

**LOWER PAXTON  
TOWNSHIP AUTHORITY**

**YEARS ENDED  
DECEMBER 31, 2021 AND 2020**



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

***LOWER PAXTON TOWNSHIP AUTHORITY***

YEARS ENDED DECEMBER 31, 2021 AND 2020

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## Independent Auditor's Report

Board of Supervisors  
Lower Paxton Township Authority  
Harrisburg, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of Lower Paxton Township Authority (the Authority), a component unit of Lower Paxton Township, as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lower Paxton Township Authority, a component unit of Lower Paxton Township, as of December 31, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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**

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 Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantive doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if, 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 Authority'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 Authority'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 on pages 4 through 11 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 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 audits 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.

## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements on pages 33 through 42 are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund financial statements 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. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Brown Schultz Steindler & Fritz*

Camp Hill, Pennsylvania  
April 26, 2022

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (UNAUDITED) YEAR ENDED DECEMBER 31, 2021**

The Management's Discussion and Analysis (MD&A) is a component part of the reporting model adopted by the Governmental Accounting Standards Board (GASB), as referenced in Statement No. 34 issued in June 1999. The intent of this MD&A is to summarize Lower Paxton Township Authority's (Authority) financial performance as a whole, in part, using comparative information from the current year analyzed against prior years.

The Authority's MD&A presents a narrative overview and analysis of the Authority's financial performance for the fiscal year ended December 31, 2021. It is recommended that it be read in conjunction with the accompanying basic financial statements and notes to the financial statements in order to obtain a thorough understanding of the Authority's financial condition as of December 31, 2021.

#### **FINANCIAL HIGHLIGHTS**

- The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended December 31, 2021 by \$64,522,649 (net position). The net position increased by \$4,554,699 over 2020, primarily related to significant developer contributions relative to the sewer and stormwater infrastructure systems and operating surplus for future reserves.
- As of December 31, 2021, the total amount of restricted and unrestricted cash and cash equivalents available for continuing sanitary sewer and stormwater capital projects is \$51,752,982, which represents \$42,003,181 for sanitary sewer and \$9,749,801 for stormwater.
- No new debt was authorized and issued in 2021. The Authority continued to draw on available proceeds from the 2019 PennVest loan and utilize unspent bond proceeds from respective 2019 and 2020A series issuances for continued sewer and stormwater infrastructure projects. Net increase in outstanding debt for 2021 was \$1,238,668.
- Significant sewer and stormwater infrastructure investment continued in 2021, with net additions to capital assets totaling \$15,282,221.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of this report consists of five parts: management's discussion and analysis; statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows and notes to financial statements and other information.

These statements offer short- and long-term financial information about the Authority's activities.

The statement of net position provides information about the Authority's assets and serves as a useful indicator of the entity's financial position. Increases and decreases in net position show whether the financial condition is improving or deteriorating.

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (UNAUDITED) YEAR ENDED DECEMBER 31, 2021**

#### **OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has recovered all of its costs in maintaining the sewer system and stormwater system.

The Authority's sanitary sewer charge and stormwater fee rates are based on several rate models, which are updated annually as part of the budget approval process, including the ongoing capital improvement plans under the sanitary sewer ACT 537 Plan and amended consent order and the stormwater Municipal Separate Storm Sewer System (MS4) permit Pollution Reduction Plan (PRP) requirements.

The statement of cash flows provides information about the Authority's cash flows from operating activities, capital and related financing activities and investing activities. The statement reports cash receipts, cash payments and net changes in cash from each of these activities during the reporting period.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of the data in the statements. The notes present information about the Authority's accounting policies, deposits and investments, long-term debt, commitments, legal agreements that may affect the operation of the Authority and other matters of significance to financial statement readers. In addition to the above statements and accompanying notes, this report also presents combining statements of net position; revenues, expenses and changes in net position and cash flows for the individual Sewer and Stormwater Funds of the Authority.

#### **SUMMARY OF ORGANIZATION AND BUSINESS**

The Authority was originally incorporated on June 11, 1951, and the Articles of Incorporation were amended on April 30, 1954, changing the name to the Lower Paxton Township Authority for the purpose of financing, construction and maintenance of sewerage facilities. Subsequent amendments to those Articles include expanding the term of existence (to 2058) and board (from five to seven members), as well as add in stormwater management and implementation to the Authority's purpose including, but not limited to, the holding, constructing, maintaining and operating the collection and transmission of stormwater facilities.

The Authority's sewer system consists of 281 miles of sanitary sewers, ranging in size from 8" to 30"; four pumping stations; a sewer operations facility and various sewer and stormwater construction/maintenance equipment. The stormwater conveyance system consists of 121 miles of stormwater conveyance facilities and 18 detention basins. Equipment is primarily rented by the Authority from the Township's Public Works Department, including the street sweeping and leaf collection equipment associated with the MS4 program.

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (UNAUDITED) YEAR ENDED DECEMBER 31, 2021**

#### **SUMMARY OF ORGANIZATION AND BUSINESS (CONTINUED)**

Under an executed and amended Management Agreement, the Township provides administration, operation and maintenance services including all labor, equipment and materials necessary for the efficient operations of the Authority's sanitary sewer system and stormwater conveyance system. The Authority retains ownership of the sewer system and stormwater conveyance system and all property, and the Township owns all personal equipment.

In consideration of the sanitary sewer and stormwater services rendered by the Township under the Management Agreement, the Authority reimburses the Township on a monthly or quarterly basis, as applicable. For services rendered by the Township Sewer Department Administration and Operations staff for the stormwater conveyance operations, and stormwater fee billing, an allocated percentage share of the respective employees' salaries are allocated to the stormwater fund expense budget and reimbursed back to the sanitary sewer fund budget.

The Township entered into an Inter-Governmental Cooperation Agreement (ICA) with Capital Region Water (CRW) and Susquehanna Township in 2020 to implement a regional MS4 Joint Pollution Reduction Plan (JPRP). The ICA provides that in order to meet the Pennsylvania Department of Environmental Protection (PADEP) approved JPRP, each party will undertake and complete each Best Management Practices (BMP) within its Municipal Boundary. The cost associated with each BMP shall be shared pursuant to the percent allocation under the approved JPRP. The ICA terminates with each party's MS4 permit on July 31, 2025.



## **LOWER PAXTON TOWNSHIP AUTHORITY**

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (UNAUDITED) YEAR ENDED DECEMBER 31, 2021

#### **FINANCIAL ANALYSIS**

The following comparative Tables A-1 and A-2 are condensed financial statements that provide key financial data over the reporting period. Additional financial highlights for 2021 are provided after each table as supporting information.

Table A-1  
Statements of Net Position  
December 31, 2021 and 2020

	December 31, 2021	December 31, 2020
Current and other assets	\$ 32,211,854	\$ 32,692,548
Capital assets	166,241,295	150,959,074
Other noncurrent assets	27,760,352	36,769,332
<b>Total assets</b>	<b>\$ 226,213,501</b>	<b>\$ 220,420,954</b>
<b>Deferred outflows of resources</b>	<b>\$ 2,567,694</b>	<b>\$ 2,735,996</b>
Current liabilities	\$ 12,531,405	\$ 11,331,220
Long-term liabilities	151,727,141	151,857,780
<b>Total liabilities</b>	<b>\$ 164,258,546</b>	<b>\$ 163,189,000</b>
Net investment in capital assets	\$ 45,256,504	\$ 41,983,186
Unrestricted	19,266,145	17,984,764
<b>Total net position</b>	<b>\$ 64,522,649</b>	<b>\$ 59,967,950</b>

Overall, total net position increased from 2020 to 2021 by \$4,554,699. This is primarily due to the significant increase in capital assets from sanitary sewer and stormwater capital projects, primarily from spending down restricted unspent debt proceeds (reduction in noncurrent assets). The increase in current liabilities is associated with the increase in the current portion of long-term debt from the subsidy agreements with the Township and significant accounts and retainage payable at year end from large capital projects in progress.

