
Total OPEB liability				
Service Cost	\$ 552,593	\$ 467,626	\$ 542,671	\$ 451,026
Interest	370,652	362,082	321,490	323,695
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(609,782)	-	(762,685)	-
Changes in assumptions or other inputs	2,690,997	740,778	(34,591)	766,984
Benefit payments, including refunds of employee contributions	(239,093)	(225,929)	(209,236)	(155,326)
Net change in total OPEB liability	2,765,367	1,344,557	(142,351)	1,386,379
Total OPEB liability - beginning	10,946,620	9,602,063	9,744,414	8,358,035
Total OPEB liability - ending (a)	<u>\$ 13,711,987</u>	<u>\$ 10,946,620</u>	<u>\$ 9,602,063</u>	<u>\$ 9,744,414</u>
Covered payroll	\$ 4,720,391	\$ 4,270,108	\$ 4,270,108	\$ 4,177,475
Total OPEB liability as a percentage of covered payroll	290.48%	256.35%	224.87%	233.26%

Notes to Schedule:

The discount rate changed from 3.64% in 2019 to 3.26% in 2020.
The discount rate changed from 3.26% in 2020 to 1.93% in 2021.

The Township adopted GASB 75 on a prospective basis in 2018; therefore only four years are presented in the above schedule.

The Township has not accumulated assets in a trust that meets the criteria in paragraph 4 of GASB No. 75 to pay OPEB benefits.

SWATARA TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021
(REQUIRED SUPPLEMENTARY INFORMATION)

	<u>Budgeted amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 9,989,499	\$ 9,989,499	\$ 10,048,741	\$ 59,242
Licenses, fees and permits	1,089,830	1,089,830	1,024,321	(65,509)
Fines and forfeits	137,000	137,000	122,607	(14,393)
Interest and rents	30,440	30,440	22,371	(8,069)
Intergovernmental	957,050	957,050	961,100	4,050
Department earnings	1,283,373	1,283,373	1,355,840	72,467
Miscellaneous	106,000	106,000	835,919	729,919
Total revenues	<u>13,593,192</u>	<u>13,593,192</u>	<u>14,370,899</u>	<u>777,707</u>
Expenditures:				
Current operations:				
General government:				
Administration	1,402,204	1,402,204	1,327,132	75,072
Tax collector/treasurer	51,590	51,590	47,576	4,014
Municipal buildings	399,065	399,065	343,637	55,428
Business privilege	173,499	173,499	101,736	71,763
Total general government	<u>2,026,358</u>	<u>2,026,358</u>	<u>1,820,081</u>	<u>206,277</u>
Public safety:				
Police	9,471,801	9,471,801	8,967,616	504,185
Fire	157,000	157,000	297,693	(140,693)
Planning/zoning	802,476	802,476	766,381	36,095
Total Public Safety	<u>10,431,277</u>	<u>10,431,277</u>	<u>10,031,690</u>	<u>399,587</u>
Highway and street:				
Sanitation	61,571	61,571	99,349	(37,778)
Storm sewers and drains	-	-	113,674	(113,674)
Highway maintenance	2,576,140	2,576,140	2,242,875	333,265
Total highway and street	<u>2,637,711</u>	<u>2,637,711</u>	<u>2,455,898</u>	<u>181,813</u>
Culture and recreation:				
Recreation	627,188	627,188	775,028	(147,840)
Total culture and recreation	<u>627,188</u>	<u>627,188</u>	<u>775,028</u>	<u>(147,840)</u>
Debt Service	-	-	344,350	(344,350)
Capital outlay	-	-	599,153	(599,153)
Total expenditures	<u>15,722,534</u>	<u>15,722,534</u>	<u>16,026,200</u>	<u>(303,666)</u>
Excess (Deficiency) of revenues over/ (under) expenditures	<u>(2,129,342)</u>	<u>(2,129,342)</u>	<u>(1,655,301)</u>	<u>474,041</u>
Other financing sources/(uses):				
Proceeds of capital asset sales	14,500	14,500	-	(14,500)
Transfer in	-	-	1,258,764	1,258,764
Total other financing sources/(uses)	<u>14,500</u>	<u>14,500</u>	<u>1,258,764</u>	<u>1,244,264</u>
Net change in fund balances	<u>\$ (2,114,842)</u>	<u>\$ (2,114,842)</u>	<u>\$ (396,537)</u>	<u>\$ 1,718,305</u>

SWATARA TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
FIRE PREVENTION FUND
YEAR ENDED DECEMBER 31, 2021
(REQUIRED SUPPLEMENTARY INFORMATION)

	<u>Budgeted amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 1,467,831	\$ 1,467,831	\$ 1,450,262	\$ (17,569)
License, fees, and permits	600	600	-	(600)
Interest and rents	6,000	6,000	189	(5,811)
Department earnings	-	-	4,582	4,582
Miscellaneous	75,000	75,000	8,645	(66,355)
	<u>1,549,431</u>	<u>1,549,431</u>	<u>1,463,678</u>	<u>(85,753)</u>
Total revenues				
Expenditures:				
Current operations:				
Public safety	1,080,566	1,080,566	766,860	313,706
Debt Service:				
Principal	470,764	470,764	430,468	40,296
Interest	65,250	65,250	110,119	(44,869)
	<u>1,616,580</u>	<u>1,616,580</u>	<u>1,307,447</u>	<u>309,133</u>
Total expenditures				
Excess (Deficiency) of revenues over (under) expenditures	<u>(67,149)</u>	<u>(67,149)</u>	<u>156,231</u>	<u>223,380</u>
Net change in fund balance	<u>\$ (67,149)</u>	<u>\$ (67,149)</u>	<u>\$ 156,231</u>	<u>\$ 223,380</u>

OTHER SUPPLEMENTARY INFORMATION

SWATARA TOWNSHIP, PENNSYLVANIA
DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS

Liquid fuels fund:

Restricted funds used to account for maintenance and construction of township highways, traffic signals and bridges. Financing is provided by the Township's share of the state liquid fuels tax. The funds can only be expended in accordance with state laws and regulations.

Ambulance fund:

Restricted funds used to support and maintain the operations of the ambulance company within the Township. Financing is provided by a real estate tax assessment (.064 millage rate).

