

GREATER HAZLETON JOINT SEWER AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JULY 31, 2021 AND 2020

AND
INDEPENDENT AUDITORS' REPORT
AND
SUPPLEMENTARY INFORMATION

GREATER HAZLETON JOINT SEWER AUTHORITY

WEST HAZLETON, PA 18202

JULY 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Greater Hazleton Joint Sewer Authority
West Hazleton, PA 18202

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Greater Hazleton Joint Sewer Authority (the "Authority") as of and for the years ended July 31, 2021 and 2020, 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

The Greater Hazleton Joint Sewer Authority's 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Greater Hazleton Joint Sewer Authority as of July 31, 2021 and 2020, 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

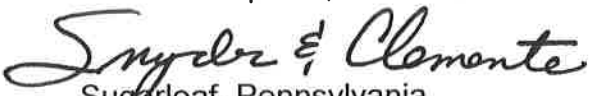
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13 and the Defined Benefit Pension Trust Fund Schedule of Changes in Authority's Net Pension Liability and Related Ratios, the Schedule of Employer Contributions, the Schedule of Investment Returns, and the Other Post Employment Benefits (OPEB) Other Than Pensions Schedule of Changes in Authority's Net OPEB Liability and Related Ratios on pages 68 through 71, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Hazleton Joint Sewer Authority's basic financial statements. The Schedules of Sewer Treatment Revenues, Schedules of Sewer Transmission Revenues, and Schedules of Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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


Sugarloaf, Pennsylvania
October 27, 2021

**GREATER HAZLETON JOINT SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JULY 31, 2021
(UNAUDITED)**

INTRODUCTION

The following discussion and analysis of the Greater Hazleton Joint Sewer Authority's (the "Authority") annual financial report provides an overview and analysis of their financial performance for the fiscal year ended July 31, 2021. This presentation is intended to further the readers' understanding of the financial statements that follow, and it is recommended that it be read in conjunction with the accompanying basic financial statements and notes to those statements in order to obtain a thorough understanding of the Authority's financial condition as of July 31, 2021.

Management's Discussion and Analysis is designed to focus on the current year's activities and resulting changes in the Authority's financial position and also includes currently known facts that may have a significant impact on the Authority's financial position now and in the foreseeable future.

FINANCIAL HIGHLIGHTS

At July 31, 2021 the Authority's total assets decreased by \$1,123,972 from July 31, 2020. This net decrease was the result of several changes, including a decrease in restricted cash and cash equivalents of \$331,871, decrease in capital assets (net of accumulated depreciation) of \$1,630,954, which were offset by an increase in cash and cash equivalents of \$648,399.

Total liabilities decreased \$2,626,496, which was primarily caused by an decrease in current portion of long term debt and long-term debt, net of current portion of \$1,817,732, a decrease in restricted accounts payable capital assets of \$433,579, a decrease of net pension liability of \$590,699, which were offset by an increase of \$214,294 in OPEB liability.

Total net position of \$52,336,289 was \$1,446,060 higher than the prior year, reflecting the net effect of the Authority's profitable operations needed to fund ongoing capital projects. Net investment in capital assets increased by \$1,388,123, due to the Authority's acquisition and construction of capital assets and payment of the related debt. Consistent with the Authority's issuance of its Series 2020 Sewer Revenue Bonds, a portion of the Authority's total net position at July 31, 2021, \$668,481, was restricted for bond covenants. Unrestricted net position increased by \$1,117,386 the net effect of all of the changes as previously noted.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED (UNAUDITED)

The Authority's total operating revenues decreased \$319,717 from the previous year, primarily due to a decrease in hauled waste revenue, school revenue and a decrease in surcharges & penalties as the sewer authority suspended water shutoffs and did not penalize customers due to COVID-19 as recommended by PMAA and state guidance.

Total operating expenses of \$10,246,827 increased by \$378,897 from the prior year. The most significant increase was in depreciation expense.

Interest income decreased by \$98,982, as a result of lower rates of return. Interest expense increased by \$497,913. It should be noted that interest expense on the Authority's Sewer Revenue Bonds and a PennVest loan are being capitalized during construction of the related capital assets financed with the debt proceeds. These overall changes resulted in a net non-operating revenues (expenses) of (\$1,083,382) for 2021 as compared to (\$839,030) for 2020.

The Authority also received \$-0- in the form of a capital contributions for 2021 compared to \$4,767,695 for 2020.

Overall, the Authority experienced an increase in net position of \$1,446,060 for the fiscal year ended July 31, 2021 as compared to a net increase of \$7,156,721 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's primary mission is to provide wastewater treatment service to the Greater Hazleton Area.

The Authority does not provide other general government types of services or programs. The Authority's operations, capital expenditures and debt payments are funded almost entirely through rates, fees and other charges for these wastewater treatment services. As such, the Authority is considered to be, and therefore presents its financial report as, a stand-alone enterprise fund.

The Authority's financial statements consist of three parts: Management's Discussion and Analysis (MD&A), the basic financial statements and the related notes to the financial statements, and supplementary (both required and other) information. The MD&A serves as an introduction to the basic financial statements and provides analysis and overview of the Authority's financial activities.

As a stand-alone proprietary fund, the Authority's basic financial statements consist of *Statements of Net Position*, *Statements of Revenues, Expenses and Changes in Net Position* and *Statements of Cash Flows*. In addition, the basic financial statements also include *Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position*, both for the Authority's Pension Trust Fund. These statements, together with the *Management's Discussion and Analysis*, provide both short-term and long-term financial information and implications for the Authority's financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED (UNAUDITED)

Presentation of comparative schedules further enhances the reader's ability to gauge the Authority's fiscal strength and provides useful trend information. To further illuminate the information contained in these statements, *Notes to Financial Statements* and certain supplementary information appear immediately following the basic financial statements. In addition to this discussion and analysis, other required supplementary information is presented.

The *Statements of Net Position*, similar to a balance sheet, presents the Authority's basic financial position through disclosure of information about the Authority's assets and liabilities. Net position represents the difference between total assets and total liabilities.

The *Statements of Revenues, Expenses and Changes in Net Position*, similar to private sector statements, provides information regarding the Authority's total economic resource inflow and outflow (accrual method of accounting). The difference between these inflows and outflows represent the changes in net position, which links these statements to the *Statements of Net Position*.

The *Statements of Cash Flows* deals specifically with the flow of cash and cash equivalents arising from operating, capital and financing activities, non-capital activities, and investing activities. Because the Authority's *Statements of Revenues, Expenses and Changes in Net Position* are a measurement of the flow of total economic resources, operating income usually differs from net cash flow from operations. To enhance the reader's understanding of this difference, the *Statements of Cash Flows* also includes reconciliations between these two amounts. In accordance with accounting principles generally accepted in the United States of America, a reconciliation of cash and cash equivalents is also presented in these statements.

The *Statements of Fiduciary Net Position – Pension Trust Fund*, also similar to a balance sheet, presents the basic financial position of the Authority's Pension Trust Fund. Net position held in trust for pension benefits represents the difference between total fiduciary assets and total fiduciary liabilities.

The *Statements of Changes in Fiduciary Net Position – Pension Trust Fund*, also similar to private sector statements, provides information regarding the Authority's total economic resource inflow and outflow (accrual method of accounting) for its Pension Trust Fund. The difference between these inflows and outflows represent the changes in fiduciary net position, which links these statements to the *Statements of Fiduciary Net Position*.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately after the financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)**

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents important required supplementary information and other non-required supplementary information that provides further detail regarding the financial statements. These statements and schedules can be found immediately following the notes to the financial statements.

