MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

AUDITED FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Municipal Authority of the Borough of Greenville as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Erie • Meadville • Franklin • Grove City • Titusville

Basis for Qualified Opinion

We were unable to obtain the December 31, 2019 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, 2020 and 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension plan information on pages 18 and 19 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
April 14, 2021

MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

STATEMENTS OF NET POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 836,010	$ 1,056,178
Certificate of deposit	277,401	270,238
Accounts receivable	209,807	221,489
Unbilled revenue	159,552	162,740
Grant receivable	-	4,237
Inventory	72,769	70,638
Prepaid insurance	19,339	19,339
Net pension asset	46,655	46,655
Capital assets:		
Nondepreciable capital assets	63,091	63,091
Depreciable capital assets, net of accumulated depreciation	13,076,837	12,773,100
Restricted cash and cash equivalents - debt service funds	415,274	408,035
	15,176,735	15,095,740
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	61,077	76,345
Relating to net pension asset, net of amortization	115,536	115,536
	176,613	191,881
LIABILITIES		
Current portion of long-term debt	565,940	559,095
Accounts payable	7,191	1,745
Deposits for services	3,620	4,970
Accrued interest payable	10,946	13,237
Other accrued expenses	23,086	20,122
Long-term debt, net of current portion	5,040,015	5,481,796
	5,650,798	6,080,965
DEFERRED INFLOWS OF RESOURCES		
Relating to net pension asset, net of amortization	120,488	120,488
NET POSITION		
Net investment in capital assets	7,595,050	6,871,645
Restricted for debt service	415,274	408,035
Unrestricted	1,571,738	1,806,488
TOTAL NET POSITION	$ 9,582,062	$ 9,086,168

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, 2020 AND 2019

	2020	*2019*
OPERATING REVENUES		
Private sales	$ 1,879,942	$ 1,880,519
Public sales	57,706	71,616
Tap-in fees	2,000	3,308
Sewer collection fees	27,743	27,743
Reimbursed collection costs	33,591	44,931
Miscellaneous income	43,379	48,660
Recovery of bad debts	625	1,402
	2,044,986	2,078,179
OPERATING EXPENSES		
Purification system	435,105	467,936
Pumping system	10,210	8,939
Distribution system	283,840	287,003
Administrative and general	496,013	468,340
Depreciation	347,516	268,530
	1,572,684	1,500,748
OPERATING INCOME	472,302	577,431
NONOPERATING REVENUES (EXPENSES)		
Grant revenues	112,819	693,127
Interest income	9,584	16,708
Sale of timber	-	136,800
Interest expense	(100,088)	(106,375)
Amortization	1,277	1,277
	23,592	741,537
CHANGES IN NET POSITION	495,894	1,318,968
NET POSITION, BEGINNING OF YEAR	9,086,168	7,767,200
NET POSITION, END OF YEAR	$ 9,582,062	$ 9,086,168

See notes to the financial statements.

MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 1,954,518	$ 1,913,988
Other operating cash receipts	105,338	122,736
Cash payments to suppliers of goods and services	(732,409)	(1,076,714)
Cash payments to employees for services	(487,830)	(452,531)
NET CASH PROVIDED BY OPERATING ACTIVITIES	839,617	507,479
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(651,253)	(971,931)
Sale of timber	-	136,800
Grant revenues	117,056	722,249
Principal paid on long-term debt	(558,377)	(511,274)
Proceeds from long-term debt	124,718	568,332
Interest paid on long-term debt	(87,111)	(93,065)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,054,967)	(148,889)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income	2,421	10,587
NET CHANGE IN CASH AND CASH EQUIVALENTS	(212,929)	369,177
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (Including $408,035 and $425,502, respectively, reported in restricted cash and cash equivalents)	1,464,213	1,095,036
CASH AND CASH EQUIVALENTS, END OF YEAR (Including $415,274 and $408,035, respectively, reported in restricted cash and cash equivalents)	**$ 1,251,284**	**$ 1,464,213**

See notes to the financial statements.

MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 472,302	$ 577,431
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	347,516	268,530
(Increase) decrease in accounts receivable	11,682	(35,569)
(Increase) decrease in unbilled revenue	3,188	(5,886)
(Increase) decrease in inventory	(2,131)	(1,961)
(Increase) decrease in net pension asset	-	106,835
Increase (decrease) in accounts payable	5,446	(309,751)
Increase (decrease) in other accrued expenses	2,964	2,917
(Increase) decrease in deferred outflows/inflows of resources relating to net pension asset	-	(95,067)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 839,617**	**$ 507,479**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Non-cash capital and related financing activities:		
AMORTIZATION OF BOND PREMIUM	**$ (1,277)**	**$ (1,277)**
AMORTIZATION OF DEFERRED AMOUNT ON BOND REFUNDING	**$ 15,268**	**$ 15,268**

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 2020 and 2019, but not billed until after December 31, 2020 and 2019, 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, 2020 or 2019 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, 2020 or 2019 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.

