

BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
**Financial Statements, Auditor's Report
and Supplementary Information**
December 31, 2021

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Borough Council
Borough of Slatington
Slatington, PA

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Borough of Slatington (the "Borough"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough of Slatington's basic financial statements as listed in the table of contents.

In our opinion the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Slatington, 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.

Management has omitted the management's discussion and analysis that is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Basis for Opinions

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

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 Borough of Slatington's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Slatington'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 Borough of Slatington'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 budgetary comparison schedule and schedules of police pension plan on pages 42-52 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Slatington's basic financial statements. The combining and individual fund and account group financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund and account group financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements for other governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 2 to the financial statements, while the Borough has included capital assets and related accumulated depreciation and depreciation expense, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America, require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net position and expenses of the governmental activities. The amount by which this departure would affect assets and expenses of the governmental activities is not reasonably determinable.

Furthermore, utility plant in service and contributions in aid to construction costs prior to 1983 have not been capitalized in the Water Fund. The amounts, by which the financial statements would change if these items were included, while material, cannot be determined.

Craig Bell, Rappold & Yasuta LLP

December 12, 2023

BASIC FINANCIAL STATEMENTS

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,776,887	\$ 4,696,069	\$ 6,472,956
Taxes Receivable, Net	178,075	-	178,075
Accounts Receivable, Net	-	220,112	220,112
Other Receivables, Net	360,024	-	360,024
Authority Lease Receivable	-	1,149,413	1,149,413
Internal Balance	(523,343)	538,962	15,619
Intergovernmental Receivables	-	17,632	17,632
Total Current Assets	1,791,643	6,622,188	8,413,831
Noncurrent Assets:			
Construction In Progress	19,902	-	19,902
Land	166,486	80,223	246,709
Site Improvements and Mains, Net of Depreciation	1,652,390	7,858,785	9,511,175
Building and Building Improvements Net of Depreciation	49,277	-	49,277
Treatment Plants, Net of Depreciation	-	4,093,329	4,093,329
Machinery and Equipment, Net of Depreciation	16,448	37,498	53,946
Vehicles, Net of Depreciation	92,020	-	92,020
Total Noncurrent Assets	1,996,523	12,069,835	14,066,358
Total Assets	3,788,166	18,692,023	22,480,189
Deferred Outflows of Resources			
Prepaid Loan	-	21,429	21,429
Changes In Assumptions	147,223	-	147,223
Total Deferred Outflows of Resources	147,223	21,429	168,652
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 17,182	\$ -	\$ 17,182
Custodial Funds	12,475	-	12,475
Current Portion of Capital Lease Obligation	12,424	-	12,424
Other Current Liabilities	44,137	16,261	60,398
Total Current Liabilities	86,218	16,261	102,479
Noncurrent Liabilities:			
Authority Loan Payable	-	1,149,413	1,149,413
Lease Payable to Authority	-	1,149,413	1,149,413
Loan Payable to Borough	-	21,429	21,429
Capital Lease Obligation, Net	13,291	-	13,291
Long-Term Portion of Compensated Absences	174,738	-	174,738
Net Pension Liability	257,525	-	257,525
Total Noncurrent Liabilities	445,554	2,320,255	2,765,809
Total Liabilities	531,772	2,336,516	2,868,288
Deferred Inflows of Resources			
Deferred Revenue	237,084	-	237,084
Net Difference Between Projected and Actual Earning on Pension Plan Investments	214,661	-	214,661
Difference Between Expected and Actual Experience	56,443	-	56,443
Deferred Inflows of Resources	508,188	-	508,188
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,984,099	10,920,422	12,904,521
Restricted for:			
Special Revenue	219,962	-	219,962
Unrestricted	691,369	5,456,514	6,147,883
TOTAL NET POSITION	\$ 2,895,430	\$ 16,376,936	\$ 19,272,366

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 230,542	\$ 138,688	\$ 1,535	\$ 43,321
Public Safety	910,972	112,572	122,431	-
Highways and Streets	321,171	-	118,240	360,024
Health and Sanitation	1,168	-	-	-
Culture and Recreation	69,861	1,100	-	600
Community Development and Housing	-	-	-	11,354
Miscellaneous	160,186	-	-	-
Interest on Long-Term Debt	1,412	-	-	-
Unallocated Depreciation Expense	111,330	-	-	-
Total Governmental Activities	<u>1,806,642</u>	<u>252,360</u>	<u>242,206</u>	<u>415,299</u>
Business Type Activities:				
Water	833,151	859,959	-	-
Sewer	1,017,098	1,151,346	-	-
Garbage	273,935	336,460	-	-
Total Business-Type Activities	<u>2,124,184</u>	<u>2,347,765</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 3,930,826</u>	<u>\$ 2,600,125</u>	<u>\$ 242,206</u>	<u>\$ 415,299</u>

General Revenues:

Taxes:

Property Taxes, levied for general purposes, net
Taxes levied for specific purposes
Franchise Tax (Fees)
Investment Earnings
Miscellaneous Income
Transfers In (Out)

Total General Revenues, Special Items, Extraordinary Items, and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (46,998)	\$ -	\$ (46,998)
(675,969)	-	(675,969)
157,093	-	157,093
(1,168)	-	(1,168)
(68,161)	-	(68,161)
11,354	-	11,354
(160,186)	-	(160,186)
(1,412)	-	(1,412)
(111,330)	-	(111,330)
(896,777)	-	(896,777)
-	26,808	26,808
-	134,248	134,248
-	62,525	62,525
-	223,581	223,581
(896,777)	223,581	(673,196)
977,753	-	977,753
552,151	-	552,151
59,254	-	59,254
159	1,907	2,066
87,694	-	87,694
(4,686)	4,686	-
1,672,325	6,593	1,678,918
775,548	230,174	1,005,722
2,119,882	16,146,762	18,266,644
\$ 2,895,430	\$ 16,376,936	\$ 19,272,366

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2021**

	General	Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,396,241	\$ 380,646	\$ 1,776,887
Receivables (Net)			
Taxes	178,075	-	178,075
Other	360,024	-	360,024
Due from Other Funds	12,671,009	142,566	12,813,575
TOTAL ASSETS	\$ 14,605,349	\$ 523,212	\$ 15,128,561
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to Other Funds	\$ 13,033,668	\$ 264,044	\$ 13,297,712
Accounts Payable	17,182	-	17,182
Custodial Funds	12,475	-	12,475
Note Payable to Sewer Fund	-	39,206	39,206
Deferred Revenues	299,987	-	299,987
Other Current Liabilities	44,137	-	44,137
TOTAL LIABILITIES	13,407,449	303,250	13,710,699
FUND BALANCES			
Assigned	-	219,962	219,962
Unassigned	1,197,900	-	1,197,900
TOTAL FUND BALANCES	1,197,900	219,962	1,417,862
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,605,349	\$ 523,212	\$ 15,128,561

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,417,862

**Amounts Reported for Governmental Activities in the
Statement of Net Position are Different Because:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$4,583,515 and the accumulated depreciation is \$2,586,992. 1,996,523

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 62,904

Deferred outflows (inflows) of resources related to pensions are applicable to future periods and therefore are not reported in governmental funds. (123,881)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Capital Lease Obligation	(25,715)	
Net Pension Liability	(257,525)	
Compensated Absences	(174,738)	
		<u>(457,978)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 2,895,430

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

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

	General	Non-Major Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,449,706	\$ 93,444	\$ 1,543,150
Licenses and Permits	80,049	-	80,049
Fines and Forfeits	41,677	-	41,677
Interest and Rents	138,810	35	138,845
Intergovernmental Revenues	539,265	118,240	657,505
Charges for Current Service	51,200	-	51,200
Miscellaneous Revenue	87,694	-	87,694
TOTAL REVENUES	2,388,401	211,719	2,600,120
EXPENDITURES			
General Government	177,206	-	177,206
Administration	-	141	141
Fire Station and Truck	-	70,151	70,151
Public Safety	831,574	-	831,574
Highways and Streets	344,176	81,174	425,350
Health and Human Services	1,168	-	1,168
Culture and Recreation	69,861	-	69,861
Miscellaneous	160,191	-	160,191
Debt Service			
Principal	-	-	-
Interest	-	1,412	1,412
TOTAL EXPENDITURES	1,584,176	152,878	1,737,054
EXCESSIVE OF REVENUES OVER EXPENDITURES	804,225	58,841	863,066
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(151,260)	8,461	(142,799)
Total Other Financing Sources (Uses)	(151,260)	8,461	(142,799)
Net Change in Fund Balances	652,965	67,302	720,267
Fund Balances, January 1	544,935	152,660	697,595
FUND BALANCES, DECEMBER 31	\$ 1,197,900	\$ 219,962	\$ 1,417,862

