

Monroeville Municipal Authority

Financial Statements and Required Supplementary and Supplementary Information

For the Years Ended December 31, 2020 and 2019
with Independent Auditor's Report

MaherDuessel

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MONROEVILLE MUNICIPAL AUTHORITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

Independent Auditor's Report

Management's Discussion and Analysis	i
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Financial Statements:

Statements of Net Position	1
Statements of Revenues, Expenses, and Changes in Net Position	2
Statements of Cash Flows	4
Statements of Fiduciary Net Position	5
Statements of Changes in Fiduciary Net Position	6
Notes to Financial Statements	7

Required Supplementary Information:

Pension Plan:	
Schedule of Changes in the Net Pension Liability and Related Ratios	46
Schedule of Authority Contributions and Investment Returns	47
Other Post-Employment Benefits (OPEB):	
Schedule of Changes in the Net OPEB Liability and Related Ratios	48
Schedule of Authority OPEB Contributions and Investment Returns	49

Supplementary Information:

Budgetary Comparison Schedule	50
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Independent Auditor's Report

Board of Directors Monroeville Municipal Authority

We have audited the accompanying financial statements of the business-type activities and aggregate remaining fund information of Monroeville Municipal Authority (Authority), a component unit of the Municipality of Monroeville, 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 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 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 audits 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate remaining fund information of the Authority as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, 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 management's discussion and analysis, pension information, and other post-employment benefits information as listed in the table of contents 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The supplementary schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Mahe Duessel

Pittsburgh, Pennsylvania
April 30, 2020

**Monroeville Municipal Authority
Management's Discussion and Analysis
December 31, 2020**

The Monroeville Municipal Authority (Authority) presents the following Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34.

History of the Organization

On October 10, 1949, articles of incorporation were approved by the Deputy Secretary of the Commonwealth of Pennsylvania for the formation of the Patton Township Municipal Authority to serve as the water supply entity for Patton Township. The first meeting of the newly formed Authority was held on October 18, 1949, with the following Board of Directors present: Joseph Berkley, Charles L. Fox, Forrest Leddon, William O. Rook, and Clair J. Stephens. The original service area extended from the existing municipal building, south along Monroeville Road and James Street to their intersections with Ohio Street.

The 1950s and 1960s brought major changes to the Authority as development in the Municipality of Monroeville (Municipality) began to boom. A 1,500,000-gallon storage tank was built on Center Road in the early 50s. In the late 50s and early 60s, twin 1,000,000-gallon elevated storage tanks located on Foxwood and Illini Drives and the Haymaker Road Pump Station were built.

On June 23, 1959, the Authority's name was changed to Monroeville Water Authority. Also that year, the main pump station and general office building were constructed on Old William Penn Highway. As the Municipality continued to grow, a 10,000,000-gallon tank was built in Boyce Park.

In 2002, the Authority took ownership and operational responsibility for the Municipality's sanitary sewer system. The Authority's name was then changed to Monroeville Municipal Authority.

Overview of Annual Financial Report

The Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data and key financial and operational indicators used in the Authority's strategic plan, budget, bond indentures, and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to financial statements.

The statement of net position presents the financial position of the Authority on a full accrual historical cost basis. The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Authority is improving or deteriorating.

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses, and changes in net position presents the

results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Authority's recovery of its costs. Rate setting policies use different methods of cost recovery not fully provided for by generally accepted accounting principles. The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, capital and related financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The statement of fiduciary net position and statement of changes in fiduciary net position present the assets, liabilities, and net position and the additions, deductions, and change in net position, respectively for the Authority's pension and other-postemployment benefits trust funds.

The notes to financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Supplementary information contained after the notes provides required disclosures related to the pension plan and other post-employment benefits as well as a comparison of budget to actual activity.

The financial statements were derived from the detailed books and records of the Authority. The financial statements were audited and adjusted, if material, during the independent external audit process.

Facilities

The Authority owns and operates the water distribution and sanitary sewer collection systems for the Municipality. The water distribution system consists of approximately 150 miles of various size waterlines, four storage tanks (13,500,000 gallons), and two pumping stations. The water system serves 10,400 customers. The sanitary sewer collection system consists of approximately 200 miles of sewer lines and five pumping stations. The sewer system serves 10,900 customers.

Operations

Operating revenues were approximately \$18.0 million for the fiscal period ending December 31, 2020, a decrease from the fiscal year ending December 31, 2019, in the amount of approximately \$345,000, or 2%. Total operating revenues around \$38,000 below budget in 2020.

Operating expenses for the fiscal year ended December 31, 2020 increased about 4% from fiscal year 2019 and were around \$1.6 million over budget. Approximately \$1.4 million of these expenses were related to depreciation expense.

Tap-in fees were \$158,900 in 2020, a decrease of \$81,435, or approximately 34%, compared to fiscal year 2019.

Debt

The outstanding debt of the Authority consists of four Bond Issues: The Series B of 2011 Sewer Revenue Bonds, maturing December 1, 2022 with a principal balance of \$2,265,000; the 2012 Sewer Revenue

Bonds, maturing December 1, 2022 with a principal balance of \$745,000; the 2014 Water Revenue Bonds maturing December 1, 2021 with a principal balance of \$235,000; and the 2020 Sewer Revenue Bonds, maturing December 1, 2027 with a principal balance of \$8,265,000.

Financial Condition

The Authority's financial condition remained strong at year-end with adequate liquid assets, reliable plants and systems to meet demand, and a reasonable level of unrestricted net position. The current financial condition, technical support staff capabilities, and operating and expansion plans to meet anticipated customer needs, are well balanced and under control.

The Authority did not adopt any new Government Accounting Standards Board (GASB) Statements during 2020.

The following are the condensed statements of net position for the years ended December 31, 2020, 2019, and 2018:

	2020	2019	2018
Assets and Deferred Outflows of Resources			
Assets:			
Total current assets	\$ 11,760,129	\$ 12,218,132	\$ 11,462,359
Total capital assets	40,992,039	41,431,048	40,015,559
Restricted assets and other assets	7,759,735	5,465,789	6,314,320
Total Assets	<u>60,511,903</u>	<u>59,114,969</u>	<u>57,792,238</u>
Deferred Outflows of Resources:			
Deferred loss on refunding	589,859	624,024	748,314
Related to pensions	1,477,108	2,378,768	2,196,755
Related to OPEB	1,515,957	528,878	652,774
Total Deferred Outflows of Resources	<u>3,582,924</u>	<u>3,531,670</u>	<u>3,597,843</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 64,094,827</u>	<u>\$ 62,646,639</u>	<u>\$ 61,390,081</u>
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities:			
Current liabilities	\$ 4,050,387	\$ 5,208,402	\$ 4,849,154
Long-term liabilities	12,487,573	13,274,466	18,343,673
Total Liabilities	<u>16,537,960</u>	<u>18,482,868</u>	<u>23,192,827</u>
Deferred Inflows of Resources:			
Related to pensions	3,109,818	2,574,656	967,859
Related to OPEB	1,847,087	2,032,986	2,186,565
Total Deferred Inflows of Resources	<u>4,956,905</u>	<u>4,607,642</u>	<u>3,154,424</u>
Net Position:			
Net investment in capital assets	30,623,472	28,422,847	25,050,872
Restricted for capital activity and debt service	4,787,833	4,255,864	4,180,149
Unrestricted	7,188,657	6,877,418	5,811,809
Total Net Position	<u>42,599,962</u>	<u>39,556,129</u>	<u>35,042,830</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 64,094,827</u>	<u>\$ 62,646,639</u>	<u>\$ 61,390,081</u>

Total net position increased \$3.04 million from 2019 as a result of the effective rate increases from 2018 and management of expenses, helping the Authority to obtain a significant operating income.

Total net position increased \$4.51 million from 2018 as a result of the effective rate increases from 2018 and management of expenses, helping the Authority to obtain a significant operating income.

Results of Operations

Operating Revenues

Revenue from operations is derived from two (2) categories of service: water and sewer service. Additionally, the Authority receives ancillary charges for tap-in fees and penalties and charges for various billed services.

The following table denotes the revenues received from the various services provided for the years ended December 31, 2020, 2019, and 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Water Service:</u>			
Water sales	\$ 4,683,014	\$ 4,722,983	\$ 4,831,968
Fire protection fees	430,300	428,969	424,436
Jobbing sales	220,106	169,583	104,160
Tap-in fees	80,300	35,418	48,000
Other	236,415	296,791	217,515
	<u>5,650,135</u>	<u>5,653,744</u>	<u>5,626,079</u>
<u>Sewer Service:</u>			
Sewage fees	11,925,042	12,155,755	12,336,196
Jobbing sales	3,880	150	755
Tap-in fees	78,600	204,917	90,875
Other	467,539	536,883	378,166
	<u>12,475,061</u>	<u>12,897,705</u>	<u>12,805,992</u>
Total operating revenues, including tap-in fees	<u>\$ 18,125,196</u>	<u>\$ 18,551,449</u>	<u>\$ 18,432,071</u>

Fees, Subsidies, and Other

The Authority receives tap-in fees primarily from new development as they access the Authority's system. Also, in the current year, the Authority received contribution revenue from the Alcosan Grow Grant Program.

Expenses

The Authority operates and maintains a potable water treatment and delivery system and a wastewater collection system.

Total operating expenses of the Authority for 2020 of approximately \$14.57 million represents an increase of 4.17% from fiscal year 2019.

In the bond indentures, the Authority covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the Authority, together with other income, that will yield annual net earnings for the fiscal year equal to at least one hundred ten percent (110%) of the sum of the annual debt service payments for all bonds outstanding. Net earnings is defined by the bond indenture to mean, for the period in question, the net operating income of the system

determined in accordance with accounting principles generally accepted in the United States of America, adding back depreciation and OPEB and including interest income not restricted to bond construction, and cash capital contributions not received by way of government grants.