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (UNAUDITED) YEAR ENDED DECEMBER 31, 2021

### **FINANCIAL ANALYSIS (CONTINUED)**

Table A-2  
Statements of Revenues and Expenses  
Years ended December 31, 2021 and 2020

	2021	2020
<b>Revenues:</b>		
Operating revenues:		
Sewer rentals	\$ 16,531,893	\$ 16,042,721
Stormwater fees	3,447,635	3,973,695
Miscellaneous	110,158	319,261
Total operating revenues	<u>20,089,686</u>	<u>20,335,677</u>
Nonoperating revenues:		
Tapping fees	616,890	498,621
Sale of assets	15,770	77,562
Developer contributions	2,581,142	584,759
Township contributions	76,141	
Interest Income	42,365	110,571
Total nonoperating revenues	<u>3,332,308</u>	<u>1,271,513</u>
<b>Total revenues</b>	<b><u>23,421,994</u></b>	<b><u>21,607,190</u></b>
<b>Expenses:</b>		
Operating expenses:		
Treatment and transmission charges	5,373,069	4,273,125
Sewer maintenance	107,235	87,793
Legal and accounting	231,767	218,816
Engineering	116,185	174,572
Office, insurance, trustee fees, employee and miscellaneous expenses	357,858	341,089
Reimbursements to Lower Paxton Township	4,102,500	4,013,685
Private source repairs	288,652	156,743
Other	369,922	334,717
Depreciation and amortization	3,319,455	3,407,914
Total operating expenses	<u>14,266,643</u>	<u>13,008,454</u>
Nonoperating expenses:		
Interest	4,600,652	4,482,922
Bond issue costs		623,316
Total nonoperating expenses	<u>4,600,652</u>	<u>5,106,238</u>
<b>Total expenses</b>	<b><u>18,867,295</u></b>	<b><u>18,114,692</u></b>
<b>Change in net position</b>	<b><u>4,554,699</u></b>	<b><u>3,492,498</u></b>
<b>Net position:</b>		
Beginning	59,967,950	56,475,452
Ending	<b><u>\$ 64,522,649</u></b>	<b><u>\$ 59,967,950</u></b>

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2021**

#### **FINANCIAL ANALYSIS (CONTINUED)**

The Authority's operating revenues are primarily from sewer rental and stormwater fee charges to its residents in Lower Paxton Township. Sewer rental charges (\$153 per quarter, unchanged from 2020) are based on a flat rate for residential customers and a cost per gallon used with a minimum charge for commercial accounts. Stormwater fee charges are based on Equivalent Residential Units (ERU's), which is equal to 3,400 square feet of impervious surface. Residential customers are assessed a flat rate charge of \$26 per quarter (down from \$32 in 2020), and commercial customers are assessed based upon the number of ERU's at the rate of \$26 per ERU (down from \$32 in 2020).

Total operating revenues decreased in 2021 by \$245,991 due to the reduction of stormwater rates approved with the operating budget, but partially matched with increased customer revenues through continued development growth in the Township. Operating expenses increased in 2021 by \$1,258,189 primarily due to rise in treatment and transmission charges to CRW. Net nonoperating expenses declined in 2021 by \$2,566,381 due to significant developer contributions received partially offsetting debt interest costs.

#### **CAPITAL ASSETS**

The Authority's capital assets at December 31, 2021, net of accumulated depreciation, were \$166,241,295. Capital assets consist primarily of the sewer and stormwater collection and conveyance systems and deferred capacity costs. The following is a summary of capital assets at December 31, 2021:

	2021	2020
Land	\$ 1,540,192	\$ 1,540,192
Construction in progress	15,112,457	
Intangibles (non-depreciable)	2,740,869	2,740,869
Buildings	1,517,541	1,517,541
Machinery and equipment	1,565,672	1,092,128
Furniture	40,973	40,973
Sewer system	169,385,473	168,192,567
Stormwater system	20,204,149	18,381,380
Sewer capacity costs	21,144,628	21,144,628
Accumulated depreciation	(67,010,659)	(63,691,204)
	<u>\$ 166,241,295</u>	<u>\$ 150,959,074</u>

Significant capital investment/activity in 2021, primarily related to sewer and stormwater infrastructure construction and contributions from developers, totaled \$18,601,676. Additional information about the Authority's capital assets can be found in Note 3 of the financial statements.

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2021

#### **CAPITAL ASSETS (CONTINUED)**

The Authority has entered into agreements for repairs and rehabilitation of its sewer and stormwater systems. There were seven (7) total construction contracts open as of December 31, 2021 that totaled \$23,284,367. Work totaling \$16,771,220 had been completed on these contracts as of year end.

#### **DEBT ADMINISTRATION**

The Authority's long-term debt activity for 2021 is as follows and is detailed in Note 4 to the financial statements:

<u>Type</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Lower Paxton Township, subsidy agreements:				
G.O. Series Bonds	\$ 137,620,000		\$ (3,705,000)	\$ 133,915,000
Pennvest loans	8,783,037	\$ 5,424,686	(481,018)	13,726,705
Total long-term debt	<u>\$ 146,403,037</u>	<u>\$ 5,424,686</u>	<u>\$ (4,186,018)</u>	<u>\$ 147,641,705</u>

At the end of 2021, the Authority had total long-term debt, net of current maturities, in the amount of \$142,607,389 based on amounts under subsidy agreements with the Township. The debt includes General Obligation Bonds, as well as Pennsylvania Infrastructure Investment Authority (PENNVEST) loans. As of December 31, 2021, \$7,653,472 had been drawn on the 2019 PENNVEST loan, leaving \$5,624,723 available for further capital project related costs.

The Authority agrees to pay the Township, from receipts and revenues from its sewer and stormwater systems, amounts sufficient to pay the Authority's portion of the principal and interest on the bonds and PENNVEST debts. The subsidy agreements contain various covenants of the Authority, including a covenant to impose and collect sewer rentals and stormwater fees in each year sufficient, with other funds, to pay the operation and maintenance expenses, including amounts due in accordance with the terms of the subsidy agreements for amounts payable for debt service on the bonds issued.

#### **GENERAL TRENDS AND SIGNIFICANT EVENTS**

The Authority and Township are governed by a consent decree and settlement agreement with the PADEP relative to the Beaver Creek, Paxton Creek and Spring Creek Basin interceptors for sewage overflows and hydraulic overloads in these regions and manage limitations on equivalent dwelling units (EDU's) and connections in the respective areas. As capital improvements have been made, modeling and metering data updated and removal rates for overflow/overload have occurred, revised long-term corrective action plans are provided to PADEP and have been approved as submitted. As of December 31, 2021, the Authority estimates that additional investments for compliance with the agreements are \$60,317,363 for Beaver Creek; \$14,682,637 for Paxton Creek and \$0 for Spring Creek Basin interceptors through 2031.

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) YEAR ENDED DECEMBER 31, 2021

#### **GENERAL TRENDS AND SIGNIFICANT EVENTS (CONTINUED)**

The Authority also is governed by the Township's PADEP MS4 permit, approved through July 2025, which requires the implementation of a Storm Water Management Plan to manage the conveyance and proper discharge of stormwater. As of December 31, 2021, the estimated additional MS4 capital costs relative to the plan total \$11,280,556.

To fund the capital projects noted above, the Authority anticipates further subsidy agreements with the Township for issuance of debt financing as follows: \$25,000,000 in 2024; \$30,000,000 in 2027 and \$20,000,000 in 2030 for sewer projects (\$75,000,000 total), and \$12,000,000 in 2026 and \$12,000,000 in 2029 for stormwater projects (\$24,000,000 total).

#### **NEXT YEAR'S BUDGET**

The Authority's long-term costing and rate models assist annually in the determination of sewer and stormwater charges sufficient to meet current operating and debt-related capital needs and provide adequate operating reserves per Board directive. The adopted 2022 budget reflects no change in the sewer and stormwater charges from 2021 noted above. The budgets continue to reflect significant capital investments into the respective infrastructure systems relating to the consent order and MS4 management plans in effect, totaling \$12,080,600 for sewer and \$5,696,924 for stormwater.

#### **CONTACTING THE AUTHORITY**

This report is designed to provide our citizens, customers and creditors with a general overview of the Authority's finances and to demonstrate the accountability of the Authority. If you have any questions about this report or need additional information, contact the Lower Paxton Township Authority, 425 Prince Street, Harrisburg, PA 17109.