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

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

Net Change in Fund Balances - Governmental Funds \$ 720,267

**Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:**

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	\$ 144,118	
Less: Capital Lease	(39,935)	
Less: Depreciation Expense	<u>(111,330)</u>	(7,147)

Repayments of capital leases is an expenditure in the governmental funds, but the repayment reduces capital lease liability in the statement of net position. 26,435

Because some property taxes will not be collected for several months after the Borough's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year. (13,246)

In the statement of activities, certain operating expenses -- compensated absences (vacations) and special termination benefits (early retirement) and pensions -- are measured by the benefits earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. 49,239

Change in Net Position of Governmental Activities \$ 775,548

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Water Division	Sewer Disposal	Garbage Division	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,913,409	\$ 2,184,513	\$ 598,147	\$ 4,696,069
Accounts Receivable (Net)	85,398	94,908	39,806	220,112
Authority Lease Receivable	-	1,149,413	-	1,149,413
Due From Other Funds	1,011,238	1,084,499	134,560	2,230,297
Intergovernmental Receivables	-	17,632	-	17,632
Prepaid Loan	-	21,429	-	21,429
Total Current Assets	3,010,045	4,552,394	772,513	8,334,952
Noncurrent Assets:				
Note Receivable from Fire Fund	-	39,206	-	39,206
Land	64,440	15,783	-	80,223
Treatment Plants	3,898,798	5,789,659	-	9,688,457
Machinery and Equipment	478,719	533,539	-	1,012,258
Furniture and Fixtures	6,105	26,686	-	32,791
Improvements Other Than Buildings	3,784,789	8,695,602	-	12,480,391
Less: Accumulated Depreciation	(4,313,143)	(6,911,142)	-	(11,224,285)
Total Noncurrent Assets	3,919,708	8,189,333	-	12,109,041
TOTAL ASSETS	\$ 6,929,753	\$ 12,741,727	\$ 772,513	\$ 20,443,993
LIABILITIES				
Current Liabilities:				
Due to Other Funds	\$ 1,036,973	\$ 693,568	\$ -	\$ 1,730,541
Other Current Liabilities	7,621	7,665	975	16,261
Total Current Liabilities	1,044,594	701,233	975	1,746,802
Noncurrent Liabilities:				
Authority Loan Payable	-	1,149,413	-	1,149,413
Lease Payable to Authority	-	1,149,413	-	1,149,413
Loan Payable to Borough	-	21,429	-	21,429
Total Noncurrent Liabilities	-	2,320,255	-	2,320,255
TOTAL LIABILITIES	1,044,594	3,021,488	975	4,067,057
NET POSITION				
Invested in Capital Assets, Net of Related Debt	3,919,708	7,000,714	-	10,920,422
Unrestricted	1,965,451	2,719,525	771,538	5,456,514
Total Net Position	5,885,159	9,720,239	771,538	16,376,936
TOTAL LIABILITIES AND NET POSITION	\$ 6,929,753	\$ 12,741,727	\$ 772,513	\$ 20,443,993

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Water Division	Sewer Disposal	Garbage Division	Totals
OPERATING REVENUES:				
Charges For Services				
General Public (Net)	\$ 774,148	\$ 839,856	\$ 336,425	\$ 1,950,429
Other Governments	81,811	305,789	-	387,600
Rental Income	-	4,044	-	4,044
Miscellaneous Operating Revenues	4,000	1,657	35	5,692
Total Operating Revenues	859,959	1,151,346	336,460	2,347,765
OPERATING EXPENSES:				
Administration	233,361	277,989	-	511,350
Operations				
Disposal System	-	407,411	273,935	681,346
Collection System	409,678	-	-	409,678
Distribution Expense	31,184	-	-	31,184
Depreciation	158,928	319,575	-	478,503
Total Operating Expense	833,151	1,004,975	273,935	2,112,061
OPERATING INCOME	26,808	146,371	62,525	235,704
NON OPERATING REVENUES (EXPENSES)				
Interest Income	232	1,598	77	1,907
Interest and Fiscal Charges	-	(12,123)	-	(12,123)
Total Non Operating Revenues (Expenses)	232	(10,525)	77	(10,216)
Income Before Contributions and Transfers	27,040	135,846	62,602	225,488
Transfers In	-	-	-	-
Transfers Out	81	4,605	-	4,686
Change in Net Position	27,121	140,451	62,602	230,174
Total Net Position - January 1	5,858,038	9,579,788	708,936	16,146,762
TOTAL NET POSITION - December 31	\$ 5,885,159	\$ 9,720,239	\$ 771,538	\$ 16,376,936

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Water Division	Sewer Disposal	Garbage Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 860,716	\$ 1,290,929	\$ 336,039	\$ 2,487,684
Cash Payments to Suppliers for Goods and Services	(441,084)	(406,822)	(273,895)	(1,121,801)
Cash Payments to Employees for Services	(233,361)	(277,989)	-	(511,350)
Other Operating Receipts	4,000	1,657	35	5,692
Net Cash Provided by Operating Activities	<u>190,271</u>	<u>607,775</u>	<u>62,179</u>	<u>860,225</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Borrowing/Repayments Under Interfund Loan Agreements	-	115,827	-	115,827
Interfund Transfers to/from Other Funds	81	4,605	-	4,686
Net Cash Provided by Non-Capital Financing Activities	<u>81</u>	<u>120,432</u>	<u>-</u>	<u>120,513</u>
CASH FLOWS FROM CAPITAL ACTIVITIES				
Interest Paid on Long-Term Debt	-	(12,123)	-	(12,123)
Net Borrowing/Repayment From Other Funds	(986)	20,591	(12)	19,593
Net Borrowing/Repayment on Loan	-	(115,827)	-	(115,827)
Net Interest in Long-Term Lease Obligation	-	(115,827)	-	(115,827)
Net Cash Used by Capital Activities	<u>(986)</u>	<u>(223,186)</u>	<u>(12)</u>	<u>(224,184)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	232	1,598	77	1,907
Net Cash Provided by Investing Activities	<u>232</u>	<u>1,598</u>	<u>77</u>	<u>1,907</u>
Net Increase in Cash and Cash Equivalents	189,598	506,619	62,244	758,461
Cash and Cash Equivalents, January 1	1,723,811	1,677,894	535,903	3,937,608
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 1,913,409</u>	<u>\$ 2,184,513</u>	<u>\$ 598,147</u>	<u>\$ 4,696,069</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 26,808	\$ 146,371	\$ 62,525	\$ 235,704
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	158,928	319,575	-	478,503
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	4,757	141,240	(386)	145,611
Increase (Decrease) in Accounts and Other Payables	(222)	589	40	407
Total Adjustments	<u>163,463</u>	<u>461,404</u>	<u>(346)</u>	<u>624,521</u>
Net Cash Provided by Operating Activities	<u>\$ 190,271</u>	<u>\$ 607,775</u>	<u>\$ 62,179</u>	<u>\$ 860,225</u>

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

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**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2021**

	<u>Pension Trust Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 122,245
Investments - at Fair Value	
Exchange Traded Funds	134,837
Mutual Funds	3,888,279
Accrued Interest	<u>73</u>
Total Assets	<u><u>\$ 4,145,434</u></u>
LIABILITIES:	
Due to Other Funds	<u>\$ 15,619</u>
Total Liabilities	<u>15,619</u>
NET POSITION:	
Committed	213,153
Assigned	<u>3,916,662</u>
Total Net Position	<u>4,129,815</u>
Total Liabilities and Net Position	<u><u>\$ 4,145,434</u></u>

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Pension Trust Funds
ADDITIONS:	
Contributions:	
Employer	\$ 196,337
Plan Members	29,673
	226,010
Total Contributions	
Investment Earnings:	
Interest and Dividends	40,982
Realized Loss on Sale of Investments	(165,180)
Net Change in Fair Value	587,142
Less Investment Expenses	(31,934)
	431,010
Net Investment Income	
Total Additions	657,020
DEDUCTIONS:	
Benefit Payments	179,599
Total Deductions	179,599
NET INCREASE	477,421
NET POSITION:	
Net Position, January 1	3,652,394
Net Position, December 31	\$ 4,129,815

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. Entity

The Borough of Slatington was incorporated in 1864 and operates as a Pennsylvania Borough government under "The Borough Code" Act of February 1, 1996. The Borough Council, a seven-member group, is the level of government responsible for providing a full range of municipal services including those mandated by statute or ordinance. These include public safety (police, fire and communications), transportation (highways and streets), health and sanitation services, parks and recreation, community development and planning and general administrative services. The council receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. The report includes all of the services provided by the Borough to residents and businesses within its boundaries. Municipal services provided include public safety, recreation, public works, and general administration.