Major Features of the Greater Hazleton Joint Sewer Authority's Financial Statements

	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Activities the Authority operates similar to private businesses	Funds for which the Authority is the trustee or agent for someone else's resources, such as the employees' pension trust fund
Required Financial Statements	Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

FINANCIAL ANALYSIS

Total Assets, Total Liabilities, and Total Net Position

Significant changes within the Authority's categories of assets and liabilities are as follows:

ASSETS

	<u>2021</u>	Increase (Decrease)	<u>2020</u>
Cash and Cash Equivalents	\$ 10,901,235	\$ 648,399	\$ 10,252,836
Other Current Assets	3,419,532	121,630	3,297,902
Restricted Assets	1,396,059	(331,871)	1,727,930
Capital Assets (Net of Accumulated Depreciation)	79,143,191	(1,630,954)	80,774,145
Net Pension Asset	68,824	68,824	-
TOTAL ASSETS	<u>\$ 94,928,841</u>	<u>\$ (1,123,972)</u>	<u>\$ 96,052,813</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts Related to Pensions and OPEB	<u>566,628</u>	<u>304,273</u>	<u>262,355</u>
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LIABILITIES

	<u>2021</u>	Increase (Decrease)	<u>2020</u>
Current Liabilities (Payable from Current Assets)	\$ 2,614,126	\$ 299,369	\$ 2,314,757
Current Liabilities (Payable from Restricted Assets)	727,578	(433,579)	1,161,157
Noncurrent Liabilities	<u>39,069,051</u>	<u>(2,423,462)</u>	<u>41,492,513</u>
TOTAL LIABILITIES	<u>\$ 42,410,755</u>	<u>\$ (2,557,672)</u>	<u>\$ 44,968,427</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Amounts Related to Pensions and OPEB	<u>748,425</u>	<u>291,913</u>	<u>456,512</u>
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NET POSITION

	<u>2021</u>	Increase (Decrease)	<u>2020</u>
Net Investment in Capital Assets	\$ 41,174,965	\$ 1,388,123	\$ 39,786,842
Restricted for Bond Covenants	668,481	(1,059,449)	1,727,930
Restricted for Capital Projects	192,156	-	192,156
Unrestricted	<u>10,300,687</u>	<u>1,117,386</u>	<u>9,183,301</u>
TOTAL NET POSITION	<u>\$ 52,336,289</u>	<u>\$ 1,446,060</u>	<u>\$ 50,890,229</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)**

At July 31, 2021 the Authority has classified certain assets as restricted with such restrictions commensurate with the related restrictions imposed by the Trust Indentures securing the Authority's Sewer Revenue Bonds. Similar funds established under the terms of the Trust Indenture, for the safety and security of the bondholders, were also classified as restricted, as was the accrued interest receivable on the investments in such funds.

During the fiscal year ended July 31, 2021 the Authority placed into service assets with a value of \$477,355 and continued construction of several capital construction projects. In addition, construction in progress had net increase of \$937,073 as a result of ongoing projects that are now in service. The most significant of these were the incinerator installation, SCADA upgrade and purchase of two (2) vehicles. In the current year, majority of the acquisitions were funded by the unspent proceeds of its Sewer Revenue Bonds.

Total liabilities decreased by \$2,626,496 from 2020 to 2021, due to decrease in current portion of long term debt and long-term debt, net of current portion of \$1,817,732, and a decrease in restricted accounts payable capital assets of \$433,579.

Revenues

The Authority is not empowered to levy or collect taxes, nor does the Authority receive funding from the taxing authorities within its service area. The Authority's operations and debt service, as well as certain capital asset acquisitions and construction, are funded almost entirely from fees charged to its customers for wastewater treatment and transmission services. However, it should be noted that some debt is issued for the purpose of capital asset acquisition and construction. As such, the Authority's revenue stream is impacted by fluctuations in demand for its services and other economic factors.

Operating Revenue

Total sewage treatment and transmission revenue decreased by \$702,904 from 2020 to 2021 due to a decrease in the outside waste haulers revenue by \$182,212 and school revenue by \$344,214 from 2020 to 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

A summary of the Authority's sewer treatment revenues is as follows:

<u>SEWER TREATMENT REVENUES</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>2020</u>
Residential	\$ 6,369,999	15,926	\$ 6,354,073
Non-residential	955,710	5,421	950,289
Industrial	1,018,468	(40,265)	1,058,733
Independent Outside Haulers	1,827,876	(182,212)	2,010,088
Schools	(106,782)	(344,214)	237,432
Surcharge	308,988	(32,710)	341,698
Penalties	32,709	(67,153)	99,862
TOTAL SEWER TREATMENT REVENUES	<u>\$ 10,406,968</u>	<u>\$ (645,207)</u>	<u>\$ 11,052,175</u>

A summary of the Authority's sewer transmission revenues is as follows:

<u>SEWER TRANSMISSION REVENUES</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>2020</u>
Residential	\$ 1,559,451	(11,674)	\$ 1,571,125
Non-residential	254,542	(1,252)	255,794
Industrial	172,579	(6,946)	179,525
Schools	(1,749)	(37,825)	36,076
TOTAL SEWER TRANSMISSION REVENUES	<u>\$ 1,984,823</u>	<u>\$ (57,697)</u>	<u>\$ 2,042,520</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

Non-Operating Revenues (Expense)

From 2020 to 2021, interest income decreased by \$98,982 as a result of lower rates of return. Interest expense increased from \$608,541 in 2020 to \$1,106,454 in 2021. It should be noted that current interest expense is being capitalized during construction of the related capital assets financed with the debt proceeds. These overall changes resulted in net non-operating revenues (expenses) of (\$1,083,382) for 2021 as compared to net non-operating revenues (expenses) of (\$839,030) for 2020.

A summary of the changes in the Authority's non-operating revenues and expenses are as follows:

<u>NONOPERATING REVENUES AND EXPENSES</u>	<u>2021</u>	<u>Net Change</u>	<u>2020</u>
Interest Income	\$ 19,572	\$ (98,982)	\$ 118,554
Costs of Issuance-Series of 2020 Bonds	-	219,059	(219,059)
Unamortized Balances-Refunded Bonds	-	291,984	(291,984)
Gain from Sale of Capital Assets	3,500	(158,500)	162,000
Interest Expense	<u>(1,106,454)</u>	<u>(497,913)</u>	<u>(608,541)</u>
 TOTAL NONOPERATING REVENUES AND EXPENSES	 <u>\$ (1,083,382)</u>	 <u>\$ (244,352)</u>	 <u>\$ (839,030)</u>

Expenses

Operating Expenses

Total 2021 operating expenses of \$10,246,827 increased by \$378,897 from the prior year.

During 2021, collection system expenses increased by \$161,568 primarily because of the increase in maintenance and repairs. Plant expenses decreased by \$661,960 primarily because of the decrease of \$983,509 in bio solids removal and disposal.

During 2021 total administrative expenses remained relatively unchanged in total, with increases and decreases in certain functional expenses, most materially the increase of \$53,487 in group insurance and a decrease in pension plan expense of \$71,886.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

A summary of the changes in the Authority's operating expenses is as follows:

<u>OPERATING EXPENSES</u>	<u>2021</u>	Increase <u>(Decrease)</u>	<u>2020</u>
Plant	\$ 4,124,457	\$ (661,960)	\$ 4,786,417
Depreciation	3,045,383	825,590	2,219,793
Pumping Stations	604,176	88,450	515,726
Collection System	953,522	161,568	791,954
Administrative	<u>1,519,289</u>	<u>(34,751)</u>	<u>1,554,040</u>
 TOTAL OPERATING EXPENSES	 <u>\$ 10,246,827</u>	 <u>\$ 378,897</u>	 <u>\$ 9,867,930</u>

Increase in Net Position

During 2021 the Authority's total operating revenues exceeded total operating expenses by \$2,529,442. After considering the non-operating revenues (expense), the Authority experienced a net increase in net position of \$1,446,060.

Acquisition and Construction of Capital Assets

Major capital assets placed into service during fiscal year ended July 31, 2021 include the following:

<u>July 31, 2021</u>	
Sewer Treatment Plant	
Incinerator	\$ 343,673
 Vehicles - Polaris UTV and Ford Escape	 41,932
 Equipment - Rock Trap and Monitoring Equipment	 <u>91,750</u>
 TOTAL CAPITAL ASSETS BEING DEPRECIATED	 <u>\$ 477,355</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)

The Fluidized Bed Incinerator for solids disposal was placed in service in June 2020, with improvements in February 2021. It was initially expected to reduce the overall solids production at the WWTP by 90% to 95%. Early indications are that the reduction will be closer to 95%, which correlates to a savings in the Biosolids Removal & Disposal line item of approximately \$1,000,000 annually. Due to the nature of the process and the addition of digested grease as a fuel source, incineration occurs autogenously (the sludge acts as fuel); therefore, under normal operation addition of natural gas is only needed during startup of the process. Only slight increases to the natural gas, chemicals, and electricity line items are anticipated.

The \$1,280,746 of construction in progress additions include the Wastewater Treatment Plant Improvements, the Incinerator and SCADA Upgrade. A summary of the changes in construction in progress is as follows:

\$ 783,448	Balance 7/31/2020
1,280,746	Additions
(343,673)	Placed into Service
<u>\$ 1,720,521</u>	Balance 7/31/2021

Debt Administration

At July 31, 2021 the Authority had \$36,547,341 in notes and bonds outstanding, versus \$38,364,849 in notes and bonds outstanding at July 31, 2020.