Subsequent Events

Management has evaluated subsequent events through April 14, 2021, 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, 2020 and 2019.

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, 2020 and 2019, the carrying amounts of the Authority's deposits were $1,250,984 and $1,463,913, respectively, with corresponding bank balances of $1,615,931 and $1,542,951, respectively. At December 31, 2020 and 2019, the Authority had $277,401 and $270,238, respectively, invested in a certificate of deposit.

Of the bank balances at December 31, 2020 and 2019, $750,000 was covered by federal depository insurance and $1,143,332 and $1,063,189, 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, 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**

Capital assets activity for the year ended December 31, 2019 is as follows:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
Capital assets not being depreciated:				
Land	$ 63,091	$ -	$ -	$ 63,091
Construction in progress	2,550,412	865,216	(3,415,628)	-
Total capital assets not being depreciated	2,613,503	865,216	(3,415,628)	63,091
Capital assets being depreciated:				
Plant and equipment	16,352,941	106,715	3,415,628	19,875,284
Less accumulated depreciation for:				
Plant and equipment	(6,833,654)	(268,530)	-	(7,102,184)
Total capital assets being depreciated, net	9,519,287	(161,815)	3,415,628	12,773,100
TOTAL CAPITAL ASSETS, NET	**$ 12,132,790**	**$ 703,401**	**$ -**	**$ 12,836,191**

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, 2020 and 2019 was $975,000 and $1,225,000, 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 2020 and 2019. 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, 2020 and 2019 was $3,027,896 and $3,243,445, 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. As of December 31, 2020, the Authority still has a balance to draw down upon. The note is secured by a lien on the Authority's water revenues. The balance outstanding at December 31, 2020 and 2019 was $1,597,948 and $1,566,058, respectively.

Interest expense on long-term debt was $84,820 and $91,107, respectively, for 2020 and 2019.

Long-term debt as of December 31, 2020 and 2019 consists of the following obligations:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*	*Due Within One Year*
Water revenue bonds	$ 1,225,000	$ -	$ (250,000)	$ 975,000	$ 255,000
Pennvest loan	3,243,445	-	(215,549)	3,027,896	217,714
Pennvest note	1,566,058	124,718	(92,828)	1,597,948	93,226
Bond premium	6,388	-	(1,277)	5,111	-
TOTAL	$ 6,040,891	$ 124,718	$ (559,654)	$ 5,605,955	$ 565,940

NOTE D – LONG-TERM DEBT (CONTINUED)

The annual requirements for long-term debt outstanding as of December 31, 2020 are as follows:

	Principal			
Year ending December 31,	*2011 Bonds*	*Pennvest Loan*	*Pennvest Note*	*Total Principal*
2021	$ 255,000	$ 217,714	$ 93,226	$ 565,940
2022	260,000	219,901	94,163	574,064
2023	265,000	222,111	95,109	582,220
2024	195,000	224,342	96,064	515,406
2025	-	226,596	97,029	323,625
2026-2030	-	1,167,584	499,964	1,667,548
2031-2035	-	749,648	525,587	1,275,235
2036	-	-	96,806	96,806
TOTAL	**$ 975,000**	**$ 3,027,896**	**$ 1,597,948**	**$ 5,600,844**

	Interest			
Year ending December 31,	*2011 Bonds*	*Pennvest Loan*	*Pennvest Note*	*Total Interest*
2021	$ 32,838	$ 29,283	$ 15,553	$ 77,674
2022	24,550	27,096	14,616	66,262
2023	16,100	24,887	13,670	54,657
2024	6,825	22,655	12,715	42,195
2025	-	20,402	11,750	32,152
2026-2030	-	67,402	43,931	111,333
2031-2035	-	11,928	18,308	30,236
2036	-	-	476	476
TOTAL	**$ 80,313**	**$ 203,653**	**$ 131,019**	**$ 414,985**

NOTE E – PENSION PLAN

The Pennsylvania Municipal Retirement System (PMRS) did not have the December 31, 2019 pension plan financial statements available, which would be used to record the 2020 activity, as of the date of the issuance of the financial statements. Information presented in this footnote is from the December 31, 2018 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.

The following table contains the number of active participants, deferred vested participants, and participants currently receiving a benefit from the Plan based upon the most recent actuarial valuation date of January 1, 2019:

Active participants	10
Retired and beneficiaries currenty receiving benefits	6
Terminated employees entitled to benefits but not yet receiving them	0
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	3.0%
Salary increases	Age related scale with merit and inflation component

Pre-retirement mortality rates were based on the RP-2000 Mortality Table with a one-year set back for males and a five-year set back for females. 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 contribution to the plan for 2019 was $261. The contribution to the plan for 2018 was $3,505 computed through an actuarial valuation performed January 1, 2015 and represented 0.78% 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 result as of December 31, is as follows:

		2019
Total pension liability	$	775,922
Pension plan net position		822,577
NET PENSION LIABILITY (ASSET)	$	(46,655)

The pension plan's net position as a percentage of total pension liability (asset) is 106.01%.