In evaluating the Borough as a reporting entity, management has addressed all potential component units for which the Borough may or may not be financially accountable, and as such, be includable within the Borough's financial statements. In accordance with Statement of Governmental Accounting Standards Board (GASB) No. 14 and No. 39, the Borough is financially accountable if it appoints a voting majority of the organization governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Borough. Additionally, the primary government is required to consider 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.

Following is a brief description of the component unit meeting the above criteria and as a result included within the financial reporting entity, a description of the component unit's relationship with the Borough, and a discussion of how component unit information has been incorporated into the financial statements:

Slatington Borough Authority (Authority) - Operates under the laws of the Commonwealth of Pennsylvania with a board appointed by the Borough Council. The Authority was created February 1, 1957 by the Borough of Slatington for the initial purpose of constructing a sanitary sewer system which was financed by the issuance of Sewer Revenue Bonds. The Authority funds are blended into the Sewer Fund.

2. Summary of Significant Accounting Policies

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. Summary of Significant Accounting Policies (Continued)

Fund Accounting

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent.

Basis of Presentation

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

Government-wide Statements: Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Borough as a whole. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately in the government-wide financial statements from business-type activities which rely, to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activity of the Borough at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Borough and for each function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Borough.

Fund Financial Statements: Fund financial statements are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the Borough. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Borough's enterprise fund are service charges for water, sewer and garbage. Operating expenses for the Borough's enterprise funds include treatment and collection costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

The Borough reports the following major governmental funds:

General Fund is the primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The Borough reports three major proprietary funds:

Water Division Fund - is used to account for all costs incurred in the collection, treatment and distribution of water for consumption and is operated in a manner similar to a private business enterprise to be self-supporting.

Sewer Disposal Fund - is used to account for the operation and maintenance of the sanitary sewage treatment plant and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

Garbage Division Fund - is used to account for the administration of the collection and disposal of municipal waste and recyclables in the Borough and is operated in a manner similar to a private business enterprise to be self-supporting.

The Borough's Fiduciary Fund accounts for the Police Pension Trust Fund and the Non-uniform Pension Trust Fund

Police Pension Trust Fund - is used to account for pension benefits for police officers. The principal revenue sources for this fund are employer and employee contributions.

Non-Uniformed Pension Trust Fund - is used to account for pension benefits for Borough employees. The principal revenue sources for this fund are employer and employee contributions.

Additionally, the Borough reports the following non-major governmental funds:

General Capital Reserve Fund - is used to account for transfers from the general fund and related interest income for capital outlays not accounted for in another fund.

Fire Fund - is used to account for financial activity of the Borough's fire tax collection to be used for the acquisition of fire safety related equipment.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. Summary of Significant Accounting Policies (Continued)

Liquid Fuels Tax Fund - is used to account for the financial activity of the Borough's liquid fuels tax allocation from the Commonwealth of Pennsylvania.

Measurement Focus and Basis of Accounting

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific Borough expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgets and Budgetary Accounting

The Borough's budget is prepared primarily on a cash basis and includes appropriations to cover prior and anticipated current encumbrances. Budgets are approved by Borough Council which contains estimated revenues adequate to fully fund appropriations. Annual operating budgets are legally adopted for the General Fund, Fire Fund, Water Fund, Sewer Fund, Garbage Fund, and Liquid Fuels Tax Fund.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. Summary of Significant Accounting Policies (Continued)

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds, "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value. Insurance holdings, if any, are valued at reported contract values.

Interfund Transactions

Flows of cash or goods from one fund to another without a requirement for repayment are reported as Inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund.

On fund financial statements, short-term inter-fund loans are classified as due from other funds and due to other funds. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, and grants. Business-type activities report utility charges as their major receivables.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets except for, land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building and Land Improvements	20
Treatment Plants and Mains	50
Vehicles	5 to 15
Equipment	5 to 15

Deferred Outflows/Inflows 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 consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

Compensated Absences

The Borough accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums, depending on years of service with the Borough. Benefits are earned on the first day of work each year. Administration personnel can carry over any unused vacation time, however, all other personnel must use up their vacation time by the end of the year. Sick leave accrues to full-time, permanent employees up to 40 days.

In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Deferred revenue may also result from revenues being collected in advance of the fiscal year to which they apply or in advance of their legal due date. Property taxes for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance fiscal year 2022 operations, have been recorded as deferred revenue.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Borough's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. Summary of Significant Accounting Policies (Continued)

Fund Balance Reserves

The fund balance of Governmental Fund Types and the Fiduciary Funds are classified in three separate categories. The categories, and their general meanings, are as follows:

- Committed fund balance – indicates the portion of the fund balance that can be used only for a specific purpose determined by the government's highest level of decision-making authority.
- Assigned fund balance – indicates the portion of the fund balance that has been appropriated for specific purposes.
- Unassigned fund balance – indicates the portion of the fund balance that is available for appropriation and expenditures, in future periods.

Proprietary Fund FASB Usage

The Borough also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund, provided they do not conflict with or contradict GASB pronouncements.

Management 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Investments

General

Section 1316 of the Pennsylvania Borough Code provides for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Commonwealth of Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the Borough adheres to the statutes of the Commonwealth. Deposits of the Borough, except for Pension Trust Fund deposits which are administered by trustees, are either maintained in demand deposits or are held in bank money market accounts. There were no deposit or investment transactions during the year that were in violation of either the Commonwealth's statutes or the policy of the Borough.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

3. Cash and Investments (Continued)

Cash (Cash on Hand and Bank Balances)

At December 31, 2021, the carrying amount of the Borough's bank deposits (excluding those held in the Pension Trust Funds, but including Agency Funds) totaled \$6,472,656 and the corresponding bank balances were \$6,551,330 of which \$250,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of \$6,301,330 were collateralized, as described below.

Under Act No. 72 of the 1972 Session of the Pennsylvania General Assembly (the "Act of 72"), financial institutions were granted the authority to secure the deposits of public bodies by pledging a pool of assets, as defined in the Act of 72, to cover all public funds deposited in excess of FDIC limits. The uninsured bank balances of the Borough in the amount of \$6,301,330 were collateralized by this pool of assets maintained by the Borough's depository institutions.

In addition, the Borough included in cash, amounts held on hand in petty cash. At December 31, 2021, the petty cash balance was \$300.