More detailed information about the Authority's outstanding debt is presented in the notes to the financial statements.

Economic Factors

Although the Authority is not required to have legally adopted budgets, the Authority prepares a budget for use as a management control device during the fiscal year. The Authority's management and Board of Directors considered many factors when preparing the July 31, 2021 budget and the fees that will be charged for supplying wastewater treatment services to its customers. Among the factors considered were the following:

- Operating revenues from customer accounts are expected to remain relatively unchanged.
- Anticipated salary and wage increases of 3.0%, for Maintenance CBA employees.
- Expenditures related to the ongoing construction and completion of projects currently classified as Construction in Progress.
- Adjustments to various chemical expense line items that correspond to the history of usage in the new treatment process over the previous year and changes to the chemical cost from the prior year and the addition of two new chemicals used in the new incineration process.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
(UNAUDITED)**

- A projected increase in repairs and maintenance expenses to increase inventory of spare parts for some of the new equipment installed during the WWTP upgrade and to repair newer equipment that has been in service since the 2008 WWTP upgrade was completed.
- Undertaking ACT-537 and Long-Term Control Planning to reduce inflow/infiltration to the WWTP and Combine Sewer Overflow (CSO) discharges in the collection system through future capital projects.
- Anticipated increases/decreases to budget line items due to the start-up of a fluidized bed incinerator and ancillary air quality equipment with a significant decrease to the Biosolids removal and disposal line item.

**CONTACTING
GREATER HAZLETON JOINT SEWER AUTHORITY'S
FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Greater Hazleton Joint Sewer Authority and to demonstrate the Authority's accountability for the money it receives. Questions regarding this report or requests for additional financial information should be directed to Christopher Carsia, Director of Operations or Gregory Olander, Director of Administration at P.O. Box 651, Hazleton, PA 18201-0651.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF NET POSITION
JULY 31, 2021 AND 2020

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 10,901,235	\$ 10,252,836
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	2,237,831	2,076,826
Unbilled Revenue	1,080,616	1,122,500
Prepaid Expenses	<u>101,085</u>	<u>98,576</u>
TOTAL CURRENT ASSETS	<u>14,320,767</u>	<u>13,550,738</u>
RESTRICTED ASSETS		
Cash and Cash Equivalents	<u>1,396,059</u>	<u>1,727,930</u>
TOTAL RESTRICTED ASSETS	<u>1,396,059</u>	<u>1,727,930</u>
CAPITAL ASSETS		
Non-Depreciable	1,928,686	991,613
Depreciable, Net of Accumulated Depreciation	<u>77,214,505</u>	<u>79,782,532</u>
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>79,143,191</u>	<u>80,774,145</u>
NET PENSION ASSET	<u>68,824</u>	<u>-</u>
TOTAL ASSETS	<u>94,928,841</u>	<u>96,052,813</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	460,709	143,600
Deferred Amounts Related to OPEB	<u>105,919</u>	<u>118,755</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>566,628</u>	<u>262,355</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 95,495,469</u>	<u>\$ 96,315,168</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF NET POSITION
JULY 31, 2021 AND 2020

	<u>LIABILITIES</u>	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES			
Payable from Current Assets:			
Current Portion of Long-Term Debt		\$ 2,119,186	\$ 1,817,732
Accounts Payable - Operating		217,662	208,299
Accrued Payroll and Compensated Absences		147,821	127,159
Accrued and Withheld Payroll Taxes		490	1,059
Accrued Interest		128,967	160,508
		<u>2,614,126</u>	<u>2,314,757</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS			
Payable from Restricted Assets:			
Accounts Payable - Capital Assets		727,578	1,161,157
		<u>727,578</u>	<u>1,161,157</u>
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS			
TOTAL CURRENT LIABILITIES		<u>3,341,704</u>	<u>3,475,914</u>
NONCURRENT LIABILITIES			
Long-Term Debt, Net of Current Portion		35,849,040	37,968,226
OPEB Liability		3,099,918	2,885,624
Net Pension Liability		-	521,875
Compensated Absences		120,093	116,788
		<u>39,069,051</u>	<u>41,492,513</u>
TOTAL NONCURRENT LIABILITIES			
TOTAL LIABILITIES		<u>42,410,755</u>	<u>44,968,427</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts Related to Pensions		442,739	113,783
Deferred Amounts Related to OPEB		305,686	342,729
		<u>748,425</u>	<u>456,512</u>
TOTAL DEFERRED INFLOWS OF RESOURCES			
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>43,159,180</u>	<u>45,424,939</u>
	<u>NET POSITION</u>		
Net Investment in Capital Assets		41,174,965	39,786,842
Restricted for Bond Covenants		668,481	1,727,930
Restricted for Capital Assets		192,156	192,156
Unrestricted		10,300,687	9,183,301
		<u>\$ 52,336,289</u>	<u>\$ 50,890,229</u>
TOTAL NET POSITION			

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Sewage Treatment Revenues	\$ 10,406,968	\$ 11,052,175
Sewage Transmission Revenues	1,984,823	2,042,520
Other Operating Revenues	384,478	1,291
TOTAL OPERATING REVENUES	<u>12,776,269</u>	<u>13,095,986</u>
OPERATING EXPENSES		
Plant	4,124,457	4,786,417
Administrative	1,519,289	1,554,040
Depreciation	3,045,383	2,219,793
Pumping Station	604,176	515,726
Collection System	953,522	791,954
TOTAL OPERATING EXPENSES	<u>10,246,827</u>	<u>9,867,930</u>
OPERATING INCOME	<u>2,529,442</u>	<u>3,228,056</u>
NONOPERATING REVENUES (EXPENSES)		
Gain from Sale of Capital Assets	3,500	162,000
Interest Income	19,572	118,554
Cost of Bond Issuance	-	(219,059)
Additional Costs Related to Bond Issuance	-	(291,984)
Interest Expense	(1,106,454)	(608,541)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,083,382)</u>	<u>(839,030)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,446,060	2,389,026
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>4,767,695</u>
INCREASE IN NET POSITION	1,446,060	7,156,721
NET POSITION - BEGINNING	<u>50,890,229</u>	<u>43,733,508</u>
NET POSITION - ENDING	<u>\$ 52,336,289</u>	<u>\$ 50,890,229</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 12,657,148	\$ 12,753,075
Cash Payments to Suppliers for Goods and Services	(5,308,769)	(5,308,278)
Cash Payments to Employees for Services	(2,282,954)	(2,201,815)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,065,425</u>	<u>5,242,982</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grant Received	-	4,767,695
Advances on Long-Term Debt	-	14,623,571
Principal Paid on Long-Term Debt	(1,817,508)	(15,865,683)
Interest Expense	(1,106,454)	(533,780)
Proceeds from the Sale of Capital Assets	3,500	162,000
Acquisition and Construction of Capital Assets	(1,848,007)	(6,200,547)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,768,469)</u>	<u>(3,046,744)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	19,572	118,554
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>19,572</u>	<u>118,554</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	316,528	2,314,792
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>11,980,766</u>	<u>9,665,974</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 12,297,294</u>	<u>\$ 11,980,766</u>
CASH AND CASH EQUIVALENTS ARE REPORTED IN THE STATEMENT OF NET POSITION AS FOLLOWS:		
Current Assets:		
Cash and Cash Equivalents	10,901,235	10,252,836
Restricted Assets:		
Cash and Cash Equivalents	<u>1,396,059</u>	<u>1,727,930</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 12,297,294</u>	<u>\$ 11,980,766</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Income	\$ 2,529,442	\$ 3,228,056
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	3,045,383	2,219,793
Changes in Assets and Liabilities:		
(Increase) Decrease In:		
Accounts Receivable	(161,005)	(433,752)
Unbilled Revenue	41,886	90,841
Prepaid Expenses	(2,509)	(6,234)
Deferred Outflows of Resources Related to Pensions	(317,109)	(118,755)
Deferred Outflows of Resources Related to OPEB	12,836	746
Bad Debt Expense	-	85,000
Increase (Decrease) In:		
Accounts Payable - Operating	9,363	(116,555)
Accrued Payroll and Compensated Absences	20,662	37,770
Accrued and Withheld Payroll Taxes	(569)	(214)
Accrued Interest	(65,506)	-
OPEB Liability	214,294	(63,622)
Net Pension Liability	(521,875)	(4,704)
Deferred Inflows of Resources Related to Pensions	328,956	(18,117)
Deferred Inflows of Resources Related to OPEB	(37,043)	342,729
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,134,249</u>	<u>\$ 5,242,982</u>
 SUPPLEMENTAL DISCLOSURES OF CASH INFORMATION		
Reconciliation of Cash Paid for Acquisition and Construction of Capital Assets		
Acquisition and Construction of Capital Assets		
Cost of Property and Equipment	\$ (1,414,428)	\$ (6,567,062)
Accrual of Capitalized Interest	-	(106,939)
Amortization of Underwriter Discount on Bonds (Capitalized), Original issue Discount/(Premium) (Capitalized), and Bond Issuance Costs (Capitalized)	-	40,345
Accounts Payable - Used to Finance Acquisition and Construction of Capital Assets:		
Current Year	727,578	1,161,157
Prior Year	<u>(1,161,157)</u>	<u>(728,048)</u>
CASH PAID FOR ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	<u>\$ (1,848,007)</u>	<u>\$ (6,200,547)</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION – PENSION TRUST FUND
JULY 31, 2021 AND 2020

