MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

AUDITED FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2021 AND 2020

McGill, Power, Bell & Associates, LLP
Certified Public Accountants • Business & Financial Advisors
90 Years and Still Counting

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Municipal Authority of the Borough of Greenville
Greenville, Pennsylvania

Basis for Qualified Opinion

We were unable to obtain the December 31, 2020 financial statements for the Authority's pension plan as the report was unavailable prior to the date of the issuance of the financial statements. Because this report was unavailable, the current year activity related to the pension plan has not been included in the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion" paragraph above, the financial statements referred to above present fairly, in all material respects, the financial position of the Municipal Authority of the Borough of Greenville as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Municipal Authority of the Borough of Greenville's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Municipal Authority of the Borough of Greenville'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 Municipal Authority of the Borough of Greenville'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension plan information on pages 20 and 21 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 sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 Government 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.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Grove City, Pennsylvania
March 9, 2022

MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

STATEMENTS OF NET POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 875,026	$ 836,010
Certificate of deposit	283,032	277,401
Accounts receivable	213,171	209,807
Unbilled revenue	161,964	159,552
Inventory	66,584	72,769
Prepaid insurance	19,339	19,339
Net pension asset	175,769	175,769
Capital assets:		
Nondepreciable capital assets	289,231	63,091
Depreciable capital assets, net of accumulated depreciation	12,858,674	13,076,837
Restricted cash and cash equivalents - debt service funds	396,358	415,274
	15,339,148	15,305,849
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	45,809	61,077
Relating to net pension asset, net of amortization	99,499	99,499
	145,308	160,576
LIABILITIES		
Current portion of long-term debt	571,446	565,940
Accounts payable	41,619	7,191
Deposits for services	3,620	3,620
Accrued interest payable	8,183	10,946
Other accrued expenses	25,420	23,086
Long-term debt, net of current portion	4,686,464	5,040,015
	5,336,752	5,650,798
DEFERRED INFLOWS OF RESOURCES		
Relating to net pension asset, net of amortization	188,512	188,512
NET POSITION		
Net investment in capital assets	7,935,804	7,595,050
Restricted for debt service	396,358	415,274
Unrestricted	1,627,030	1,616,791
TOTAL NET POSITION	**$ 9,959,192**	**$ 9,627,115**

See notes to the financial statements.

MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

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

	2021	2020
OPERATING REVENUES		
Private sales	$ 1,915,392	$ 1,879,942
Public sales	33,056	57,706
Tap-in fees	2,568	2,000
Sewer collection fees	27,743	27,743
Reimbursed collection costs	39,625	33,591
Miscellaneous income	35,163	43,379
Recovery of bad debts	420	625
	2,053,967	2,044,986
OPERATING EXPENSES		
Purification system	550,569	435,105
Pumping system	6,351	10,210
Distribution system	286,535	283,840
Administrative and general	516,232	450,960
Depreciation	369,597	347,516
	1,729,284	1,527,631
OPERATING INCOME	324,683	517,355
NONOPERATING REVENUES (EXPENSES)		
Grant revenues	83,585	112,819
Interest income	6,199	9,584
Gain on disposal of capital assets	8,000	-
Interest expense	(91,669)	(100,088)
Amortization	1,279	1,277
	7,394	23,592
CHANGES IN NET POSITION	332,077	540,947
NET POSITION, BEGINNING OF YEAR	9,627,115	9,086,168
NET POSITION, END OF YEAR	**$ 9,959,192**	**$ 9,627,115**

See notes to the financial statements.

MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

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

	2021	*2020*
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 1,945,240	$ 1,954,518
Other operating cash receipts	102,951	105,338
Cash payments to suppliers of goods and services	(846,932)	(732,409)
Cash payments to employees for services	(509,683)	(487,830)
NET CASH PROVIDED BY OPERATING ACTIVITIES	691,576	839,617
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(329,699)	(651,253)
Grant revenues	83,585	117,056
Principal paid on long-term debt	(564,208)	(558,377)
Proceeds from long-term debt	217,442	124,718
Interest paid on long-term debt	(79,164)	(87,111)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(672,044)	(1,054,967)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income	568	2,421
NET CHANGE IN CASH AND CASH EQUIVALENTS	20,100	(212,929)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (Including $415,274 and $408,035, respectively, reported in restricted cash and cash equivalents)	1,251,284	1,464,213
CASH AND CASH EQUIVALENTS, END OF YEAR (Including $396,358 and $415,274, respectively, reported in restricted cash and cash equivalents)	**$ 1,271,384**	**$ 1,251,284**

See notes to the financial statements.

MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

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

	2021	*2020*
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 324,683	$ 517,355
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	369,597	347,516
Change in:		
Accounts receivable	(3,364)	11,682
Unbilled revenue	(2,412)	3,188
Inventory	6,185	(2,131)
Net pension asset	-	(129,114)
Accounts payable	(5,447)	5,446
Deposits for services	-	(1,350)
Other accrued expenses	2,334	2,964
Deferred outflows/inflows of resources relating to net pension asset	-	84,061
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 691,576**	**$ 839,617**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Non-cash capital and related financing activities:		
AMORTIZATION OF BOND PREMIUM	**$ (1,279)**	**$ (1,277)**
AMORTIZATION OF DEFERRED AMOUNT ON BOND REFUNDING	**$ 15,268**	**$ 15,268**
CAPITAL ASSET PURCHASES IN ACCOUNTS PAYABLE AT YEAR END	**$ 39,875**	**$ -**

See notes to the financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Municipal Authority of the Borough of Greenville (the Authority) was created under the laws of the Commonwealth of Pennsylvania to operate a water system to service individuals and organizations in the Greenville area. The Authority operates under a five-person Board of Directors.

Basis of Presentation and Accounting

The Authority's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The Authority's basic financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Revenues are recognized when earned, and costs and expenses are recognized when incurred.

The accounts of the Authority are organized on the basis of a proprietary fund type, specifically, an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statements of Net Position.

Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of the Authority's financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Unbilled revenue of the Authority represents estimated amounts due for services provided during 2021 and 2020, but not billed until after December 31, 2021 and 2020, respectively.

Investments

In February 2015, GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and for enhancing disclosures around fair value measurements.

Inventory

Inventory consists of supplies held for repairs and maintenance on the water system. Inventory is valued at cost, using the first-in, first-out method.

Capital Assets

Capital assets are stated at cost.

Repairs and maintenance costs are charged against earnings while renewals and betterments are capitalized by additions to the related asset accounts.

Depreciation is computed utilizing the straight-line method over the estimated useful lives of the related assets. The estimated useful lives range from 4 to 70 years, depending on the type of asset.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources that affect the financial statements at December 31, 2021 or 2020 relate to the net pension asset and the deferred charge on refunding of debt.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statements 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(s) and so will not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources that affect the financial statements at December 31, 2021 or 2020 relate to the net pension asset.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's pension plans and additions to/deductions from the Authority's fiduciary net position have been determined on the same basis as they are reported by the Authority. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy the Authority's obligations. Net position is classified as follows:

> *Net Investment in Capital Assets:* This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction, and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
>
> *Restricted Net Position:* This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
>
> *Unrestricted:* This consists of all other net position that does not meet the definition of net investment in capital assets or restricted net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Authority's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases,* is effective for periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements.

Impact of Recently Issued and Adopted Accounting Principles

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* is effective for reporting periods beginning after December 15, 2020. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period.

Subsequent Events

Management has evaluated subsequent events through March 9, 2022, the date on which the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits at various financial institutions, investments with an original maturity of three months or less, and cash on hand of $300 at December 31, 2021 and 2020.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of a debt service account and debt service reserve account that are required to be maintained in accordance with the bond indenture. Amounts in these accounts are restricted for payment of principal and interest on the bonds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned. The Authority does not have a policy for custodial credit risk on deposits. At December 31, 2021 and 2020, the carrying amounts of the Authority's deposits were $1,271,084 and $1,250,984, respectively, with corresponding bank balances of $1,337,751 and $1,615,931, respectively. At December 31, 2021 and 2020, the Authority had $283,032 and $277,401, respectively, invested in a certificate of deposit.