Investments

Under Section 1316 of the Pennsylvania Borough Code, the Borough is authorized to invest in United States Treasury Bills, short-term obligations of the U.S. Government or its agencies or instrumentalities, obligations of the U.S. Government or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision, shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for Borough funds listed above and certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation or similar agencies to the extent that such accounts are so insured. Investments of pension trust funds are placed pursuant to guidelines established by the respective pension boards.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

3. Cash and Investments (Continued)

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

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
<u>Pension Trust Funds</u>		
Exchange Traded Funds	N/A	\$ 134,837
Mutual Funds	N/A	3,888,279
		\$ 4,023,116

Interest Rate Risk

The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Borough has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk

The Borough places limits on the amount the Borough may invest in any one issuer. Of the Borough's investments, (not including Pension Trust Funds) 100% are in certificates of deposit at various financial institutions all under the FDIC limit.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral security that are in the possession of any outside party. The Borough has no investments subject to custodial credit risk.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

4. Taxes Receivable

Based upon assessed valuations provided by the County (\$173,822,754 in 2021), the Borough bills and collects its own property taxes. The schedule for property taxes levied for 2021 is as follows:

April 1	- levy date
April 1 - May 30	- 2% discount period
June 1 - July 31	- face payment period
August 1 - December 31	- 10% penalty period
January 29	- lien date

The Borough tax rate for all purposes in 2021 was 5.65 mills (\$5.65 per \$1,000 of assessed valuation), of which 0.525 mills is allocated for the Fire Fund and the remaining 5.125 mills is allocated for the General Fund. The limit on millage for the general operations of the Borough is 30 mills, with separate millage limits available for fire protection, library, pension contributions and other uses. The Borough does not currently categorize the mills levied.

The balances at December 31, 2021 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Taxes
Real Estate	\$ 63,803	\$ -	\$ 63,803	\$ 1,348	\$ 62,455
Per Capita	4,490	4,041	449	-	449
Earned Income Tax	108,831	-	108,831	-	-
Real Estate Transfer Tax	4,992	-	4,992	-	-
	<u>\$ 182,116</u>	<u>\$ 4,041</u>	<u>\$ 178,075</u>	<u>\$ 1,348</u>	<u>\$ 62,904</u>

The deferred revenue balance in the General Fund contains deferred taxes of \$62,904.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. Inter-fund Receivables and Payables

Inter-fund receivable and payable balances as of December 31, 2021 as follows:

	Due From Other Funds	Due to Other Funds
<i><u>Governmental Activities</u></i>		
General Fund	\$ 12,671,009	\$ 13,033,668
Nonmajor Funds	142,566	264,044
<i><u>Business Type Activities</u></i>		
Water Division Fund	1,011,238	1,036,973
Sewer Disposal Fund	1,084,499	693,568
Garbage Division Fund	134,560	-
<i><u>Fiduciary Activities</u></i>		
Pension Trust Funds	-	15,619
	<u>\$ 15,043,872</u>	<u>\$ 15,043,872</u>
	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
<i><u>Governmental Activities</u></i>		
General Fund	\$ -	\$ 13,147
Water Division Fund	81	-
Sewer Disposal Fund	4,605	-
Nonmajor Funds	8,461	-
	<u>\$ 13,147</u>	<u>\$ 13,147</u>

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

6. Capital Assets

Capital asset activity for the fiscal year ended December 31, 2021, was as follows:

	Balance Jan. 1, 2021	Additions	Retirements	Balance Dec. 31, 2021
Governmental Activities:				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 166,486	\$ -	\$ -	\$ 166,486
Construction In Progress	19,902	-	-	19,902
Total Capital Assets Not Being Depreciated	186,388	-	-	186,388
<i>Capital Assets Being Depreciated</i>				
Land Improvements	2,374,242	95,404	-	2,469,646
Building and Building Improvements	716,463	-	-	716,463
Machinery and Equipment	121,967	8,779	-	130,746
Vehicles	1,224,748	39,935	(184,411)	1,080,272
Total at Historical Cost	4,437,420	144,118	(184,411)	4,397,127
Less Accumulated Depreciation for:				
Land Improvements	(742,180)	(75,076)	-	(817,256)
Building and Improvements	(659,784)	(7,402)	-	(667,186)
Machinery and Equipment	(111,096)	(3,202)	-	(114,298)
Vehicles	(1,147,013)	(25,650)	184,411	(988,252)
Total Accumulated Depreciation	(2,660,073)	(111,330)	184,411	(2,586,992)
Government Activity Capital Assets, Net	\$ 1,963,735	\$ 32,788	\$ -	\$ 1,996,523

Depreciation expense for general fund was \$111,330 in 2021.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

6. Capital Assets (Continued)

	Balance Jan. 1, 2021	Additions	Retirements	Balance Dec. 31, 2021
Business-Type Activities:				
<i>Capital Assets not Being Depreciated:</i>				
<i>Land</i>				
Land	\$ 80,223	\$ -	\$ -	\$ 80,223
<i>Construction In Progress</i>				
Construction In Progress	-	-	-	-
Total Capital Assets not Being Depreciated	<u>80,223</u>	<u>-</u>	<u>-</u>	<u>80,223</u>
<i>Capital Assets Being Depreciated</i>				
Treatment Plants and Mains	9,688,457	-	-	9,688,457
Improvements	12,480,391	-	-	12,480,391
Machinery and Equipment	1,012,258	-	-	1,012,258
Furniture and Fixtures	32,791	-	-	32,791
Total Capital Assets Being Depreciated	<u>23,213,897</u>	<u>-</u>	<u>-</u>	<u>23,213,897</u>
Less Accumulated Depreciation	<u>(10,745,782)</u>	<u>(478,503)</u>	<u>-</u>	<u>(11,224,285)</u>
Business-type Capital Assets, Net	<u>\$ 12,548,337</u>	<u>\$ (478,503)</u>	<u>\$ -</u>	<u>\$ 12,069,835</u>

Depreciation expense for water and sewer fund was \$478,502 in 2021.

7. Agreements with Other Governments

Borough of Walnutport

In 1976, the Borough of Slatington entered into an agreement with the Borough of Walnutport which provided that Slatington will process Walnutport's sewage at Slatington's treatment plant. The agreement states that Walnutport will reimburse Slatington a portion of the operating costs of the treatment plant and also a percentage of Slatington's debt service relating to the treatment plant. For the year ended December 31, 2021, the Borough of Walnutport's share of the treatment plant's costs amounted to \$175,132.

Washington Township

Agreement with Washington Township - In 1999, the Borough of Slatington entered into an agreement with the Township of Washington which provided that Slatington will process Washington Township sewage at Slatington's treatment plant. The agreement states that Washington Township will reimburse Slatington a portion of the operating costs of the treatment plant and shared portions of the collection system. For the year ended December 31, 2021, the Township of Washington's share of the treatment plant's cost and shared portions of the collection system amounted to \$130,684.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

8. Compensated Absences

Changes in compensated absences for the year ended December 31, 2021, are as follows:

	Balance Jan. 1, 2021	Increases	Decreases	Balance Dec. 31, 2021	Amounts Due Within One Year
<i>Governmental Activities</i>					
Compensated Absences	121,404	53,334	-	174,738	-
	<u>\$ 121,404</u>	<u>\$ 53,334</u>	<u>\$ -</u>	<u>\$ 174,738</u>	<u>\$ -</u>

9. Commitments and Contingencies

The Borough receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Borough's management, such disallowances, if any, will not be significant to the Borough's basic purpose financial statements.

10. Deferred Revenue

In June 2002, the Northern Lehigh Playground Assoc., Inc. prepaid rent to the Borough in the amount of \$50,000 to lease a parcel of land for the construction of a new community center. This deferred rent is being amortized over 50 years and the unamortized balance at December 31, 2021 is \$30,000.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

11. Intergovernmental Grants

A summary of intergovernmental grants recognized in the financial statements is as follows:

	Federal	State	Local
Alcoholic Beverage Licenses (D)	\$ -	\$ 200	\$ -
PA Liquid Fuels Grant (D)	-	118,240	-
PA Public Utility Realty Tax (D)	-	1,335	-
PA Act 205 Pension Grant (D)	-	105,540	-
Payment in Lieu of Taxes (D)	-	-	11,354
PA Foreign Fire Insurance Tax (D)	-	16,891	-
PA Dept. of Community & Economic Development (D)	-	-	600
PA Automated Red-Light Enforcement Program (D)	270,181	-	-
American Rescue Plan (D)	43,321	-	-
CDBG Grant (P)	89,843	-	-
	<u>\$ 403,345</u>	<u>\$ 242,206</u>	<u>\$ 11,954</u>

(D) Represents Direct Funding.

(P) Represents Pass-Through Funding.