<u>ASSETS</u>		
	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 375,737	\$ 133,254
Investments		
Common Stocks	1,438,150	1,089,348
Mutual Funds	941,572	874,273
Exchange Traded Funds and Closed-End Funds	431,597	264,062
Corporate Bonds	67,170	80,417
U.S. Government Securities	60,195	107,743
Total Investments	2,938,684	2,415,843
Interest Receivable	853	1,224
TOTAL ASSETS	3,315,274	2,550,321
<u>LIABILITIES</u>		
LIABILITIES	-	-
<u>NET POSITION</u>		
NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ 3,315,274	\$ 2,550,321

Note: The Plan's financial statements are for the calendar years 2020 and 2019.

GREATER HAZLETON JOINT SEWER AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	<u>December 31</u> <u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Pension Contributions - Employer	\$ 548,000	\$ 473,000
Investment Income		
Net Appreciation in Fair Value of Investments:		
Realized Gains (Losses)	(16,155)	540
Unrealized Gains	331,964	328,428
Interest	3,987	5,008
Dividends	50,801	49,378
TOTAL INVESTMENT INCOME	<u>370,597</u>	<u>383,354</u>
TOTAL ADDITIONS	<u>918,597</u>	<u>856,354</u>
OPERATING EXPENSES		
Retiree Benefits Paid	112,158	109,435
Administrative Expenses:		
Investment Fees	25,454	27,028
Actuary Fees	14,396	6,200
Accounting Fees	1,636	1,774
TOTAL OPERATING EXPENSES	<u>153,644</u>	<u>144,437</u>
NET INCREASE IN NET POSITION FOR THE YEAR	764,953	711,917
NET POSITION RESTRICTED FOR PENSION BENEFITS:		
BEGINNING OF YEAR	<u>2,550,321</u>	<u>1,838,404</u>
END OF YEAR	<u>\$ 3,315,274</u>	<u>\$ 2,550,321</u>

Note: The Plan's financial statements are for the calendar years 2020 and 2019.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

1. NATURE OF OPERATIONS, ORGANIZATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Greater Hazleton Joint Sewer Authority (the "Authority") is a municipal authority incorporated under the Pennsylvania Municipality Authorities Act of 1945, approved May 2, 1945 P.L. 382, as amended and supplemented. The Authority is a separate governmental unit granted independent authority by the Commonwealth of Pennsylvania to allow the Authority's Board of Directors to set rates, fees and charges without oversight, supervision, or direction from any other state or local entity or agency.

The Authority collects and treats residential, commercial, and industrial sewage originating in the municipalities of Hazleton City, Hazle Township, West Hazleton Borough, and a small portion of Sugarloaf Township, and the Authority also accepts hauled waste from outside independent contractors. The Authority operates under the direction of a nine member Board of Directors representing Hazleton City (six members), Hazle Township (one member), and West Hazleton Borough (two members).

The Governmental Accounting Standards Board (GASB) established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. The Authority reports related organizations under the guidance of Statement No. 14 of the Governmental Accounting Standards Board. Statement No. 14 defines the primary government, and establishes the criteria for which potential component units are included in the reporting entity. The criteria used in determining whether such organizations should be included in the Authority's financial reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Authority reviews the applicability of the following criteria.

The Authority is financially accountable for:

1. Organizations that make up the legal Authority entity.
2. Legally separate organizations of Authority officials appoint a voting majority of the organization's governing body and the Authority is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
 - a. Impose its Will – If the Authority can significantly influence programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden – Exists if the Authority (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

- c. Organizations that are Fiscally Dependent on the Authority – Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, or set rates or charges, or issue bonded debt without approval by the Authority.

The Authority is not a component unit for financial statements purposes. The Authority has determined that it has no potential component unit which should be evaluated.

B. Basis of Presentation

The accounting policies of the Greater Hazleton Joint Sewer Authority conform to generally accepted accounting principles for local government units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

The Authority does not provide other general government types of services or programs. The Authority's operations, capital expenditures and debt payments are funded almost entirely through rates, fees and other charges for these services. As such, the Authority is considered to be, and therefore presents its financial report as, a stand-alone enterprise fund. Accordingly, there are no government-wide financial statements that are typically presented when an entity is to provide other general governmental types of services or programs.

The Authority's financial statements consist of three parts: Management's Discussion and Analysis (MD&A), the basic financial statements and the related notes to the financial statements, and supplementary information. The MD&A serves as an introduction to the basic financial statements and provides analysis and overview of the Authority's financial activities.

As a stand-alone enterprise fund, the Authority's basic financial statements consist of *Statements of Net Position*, *Statements of Revenues, Expenses and Changes in Net Position*, and *Statements of Cash Flows*. These statements, together with the *Management's Discussion and Analysis*, provides both short-term and long-term financial information and implications for the Authority's financial position.

C. Fund Accounting

The Authority is operated as a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as another financing sources. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

Trust and Agency Fund – Pension – the plan's financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due in accordance with Act 205, as amended. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

D. Measurement Focus

The proprietary fund type is accounted for on a cost of service measurement focus. All assets and liabilities (current and non-current) associated with the activity of the fund are included on its balance sheet. The proprietary fund operating statements present increases and decreases in total net position.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The Authority utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recognized in the accounting period in which the liability is incurred.

F. Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessments of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. At July 31, 2021 and 2020, the balance of the allowance account was \$ 450,000.

G. Capital Assets

Capital assets are stated at cost. Significant additions, renewals, or betterments which extend the useful life of the assets are capitalized. Expenditures for normal maintenance and repairs are charged to operating expenses. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Sewer Treatment Plant, Pumps, and Transmission Mains	20 to 50 Years
Storage Buildings	20 Years
Vehicles	5 Years
Equipment	8 to 20 Years
Office Equipment	3 to 5 Years

The Authority reviews the carrying value of capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of such capital assets may be impaired.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

H. Budget and Budgetary Accounting

Since the Authority operates under the Pennsylvania Municipality Authorities Act it is not required to legally adopt budgets. However, the Authority employs an operating budget for use as a management control device and to comply with the requirements of the trust indentures securing its Sewer Revenue Bonds.

I. Interest Capitalized

The Authority follows the policy of capitalizing interest as a component of the cost of property and equipment constructed for its own use. For the years ended July 31, 2021 and 2020, the Authority capitalized interest in the amount of \$-0- and \$598,158, respectively.

J. Cash Equivalents

The Authority considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

K. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates affecting the financial statements were:

Management's estimate of the useful lives of the capital assets is based on historical useful lives of similar assets as well as an analysis of individual assets.

Management's estimate of the allowance for doubtful accounts is based on historical collection rates, the aging of the accounts, and an analysis of individual accounts.

Management's estimate of the net pension liability and related expenses is based upon estimates and assumptions about the probability of events far into the future, including future employment, employee mortality, and investment income and the related discount rate.

Management's estimate of the other postemployment benefit liability is based upon estimates and assumptions about the probability of events far into the future, including future employment, employee mortality, and investment income and the related discount rate.

L. Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation and 1) reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets and 2) increased by the unspent portion of the proceeds of the related bonds, mortgages, notes or other borrowings.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

Restricted for capital assets consists of net position restricted for the acquisition and construction of capital assets other than those classified as “restricted for bond covenants”.

Restricted for bond covenants consist of net position restricted by the terms of the Authority’s bonded debt.