**LOWER PAXTON TOWNSHIP AUTHORITY**

STATEMENTS OF NET POSITION - DECEMBER 31, 2021 AND 2020

	ASSETS	
	2021	2020
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 23,992,630	\$ 26,343,607
Investments	1,511,999	246,196
Rentals and fees receivable:		
Billed	1,033,512	1,112,721
Unbilled	5,154,254	5,023,096
Other receivables	452,257	537,124
Prepaid expenses	67,202	422,235
<b>Total current assets</b>	<b>32,211,854</b>	<b>33,684,979</b>
<b>Noncurrent assets:</b>		
Restricted for debt service and capital projects,		
cash and cash equivalents	27,760,352	35,776,901
Property, plant and equipment, net	153,021,543	137,358,246
Deferred capacity costs, net	13,219,752	13,600,828
<b>Total noncurrent assets</b>	<b>194,001,647</b>	<b>186,735,975</b>
<b>Total assets</b>	<b>226,213,501</b>	<b>220,420,954</b>
Deferred outflows of resources, charges on refundings	2,567,694	2,735,996
<b>Total assets and deferred outflows of resources</b>	<b>\$ 228,781,195</b>	<b>\$ 223,156,950</b>

See notes to financial statements.

**LOWER PAXTON TOWNSHIP AUTHORITY**

STATEMENTS OF NET POSITION - DECEMBER 31, 2021 AND 2020

LIABILITIES AND NET POSITION		
	2021	2020
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 3,241,926	\$ 2,829,986
Current portion of long-term debt, subsidy agreements with Lower Paxton Township	5,034,316	4,186,019
Capital lease obligations, current portion	49,139	48,407
Developers' escrow	418,438	78,733
Accrued interest	1,177,503	1,183,535
Due to:		
Other governments	1,184,148	1,009,587
Primary government	1,425,935	1,994,953
<b>Total current liabilities</b>	<b>12,531,405</b>	<b>11,331,220</b>
<b>Noncurrent liabilities:</b>		
Long-term debt, subsidy agreements with Lower Paxton Township	142,607,389	142,217,018
Capital lease obligations, net of current portion	18,930	68,069
Bond premium	9,100,822	9,572,693
<b>Total noncurrent liabilities</b>	<b>151,727,141</b>	<b>151,857,780</b>
<b>Total liabilities</b>	<b>164,258,546</b>	<b>163,189,000</b>
<b>Net position:</b>		
Net investment in capital assets	45,256,504	41,983,186
Unrestricted	19,266,145	17,984,764
<b>Total net position</b>	<b>64,522,649</b>	<b>59,967,950</b>
<b>Total liabilities and net position</b>	<b>\$ 228,781,195</b>	<b>\$ 223,156,950</b>

See notes to financial statements.

**LOWER PAXTON TOWNSHIP AUTHORITY**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<b>Operating revenues:</b>		
Rentals and fees	\$ 19,979,528	\$ 20,016,416
Miscellaneous	110,158	319,261
<b>Total operating revenues</b>	<b>20,089,686</b>	<b>20,335,677</b>
<b>Operating expenses:</b>		
Treatment and transmission charges	5,373,069	4,273,125
Transportation	172,203	160,788
Sewer maintenance	107,235	87,793
Maintenance of pumping stations and garage	73,113	57,805
Equipment maintenance	122,742	114,617
Tools	1,864	1,507
Office supplies and postage	283,875	250,420
Legal and accounting	231,767	218,816
Engineering	116,185	174,572
Insurance	41,584	39,621
Employee expense	16,371	11,572
Trustee fees	4,021	3,900
Miscellaneous	12,007	35,576
Reimbursements to Lower Paxton Township	4,102,500	4,013,685
Private source repairs	288,652	156,743
Depreciation	3,319,455	3,407,914
<b>Total operating expenses</b>	<b>14,266,643</b>	<b>13,008,454</b>
<b>Operating income</b>	<b>5,823,043</b>	<b>7,327,223</b>
<b>Nonoperating revenues (expenses):</b>		
Tapping fees	616,890	498,621
Interest:		
Income	42,365	110,571
Expense and amortization, net	(4,600,652)	(4,482,922)
Developer contributions	2,581,142	584,759
Township contributions	76,141	
Gain on sale of assets	15,770	77,562
Bond issue costs		(623,316)
<b>Net nonoperating revenues (expenses)</b>	<b>(1,268,344)</b>	<b>(3,834,725)</b>
<b>Change in net position</b>	<b>4,554,699</b>	<b>3,492,498</b>
<b>Net position:</b>		
Beginning	59,967,950	56,475,452
<b>Ending</b>	<b>\$ 64,522,649</b>	<b>\$ 59,967,950</b>

See notes to financial statements.



# **LOWER PAXTON TOWNSHIP AUTHORITY**

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<b>Cash flows from operating activities:</b>		
Cash received from customers and users	\$ 20,384,796	\$ 19,986,588
Cash payments to:		
Suppliers	(6,965,789)	(5,902,778)
Lower Paxton Township	(4,933,710)	(3,777,557)
<b>Net cash provided by operating activities</b>	<b>8,485,297</b>	<b>10,306,253</b>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(14,618,193)	(6,586,012)
Proceeds from sale of capital assets	15,770	112,210
Tapping fees	616,890	498,621
Township contributions	76,141	
Proceeds from the issuance of long-term debt, subsidy agreements	5,424,686	65,375,126
Principal payments on long-term debt, subsidy agreements	(4,186,019)	(36,770,494)
Capital lease paid	(48,407)	(46,604)
Bond issue costs		(623,316)
Interest expense	(4,910,253)	(4,701,198)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(17,629,385)</b>	<b>17,258,333</b>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(1,511,999)	(246,196)
Sale of investments	246,196	985,009
Interest income	42,365	110,571
<b>Net cash provided by (used in) investing activities</b>	<b>(1,223,438)</b>	<b>849,384</b>
<b>Net increase (decrease) in cash</b>	<b>(10,367,526)</b>	<b>28,413,970</b>
<b>Cash:</b>		
Beginning of year	62,120,508	33,706,538
<b>End of year</b>	<b>\$ 51,752,982</b>	<b>\$ 62,120,508</b>
<b>Presented in the financial statements as:</b>		
Cash and cash equivalents	\$ 23,992,630	\$ 26,343,607
Restricted cash and cash equivalents	27,760,352	35,776,901
<b>Total cash and cash equivalents</b>	<b>\$ 51,752,982</b>	<b>\$ 62,120,508</b>

(continued)

**LOWER PAXTON TOWNSHIP AUTHORITY**

STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Reconciliation of operating income to net cash provided by operating activities, operating income	\$ 5,823,043	\$ 7,327,223
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	3,319,455	3,407,914
Gain on sale of assets		(77,562)
(Increase) decrease in:		
Receivables	32,918	(523,658)
Prepaid expenses	355,033	(384,100)
Increase (decrease) in:		
Accounts payable and accrued expenses	(990,400)	554,641
Due to:		
Lower Paxton Township	(569,018)	488,259
Other governments	174,561	(328,011)
Developers' escrow	339,705	(158,453)
<b>Net cash provided by operating activities</b>	<b>\$ 8,485,297</b>	<b>\$ 10,306,253</b>
Supplemental disclosures of noncash transactions:		
Developer contributions	\$ 2,581,142	\$ 584,759
Accounts payable for property, plant and equipment	2,274,884	872,544
Amortization of:		
Bond premium	(471,871)	(445,336)
Deferred refundings	168,302	116,660

See notes to financial statements.

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

#### **1. Nature of organization and significant accounting policies:**

##### *Nature of organization:*

The Lower Paxton Township Authority (the Authority) was incorporated on June 11, 1951, under the Municipal Authorities Act of 1945, P.L. 382, as amended, pursuant to a resolution adopted by the supervisors of the Township of Lower Paxton (the Township). The Authority is an operating authority responsible for acquiring, holding, constructing, improving, maintaining, operating, owning and leasing, either in the capacity of lessor or lessee, sewers, sewer systems, storm sewers, stormwater management systems or parts thereof. The Authority is considered a blended component unit of the Township due to the Township's ability to impose its will on the Authority.

##### *Reporting entity:*

The Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) for the criteria used to evaluate organizations, activities and functions that should be included in the Authority's financial statements. The basic criteria are the exercise of oversight responsibility over such organizations, activities and functions.

