

# **EXHIBIT J1**

**MUNICIPAL AUTHORITY OF THE  
BOROUGH OF GREENVILLE**

**AUDITED FINANCIAL STATEMENTS  
AND REQUIRED SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**



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10 Woodland Center Drive  
Grove City, PA 16127  
**724.458.7490**  
Fax: 724.458.0766  
www.mpbcpa.com

## 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, 2021 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, 2022 and 2021, 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 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 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 8, 2023

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2022 AND 2021**

	<i>2022</i>	<i>2021</i>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 591,072	\$ 875,026
Certificate of deposit	284,165	283,032
Accounts receivable	228,574	213,171
Unbilled revenue	192,273	161,964
Inventory	85,526	66,584
Prepaid insurance	19,339	19,339
Net pension asset	279,596	279,596
Capital assets:		
Nondepreciable capital assets	3,408,525	289,231
Depreciable capital assets, net of accumulated depreciation	12,488,701	12,858,674
Restricted cash and cash equivalents - debt service funds	388,037	396,358
	<u>17,965,808</u>	<u>15,442,975</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	30,541	45,809
Relating to net pension asset, net of amortization	102,519	102,519
	<u>133,060</u>	<u>148,328</u>
<b>LIABILITIES</b>		
Current portion of long-term debt	579,576	571,446
Accounts payable	404,391	41,619
Deposits for services	3,620	3,620
Accrued interest payable	5,368	8,183
Other accrued expenses	29,953	25,420
Long-term debt, net of current portion	4,105,609	4,686,464
	<u>5,128,517</u>	<u>5,336,752</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Relating to net pension asset, net of amortization	252,011	252,011
<b>NET POSITION</b>		
Net investment in capital assets	11,242,582	7,935,804
Restricted for debt service	388,037	396,358
Unrestricted	1,087,721	1,670,378
<b>TOTAL NET POSITION</b>	<u><u>\$ 12,718,340</u></u>	<u><u>\$ 10,002,540</u></u>

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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Private sales	\$ 2,070,433	\$ 1,915,392
Public sales	40,677	33,056
Tap-in fees	-	2,568
Sewer collection fees	27,743	27,743
Reimbursed collection costs	45,040	39,625
Miscellaneous income	39,233	35,163
Recovery of bad debts	627	420
	<u>2,223,753</u>	<u>2,053,967</u>
<b>OPERATING EXPENSES</b>		
Purification system	640,868	550,569
Pumping system	7,061	6,351
Distribution system	408,941	286,535
Administrative and general	537,991	472,884
Depreciation	393,673	369,597
	<u>1,988,534</u>	<u>1,685,936</u>
<b>OPERATING INCOME</b>	<u>235,219</u>	<u>368,031</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant revenues	2,554,670	83,585
Interest income	5,550	6,199
Gain on disposal of capital assets	-	8,000
Interest expense	(80,918)	(91,669)
Amortization	1,279	1,279
	<u>2,480,581</u>	<u>7,394</u>
<b>CHANGES IN NET POSITION</b>	2,715,800	375,425
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>10,002,540</u>	<u>9,627,115</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 12,718,340</u></u>	<u><u>\$ 10,002,540</u></u>

See notes to the financial statements.

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 2,065,398	\$ 1,945,240
Other operating cash receipts	112,643	102,951
Cash payments to suppliers of goods and services	(1,092,183)	(846,932)
Cash payments to employees for services	(556,962)	(509,683)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>528,896</u>	<u>691,576</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(2,740,347)	(329,699)
Grant revenues	2,554,670	83,585
Principal paid on long-term debt	(571,446)	(564,208)
Proceeds from long-term debt	-	217,442
Interest paid on long-term debt	(68,465)	(79,164)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(825,588)</u>	<u>(672,044)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>		
Interest income	4,417	568
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(292,275)	20,100
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b> (Including \$396,358 and \$415,274, respectively, reported in restricted cash and cash equivalents)	<u>1,271,384</u>	<u>1,251,284</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b> (Including \$388,037 and \$396,358, respectively, reported in restricted cash and cash equivalents)	<u><u>\$ 979,109</u></u>	<u><u>\$ 1,271,384</u></u>

See notes to the financial statements.

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 235,219	\$ 368,031
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	393,673	369,597
Change in:		
Accounts receivable	(15,403)	(3,364)
Unbilled revenue	(30,309)	(2,412)
Inventory	(18,942)	6,185
Net pension asset	-	(103,827)
Accounts payable	(39,875)	(5,447)
Other accrued expenses	4,533	2,334
Deferred outflows/inflows of resources relating to net pension asset	-	60,479
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 528,896</u></u>	<u><u>\$ 691,576</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Non-cash capital and related financing activities:		
<b>AMORTIZATION OF BOND PREMIUM</b>	<u><u>\$ (1,279)</u></u>	<u><u>\$ (1,279)</u></u>
<b>AMORTIZATION OF DEFERRED AMOUNT ON BOND REFUNDING</b>	<u><u>\$ 15,268</u></u>	<u><u>\$ 15,268</u></u>
<b>CAPITAL ASSET PURCHASES IN ACCOUNTS PAYABLE AT YEAR END</b>	<u><u>\$ 402,647</u></u>	<u><u>\$ 39,875</u></u>

See notes to the financial statements.

# MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### 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.

# MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### 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 2022 and 2021, but not billed until after December 31, 2022 and 2021, 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, 2022 or 2021 relate to the net pension asset and the deferred charge on refunding of debt.

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**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, 2022 or 2021 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.

# MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Impact of Recently Issued and Adopted 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. The Statement had no material impact on the Authority.

#### Subsequent Events

Management has evaluated subsequent events through March 8, 2023, 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, 2022 and 2021.

#### 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, 2022 and 2021, the carrying amounts of the Authority's deposits were \$978,809 and \$1,271,084, respectively, with corresponding bank balances of \$1,082,134 and \$1,337,751, respectively. At December 31, 2022 and 2021, the Authority had \$284,165 and \$283,032, respectively, invested in a certificate of deposit.

Of the bank balances at December 31, 2022 and 2021, \$750,000 was covered by federal depository insurance and \$616,299 and \$870,783, 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.

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**NOTE C – CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2022 is as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Capital assets not being depreciated:				
Land	\$ 63,091	\$ -	\$ -	\$ 63,091
Construction in progress	226,140	3,119,294	-	3,345,434
Total capital assets not being depreciated	<u>289,231</u>	<u>3,119,294</u>	<u>-</u>	<u>3,408,525</u>
Capital assets being depreciated:				
Plant and equipment	20,659,506	23,700	-	20,683,206
Less accumulated depreciation for:				
Plant and equipment	(7,800,832)	(393,673)	-	(8,194,505)
Total capital assets being depreciated, net	<u>12,858,674</u>	<u>(369,973)</u>	<u>-</u>	<u>12,488,701</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<b><u>\$ 13,147,905</u></b>	<b><u>\$ 2,749,321</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,897,226</u></b>

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

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Capital assets not being depreciated:				
Land	\$ 63,091	\$ -	\$ -	\$ 63,091
Construction in progress	-	226,140	-	226,140
Total capital assets not being depreciated	<u>63,091</u>	<u>226,140</u>	<u>-</u>	<u>289,231</u>
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	<u>13,076,837</u>	<u>(218,163)</u>	<u>-</u>	<u>12,858,674</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<b><u>\$ 13,139,928</u></b>	<b><u>\$ 7,977</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 13,147,905</u></b>

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**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, 2022 and 2021 was \$460,000 and \$720,000, 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 2022 and 2021. 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, 2022 and 2021 was \$2,590,281 and \$2,810,182, 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, 2022 and 2021 was \$1,632,351 and \$1,723,896, respectively.

Interest expense on long-term debt was \$80,918 and \$91,669, respectively, for 2022 and 2021.

Long-term debt as of December 31, 2022 and 2021 consists of the following obligations:

	<i>Beginning</i> <u>Balance</u>	<i>Increases</i>	<i>Decreases</i>	<i>Ending</i> <u>Balance</u>	<i>Due Within</i> <u>One Year</u>
Water revenue bonds	\$ 720,000	\$ -	\$ (260,000)	\$ 460,000	\$ 265,000
Pennvest loan	2,810,182	-	(219,901)	2,590,281	222,111
Pennvest note	1,723,896	-	(91,545)	1,632,351	92,465
Bond premium	3,832	-	(1,279)	2,553	-
<b>TOTAL</b>	<b><u>\$ 5,257,910</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (572,725)</u></b>	<b><u>\$ 4,685,185</u></b>	<b><u>\$ 579,576</u></b>

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

The annual requirements for long-term debt outstanding as of December 31, 2022 are as follows:

<i>Year ending December 31,</i>	<i>Principal</i>			<i>Total Principal</i>
	<i>2011 Bonds</i>	<i>Pennvest Loan</i>	<i>Pennvest Note</i>	
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	-	231,171	96,237	327,408
2028-2032	-	1,191,161	495,881	1,687,042
2033-2037	-	266,028	521,295	787,323
2038-2039	-	-	143,467	143,467
<b>TOTAL</b>	<b>\$ 460,000</b>	<b>\$ 2,590,281</b>	<b>\$ 1,632,351</b>	<b>\$ 4,682,632</b>