Debt service fund:

Restricted funds used to account for the accumulation of financial resources for payment of interest and principal on the long-term debt obligations of the Township. Financing is provided by a real estate tax assessment (.439 millage rate).

American Rescue Plan Act Fund:

Restricted funds used to account for the federal coronavirus rescue package designed to facilitate the recovery from the devastating economic and health effects of the COVID-19 pandemic.

SWATARA TOWNSHIP, PENNSYLVANIA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2021

	Liquid Fuels Fund	Ambulance Fund	Debt Service Fund	ARPA Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and cash equivalents	\$ 549,393	\$ 15,514	\$ 28,806	\$ 42,687	\$ 636,400
Taxes receivable	-	4,672	74,291	-	78,963
Total assets	\$ 549,393	\$ 20,186	\$ 103,097	\$ 42,687	\$ 715,363
Liabilities:					
Accounts payable	\$ 74,454	\$ 8,250	\$ -	\$ -	\$ 82,704
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	42,590	42,590
Total liabilities	74,454	8,250	-	42,590	125,294
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	-	4,543	71,333	-	75,876
Total Deferred Inflows of Resources	-	4,543	71,333	-	75,876
Fund balances:					
Restricted:					
Liquid fuels	474,939	-	-	-	474,939
Ambulance	-	7,393	-	-	7,393
Debt Service	-	-	31,764	-	31,764
Assigned	-	-	-	97	97
Total fund balances	474,939	7,393	31,764	97	514,193
Total liabilities and fund balances	\$ 549,393	\$ 20,186	\$ 103,097	\$ 42,687	\$ 715,363

SWATARA TOWNSHIP, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Liquid Fuels Fund	Ambulance Fund	Debt Service Fund	American Rescue Plan Act Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ -	\$ 82,091	\$ 1,275,126	\$ -	\$ 1,357,217
Interest and rents	252	8	128	97	485
Intergovernmental	714,793	-	-	1,270,014	1,984,807
Total revenues	715,045	82,099	1,275,254	1,270,111	3,342,509
Expenditures:					
Current operations:					
General government	-	-	5,731	11,250	16,981
Public safety	-	108,068	-	-	108,068
Highway and street	552,379	-	-	-	552,379
Debt service:					
Principal	251,759	-	450,000	-	701,759
Interest	4,805	-	882,325	-	887,130
Capital outlay	49,660	-	-	-	49,660
Total expenditures	858,603	108,068	1,338,056	11,250	2,315,977
Excess (Deficiency) of revenues over (under) expenditures	(143,558)	(25,969)	(62,802)	1,258,861	1,026,532
Other financing sources (uses):					
Transfers in	-	-	70,000	-	70,000
Transfers out	-	-	-	(1,258,764)	(1,258,764)
Total other financing sources	-	-	70,000	(1,258,764)	(1,188,764)
Net changes in fund balances	(143,558)	(25,969)	7,198	97	(162,232)
Fund balances:					
Beginning of year	618,497	33,362	24,566	-	676,425
End of year	\$ 474,939	\$ 7,393	\$ 31,764	\$ 97	\$ 514,193

SWATARA TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
LIQUID FUELS FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest and rents	\$ 6,400	\$ 6,400	\$ 252	\$ (6,148)
Intergovernmental	693,870	693,870	714,793	20,923
Total revenues	<u>700,270</u>	<u>700,270</u>	<u>715,045</u>	<u>14,775</u>
Expenditures:				
Current operations:				
Highway and street	509,000	509,000	552,379	(43,379)
Debt Service:				
Principal	316,110	316,110	251,759	64,351
Interest	3,791	3,791	4,805	(1,014)
Capital Outlay	-	-	49,660	(49,660)
Total Expenditures	<u>828,901</u>	<u>828,901</u>	<u>858,603</u>	<u>(29,702)</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(128,631)</u>	<u>(128,631)</u>	<u>(143,558)</u>	<u>(14,927)</u>
Net change in fund balance	<u>\$ (128,631)</u>	<u>\$ (128,631)</u>	<u>\$ (143,558)</u>	<u>\$ (14,927)</u>

SWATARA TOWNSHIP, PENNSYLVANIA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
 AMBULANCE FUND
 YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 82,745	\$ 82,745	\$ 82,091	\$ (654)
Interest and rents	330	330	8	(322)
Total revenues	<u>83,075</u>	<u>83,075</u>	<u>82,099</u>	<u>(976)</u>
Expenditures				
Current operations:				
Public safety	99,818	99,818	108,068	(8,250)
Total Expenditures	<u>99,818</u>	<u>99,818</u>	<u>108,068</u>	<u>(8,250)</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(16,743)</u>	<u>(16,743)</u>	<u>(25,969)</u>	<u>(9,226)</u>
Net change in fund balance	<u>\$ (16,743)</u>	<u>\$ (16,743)</u>	<u>\$ (25,969)</u>	<u>\$ (9,226)</u>

SWATARA TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 1,287,779	\$ 1,287,779	\$ 1,275,126	\$ (12,653)
Interest and rents	52,100	52,100	128	(51,972)
Total revenues	<u>1,339,879</u>	<u>1,339,879</u>	<u>1,275,254</u>	<u>(64,625)</u>
Expenditures:				
Current operations:				
General government	5,731	5,731	5,731	-
Debt Service:				
Principal	450,000	450,000	450,000	-
Interest	882,325	882,325	882,325	-
Total expenditures	<u>1,338,056</u>	<u>1,338,056</u>	<u>1,338,056</u>	<u>-</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>1,823</u>	<u>1,823</u>	<u>(62,802)</u>	<u>(64,625)</u>
Net change in fund balance	<u>\$ 1,823</u>	<u>\$ 1,823</u>	<u>\$ (62,802)</u>	<u>\$ (64,625)</u>

SWATARA TOWNSHIP, PENNSYLVANIA
STATISTICAL SECTION

The Statistical Section of Swatara Township's Annual Comprehensive Financial Report presents detailed information to facilitate an understanding what information in the financial statements, note disclosure, and required supplementary information says about the Township's overall financial health. The Statistical Section is divided into five sections.

Financial Trends75-78

These Tables contain trend information to help the reader understand how the Township's financial performance and financial fitness have changed over time

Revenue Capacity79-82

These Tables contain information to help the reader assess the Township's tax revenue source.