The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The Township includes the Authority in its financial statements as a blended component unit because the Township appoints the Authority's governing board and guarantees the Authority debt and the Authority meets the criteria satisfying inclusion in the Township's financial statements.

##### *Basis of accounting and presentation, fund accounting and measurement focus:*

##### Basis of accounting and presentation:

The Authority's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The Authority applies GASB pronouncements.

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **1. Nature of organization and significant accounting policies (continued):**

*Basis of accounting and presentation, fund accounting and measurement focus:*

Fund accounting:

All activities of the Authority are accounted for within two proprietary (enterprise) funds. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement focus:

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) are segregated into net investment in capital assets, restricted and unrestricted components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources, and then unrestricted resources as they are needed for their intended purposes.

*Cash:*

Cash, for the purposes of the statements of cash flows, includes unrestricted and restricted cash on hand or on deposit with an initial maturity of three months or less.

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

#### **1. Nature of organization and significant accounting policies (continued):**

##### *Investments, external investment pools, certificates of deposit:*

The Authority invests its funds in various instruments, including external investment pools and certificates of deposit with federally-insured financial institutions. The Authority's investment in external investment pools, as discussed in Note 2, are valued at amortized cost, which approximates fair value, and is classified as cash and cash equivalents on the balance sheets. The Authority invests in both negotiable and non-negotiable certificates of deposit (CD) in federally insured financial institutions. Negotiable CD's are valued at fair value while non-negotiable CD's are valued at cost because they are considered non-participating contracts for which redemption terms do not consider market values.

##### *Restricted assets:*

Restricted assets represent cash and investment balances from developers' escrow and unspent bond and loan proceeds. At December 31, 2021 and 2020, the restricted cash and cash equivalents were \$27,760,352 and \$35,776,901, respectively.

##### *Receivables:*

Receivables are stated at the amount management expects to collect from outstanding balances. No allowance for doubtful accounts has been provided for the sewer rentals and stormwater fees receivable since the Authority can place a lien on the property of customers who are significantly in arrears on sewer and/or stormwater payments. Unbilled sewer rentals and stormwater fees receivable relate to services performed at December 31 and not billed until the following year.

##### *Capital assets and capacity costs:*

Capital assets, which include property, plant and equipment and infrastructure are stated at cost, except for sewer and stormwater extensions contributed to the Authority, which are recorded at acquisition value at the date of contribution. Depreciation is provided on the straight-line method over the estimated useful lives of the various assets.

The Authority participated in the construction of various facilities. This participation gave the Authority reserved rights to use a percentage of the facilities. Consequently, an asset is recorded based upon construction costs paid, net of accumulated amortization of those costs, which is determined on the straight-line method over the estimated useful life of the capacity purchased.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlay of capital assets and improvements are capitalized as projects are completed.

## **LOWER PAXTON TOWNSHIP AUTHORITY**

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **1. Nature of organization and significant accounting policies (continued):**

##### *Capital assets and capacity costs:*

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Sewer and stormwater systems and deferred capacity	15 to 60
Buildings	50
Furniture, machinery and equipment	5 to 20

##### *Long-term obligations and debt related costs:*

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

For current and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The net amortization expense of both bond premiums and discounts and deferred debt refundings for the years ended December 31, 2021 and 2020 amounted to \$303,569 and \$328,676, respectively.

##### *Developers escrow liability:*

The Authority requires developers to deposit funds pursuant to an escrow agreement to provide assurance that projects will be completed according to approved specifications and on a timely basis. If work is not completed satisfactorily, the Authority uses the developers' escrow account to reimburse themselves for fees incurred in correcting the work done.

##### *Use of estimates:*

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimate affecting the financial statements is management's estimation of annual depreciation/amortization expense for fixed assets, which is based on an estimation of how long fixed assets will be in use .

## **LOWER PAXTON TOWNSHIP AUTHORITY**

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **1. Nature of organization and significant accounting policies (continued):**

##### *Deferred outflows, inflows of resources:*

In addition to assets, the statements of financial position could also 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 it will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority only has one item that qualifies for reporting in this category. It is the deferred charges on refundings reported in the statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of net position could also report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority did not have an item that qualified for reporting in this category.

##### *Reclassifications:*

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

##### *New GASB statements applicable to the Authority:*

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The new pronouncement is reflected in the current year disclosures.

##### *Pending GASB statements applicable to the Authority:*

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. The provisions of GASB Statement No. 87 are effective for the Authority's December 31, 2022 financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The provisions of GASB Statement No. 91 are effective for the Authority's December 31, 2022 financial statements.

## **LOWER PAXTON TOWNSHIP AUTHORITY**

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **1. Nature of organization and significant accounting policies (continued):**

*Pending GASB statements applicable to the Authority:*

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of GASB Statement No. 92 are effective for the Authority's December 31, 2022 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions of GASB No. 96 are effective for the Authority's December 31, 2023 financial statements.

The effect of implementation of these statements has not yet been determined.

#### **2. Deposits and investments:**

*Custodial credit risk:*

For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. As of December 31, 2021, the Authority's cash balance was \$51,752,982, and its bank balance was \$51,923,786. Of the bank balance, \$254,173 was covered by the Federal Deposit Insurance Corporation and \$21,862,555 was subject to custodial credit risk as it was collateralized under Act 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined by the Act, to cover all public funds deposited in excess of federal depository insurance limits. The remaining balance was invested in an external investment pool as described in more detail below. None of the Authority's investments were exposed to custodial credit risk at December 31, 2021. The Authority does not have a formal investment policy related to custodial credit risk.

As of December 31, 2021, the Authority had cash equivalents totaling \$29,807,058, invested in the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT issues separately audited financial statements that are available to the public. The fair value of the Authority's position in the external investment pool is equivalent to the value of the pool shares. PLGIT does not place any limitations or restrictions on withdrawals from the program. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pools. At December 31, 2021, PLGIT carries an AAAM rating and has an average maturity of less than one year.



## **LOWER PAXTON TOWNSHIP AUTHORITY**

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **2. Deposits and investments (continued):**

##### *Custodial credit risk:*

As of December 31, 2021, the Authority had \$1,507,826 of debt investments and maturities within its operating fund accounts. These investments consisted of certificates of deposit with maturity dates of greater than three months from the date of purchase, excluding them from cash and cash equivalents.

##### *Reconciliation to the financial statements:*

	2021	2020
	<u>                    </u>	<u>                    </u>
Collateral held by the pledging bank under Act 72, but not in the Authority's name	\$ 21,862,555	\$ 22,603,822
PLGIT investments, money market	29,807,058	38,548,995
Insured by Federal Deposit Insurance Corporation	254,173	1,037,479
Deposits in transit		3,223,555
Outstanding checks	(171,500)	(3,294,043)
Petty cash	<u>696</u>	<u>700</u>
Total cash deposits	<u><u>\$ 51,752,982</u></u>	<u><u>\$ 62,120,508</u></u>
Reconciliation to financial statements, cash:		
Unrestricted	\$ 23,992,630	\$ 26,343,607
Restricted	<u>27,760,352</u>	<u>35,776,901</u>
	<u><u>\$ 51,752,982</u></u>	<u><u>\$ 62,120,508</u></u>

##### *Concentration of credit risk:*

The Authority does not have a formal policy that places a limit on the amount or percent that may be invested in any one issuer. At December 31, 2021, the Authority did not have any investments subject to concentration of credit risk.

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **2. Deposits and investments (continued):**

##### *Fair value:*

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on 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 and Level 3 inputs are significant unobservable inputs.

The Authority's investments in negotiable certificates of deposit are valued using quoted market prices (Level 1 inputs).