<i>Year ending December 31,</i>	<i>Interest</i>			<i>Total Interest</i>
	<i>2011 Bonds</i>	<i>Pennvest Loan</i>	<i>Pennvest Note</i>	
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	-	15,826	12,129	27,955
2028-2032	-	43,825	45,945	89,770
2033-2037	-	1,554	20,532	22,086
2038-2039	-	-	1,018	1,018
<b>TOTAL</b>	<b>\$ 22,925</b>	<b>\$ 147,274</b>	<b>\$ 137,615</b>	<b>\$ 307,814</b>

**NOTE E – PENSION PLAN**

The Pennsylvania Municipal Retirement System (PMRS) did not have the December 31, 2021 pension plan financial statements available, which would be used to record the 2022 activity, as of the date of the issuance of the financial statements. Information presented in this footnote is from the December 31, 2020 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 Annual Comprehensive Financial Report (ACFR). The ACFR is available on the PMRS website. A copy can be obtained by contacting the PMRS accounting office.

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**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, 2021:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>11</u>
<b>TOTAL</b>	<b><u><u>16</u></u></b>

*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 ACFR.

*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.

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**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 2021 were \$0 computed through an actuarial valuation performed January 1, 2017 and represented 0.00% 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:

	<u>2021</u>
Total pension liability	\$ 744,874
Pension plan net position	1,024,470
<b>NET PENSION LIABILITY (ASSET)</b>	<b><u>\$ (279,596)</u></b>

The pension plan’s net position as a percentage of total pension liability is 137.54%.

*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.

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**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)
<b>MEASUREMENT YEAR</b>			
<b>ENDING 12/31/2019</b>	<u>\$ 787,066</u>	<u>\$ 962,835</u>	<u>\$ (175,769)</u>
Changes for the year:			
Service cost	30,452	-	30,452
Interest	42,076	-	42,076
Changes in benefits	-	-	-
Differences between expected and actual experience	(107,246)	-	(107,246)
Changes of assumptions	21,439	-	21,439
Contributions - employer	-	-	-
Contributions - PMRS assessment	-	20	(20)
Contributions - member	-	19,850	(19,850)
PMRS investment income	-	47,247	(47,247)
Market value investment income	-	25,830	(25,830)
Transfers	-	-	-
Benefit payments	(28,913)	(28,913)	-
PMRS administrative expense	-	(340)	340
Additional administrative expense	-	(2,059)	2,059
Net changes	<u>(42,192)</u>	<u>61,635</u>	<u>(103,827)</u>
<b>MEASUREMENT YEAR</b>			
<b>ENDING 12/31/2020</b>	<u><u>\$ 744,874</u></u>	<u><u>\$ 1,024,470</u></u>	<u><u>\$ (279,596)</u></u>

*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, 2021:

	<i>1.0% Decrease</i> <i>4.25%</i>	<i>Current Rate</i> <i>5.25%</i>	<i>1.0% Increase</i> <i>6.25%</i>
Net pension liability (asset)	\$ (171,504)	\$ (279,596)	\$ (369,387)

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**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 \$(43,328).

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	\$ 71,956	\$ 151,146
Changes of assumptions	30,563	7,138
Net difference between projected and actual earnings on pension plan investments	-	93,727
<b>TOTAL</b>	<u><u>\$ 102,519</u></u>	<u><u>\$ 252,011</u></u>

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

<i>Year ended December 31:</i>	
2021	\$ (46,104)
2022	(27,737)
2023	(41,360)
2024	(14,042)
2025	5,069
Thereafter	(25,318)

**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, 2022 and the two previous fiscal years, no settlements exceeded insurance coverage.

**MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**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, 2021 financial statements, a prior period adjustment was recorded in 2022, and the 2021 information in the 2022 financial statements was changed to reflect this adjustment. The prior period adjustment caused an understatement of the net pension asset of \$103,827, an understatement of deferred outflows of resources in the amount of \$3,020, an understatement of deferred inflows of resources in the amount of \$63,499, and an understatement of net position in the amount of \$43,348.