Unrestricted net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

M. Operating Revenues and Expenses

Proprietary fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues and expenses generally result from providing services in connection with the Authority’s principal ongoing operations which is the collection and treatment of residential, commercial, and industrial sewage. The Authority also recognizes as operating revenue other miscellaneous cash receipts not arising from investing or financing activities. Operating expenses for the Authority include the cost of collecting, pumping, and treating sewage, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are classified as nonoperating revenues and expenses. Nonoperating revenues result from nonexchange transactions or ancillary activities.

N. Unbilled Revenue

The Authority provides continuous service to its customers and renders billings on cycle dates on a quarterly basis. As a result, revenues earned for service provided, but not billed, are accrued on a pro-rata basis at the end of the fiscal year.

O. Long-Term Obligations

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable unamortized bond premium and discount.

P. Advertising

The Authority expenses all advertising costs as they are incurred. Total advertising costs for the years ended July 31, 2021 and 2020 were \$4,124 and \$4,141, respectively.

Q. Use of Restricted/Unrestricted Net Position

When an expense is incurred for which both restricted and unrestricted resources are available, the Authority’s policy is to apply restricted resources first.

R. Subsequent Events

In preparing these financial statements, management of Greater Hazleton Joint Sewer Authority has evaluated events and transactions subsequent to July 31, 2021 through October 27, 2021, the date these financial statements were available to be issued.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

Based on the definitions and requirements of the Subsequent Events Topics of the FASB Accounting Standards Codification, management of Greater Hazleton Joint Sewer Authority is aware of the following subsequent event:

Sewer Revenue Bonds, Series of 2021

On October 27, 2021 the Authority issued its Sewer Revenue Bonds, Series of 2021 (the "2021 Bonds"), in the principal amount of \$16,995,000. The net proceeds of these bonds were used to current refund the Authority's Pennvest Loan #27769 and Pennvest Loan #58103.

SOURCES

Par Amount	\$ 16,995,000
Plus Net Original Issue Premium (OIP)	2,713,833
Less Underwriter's Discount	<u>(84,975)</u>

TOTAL SOURCES	<u>\$ 19,623,858</u>
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USES

Payoff Pennvest Loan #27769	\$ 19,109,534
Payoff Pennvest Loan #58103	289,501
Deposit to Debt Service Reserve Fund	36,539
Municipal Bond Insurance Policy Premium	31,400
Pay Costs of Issuance	<u>156,884</u>

TOTAL USES	<u>\$ 19,623,858</u>
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The bonds were issued as fully registered bonds in denominations of \$5,000 and multiple intervals thereof. The 2021 bonds were dated May 15, 2022 and accrue interest from that date thereof until maturity or, if redeemable and called for redemption, until the redemption date.

The Bonds are issued by the Authority on a parity basis pursuant to and secured by the Indenture. The Bonds are secured by a pledge of, lien upon, and security interest created from the Authority, as debtor, under the Indenture to the Trustee, as secured party, in and to all Receipts and Revenues from the Sewer System, as such phrase is defined and applied under the Indenture. In addition, the Bonds are secured by moneys held in the funds created under the Indenture, including the Debt Service Reserve Fund.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

The following table sets forth, for each respective year ending July 31, the amount required to be made available in such year for the payment on principal (including mandatory redemption) and interest on the 2021 Bonds.

Fiscal Year Ending July 31,	Principal Amount	Total Interest
2022	\$ 1,120,000	\$ 360,085
2023	1,390,000	621,100
2024	1,430,000	579,400
2025	1,485,000	522,200
2026	1,545,000	462,800
2027 - 2031	8,630,000	1,337,000
2032	1,395,000	55,800
	\$ 16,995,000	\$ 3,938,385

2. CONCENTRATIONS

Credit Risk – Accounts Receivable:

As noted previously, the Authority collects fees from residents of various municipalities. Accounts receivable related to these fees are uncollateralized although the Authority can have liens applied against the property of residents who are delinquent in paying the fees.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

A summary of cash and cash equivalents is as follows:

	7/31/2021 Proprietary Fund	12/31/2020 Pension Trust	7/31/2020 Proprietary Fund	12/31/2019 Pension Trust
Operating Checking Accounts	\$ 3,050,696	\$ -	\$ 3,144,312	\$ -
Pennsylvania Treasury's INVEST Program for Local Governments	3,901,864	-	3,848,518	-
Money Market Accounts	5,344,234	375,737	4,987,436	133,254
Petty Cash and Cash on Hand	500	-	500	-
	\$ 12,297,294	\$ 375,737	\$ 11,980,766	\$ 133,254
TOTAL CASH AND CASH EQUIVALENTS	\$ 12,297,294	\$ 375,737	\$ 11,980,766	\$ 133,254

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

These amounts have been reported in the financial statements as follows:

	7/31/2021 Proprietary Fund	12/31/2020 Pension Trust	7/31/2020 Proprietary Fund	12/31/2019 Pension Trust
Current Assets:				
Cash and Cash Equivalents	\$ 10,901,235	\$ 375,737	\$ 10,252,836	\$ 133,254
Restricted Assets:				
Cash and Cash Equivalents	<u>1,396,059</u>	<u>-</u>	<u>1,727,930</u>	<u>-</u>
TOTAL	<u>\$ 12,297,294</u>	<u>\$ 375,737</u>	<u>\$ 11,980,766</u>	<u>\$ 133,254</u>

Custodial Credit Risk – Bank Deposits – July 31, 2021

Custodial credit risk is the risk that in the event of a bank failure, the Authority's bank deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of July 31, 2021, \$12,118,749 of the Authority's proprietary fund bank balance of \$12,368,749 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's
trust department not in the Authority's name in
accordance with Pennsylvania Act 72 of 1971

\$ 12,118,749

Custodial Credit Risk – Bank Deposits – July 31, 2020

Custodial credit risk is the risk that in the event of a bank failure, the Authority's bank deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of July 31, 2020, \$11,882,076 of the Authority's proprietary fund bank balance of \$12,132,076 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's
trust department not in the Authority's name in
accordance with Pennsylvania Act 72 of 1971

\$ 11,882,076

Restricted Assets – Trustee Accounts – Sewer Revenue Bonds

Certain proceeds of the Authority's Sewer Revenue Bonds, and certain resources set aside for their repayment, are classified as Restricted Assets on the Statement of Net Position because they are maintained in separate bank accounts by a trustee, and their use is limited by applicable bond covenants. The "Clearing Fund" account is used to report resources set aside to pay or reimburse the Authority for certain administrative and operating expenses. The "Construction Fund" account is used to report resources set aside to pay costs of acquisition or construction relating to capital projects financed by the bonds. The "Debt Service Fund" account is used to report resources set aside to pay scheduled interest and principal due on the bonds. The "Debt Service Reserve Fund" account is used to report resources set aside to make up potential future deficiencies in the "Debt Service Fund" account. The "Bond Redemption and Improvement Fund" account is used to report resources set aside to meet unexpected contingencies or to pay extraordinary repairs and completion of project costs.

GREATER HAZLETON JOINT SEWER AUTHORITY
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Pennsylvania Treasury's INVEST Program for Local Governments:

The Authority has an account with the Pennsylvania Treasury's INVEST Program for Local Governments ("INVEST"), an external investment pool. Although not registered with the Securities and Exchange Commission, the program permits the Pennsylvania State Treasurer to service as an investment manager and invest the funds of the Authority with the objective of safety of principal, liquidity, and high yield consistent with sound investment strategy. The Authority is permitted to purchase and redeem shares at \$1.00 per share; they in turn are pooled with other local government shares to acquire and sell certain investment securities. Dividends are paid monthly.

Since INVEST is not a bank, the related deposits are not insured by FDIC and are not collateralized on an individual or pooled basis under PA Act 72 of 1971.

The Fund is subject to an annual audit. A copy of the audit and more information concerning the program can be obtained from:

Treasury Department
Commonwealth of Pennsylvania
Invest Program
Room 123
Finance Building
Harrisburg, PA 17120
(866) 300-4603

Investments

To the extent available, investments are recorded at fair value based on quoted market prices in active markets at the date of valuation. Additional information regarding the fair value measurement of investments is disclosed in Note 4. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net increase (decrease) in the fair value of investments is recognized as a component of investment income.