NOTE B – CASH AND CASH EQUIVALENTS (CONTINUED)

Of the bank balances at December 31, 2021 and 2020, $750,000 was covered by federal depository insurance and $870,783 and $1,143,332, respectively, were exposed to custodial credit risk because they were uninsured and the collateral held by the depository's agent was not in the Authority's name.

NOTE C – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021 is as follows:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
Capital assets not being depreciated:				
Land	$ 63,091	$ -	$ -	$ 63,091
Construction in progress	-	226,140	-	226,140
Total capital assets not being depreciated	63,091	226,140	-	289,231
Capital assets being depreciated:				
Plant and equipment	20,526,537	151,434	(18,465)	20,659,506
Less accumulated depreciation for:				
Plant and equipment	(7,449,700)	(369,597)	18,465	(7,800,832)
Total capital assets being depreciated, net	13,076,837	(218,163)	-	12,858,674
TOTAL CAPITAL ASSETS, NET	$ 13,139,928	$ 7,977	$ -	$ 13,147,905

Capital assets activity for the year ended December 31, 2020 is as follows:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
Capital assets not being depreciated:				
Land	$ 63,091	$ -	$ -	$ 63,091
Capital assets being depreciated:				
Plant and equipment	19,875,284	651,253	-	20,526,537
Less accumulated depreciation for:				
Plant and equipment	(7,102,184)	(347,516)	-	(7,449,700)
Total capital assets being depreciated, net	12,773,100	303,737	-	13,076,837
TOTAL CAPITAL ASSETS, NET	$ 12,836,191	$ 303,737	$ -	$ 13,139,928

NOTE D – LONG-TERM DEBT

In December 2011, the Authority issued $2,765,000 of Water Revenue Bonds for a refunding of $2,765,000 of Series of 2003 Water Revenue Bonds. The refunding was undertaken due to more favorable interest rates. The bond bears rates ranging from 0.55% to 4.00% and matures September 2024. The transaction resulted in a reduction of $233,760 in future debt service payments and the economic gain to the Authority from this refunding was $231,428. The loan is secured by revenue of the Authority. The balance outstanding at December 31, 2021 and 2020 was $720,000 and $975,000, respectively.

In conjunction with this refunding, the Authority has recognized a deferred amount on refunding in the financial statements, as a deferred outflow of resources. This amount represents the difference between the reacquisition price and the net carrying amount of the 2003 Bonds and will be amortized over the remaining life of the bonds. Amortization of the deferred amount on refunding amounted to $15,268 for 2021 and 2020. This amount has been charged to interest expense in the financial statements.

During 2012, the Authority entered into a demand loan with Pennvest which allowed the Authority to borrow up to $4,501,000 for capital improvements to the existing water system. At December 31, 2013, the balance outstanding on this demand loan was $3,973,876. During 2014, the demand loan converted into a loan to be paid at a rate of principal plus interest of 1.0% and matures December 2034. The loan is secured by a lien on the Authority's water revenues. The balance outstanding at December 31, 2021 and 2020 was $2,810,182 and $3,027,896, respectively.

In 2018, the Authority began to draw down on a $1,971,087 note with Pennvest for the water system improvements project. During the drawdown period through April 2019, interest of 1.00% was due monthly. Principal payments began in May 2019 with a maturity date of April 2039. The note is secured by a lien on the Authority's water revenues. The balance outstanding at December 31, 2021 and 2020 was $1,723,896 and $1,597,948, respectively.

Interest expense on long-term debt was $76,401 and $84,820, respectively, for 2021 and 2020.

