

**MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)**

FINANCIAL STATEMENTS

DECEMBER 31, 2020

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
FINANCIAL STATEMENTS
December 31, 2020

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Statements of Net Position - Cash Basis December 31, 2020 and 2019	4
Statements of Revenues, Expenses and Changes in Fund Net Position - Cash Basis For the Years Ended December 31, 2020 and 2019	5
Notes to Financial Statements	6-13
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Changes in Net Pension Liability and Related Ratios For the Year Ended December 31, 2020	14
Schedule of Employer Contributions Last 10 Measurement Years (if available)	15
SUPPLEMENTARY INFORMATION	
Schedules of Operating Expenses - Cash Basis For the Years Ended December 31, 2020 and 2019	16



Certified Public Accountants

Thomas I. Siegel, CPA

Maxine R. Maser, CPA

David H. Siegel, CPA

Daniel S. Siegel, CPA

Rachel L. Siegel, CPA

Samuel R. Siegel, CPA

INDEPENDENT AUDITOR'S REPORT

To Members of the Authority Board
MILLCREEK-RICHLAND JOINT AUTHORITY
Richland, Pennsylvania

We have audited the accompanying financial statements of the business-type activities of the MILLCREEK-RICHLAND JOINT AUTHORITY (a component unit) as of and for the years ended **December 31, 2020 and 2019**, and the related notes to the financial statements, which collectively comprise the Millcreek-Richland Joint 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 cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the business-type activities of the Millcreek-Richland Joint Authority, as of December 31, 2020 and 2019, and the respective changes in financial position – cash basis, thereof for the years then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension information on pages 15 and 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Millcreek-Richland Joint Authority's financial statements as a whole. The supplementary schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary schedules of operating expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules of operating expenses are fairly stated in all material respects in relation to the financial statements as a whole.

Staniffa, Siegel and Maser LLC

Lebanon, Pennsylvania
October 6, 2021

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
STATEMENTS OF NET POSITION - CASH BASIS
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<i>ASSETS</i>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,961,187	\$ 4,186,931
Certificates of Deposit	<u>2,109,093</u>	<u>1,575,801</u>
Total Assets	<u>\$ 6,070,280</u>	<u>\$ 5,762,732</u>
 <i>NET POSITION</i>		
NET POSITION		
Unrestricted	<u>6,070,280</u>	<u>5,762,732</u>
Total Net Position	<u>\$ 6,070,280</u>	<u>\$ 5,762,732</u>

See Accompanying Notes to Financial Statements

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - CASH BASIS
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Sewer Revenues	\$ 1,130,039	\$ 1,110,645
Connection Fees	53,250	63,900
Operating Reimbursements	2,754	5,215
Miscellaneous Income	<u>-0-</u>	<u>402</u>
 Total Operating Revenues	 <u>\$ 1,186,043</u>	 <u>\$ 1,180,162</u>
 OPERATING EXPENSES		
System Costs	\$ 265,328	\$ 263,834
Administrative Costs	<u>75,191</u>	<u>72,160</u>
 Total Operating Expenses	 <u>\$ 340,519</u>	 <u>\$ 335,994</u>
 Operating Income	 <u>\$ 845,524</u>	 <u>\$ 844,168</u>
 NON-OPERATING REVENUES (EXPENSES)		
Earnings on Investments	\$ 51,255	\$ 101,003
Transfer from Debt Service	-0-	397,782
Principal Payments	(405,000)	(345,000)
Interest Expense	<u>(184,231)</u>	<u>(189,406)</u>
 Total Non-Operating Revenues (Expenses)	 <u>\$ (537,976)</u>	 <u>\$ (35,621)</u>
 CHANGE IN NET POSITION	 \$ 307,548	 \$ 808,547
 BEGINNING OF YEAR NET POSITION	 <u>5,762,732</u>	 <u>4,954,185</u>
 END OF YEAR NET POSITION	 <u><u>\$ 6,070,280</u></u>	 <u><u>\$ 5,762,732</u></u>