The rate covenant in the bond indenture obligates the Authority to review rates not less than once a year and to revise such rates and charges as necessary to meet the coverage test. The Authority further covenants in the bond indenture that it will maintain rates and charges that are at all times sufficient to provide for the payment of the bonds; to maintain the debt service funds, debt service reserve funds and any other related funding instruments related to the debt of the system; and to provide for the payment of administrative and operational expenses of the system, preserving the system in good repair and working order. The Authority was in compliance with its bond covenants for the year ended December 31, 2020.

Cash Flow Activity

The following tables depict the Authority's ability to generate net operating cash.

Net cash provided by operating activities (excluding tap-in fees) is shown both in total dollars and as a percentage of operating revenues as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Total operating revenues	\$ 17,966,296	\$ 18,311,114	\$ (344,818)
Net cash provided by operations	\$ 4,161,429	\$ 5,320,270	\$ (1,158,841)
Net operating cash as a percentage of operating revenues	<u>23%</u>	<u>29%</u>	
Principal payments on debt	<u>\$ 3,045,000</u>	<u>\$ 2,965,000</u>	

Net cash provided by operating activities (excludes tap-in fees) is shown both in total dollars and as a percentage of operating revenues as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Total operating revenues	\$ 18,311,114	\$ 18,293,196	\$ 17,918
Net cash provided by operations	\$ 5,320,270	\$ 4,332,128	\$ 988,142
Net operating cash as a percentage of operating revenues	<u>29%</u>	<u>24%</u>	
Principal payments on debt	<u>\$ 2,965,000</u>	<u>\$ 2,880,000</u>	

Capital Assets and Debt Administration

Capital asset additions were \$974,932 during 2020, with the majority of the expenditures relating to the installation of sewer lines and water lines and the purchase of heavy equipment.

Total bonds payable decreased \$2,725,000 during 2020 due to current year payments on bonds and the refunding of the 2015 Sewer Revenue Bonds.

Contacting the Authority

Our financial report is designed to provide our customers with a general overview of the Authority's finances and to show the Board accountability for the money it receives. If you have any questions about this report or wish to request additional information, please contact Mr. Joe Storey, Acting General Manager of Monroeville Municipal Authority, 219 Speelman Lane, Monroeville, PA 15146, (412) 372-2677.

MONROEVILLE MUNICIPAL AUTHORITY

STATEMENTS OF NET POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019		2020	2019
Assets:					
Current assets:					
Cash and cash equivalents:					
Operating	\$ 2,945,249	\$ 4,960,002			
Accounts receivable:					
Water and sewage	2,607,480	2,658,469			
Prepaid expenses	101,093	180,194			
Investments	<u>6,106,307</u>	<u>4,419,467</u>			
Total current assets	<u>11,760,129</u>	<u>12,218,132</u>			
Capital assets:					
Water system	23,551,407	23,505,167			
Sewer system	16,175,181	16,058,333			
Buildings and improvements	13,335,881	13,280,325			
Heavy equipment	4,972,706	4,395,826			
Office furniture and equipment	1,110,829	1,125,148			
Vehicles	2,086,035	2,097,266			
Less: accumulated depreciation	(22,347,935)	(20,959,543)			
Land	751,405	751,405			
Construction in progress	<u>1,356,530</u>	<u>1,177,121</u>			
Total capital assets	<u>40,992,039</u>	<u>41,431,048</u>			
Restricted assets:					
Cash and investments:					
Construction funds	970,156	566,505			
Debt service fund	1,148,708	630,316			
Debt service reserve fund	3,646,693	3,628,702			
Funds held in escrow	351,840	349,226			
Other assets:					
Net pension asset	1,450,544	-			
Unamortized prepaid bond insurance	20,291	119,537			
Line extensions receivable	<u>171,503</u>	<u>171,503</u>			
Total restricted assets and other assets	<u>7,759,735</u>	<u>5,465,789</u>			
Total Assets	<u>60,511,903</u>	<u>59,114,969</u>			
Deferred Outflows of Resources:					
Deferred loss on refunding	589,859	624,024			
Related to pensions	1,477,108	2,378,768			
Related to OPEB	<u>1,515,957</u>	<u>528,878</u>			
Total deferred outflows of resources	<u>3,582,924</u>	<u>3,531,670</u>			
Total Assets and Deferred Outflows of Resources	<u>\$ 64,094,827</u>	<u>\$ 62,646,639</u>			
Liabilities:					
Current liabilities:					
Accounts payable - operating expenses	\$ 1,689,412	\$ 1,755,527			
Accrued payroll and taxes	71,567	55,495			
Bonds payable - current portion	<u>1,930,000</u>	<u>3,045,000</u>			
Total current liabilities	<u>3,690,979</u>	<u>4,856,022</u>			
Current liabilities (payable from restricted assets):					
Accrued interest on bonds	20,218	33,056			
Customer deposits	<u>339,190</u>	<u>319,324</u>			
Total current liabilities (payable from restricted assets)	<u>359,408</u>	<u>352,380</u>			
Long-term liabilities:					
Net pension liability	-	243,033			
Net OPEB liability	2,468,700	1,758,166			
Bonds payable	9,580,000	11,190,000			
Unamortized premium	<u>438,873</u>	<u>83,267</u>			
Total long-term liabilities	<u>12,487,573</u>	<u>13,274,466</u>			
Total Liabilities	<u>16,537,960</u>	<u>18,482,868</u>			
Deferred Inflows of Resources:					
Related to pensions	3,109,818	2,574,656			
Related to OPEB	<u>1,847,087</u>	<u>2,032,986</u>			
Total deferred inflows of resources	<u>4,956,905</u>	<u>4,607,642</u>			
Net Position					
Net investment in capital assets	30,623,472	28,422,847			
Restricted for capital activity and debt service	4,787,833	4,255,864			
Unrestricted	<u>7,188,657</u>	<u>6,877,418</u>			
Total Net Position	<u>42,599,962</u>	<u>39,556,129</u>			
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 64,094,827</u>	<u>\$ 62,646,639</u>			

See accompanying notes to financial statements.

MONROEVILLE MUNICIPAL AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Operating Revenues:		
Water revenues:		
Water sales	\$ 4,683,014	\$ 4,722,983
Fire protection sales	430,300	428,969
Jobbing sales	220,106	169,583
Miscellaneous	236,415	296,791
Total water revenues	5,569,835	5,618,326
Sewer revenues:		
Sewage fees	11,925,042	12,155,755
Jobbing sales	3,880	150
Miscellaneous	467,539	536,883
Total sewer revenues	12,396,461	12,692,788
Total operating revenues	17,966,296	18,311,114
Operating Expenses:		
Water expenses:		
Water purchases	1,164,242	1,131,561
Power and pumping	71,339	45,578
Vehicle expense	40,114	40,128
System maintenance	949,457	940,710
General and administrative	1,253,415	1,182,820
Authority Board expenses	8,400	8,400
Depreciation	1,098,419	1,027,598
Total water expenses	4,620,900	4,376,795
Sewer expenses:		
Sewer expenses	7,434,666	7,085,650
Power and pumping	1,873	2,519
Vehicle expense	40,079	72,538
System maintenance	831,626	822,549
General and administrative	1,346,456	1,276,769
Authority Board expenses	8,400	8,400
Depreciation	289,973	345,642
Total sewer expenses	9,953,073	9,614,067
Total operating expenses	14,573,973	13,990,862
Operating Income	3,392,323	4,320,252

(Continued)

See accompanying notes to financial statements.

MONROEVILLE MUNICIPAL AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Continued)

	2020	2019
Nonoperating Revenues:		
Interest income - water	11,581	67,205
Interest income - sewer	11,581	67,205
Total nonoperating revenues	23,162	134,410
Capital Contributions:		
Developer contribution revenue - water	-	65,509
Developer contribution revenue - sewer	146,496	332,325
Tap-in fees - water	80,300	35,418
Tap-in fees - sewer	78,600	204,917
Total capital contributions	305,396	638,169
Nonoperating Expenses:		
Interest on bonds - water	7,276	48,904
Interest on bonds - sewer	475,027	520,213
Other expenses - water	12,775	-
Other expenses - sewer	12,775	-
Bond issue costs - sewer	158,780	-
Amortization of prepaid bond insurance costs - sewer	10,415	10,415
Total nonoperating expenses	677,048	579,532
Change in Net Position	3,043,833	4,513,299
Net Position:		
Beginning of year	39,556,129	35,042,830
End of year	\$ 42,599,962	\$ 39,556,129

(Concluded)

See accompanying notes to financial statements.

MONROEVILLE MUNICIPAL AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Cash received from customers	\$ 18,037,151	\$ 18,259,272
Cash payments to employees for services	(2,008,103)	(1,864,403)
Cash payments to suppliers for goods and services	(11,867,619)	(11,074,599)
Net cash provided by (used in) operating activities	4,161,429	5,320,270
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(828,437)	(2,390,895)
Proceeds from bond issuance	8,735,261	-
Refunding of outstanding bonds	(8,035,125)	-
Principal payments on bonds	(3,045,000)	(2,965,000)
Payment of bond issue costs	(158,780)	-
Interest payments on bonds	(396,675)	(477,589)
Tap-in fees received and other	158,900	240,335
Net cash provided by (used for) capital and related financing activities	(3,569,856)	(5,593,149)
Cash Flows From Investing Activities:		
Interest earnings	23,162	134,410
Purchase of investment securities	(1,686,840)	(225,843)
Net cash provided by (used in) investing activities	(1,663,678)	(91,433)
Increase (Decrease) in Cash and Cash Equivalents	(1,072,105)	(364,312)
Cash and Cash Equivalents:		
Beginning of year, including \$5,174,749 and \$6,001,614, respectively, in restricted accounts	10,134,751	10,499,063
End of year, including \$6,117,397 and \$5,174,749, respectively, in restricted accounts	\$ 9,062,646	\$ 10,134,751
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ 3,392,323	\$ 4,320,252
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	1,388,392	1,373,240
Minimum Municipal Obligation contribution and pension expense	(256,755)	146,172
OPEB contribution and OPEB expense	(462,444)	(738,203)
Change in operating assets and liabilities:		
Accounts receivable	50,989	(55,833)
Accounts payable and accrued expenses	(50,043)	282,195
Prepaid expenses	79,101	(24,713)
Customer deposits	19,866	3,991
Inventory	-	13,169
Net adjustments	769,106	1,000,018
Net cash provided by (used in) operating activities	\$ 4,161,429	\$ 5,320,270
Noncash Investing, Capital, and Financing Activities:		
Developer capital contributions	\$ 146,496	\$ 397,834

See accompanying notes to financial statements.