12. Defined Contribution Retirement Plan

The Borough provides pension benefits for all of its eligible full-time non-uniformed employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees who complete 1,000 hours of service are eligible to participate. The plan requires the Borough to contribute an amount equal to 9% of the employee's salary as defined by the plan each year. The Borough's contributions for each employee and investment earnings allocated to the employee's account are fully vested upon entering the plan.

The Borough's total non-police officer payroll for 2021 was \$653,156. The Borough's contribution using the above salaries amounts to \$55,085 for 2021.

At December 31, 2021, participants in the plans were as follows:

Participants:	
Retirees and Beneficiaries	0
Deferred Vested	0
Active Employees:	
Vested	11
Non-vested	0

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

13. Defined Benefit Retirement Plan

Plan Description

The Borough of Slatington Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance 663 adopted pursuant to Act 600. The plan is governed by the Borough of Slatington which may amend plan provisions, and which is responsible for the management of plan assets. The Borough of Slatington has delegated the authority to manage certain plan assets to Truist Bank.

The Borough of Slatington filed actuarial valuation report Form 201C with the Municipal Pension Reporting Program. The report dated January 1, 2021, was the most recently certified by the municipality's chief administrative officer. This report indicated the municipality maintains a pension plan to provide pension or retirement benefits for Uniform employees.

Benefits Provided

Borough of Slatington provides normal retirement, early retirement, and disability benefits to plan members and their beneficiaries. Normal retirement benefits are calculated on 50% of members average monthly compensation during the last 36 months of employment with the Borough when the member obtains the age of 50 and completes 25 years of credited service. In addition, a member shall receive a service increment of \$100 per month for each full year of service in excess of 25 years. The monthly benefit attributable to the service increment shall not exceed \$100. Early retirement benefits are determined based on an actuarial equivalent of the accrued retirement benefit, the member must have completed 20 years of service. Disability retirement benefits are equal to 50% of the salary of the member. The benefit would be payable as if the date of disability had been his normal retirement date. This benefit is reduced by any benefits or payments received by such member under the Social Security Administration for the same injury.

At January 1, 2021, the following employees were covered by the benefit terms:

Participants:	
Retirees and Beneficiaries	6
Active Employees	7
Terminated Employees	0

Contributions

Act 205 requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. In accordance with the plan's governing document, employees are required to contribute 5% of compensation to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

13. Defined Benefit Retirement Plan (Continued)

Contributions (Continued)

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Employee contributions are based on the employee's annual covered salary. For the year ended December 31, 2021, the employee contribution rate was 5%. The Borough Council may, on an annual basis, reduce or eliminate member contributions to the fund.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The investment policy of the plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity securities, domestic fixed income instruments and other asset classes as may be deemed prudent.

The plan's investment policy established that the portfolio may be invested in the following asset classes with the following target asset allocation:

Asset Class	Target	Asset Class	Target
Domestic Equity		International Equity	18%
Large Cap	35%	Fixed Income	20%
Mid Cap	15%	Cash	4%
Small Cap	8%		

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 11.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the municipality as of December 31, 2021 were as follows:

Total Pension Liability (TPL)	\$ 3,106,156
Plan Fiduciary Net Position	\$ 2,848,631
Net Pension Liability (NPL)	\$ 257,525
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.7%

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

13. Defined Benefit Retirement Plan (Continued)

Long-term Expected 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 pension plan investment expense and inflation of 2.24%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity		International Equity	6.55%
Large Cap	5.72%	Fixed Income	2.18%
Mid Cap	6.77%	Real Estate	5.41%
Small Cap	6.77%	Cash	-0.33%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumption, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

13. Defined Benefit Retirement Plan (Continued)

Changes in Net Position Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2020	\$ 2,800,936	\$ 2,548,487	\$ 252,449
Changes for the year:			
Service Cost	82,216	-	82,216
Interest	229,428	-	229,428
Differences Between Expected and Actual Experience	(12,011)	-	(12,011)
Changes in Assumptions	172,850	-	172,850
Contributions - Employer	-	32,573	(32,573)
Contributions - State Aid	-	105,540	(105,540)
Contributions - Member	-	32,812	(32,812)
Net Investment Income	-	301,532	(301,532)
Benefit Payments	(167,263)	(167,263)	-
Administrative Expense	-	(5,050)	5,050
Balance at December 31, 2021	<u>\$ 3,106,156</u>	<u>\$ 2,848,631</u>	<u>\$ 257,525</u>

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the net pension (asset) liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.75% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease	Current	1% Increase
	6.75%	Discount Rate 7.75%	8.75%
Net Pension Liability	\$ 612,268	\$ 257,525	\$ (43,492)

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

13. Defined Benefit Retirement Plan (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended December 31, 2021, the Borough recognized pension expense of \$35,542. At December 31, 2021, the Borough 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	\$ -	\$ (56,443)
Changes in Assumptions	147,223	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(214,661)
Total	\$ 147,223	\$ (271,104)

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

Years Ended December 31,		
2022	\$	(35,828)
2022		(90,960)
2023		(34,946)
2024		4,059
2025		25,409
Thereafter		8,385

At December 31, 2021, the Borough of Slatington had no outstanding employer contributions for the year.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

14. Fund Balances

The fund balances have been categorized based on the relative strength of the spending constraints placed on the purpose for which the resources can be used, as follows:

	<u>General Fund</u>	<u>Fire Fund</u>	<u>General Capital Reserve Fund</u>	<u>Liquid Fuels Tax Fund</u>	<u>Totals</u>
Assigned	\$ -	\$ (171,551)	\$ 287,985	\$ 103,528	\$ 219,962
Unassigned	<u>1,197,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,197,900</u>
Totals	<u>\$ 1,197,900</u>	<u>\$ (171,551)</u>	<u>\$ 287,985</u>	<u>\$ 103,528</u>	<u>\$ 1,417,862</u>

15. Operating Lease

The Borough leases certain equipment under a long-term lease agreement, expiring 2025. Expenses incurred under the leases were \$4,508 for 2021. Future minimum lease payments are as follows:

Year ending December 31,		
	2022	\$ 3,872
	2023	3,764
	2024	1,308
	2025	<u>1,090</u>
Total Minimum Lease Payments		<u>\$ 10,034</u>

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

16. Capital Lease

The Borough leases police cars under non-cancellable leases that are classified as capital leases expiring September 2023. The lease agreements contain a bargain purchase option at the end of the lease term.

Future minimum lease payments under the capital leases are as follows:

Year ending December 31,			
	2022	\$	14,219
	2023		14,219
			<hr/>
Total minimum lease payments			28,438
Less: amount representing interest			(2,723)
Present value of minimum lease payments		\$	25,715
Less: Current Portion			(12,424)
			<hr/>
Capital Lease Obligation, Net		\$	<u>13,291</u>

Property and equipment include the following amounts for lease obligations which have been capitalized.

Equipment			\$ 39,935
Less: Accumulated Depreciation			(2,662)
			<hr/>
Net Book Value		\$	<u>37,273</u>

Lease amortization, included in depreciation expense, was \$2,662 in 2021.

17. Risk Management and Litigation

Risk Management

The Borough is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are provided for through insurance from private insurance companies. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably stated. In determining claims, events that might create claims, but for which none have been reported are considered. During the year ended December 31, 2021 and the two previous fiscal years, no settlements exceeded insurance coverage.

Litigation

In the normal course of operations, the Borough is involved in various civil disputes. Management and Borough solicitor estimate that the amount of actual potential claims against the Borough as of December 31, 2021, will not materially affect the financial condition of the Borough.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

18. Commitments and Contingencies

Loan Guarantee

Borough of Slatington is a Guarantor of the loan with a related party, Slatington Borough Authority, as of December 31, 2021. The Borough would be obligated to perform under these guarantees if Slatington Borough Authority failed to pay principal and interest payments to the lenders when due.

19. Subsequent Events

In preparing these financial statements, the Borough has evaluated events and transactions for potential recognition or disclosure through December 12, 2023, the date the financial statements were available to be issued, and has determined that with the exception of the item noted below, no material subsequent events exist that require disclosure.