See Accompanying Notes to Financial Statements

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Authority was organized on April 27, 1973, pursuant to ordinances enacted by the Borough of Richland and the Township of Millcreek under the Municipality Authorities Act of 1945. The Authority issued Sewer Revenue Bonds to provide the principal funds with which to construct a sewer collection system to serve the residential areas of Millcreek Township and Richland Borough. The Authority retains ownership of the sewer collection system and maintains the system. The Authority makes all needful repairs, renewals, replacements and ordinary improvements, which may be necessary in order to maintain an adequate system.

The Authority qualifies as a component unit, as defined in GASB Statement No. 14 entitled "*The Financial Reporting Entity*" of the Township of Millcreek. The Authority members are appointed by the Township of Millcreek and the Richland Borough. The Authority is considered a related organization to Richland Borough.

On November 13, 1996, the Board of Supervisors adopted Ordinance No. 11-13-96-B to amend the Articles of Incorporation of the Authority in order to (1) increase the term of existence until November 13, 2046; (2) give the Authority all the powers provided under the Authority Act; and (3) change the Authority's name to Millcreek-Richland Joint Authority. The amended Articles were granted by the Commonwealth of Pennsylvania on December 12, 1996.

Basis of Accounting

The Authority prepares its financial statement on the cash basis of accounting. Under the cash basis of accounting, revenues are recognized when received and expenses are recognized when paid rather than when incurred. Capital items are expensed when paid rather than capitalized and depreciated. Debt is not recorded as a liability and principal payments are therefore expensed when paid.

Basis of Presentation - Fund Financial Statements

The Authority's operations are recorded in a sewer enterprise fund which is a proprietary fund. This fund type is used to account for operations that are financed primarily through fees charged to external users of goods or services where the activity is financed with debt that is secured by the pledge of the net revenues.

Budget Policy

The Authority Board annually adopts the budget for the Authority's operations. The budget is prepared using the cash basis of accounting. Appropriations lapse at the end of each year. No amendments were made to the original approved budget.

Cash and Cash Equivalents

The Authority defines cash to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in such a short period of time that their values are effectively immune from changes in interest rates.

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are valued at cost.

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing or noncapital financing. For the authority, this includes charges for services, including connection fees, and the costs of providing those services excluding interest. All other revenues and expenses are reported as non-operating.

Connection Fees

Connection fees consist of a one-time charge per household for the initial hook-up to the sewer system.

Restricted Resources

The Authority utilizes restricted resources first on those occasions where both restricted and unrestricted resources are available for the same purpose.

Net Position

Net position represents the difference between assets and liabilities. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net positions are unrestricted.

Income Taxes

Under current law, the Authority is exempt from paying income taxes.

Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, and errors and omissions. These risks are covered by commercial insurance.

Subsequent Event Review

The Authority has evaluated subsequent events through October 6, 2021, the date the financial statements were available to be issued.

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The Authority has no material violations of finance related legal and contractual provisions.

Deficit Net Position

The Authority does not have any deficit in net positions.

Excess of Expenses Over Appropriations

The Authority's expenditures exceeded appropriations due to unanticipated costs of improvements and projects.

NOTE 3 – CASH, CASH EQUIVALENTS AND CERTIFICATES

Custodial Credit Risk

The Authority is permitted to invest funds consistent with sound business practices in the following types of investments:

1. Obligations of (a) the United States of America, (b) the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of their agencies or instrumentalities backed respectively by their faith and credit.
2. Deposits in savings, time deposit or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

The deposit and investment policy of the Authority adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or Authority policy.

The Authority deposits cash in two financial institutions. The Authority's carrying amount of deposits was \$257,508 and \$128,027 at December 31, 2020 and 2019, respectively. Bank balances were \$267,251 and \$135,320 at December 31, 2020 and 2019. Bank balances up to \$250,000 are covered by federal depository insurance. Bank balances did not exceed FDIC limits at December 31, 2020 and 2019. Depositories pledge assets to secure deposits in excess of \$250,000 in accordance to Act 72.