Debt Capacity83-86

These Tables present information to help the reader assess the affordability of the Township's current level of outstanding debt and the Township's ability to issue additional debt in the future.

Demographic and Economic Information87-88

These Tables offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities occur.

Operating Information.....89-91

These Tables contain service and infrastructure data to help the reader understand how the Township's financial report relates to municipal activities and services

Sources: Unless otherwise noted, the information in these Tables is derived from the Annual Comprehensive Financial Reports for the relevant year and do not include the component unit Swatara Township Authority.

SWATARA TOWNSHIP, PENNSYLVANIA
NET ASSETS/NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	(B) <u>2021</u>	(A) <u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Governmental activities</u>										
<u>Net Assets</u>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
<u>Net Position</u>										
Net investment in capital assets	14,533,792	14,016,621	13,810,425	14,379,501	13,523,613	13,671,294	12,618,161	12,645,942	12,816,285	11,611,941
Restricted	2,367,502	1,466,417	988,285	1,021,069	946,595	865,905	881,625	907,732	1,002,048	1,105,497
Unrestricted	(7,999,941)	(7,486,411)	(6,254,222)	(5,664,216)	(2,653,024)	(2,732,774)	(1,134,759)	1,039,652	940,741	879,356
Total Governmental Activities and Net Assets/Net Position	<u>\$ 8,901,353</u>	<u>\$ 7,996,627</u>	<u>\$ 8,544,488</u>	<u>\$ 9,736,354</u>	<u>\$ 11,817,184</u>	<u>\$ 11,804,425</u>	<u>\$ 12,365,027</u>	<u>\$ 14,593,326</u>	<u>\$ 14,759,074</u>	<u>\$ 13,596,794</u>
<u>Swatara Township Stormwater Authority- Component Unit</u>										
<u>Net Assets</u>										
Invested in capital assets, net of related debt	\$ 685,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
<u>Net Position</u>										
Net investment in capital assets	-	-	30,219,071	21,178,288	18,976,705	17,310,176	16,132,759	15,012,862	14,728,600	14,044,184
Restricted	-	-	1,117,275	721,869	-	-	-	-	-	-
Unrestricted	54,276	-	2,988,794	11,568,812	11,757,475	10,675,547	12,002,623	12,080,260	25,565,194	7,259,717
Total Component Unit and Net Assets/Net Position	<u>\$ 739,389</u>	<u>\$ -</u>	<u>\$ 34,325,140</u>	<u>\$ 33,468,969</u>	<u>\$ 30,734,180</u>	<u>\$ 27,985,723</u>	<u>\$ 28,135,382</u>	<u>\$ 27,093,122</u>	<u>\$ 40,293,794</u>	<u>\$ 21,303,901</u>
<u>Reporting entity:</u>										
<u>Net Assets</u>										
Invested in capital assets, net of related debt	\$ 685,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
<u>Net Position</u>										
Net investment in capital assets	14,533,792	14,016,621	44,029,496	35,557,789	32,500,318	30,981,470	28,750,920	27,658,804	27,544,885	25,656,125
Restricted	2,367,502	1,466,417	2,105,560	1,742,938	946,595	865,905	881,625	907,732	1,002,048	1,105,497
Unrestricted	(7,945,665)	(7,486,411)	(3,265,428)	5,904,596	9,104,451	7,942,773	10,867,864	13,119,912	26,505,935	8,139,073
Total Net Assets/Net Position	<u>\$ 9,640,742</u>	<u>\$ 7,996,627</u>	<u>\$ 42,869,628</u>	<u>\$ 43,205,323</u>	<u>\$ 42,551,364</u>	<u>\$ 39,790,148</u>	<u>\$ 40,500,409</u>	<u>\$ 41,686,448</u>	<u>\$ 55,052,868</u>	<u>\$ 34,900,695</u>

The Township implemented GASB Statement 63 in 2011, GASB Statement 65 in 2013, GASB Statement 68 and 71 in 2015, and GASB 75 in 2018; and therefore, prior years have not been adjusted to reflect the implementation of these standards.

(A) - Effective 2020 Swatara Township is not financially accountable for the Swatara Township Authority and therefore these amounts have been excluded from the reporting entity.

(B) - Effective 2021 Swatara Township is financially accountable for the Swatara Township Stormwater Authority and therefore these amounts have been included in the reporting entity.