	December 31, 2020		December 31, 2019	
	Cost	Fair Value	Cost	Fair Value
Pension Trust Fund:				
Common Stocks	\$ 947,615	\$ 1,438,150	\$ 816,184	\$ 1,089,348
Mutual Funds	823,364	941,572	860,814	874,273
Exchange Traded Funds and Closed-End Funds	416,164	431,597	257,043	264,062
Corporate Bonds	64,296	67,170	78,400	80,417
U.S. Government Securities	55,894	60,195	104,811	107,743
TOTAL PENSION TRUST FUND	<u>\$ 2,307,333</u>	<u>\$ 2,938,684</u>	<u>\$ 2,117,252</u>	<u>\$ 2,415,843</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
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Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the year ended December 31, 2020, the Authority's proprietary fund realized a net loss of \$16,155, from the sale of investments. The calculation of realized gains and losses is independent of the net appreciation or depreciation in the fair value of investments held at year-end. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year includes the net appreciation (depreciation) of these investments reported in the prior year.

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. In addition to the investments authorized for governmental funds, Fiduciary Fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practices.

The deposits and investments of the Pension Trust Fund are administered by trustees and are held separately from those of other Authority funds. The investments are captioned as "Investments" in the Statement of Fiduciary Net Position – Pension Trust Fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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. As of July 31, 2021 the Authority's investment balances exposed to interest rate risk was as follows:

Investment Type	<u>Investment Maturities (in Years)</u>				
	Market Value	Less Than 1	1 - 5	6 - 10	More Than 10
Pension Trust Fund:					
U.S. Government Securities	60,195	16,236	38,665	5,294	-
Corporate Bonds	67,170	41,706	25,464	-	-
Total	127,365	57,942	64,129	5,294	-

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt investment is measured by Nationally Recognized Statistical Rating Agencies (NRSRA) such as Moody's Investors Services (Moody's). The Authority does not have a formal investment policy that addresses credit risk.

A summary of the credit risk of the fixed income investments (other than US Government and US government guaranteed) are as follows:

Pension Trust Fund - December 31, 2020

<u>Rating</u>	<u>Amount</u>
Moody's AAA	\$ 9,345
Moody's AA1	5,006
Moody's A1	26,729
Moody's A2	15,237
Moody's A3	15,901
Investments Exempt from Rating	2,866,466
Total Pension Trust Fund Investments	<u>\$ 2,938,684</u>

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, that Authority will not be able to recover that value of investment or collateral securities that are in the possession of an outside party. The Authority does not have a formal investment policy that addresses custodial credit risk. However, the Authority held no investments that were exposed to custodial credit risk at July 31, 2021.

Investments in external investment pools or in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are not exposed to custodial credit risk because they are held by the buyer-lender. The term securities as used in this paragraph includes securities underlying repurchase agreements and investment securities.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Authority does not have a formal investment policy that addresses concentration of credit risk.

The following table summarizes the percentage of each investment type held by the Authority:

Pension Trust Fund - December 31, 2020		
	Amount	% of Total
U.S. Government Securities:		
U.S. Treasury Notes	\$ 55,147	1.88%
FNMA	5,048	0.17%
Total U.S. Government Securities	60,195	2.05%
Exchange Traded Funds and Closed-End Funds	431,597	14.69%
Mutual Funds	941,572	32.04%
Stocks	1,438,150	49.86%
Corporate Bonds	67,170	2.29%
TOTAL PENSION FUND INVESTMENTS	\$ 2,938,684	100.00%

Investments in any one issuer (other than U.S. Government Securities) that represent 5% or more of total Pension Fund investments are as follows:

Obligations of or guaranteed by the U.S. Government do not require disclosure of concentration of credit risk.

Pension Trust Fund			
Oakmark International Fund	Mutual Fund	\$ 302,943	10.31%

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that addresses foreign currency risk, however, the Authority held no investments that were exposed to foreign currency risk as of July 31, 2021.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

4. FAIR VALUE MEASUREMENTS

To the extent available, the Authority's investments are recorded at fair value at July 31, 2021. GASB Statement No. 72, Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest, and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1-Investments whose values are based on quoted prices (unadjusted for identical assets in active markets that a government can access at the measurement date.

Level 2-Investments with inputs-other than quoted prices included in Level 1-that are observable for an asset, either directly or indirectly.

Level 3-Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

The following table summarizes the Authority's investments within the fair value hierarchy as of July 31, 2021:

Pension Trust Fund - December 31, 2020

	Value	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Debt Securities:				
U.S. Government Securities:				
U.S. Treasury Notes	\$ 55,147	\$ 55,147	-	-
U.S. Agency - FNMA	5,048	5,048	-	-
Corporate Bonds	67,170	67,170	-	-
Total Debt Securities	127,365	127,365	-	-
Other Securities:				
Exchange Traded Funds and				
Closed End Funds	431,597	431,597	-	-
Mutual Funds	941,572	941,572	-	-
Common Stocks	1,438,150	1,438,150	-	-
Total Investments by Fair Value Level	\$ 2,938,684	\$ 2,938,684	-	-

The following table summarizes the Authority's investments within the fair value hierarchy as of July 31, 2020:

Pension Trust Fund - December 31, 2019

	Value	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Debt Securities:				
U.S. Government Securities:				
U.S. Treasury Notes	\$ 102,762	\$ 102,762	-	-
U.S. Agency - FNMA	4,981	4,981	-	-
Corporate Bonds	80,417	80,417	-	-
Total Debt Securities	188,160	188,160	-	-
Other Securities:				
Exchange Traded Funds and				
Closed End Funds	264,062	264,062	-	-
Mutual Funds	874,273	874,273	-	-
Corporate Stocks	1,089,348	1,089,348	-	-
Total Investments by Fair Value Level	\$ 2,415,843	\$ 2,415,843	-	-

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

5. RESTRICTED ASSETS – TRUSTEE ACCOUNTS – SEWER REVENUE BONDS

A summary of restricted assets at July 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Series of 2012A:		
Clearing Fund	\$ -	\$ 229
Bond Redemption and Improvement Fund Account	-	326,369
Debt Service Reserve Fund Account	-	16,725
Total Series of 2012A	-	343,323
Series of 2012B:		
Clearing Fund	-	239
Bond Redemption and Improvement Fund Account	-	3,789
Debt Service Fund Account	-	18,363
Debt Service Reserve Fund Account	-	344
Total Series of 2012B	-	22,735
Series of 2018:		
Debt Service Fund	719	719
Total Series of 2018	719	719
Series of 2020:		
Clearing Fund	40,615	-
Debt Service Fund Account	-	6,557
Debt Service Reserve Fund Account	1,354,725	1,354,596
Total Series of 2020	1,395,340	1,361,153
Total Series of 2012A, 2012B, 2018 and 2020	\$ 1,396,059	\$ 1,727,930
	<u>2021</u>	<u>2020</u>
Restricted Assets:		
Cash and Cash Equivalents	\$ 1,396,059	\$ 1,727,930
Total Restricted Assets	\$ 1,396,059	\$ 1,727,930

6. PREPAID EXPENSES

A summary of prepaid expenses at July 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Prepaid Insurance	\$ 96,285	\$ 93,776
Prepaid Legal Expense	4,800	4,800
TOTAL PREPAID EXPENSES	\$ 101,085	\$ 98,576

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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7. CAPITAL ASSETS

Capital assets activity consists of the following for the years ended July 31, 2021 and 2020:

	August 1, 2020 Beginning Balance	Increases	Decreases	July 31, 2021 Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED:				
Land	\$ 208,165	\$ -	\$ -	\$ 208,165
Construction in Progress	783,448	1,280,746	343,673	1,720,521
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	991,613	1,280,746	343,673	1,928,686
CAPITAL ASSETS BEING DEPRECIATED:				
Sewer Treatment Plant, Pumps and Transmission Mains	103,264,418	343,673	-	103,608,091
Storage Buildings	98,232	-	-	98,232
Vehicles	964,346	41,932	17,648	988,630
Collection Systems	1,256,887	-	-	1,256,887
Equipment	1,296,922	91,750	-	1,388,672
Office Equipment	205,284	-	-	205,284
TOTAL CAPITAL ASSETS BEING DEPRECIATED	107,086,089	477,355	17,648	107,545,796
LESS ACCUMULATED DEPRECIATION FOR:				
Sewer Treatment Plant, Pumps, and Transmission Mains	25,310,919	2,811,961	-	28,122,880
Storage Buildings	98,232	-	-	98,232
Vehicles	585,059	100,294	17,648	667,705
Collection Systems	178,931	25,138	-	204,069
Equipment	951,880	101,870	-	1,053,750
Office Equipment	178,536	6,119	-	184,655
TOTAL ACCUMULATED DEPRECIATION	27,303,557	3,045,382	17,648	30,331,291
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	79,782,532	(2,568,027)	-	77,214,505
TOTAL CAPITAL ASSETS, NET	\$ 80,774,145	\$ (1,287,281)	\$ 343,673	\$ 79,143,191