Cash equivalents of the Authority comprise funds deposited in the Pennsylvania Local Government Investment Trust (PLGIT). These funds are invested in federal securities and rated AAAM by Standard & Poor's. Balances at December 31, 2020 and 2019 were \$3,703,729 and \$4,058,893. The cash equivalents are not categorized by level of credit risk as they are pooled funds and securities are not used as evidence of investment. Market values of the above instruments equal cost.

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 – CASH, CASH EQUIVALENTS AND CERTIFICATES (continued)

Certificates of Deposit are invested through a local bank's Certificate of Deposit Account Registry Service (CDARS). Currently certificates are held at ten banks throughout the country and covered by the FDIC. Interest rates vary from 0.45% to 1.85% for certificates with initial terms of one to two years.

The Authority places no limit on the amounts deposited in any one issuer.

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, addresses custodial credit risk, concentration of credit risk, or foreign currency risk.

NOTE 4 – INTERMUNICIPAL AGREEMENTS

Treatment Agreement

The Authority entered into an agreement between the Borough of Myerstown, Jackson Township, Millcreek Township and the Borough of Richland to construct an expanded and upgraded treatment plant that serves the municipalities included in the agreement and to share in the associated costs. Under the treatment agreement, the sewer collection system was connected to sewage facilities owned by the Borough of Myerstown so that sewage collected in the sewer system can be treated and disposed of by the Borough of Myerstown. The Millcreek-Richland Joint Authority shares in the costs of operating the system in proportion to the respective volume of sewage pumped by each of the municipalities in the agreement. The Authority's share of treatment costs for the year ended December 31, 2020 and 2019 was \$94,135 and \$91,184, respectively. In 2020 and 2019, and additional \$25,128 and \$32,314 were paid for flood damage repair and reed bed maintenance costs over regular treatment costs in accordance with the contract.

Billing Agreement

The Authority entered into an agreement to provide billing services to the Borough of Richland which was terminated during 2020. The total amount received for these services for the years ended December 31, 2020 and 2019 was \$2,354 and \$5,215, respectively, and is recorded in operating reimbursements.

NOTE 5 – LONG-TERM DEBT

On September 1, 2016, the Authority issued Guaranteed Sewer Revenue Bonds in the amount of \$8,190,000. The proceeds were placed in trust to currently refund the Authority's outstanding Guaranteed Sewer Revenue Bonds, Series of 2014, and to pay the costs of issuing and insuring the Bonds. At December 31, 2018 \$397,051 remained in a debt service reserve trust account which was transferred to the Authority in 2019 to pay debt service on the 2016 bonds. The Authority issued Guaranteed Sewer Revenue Notes, Series of 2014 in the aggregate principal amount of \$8,051,000 on October 22, 2014 to advance refund the Guarantee Sewer Revenue bonds, Series B of 2007 as they become due. The most recent refunding is expected to reduce total debt service payments over the life of the bonds by \$609,000.

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 – LONG-TERM DEBT (continued)

The 2016 bonds pay interest semi-annually at an interest rate that ranges from 0.75% to 3% through August 1, 2036. Principal payments are due annually to August 1, 2036. The bonds are secured under a Trust Indenture by an assignment and pledge to the Trustee of receipts and revenues from the sewer systems of Richland Borough and the Township of Millcreek.