Table 1

SWATARA TOWNSHIP, PENNSYLVANIA
CHANGE IN NET ASSETS/NET POSITION
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	(B) 2021	(A) 2020	2019	2018	2017	2016	2015	2014	2013	2012
Program Expenses										
Governmental activities:										
General government	\$ 1,345,048	\$ 2,180,441	\$ 1,973,924	\$ 1,693,832	\$ 2,022,223	\$ 1,899,801	\$ 2,068,008	\$ 2,283,310	\$ 1,842,778	\$ 1,520,728
Public safety	11,843,270	11,766,118	11,880,991	11,412,551	9,666,638	10,107,011	9,615,814	9,497,260	8,331,044	8,302,833
Health and welfare	-	-	-	-	-	-	-	-	80,820	135,945
Highway and street	3,650,578	4,735,903	4,602,880	3,859,295	3,619,721	3,513,350	3,368,469	3,484,896	3,253,234	3,520,825
Cultural and recreation	869,043	763,816	793,617	669,882	577,743	483,207	390,856	323,427	281,422	565,738
Interest expense	599,877	730,874	390,029	407,561	437,649	378,678	471,377	400,174	409,165	416,484
Total governmental activities expenses	<u>18,307,816</u>	<u>20,177,152</u>	<u>19,641,441</u>	<u>18,043,121</u>	<u>16,323,974</u>	<u>16,382,047</u>	<u>15,914,524</u>	<u>15,989,067</u>	<u>14,198,463</u>	<u>14,462,553</u>
Component unit:										
Swatara Township Stormwater Authority	1,801,045	-	-	-	-	-	-	-	-	-
Swatara Township Authority- component unit	-	-	10,536,747	8,832,061	6,952,588	10,571,028	8,397,404	8,381,947	8,233,743	7,968,548
Total component unit- expenses	<u>1,801,045</u>	<u>-</u>	<u>10,536,747</u>	<u>8,832,061</u>	<u>6,952,588</u>	<u>10,571,028</u>	<u>8,397,404</u>	<u>8,381,947</u>	<u>8,233,743</u>	<u>7,968,548</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	659,051	614,669	644,786	722,174	723,079	730,019	726,277	685,929	672,678	538,220
Public safety	961,075	1,346,559	1,226,502	1,316,529	1,104,368	1,002,455	1,195,048	476,816	407,129	761,931
Health and welfare	-	-	-	-	-	-	-	-	180	210
Highway and Street	884,024	1,964,169	1,624,172	776,220	86,317	93,620	201,033	197,627	183,142	222,638
Culture and recreation	3,200	775	520	1,470	1,255	3,330	6,405	4,540	3,170	11,451
Other charges for services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	2,945,907	3,144,452	1,778,997	1,678,175	1,587,097	1,555,295	2,027,105	1,968,416	2,144,705	1,314,967
Capital Grants and contributions	-	-	-	-	-	-	-	586,916	658,463	-
Total governmental activities program revenues	<u>5,453,257</u>	<u>7,070,624</u>	<u>5,274,977</u>	<u>4,494,568</u>	<u>3,502,116</u>	<u>3,384,719</u>	<u>4,155,868</u>	<u>3,920,244</u>	<u>4,069,467</u>	<u>2,849,417</u>
Component unit:										
Charges for services	2,214,117	-	11,262,534	11,213,176	9,535,738	10,398,854	9,785,733	9,903,540	9,847,931	9,056,966
Capital Grants and contributions	-	-	-	285,893	108,719	-	50,250	-	-	1,787,408
Total component unit revenues	<u>2,214,117</u>	<u>-</u>	<u>11,262,534</u>	<u>11,499,069</u>	<u>9,644,457</u>	<u>10,398,854</u>	<u>9,835,983</u>	<u>9,903,540</u>	<u>9,847,931</u>	<u>10,844,374</u>
Net (expense)/revenue										
Governmental activities	\$ (12,854,559)	\$ (13,106,528)	\$ (14,366,464)	\$ (13,548,553)	\$ (12,821,858)	\$ (12,997,328)	\$ (11,758,656)	\$ (12,068,823)	\$ (10,128,996)	\$ (11,613,136)
Component unit	413,072	-	725,787	2,667,008	2,691,869	(172,174)	1,438,579	1,521,593	1,614,188	2,875,826
Total reporting entity net revenue (expense)	<u>\$ (12,441,487)</u>	<u>\$ (13,106,528)</u>	<u>\$ (13,640,677)</u>	<u>\$ (10,881,545)</u>	<u>\$ (10,129,989)</u>	<u>\$ (13,169,502)</u>	<u>\$ (10,320,077)</u>	<u>\$ (10,547,230)</u>	<u>\$ (8,514,808)</u>	<u>\$ (8,737,310)</u>

The Township implemented GASB Statement 65 in 2013, GASB Statement 68 and 71 in 2015, and GASB 75 in 2018; and therefore, prior years have not been adjusted to reflect the implementation of these standards.

(A) - Effective 2020 Swatara Township is not financially accountable to the Swatara Township Authority and therefore these amounts have been excluded from the reporting entity.

(B) - Effective 2021 Swatara Township is financially accountable for the Swatara Township Stormwater Authority and therefore these amounts have been included in the reporting entity.

SWATARA TOWNSHIP, PENNSYLVANIA
CHANGE IN NET ASSETS/NET POSITION
LAST TEN YEARS (CONTINUED)
(ACCRUAL BASIS OF ACCOUNTING)

	(B) 2021	(A) 2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues and Other										
Changes in Net Assets/Net Position										
Governmental activities:										
Real Estate Taxes	\$ 5,678,080	\$ 5,551,241	\$ 5,746,983	\$ 5,938,954	\$ 5,821,206	\$ 5,891,410	\$ 5,579,595	\$ 5,512,715	\$ 5,490,548	\$ 4,799,170
Real Estate Transfer Tax	843,891	816,180	699,832	764,780	792,111	515,417	794,484	444,311	582,463	412,882
Earned Income Tax	3,376,932	3,148,381	3,175,339	3,033,692	2,954,878	2,844,730	2,773,774	2,596,104	2,496,777	2,396,095
Business Privilege Tax	2,060,251	1,788,049	2,049,225	2,073,230	1,954,300	1,742,611	1,699,382	1,689,820	1,908,898	1,866,711
Local Service Tax	922,755	910,968	966,513	950,986	952,321	1,148,181	1,086,715	1,039,086	976,282	895,907
Public Utility Tax	-	-	-	-	-	-	-	-	-	-
Cable TV Franchise Fee	-	-	-	-	-	-	-	-	-	-
Investment Earnings	32,812	94,974	282,688	198,879	63,088	36,558	34,436	52,546	54,632	81,963
Change in fair value of interest rate swap	-	-	-	-	-	-	-	80,288	(82,704)	141,013
Developer contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	844,564	248,874	254,018	729,772	296,713	257,819	218,304	488,205	93,360	98,881
Special Items	-	-	-	(100,000)	-	-	-	-	-	-
Total governmental activities	<u>13,759,285</u>	<u>12,558,667</u>	<u>13,174,598</u>	<u>13,590,293</u>	<u>12,834,617</u>	<u>12,436,726</u>	<u>12,186,690</u>	<u>11,903,075</u>	<u>11,520,256</u>	<u>10,692,622</u>
Component unit:										
Investment earnings	106	-	130,384	67,781	56,588	22,515	16,846	6,335	2,980	5,239
Legal settlement	-	-	-	-	-	-	-	-	2,805,632	-
Developer contributions	-	-	-	-	-	-	-	-	-	517,759
Miscellaneous	140	-	-	-	-	-	-	-	-	-
Total component unit	<u>246</u>	<u>-</u>	<u>130,384</u>	<u>67,781</u>	<u>56,588</u>	<u>22,515</u>	<u>16,846</u>	<u>6,335</u>	<u>2,808,612</u>	<u>522,998</u>
Total reporting entity	\$ 13,759,531	\$ 12,558,667	\$ 13,304,982	\$ 13,658,074	\$ 12,891,205	\$ 12,459,241	\$ 12,203,536	\$ 11,909,410	\$ 14,328,868	\$ 11,215,620
Change in Net Assets/Net Position										
Governmental activities	\$ 904,726	\$ (547,861)	\$ (1,191,866)	\$ 41,740	\$ 12,759	\$ (560,602)	\$ 428,034	\$ (165,748)	\$ 1,391,260	\$ (920,514)
Component unit	413,318	-	856,171	2,734,789	2,748,457	(149,659)	1,455,425	1,527,928	4,422,800	3,398,824
Total reporting entity	<u>\$ 1,318,044</u>	<u>\$ (547,861)</u>	<u>\$ (335,695)</u>	<u>\$ 2,776,529</u>	<u>\$ 2,761,216</u>	<u>\$ (710,261)</u>	<u>\$ 1,883,459</u>	<u>\$ 1,362,180</u>	<u>\$ 5,814,060</u>	<u>\$ 2,478,310</u>