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

### **3. Capital assets:**

	January 1, 2020	Additions	Retirements	December 31, 2020	Additions	Retirements	December 31, 2021
Capital assets not being depreciated (cost):							
Land	\$ 1,540,192			\$ 1,540,192			\$ 1,540,192
Construction in progress					\$ 15,112,457		15,112,457
Intangibles	2,740,869			2,740,869			2,740,869
Total capital assets not being depreciated	4,281,061			4,281,061	15,112,457		19,393,518
Capital assets being depreciated (cost):							
Buildings	1,116,145	\$ 401,396		1,517,541			1,517,541
Machinery and equipment	783,561	431,803	\$ (123,236)	1,092,128	473,544		1,565,672
Furniture	19,299	21,674		40,973			40,973
Sewer system	162,753,061	5,439,506		168,192,567	1,192,906		169,385,473
Stormwater system	16,632,444	1,748,936		18,381,380	1,822,769		20,204,149
Total capital assets being depreciated	181,304,510	8,043,315	(123,236)	189,224,589	3,489,219		192,713,808
Accumulated depreciation for:							
Buildings	(478,098)	(31,249)		(509,347)	(37,938)		(547,285)
Machinery and equipment	(437,096)	(81,389)	88,589	(429,896)	(123,276)		(553,172)
Furniture	(19,299)	(180)		(19,479)	(1,084)		(20,563)
Sewer system	(51,710,901)	(2,310,174)		(54,021,075)	(2,305,221)		(56,326,296)
Stormwater system	(563,761)	(603,846)		(1,167,607)	(470,860)		(1,638,467)
Total accumulated depreciation	(53,209,155)	(3,026,838)	88,589	(56,147,404)	(2,938,379)		(59,085,783)
Total capital assets being depreciated, net	128,095,355	5,016,477	(34,647)	133,077,185	550,840		133,628,025
Total property, plant and equipment, net	132,376,416	5,016,477	(34,647)	137,358,246	15,663,297		153,021,543
Deferred capacity costs	21,144,628			21,144,628			21,144,628
Accumulated depreciation	(7,162,724)	(381,076)		(7,543,800)	(381,076)		(7,924,876)
Total deferred capacity costs, net	13,981,904	(381,076)		13,600,828	(381,076)		13,219,752
Total capital assets, net	\$ 146,358,320	\$ 4,635,401	\$ (34,647)	\$ 150,959,074	\$ 15,282,221		\$ 166,241,295

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **4. Long-term liabilities:**

The Authority's long-term liabilities consists of subsidy agreement obligations with the Township for general obligation bonds and loans, premiums related to the subsidy agreements and capital leases.

##### *Subsidy agreement obligations:*

The subsidy agreements with the Township contain various covenants of the Authority. Included in the subsidy agreements are covenants to impose and collect sewer rentals, stormwater fees, rates, tapping fees and other charges in each year sufficient, together with available funds, to pay the administrative, operation and maintenance expenses of the Authority. Additionally, in accordance with the terms of the subsidy agreements, the Authority is bound to pay its share of debt service on the related debt.

All proceeds from the subsidy agreements Series of 2013 through Series of 2020C bonds and the PennVest loans from 2010 and 2019 were to finance certain capital projects of the Authority, including the design, planning, acquisition and/or construction of sewer treatment facilities and sewer and stormwater collection and conveyance systems; to refinance existing subsidy agreements and to pay the issuance costs of the related debt obligations.

In August 2019, a subsidy agreement with Lower Paxton Township was signed providing the Authority with \$13,278,195 of available PennVest loan funding for sewer remediation projects. As of December 31, 2021 and 2020, \$7,653,472 and \$2,228,786 of funds have been drawn on this loan, respectively.

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

### **4. Long-term liabilities (continued):**

#### *Subsidy agreement obligations:*

Changes in subsidy agreement obligations for the years ended December 31, 2021 and 2020 are as follows:

	Original borrowing	Year of issue/maturity	Interest rates to maturity	Annual principal payments to maturity	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021
Lower Paxton Township, General obligation bonds, subsidy agreements:											
Series of 2013	\$ 7,965,000	2013/2020			\$ 4,305,000		\$ (4,305,000)	\$ -			
Series of 2014	23,350,000	2014/2044	1.75% - 5.00%	\$530,000 to \$625,000	21,510,000		(17,530,000)	3,980,000		\$ (510,000)	\$ 3,470,000
Series of 2015	14,005,000	2015/2029	2.00% - 4.00%	\$160,000 to \$2,125,000	13,540,000		(5,000)	13,535,000		(10,000)	13,525,000
Series of 2016	23,840,000	2016/2046	2.00% - 5.00%	\$545,000 to \$915,000	22,370,000		(9,655,000)	12,715,000		(525,000)	12,190,000
Series of 2019	48,150,000	2019/2044	3.00% - 4.00%	\$460,000 to \$4,960,000	48,150,000		(505,000)	47,645,000		(475,000)	47,170,000
Series of 2020A	25,970,000	2020/2050	1.00% - 4.00%	\$510,000 to \$1,450,000		\$ 25,970,000		25,970,000		(505,000)	25,465,000
Series of 2020B	2,810,000	2020/2022	1.00% - 4.00%	\$1,485,000		2,810,000		2,810,000		(1,325,000)	1,485,000
Series of 2020C	30,965,000	2020/2046	0.51% - 2.98%	\$330,000 to \$2,555,000		30,965,000		30,965,000		(355,000)	30,610,000
Total Lower Paxton Township, General obligation bonds, subsidy agreements					109,875,000	59,745,000	(32,000,000)	137,620,000		(3,705,000)	133,915,000
Lower Paxton Township, PennVest loans payable, subsidy agreements:											
PennVest loan 2010	10,901,017	2010/2032	2.45% - 3.13%	\$336,662 to \$657,732	7,020,452		(466,201)	6,554,251		(481,018)	6,073,233
PennVest loan 2019	7,653,472	2020/2032	1.51% - 2.06%	\$493,009 to \$777,665		2,228,786		2,228,786	\$ 5,424,686		7,653,472
Total Lower Paxton Township, PennVest loans payable, subsidy agreements					7,020,452	2,228,786	(466,201)	8,783,037	5,424,686	(481,018)	13,726,705
					116,895,452	\$ 61,973,786	\$ (32,466,201)	146,403,037	\$ 5,424,686	\$ (4,186,018)	147,641,705
Current maturities					(3,341,201)			(4,186,019)			(5,034,316)
Total subsidy agreements, net of current maturities					\$ 113,554,251			\$ 142,217,018			\$ 142,607,389

## LOWER PAXTON TOWNSHIP AUTHORITY

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### 4. Long-term liabilities (continued):

##### *Subsidy agreement obligations:*

The annual requirements for the Authority's long-term debt are as follows:

	Principal	Interest	Total
2022	\$ 5,034,316	\$ 4,859,565	\$ 9,893,881
2023	5,363,179	4,705,155	10,068,334
2024	5,544,596	4,529,308	10,073,904
2025	5,721,685	4,349,861	10,071,546
2026	5,889,465	4,185,039	10,074,504
2027-2031	32,143,320	18,367,653	50,510,973
2032-2036	34,435,144	12,787,959	47,223,103
2037-2041	30,995,000	6,340,269	37,335,269
2042-2046	17,055,000	2,390,728	19,445,728
2047-2050	5,460,000	447,800	5,907,800
Total	<u>\$ 147,641,705</u>	<u>\$ 62,963,337</u>	<u>\$ 210,605,042</u>

##### *Capital lease obligations:*

The Authority utilizes capital leases to finance the purchase of certain equipment. The leases have terms of five years with payments that began in October 2018 and continue through October 2023.

The assets (recorded as machinery and equipment) acquired through capital leases are as follows:

	2021	2020
Assets:		
Leased machinery and equipment	\$ 240,153	\$ 240,153
Accumulated depreciation	<u>(91,758)</u>	<u>(61,739)</u>
Total	<u>\$ 148,395</u>	<u>\$ 178,414</u>

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **4. Long-term liabilities (continued):**

Future minimum lease payments for capital leases as of December 31, 2021 are as follows:

<u>Year ending December 31:</u>	
2022	\$ 52,478
2023	<u>18,586</u>
Total minimum lease payments	71,064
Less:	
Amount representing interest	2,995
Present value of minimum lease payments, current portion	<u>49,139</u>
Present value of minimum lease payments, long-term portion	<u><u>\$ 18,930</u></u>

#### **5. Commitments and contingencies:**

In the normal course of business, there are various claims and suits pending against the Authority and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the Authority's financial position at December 31, 2021.

The Authority has entered into agreements for repairs and rehabilitation of its sewer and stormwater systems. There were seven total construction contracts open as of December 31, 2021 that totaled \$23,284,367. Work totaling \$16,771,220 had been completed on these contracts as of year end.