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 12/31/2017	$ 716,551	$ 870,041	$ (153,490)
Changes for the year:			
Service cost	28,064	-	28,064
Interest	38,022	-	38,022
Changes in benefits	3,590	-	3,590
Differences between expected and actual experience	29,565	-	29,565
Changes of assumptions	-	-	-
Contributions - employer	-	3,505	(3,505)
Contributions - PMRS assessment	-	20	(20)
Contributions - member	-	17,119	(17,119)
PMRS investment income	-	42,080	(42,080)
Market value investment income	-	(68,120)	68,120
Transfers	-	-	-
Benefit payments	(39,870)	(39,870)	-
PMRS administrative expense	-	(320)	320
Additional administrative expense	-	(1,878)	1,878
Net changes	59,371	(47,464)	106,835
MEASUREMENT YEAR ENDING 12/31/2018	**$ 775,922**	**$ 822,577**	**$ (46,655)**

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% 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 (4.25%) or 1-percentage point higher (6.25%) than the current rate:

	1.0% Decrease 4.25%	*Current Rate 5.25%*	*1.0% Increase 6.25%*
Net pension liability (asset)	$ 56,829	$ (46,655)	$ (133,892)

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, 2019, the Authority recognized pension expense of $15,293. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	*Deferred Outflows of Resources*
Differences between expected and actual experience	$ 83,726	$ 99,426
Changes of assumptions	9,994	16,110
Net difference between projected and actual earnings on pension plan investments	26,768	-
TOTAL	$ 120,488	$ 115,536

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:	
2019	$ (25,198)
2020	(9,143)
2021	(4,089)
2022	14,278
2023	654
Thereafter	18,546

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, 2020 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.

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 12/31/2018	*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)	$ 28,064	$ 25,811	$ 24,818	$ 27,016	$ 26,982
Interest (includes interest on service cost)	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	(39,870)	(58,574)	(55,175)	(144,966)	(32,521)
NET CHANGE IN TOTAL PENSION LIABILITY	59,371	4,459	129,088	(98,614)	(114,644)
TOTAL PENSION LIABILITY, BEGINNING	716,551	712,092	583,004	681,618	796,262
TOTAL PENSION LIABILITY, ENDING (a)	**$ 775,922**	**$ 716,551**	**$ 712,092**	**$ 583,004**	**$ 681,618**
PLAN FIDUCIARY NET POSITION:					
Contributions - employer	$ 3,505	$ 3,329	$ 7,343	$ 6,163	$ 5,320
Contributions - PMRS assessment	20	-	40	-	-
Contributions - member	17,119	15,221	15,947	15,481	14,618
PMRS investment income	42,080	41,486	43,511	38,585	47,578
Market value investment income	(68,120)	91,831	25,275	80,271	(139,071)
Transfers	-	-	-	-	2,778
Benefit payments, including refunds of member contributions	(39,870)	(58,574)	(55,175)	(144,966)	(32,521)
PMRS administrative expense	(320)	(320)	(320)	(320)	(340)
Additional administrative expense	(1,878)	(1,908)	(2,132)	(1,609)	(1,825)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(47,464)	91,065	34,489	(6,395)	(103,463)
PLAN FIDUCIARY NET POSITION, BEGINNING	870,041	778,976	744,487	750,882	854,345
PLAN FIDUCIARY NET POSITION, ENDING (b)	**$ 822,577**	**$ 870,041**	**$ 778,976**	**$ 744,487**	**$ 750,882**
AUTHORITY'S NET PENSION LIABILITY (ASSET), ENDING (a) - (b)	**$ (46,655)**	**$ (153,490)**	**$ (66,884)**	**$ (161,483)**	**$ (69,264)**
Plan fiduciary net position as a percentage of total pension liability	106.01%	121.42%	109.39%	127.70%	110.16%
Covered employee payroll	$ 449,459	$ 434,878	$ 455,634	$ 442,300	$ 457,278
Net pension liability as a percentage of covered employee payroll	-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.

The data provided in this schedule is based on the measurement date as of December 31, 2018.

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 12/31/2018	*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	$ 3,505	$ 3,338	$ 7,334	$ 6,163	$ 2,291
Contributions in relation to the actuarially determined contribution	3,525	3,329	7,383	6,163	5,320
CONTRIBUTION DEFICIENCY (EXCESS)	**$ (20)**	**$ 9**	**$ (49)**	**$ -**	**$ (3,029)**
Covered employee payroll	$ 449,459	$ 434,878	$ 455,634	$ 442,300	$ 457,278
Contributions as a percentage of covered employee payroll	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, 2015.

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	5.50%
Inflation	3.0%
Salary increases	Age related scale with merit and inflation component
COLA increases	3.0% for those eligible for COLA
Pre-retirement mortality	Males - RP 2000 with one-year set back, Females - RP 2000 with five-year set back
Post-retirement mortality	Sex distinct RP-2000 Combined Healthy Mortality

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.