The Township implemented GASB Statement 65 in 2013, GASB Statement 68 and 71 in 2015, and GASB 75 in 2018; and therefore, prior years have not been adjusted to reflect the implementation of these standards.

(A) - Effective 2020 Swatara Township is not financially accountable to the Swatara Township Authority and therefore these amounts have been excluded from the reporting entity.

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SWATARA TOWNSHIP, PENNSYLVANIA
 FUND BALANCES AND CHANGES IN FUND BALANCES
 LAST TEN YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes	\$ 12,856,220	\$ 12,195,467	\$ 12,566,864	\$ 12,830,263	\$ 12,523,160	\$ 12,128,243	\$ 11,902,954	\$ 11,239,078	\$ 11,439,409	\$ 10,418,094
Licenses, fees and permits	1,024,321	1,184,189	1,091,484	1,290,496	1,001,892	961,665	1,154,894	1,051,380	1,011,081	1,154,767
Fines and forfeits	122,607	143,053	130,862	126,759	141,106	108,901	119,741	110,046	126,197	145,127
Interest and rents	32,812	94,974	282,688	198,879	72,088	54,558	34,436	52,546	54,632	81,963
Intergovernmental	2,945,907	3,144,452	1,778,997	1,678,175	1,568,971	1,555,295	2,027,105	2,555,332	2,803,168	1,314,967
Department earnings	1,360,422	2,598,930	2,273,634	1,399,138	781,147	758,858	854,128	203,486	129,021	234,556
Miscellaneous	844,564	220,631	197,409	374,529	267,680	247,528	187,260	470,130	93,360	98,881
Total Revenues	19,186,853	19,581,696	18,321,938	17,898,239	16,356,044	15,815,048	16,280,518	15,681,998	15,656,868	13,448,355
Expenditures										
Current:										
General government	1,841,514	2,294,277	1,756,387	1,694,332	2,234,531	1,717,392	1,880,615	2,148,529	1,731,028	1,301,740
Public safety	10,906,618	10,519,276	10,333,602	10,194,095	9,181,328	8,717,366	8,138,460	8,068,149	7,525,018	7,056,246
Health and welfare	-	-	-	-	-	-	-	-	80,820	135,945
Highway and Street	3,008,277	3,842,461	3,709,197	3,022,912	2,832,019	2,772,583	2,647,912	2,782,958	2,554,172	1,979,128
Cultural and recreation	775,028	674,450	706,493	583,342	493,976	411,680	321,297	275,197	251,543	532,690
Debt service:										
Principal	1,447,962	1,415,163	1,208,522	1,435,749	1,370,474	771,668	10,687,866	532,079	396,553	438,988
Interest	1,025,864	419,451	439,094	456,376	484,588	424,438	505,019	402,679	410,835	418,543
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Capital outlay	2,831,591	1,155,556	1,859,264	834,874	4,643,934	1,748,601	1,561,014	892,085	3,333,711	1,923,151
Total Expenditures	21,836,854	20,320,634	20,012,559	18,221,680	21,240,850	16,563,728	25,742,183	15,101,676	16,283,680	13,786,431
Other financing sources (uses)										
Issurance of loans	-	-	-	-	700,588	799,412	-	-	-	-
Proceeds from bonds	-	-	-	-	-	-	670,000	-	-	-
Proceeds from Swap termination	-	-	-	-	-	-	56,597	-	-	-
Proceeds from refunding bonds	-	17,695,000	-	-	-	-	9,740,000	-	-	-
Capital lease acquisition	-	445,113	983,185	-	3,539,548	-	-	-	-	-
Premium received on refunding bonds	-	2,575,462	-	-	-	-	1,176,758	-	-	-
Swap termination payments	-	-	-	-	-	-	(501,508)	-	-	-
Proceeds of capital asset sales	-	28,243	56,609	355,243	29,033	10,291	31,044	18,075	-	-
Total other financing sources (uses)	-	20,743,818	1,039,794	355,243	4,269,169	809,703	11,172,891	18,075	-	-
Special Item										
Litigation	-	-	-	100,000	-	-	-	-	-	-
Net changes in fund balances	(2,650,001)	20,004,880	(650,827)	(68,198)	(615,637)	(68,560)	1,711,226	598,397	(626,812)	(338,076)
Beginning Balance	30,816,323	10,811,443	11,462,270	11,530,468	12,146,105	12,214,665	10,503,439	9,905,042	10,531,854	10,869,930
Ending Balance	<u>\$ 28,166,322</u>	<u>\$ 30,816,323</u>	<u>\$ 10,811,443</u>	<u>\$ 11,462,270</u>	<u>\$ 11,530,468</u>	<u>\$ 12,146,105</u>	<u>\$ 12,214,665</u>	<u>\$ 10,503,439</u>	<u>\$ 9,905,042</u>	<u>\$ 10,531,854</u>
Debt service as a percentage of noncapital expenditures	13.02%	9.57%	9.08%	10.88%	11.18%	8.07%	46.29%	6.58%	6.23%	7.23%
Fund Balances:										
Unreserved:										
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Reserved										
Nonspendable	-	-	-	-	-	-	-	-	4,907	4,907
Restricted	20,437,132	22,622,267	3,041,353	3,885,936	3,888,814	4,791,172	4,928,451	4,379,819	4,664,277	5,968,086
Assigned	4,319,007	4,387,336	4,366,705	4,282,231	4,002,942	3,958,045	4,109,332	3,862,286	2,825,894	2,298,693
Unassigned	3,410,183	3,806,720	3,403,385	3,294,103	3,638,712	3,396,888	3,176,882	2,261,334	2,409,964	2,260,168
Total fund balances	\$ 28,166,322	\$ 30,816,323	\$ 10,811,443	\$ 11,462,270	\$ 11,530,468	\$ 12,146,105	\$ 12,214,665	\$ 10,503,439	\$ 9,905,042	\$ 10,531,854

(A) - The 2011 amounts have been adjusted for the 2012 restatement to beginning balances. Adjustments to the amounts prior to 2011 have not been made as it was not practical to restate those amounts.