MONROEVILLE MUNICIPAL AUTHORITY

STATEMENTS OF FIDUCIARY NET POSITION PENSION AND OPEB TRUST FUNDS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 549,895	\$ 653,637
Accrued Income	52,639	49,237
Investments at fair value:		
Equity funds	1,439,535	864,284
Fixed income mutual funds	671,740	482,043
Common stock	11,872,529	10,237,793
Mutual funds	2,298,422	1,712,076
Exchange traded funds	369,942	516,817
Corporate bonds	4,293,479	2,978,730
U.S. Government	2,964,605	3,277,495
Total investments at fair value	23,910,252	20,069,238
Total Assets	\$ 24,512,786	\$ 20,772,112
Liabilities and Net Position		
Net Position:		
Net position restricted for pension	20,839,182	18,015,317
Net position restricted for OPEB benefits	3,673,604	2,756,795
Total Liabilities and Net Position	\$ 24,512,786	\$ 20,772,112

See accompanying notes to financial statements.

MONROEVILLE MUNICIPAL AUTHORITY

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION PENSION AND OPEB TRUST FUNDS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Additions:		
<hr/>		
Contributions:		
Employer	\$ 1,286,634	\$ 970,636
Total contributions	1,286,634	970,636
Investment income:		
Net appreciation (depreciation) in fair value of investments, net of fees	2,987,855	3,325,308
Interest and dividends	458,401	377,751
Other	2,293	755
Total investment income	3,448,549	3,703,814
Total additions	4,735,183	4,674,450
Deductions:		
<hr/>		
Benefits	994,509	742,200
Total deductions	994,509	742,200
Change in Plan Net Position	3,740,674	3,932,250
Net Position:		
<hr/>		
Beginning of year	20,772,112	16,839,862
End of year	\$ 24,512,786	\$ 20,772,112

See accompanying notes to financial statements.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies

Organization

The Monroeville Water Authority was incorporated in 1949 under the Municipal Authorities Act of 1945, as amended, for the purpose of acquiring, holding, constructing, improving, maintaining, owning, operating, and leasing a water utility system to serve the residents of the Municipality of Monroeville (Municipality). The Monroeville Water Authority amended its name to the Monroeville Municipal Authority (Authority) on June 21, 2002.

On July 31, 2002, the Municipality conveyed to the Authority for the net total of \$9,500,000 its full legal and equitable right, title, and interest in and to all projects and property, whether real, personal, intellectual, or intangible, together with the rights to construct, operate, and maintain the sanitary sewer plant(s) and sanitary tributary system within the Municipality and further appurtenant municipalities.

Financial Reporting Entity

The Authority is considered a component unit of the Municipality due to the Municipality's selection of the governing body of the Authority and the Municipality's accountability for Authority fiscal matters.

Basis of Accounting and Measurement Focus

The Authority prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

Accordingly, the Authority's accounts are reported as an Enterprise Fund using the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operation of the Authority. Operating revenues consist primarily of user charges. Non-operating revenues and expenses consist of those revenues and expenses that are related to the financing and investing types of activities.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Fiduciary Funds

Fiduciary funds are used to account for assets held in a trustee capacity. The Authority reports the following fiduciary funds:

The *Pension Trust Fund* is used to account for the employee retirement system defined benefit plan.

The *Other Post-Employment Benefits Trust Fund* is used to account for post-retirement healthcare benefits.

The fiduciary funds financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value (as defined below). Net position is restricted as these funds are irrevocable trusts.

Statements of Cash Flows

For purposes of the statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Further, the Authority categorizes its fair value measurements within the fair value hierarchy set by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables

Accounts receivable includes an estimate of water and sewer services provided to customers subsequent to the most recent meter readings that have not yet been billed.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

No provision is made for uncollectible accounts or assessment receivables as these charges are lienable charges to the property served. Any charges that become uncollectible are charged to expense in the year they become uncollectible.

Tap-In Fees

Tap-in fees are a one-time charge billed to customers who are connecting to the existing system. Tap-in fees are imposed non-exchange transactions that are recorded as a capital contribution.

Restricted Assets

Restricted assets are primarily based on certain bond indentures of trust, which require the Authority to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt or make capital improvements. Other restricted assets relate to escrowed funds.

Inventory

Inventory is stated at the lower of cost or market and consists primarily of materials, supplies, and chemicals.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statements of net position report a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements represent a consumption (acquisition) of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until then. The Authority has three items that qualify for reporting in these categories:

The deferred refunding loss related to various revenue bonds is reported as a deferred outflow of resources. The deferred refunding loss is being amortized on a straight-line basis over the term of the issues, which is not materially different from the effective interest method.

In conjunction with pension accounting requirements, certain elements are recorded as deferred outflows (inflows) of resources related to pensions on the financial statements.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

These amounts are determined based on actuarial valuations performed for the pension plan. Note 6 presents additional information about the pension plan.

In conjunction with other post-employment benefit (OPEB) accounting requirements, certain elements are recorded as deferred outflows (inflows) of resources related to OPEB on the financial statements. These amounts are determined based on actuarial valuations performed for the OPEB plan. Note 7 presents additional information about the OPEB plan.

Unamortized Premium and Prepaid Bond Insurance

The unamortized premium and unamortized prepaid bond insurance related to various bond issues are reported as other assets and long-term liabilities, respectively, on the statements of net position. These items are being amortized on a straight-line basis over the term of the issues, which is not materially different from the effective interest method.

Capital Assets

Property, plant, and equipment in service and construction in progress are recorded at cost or estimated historical cost. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value, when available, or engineers' estimated fair market value or cost to construct at the date of contribution. Utility systems acquired from other governmental service providers are recorded at the purchase price, limited to fair market value. Internal engineering costs are capitalized to the extent of direct support and contribution to construction and expansion projects. Costs of studies that result in specific construction projects are capitalized.

Maintenance and repairs, which do not significantly extend the value or life of property, plant, and equipment, are expensed as incurred.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Assets are depreciated on the straight-line method. Depreciation is calculated using the following estimated useful lives:

	<u>Years</u>
Water lines	80
Sewer lines	80
Building and improvement	50
Vehicles	5-10
Software/computers	3-5
Office furniture and equipment	5-10
Machinery and equipment	10-20

Risks and Uncertainties

Financial instruments, which potentially expose the Authority to concentrations of credit risk, include cash and investments in marketable securities. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statements of net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Net position is required to be reported in three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

- Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. The Authority had restricted net position of \$4,787,833 and \$4,255,864 at December 31, 2020 and 2019, respectively, restricted for capital activity and debt service.
- Unrestricted – This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Pending Pronouncements

GASB has issued statements that will become effective in future years including 87 (Leases), 89 (Accounting for Interest Cost), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 93 (Interbank Offered Rates), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

2. Deposits and Investments

The Authority is authorized to make investments of the following types pursuant to the Municipal Authority Act of 1945. The authorized investments include (1) United States Treasury bills, (2) short-term obligations of the United States government or its agencies or instrumentalities, (3) deposits in savings accounts or time deposits or share accounts of institutions which are insured, (4) obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision thereof, and (5) shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the investments of the Authority meet the criteria in (1) through (4) above.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

In accordance with the Authority's pension and OPEB trust investment policies, the Authority can invest its trust funds in equity, fixed income, and cash equivalents.

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 period that were in violation of either the state statutes or the policy of the Authority.

Financial instruments potentially expose the Authority's investments to various risks such as concentrations of credit risk and market risks. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near term and that such change could materially affect the amount reported on the combined statement of fiduciary net position.

Deposits

The following is a description of the Authority's risks related to its deposits:

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. Deposits in excess of amounts covered by Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. As of December 31, 2020, \$3,223,292 of the Authority's bank balance of \$3,492,390 was exposed to custodial credit risk. As of December 31, 2019, \$5,283,877 of the Authority's bank balance of \$5,534,041 was exposed to custodial credit risk. These deposits have carrying amounts of \$3,297,089 and \$5,309,228 at December 31, 2020 and 2019, respectively.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Investments

At December 31, 2020, the Authority held the following investment balances:

	Value	Maturity in Years		
		Less Than 1 Year	1-5 Years	6-10 Years
Investments at fair value:				
U.S. Treasury notes	\$ 3,596,216	\$ 255,005	\$ 2,590,643	\$ 750,568
Fixed income municipal bonds	199,217	-	199,217	-
Money market funds	4,922,510	4,922,510	-	-
Fixed income mutual funds	1,432,092	1,432,092	-	-
Investments at cost:				
Certificates of deposit	1,721,829	302,744	1,419,085	-
Total investments	\$ 11,871,864	\$ 6,912,351	\$ 4,208,945	\$ 750,568

At December 31, 2019, the Authority held the following investment balances:

	Value	Maturity in Years		
		Less Than 1 Year	1-5 Years	6-10 Years
Investments at fair value:				
U.S. Treasury notes	\$ 1,969,379	\$ 600,187	\$ 860,844	\$ 508,348
Fixed income municipal bonds	246,300	-	246,300	-
Money market funds	4,608,576	4,608,576	-	-
Fixed income mutual funds	400,289	400,289	-	-
Investments at cost:				
Certificates of deposit	2,020,446	350,281	1,349,295	320,870
Total investments	\$ 9,244,990	\$ 5,959,333	\$ 2,456,439	\$ 829,218

The following is a description of the Authority's risks related to its investments:

Interest Rate Risk – 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.