Principal and interest payments for the next five years and thereafter on the 2016 Series are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 410,000	\$ 178,156	\$ 588,156
2022	415,000	169,956	584,956
2023	420,000	163,731	583,731
2024	425,000	156,906	581,906
2025	435,000	149,469	584,469
2026-2030	2,300,000	608,094	2,908,094
2031-2035	2,610,000	299,344	2,909,344
2036	<u>415,000</u>	<u>12,450</u>	<u>427,450</u>
	<u>\$ 7,430,000</u>	<u>\$ 1,738,106</u>	<u>\$ 9,168,106</u>

NOTE 6 – ECONOMIC DEPENDENCY

The Richland Water Authority, Newmanstown Water Authority and the Womelsdorf-Robeson Water Authority provide the water for the residents serviced by the Millcreek-Richland Joint Authority. The Borough of Myerstown provides the treatment of the Authority's wastewater as discussed in Note 5.

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 - PENSION PLAN

All full-time persons employed by Millcreek-Richland Joint Authority are covered by a single-employer cash balance pension plan controlled by the provisions of Resolution No. 2013-001 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee defined benefit pension plan that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR), a copy of which can be obtained by contacting the PMRS accounting office or on the PMRS website. The measurement date used in the calculation of the Net Pension Liability is December 31, 2019, which is the most current information available as of the date the financial statements were issued.

Benefits provided. A member is eligible for normal retirement after attainment of age 65 or completion of 20 years of service, if earlier. A member's benefits vest upon completion of 10 years of credited service.

The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan. Refer to plan document for a detail description of plan benefits.

Contributions. The Authority contributes a flat dollar amount to the plan. Employees may contribute up to 20% to the plan if they wish. For the year ended December 31, 2019, the Authority's contribution was \$901, 100% of the required contribution.

Employees covered. As of the most recent actuarial valuation date, January 1, 2019, the following employees were covered by the plan:

Inactive employees or beneficiaries currently receiving benefits	-0-
Inactive employees entitled to but not yet receiving benefits	-0-
Active employees	1
Total Members	1

Net Pension Liability. The Borough's net pension asset was measured as of December 31, 2019, and the total pension liability was determined by rolling forward the liability from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Actuarial assumptions. For active participants, these assumptions are used only for the determination of the average expected working lifetime because the liabilities for such participants equal their account balances. These assumptions are based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July, 2015, covering the defined benefit plan participants and all retirees, as well as subsequent Board approved assumption changes. These assumptions were first used for the December 31, 2015 measurement date. Effective with the December 31, 2016 measurement date, the Investment Return Assumption for municipal assets decreased from 5.50% to 5.25%.

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 – PENSION PLAN (continued)

The table below shows the changes in Net Pension Liability as of the measurement date:

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
Balance 12/31/2017	\$ 302,675	\$ 281,788	\$ 20,887
Service Cost	7,820		7,820
Interest Cost	23,537		23,537
Changes of Benefit Terms			
Changes for Experience			
Changes of Assumptions			
Contributions-Employer		881	(881)
Contributions PMRS assessment		20	(20)
Contributions – Member		6,944	(6,944)
PMRS Investment Income		23,536	(23,536)
Market Value Investment Income		41,448	(41,448)
Benefit Payments, including			
Refunds of member contributions			
PMRS Administrative Expenses		(20)	20
Additional Administrative Expenses		(814)	814
	<u>31,537</u>	<u>71,995</u>	<u>40,638</u>
Net Changes			
Balance at 12/31/2018	<u>\$ 334,032</u>	<u>\$ 353,783</u>	<u>\$ (19,751)</u>

This report does not reflect the changes in benefits or assumptions after January 1, 2020. Because the beginning and end of year TPL are based upon different actuarial valuation dates, there may be a difference between expected and actual experience reported this year. The beginning of the year TPL is based upon January 1, 2019 actuarial valuation, with liabilities rolled forward to December 31, 2018. The end of the year TPL is based upon the same actuarial valuation with liabilities rolled forward to December 31, 2019 based on actual cash flows during the year. Except as noted, the TPL as of December 31, 2019 was based upon the data, actuarial methods and assumptions, and plan provisions described in Appendix A and E of the Millcreek-Richland Joint Authority GASB 68 Report.