The Township implemented GASB Statement 54 in 2011; and therefore, prior years have not been adjusted to reflect the implementation of this standard.

Table 3

SWATARA TOWNSHIP, PENNSYLVANIA
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE REAL PROPERTY, LAST TEN YEARS

Year	Market Value	Assessed Value	Assessed Value Ratio to Market Value	Less Tax Exempt Property	Taxable Property	Value of a Mil of Tax	Total Direct Tax Rate (in mills)
2021	\$ 2,449,406,340	\$ 1,873,795,850	76.50%	\$ 272,950,400	\$ 1,600,845,450	\$ 1,600,845	3.6473
2020	\$ 2,449,559,020	\$ 1,873,912,650	76.50%	\$ 273,169,700	\$ 1,600,742,950	\$ 1,600,743	3.6473
2019	\$ 2,402,801,634	\$ 1,838,143,250	76.50%	\$ 269,633,100	\$ 1,568,510,150	\$ 1,568,510	3.7639
2018	\$ 2,413,970,410	\$ 1,846,687,364	76.50%	\$ 270,684,164	\$ 1,576,003,200	\$ 1,576,003	3.7639
2017	\$ 2,467,097,987	\$ 1,837,988,000	74.50%	\$ 267,454,400	\$ 1,570,533,600	\$ 1,570,534	3.7639
2016	\$ 2,453,313,154	\$ 1,827,718,300	74.50%	\$ 261,728,100	\$ 1,565,990,200	\$ 1,565,990	3.7639
2015	\$ 2,313,849,803	\$ 1,765,467,400	76.30%	\$ 259,429,300	\$ 1,506,038,100	\$ 1,506,038	3.7639
2014	\$ 2,350,946,226	\$ 1,744,402,100	74.20%	\$ 259,083,100	\$ 1,485,319,000	\$ 1,485,319	3.7639
2013	\$ 2,276,997,379	\$ 1,737,349,000	76.30%	\$ 258,902,000	\$ 1,478,447,000	\$ 1,478,447	3.7639
2012	\$ 2,143,978,750	\$ 1,715,183,000	72.50%	\$ 255,954,600	\$ 1,459,228,400	\$ 1,459,228	3.3956

Pennsylvania statutes grant assessment authority to the county level. Assessed Valuation represents the actual value of the property as if it were sold in a bona fide sale adjusted for inflation and market conditions

Estimate based upon county-wide common level ratio provided by the Pennsylvania Tax Equalization Board

Source: Dauphin County Tax Assessor's Office

Table 4

SWATARA TOWNSHIP, PENNSYLVANIA
 DIRECT AND OVERLAPPING PROPERTY TAXES, LAST TEN YEARS
 "AT A RATE PER \$1,000 OF ASSESSED VALUE"

Fiscal Year	Township General Tax	Township Fire Tax	Township Debt Tax	Township Ambulance Tax	Total Township Tax	Dauphin County General Tax	Dauphin County Library Tax	Central Dauphin School Rate	Township Share of combined Levee	Total Direct Tax Rate
2021	1.8182	0.9358	0.8407	0.0526	3.6473	6.8760	0.35	16.8571	13.15%	27.7304
2020	2.2145	0.9358	0.4350	0.0620	3.6473	6.8760	0.35	16.8571	13.15%	27.7304
2019	2.3311	0.9358	0.4350	0.0620	3.7639	6.8760	0.35	16.5672	13.66%	27.5571
2018	2.3392	0.9217	0.4394	0.0636	3.7639	6.8760	0.35	16.5672	13.66%	27.5571
2017	2.3263	0.9007	0.4408	0.0961	3.7639	6.8760	0.35	15.2188	14.36%	26.2087
2016	2.3845	0.8999	0.3930	0.0865	3.7639	6.8760	0.35	15.2188	14.36%	26.2087
2015	2.4146	0.9289	0.3734	0.0470	3.7639	6.8760	0.35	14.8622	14.56%	25.8521
2014	2.4146	0.9289	0.3734	0.0470	3.7639	6.8760	0.35	14.6002	14.71%	25.5901
2013	2.5931	0.6473	0.3734	0.1500	3.7639	6.8760	0.35	14.3173	14.87%	25.3072
2012	2.2249	0.6473	0.3734	0.1500	3.3957	6.8760	0.35	13.8600	13.87%	24.4816

Source: Dauphin County Tax Assessor's Office

Table 5

SWATARA TOWNSHIP, PENNSYLVANIA
 PRINCIPAL PROPERTY TAX PAYERS, CURRENT YEAR AND NINE YEARS AGO

Tax Payer Name	2021			Tax Payer (other owner)	2012		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Norfolk Southern	\$ 40,187,500	1	2.14%				
Boyd/Mahoney UD Properties	\$ 22,191,900	2	1.18%	Union Deposit Corp	\$ 14,455,800	4	0.99%
Sunpointe Gardens	\$ 19,043,700	3	1.02%				
Prologis Grayson Road Property	\$ 16,576,000	4	0.88%				
Wal-Mart	\$ 16,058,400	5	0.86%	Wal-Mart	\$ 16,052,400	2	1.10%
SHH Partners LP	\$ 15,813,000	6	0.84%	SHH Partners LP	\$ 15,813,000	3	1.08%
High Pointe Commons	\$ 12,527,400	7	0.67%	High Pointe Commons	\$ 7,915,700	6	0.54%
Multi-Ventures Inc. - Emerald Point	\$ 12,100,700	8	0.65%				
Ivy Ridge Apartments	\$ 11,317,000	9	0.60%				
1205 S. 28th Street LLC	\$ 10,500,000	10	0.56%				
				COBA Inc. MS Harrisburg	\$ 17,650,000	1	1.21%
				Target	\$ 8,071,400	5	0.55%
				Willow Valley Associates	\$ 7,818,300	7	0.54%
				Hospitality Assoc of Hbg.	\$ 7,750,000	8	0.53%
				Fresh Express/Verdelli	\$ 7,342,400	9	0.50%
				SSC Associates	\$ 7,326,700	10	0.50%