Credit Risk – The Municipal Authority Act authorizes the types of investments. The Authority has no investment policy that would further limit its investments choices.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The credit ratings for the Authority's rated investments were as follows:

	Credit Rating	12/31/2020 Balance	12/31/2019 Balance
Fixed Income Bonds and U.S. Treasury Notes:	AAA	\$ 3,596,216	\$ 1,969,379
	AA	147,767	194,890
	A	51,450	51,410
Total		<u>\$ 3,795,433</u>	<u>\$ 2,215,679</u>
Money Market (BNYM)	AAAm		
Money Market (FNB)	AAAm		

Concentration of Credit Risk – The Authority places no limit on the amount it may invest in any one issuer.

The Authority's investments in fixed income municipal bonds, U.S. Treasury notes, money market funds, and mutual funds are valued using quoted market prices (Level 1 inputs).

Pension Trust Fund

The pension trust fund is used to account for assets held by the Authority in a trustee capacity for future payment of retirement benefits to employees or former employees from the defined benefit pension plan.

The pension trust fund's investments in equity and fixed-income funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book-entry form. Investments in common stock are not subject to the disclosure requirements of GASB Statement No. 40.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The composition of the pension trust funds is noted below, along with the fair value measurements as of December 31, 2020 and 2019:

Investments by Fair Value Level:	December 31, 2020	December 31, 2019
Fixed Income:		
US Treasury Bonds	\$ 2,270,590	\$ 2,563,391
US Agency Bonds	453,594	451,512
Corporate Bonds	3,726,858	2,727,471
Corporate Bonds - Foreign	128,897	-
Mutual Funds	42,930	73,562
Total Fixed Income	6,622,869	5,815,936
Equities:		
Common Stocks:		
Consumer Discretionary	1,389,287	1,196,537
Consumer Staples	848,050	764,599
Energy	288,306	484,190
Financials	1,229,716	1,311,260
Health Care	1,304,273	1,240,206
Industrials	1,047,778	991,378
Information Technology	3,782,123	2,394,884
Materials	180,326	145,900
Telecommunications	104,374	243,429
Utilities	281,892	439,156
Common Stocks - Foreign		
Consumer Discretionary	195,593	
Financials	136,065	149,122
Information Technology	191,989	183,196
Exchange Traded Funds	369,942	516,817
Mutual Funds:		
Small growth	394,911	77,079
Small blend	-	130,360
Small value	101,403	59,741
Mid-cap growth	663,453	325,253
Mid-cap blend	86,797	44,774
Mid-cap value	243,798	539,755
Foreign large growth	713,356	379,157
Foreign large blend	-	105,752
Global real estate	27,333	24,442
Diversified emerging markets	67,370	25,763
Total Equities	13,648,135	11,772,750
Total investments by fair value level	\$ 20,271,004	\$ 17,588,686

US Treasury bonds, mutual funds, common stock, and exchange traded funds are valued using quoted marked prices (Level 1 inputs). Corporate bonds are valued using a matrix pricing model (Level 2 inputs). The fair values of U.S. government agency securities are priced using the spread above the risk-free yield curve. As the yields for the risk-free yield

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

curve and the spreads for these securities are observable market inputs, the fair values of U.S. government agency securities are included in the Level 2 fair value hierarchy.

The following is a description of the pension trust funds investment risks:

Credit risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The investment policy of the pension trust fund requires that the weighted average quality of the fixed income portfolio will be maintained at a Standard & Poor's rating of "A" or better, no more than 12% of the fixed income portfolio will be invested in Standard & Poor's rating of BBB or below, no more than 3% of the fixed income portfolio will be invested in Standard & Poor's rating of BB or below, and no more than 20% of the fixed income portfolio will be invested in international bonds. As of December 31, 2020 and 2019, the pension trust funds investments in fixed income bonds were rated as follows:

	Credit Rating	12/31/2020 Balance	12/31/2019 Balance
U.S. Treasury Bonds	AAA	\$ 2,270,590	\$ 2,563,391
U.S. Agency Bonds	AAA	453,594	451,512
Corporate Bonds	AA	265,828	257,244
	A	3,084,659	2,368,019
	BAA	376,371	102,208
Corporate Foreign Bonds	BAA	128,897	-
Total		<u>\$ 6,579,939</u>	<u>\$ 5,742,374</u>

The remaining mutual funds, stocks, and ETFs were not rated by nationally recognized statistical rating organizations.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the pension trust funds' investments. The pension trust fund 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. The following table shows investment maturities in years for pension trust fund investments with maturities:

Investment Type	Fair Value	Investment Maturities (In Years) from December 31, 2020		
		Less than 1 Year	1-5 Years	6-10 Years
U.S. Treasury Bonds	\$ 2,270,590	\$ -	\$ 1,454,907	\$ 815,683
U.S. Agency Bonds	453,594	-	153,511	300,083
Corporate Bonds	3,726,858	253,882	2,965,224	507,752
Corporate Bonds - Foreign	128,897	-	128,897	-
Total securities with maturities	<u>\$ 6,579,939</u>	<u>\$ 253,882</u>	<u>\$ 4,702,539</u>	<u>\$ 1,623,518</u>

Investment Type	Fair Value	Investment Maturities (In Years) from December 31, 2019		
		Less than 1 Year	1-5 Years	6-10 Years
U.S. Treasury Bonds	\$ 2,563,391	\$ -	\$ 1,586,235	\$ 977,156
U.S. Agency Bonds	451,512	99,972	351,540	-
Corporate Bonds	2,727,471	135,877	2,330,313	261,281
Total securities with maturities	<u>\$ 5,742,374</u>	<u>\$ 235,849</u>	<u>\$ 4,268,088</u>	<u>\$ 1,238,437</u>

Concentration of Credit Risk. The risk of loss attributed to the magnitude of an investment in a single issuer. The pension trust fund places a 10% limit on the amount that may be invested in any one issuer. At December 31, 2020 and 2019, the pension trust fund did not have any investments that represented 5% or more of total investments.

Other Post-employment Benefits Trust Fund

The OPEB trust fund is used to account for assets held by the Authority in a trustee capacity for future payment of post-retirement healthcare benefits to its retired employees.

The OPEB trust funds investments in money markets, equity, and fixed-income funds are not exposed to custodial credit risk because they are not evidenced by securities that exist

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

in physical or book-entry form. Investments in common stock are not subject to the disclosure requirements of GASB Statement No. 40.

The composition of the OPEB trust fund is noted below, along with the fair value measurements as of December 31, 2020 and 2019:

<u>Investments by Fair Value Level:</u>	<u>December 31, 2020</u>	<u>December 21, 2019</u>
Fixed Income:		
US Treasury Bonds	\$ 240,421	\$ 262,592
Corporate Bonds	437,724	251,259
Mutual Funds	628,811	408,481
Total Fixed Income	<u>1,306,956</u>	<u>922,332</u>
Equities:		
Mutual Funds	1,439,535	864,284
Common Stocks:		
Consumer Discretionary	125,551	73,183
Consumer Staples	54,492	54,534
Energy	16,490	23,480
Financials	99,109	74,475
Health Care	121,375	112,109
Industrials	103,332	70,766
Information Technology	208,185	155,771
Materials	16,338	4,751
Telecommunications	94,287	73,081
Utilities	21,749	32,268
Real Estate	31,849	19,518
Total Equities	<u>2,332,292</u>	<u>1,558,220</u>
Total investments by fair value level	<u>\$ 3,639,248</u>	<u>\$ 2,480,552</u>

US Treasury bonds, mutual funds, and common stock are valued using quoted marked prices (Level 1 inputs). Corporate bonds are valued using a matrix pricing model (Level 2 inputs).

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The following is a description of the other post-employment benefits trust funds investment risks:

Credit risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The OPEB trust fund does not have a formal investment policy that would limit investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2020 and 2019, the OPEB trust fund investments in fixed income bonds were rated as follows:

	Credit Rating	12/31/2020 Balance	12/31/2019 Balance
U.S. Treasury Bonds and Corporate Bonds:	AAA	\$ 263,883	\$ 292,400
	AA	115,954	59,691
	A	235,593	134,440
	BBB	62,715	27,320
Total		<u>\$ 678,145</u>	<u>\$ 513,851</u>

As of December 31, 2019, the OPEB trust fund investments in fixed income bonds were rated as follows:

	Credit Rating	12/31/2019 Balance
U.S. Treasury Bonds and Corporate Bonds:	AAA	\$ 292,400
	AA	59,691
	A	134,440
	BBB	27,320
Total		<u>\$ 513,851</u>

The remaining fixed income funds, mutual funds, and common stocks were not rated by nationally recognized statistical rating organizations.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the OPEB trust funds' investments. The OPEB trust fund 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. The following table shows investment maturities in years for OPEB trust fund investments with maturities:

Investment Type	Fair Value	Investment Maturities (In Years) from December 31, 2020				
		Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16 or more Years
Corporate bonds	\$ 437,724	\$ -	\$ 48,698	\$ 257,136	\$ 38,247	\$ 93,643
US treasury bonds	240,421	209,521	-	30,900	-	-
Total securities with maturities	<u>\$ 678,145</u>	<u>\$ 209,521</u>	<u>\$ 48,698</u>	<u>\$ 288,036</u>	<u>\$ 38,247</u>	<u>\$ 93,643</u>

Investment Type	Fair Value	Investment Maturities (In Years) from December 31, 2019				
		Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16 or more Years
Corporate bonds	\$ 251,259	\$ -	\$ 165,638	\$ 52,174	\$ 8,129	\$ 25,318
US treasury bonds	262,592	-	144,248	85,708	-	32,636
Total securities with maturities	<u>\$ 513,851</u>	<u>\$ -</u>	<u>\$ 309,886</u>	<u>\$ 137,882</u>	<u>\$ 8,129</u>	<u>\$ 57,954</u>

Concentration of Credit Risk. The risk of loss attributed to the magnitude of an investment in a single issuer. The OPEB trust fund does not have a formal investment policy that limits the magnitude of an investment in a single issuer. At December 31, 2020 and 2019, the OPEB trust fund did not have any investments that represented 5% or more of total investments.