MILLCREEK-RICHLAND JOINT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 - PENSION PLAN (continued)

According to Governmental Accounting Standards Board (GASB) Statements No. 67 and 68, PMRS is required to allocate/distribute all funds to the respective participating employers for financial reporting purposes, to determine the respective employer “plan fiduciary net position.”

PMRS has determined that the net investment income or loss and administrative expenses will be allocated to the employer/municipality accounts pro-rata based on their beginning Fiduciary Net Position balance adjusted for cash flows throughout the year. The “Additional administrative expenses” are the expenses in excess of the “PMRS administrative expense” (i.e. \$20 per participant expense paid by each plan). The “PMRS investment income” is based upon the regular and excess interest used to credit accounts annually. The “Market value investment income” reflects the investment income/loss during the year net of PMRS investment income and the income/loss due to the difference between expected and actual asset values, including the impact from allocation of assets in support for the underlying retiree liabilities.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. As a cash balance plan, however, we have not performed the specific sensitivity calculations based on this plan’s demographics or plan provisions for active participants given that the benefits are based on the accumulated account balances at actual retirement. For illustrative purposes, the table below shows the sensitivities as 80% and 120% of the TPL associated with active participants as a reflection of the nature of potential variance that could occur with a +1.0% and -1.0% change in the discount rate, respectively, if the active liabilities were valued by converting each cash balance account to an annuity and then discounting these projected annuities at the sensitivity rates. If the plan has retired participants, the discount rate sensitivity for the TPL associated with the retired participants has been explicitly determined based on the January 1, 2019 actuarial valuation.

Sensitivity of the net pension liability to changes in the discount rate

	<u>1% Decrease</u> <u>(4.25%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(5.25%)</u>	<u>1% Increase</u> <u>(6.25%)</u>
Total Pension Liability	\$ 364,789	\$ 334,032	\$ 307,682
Plan Fiduciary Net Position	<u>353,783</u>	<u>353,783</u>	<u>353,783</u>
Net Pension Liability	<u>\$ 11,006</u>	<u>\$ (19,751)</u>	<u>\$ (46,101)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	96.98%	105.91%	114.98%

REQUIRED SUPPLEMENTARY INFORMATION

MILLCREEK-RICHLAND JOINT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
For the Year Ended December 31, 2020

	Measurement Year Ended					
	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability:						
Service Cost	\$ 7,820	\$ 13,148	\$ 13,148	\$ 13,148	\$ 8,568	\$ 8,568
Interest Cost	23,537	14,532	13,152	12,382	11,201	10,170
Changes in Benefit Terms		2,937				
Changes for Experience				(1)	1	1
Changes of Assumptions						
Benefit Payments						
Net Change in Total Pension Liability	\$ 31,357	\$ 30,617	\$ 26,300	\$ 25,529	\$ 19,770	\$ 18,739
Total Pension Liability:						
Beginning	302,675	272,058	245,758	220,229	200,459	181,720
Ending	<u>\$ 334,032</u>	<u>\$ 302,675</u>	<u>\$ 272,058</u>	<u>\$ 245,758</u>	<u>\$ 220,229</u>	<u>\$ 200,459</u>
Plan Fiduciary Net Position:						
Contributions:						
Employer	\$ 881	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,471	\$ 1,520
PMRS assessment	20	20	20	20	20	20
Employee	6,944	11,648	11,648	11,648	7,068	7,068
PMRS Investment Income	23,536	14,536	13,127	12,398	11,214	10,181
Market Value Investment Income	41,448	(33,266)	28,828	4,179	(12,513)	(664)
Benefit Payments, including refunds of member contributions						
PMRS Administrative Expense	(20)	(20)	(20)	(20)	(20)	(20)
Additional Administrative Expenses	(814)	(649)	(604)	(607)	(467)	(390)
Net Change in Plan Fiduciary Net Position	\$ 71,995	\$ (6,231)	\$ 54,499	\$ 29,118	\$ 6,773	\$ 17,695
Plan Fiduciary Net Position:						
Beginning	281,788	288,019	233,520	204,402	197,629	179,934
Ending	<u>\$ 353,783</u>	<u>\$ 281,788</u>	<u>\$ 288,019</u>	<u>\$ 233,520</u>	<u>\$ 204,402</u>	<u>\$ 197,629</u>
Net Pension Liability - ending	<u>\$ (19,751)</u>	<u>\$ 20,887</u>	<u>\$ (15,961)</u>	<u>\$ 12,238</u>	<u>\$ 15,827</u>	<u>\$ 2,830</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	105.91%	93.10%	105.87%	95.02%	92.81%	98.59%
Covered employee payroll	33,712	56,448	59,360	58,240	35,340	35,340
Net Pension Liability as a percentage of covered employee payroll	-58.59%	37.00%	-26.89%	21.01%	44.78%	8.01%