Effective August 22, 2023, the Borough entered into a capital lease agreement for a 2023 Ford Police Interceptor. The purchase price was \$41,051 with an interest rate of 8%. The first payment was due September 21, 2023 with annual payments through the maturity date of September 21, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF REVENUES AND OTHER
FINANCING SOURCES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance Final to Actual
	Original	Final		
<u>TAXES</u>				
Real Estate,				
Current Year	\$ 851,725	\$ 851,725	\$ 841,460	\$ (10,265)
Prior Year	43,000	43,000	54,147	11,147
Interim	250	250	1,948	1,698
Per Capita,				
Current Year	8,250	8,250	7,406	(844)
Prior Year	2,200	2,200	2,665	465
Proportional Assessment, Act 511				
Real Estate Transfer Tax	47,500	47,500	91,791	44,291
Earned Income Taxes	370,000	370,000	420,805	50,805
Local Service Tax	29,250	29,250	29,484	234
Total Taxes	1,352,175	1,352,175	1,449,706	97,531
<u>LICENSES AND PERMITS</u>				
Building Permits	18,850	18,850	4,195	(14,655)
Miscellaneous Permits and Fees	1,550	1,550	16,600	15,050
Franchise	64,000	64,000	59,254	(4,746)
Total Licenses and Permits	84,400	84,400	80,049	(4,351)
<u>FINES AND FORFEITS</u>				
Violation of Ordinances	8,100	8,100	9,429	1,329
Justices	25,000	25,000	32,248	7,248
Total Fines and Forfeits	33,100	33,100	41,677	8,577
<u>INTEREST AND RENTS</u>				
Interest Income	301	301	122	(179)
Rent of Building	138,034	138,034	138,688	654
Total Interest and Rents	138,335	138,335	138,810	475
<u>INTERGOVERNMENTAL REVENUE</u>				
Public Utility Realty Tax	1,300	1,300	1,335	35
Beverage Licenses	900	900	200	(700)
State Aid for Pension	94,000	94,000	105,540	11,540
Volunteer Fireman Relief Association	18,850	18,850	16,891	(1,959)
Miscellaneous Grants	91,895	91,895	403,945	312,050
Payments in Lieu of Taxes	9,634	9,634	11,354	1,720
Total Intergovernmental Revenue	216,579	216,579	539,265	322,686

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF REVENUES AND OTHER
FINANCING SOURCES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
<u>CHARGES FOR CURRENT</u>				
<u>SERVICES:</u>				
Protection Services for Plant	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Parking Meters, Permits and Signs	5,975	5,975	5,100	(875)
Recreational Facilities	1,200	1,200	1,100	(100)
Total Charges for Current Services	52,175	52,175	51,200	(975)
<u>MISCELLANEOUS REVENUES:</u>				
Postage and Certified Fees	8,600	8,600	8,670	70
Miscellaneous	50	50	772	722
Insurance Proceeds	-	-	7,373	7,373
Proceeds from Sale of Assets	250	250	14,575	14,325
Refunds of Prior Year Expenditures	100	100	2,052	1,952
Refund of Medical Benefit Expenses	25,000	25,000	54,252	29,252
Total Miscellaneous Revenue	34,000	34,000	87,694	53,694
<u>OTHER FINANCING PROVIDED:</u>				
Transfer from Other Funds	-	-	-	-
Total Other Financing Provided	-	-	-	-
TOTAL REVENUES	\$ 1,910,764	\$ 1,910,764	\$ 2,388,401	\$ 477,637

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
GENERAL GOVERNMENT:				
<i>Administration:</i>				
Council-Salaries	\$ 2,063	\$ 2,063	\$ 2,062	\$ 1
Mayor-Salary	375	375	375	-
Borough Manager - Salary	8,580	8,580	9,102	(522)
Secretary-Salary	6,700	6,700	5,844	856
Treasurer-Salary	7,700	7,700	8,181	(481)
Janitorial Wages	16,650	16,650	16,665	(15)
Materials and Supplies-General	9,900	9,900	2,795	7,105
Postage	1,500	1,500	1,288	212
Mileage	100	100	-	100
Advertising and Printing	2,200	2,200	1,600	600
Insurance	18,100	18,100	16,661	1,439
Association Expenses	1,150	1,150	1,046	104
Auditing Services	25,000	25,000	18,505	6,495
Engineering Services	3,000	3,000	2,315	685
Legal Services	20,000	20,000	10,717	9,283
Communication Expenses	3,000	3,000	2,878	122
Bank Fees	4,000	4,000	1,740	2,260
IT and Data Processing	5,250	5,250	3,348	1,902
Processing Fees	2,900	2,900	3,064	(164)
Vehicle Maintenance and Repairs	300	300	-	300
Gas and Oil	200	200	-	200
Seminars and Education	600	600	-	600
Capital Purchases	1,000	1,000	11,303	(10,303)
	<u>140,268</u>	<u>140,268</u>	<u>119,489</u>	<u>20,779</u>
<i>Tax Collection:</i>				
Tax Enumerator-Salary	9,250	9,250	9,037	213
Contracted Services - EIT Collection	5,000	5,000	3,236	1,764
Miscellaneous	1,000	1,000	-	1,000
	<u>15,250</u>	<u>15,250</u>	<u>12,273</u>	<u>2,977</u>
<i>Municipal Buildings or Offices:</i>				
Fuel, Light and Water	32,450	32,450	30,515	1,935
Maintenance and Repairs	34,100	34,100	14,929	19,171
	<u>66,550</u>	<u>66,550</u>	<u>45,444</u>	<u>21,106</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 222,068</u>	<u>\$ 222,068</u>	<u>\$ 177,206</u>	<u>\$ 44,862</u>

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
PUBLIC SAFETY:				
<i>Police:</i>				
Chief-Salary	\$ 92,025	\$ 92,025	\$ 89,629	\$ 2,396
Patrolmen-Salary	498,000	498,000	426,215	71,785
Special-Salary	124,000	124,000	107,577	16,423
Foreman and Labor	2,000	2,000	1,491	509
Materials and Supplies	6,225	6,225	5,563	662
Uniforms	5,250	5,250	1,882	3,368
Ammunition and Similar Supplies	6,000	6,000	3,273	2,727
Postage	450	450	322	128
Mileage	500	500	3,970	(3,470)
Advertising and Printing	500	500	747	(247)
Insurance	50,000	50,000	45,485	4,515
Association Expense	805	805	25	780
Legal Services	15,000	15,000	1,663	13,337
Communication Expense	2,200	2,200	2,371	(171)
IT and Data Processing	10,750	10,750	11,850	(1,100)
Maintenance and Repairs	3,000	3,000	2,256	744
Lab Testing and Evidence Collection	350	350	-	350
Capital Outlay	4,500	4,500	1,296	3,204
Police - Seminars	5,000	5,000	2,045	2,955
Child Abuse Investigator	1,500	1,500	1,500	-
Vehicle Expense,-				
Insurance	5,700	5,700	5,264	436
Communication Expense	150	150	374	(224)
Vehicle Maintenance and Repairs	10,000	10,000	15,075	(5,075)
Gas, Oil and Grease	10,000	10,000	9,693	307
Vehicle Purchases	27,041	27,041	28,092	(1,051)
	<u>880,946</u>	<u>880,946</u>	<u>767,659</u>	<u>113,287</u>
<i>Planning and Zoning:</i>				
Ordinance Enforcement Officer	37,500	37,500	33,458	4,042
Zoning Hearing Board	200	200	-	200
General Expense	475	475	682	(207)
Office Supplies	250	250	202	48
Uniforms	75	75	-	75
Professional Services	50	50	-	50
Legal Services	1,500	1,500	361	1,139
Postage	250	250	215	35
Vehicle Maintenance	250	250	87	163
Printing	300	300	221	79
Education	100	100	395	(295)
Advertising	300	300	-	300
Communication Expense	300	300	1,128	(828)
Gas and Oil	-	-	275	(275)
Court Reporter	500	500	-	500
	<u>42,050</u>	<u>42,050</u>	<u>37,024</u>	<u>5,026</u>
<i>Ambulance</i>				
Donation	9,500	9,500	9,534	(34)
Insurance	500	500	466	34
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<i>Fire Proection</i>				
Volunteer Fireman Relief Association	18,750	18,750	16,891	1,859
	<u>18,750</u>	<u>18,750</u>	<u>16,891</u>	<u>1,859</u>
TOTAL PUBLIC SAFETY	<u>\$ 951,746</u>	<u>\$ 951,746</u>	<u>\$ 831,574</u>	<u>\$ 120,172</u>