3. Receivable for Line Extensions

The Authority undertook certain line extensions in 1985 and 1986, primarily on Mosside, Old Frankstown, and Johnson Roads. The extensions were made to improve distribution in the system and also to make water available for property owners' future use.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The cost of this construction was capitalized and the property owners were assessed on a “front foot” basis. The property owners were given the option of paying the assessments immediately or accepting liens on their property.

Approximately \$645,000 of the cost has been assessed on the property owners, of which approximately \$473,000 has been collected as of December 31, 2020. Liens have been recorded on the properties where the assessments have not yet been collected. The assessments receivable have been recorded on the Authority’s financial statements. As of December 31, 2020 and 2019, \$171,503 is outstanding.

4. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	December 31, 2019 Balance	Increases	Transfers/ Decreases	December 31, 2020 Balance
Capital assets, not being depreciated:				
Land	\$ 751,405	\$ -	\$ -	\$ 751,405
Construction in progress	1,177,121	240,148	(60,739)	1,356,530
Total capital assets, not being depreciated	<u>1,928,526</u>	<u>240,148</u>	<u>(60,739)</u>	<u>2,107,935</u>
Capital assets, being depreciated:				
Water system	23,505,167	46,240	-	23,551,407
Sewer system	16,058,334	80,786	36,061	16,175,181
Building and improvements	13,280,325	30,878	24,678	13,335,881
Heavy equipment	4,395,826	576,880	-	4,972,706
Office furniture and equipment	1,125,148	-	(14,319)	1,110,829
Vehicles	2,097,266	-	(11,231)	2,086,035
Total capital assets, being depreciated	<u>60,462,066</u>	<u>734,784</u>	<u>35,189</u>	<u>61,232,039</u>
Accumulated depreciation	<u>(20,959,543)</u>	<u>(1,388,392)</u>	<u>-</u>	<u>(22,347,935)</u>
Total capital assets, being depreciated, net	<u>39,502,523</u>	<u>(653,608)</u>	<u>35,189</u>	<u>38,884,104</u>
Total capital assets, net	<u>\$ 41,431,049</u>	<u>\$ (413,460)</u>	<u>\$ (25,550)</u>	<u>\$ 40,992,039</u>

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Capital asset activity for the year ended December 31, 2019 was as follows:

	December 31, 2018 Balance	Increases	Transfers/ Decreases	December 31, 2019 Balance
Capital assets, not being depreciated:				
Land	\$ 751,405	\$ -	\$ -	\$ 751,405
Construction in progress	661,745	784,907	(269,531)	1,177,121
Total capital assets, not being depreciated	<u>1,413,150</u>	<u>784,907</u>	<u>(269,531)</u>	<u>1,928,526</u>
Capital assets, being depreciated:				
Water system	22,296,215	1,155,831	53,121	23,505,167
Sewer system	15,509,700	332,224	216,410	16,058,334
Building and improvements	13,197,689	82,636	-	13,280,325
Heavy equipment	4,031,008	364,818	-	4,395,826
Office furniture and equipment	1,117,850	7,298	-	1,125,148
Vehicles	2,036,250	61,016	-	2,097,266
Total capital assets, being depreciated	<u>58,188,712</u>	<u>2,003,823</u>	<u>269,531</u>	<u>60,462,066</u>
Accumulated depreciation	<u>(19,586,303)</u>	<u>(1,373,240)</u>	<u>-</u>	<u>(20,959,543)</u>
Total capital assets, being depreciated, net	<u>38,602,409</u>	<u>630,583</u>	<u>269,531</u>	<u>39,502,523</u>
Total capital assets, net	<u>\$ 40,015,559</u>	<u>\$ 1,415,490</u>	<u>\$ -</u>	<u>\$ 41,431,049</u>

5. Long-Term Debt

The following are changes in bonds payable for the year ended December 31, 2020:

Balance December 31, 2019	New Issue	Payments	Refunded	Balance December 31, 2020	Due Within One Year
\$ 14,235,000	\$ 8,265,000	\$ 3,045,000	\$ 7,945,000	\$ 11,510,000	\$ 1,930,000

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The Authority's outstanding debt issuances are as follows:

	At December 31st	
	2020	2019
Series B of the 2011 Sewer Revenue Bonds were issued on December 1, 2011 in the amount of \$10,000,000. The interest rate ranges from 2.00% to 3.25%; payable semi-annually on June 1 and December 1 through 2022.	\$ 2,265,000	\$ 3,690,000
2012 Sewer Revenue Bonds were issued on June 27, 2012 in the amount of \$3,985,000. The interest rate ranges from 0.50% to 3.00%; payable semi-annually on June 1 and December 1 through 2022.	745,000	755,000
2014 Water Revenue Bonds were issued on August 26, 2014 in the amount of \$5,295,000. The interest rate ranges from 2.0% to 3.0%; payable semi-annually on June 1 and December 1 through 2021.	235,000	1,700,000
2015 Sewer Revenue Bonds were issued on March 26, 2015 in the amount of \$8,835,000. The interest rate ranges from 2.0% to 3.125%; payable semi-annually on June 1 and December 1 through 2027. These bonds were refunded in 2020.	-	8,090,000
2020 Sewer Revenue Bonds were issued on December 21, 2020 in the amount of \$8,265,000. The bonds have an interest rate of 2%; payable semi-annually on June 1 and December 1 through 2027.	8,265,000	-
	\$ 11,510,000	\$ 14,235,000

In December 2020, the Authority issued Sewer Revenue Bonds in the amount of \$8,265,000 (2020 Bonds), the proceeds of which were used to currently refund all of the outstanding Sewer Revenue Bonds, Refunding Series of 2015 and pay all costs and expenses incident to the issuance of the 2020 Bonds.

The 2020 refunding resulted in a deferred refunding loss of \$451,211, which will be amortized over the life of the 2020 Bonds. Both the economic gain and cash flow savings resulting from the 2020 issuance approximated \$543,000.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Future Debt Service

Future debt service on long-term debt for the year ended December 31, 2020 is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,930,000	\$ 251,798	\$ 2,181,798
2022	1,750,000	205,275	1,955,275
2023	1,795,000	156,600	1,951,600
2024	1,835,000	120,700	1,955,700
2025	1,875,000	84,000	1,959,000
2026-2027	<u>2,325,000</u>	<u>54,800</u>	<u>2,379,800</u>
	<u>\$ 11,510,000</u>	<u>\$ 873,173</u>	<u>\$ 12,383,173</u>

In the bond indentures, the Authority covenants that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the Authority, together with other income, that will yield annual net earnings for the fiscal year equal to at least one hundred ten percent (110%) of the sum of the annual debt service payments for all bonds outstanding. Any failure to meet the rate covenant will not result in an event of default if the Authority promptly revises its schedule to comply with the rate covenant and any deficiencies in transfers of funds required to be made pursuant to the covenant will be remedied before the end of the next fiscal year. The Authority further covenants that it will maintain rates and charges that are sufficient to provide for the payment of bonds; to maintain the debt service funds, debt service reserve funds and any other related funding instruments related to the debt of the system; and to provide for the payment of administrative and operational expenses of the system, preserving the system in good repair and working order. The Authority was in compliance with its debt covenants for the years ended December 31, 2020 and 2019. In accordance with the assertions of management and the Authority's bond counsel, certain expenses that relate to post-employment benefits as described in Note 7 are excluded from the debt covenant calculation.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

6. Pension Plans

Defined Benefit Pension Plan

General Information About the Pension Plan. The Authority has a single-employer defined benefit pension plan (Plan) covering substantially all full-time employees. The Plan is controlled by the provisions of the Plan restatement as of January 1, 2008 (as amended). The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Stand-alone financial reports were not issued for the Plan, as they are not required under the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Under the Plan, employees' eligibility for normal benefits begins at age 62 and 10 years of service, at which time the individual is entitled to an annual retirement benefit, payable monthly for life. The normal retirement pension is 2.5% of the 24 final months' average monthly compensation times years of service (maximum 20 years) plus 1% of the 24 final months' average monthly compensation times years of service in excess of 20 years (maximum 15 years).

Special retirement is available to all participants after attainment of 30 years of service, at which time he/she may commence receiving his/her unreduced accrued benefit. If an active member with 10 years of service incurs a service-related disability and qualifies for Social Security disability, he/she is eligible for an immediate monthly payment of the accrued benefit.

During 2020, the defined benefit pension plan was frozen and no new participants can be added to the plan after May 12, 2020. For employees hired after May 12, 2020, the Authority began making contributions to the Authority's deferred compensation plan as discussed in more detail later on in this note.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Employees Covered by Benefit Terms. As of the most recent actuarial valuations for 2020 and 2019, the following employees were covered by the benefit terms:

Actuarial Valuation Date: December 31,		
	<u>2020</u>	<u>2019</u>
Inactive plan members or beneficiaries currently receiving benefits	26	25
Inactive plan members entitled to but not yet receiving benefits	2	2
Active plan members	<u>26</u>	<u>27</u>
Total plan members	<u><u>54</u></u>	<u><u>54</u></u>

Contributions. Commonwealth of Pennsylvania Act 205 requires that annual contributions be based upon the Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. Employees presently are not required to contribute. The MMOs for 2020 and 2019 were \$444,928 and \$447,950, respectively.