#### **6. Legal agreements and restrictions regarding Authority operations:**

The Authority and Township are governed by a consent decree and settlement agreement with the Pennsylvania Department of Environmental Protection (PADEP) relative to the Beaver Creek, Paxton Creek and Spring Creek Basin interceptors for sewage overflows and hydraulic overloads in these regions, and manage limitations on equivalent dwelling units (EDU's) and connections in the respective areas. As capital improvements have been made, modeling and metering data updated and removal rates for overflow/overload have occurred, revised long-term corrective action plans are provided to PADEP and have been approved as submitted. As of December 31, 2021, the Authority estimates that additional investments for compliance with the agreements are \$60,317,363 for Beaver Creek; \$14,682,637 for Paxton Creek and \$0 for Spring Creek Basin interceptors through 2031.

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

#### **6. Legal agreements and restrictions regarding Authority operations (continued):**

The Authority also is governed by the Township's PADEP Municipal Separate Storm Sewer System (MS4) permit, approved through July 2025, which requires the implementation of a Storm Water Management Plan to manage the conveyance and proper discharge of stormwater. As of December 31, 2021, the estimated additional MS4 capital costs relative to the plan total \$11,280,556.

#### **7. Agreements:**

The Authority has entered into agreements with downstream municipalities for the transmission and treatment of sewage. Charges for transmission and treatment are principally based upon a combination of the number of equivalent dwelling units and sewage transmitted.

The Authority has entered into the Swatara Township Authority Intermunicipal Agreement with the joint users of the Swatara Township Authority treatment plant. The Agreement covers the operating expenses of the Swatara Township Authority treatment plant and transmission facilities and the corresponding responsibilities of each user based on a pro rata share basis. Under this agreement, Lower Paxton Township Authority's operating costs amounted to \$1,151,978 and \$1,050,521 for the years ended December 31, 2021 and 2020, respectively.

The Authority, along with the Borough of Penbrook, the Borough of Paxtang, the Township of Swatara, the Township of Susquehanna and the Township of Lower Paxton (the Joint Municipalities) continue to negotiate with the City of Harrisburg and Capital Region Water (CRW) to finalize a new Intermunicipal Agreement, which sets the rate for treatment and transmission services provided to the Joint Municipalities, as well as the funding of the improvement projects for the CRW facilities. Under the current agreement, the Authority's operating costs amounted to \$4,221,091 and \$3,222,604 for the years ended December 31, 2021 and 2020, respectively.

During 2020, the Authority disputed the method of calculating certain 2015 through 2019 charges related to the services provided above. The disputed amount was \$1,337,598. During 2020, a settlement agreement was reached between the Authority and CRW, resulting in a liability due to CRW in the amount of \$1,009,587 as of December 31, 2020 and paid in full in 2021.

The Authority is currently disputing the method of calculating certain 2021 charges related to the services provided above. The disputed amount of \$1,184,148 is included as a liability, due to other governments, and in the operating costs noted above to CRW on the Authority's books as of December 31, 2021.



## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **8. Management agreement with the Township:**

The Authority has entered into an agreement with Lower Paxton Township to procure certain management services with regard to its operations, activities and functions. The Authority and the Township have certain common management. The total management services for 2021 and 2020 amounted to \$478,485 and \$436,556, respectively. Additionally, due to the Township providing all employees to the Authority, the Authority reimbursed the Township for wages, payroll taxes and various insurances in the amount of \$3,624,016 and \$3,557,246 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, the Authority owed the Township \$1,425,935 and \$1,994,953, respectively, primarily for the fourth quarter of the respective calendar year.

#### **9. Operating leases:**

The Authority has committed, under several operating leases, for certain vehicles and equipment. Future minimum operating lease commitments as of December 31, 2021 are as follows:

2022	\$ 141,082
2023	132,924
2024	77,574
2025	40,572
2026	<u>11,211</u>
Total	<u>\$ 403,363</u>

The Authority recognized lease expenses of \$161,045 and \$136,537, respectively, for the years ended December 31, 2021 and 2020.

#### **10. Risks and uncertainties:**

The Authority is currently subject to risks and uncertainties resulting from the novel coronavirus (COVID-19) pandemic. While the Authority expects this matter may negatively impact its results, the extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions and the impact of COVID-19 on overall demand for the Authority's services, all of which are highly uncertain and cannot be predicted.

#### **11. Subsequent events:**

During 2022, the Authority (through Township action) approved several construction contracts for sewer and stormwater improvements projects totaling \$19,498,539.

## ***LOWER PAXTON TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

#### **11. Subsequent events (continued):**

In March 2022, the Authority executed a subsidy agreement with the Township relative to the issuance of the Series of 2022 general obligation bonds in the amount of \$18,550,000 for stormwater capital projects (\$13,123,386) and for current refunding of outstanding 2010 PennVest Loan for sewer capital projects (\$5,962,001) and related costs.

The Authority has evaluated subsequent events through April 26, 2022, the date which the financial statements were available to be issued.

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## COMBINING STATEMENT OF NET POSITION YEAR ENDED DECEMBER 31, 2021 (See independent auditor's report)

	ASSETS			
	Sewer fund	Stormwater fund	Eliminations	Total
<b>Current assets:</b>				
Cash and cash equivalents	\$ 20,202,613	\$ 3,790,017		\$ 23,992,630
Investments	1,511,999			1,511,999
Rentals and fees receivable:				
Billed	808,617	224,895		1,033,512
Unbilled	4,183,955	970,299		5,154,254
Other receivables	452,257			452,257
Due from sewer fund		61,460	\$ (61,460)	-
Prepaid expenses	64,135	3,067		67,202
<b>Total current assets</b>	<b>27,223,576</b>	<b>5,049,738</b>	<b>(61,460)</b>	<b>32,211,854</b>
<b>Noncurrent assets:</b>				
Restricted for debt service and capital projects, cash and cash equivalents	21,800,568	5,959,784		27,760,352
Property, plant and equipment, net	131,944,757	21,076,786		153,021,543
Deferred capacity costs, net	13,219,752			13,219,752
<b>Total noncurrent assets</b>	<b>166,965,077</b>	<b>27,036,570</b>		<b>194,001,647</b>
<b>Total assets</b>	<b>194,188,653</b>	<b>32,086,308</b>	<b>(61,460)</b>	<b>226,213,501</b>
Deferred outflows of resources, charges on refundings	2,567,694			2,567,694
<b>Total assets and deferred outflows of resources</b>	<b>\$ 196,756,347</b>	<b>\$ 32,086,308</b>	<b>\$ (61,460)</b>	<b>\$ 228,781,195</b>

See notes to financial statements.

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## COMBINING STATEMENT OF NET POSITION YEAR ENDED DECEMBER 31, 2021 (See independent auditor's report)

### LIABILITIES AND NET POSITION

	Sewer fund	Stormwater fund	Eliminations	Total
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 2,361,316	\$ 880,610		\$ 3,241,926
Current portion of long-term debt, subsidy agreements with Lower Paxton Township	4,799,316	235,000		5,034,316
Capital lease obligations, current portion	49,139			49,139
Developers' escrow	64,314	354,124		418,438
Accrued interest	1,091,378	86,125		1,177,503
Due to:				
Stormwater fund	61,460		\$ (61,460)	-
Other governments	1,184,148			1,184,148
Primary government	1,031,509	394,426		1,425,935
<b>Total current liabilities</b>	<b>10,642,580</b>	<b>1,950,285</b>	<b>(61,460)</b>	<b>12,531,405</b>
<b>Noncurrent liabilities:</b>				
Long-term debt, subsidy agreements with Lower Paxton Township	134,157,389	8,450,000		142,607,389
Capital lease obligations, net of current portion	18,930			18,930
Bond premium	8,102,528	998,294		9,100,822
<b>Total noncurrent liabilities</b>	<b>142,278,847</b>	<b>9,448,294</b>		<b>151,727,141</b>
<b>Total liabilities</b>	<b>152,921,427</b>	<b>11,398,579</b>	<b>(61,460)</b>	<b>164,258,546</b>
<b>Net position:</b>				
Net investment in capital assets	28,131,868	17,124,636		45,256,504
Unrestricted	15,703,052	3,563,093		19,266,145
<b>Total net position</b>	<b>43,834,920</b>	<b>20,687,729</b>		<b>64,522,649</b>
<b>Total liabilities and net position</b>	<b>\$ 196,756,347</b>	<b>\$ 32,086,308</b>	<b>\$ (61,460)</b>	<b>\$ 228,781,195</b>

See notes to financial statements.