Long-term debt as of December 31, 2021 and 2020 consists of the following obligations:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*	*Due Within One Year*
Water revenue bonds	$ 975,000	$ -	$ (255,000)	$ 720,000	$ 260,000
Pennvest loan	3,027,896	-	(217,714)	2,810,182	219,901
Pennvest note	1,597,948	217,442	(91,494)	1,723,896	91,545
Bond premium	5,111	-	(1,279)	3,832	-
TOTAL	$ 5,605,955	$ 217,442	$ (565,487)	$ 5,257,910	$ 571,446

NOTE D – LONG-TERM DEBT (CONTINUED)

The annual requirements for long-term debt outstanding as of December 31, 2021 are as follows:

	Principal			
Year ending December 31,	*2011 Bonds*	*Pennvest Loan*	*Pennvest Note*	*Total Principal*
2022	$ 260,000	$ 219,901	$ 91,545	$ 571,446
2023	265,000	222,111	92,465	579,576
2024	195,000	224,342	93,394	512,736
2025	-	226,596	94,332	320,928
2026	-	228,872	95,280	324,152
2027-2031	-	1,179,313	490,950	1,670,263
2032-2036	-	509,047	516,111	1,025,158
2037-2039	-	-	249,819	249,819
TOTAL	$ 720,000	$ 2,810,182	$ 1,723,896	$ 5,254,078

	Interest			
Year ending December 31,	*2011 Bonds*	*Pennvest Loan*	*Pennvest Note*	*Total Interest*
2022	$ 24,550	$ 27,096	$ 16,820	$ 68,466
2023	16,100	24,887	15,900	56,887
2024	6,825	22,655	14,972	44,452
2025	-	20,402	14,033	34,435
2026	-	18,125	13,086	31,211
2027-2031	-	55,673	50,878	106,551
2032-2036	-	5,533	25,716	31,249
2037-2039	-	-	3,029	3,029
TOTAL	$ 47,475	$ 174,371	$ 154,434	$ 376,280

NOTE E – PENSION PLAN

The Pennsylvania Municipal Retirement System (PMRS) did not have the December 31, 2020 pension plan financial statements available, which would be used to record the 2021 activity, as of the date of the issuance of the financial statements. Information presented in this footnote is from the December 31, 2019 financial statements provided by PMRS.

Plan Description The Authority's pension plan is a single-employer defined benefit pension plan controlled by the provisions of Resolution No. 01-01 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System, which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available on the PMRS website. A copy can be obtained by contacting the PMRS accounting office.

NOTE E – PENSION PLAN (CONTINUED)

The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Authority's Manager, with Board approval, has the ability to establish and amend benefits. As a participant in PMRS, the Authority receives a separate actuarial valuation to determine its periodic contribution rate.

Significant Accounting Policies The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Membership of the Plan consisted of the following based upon the most recent actuarial valuation dated January 1, 2019:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	-
Active employees	10
TOTAL	16

Investments Investments are reported at fair value. The plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by Statement No. 3 of the Governmental Accounting Standards Board for aggregate PMRS investments are included in PMRS's separately issued CAFR.

Actuarial Assumptions Total pension liability was determined by an actuarial valuation as of January 1, 2017 utilizing the Entry Age actuarial funding method and the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.8%
Salary increases	Age related scale with merit and inflation component

Pre-retirement mortality rates were based on the RP 2000 Mortality Table. Post-retirement mortality rates were based on the RP 2000 Combined Healthy Mortality Table.

NOTE E – PENSION PLAN (CONTINUED)

Funding Act 205 requires that annual contributions be based upon the plan's Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. In accordance with the plan's governing Resolution, members are required to contribute 3.5% 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 requirement established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the plan and funded through investment earnings. The contributions to the plan for 2020 were $261 computed through an actuarial valuation performed January 1, 2017 and represented 0.07% of covered payroll.

Net pension liability of the pension plan The net pension liability is equal to the total pension liability minus the net position of the plan. The results as of December 31, is as follows:

	2020
Total pension liability	$ 787,066
Pension plan net position	962,835
NET PENSION LIABILITY (ASSET)	**$ (175,769)**

The pension plan's net position as a percentage of total pension liability is 122.33%.