Investment Policy. The Plan is governed by the Pension Board, who is responsible for the management of Plan assets. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the latest reported sales price at current exchange rates.

Long-Term Expected Rate of Return. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The following were the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2020 and 2019:

As of December 31, 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	57.0%	9.83%
International equities	3.0%	9.30%
Fixed income	38.0%	3.50%
Cash & cash equivalents	2.0%	0.02%
	<u>100.0%</u>	

As of December 31, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equities	47.0%	9.53%
Mid cap equities	5.0%	11.04%
Small cap equities	5.0%	11.78%
International equities	3.0%	8.97%
Fixed income	40.0%	4.35%
	<u>100.0%</u>	

Rate of Return. For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.36%. For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset). The Authority's net pension liability (asset) for 2020 and 2019 was measured as of December 31, 2020 and 2019, respectively. The total pension liability (asset) used to calculate the net pension liability was determined by actuarial valuations as of those respective measurement dates.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	6.50%
Underlying inflation rate	2.50%
Salary projection	4.00%
Pre-Retirement Mortality	Pub-10, General, MP-2020
Post-Retirement Mortality	Pub-10, General, MP-2020
Discount rate:	6.50%

Note: The mortality table projection scale was updated to Scale MP-2020 from Scale MP-2019 between the 2020 and 2019 actuarial valuations.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Changes in Net Pension Liability (Asset). Changes in the Authority's net pension liability (asset) are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances at 12/31/19	\$ 18,258,350	\$ 18,015,317	\$ 243,033
Changes for the year:			
Service cost	363,739	-	363,739
Interest	1,181,619	-	1,181,619
Differences between expected and actual experience	116,609	-	116,609
Changes of benefit terms	167,333	-	167,333
Changes of assumptions	126,611	-	126,611
Employer contributions	-	677,748	(677,748)
Net investment income	-	2,970,299	(2,970,299)
Benefit payments, including refunds of employee contributions	(825,623)	(825,623)	-
Other changes	-	1,441	(1,441)
Balances at 12/31/20	\$ 19,388,638	\$ 20,839,182	\$ (1,450,544)
Plan fiduciary net position as a percentage of total pension liability			107.48%

	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances at 12/31/18	\$ 16,448,376	\$ 14,926,731	\$ 1,521,645
Changes for the year:			
Service cost	330,253	-	330,253
Interest	1,146,376	-	1,146,376
Differences between expected and actual experience	(318,124)	-	(318,124)
Changes of assumptions	1,393,669	-	1,393,669
Employer contributions	-	530,636	(530,636)
Net investment income	-	3,300,150	(3,300,150)
Benefit payments, including refunds of employee contributions	(742,200)	(742,200)	-
Balances at 12/31/19	\$ 18,258,350	\$ 18,015,317	\$ 243,033
Plan fiduciary net position as a percentage of total pension liability			98.67%

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Sensitivity of the Net Pension Liability (Asset) to Changes in Discount Rate. The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 6.50%, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (5.50%) or 1% higher (7.50%) than the current rate:

	Year Ending December 31, 2020		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability (Asset)	<u>\$ 784,908</u>	<u>\$ (1,450,544)</u>	<u>\$ (3,331,679)</u>

	Year Ending December 31, 2019		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability (Asset)	<u>\$ 2,407,710</u>	<u>\$ 243,033</u>	<u>\$ (1,572,295)</u>

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions. For the years ended December 31, 2020 and 2019, the Authority recognized pension expense of \$420,996 and \$676,805, respectively. At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year Ending December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,713	\$ (125,322)
Changes of assumptions	628,739	-
Net difference between projected and actual earnings on pension plan investments	733,656	(2,984,496)
	<u>\$ 1,477,108</u>	<u>\$ (3,109,818)</u>

	Year Ending December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,879	\$ (368,882)
Changes of assumptions	971,345	-
Net difference between projected and actual earnings on pension plan investments	1,283,544	(2,205,774)
	<u>\$ 2,378,768</u>	<u>\$ (2,574,656)</u>

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

<u>Year Ending December 31</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	\$ (187,037)
2021	(280,017)
2022	(807,678)
2023	(357,978)
	<u>\$ (1,632,710)</u>

Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their salary until future years. Participation in the plan is open to all employees and is optional. For employees hired after May 12, 2020, the Authority contributes 4% of their salary to the Plan and will match an additional 4%. For the years ended December 31, 2020 and 2019, Authority contributions to the plan totaled \$2,101 and \$0, respectively. The Plan is not available to employees until termination, retirement, death, or unforeseeable emergency. At December 31, 2020 and 2019, all amounts of compensation deferred under the Plan are held in trust solely for the benefit of the participants. Investments are managed by the individuals and the Authority has no oversight over account activity.

7. Post-Employment Benefits

Plan Description and Benefits Provided

In addition to pension benefits described in Note 6, the Authority provides post-retirement health care benefits (OPEB plan) to its retired management and union employees. Management retirees and their spouses are provided lifetime coverage without cost sharing. Union retirees are provided coverage, for the retiree only, between age 60 and 65; however, if a union employee retires and the retiree's spouse is employed with the spouse's employer offering equal or better medical benefits for the retiree, the Authority will not cover the retiree. Stand-alone financial reports were not issued for the OPEB plan.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Per the latest available demographic information, December 31, 2020, there were 30 active employees in the plan, and 14 retirees met the eligibility requirements to receive OPEBs.

Funding Policy

The Authority contributes annually to the OPEB based upon an actuarial valuation. The Authority contributed \$608,866 and \$566,532 in the fiscal years 2020 and 2019, respectively. Actuarial determined contributions were \$490,420 and \$489,365 for the fiscal years 2020 and 2019, respectively. Benefits are expensed when incurred. For the fiscal years 2020 and 2019, the Authority paid \$168,886 and \$126,532, respectively, in other post-employment benefit (OPEB) costs.

Investment Policy

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the latest reported sales price at current exchange rates.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2020 and 2019:

December 31, 2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	48.0%	7.06%
International equity	12.0%	7.48%
Fixed income	40.0%	3.56%
Real estate	0.0%	6.59%
Private equity	0.0%	9.87%
Commodities	0.0%	4.04%
	<u>100.0%</u>	

December 31, 2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	48.0%	5.25%
International equity	12.0%	4.75%
Fixed income	35.0%	1.25%
Cash	5.0%	0.75%
	<u>100.0%</u>	

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 14.87%. For the year ended December 31, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 18.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Authority's net OPEB liability for 2020 and 2019 was measured as of December 31, 2020 and 2019, respectively. The net OPEB liability for 2020 was determined by an actuarial

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

valuation performed on December 31, 2019 and rolled forward to December 31, 2020. The net OPEB liability for 2019 was determined by an actuarial valuation performed on December 31, 2019.

The net OPEB liability for the current year was computed as of the latest actuarial valuation, rolled forward to December 31, 2020, using the following actuarial assumptions:

Actuarial valuation date	12/31/2020				
Actuarial cost method	Entry Age Normal				
Amortization method	Straight-line				
Actuarial assumptions:					
Investment rate of return	5.00%				
Assumed retirement age	Earlier of 62 & 10 yrs of service & 30 yrs of service				
Mortality	Public Plan General Ees head count, with Scale MP-2020				
Salary Increase	3.00%				
Healthcare cost trends:					
# of years	4 years	4 years	4 years	4 years	ultimate
Non-Medicare	9%	8%	7%	6%	5%
Medicare	5%	5%	5%	5%	5%

A few assumptions were updated for the December 31, 2020 actuarial report that impacted the calculation of the net OPEB liability. The discount rate was updated from 6% to 5% and the change of the mortality improvement scale from MP-2018 to Public Plan General EEs head count, with Scale MP-2020.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Changes in the Net OPEB Liability

The changes in the net OPEB liability of the Authority for the years ended December 31, 2020 and 2019 were as follows:

	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)
Balances at 12/31/19	\$ 4,514,961	\$ 2,756,795	\$ 1,758,166
Changes for the year:			
Service cost	73,562	-	73,562
Interest	265,178	-	265,178
Differences between expected and actual experience	579,627	-	579,627
Changes of benefit terms	207,642	-	207,642
Changes of assumptions	670,220	-	670,220
Employer contributions	-	608,886	(608,886)
Net investment income	-	475,957	(475,957)
Benefit payments, including refunds of employee contributions	(168,886)	(168,886)	-
Other	-	852	(852)
Balances at 12/31/20	\$ 6,142,304	\$ 3,673,604	\$ 2,468,700
Plan fiduciary net position as a percentage of total OPEB liability			59.81%

	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)
Balances at 12/31/18	\$ 4,379,817	\$ 1,913,131	\$ 2,466,686
Changes for the year:			
Service cost	72,507	-	72,507
Interest	189,169	-	189,169
Differences between expected and actual experience	-	-	-
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Employer contributions	-	566,532	(566,532)
Member contributions	-	-	-
Net investment income	-	402,909	(402,909)
Benefit payments, including refunds of employee contributions	(126,532)	(126,532)	-
Other	-	755	(755)
Balances at 12/31/19	\$ 4,514,961	\$ 2,756,795	\$ 1,758,166
Plan fiduciary net position as a percentage of total OPEB liability			61.06%

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following represents the net OPEB liability calculated using the stated discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease (4%)</u>	<u>Current Discount Rate (5%)</u>	<u>1% Increase (6%)</u>
<u>\$ 3,283,612</u>	<u>\$ 2,468,700</u>	<u>\$ 1,800,533</u>