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## COMBINING STATEMENT OF NET POSITION YEAR ENDED DECEMBER 31, 2020 (See independent auditor's report)

	ASSETS			
	Sewer fund	Stormwater fund	Eliminations	Total
<b>Current assets:</b>				
Cash and cash equivalents	\$ 22,955,813	\$ 3,387,794		\$ 26,343,607
Investments	246,196			246,196
Rentals and fees receivable:				
Billed	951,249	161,472		1,112,721
Unbilled	4,034,992	988,104		5,023,096
Other receivables	526,152	10,972		537,124
Due from sewer fund		114,109	\$ (114,109)	-
Prepaid expenses	416,872	5,363		422,235
<b>Total current assets</b>	<b>29,131,274</b>	<b>4,667,814</b>	<b>(114,109)</b>	<b>33,684,979</b>
<b>Noncurrent assets:</b>				
Restricted for debt service and capital projects, cash and cash equivalents	28,550,419	7,226,482		35,776,901
Property, plant and equipment, net	119,911,993	17,446,253		137,358,246
Deferred capacity costs, net	13,600,828			13,600,828
<b>Total noncurrent assets</b>	<b>162,063,240</b>	<b>24,672,735</b>		<b>186,735,975</b>
<b>Total assets</b>	<b>191,194,514</b>	<b>29,340,549</b>	<b>(114,109)</b>	<b>220,420,954</b>
Deferred outflows of resources, charges on refundings	2,735,996			2,735,996
<b>Total assets and deferred outflows of resources</b>	<b>\$ 193,930,510</b>	<b>\$ 29,340,549</b>	<b>\$ (114,109)</b>	<b>\$ 223,156,950</b>

See notes to financial statements.

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## COMBINING STATEMENT OF NET POSITION YEAR ENDED DECEMBER 31, 2020 (See independent auditor's report)

### LIABILITIES AND NET POSITION

	Sewer fund	Stormwater fund	Eliminations	Total
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 2,721,328	\$ 108,658		\$ 2,829,986
Current portion of long-term debt, subsidy agreements with Lower Paxton Township	3,956,019	230,000		4,186,019
Capital lease obligations, current portion	48,407			48,407
Developers' escrow	78,733			78,733
Accrued interest	1,095,110	88,425		1,183,535
Due to:				
Due to stormwater fund	114,109		\$ (114,109)	-
Other governments	1,009,587			1,009,587
Primary government	841,985	1,152,968		1,994,953
<b>Total current liabilities</b>	<b>9,865,278</b>	<b>1,580,051</b>	<b>(114,109)</b>	<b>11,331,220</b>
<b>Noncurrent liabilities:</b>				
Long-term debt, subsidy agreements with Lower Paxton Township	133,532,018	8,685,000		142,217,018
Capital lease obligations, net of current portion	68,069			68,069
Bond premium	8,529,532	1,043,161		9,572,693
<b>Total noncurrent liabilities</b>	<b>142,129,619</b>	<b>9,728,161</b>		<b>151,857,780</b>
<b>Total liabilities</b>	<b>151,994,897</b>	<b>11,308,212</b>	<b>(114,109)</b>	<b>163,189,000</b>
<b>Net position:</b>				
Net investment in capital assets	26,263,522	15,719,664		41,983,186
Unrestricted	15,672,091	2,312,673		17,984,764
<b>Total net position</b>	<b>41,935,613</b>	<b>18,032,337</b>		<b>59,967,950</b>
<b>Total liabilities and net position</b>	<b>\$ 193,930,510</b>	<b>\$ 29,340,549</b>	<b>\$ (114,109)</b>	<b>\$ 223,156,950</b>

See notes to financial statements.

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEAR ENDED DECEMBER 31, 2021 (See independent auditor's report)

	Sewer fund	Stormwater fund	Eliminations	Total
<b>Operating revenues:</b>				
Rentals and fees	\$ 16,531,893	\$ 3,447,635		\$ 19,979,528
Miscellaneous	371,350	1,000	\$ (262,192)	110,158
<b>Total operating revenues</b>	<b>16,903,243</b>	<b>3,448,635</b>	<b>(262,192)</b>	<b>20,089,686</b>
<b>Operating expenses:</b>				
Treatment and transmission charges	5,373,069			5,373,069
Transportation	165,156	7,047		172,203
Sewer maintenance	107,235			107,235
Maintenance of pumping stations and garage	73,113			73,113
Equipment maintenance	18,787	103,955		122,742
Tools	1,864			1,864
Office supplies and postage	163,838	120,037		283,875
Legal and accounting	179,752	52,015		231,767
Engineering	92,865	23,320		116,185
Insurance	40,584	1,000		41,584
Employee expense	16,371			16,371
Trustee fees	4,021			4,021
Miscellaneous	7,633	4,374		12,007
Reimbursements	2,980,839	1,383,853	(262,192)	4,102,500
Private source repairs	117,868	170,784		288,652
Depreciation	2,826,549	492,906		3,319,455
<b>Total operating expenses</b>	<b>12,169,544</b>	<b>2,359,291</b>	<b>(262,192)</b>	<b>14,266,643</b>
<b>Operating income</b>	<b>4,733,699</b>	<b>1,089,344</b>	<b>-</b>	<b>5,823,043</b>
<b>Nonoperating revenues (expenses):</b>				
Tapping fees	616,890			616,890
Interest:				
Income	39,408	2,957		42,365
Expense and amortization, net	(4,298,719)	(301,933)		(4,600,652)
Developer contributions	716,118	1,865,024		2,581,142
Township contributions	76,141			76,141
Gain on sale of assets	15,770			15,770
<b>Net nonoperating revenues (expenses)</b>	<b>(2,834,392)</b>	<b>1,566,048</b>		<b>(1,268,344)</b>
<b>Change in net position</b>	<b>1,899,307</b>	<b>2,655,392</b>		<b>4,554,699</b>
<b>Net position:</b>				
Beginning	41,935,613	18,032,337		59,967,950
<b>Ending</b>	<b>\$ 43,834,920</b>	<b>\$ 20,687,729</b>	<b>\$ -</b>	<b>\$ 64,522,649</b>

See notes to financial statements.

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEAR ENDED DECEMBER 31, 2020 (See independent auditor's report)

	Sewer fund	Stormwater fund	Eliminations	Total
<b>Operating revenues:</b>				
Rentals and fees	\$ 16,042,721	\$ 3,973,695		\$ 20,016,416
Miscellaneous	529,335	42,057	\$ (252,131)	319,261
<b>Total operating revenues</b>	<b>16,572,056</b>	<b>4,015,752</b>	<b>(252,131)</b>	<b>20,335,677</b>
<b>Operating expenses:</b>				
Treatment and transmission charges	4,273,125			4,273,125
Transportation	153,524	7,264		160,788
Sewer maintenance	87,793			87,793
Maintenance of pumping stations and garage	57,805			57,805
Equipment maintenance	18,785	95,832		114,617
Tools	1,507			1,507
Office supplies and postage	155,480	94,940		250,420
Legal and accounting	155,531	63,285		218,816
Engineering	157,589	16,983		174,572
Insurance	39,347	274		39,621
Employee expense	11,572			11,572
Trustee fees	3,900			3,900
Miscellaneous	16,556	19,020		35,576
Reimbursements	2,844,149	1,421,667	(252,131)	4,013,685
Private source repairs	156,743			156,743
Depreciation	2,797,414	610,500		3,407,914
<b>Total operating expenses</b>	<b>10,930,820</b>	<b>2,329,765</b>	<b>(252,131)</b>	<b>13,008,454</b>
<b>Operating income</b>	<b>5,641,236</b>	<b>1,685,987</b>	<b>-</b>	<b>7,327,223</b>
<b>Nonoperating revenues (expenses):</b>				
Tapping fees	498,621			498,621
Interest:				
Income	56,974	53,597		110,571
Expense and amortization, net	(4,176,404)	(306,518)		(4,482,922)
Developer contributions	584,759			584,759
Gain on sale of assets	77,562			77,562
Bond issue costs	(623,316)			(623,316)
<b>Net nonoperating revenues (expenses)</b>	<b>(3,581,804)</b>	<b>(252,921)</b>		<b>(3,834,725)</b>
<b>Change in net position</b>	<b>2,059,432</b>	<b>1,433,066</b>		<b>3,492,498</b>
<b>Net position:</b>				
Beginning	39,876,181	16,599,271		56,475,452
<b>Ending</b>	<b>\$ 41,935,613</b>	<b>\$ 18,032,337</b>	<b>\$ -</b>	<b>\$ 59,967,950</b>

See notes to financial statements.