Discount Rate The discount rate used to measure the total pension liability for the Plan was 5.25%. 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 the Authority's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the Plan'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.

NOTE E – PENSION PLAN (CONTINUED)

Schedule of Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
MEASSUREMENT YEAR ENDING 12/31/2018	$ 775,922	$ 822,577	$ (46,655)
Changes for the year:			
Service cost	28,369	-	28,369
Interest	40,636	-	40,636
Changes in benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	(79)	79
Contributions - PMRS assessment	-	380	(380)
Contributions - member	-	18,522	(18,522)
PMRS investment income	-	44,645	(44,645)
Market value investment income	-	136,574	(136,574)
Transfers	-	-	-
Benefit payments	(57,861)	(57,861)	-
PMRS administrative expense	-	(380)	380
Additional administrative expense	-	(1,543)	1,543
Net changes	11,144	140,258	(129,114)
MEASUREMENT YEAR ENDING 12/31/2019	**$ 787,066**	**$ 962,835**	**$ (175,769)**

Sensitivity of the net pension liability to change in the discount rate The following presents the net pension liability of the plan, calculated using the discount rate of 5.25% for the year ended December 31, 2020 as well as what the plan's net position liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

Year ending December 31, 2020:

	1.0% Decrease 4.25%	*Current Rate 5.25%*	*1.0% Increase 6.25%*
Net pension liability (asset)	$ (70,799)	$ (175,769)	$ (264,259)

NOTE E – PENSION PLAN (CONTINUED)

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

For the year ended December 31, 2020, the Authority recognized pension expense of $(44,752).

At December 31, 2020, the Authority 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	$ 85,691	$ 69,771
Changes of assumptions	13,808	8,566
Net difference between projected and actual earnings on pension plan investments	-	110,175
TOTAL	**$ 99,499**	**$ 188,512**

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

Year ended December 31:	
2020	$ (36,458)
2021	(31,404)
2022	(13,037)
2023	(26,660)
2024	658
Thereafter	17,888

NOTE F – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended December 31, 2021 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE G – CURRENT ECONOMIC CONDITIONS

Due to the COVID-19 outbreak, economic uncertainties have arisen which are likely to negatively impact operations of the Authority, though such potential impact is unknown at this time.

NOTE H – PRIOR PERIOD ADJUSTMENT

Because the PMRS information was not available for the issuance of the December 31, 2020 financial statements, a prior period adjustment was recorded in 2021, and the 2020 information in the 2021 financial statements was changed to reflect this adjustment. The prior period adjustment caused an understatement of the net pension asset of $129,114, an overstatement of deferred outflows of resources in the amount of $16,037, an understatement of deferred inflows of resources in the amount of $68,024, and an understatement of net position in the amount of $45,053.