Source: 2021 and 2012 Tax Duplicate Books

Table 6

SWATARA TOWNSHIP, PENNSYLVANIA
PROPERTY LEVIES AND COLLECTIONS, LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years *	Total Collections to Date	
		Actual Collection	Percent of Total Levy Collected		Amount	Percentage of Levy
2021	\$ 5,838,811	\$ 5,515,309	94.46%	\$ -	\$ 5,515,309	94.46%
2020	\$ 5,743,495	\$ 5,440,773	94.73%	\$ 32,308	\$ 5,473,081	95.29%
2019	\$ 5,903,683	\$ 5,627,608	95.32%	\$ 76,451	\$ 5,704,059	96.62%
2018	\$ 5,931,888	\$ 5,689,633	95.92%	\$ 238,189	\$ 5,927,822	99.93%
2017	\$ 5,911,300	\$ 5,669,045	95.90%	\$ 238,248	\$ 5,907,293	99.93%
2016	\$ 5,925,705	\$ 5,665,097	95.60%	\$ 253,639	\$ 5,918,736	99.88%
2015	\$ 5,644,281	\$ 5,421,054	96.05%	\$ 218,966	\$ 5,640,020	99.92%
2014	\$ 5,599,932	\$ 5,274,426	94.19%	\$ 321,641	\$ 5,596,067	99.93%
2013	\$ 5,531,703	\$ 5,212,494	94.23%	\$ 319,209	\$ 5,531,703	100.00%
2012	\$ 4,932,871	\$ 4,724,954	95.79%	\$ 207,917	\$ 4,932,871	100.00%

* Source: Dauphin County Tax Claim's Office

Table 7

SWATARA TOWNSHIP, PENNSYLVANIA
 OUTSTANDING DEBT BY TYPE RELATIVE TO GENERAL FUND EXPENDITURES, LAST TEN YEARS

Fiscal Year	Interest paid for Year	Principal paid for Year	Total Debt Service for Year	General Fund Expenditures for the Year	Ratio of Debt Service to General Fund Expenditures
2021	\$ 1,025,864	\$ 1,447,962	\$ 2,473,826	\$ 16,026,200	15.44%
2020	\$ 419,452	\$ 1,415,162	\$ 1,834,614	\$ 16,551,924	11.08%
2019	\$ 439,094	\$ 1,208,522	\$ 1,647,616	\$ 15,722,007	10.48%
2018	\$ 456,376	\$ 1,435,749	\$ 1,892,125	\$ 14,716,407	12.86%
2017	\$ 484,588	\$ 1,370,474	\$ 1,855,062	\$ 13,782,836	13.46%
2016	\$ 424,438	\$ 771,668	\$ 1,196,106	\$ 12,631,721	9.47%
2015	\$ 505,019	\$ 10,687,866	\$ 11,192,885	\$ 11,852,677	94.43%
2014	\$ 402,679	\$ 532,079	\$ 934,758	\$ 11,767,366	7.94%
2013	\$ 410,835	\$ 396,553	\$ 807,388	\$ 10,984,294	7.35%
2012	\$ 418,543	\$ 438,988	\$ 857,531	\$ 10,388,020	8.25%

Table 8

SWATARA TOWNSHIP, PENNSYLVANIA
RATIO OF GENERAL BONDED DEBT

Year	General Bonded Debt	Township Taxable Assessed Value	Debt Percent of Actual Assessed Value	Township* Population	Debt Per Capita Value	Debt Per Capita as Percent of Income
2021	\$ 27,449,961	\$ 1,600,845,450	1.715%	27,824	\$ 986.56	4.00%
2020	\$ 28,581,588	\$ 1,600,742,950	1.786%	27,824	\$ 1,027.23	4.17%
2019	\$ 9,268,851	\$ 1,568,510,150	0.591%	23,362	\$ 396.75	1.61%
2018	\$ 10,152,760	\$ 1,576,003,200	0.644%	23,362	\$ 434.58	1.76%
2017	\$ 11,066,403	\$ 1,570,533,600	0.705%	23,362	\$ 473.69	1.92%
2016	\$ 11,273,736	\$ 1,506,038,100	0.749%	23,362	\$ 482.57	1.96%
2015	\$ 11,319,540	\$ 1,506,038,100	0.752%	23,362	\$ 484.53	1.96%
2014	\$ 10,494,195	\$ 1,478,447,000	0.710%	23,362	\$ 449.20	1.82%
2013	\$ 11,026,274	\$ 1,478,447,000	0.746%	23,362	\$ 471.97	1.91%
2012	\$ 11,289,414	\$ 1,452,698,700	0.777%	23,362	\$ 483.24	1.96%

* Population per most recent U. S. Census; 2000; 2010; 2020

Table 9

SWATARA TOWNSHIP, PENNSYLVANIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Debt Outstanding	Percentage Applicable*	Direct Debt	Estimated Share of Overlapping Debt	Total Direct and Overlapping Debt
Swatara Township	\$ 28,581,588	100%	\$ 28,581,588		\$ 28,581,588
		Sub total	\$ 28,581,588		\$ 28,581,588
Central Dauphin School District	\$ 128,305,000	26.03%		\$ 33,397,792	\$ 33,397,792
		Sub total		\$ 33,397,792	\$ 33,397,792
Dauphin County	\$ 135,234,593	8.60%		\$ 11,630,175	\$ 11,630,175
Total	\$ 292,121,181	Total	\$ 28,581,588	\$ 45,027,967	\$ 73,609,555

Source: Central Dauphin School District Business Manager's Office
Dauphin County Comptroller's Office