# **LOWER PAXTON TOWNSHIP AUTHORITY**

## COMBINING STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2021 (See independent auditor's report)

	Sewer fund	Stormwater fund	Eliminations	Total
<b>Cash flows from operating activities:</b>				
Cash received from customers and users	\$ 16,970,807	\$ 3,466,638	\$ (52,649)	\$ 20,384,796
Cash payments to (from), net:				
Suppliers	(7,111,709)	93,271	52,649	(6,965,789)
Lower Paxton Township	(2,791,315)	(2,142,395)		(4,933,710)
<b>Net cash provided by operating activities</b>	<b>7,067,783</b>	<b>1,417,514</b>	<b>-</b>	<b>8,485,297</b>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(12,912,347)	(1,705,846)		(14,618,193)
Proceeds from sale of capital assets	15,770			15,770
Tapping fees	616,890			616,890
Township contributions	76,141			76,141
Proceeds from the issuance of long-term debt, subsidy agreements	5,424,686			5,424,686
Principal payments on long-term debt, subsidy agreements	(3,956,019)	(230,000)		(4,186,019)
Capital lease paid	(48,407)			(48,407)
Interest expense	(4,561,153)	(349,100)		(4,910,253)
<b>Net cash used in capital and related financing activities</b>	<b>(15,344,439)</b>	<b>(2,284,946)</b>		<b>(17,629,385)</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(1,511,999)			(1,511,999)
Sale of investments	246,196			246,196
Interest income	39,408	2,957		42,365
<b>Net cash provided by (used in) investing activities</b>	<b>(1,226,395)</b>	<b>2,957</b>		<b>(1,223,438)</b>
<b>Net decrease in cash</b>	<b>(9,503,051)</b>	<b>(864,475)</b>		<b>(10,367,526)</b>
<b>Cash:</b>				
Beginning of year	51,506,232	10,614,276		62,120,508
<b>End of year</b>	<b>\$ 42,003,181</b>	<b>\$ 9,749,801</b>	<b>\$ -</b>	<b>\$ 51,752,982</b>
<b>Presented in the financial statements as:</b>				
Cash and cash equivalents	\$ 20,202,613	\$ 3,790,017		\$ 23,992,630
Restricted cash and cash equivalents	21,800,568	5,959,784		27,760,352
<b>Total cash and cash equivalents</b>	<b>\$ 42,003,181</b>	<b>\$ 9,749,801</b>		<b>\$ 51,752,982</b>

(continued)

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## COMBINING STATEMENT OF CASH FLOWS (CONTINUED) YEAR ENDED DECEMBER 31, 2021 (See independent auditor's report)

	Sewer fund	Stormwater fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities, operating income	\$ 4,733,699	\$ 1,089,344		\$ 5,823,043
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	2,826,549	492,906		3,319,455
(Increase) decrease in:				
Receivables and assessments	67,564	(34,646)		32,918
Due from sewer fund		52,649	\$ (52,649)	-
Prepaid expenses	352,737	2,296		355,033
Increase (decrease) in:				
Accounts payable and accrued expenses	(1,209,783)	219,383		(990,400)
Due to:				
Stormwater fund	(52,649)		52,649	-
Lower Paxton Township	189,524	(758,542)		(569,018)
Other governments	174,561			174,561
Developers' escrow	(14,419)	354,124		339,705
<b>Net cash provided by operating activities</b>	<b><u>\$ 7,067,783</u></b>	<b><u>\$ 1,417,514</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,485,297</u></b>
Supplemental disclosures of noncash transactions:				
Developer contributions	\$ 716,118	\$ 1,865,024		\$ 2,581,142
Accounts payable for property, plant and equipment	1,684,244	590,640		2,274,884
Amortization of:				
Bond premium	(427,004)	(44,867)		(471,871)
Deferred refundings	168,302			168,302

See notes to financial statements.

# LOWER PAXTON TOWNSHIP AUTHORITY

## COMBINING STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2020 (See independent auditor's report)

	Sewer fund	Stormwater fund	Eliminations	Total
<b>Cash flows from operating activities:</b>				
Cash received from customers and users	\$ 17,475,605	\$ 3,803,302	\$(1,292,319)	\$ 19,986,588
Cash payments to (from), net:				
Suppliers	(5,479,764)	(1,715,333)	1,292,319	(5,902,778)
Lower Paxton Township	(2,676,296)	(1,101,261)		(3,777,557)
<b>Net cash provided by operating activities</b>	<b>9,319,545</b>	<b>986,708</b>	<b>-</b>	<b>10,306,253</b>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(4,636,013)	(1,949,999)		(6,586,012)
Proceeds from sale of capital assets	112,210			112,210
Tapping fees	498,621			498,621
Proceeds from the issuance of long-term debt, subsidy agreements	65,375,126			65,375,126
Principal payments on long-term debt, subsidy agreements	(36,540,494)	(230,000)		(36,770,494)
Capital lease paid	(46,604)			(46,604)
Bond issue costs	(623,316)			(623,316)
Interest expense	(4,353,063)	(348,135)		(4,701,198)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>19,786,467</b>	<b>(2,528,134)</b>		<b>17,258,333</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(246,196)			(246,196)
Sale of investments	985,009			985,009
Interest income	56,974	53,597		110,571
<b>Net cash provided by investing activities</b>	<b>795,787</b>	<b>53,597</b>		<b>849,384</b>
<b>Net increase (decrease) in cash</b>	<b>29,901,799</b>	<b>(1,487,829)</b>		<b>28,413,970</b>
<b>Cash:</b>				
Beginning of year	21,604,433	12,102,105		33,706,538
<b>End of year</b>	<b>\$ 51,506,232</b>	<b>\$ 10,614,276</b>	<b>\$ -</b>	<b>\$ 62,120,508</b>
<b>Presented in the financial statements as:</b>				
Cash and cash equivalents	\$ 22,955,813	\$ 3,387,794		\$ 26,343,607
Restricted cash and cash equivalents	28,550,419	7,226,482		35,776,901
<b>Total cash and cash equivalents</b>	<b>\$ 51,506,232</b>	<b>\$ 10,614,276</b>		<b>\$ 62,120,508</b>

(continued)

# **LOWER PAXTON TOWNSHIP AUTHORITY**

## COMBINING STATEMENT OF CASH FLOWS (CONTINUED) YEAR ENDED DECEMBER 31, 2020 (See independent auditor's report)

	Sewer fund	Stormwater fund	Eliminations	Total
Reconciliation of operating income to net cash provided by operating activities, operating income	\$ 5,641,236	\$ 1,685,987		\$ 7,327,223
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	2,797,414	610,500		3,407,914
Gain on sale of assets	(77,562)			(77,562)
(Increase) decrease in:				
Receivables	(425,317)	(98,341)		(523,658)
Due from:				
Stormwater fund	1,406,428		\$(1,406,428)	-
Sewer fund		(114,109)	114,109	-
Prepaid expenses	(380,993)	(3,107)		(384,100)
Increase (decrease) in:				
Accounts payable and accrued expenses	562,841	(8,200)		554,641
Due to:				
Sewer fund		(1,406,428)	1,406,428	-
Stormwater fund	114,109		(114,109)	-
Lower Paxton Township	167,853	320,406		488,259
Other governments	(328,011)			(328,011)
Developers' escrow	(158,453)			(158,453)
<b>Net cash provided by operating activities</b>	<b>\$ 9,319,545</b>	<b>\$ 986,708</b>	<b>\$ -</b>	<b>\$ 10,306,253</b>
Supplemental disclosures of noncash transactions:				
Developer contributions	\$ 584,759			\$ 584,759
Accounts payable for property, plant and equipment	834,473	\$ 38,071		872,544
Amortization of:				
Bond premium	(400,469)	(44,867)		(445,336)
Deferred refundings	116,660			116,660

See notes to financial statements.