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
HIGHWAY AND STREETS:				
<i>General Services:</i>				
Salaries, Foreman and Labor	\$ 150,000	\$ 150,000	\$ 150,325	\$ (325)
Supplies and Materials	18,700	18,700	12,099	6,601
Advertising	2,250	2,250	2,295	(45)
Insurance	19,900	19,900	18,306	1,594
Engineering Services	25,000	25,000	10,881	14,119
Contracted Services	3,000	3,000	76	2,924
Legal Services	2,525	2,525	1,065	1,460
IT and Data Processing	200	200	2,786	(2,586)
Highway - Seminars	1,100	1,100	850	250
Vehicle Expense -				
Maintenance and Repairs (Vehicles)	10,850	10,850	9,994	856
Gas, Oil and Grease	13,500	13,500	12,760	740
Tires and Tubes	1,500	1,500	2,778	(1,278)
Maint. and Repairs (Equipment)	9,725	9,725	9,619	106
Construction Projects	103,745	103,745	98,529	5,217
Major Equipment Purchase	-	-	9,278	(9,278)
	<u>361,995</u>	<u>361,995</u>	<u>341,641</u>	<u>20,354</u>
<i>Traffic Control Devices:</i>				
Street Signs and Markings	1,000	1,000	990	10
Maintenance, Traffic Lights	500	500	131	369
	<u>1,500</u>	<u>1,500</u>	<u>1,121</u>	<u>379</u>
<i>Parking Facilities</i>				
Lighting and Maintenance	1,050	1,050	1,414	(364)
	<u>1,050</u>	<u>1,050</u>	<u>1,414</u>	<u>(364)</u>
TOTAL HIGHWAYS AND STREETS	\$ 364,545	\$ 364,545	\$ 344,176	\$ 20,369
<hr/>				
	Budgeted Amounts			Variance
	Original	Final	Actual	Final to Actual
HEALTH AND HUMAN SERVICES:				
<i>Health Services</i>				
Wages	\$ 900	\$ 900	\$ 1,100	\$ (200)
General Expense	200	200	27	173
Contracted Services	600	600	-	600
Advertising	100	100	41	59
	<u>1,800</u>	<u>1,800</u>	<u>1,168</u>	<u>632</u>
TOTAL HEALTH AND HUMAN SERVICES	\$ 1,800	\$ 1,800	\$ 1,168	\$ 632

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
CULTURE AND RECREATION:				
<i>General Services</i>				
Wages	\$ 11,000	\$ 11,000	\$ 12,675	\$ (1,675)
General Expense	6,100	6,100	419	5,681
Advertising and Printing	25	25	118	(93)
Insurance	325	325	268	57
Legal Services	300	300	-	300
Parks and Playgrounds	5,200	5,200	13,956	(8,756)
Repairs and Maintenance - Building	1,500	1,500	2,012	(512)
IT and Data Processing	-	-	3,626	(3,626)
Contributions	31,892	31,892	31,392	500
Capital Projects	25,395	25,395	5,395	20,000
TOTAL CULTURE AND RECREATION	\$ 81,737	\$ 81,737	\$ 69,861	\$ 11,876
MISCELLANEOUS:				
<i>Miscellaneous:</i>				
Unemployment Compensation	\$ 3,000	\$ 3,000	\$ 5,557	\$ 2,557
Social Security	38,270	38,270	36,083	(2,187)
Non-Uniform Pension Expense	18,573	18,573	18,229	(344)
Hospitalization	99,390	99,390	94,858	(4,532)
Miscellaneous	1,465	1,465	5,464	3,999
TOTAL MISCELLANEOUS	\$ 160,698	\$ 160,698	\$ 160,191	\$ (507)
DEBT SERVICE:				
Interest	\$ -	\$ -	\$ -	\$ -
TOTAL DEBT SERVICE	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING USES:				
<i>Transfers:</i>				
Transfer to Police Pension	\$ 138,113	\$ 138,113	\$ 138,113	\$ -
Transfer to Other Funds	-	-	13,147	-
TOTAL OTHER FINANCING USES	\$ 138,113	\$ 138,113	\$ 151,260	\$ -
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 1,920,707	\$ 1,920,707	\$ 1,735,436	\$ 197,404

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
SCHEDULE OF BOROUGH CONTRIBUTIONS -
POLICE PENSION PLAN
FOR THE LAST TEN YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 114,149	\$ 107,484	\$ 129,978	\$ 124,276	\$ 142,190	\$ 148,077	\$ 163,902	\$ 138,787	\$ 136,064	\$ 138,113
Contributions in Relation to the Actuarially Determined Contribution	114,149	107,484	129,978	142,276	142,190	148,077	163,902	138,787	136,064	138,113
Contribution Excess	\$ -	\$ -	\$ -	\$ (18,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 485,464	\$ 438,293	\$ 488,686	\$ 400,816	\$ 432,497	\$ 497,131	\$ 674,000	\$ 547,800	\$ 547,800	\$ 483,875
Contributions as a Percentage of Covered Employee Payroll	23.5%	24.5%	26.6%	35.5%	32.9%	29.8%	24.3%	25.3%	24.8%	28.5%

See independent auditor's report on required supplementary information.

BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
SCHEDULE OF INVESTMENT RETURNS -
POLICE PENSION PLAN
FOR THE LAST TEN YEARS

	2015	2016	2017	2018	2019	2020	2021
Annual Money-Weighted Rate of Return							
Net of Investment Expenses	-1.23%	4.99%	13.00%	-7.17%	19.93%	15.32%	11.84%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS –
POLICE PENSION PLAN
FOR THE LAST TEN YEARS ENDED**

	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability							
Service Cost	\$ 62,023	\$ 65,124	\$ 73,828	\$ 77,519	\$ 77,531	\$ 81,408	\$ 82,216
Interest	179,899	186,841	189,051	198,656	204,161	213,672	229,428
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	-	(89,057)	-	(51,035)	-	(12,011)
Changes of Assumptions	-	-	6,699	-	-	-	172,850
Benefit Payments, Including Refunds of Member Contributions	(161,567)	(154,936)	(146,417)	(146,602)	(166,097)	(167,263)	(167,263)
Net Change in Total Pension Liability	80,355	97,029	34,104	129,573	64,560	127,817	305,220
Total Pension Liability - Beginning	2,267,498	2,347,853	2,444,882	2,478,986	2,608,559	2,673,119	2,800,936
Total Pension Liability - Ending	\$ 2,347,853	\$ 2,444,882	\$ 2,478,986	\$ 2,608,559	\$ 2,673,119	\$ 2,800,936	\$ 3,106,156
Plan Fiduciary Net Position							
Contributions - Employer	\$ 63,859	\$ 67,141	\$ 65,488	\$ 69,194	\$ 34,341	\$ 42,511	\$ 32,573
Contributions - State Aid	78,417	75,049	82,589	94,708	107,530	93,553	105,540
Contributions - Member	24,391	25,330	26,502	27,874	22,358	25,347	32,812
Net Investment Income	(20,057)	80,080	222,884	(141,445)	369,279	339,358	301,532
Benefit Payments, Including Refunds of Member Contributions	(161,567)	(154,936)	(146,417)	(146,602)	(166,097)	(167,263)	(167,263)
Administrative Expense	-	-	-	(800)	(930)	(6,010)	(5,050)
Net Change in Plan Fiduciary Net Position	(14,957)	92,664	251,046	(97,071)	366,481	327,496	300,144
Plan Net Position - Beginning	1,622,828	1,607,871	1,700,535	1,951,581	1,854,510	2,220,991	2,548,487
Plan Net Position - Ending	\$ 1,607,871	\$ 1,700,535	\$ 1,951,581	\$ 1,854,510	\$ 2,220,991	\$ 2,548,487	\$ 2,848,631
Municipality's Net Pension Liability	\$ 739,982	\$ 744,347	\$ 527,405	\$ 754,049	\$ 452,128	\$ 252,449	\$ 257,525
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.5%	69.6%	78.7%	71.1%	83.1%	91.0%	91.7%
Covered Employee Payroll	\$ 400,816	\$ 432,497	\$ 497,131	\$ 674,000	\$ 547,800	\$ 508,250	\$ 483,875
Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll	184.6%	172.1%	106.1%	111.9%	82.5%	49.7%	53.2%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES -
POLICE PENSION PLAN
DECEMBER 31, 2021**