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	August 1, 2019 Beginning Balance	Increases	Decreases	July 31, 2020 Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED:				
Land	\$ 208,165	\$ -	\$ -	\$ 208,165
Construction in Progress	<u>25,825,428</u>	<u>6,101,137</u>	<u>31,143,117</u>	<u>783,448</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>26,033,593</u>	<u>6,101,137</u>	<u>31,143,117</u>	<u>991,613</u>
CAPITAL ASSETS BEING DEPRECIATED:				
Sewer Treatment Plant, Pumps and Transmission Mains	72,121,301	31,143,117	-	103,264,418
Storage Buildings	98,232	-	-	98,232
Vehicles	866,282	451,644	353,580	964,346
Collection Systems	1,256,887	-	-	1,256,887
Equipment	1,263,642	33,280	-	1,296,922
Office Equipment	<u>186,474</u>	<u>18,810</u>	<u>-</u>	<u>205,284</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>75,792,818</u>	<u>31,646,851</u>	<u>353,580</u>	<u>107,086,089</u>
LESS ACCUMULATED DEPRECIATION FOR:				
Sewer Treatment Plant, Pumps, and Transmission Mains	23,330,135	1,980,784	-	25,310,919
Storage Buildings	98,232	-	-	98,232
Vehicles	838,827	99,812	353,580	585,059
Collection Systems	153,793	25,138	-	178,931
Equipment	851,910	99,970	-	951,880
Office Equipment	<u>164,447</u>	<u>14,089</u>	<u>-</u>	<u>178,536</u>
TOTAL ACCUMULATED DEPRECIATION	<u>25,437,344</u>	<u>2,219,793</u>	<u>353,580</u>	<u>27,303,557</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>50,355,474</u>	<u>29,427,058</u>	<u>-</u>	<u>79,782,532</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 76,389,067</u>	<u>\$ 35,528,195</u>	<u>\$ 31,143,117</u>	<u>\$ 80,774,145</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

8. ACCRUED PAYROLL AND COMPENSATED ABSENCES

A summary of accrued payroll and compensated absences at July 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Accrued Payroll	\$ 30,811	\$ 25,788
Accrued Compensated Absences	<u>237,103</u>	<u>218,159</u>
Total Accrued Payroll and Compensated Absences	<u>\$ 267,914</u>	<u>\$ 243,947</u>

These amounts have been reported in the financial statement as follows:

	<u>2021</u>	<u>2020</u>
Current Liabilities - Accrued Payroll and Compensated Absences	\$ 147,821	\$ 127,159
Long-Term Portion Noncurrent Liabilities - Compensated Absences	<u>120,093</u>	<u>116,788</u>
Total Accrued Payroll and Compensated Absences	<u>\$ 267,914</u>	<u>\$ 243,947</u>

Employees of the Authority are entitled to paid vacation, personal, and sick days depending on length of service, job classification and other factors. Vacation and personal days not used at the end of the calendar year can be carried forward.

A summary of the Authority's changes in its compensated absences for the years ended July 31, 2021 and 2020 is as follows:

	August 1, 2020 Beginning <u>Balance</u>	Net <u>Additions</u>	Net <u>Reductions</u>	July 31, 2021 Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Compensated Absences	<u>\$ 218,159</u>	<u>\$ 18,944</u>	<u>\$ -</u>	<u>\$ 237,103</u>	<u>\$ 117,010</u>

	August 1, 2019 Beginning <u>Balance</u>	Net <u>Additions</u>	Net <u>Reductions</u>	July 31, 2020 Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Compensated Absences	<u>\$ 189,048</u>	<u>\$ 29,111</u>	<u>\$ -</u>	<u>\$ 218,159</u>	<u>\$ 116,788</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

9. LONG TERM DEBT

A. PennVest Loan #27769

The Authority has a promissory note with PennVest in the total principal amount of \$33,600,000, the proceeds of which are being used to partially fund wastewater treatment plant improvements currently being constructed at the plant. Interest only at the rate of 1.274%, was being charged on the outstanding loan balance until May 1, 2012 at which time repayment of principal and interest commenced.

The loan provides for interest at 1.274% for the first five years and 2.547% for the subsequent fifteen years. Accordingly, based on the total principal amount of \$33,600,000 monthly payments are \$158,667 for the first five years and \$172,691 for the subsequent fifteen years.

This loan was paid off subsequent to July 31, 2021 on October 27, 2021; see Note 1R.

The following table sets forth, for each respective year of the loan, the estimated amount required to be made available in such year for the payment of principal and interest on the loan prior to the payoff of the loan subsequently on October 27, 2021:

Fiscal Year Ending <u>July 31,</u>	Maturing <u>Principal</u>	Total <u>Interest</u>
2022	\$ 1,594,793	\$ 477,318
2023	1,635,889	436,221
2024	1,678,045	394,065
2025	1,721,288	350,823
2026	1,765,644	306,467
2027 - 2031	9,534,624	825,930
2032	1,537,719	16,366
	<u>\$ 19,468,002</u>	<u>\$ 2,807,190</u>

B. PennVest Loan #58103

Consistent with the Authority's previous collection system acquisition, the Authority assumed the PennVest Loan #58103 in the principal amount of \$543,284. The note provided for interest at 1.27% through July 1, 2014 and 2.54% for the remaining period with monthly payments of \$3,128 through July 1, 2029.

GREATER HAZLETON JOINT SEWER AUTHORITY
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This loan was paid off subsequent to July 31, 2021 on October 27, 2021; see Note 1R.

The following table sets forth, for each respective year of the loan, the estimated amount required to be made available in such year for the payment of principal and interest on the loan prior to the payoff of the loan subsequently on October 27, 2021:

Fiscal Year Ending July 31,	Maturing Principal	Total Interest
2022	\$ 33,964	\$ 7,160
2023	34,837	6,287
2024	35,732	5,392
2025	36,650	4,474
2026	37,592	3,532
2027 - 2029	118,733	4,699
	\$ 297,508	\$ 31,544

C. Sewer Revenue Bond, Series of 2018

On March 1, 2018 the Authority issued its Sewer Revenue Bond, Series of 2018 (the "2018 Bond"), in the principal amount of \$2,895,000. The net proceeds of this bond was for permanent financing, in part, for certain capital additions more commonly known as the "Incinerator Project".

The sources and users of the funds relative to the issuance of the bond, exclusive of accrued interest, was as follows:

Source of Funds:

Par Amount of Series 2018 Bond	\$ 2,895,000
TOTAL SOURCES OF FUNDS	\$ 2,895,000

Uses of Funds:

Deposit to Construction Fund	\$ 2,832,804
Costs of Issuance	62,196
TOTAL USES OF FUNDS	\$ 2,895,000

The 2018 Bond was dated March 1, 2018 and accrues interest from that date thereof until maturity or, if redeemable and called for redemption, until the redemption date.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

Redemption Provisions

The 2018 Bond is subject to optional redemption as follows:

Optional Redemptions:

The 2018 Bond is subject to a one-time redemption prior to maturity, at the option of the Authority, upon payment of that specific principal amount so determined for redemption by the Authority not to exceed \$1,447,500, such principal amount to be redeemed together with accrued interest thereon to the regular payment date determined by the Authority for redemption and without any premium or penalty. After such one-time partial prepayment, the remaining principal balance shall be re-amortized, in order to achieve equal monthly installments, through maturity. Other than the one-time partial redemption, the remaining principal balance shall not be subject to redemption prior to March 1, 2023. On March 1, 2023 or on any scheduled payment date thereafter, the 2018 Bond may be redeemed, in whole, but not in part, upon payment of the outstanding principal amount of this bond together with accrued interest thereon to the regular payment date determined by the Authority for redemption and without any premium or penalty.

Amount

The 2018 Bond bears interest at a fixed rate of 3.73%.

The following table sets forth, for each respective year ending July 31, the amount required to be made available in such year for the repayment of principal and interest on the 2018 Bond.