Sensitivity of the Net OPEB Liability to Changes in the Medical Trend Rate

The following presents the net OPEB liability calculated using the stated medical trend assumption, as well as what the net OPEB liability would be if it were calculated using the medical trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
<u>\$ 1,745,879</u>	<u>\$ 2,468,700</u>	<u>\$ 3,351,987</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the years ended December 31, 2020 and 2019, the Authority recognized OPEB expense/(credit) of \$146,442 and \$(171,671), respectively.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Year Ending December 31, 2020		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 829,607	\$ -
Changes of assumptions	595,751	(1,457,709)
Net difference between projected and actual earnings on pension plan investments	90,599	(389,378)
	<u>\$ 1,515,957</u>	<u>\$ (1,847,087)</u>

Year Ending December 31, 2019		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 392,979	\$ -
Changes of assumptions	-	(1,822,137)
Net difference between projected and actual earnings on pension plan investments	135,899	(210,849)
	<u>\$ 528,878</u>	<u>\$ (2,032,986)</u>

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending December 31</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ (212,182)
2022	(212,183)
2023	(257,483)
2024	(204,769)
2025	138,872
2026	138,872
2027	138,872
2028	138,871
	<u>\$ (331,130)</u>

8. Contingent Liabilities and Commitments

Pennsylvania Department of Environmental Protection Consent Order

In 1997, the Allegheny County Health Department ordered 51 communities, tributary to the Allegheny County Sanitary Authority whose sanitary sewers had been identified as being subject to possible wet weather overflows, to implement a comprehensive assessment, flow monitoring, and planning program. During 2004, the Authority signed a consent agreement to comply with the requirement of the Pennsylvania Department of Environmental Protection and the Allegheny County Health Department. The Authority estimates the impact that this consent agreement will have on future financial statements is approximately \$30,000,000. During the year ended December 31, 2020, the Authority incurred costs of approximately \$197,361 towards these projects, which have been capitalized.

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

9. Fiduciary Funds Financial Information

The following financial information represents the fiduciary trust funds as of December 31, 2020:

Plan Net Position – December 31, 2020

	Pension	Other Postemployment Benefits	Total
Assets			
Cash and short term investments	\$ 523,325	\$ 26,570	\$ 549,895
Accrued income	44,853	7,786	52,639
Investments (at fair value):			
Equity funds	-	1,439,535	1,439,535
Fixed income mutual funds	42,929	628,811	671,740
Common stock	10,979,772	892,757	11,872,529
Mutual funds	2,298,422	-	2,298,422
Exchange traded funds	369,942	-	369,942
Corporate bonds	3,855,755	437,724	4,293,479
U.S. government	2,724,184	240,421	2,964,605
Total Assets	20,839,182	3,673,604	24,512,786
Net Position			
Restricted for pensions	20,839,182	-	20,839,182
Restricted for OPEB benefits	-	3,673,604	3,673,604
Total Net Position	\$ 20,839,182	\$ 3,673,604	\$ 24,512,786

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Changes in Plan Net Position for the Year Ended December 31, 2020

	Pension	Other Postemployment Benefits	Total
Additions			
Contributions:			
Employer	\$ 677,748	\$ 608,886	\$ 1,286,634
Total Contributions	<u>677,748</u>	<u>608,886</u>	<u>1,286,634</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	2,571,341	416,514	2,987,855
Interest and dividends	398,958	59,443	458,401
Other	1,441	852	2,293
Total investment income	<u>2,971,740</u>	<u>476,809</u>	<u>3,448,549</u>
Total additions	<u>3,649,488</u>	<u>1,085,695</u>	<u>4,735,183</u>
Deductions			
Benefits	<u>825,623</u>	<u>168,886</u>	<u>994,509</u>
Total deductions	<u>825,623</u>	<u>168,886</u>	<u>994,509</u>
Change in Plan Net Position	2,823,865	916,809	3,740,674
Net Position			
Beginning of year	<u>18,015,317</u>	<u>2,756,795</u>	<u>20,772,112</u>
End of year	<u>\$ 20,839,182</u>	<u>\$ 3,673,604</u>	<u>\$ 24,512,786</u>

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The following financial information represents the fiduciary trust funds as of December 31, 2019:

Plan Net Position – December 31, 2019

	Pension	Other Postemployment Benefits	Total
Assets			
Cash and short term investments	\$ 382,812	\$ 270,825	\$ 653,637
Accrued income	43,819	5,418	49,237
Investments (at fair value):			
Equity funds	-	864,284	864,284
Fixed income mutual funds	73,562	408,481	482,043
Common stock	9,543,857	693,936	10,237,793
Mutual funds	1,712,076	-	1,712,076
Exchange traded funds	516,817	-	516,817
Corporate bonds	2,727,471	251,259	2,978,730
U.S. government	3,014,903	262,592	3,277,495
Total Assets	18,015,317	2,756,795	20,772,112
Net Position			
Restricted for pensions	18,015,317	-	18,015,317
Restricted for OPEB benefits	-	2,756,795	2,756,795
Total Net Position	\$ 18,015,317	\$ 2,756,795	\$ 20,772,112

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Changes in Plan Net Position for the Year Ended December 31, 2019

	Pension	Other Postemployment Benefits	Total
Additions			
Contributions:			
Employer	\$ 530,636	\$ 440,000	\$ 970,636
Total Contributions	530,636	440,000	970,636
Investment income:			
Net appreciation (depreciation) in fair value of investments	2,965,552	359,756	3,325,308
Interest and dividends	334,598	43,153	377,751
Other	-	755	755
Total investment income	3,300,150	403,664	3,703,814
Total additions	3,830,786	843,664	4,674,450
Deductions			
Benefits	742,200	-	742,200
Total deductions	742,200	-	742,200
Change in Plan Net Position	3,088,586	843,664	3,932,250
Net Position			
Beginning of year	14,926,731	1,913,131	16,839,862
End of year	\$ 18,015,317	\$ 2,756,795	\$ 20,772,112

MONROEVILLE MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

10. COVID-19

In early 2020, an outbreak of a novel strain of coronavirus was identified and infections have been found in a number of countries around the world, including the United States. The coronavirus and its associated impacts on supply chains, travel, employee productivity and other economic activities has had, and may continue to have, a material effect on financial markets and economic activity. The extent of the impact of the coronavirus on the Authority's operational and financial performance is currently uncertain and cannot be predicted.

**REQUIRED SUPPLEMENTARY
INFORMATION**

MONROEVILLE MUNICIPAL AUTHORITY

SCHEDULE OF CHANGES IN THE NET
PENSION LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS¹

	2020	2019	2018	2017	2016	2015
Total Pension Liability:						
Service cost	\$ 363,739	\$ 330,253	\$ 336,980	\$ 361,666	\$ 375,845	\$ 387,473
Interest	1,181,619	1,146,376	1,079,580	1,066,326	1,025,845	978,404
Differences between expected and actual experience	116,609	(318,124)	289,051	(535,731)	(211,757)	(140,564)
Changes of benefit terms	167,333	-	-	-	-	-
Changes of assumptions	126,611	1,393,669	-	-	-	-
Benefit payments, including refunds of member contributions	<u>(825,623)</u>	<u>(742,200)</u>	<u>(733,384)</u>	<u>(617,672)</u>	<u>(571,508)</u>	<u>(513,024)</u>
Net Changes in Total Pension Liability	1,130,288	1,809,974	972,227	274,589	618,425	712,289
Total Pension Liability - Beginning	<u>18,258,350</u>	<u>16,448,376</u>	<u>15,476,149</u>	<u>15,201,560</u>	<u>14,583,135</u>	<u>13,870,846</u>
Total Pension Liability - Ending (a)	<u>\$ 19,388,638</u>	<u>\$ 18,258,350</u>	<u>\$ 16,448,376</u>	<u>\$ 15,476,149</u>	<u>\$ 15,201,560</u>	<u>\$ 14,583,135</u>
Plan Fiduciary Net Position:						
Plan member contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer contributions	677,748	530,636	1,203,415	563,712	458,088	388,020
Net investment income	2,970,299	3,300,150	(739,838)	1,947,036	18,720	147,156
Benefit payments, including refunds of member contributions	(825,623)	(742,200)	(733,384)	(617,672)	(571,508)	(513,024)
Other changes	<u>1,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	2,823,865	3,088,586	(269,807)	1,893,076	(94,700)	22,152
Plan Fiduciary Net Position - Beginning	<u>18,015,317</u>	<u>14,926,731</u>	<u>15,196,538</u>	<u>13,303,462</u>	<u>13,398,162</u>	<u>13,376,010</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,839,182</u>	<u>\$ 18,015,317</u>	<u>\$ 14,926,731</u>	<u>\$ 15,196,538</u>	<u>\$ 13,303,462</u>	<u>\$ 13,398,162</u>
Net Pension Liability (Asset) - Ending (a-b)	<u>\$ (1,450,544)</u>	<u>\$ 243,033</u>	<u>\$ 1,521,645</u>	<u>\$ 279,611</u>	<u>\$ 1,898,098</u>	<u>\$ 1,184,973</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>107.48%</u>	<u>98.67%</u>	<u>90.75%</u>	<u>98.19%</u>	<u>87.51%</u>	<u>91.87%</u>
Covered Payroll	<u>\$ 1,967,202</u>	<u>\$ 1,953,864</u>	<u>\$ 1,994,351</u>	<u>\$ 2,109,947</u>	<u>\$ 2,181,650</u>	<u>\$ 2,237,758</u>
Net Pension Liability as a Percentage of Covered Payroll	-73.74%	12.44%	76.30%	13.25%	87.00%	52.95%

¹ This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available.

See accompanying notes to required supplementary pension schedules.