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

SCHEDULE OF CHANGES IN EMPLOYEES' PENSION FUND
NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	Measurement Year Ending 12/31/2019	*Measurement Year Ending 12/31/2018*	*Measurement Year Ending 12/31/2017*	*Measurement Year Ending 12/31/2016*	*Measurement Year Ending 12/31/2015*	*Measurement Year Ending 12/31/2014*
TOTAL PENSION LIABILITY:						
Service cost (beginning of year)	$ 28,369	$ 28,064	$ 25,811	$ 24,818	$ 27,016	$ 26,982
Interest (includes interest on service cost)	40,636	38,022	37,222	31,933	35,042	44,396
Changes of benefit terms	-	3,590	-	-	-	-
Differences between expected and actual experience	-	29,565	-	104,496	-	(153,501)
Changes of assumptions	-	-	-	23,016	(15,706)	-
Transfers	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(57,861)	(39,870)	(58,574)	(55,175)	(144,966)	(32,521)
NET CHANGE IN TOTAL PENSION LIABILITY	11,144	59,371	4,459	129,088	(98,614)	(114,644)
TOTAL PENSION LIABILITY, BEGINNING	775,922	716,551	712,092	583,004	681,618	796,262
TOTAL PENSION LIABILITY, ENDING (a)	**$ 787,066**	**$ 775,922**	**$ 716,551**	**$ 712,092**	**$ 583,004**	**$ 681,618**
PLAN FIDUCIARY NET POSITION:						
Contributions - employer	$ (79)	$ 3,505	$ 3,329	$ 7,343	$ 6,163	$ 5,320
Contributions - PMRS assessment	380	20	-	40	-	-
Contributions - member	18,522	17,119	15,221	15,947	15,481	14,618
PMRS investment income	44,645	42,080	41,486	43,511	38,585	47,578
Market value investment income	136,574	(68,120)	91,831	25,275	80,271	(139,071)
Transfers	-	-	-	-	-	2,778
Benefit payments, including refunds of member contributions	(57,861)	(39,870)	(58,574)	(55,175)	(144,966)	(32,521)
PMRS administrative expense	(380)	(320)	(320)	(320)	(320)	(340)
Additional administrative expense	(1,543)	(1,878)	(1,908)	(2,132)	(1,609)	(1,825)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	140,258	(47,464)	91,065	34,489	(6,395)	(103,463)
PLAN FIDUCIARY NET POSITION, BEGINNING	822,577	870,041	778,976	744,487	750,882	854,345
PLAN FIDUCIARY NET POSITION, ENDING (b)	**$ 962,835**	**$ 822,577**	**$ 870,041**	**$ 778,976**	**$ 744,487**	**$ 750,882**
AUTHORITY'S NET PENSION LIABILITY (ASSET), ENDING (a) - (b)	**$ (175,769)**	**$ (46,655)**	**$ (153,490)**	**$ (66,884)**	**$ (161,483)**	**$ (69,264)**
Plan fiduciary net position as a percentage of total pension liability	122.33%	106.01%	121.42%	109.39%	127.70%	110.16%
Covered employee payroll	$ 432,688	$ 449,459	$ 434,878	$ 455,634	$ 442,300	$ 457,278
Net pension liability as a percentage of covered employee payroll	-40.62%	-10.38%	-35.29%	-14.68%	-36.50%	-15.15%

The Authority is required to present the information for the last ten fiscal years. Additional years will be displayed as they become available.

See notes to the financial statements.

MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE
SCHEDULE OF EMPLOYEES' PENSION FUND EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

	Measurement Year Ending 12/31/2019	*Measurement Year Ending 12/31/2018*	*Measurement Year Ending 12/31/2017*	*Measurement Year Ending 12/31/2016*	*Measurement Year Ending 12/31/2015*	*Measurement Year Ending 12/31/2014*
Actuarially determined contribution	$ 261	$ 3,505	$ 3,338	$ 7,334	$ 6,163	$ 2,291
Contributions in relation to the actuarially determined contribution	301	3,525	3,329	7,383	6,163	5,320
CONTRIBUTION DEFICIENCY (EXCESS)	**$ (40)**	**$ (20)**	**$ 9**	**$ (49)**	**$ -**	**$ (3,029)**
Covered employee payroll	$ 432,688	$ 449,459	$ 434,878	$ 455,634	$ 442,300	$ 457,278
Contributions as a percentage of covered employee payroll	0.07%	0.78%	0.77%	1.62%	1.39%	1.16%

Notes to Schedule:

Valuation date:	Actuarially determined contribution rates are calculated as of January 1, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar based upon the amortization periods in Act 205
Asset valuation method	Based upon the municipal reserves
Discount rate	5.25%
Inflation	2.8%
Salary increases	Age related scale with merit and inflation component
COLA increases	2.8% for those eligible for COLA
Pre-retirement mortality	Males: RP 2000 Non-Annuitant Male table projected 15 years with Scale AA Females: RP 2000 Non-Annuitant Female table projected 15 years with Scale AA, setback 5 years
Post-retirement mortality	Males: RP 2000 Annuitant Male table projected 5 years with Scale AA Females: RP 2000 Annuitant Female table projected 10 years with Scale AA

The Authority is required to present the information for the last ten fiscal years. Additional years will be displayed as they become available.

See notes to the financial statements.