Notes to Schedule:

Schedule was completed with the most current information available as of the date the financial statements were issued.
Required ten year information will be completed as time passes.

Plan Changes: None

Assumption Changes: None

See Accompanying Notes to Financial Statements

**MILLCREEK-RICHLAND JOINT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Measurement Years (if available)**

Due to the plan design, there are no Actuarilly Determined Contributions for the cash balance pension plan. The Statutorily Required Contribution is a contribution amount based upon the payroll and contribution rate as outlined under the terms of the cash balance pension plan. As provided by the Pennsylvania Municipal Retirement System, the employer portion of the Statutorily Required Contribution was the amount recognized by the pension plan during the year.

	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 896	\$ 1,520	\$ 1,520	\$ 1,520	\$ 1,520	\$ 1,520
Contributions in Relation to the Statutorily Required Contribution	<u>901</u>	<u>1,520</u>	<u>1,520</u>	<u>1,520</u>	<u>1,491</u>	<u>1,520</u>
Contribution Deficiency/Excess	<u>\$ (5)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 29</u>	<u>\$ -0-</u>
Covered Employee Payroll	<u>\$ 33,712</u>	<u>\$ 56,448</u>	<u>\$ 59,360</u>	<u>\$ 58,240</u>	<u>\$ 35,340</u>	<u>\$ 35,340</u>
Contributions as a percent of Covered Employee Payroll	<u>2.67%</u>	<u>2.69%</u>	<u>2.56%</u>	<u>2.61%</u>	<u>4.22%</u>	<u>4.30%</u>

Notes to Schedule:

Schedule was completed with the most current information available as of the date the financial statements were issued.

Plan changes: Plan changes may include excess interest distribution during the measurement year ending in 2018, if applicable.

SUPPLEMENTARY INFORMATION

MILLCREEK-RICHLAND JOINT AUTHORITY
(A Component Unit)
SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING EXPENSES - CASH BASIS
For the Years Ended December 31, 2020 and 2019

Schedule 1

	2020	2019
SYSTEM COSTS		
Power - Pumping Stations	\$ 20,640	\$ 21,950
Utilities	2,832	2,264
Fuel	1,722	2,005
Operating Supplies	5,886	6,694
Maintenance and Repairs	45,400	51,118
Operator Fees	29,839	-0-
Treatment Costs - Myerstown Borough	137,904	123,497
Salaries and Wages	15,486	48,113
Employee Benefits and Taxes	4,923	6,401
Vehicle Expenses	696	1,792
	\$ 265,328	\$ 263,834
ADMINISTRATIVE COSTS		
Authority Member Fee	\$ 5,165	\$ 5,120
Telephone	2,892	2,294
Postage	4,367	1,789
Billing and Collection	8,845	6,443
Accounting Fees	5,760	5,354
Legal Fees	4,516	4,880
Engineering Fees	5,318	10,248
Dues and Subscriptions	65	65
Insurance	35,554	34,119
Miscellaneous	2,709	1,848
	\$ 75,191	\$ 72,160

See Accompanying Notes to Financial Statements