**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

	<i>Measurement Year Ending 12/31/2020</i>	<i>Measurement Year Ending 12/31/2019</i>	<i>Measurement Year Ending 12/31/2018</i>	<i>Measurement Year Ending 12/31/2017</i>	<i>Measurement Year Ending 12/31/2016</i>	<i>Measurement Year Ending 12/31/2015</i>	<i>Measurement Year Ending 12/31/2014</i>
<b>TOTAL PENSION LIABILITY:</b>							
Service cost (beginning of year)	\$ 30,452	\$ 28,369	\$ 28,064	\$ 25,811	\$ 24,818	\$ 27,016	\$ 26,982
Interest (includes interest on service cost)	42,076	40,636	38,022	37,222	31,933	35,042	44,396
Changes of benefit terms	-	-	3,590	-	-	-	-
Differences between expected and actual experience	(107,246)	-	29,565	-	104,496	-	(153,501)
Changes of assumptions	21,439	-	-	-	23,016	(15,706)	-
Transfers	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(28,913)	(57,861)	(39,870)	(58,574)	(55,175)	(144,966)	(32,521)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>(42,192)</b>	<b>11,144</b>	<b>59,371</b>	<b>4,459</b>	<b>129,088</b>	<b>(98,614)</b>	<b>(114,644)</b>
<b>TOTAL PENSION LIABILITY, BEGINNING</b>	<b>787,066</b>	<b>775,922</b>	<b>716,551</b>	<b>712,092</b>	<b>583,004</b>	<b>681,618</b>	<b>796,262</b>
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 744,874</b>	<b>\$ 787,066</b>	<b>\$ 775,922</b>	<b>\$ 716,551</b>	<b>\$ 712,092</b>	<b>\$ 583,004</b>	<b>\$ 681,618</b>
<b>PLAN FIDUCIARY NET POSITION:</b>							
Contributions - employer	\$ -	\$ (79)	\$ 3,505	\$ 3,329	\$ 7,343	\$ 6,163	\$ 5,320
Contributions - PMRS assessment	20	380	20	-	40	-	-
Contributions - member	19,850	18,522	17,119	15,221	15,947	15,481	14,618
PMRS investment income	47,247	44,645	42,080	41,486	43,511	38,585	47,578
Market value investment income	25,830	136,574	(68,120)	91,831	25,275	80,271	(139,071)
Transfers	-	-	-	-	-	-	2,778
Benefit payments, including refunds of member contributions	(28,913)	(57,861)	(39,870)	(58,574)	(55,175)	(144,966)	(32,521)
PMRS administrative expense	(340)	(380)	(320)	(320)	(320)	(320)	(340)
Additional administrative expense	(2,059)	(1,543)	(1,878)	(1,908)	(2,132)	(1,609)	(1,825)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>61,635</b>	<b>140,258</b>	<b>(47,464)</b>	<b>91,065</b>	<b>34,489</b>	<b>(6,395)</b>	<b>(103,463)</b>
<b>PLAN FIDUCIARY NET POSITION, BEGINNING</b>	<b>962,835</b>	<b>822,577</b>	<b>870,041</b>	<b>778,976</b>	<b>744,487</b>	<b>750,882</b>	<b>854,345</b>
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b>\$ 1,024,470</b>	<b>\$ 962,835</b>	<b>\$ 822,577</b>	<b>\$ 870,041</b>	<b>\$ 778,976</b>	<b>\$ 744,487</b>	<b>\$ 750,882</b>
<b>AUTHORITY'S NET PENSION LIABILITY (ASSET), ENDING (a) - (b)</b>	<b>\$ (279,596)</b>	<b>\$ (175,769)</b>	<b>\$ (46,655)</b>	<b>\$ (153,490)</b>	<b>\$ (66,884)</b>	<b>\$ (161,483)</b>	<b>\$ (69,264)</b>
Plan fiduciary net position as a percentage of total pension liability	137.54%	122.33%	106.01%	121.42%	109.39%	127.70%	110.16%
Covered employee payroll	\$ 465,842	\$ 432,688	\$ 449,459	\$ 434,878	\$ 455,634	\$ 442,300	\$ 457,278
Net pension liability as a percentage of covered employee payroll	-60.02%	-40.62%	-10.38%	-35.29%	-14.68%	-36.51%	-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**

	<i>Measurement Year Ending 12/31/2020</i>	<i>Measurement Year Ending 12/31/2019</i>	<i>Measurement Year Ending 12/31/2018</i>	<i>Measurement Year Ending 12/31/2017</i>	<i>Measurement Year Ending 12/31/2016</i>	<i>Measurement Year Ending 12/31/2015</i>	<i>Measurement Year Ending 12/31/2014</i>
Actuarially determined contribution	\$ -	\$ 261	\$ 3,505	\$ 3,338	\$ 7,334	\$ 6,163	\$ 2,291
Contributions in relation to the actuarially determined contribution	20	301	3,525	3,329	7,383	6,163	5,320
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<b>\$ (20)</b>	<b>\$ (40)</b>	<b>\$ (20)</b>	<b>\$ 9</b>	<b>\$ (49)</b>	<b>\$ -</b>	<b>\$ (3,029)</b>
Covered employee payroll	\$ 465,842	\$ 432,688	\$ 449,459	\$ 434,878	\$ 455,634	\$ 442,300	\$ 457,278
Contributions as a percentage of covered employee payroll	0.00%	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 for the odd valuation year at least two years prior to the end of the fiscal year in which the contributions were reported. Therefore, the Actuarially Determined Contribution for calendar year 2020 is based on the January 1, 2017 actuarial valuation.

Methods and assumptions used to determine the 2020 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.