Actuarial Methods

1. Liabilities - All plan benefits are valued using the entry age normal cost valuation method.

Actuarial Assumptions

1. Economic Assumptions
 - a) Investment Return – 7.75% per annum, net investment expenses
 - b) Salary Increases - 5% compounded annually
2. Economic Assumptions
 - a) Mortality
 - Pre-Retirement - None
 - Post-Retirement – PUBS-2010 Healthy Retiree Mortality projected 5 years past the valuation date using Scale MP-2020.
 - Beneficiaries Mortality – PUBS-2010 Contingent Survivor Mortality projected 5 years past the valuation date using Scale MP-2020.
 - Disabled Mortality – PUBS-2010 Disabled Mortality projected 5 years past the valuation date using Scale MP-2020.
 - b) Termination - None assumed
 - c) Disability - None assumed
 - d) Retirement Age - normal retirement age, or age on valuation date if greater
 - e) Marital Status - 100% of active members are assumed to be married. Female spouse is assumed to be 3 years younger than male spouse
 - f) Form of Annuity - 50% Joint and Survivor

See independent auditor's report on required supplementary information.

OTHER SUPPLEMENTARY INFORMATION

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
COMBINING BALANCE SHEET – NON - MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>Special Revenue Funds</u>			Fire Fund	Total Non-Major Governmental Funds
	Liquid Fuels Tax	General Capital Reserve Fund	Total		
ASSETS					
Cash and Cash Equivalents	\$ 202,581	\$ 166,682	\$ 369,263	\$ 11,383	\$ 380,646
Due from Other Funds	-	121,303	121,303	21,263	142,566
Total Assets	<u>\$ 202,581</u>	<u>\$ 287,985</u>	<u>\$ 490,566</u>	<u>\$ 32,646</u>	<u>\$ 523,212</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 99,053	\$ -	\$ 99,053	\$ 164,991	\$ 264,044
Note Payable to Sewer Fund	-	-	-	39,206	39,206
Total Liabilities	<u>99,053</u>	<u>-</u>	<u>99,053</u>	<u>204,197</u>	<u>303,250</u>
Fund Balances					
Assigned	<u>103,528</u>	<u>287,985</u>	<u>391,513</u>	<u>(171,551)</u>	<u>219,962</u>
Total Fund Balances	<u>103,528</u>	<u>287,985</u>	<u>391,513</u>	<u>(171,551)</u>	<u>219,962</u>
Total Liabilities and Fund Balances	<u>\$ 202,581</u>	<u>\$ 287,985</u>	<u>\$ 490,566</u>	<u>\$ 32,646</u>	<u>\$ 523,212</u>

See independent auditor's report on supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – NON - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Special Revenue Funds			Fire Fund	Total Non-Major Governmental Funds
	Liquid Fuels Tax	General Capital Reserve Fund	Total		
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 93,444	\$ 93,444
Interest Earnings	18	17	35	-	35
Intergovernmental	118,240	-	118,240	-	118,240
Total Revenues	<u>118,258</u>	<u>17</u>	<u>118,275</u>	<u>93,444</u>	<u>211,719</u>
EXPENDITURES					
Administration	-	-	-	141	141
Highways and Streets	81,174	-	81,174	-	81,174
Fire Station and Truck	-	-	-	70,151	70,151
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	1,412	1,412
Total Expenditures	<u>81,174</u>	<u>-</u>	<u>81,174</u>	<u>71,704</u>	<u>152,878</u>
Excess of Revenues over Expenditures	<u>37,084</u>	<u>17</u>	<u>37,101</u>	<u>21,740</u>	<u>58,841</u>
OTHER FINANCING USES					
Transfers In (Out)	-	-	-	8,461	8,461
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,461</u>	<u>8,461</u>
Net Changes in Fund Balances	37,084	17	37,101	30,201	67,302
Fund Balances, January 1	<u>66,444</u>	<u>287,968</u>	<u>354,412</u>	<u>(201,752)</u>	<u>152,660</u>
Fund Balances, December 31	<u>\$ 103,528</u>	<u>\$ 287,985</u>	<u>\$ 391,513</u>	<u>\$ (171,551)</u>	<u>\$ 219,962</u>

See independent auditor's report on supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
COMBINING STATEMENT OF NET POSITION
ALL PENSION TRUST FUNDS
DECEMBER 31, 2021**

	Pension Trust Funds		
	Police Pension	Non-Uniformed Pension	Total
ASSETS:			
Cash and Cash Equivalents	\$ 122,245	\$ -	\$ 122,245
Investments - At Fair Value			
Exchange Traded Funds	134,837	-	134,837
Mutual Funds	2,591,476	1,296,803	3,888,279
Accrued Interest	73	-	73
Total Assets	<u>\$ 2,848,631</u>	<u>\$ 1,296,803</u>	<u>\$ 4,145,434</u>
LIABILITIES:			
Due to Other Funds	\$ 15,619	\$ -	\$ 15,619
Total Liabilities	<u>15,619</u>	<u>-</u>	<u>15,619</u>
NET POSITION:			
Committed	213,153	-	213,153
Assigned	2,619,859	1,296,803	3,916,662
Total Net Position	<u>2,833,012</u>	<u>1,296,803</u>	<u>4,129,815</u>
Total Liabilities and Net Position	<u>\$ 2,848,631</u>	<u>\$ 1,296,803</u>	<u>\$ 4,145,434</u>

See independent auditor's report on supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Pension Trust Funds		
	Police Pension	Non-Uniformed Pension	Total
ADDITIONS:			
Contributions:			
Employer	\$ 141,252	\$ 55,085	\$ 196,337
Plan Members	29,673	-	29,673
Total Contributions	<u>170,925</u>	<u>55,085</u>	<u>226,010</u>
Investment Earnings:			
Interest and Dividends	40,982	-	40,982
Realized Loss on Sale of Investments	(165,180)	-	(165,180)
Net Change in Fair Value	449,528	137,614	587,142
Less Investment Expenses	(28,848)	(3,086)	(31,934)
Total Additions	<u>467,407</u>	<u>189,613</u>	<u>657,020</u>
DEDUCTIONS:			
Benefit Payments	167,263	12,336	179,599
Total Deductions	<u>167,263</u>	<u>12,336</u>	<u>179,599</u>
NET INCREASE	300,144	177,277	477,421
NET POSITION			
Net Position, January 1,	<u>2,532,868</u>	<u>1,119,526</u>	<u>3,652,394</u>
Net Position, December 31	<u>\$ 2,833,012</u>	<u>\$ 1,296,803</u>	<u>\$ 4,129,815</u>

See independent auditor's report on supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
SCHEDULE OF ACCUMULATED EMPLOYEE CONTRIBUTIONS
POLICE PENSION FUND**

	Balance 1/1/2021	Contributions 2021	Payments 2021	Balance 12/31/2021
Alercia, David	\$ 38,268	\$ 4,441	\$ -	\$ 42,709
Borst, William	30,187	5,115	-	35,302
Concilio, Michael	1,952	4,115	-	6,067
Dorward, Dwayne	41,730	5,684	-	47,414
Pforter, Christopher	-	1,329	-	1,329
Rachman, David	36,452	4,542	-	40,994
Wagner, Timothy	34,891	4,447	-	39,338
TOTAL ASSETS	\$ 183,480	\$ 29,673	\$ -	\$ 213,153

Auditor's Note: (1) Ordinance #402 provides for employee contributions to be refunded within 60 days upon discontinuance of employment for reasons other than retirement.

See independent auditor's report on supplementary information.