MONROEVILLE MUNICIPAL AUTHORITY

SCHEDULE OF AUTHORITY CONTRIBUTIONS AND INVESTMENT RETURNS - PENSIONS

LAST 10 FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 444,928	\$ 447,950	\$ 486,326	\$ 487,122	\$ 338,751	\$ 358,591	\$ 321,263	\$ 310,831	\$ 337,475	\$ 356,663
Contributions in relation to the actuarially determined contribution	677,748	530,636	1,203,415	563,712	458,088	388,020	395,040	332,784	337,476	356,664
Contribution deficiency (excess)	\$ (232,820)	\$ (82,686)	\$ (717,089)	\$ (76,590)	\$ (119,337)	\$ (29,429)	\$ (73,777)	\$ (21,953)	\$ (1)	\$ (1)
Covered employee payroll	\$ 2,037,940	\$ 2,056,854	\$ 2,140,873	\$ 2,145,718	\$ 2,290,488	\$ 2,424,983	\$ 2,343,173	\$ 2,274,245	\$ 2,259,339	\$ 2,377,057
Contributions as a percentage of covered employee payroll	33.26%	25.80%	56.21%	26.27%	20.00%	16.00%	16.86%	14.63%	14.94%	15.00%

Investment Returns

Annual money-weighted rate of return, net of investment expense	16.36%	21.97%	-4.73%	14.66%	0.14%	1.11%	6.17%	n/a	n/a	n/a
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n/a - Information not available

Notes to Required Supplementary Pension Schedules:

Valuation date: Actuarial calculations are performed each year as of December 31. Contributions noted above are as of each pension plan's calendar year ending December 31 using actuarially determined contribution rates calculated as of January 1, one year prior to the end of the calendar year in which contributions are reported.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level-dollar
Remaining amortization period	10 years
Asset valuation method	3 year smoothing
Inflation	2.50%
Salary increases	4.00%
Investment rate of return (gross return assumption)	6.50%
Mortality - Union Plan	Pub-10, General, MP-2020

Note: The mortality table projection scale was updated to Scale MP-2020 from Scale MP-2019 between the 2020 and 2019 actuarial valuations.

MONROEVILLE MUNICIPAL AUTHORITY

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS*

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 73,562	\$ 72,507	\$ 120,274
Interest	265,178	189,169	187,572
Changes of benefit terms	207,642	-	-
Differences between expected and actual experience	579,627	-	550,171
Changes of assumptions	670,220	-	(2,550,993)
Benefit payments	(168,886)	(126,532)	(118,673)
Net Changes in Total OPEB Liability	1,627,343	135,144	(1,811,649)
Total OPEB Liability - Beginning	4,514,961	4,379,817	6,191,466
Total OPEB Liability - Ending (a)	\$ 6,142,304	\$ 4,514,961	\$ 4,379,817
Plan Fiduciary Net Position:			
Contributions:			
Authority contributions (to trust)	\$ 440,000	\$ 440,000	\$ 940,000
Member and/or authority contributions for premiums	168,886	126,532	118,673
Total contributions	608,886	566,532	1,058,673
Net investment income	475,957	402,909	(122,723)
Benefit payments	(168,886)	(126,532)	(118,673)
Other	852	755	1,226
Net Changes in Plan Fiduciary Net Position	916,809	843,664	818,503
Plan Fiduciary Net Position - Beginning	2,756,795	1,913,131	1,094,628
Plan Fiduciary Net Position - Ending (b)	\$ 3,673,604	\$ 2,756,795	\$ 1,913,131
Net OPEB Liability (a - b)	\$ 2,468,700	\$ 1,758,166	\$ 2,466,686
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	59.81%	61.06%	43.68%
Covered Payroll	\$ 1,996,370	\$ 2,059,183	\$ 2,029,107
Net OPEB Liability as a Percentage of Covered Payroll	123.66%	85.38%	121.57%

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available.

MONROEVILLE MUNICIPAL AUTHORITY

SCHEDULE OF AUTHORITY OPEB CONTRIBUTIONS AND INVESTMENT RETURNS

LAST 10 FISCAL YEARS*

<u>Schedule of Authority OPEB Contributions</u>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 490,420	\$ 489,365	\$ 605,858	\$ 464,766	\$ 465,134	\$ 561,999	\$ 580,743	\$ 617,126	\$ 434,483	\$ 522,768
Contributions in relation to the actuarially determined contribution	608,886	566,532	1,058,673	545,711	691,226	110,805	92,553	83,650	76,442	66,254
Contribution deficiency (excess)	\$ 118,466	\$ 77,167	\$ 452,815	\$ 80,945	\$ 226,092	\$ (451,194)	\$ (488,190)	\$ (533,476)	\$ (358,041)	\$ (456,514)
Covered employee payroll	\$ 1,996,370	\$ 2,059,183	\$ 2,029,107	\$ 2,082,729	\$ 2,142,609	\$ 2,291,774				
Contributions as a percentage of covered employee payroll	30.50%	27.51%	52.17%	26.20%	32.26%	4.83%				
Investment Returns										
Annual money-weighted rate of return, net of investment expense	14.87%	18.77%	-6.94%							

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available.

Notes to Required Supplementary OPEB Schedules:

Valuation date: The Authority's net OPEB liability is measured as of December 31. The information presented in the required supplementary pension schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Straight-line
Actuarial assumptions:	
Investment rate of return	5%
Assumed retirement age	Earlier of 62 & 10 yrs of service & 30 yrs of service
Mortality	Public Plan General EEs head count, with Scale MP-2020
Salary Increase	3%
Healthcare cost trends:	
# of years	4 years 4 years 4 years 4 years ultimate
Non-Medicare	9% 8% 7% 6% 5%
Medicare	5% 5% 5% 5% 5%

Assumption changes: A few assumptions were updated for the December 31, 2020 actuarial report. The discount rate was updated from 6% to 5% and the mortality scale changed from MP-2018 to Public Plan General Ees head count, with Scale MP-2020.

SUPPLEMENTARY INFORMATION

MONROEVILLE MUNICIPAL AUTHORITY

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance
Operating Revenues:				
Water revenues:				
Water sales	\$ 4,738,689	\$ 4,738,689	\$ 4,683,014	\$ (55,675)
Fire protection sales	427,995	427,995	430,300	2,305
Jobbing sales	124,517	124,517	220,106	95,589
Miscellaneous	152,415	152,415	236,415	84,000
Total water revenues	<u>5,443,616</u>	<u>5,443,616</u>	<u>5,569,835</u>	<u>126,219</u>
Sewer revenues:				
Sewage fees	12,147,587	12,147,587	11,925,042	(222,545)
Jobbing sales	-	-	3,880	3,880
Miscellaneous	413,291	413,291	467,539	54,248
Total sewer revenues	<u>12,560,878</u>	<u>12,560,878</u>	<u>12,396,461</u>	<u>(164,417)</u>
Total operating revenues	<u>18,004,494</u>	<u>18,004,494</u>	<u>17,966,296</u>	<u>(38,198)</u>
Operating Expenses:				
Water expenses:				
Water purchases	1,116,074	1,116,074	1,164,242	(48,168)
Power and pumping	46,040	46,040	71,339	(25,299)
Vehicle expense	54,174	54,174	40,114	14,060
System maintenance	982,632	982,632	949,457	33,175
General and administrative	1,589,884	1,589,884	1,253,415	336,469
Jobbing and tapping	-	-	35,514	(35,514)
Authority Board expenses	-	-	8,400	(8,400)
Depreciation	-	-	1,098,419	(1,098,419)
Total water expenses	<u>3,788,804</u>	<u>3,788,804</u>	<u>4,620,900</u>	<u>(832,096)</u>
Sewer expenses:				
Sewer expenses	7,368,734	7,368,734	7,434,666	(65,932)
Power and pumping	4,750	4,750	1,873	2,877
Vehicle expense	54,174	54,174	40,079	14,095
System maintenance	922,835	922,835	831,626	91,209
General and administrative	1,621,670	1,621,670	1,346,456	275,214
Authority Board expenses	8,400	8,400	8,400	-
Depreciation	-	-	289,973	(289,973)
Total sewer expenses	<u>9,980,563</u>	<u>9,980,563</u>	<u>9,953,073</u>	<u>27,490</u>
Total operating expenses	<u>13,769,367</u>	<u>13,769,367</u>	<u>14,573,973</u>	<u>(804,606)</u>
Operating Income (Loss)	<u>4,235,127</u>	<u>4,235,127</u>	<u>3,392,323</u>	<u>(842,804)</u>

(Continued)

MONROEVILLE MUNICIPAL AUTHORITY

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

	Original Budget	Final Budget	Actual	Variance
Nonoperating Revenues:				
Interest income - water	75,411	75,411	11,581	(63,830)
Interest income - sewer	67,024	67,024	11,581	(55,443)
Total nonoperating revenues	<u>142,435</u>	<u>142,435</u>	<u>23,162</u>	<u>(119,273)</u>
Capital Contributions:				
Developer contribution revenue - water	-	-	-	-
Developer contribution revenue - sewer	-	-	146,496	146,496
Tap-in fees - water	46,000	46,000	80,300	34,300
Tap-in fees - sewer	73,800	73,800	78,600	4,800
Total capital contributions	<u>119,800</u>	<u>119,800</u>	<u>305,396</u>	<u>185,596</u>
Nonoperating Expenses:				
Interest on bonds - water	-	-	7,276	(7,276)
Interest on bonds - sewer	-	-	475,027	(475,027)
Other expense - water	-	-	12,775	(12,775)
Other expense - sewer	-	-	12,775	(12,775)
Bond issue costs - water	-	-	158,780	(158,780)
Amortization of prepaid bond insurance costs - sewer	-	-	10,415	(10,415)
Total nonoperating expenses	<u>-</u>	<u>-</u>	<u>677,048</u>	<u>(677,048)</u>
Change in Net Position	<u>\$ 4,497,362</u>	<u>\$ 4,497,362</u>	<u>\$ 3,043,833</u>	<u>\$ (1,453,529)</u>

(Concluded)