* Percentages are based upon 2020 Census for each Governmental Unit

Table 10

SWATARA TOWNSHIP, PENNSYLVANIA
LEGAL DEBT MARGIN INFORMATION, LAST TEN YEARS

Legal Debt Margin Calculation for Calendar Year 2021	
Average eligible revenues for the three year period ending	
12/31/2021 (borrowing base)	\$ 19,030,162
Debt limit (250% of borrowing base)	\$ 47,575,405
Debt applicable to limit:	
General obligation bonds and notes	\$ 28,613,352
Less: Amount set aside for repayment of general obligation debt	\$ 31,764
Total net debt applicable to limit	\$ 28,581,588
Legal debt margin	\$ 18,993,817

Last Ten Calendar Years				
Year	Debt Limit	Debt Outstanding	Legal Debt Margin	Total Net Debt as a percentage of Limit
2021	\$ 47,575,405	\$ 28,613,352	\$ 18,962,053	60.14%
2020	\$ 46,501,561	\$ 28,606,154	\$ 17,895,407	61.52%
2019	\$ 43,813,518	\$ 9,223,587	\$ 34,589,931	21.05%
2018	\$ 41,724,443	\$ 10,152,760	\$ 31,571,683	24.33%
2017	\$ 40,077,750	\$ 11,113,582	\$ 28,964,168	27.73%
2016	\$ 38,964,278	\$ 11,273,736	\$ 27,690,542	28.93%
2015	\$ 38,644,573	\$ 11,319,540	\$ 27,325,033	29.29%
2014	\$ 36,283,767	\$ 10,494,195	\$ 25,789,572	28.92%
2013	\$ 33,492,999	\$ 11,026,274	\$ 22,466,725	32.92%
2012	\$ 31,566,787	\$ 11,422,827	\$ 20,143,960	36.19%

Table 11

SWATARA TOWNSHIP, PENNSYLVANIA
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 LAST FOUR US CENSUS REPORTS*

	Population	Income Median	Per Capita Income	Total Personal Income	Median Age	Federal, State and Local Unemployment	Median Home Value
1990	19,166	N/A	N/A	N/A	36.7	n/a, n/a, n/a	\$ 75,200
2000	22,611	\$ 50,095	\$ 20,224	\$ 457,284,864	37.9	4.73%; 4.2%; 3.4%	\$ 96,600
2010	23,362	\$ 65,867	\$ 24,658	\$ 576,060,196	39.1	8.9%; 7.95%; 6.53%	\$ 145,000
2020	27,824	\$ 61,758	\$ 29,255	\$ 813,991,120	38	5.4%; 6.6%; 7.2%	\$ 155,000

*Source: US Census Reports, Penn State Data Center

Note: The US Census is performed every 10 years, as such the last four census reports are presented which encompass 30 years worth of data.

Table 12

SWATARA TOWNSHIP, PENNSYLVANIA
TOWNSHIP EMPLOYEES BY FUNCTION, LAST TEN YEARS

<u>Function</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>General Government</u>										
Management	1	2	2	2	2	2	2	2	2	2
Clerical	2	2	2	2	2	2	2	2	2	2
Finance	3	3	3	3	3	3	5	4	4	3
Planning & Building	4	4	4	4	4	4	4	6	6	8
<u>Police</u>										
Officers	42	42	45	47	46	47	48	50	50	50
Civilians	2	2	2	2	2	2	5	2	2	4
<u>Fire</u>										
Fire Marshal	1	1	1	1	1	1	1	1	1	1
<u>Public works</u>										
	16	16	16	17	15	15	17	17	17	17
<u>Health</u>										
	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*
<u>Recreation</u>										
	2	2	2	2	4	4	4	4	4	4
Total	73	74	77	80	79	80	88	88	88	91

* Restaurant Inspections were returned to Pennsylvania State Health Department; position used to fill a vacancy in Codes Department

Source: Swatara Township Departmental Annual Reports

Table 14

SWATARA TOWNSHIP, PENNSYLVANIA
OPERATING INDICATORS BY FUNCTION

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Total Incidents	18,945	20,909	20,438	20,419	17,815	17,813	17,139	17,281	17,908	16,214
Criminal Arrests	1,414	1,577	2,027	1,829	1,575	1,695	1,533	1,314	1,549	1,333
Traffic Citations/Warnings	2,927	3,641	3,237	3,446	2,372	2,584	2,541	2,585	2,243	2,485
Fire*										
Emergency Responses	1,046	2,153	1,159	1,146	1,340	1,275	1,173	1,164	1,093	1,150
Fires Reported; Buildings, Cars, etc.	203	327	184	170	169	165	155	158	159	147
Health**										
Restaurant Inspections	0	0	0	0	0	0	0	0	0	0
All Inspections	0	0	0	0	0	0	0	0	0	0
Buildings Codes (permits issued)										
Commercial (new)	6	7	11	7	13	15	2	13	3	5
Residential (new)	124	58	87	52	19	53	108	35	81	10
Demolition	6	9	18	10	12	13	2	9	6	9

Source: Swatara Township Departmental Annual Reports

* Method of reporting for Five (5) Fire stations was combined as one for reporting purposes.

** Health Office was incorporated in the Code Enforcement Office in 2012
and all Restaurant Inspections responsibilities were turned over to State Health Department

Table 15

SWATARA TOWNSHIP, PENNSYLVANIA
CAPITAL ASSET STATISTICS BY FUNCTION

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Volunteer Fire										
Fire Stations *	5	5	5	5	5	5	4*	4*	4*	4*
Public works										
Miles of Road	136	136	136	136	136	136	136	136	136	136
Street Lights**	1551	1551	1551	1551	1551	1551	1590	1590	1590	1590
Traffic Signals	36	36	36	36	36	36	36	36	36	36
Park and Recreation										
Acreage	107.44	107.44	107.44	170.44	170.44	170.44	170.44	170.44	170.44	170.44
Playgrounds	14	14	14	17	17	17	17	17	17	17

* The Swatara Township Board of Commissioners passed Resolution R-2018-33 on August 8, 2018, which removed the Lawnton Fire Company from the list of volunteer fire companies authorized to act within Swatara Township.

** Street Lights are maintained by Pennsylvania Power and Light, lights are generally installed by developers and become the responsibility of the Township when the public streets are dedicated.

Source: Swatara Township Departmental Annual Reports

Table 16