<u>Fiscal Year Ending July 31,</u>	<u>Principal Amount</u>	<u>Total Interest</u>
2022	\$ 120,124	\$ 100,223
2023	124,682	95,665
2024	129,413	90,934
2025	134,324	86,027
2026	139,421	80,927
2027 - 2031	780,587	321,151
2032 - 2036	940,354	161,383
2037 - 2038	372,733	12,873
	<u>\$ 2,741,638</u>	<u>\$ 949,183</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
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D. PennVest Loan #27906

On May 1, 2018 the Authority issued a promissory note with PennVest in the total principal amount of \$2,425,000, the proceeds of which are being used to partially fund the Authority's incinerator installation, ash handling system, and sludge dewatering projects. Interest only at the rate of 1% was being charged on the outstanding principal balance until July 2020 at which time repayment of principal and interest will commence. The balance for the loan at July 31, 2021 was \$1,905,193 with an interest rate at 1.0% for twenty years.

Fiscal Year Ending <u>July 31,</u>	Maturing <u>Principal</u>	Total <u>Interest</u>
2022	\$ 115,305	\$ 18,524
2023	116,463	17,366
2024	117,633	16,196
2025	118,815	15,014
2026	120,009	13,821
2027 - 2031	618,371	50,776
2032 - 2036	650,062	19,085
2037	48,535	106
	\$ 1,905,193	\$ 150,888

Although the incinerator installation project was fully completed at the end of 7/31/21, the Authority is compiling additional submissions to PennVest for contractor payments and engineering costs subsequent to the startup of the incinerator. With that, the Authority will have further borrowings against the loan.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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E. Sewer Revenue Bonds, Series of 2020

On May 15, 2020 the Authority issues its sewer revenue bonds, series of 2020 (the "2020 Bonds"), in the principal amount of \$12,135,000. The net proceeds of these bonds were used to current refund the Authority's Sewer Revenue Bonds, Series of 2012.

SOURCES

Purchase price for the Bonds		\$ 13,495,210
Par Amount	\$ 12,135,000	
Plus Net Original Issue Premium (OIP)	1,420,885	
Less Underwriter's Discount	<u>(60,675)</u>	
Funds Under the Indenture		2,560,682
Existing Clearing Fund	1,097,442	
Existing Debt Service Reserve Fund	<u>1,463,240</u>	<u>-</u>
TOTAL SOURCES		<u>\$ 16,055,892</u>

USES

Deposit to Debt Service Fund		\$ 14,536,653
(1) Bond Proceeds	13,330,271	
(2) Existing Clearing Fund	1,097,442	
(3) Existing Debt Service Reserve Fund	<u>108,940</u>	
Deposit to Debt Service reserve Fund		1,354,300
Municipal Bond Insurance Policy Premium		34,017
Pay Costs of Issuance		124,367
Balance Deposited into the Debt Service Fund		<u>6,555</u>
TOTAL USES		<u>\$ 16,055,892</u>

The bonds were issued as fully registered bonds in denominations of \$5,000 and multiple intervals thereof. The 2020 bonds were dated May 15, 2020 and accrue interest from that date thereof until maturity or, if redeemable and called for redemption, until the redemption date.

The Bonds are issued by the Authority on a parity basis pursuant to and secured by the Indenture. The Bonds are secured by a pledge of, lien upon, and security interest created from the Authority, as debtor, under the Indenture to the Trustee, as secured party, in and to all Receipts and Revenues from the Sewer System, as such phrase is defined and applied under the Indenture. In addition, the Bonds are secured by moneys held in the funds created under the Indenture, including the Debt Service Reserve Fund.

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Redemption Provisions

The 2020 Bonds are subject to optional redemption as follows:

Optional Redemption

The Bonds stated to mature on and after May 15, 2029, are subject to redemption prior to maturity, at the option of the Authority, as a whole on May 15, 2028, or on any date thereafter, upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption. In the event that less than all Bonds of any particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Trustee. Any such redemption shall be upon payment of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

If less than all Bonds of any particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Trustee or DTC, as applicable.

In the event any Bonds are in a denomination greater than \$5,000, a portion of such Bonds may be redeemed, but portions of Bonds shall be redeemed only in the principal amount of \$5,000 or any whole multiple thereof. For purposes of redemption, a Bond shall be treated as representing that number of Bonds that is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for a Bond or Bonds of authorized denomination in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

The stated interest rates, maturities, and yield on the 2020 Bonds are as follows:

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
\$ 255,000	4.000%	5/15/2022
935,000	4.000%	5/15/2023
970,000	4.000%	5/15/2024
1,020,000	4.000%	5/15/2025
1,050,000	4.000%	5/15/2026
3,420,000	4.000%	5/15/2028 - 5/15/2029
2,500,000	3.000%	5/15/2030 - 5/15/2031
<u>1,985,000</u>	2.000%	5/15/2032 - 5/15/2033
<u>\$ 12,135,000</u>		

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The following table sets forth, for each respective year ending July 31, the amount required to be made available in such year for the payment on principal (including mandatory redemption) and interest on the 2020 Bonds.

Fiscal Year Ending <u>July 31,</u>	Principal <u>Amount</u>	Total <u>Interest</u>
2022	\$ 255,000	\$ 420,700
2023	935,000	410,500
2024	970,000	373,100
2025	1,020,000	334,300
2026	1,050,000	293,500
2027 - 2031	5,920,000	814,000
2032 - 2033	1,985,000	53,300
	<u>\$ 12,135,000</u>	<u>\$ 2,699,400</u>

F. Total Estimated Annual Debt Service Requirements

A summary of the total estimated future debt service requirements prior to the payoff of PennVest Loan #27769 and PennVest Loan #58103 and issuance of the Sewer Revenue Bonds, Series of 2021 subsequent to July 31, 2021 on October 27, 2021 is as follows:

Fiscal Year Ending <u>July 31,</u>	Maturing <u>Principal</u>	Total <u>Interest</u>
2022	\$ 2,119,186	\$ 1,023,925
2023	2,846,871	966,039
2024	2,930,823	879,687
2025	3,031,077	790,638
2026	3,112,666	698,247
2027 - 2031	16,972,315	2,016,556
2032 - 2036	5,113,135	250,134
2037 - 2038	421,268	12,979
	<u>\$ 36,547,341</u>	<u>\$ 6,638,205</u>

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G. Bond and Loan Balance Activity

Bond and loan balance activity for the years ended July 31, 2021 and 2020 was as follows:

	August 1, 2020 Beginning Balance	Additions	Reductions	July 31, 2021 Ending Balance	Amounts Due Within One Year
Loan Payable:					
Bonds - Series of 2018	\$ 2,857,370	\$ -	\$ 115,732	\$ 2,741,638	\$ 120,124
PennVest Loan #58103	330,398	-	32,890	297,508	33,964
PennVest Loan #27769	21,022,730	-	1,554,728	19,468,002	1,594,793
PennVest Loan #27906	2,019,351	-	114,158	1,905,193	115,305
Sewer Revenue Bonds - Series of 2020	\$ 12,135,000	\$ -	\$ -	\$ 12,135,000	\$ 255,000
TOTAL	\$ 38,364,849	\$ -	\$ 1,817,508	\$ 36,547,341	\$ 2,119,186

	August 1, 2019 Beginning Balance	Additions	Reductions	July 31, 2020 Ending Balance	Amounts Due Within One Year
Loan Payable:					
Sewer Revenue Bonds - Series of 2012A	\$ 6,755,000	\$ -	\$ 6,755,000	\$ -	\$ -
Sewer Revenue Bonds - Series of 2012B	7,525,000	-	7,525,000	-	-
Sewer Revenue Bonds- Series of 2018	2,895,000	-	37,630	2,857,370	115,733
PennVest Loan #58103	362,781	-	32,383	330,398	33,113
PennVest Loan #27769	22,538,400	-	1,515,670	21,022,730	1,554,728
PennVest Loan #27906	732,830	1,286,521	-	2,019,351	114,158
Sewer Revenue Bonds - Series of 2020	\$ -	\$ 12,135,000	\$ -	\$ 12,135,000	\$ -
TOTAL	\$ 40,809,011	\$ 13,421,521	\$ 15,865,683	\$ 38,364,849	\$ 1,817,732

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H. Net Long-Term Debt

	2021	2020
Sewer Revenue Bonds, Series of 2020	\$ 12,135,000	\$ 12,135,000
Plus:		
Net Original Issue Premium	1,420,885	1,420,885
Net Carrying Amount - Sewer Revenue Bonds, Series of 2020	13,555,885	13,555,885
 Sewer Revenue Bonds, Series 2018	 2,741,638	 2,857,370
PennVest Loan #58103	297,508	330,622
PennVest Loan #27769	19,468,002	21,022,730
PennVest Loan #27906	1,905,193	2,019,351
	37,968,226	39,785,958
Less: Amount Due in One Year	2,119,186	1,817,732
 Total Long-Term Debt, Net	 \$ 35,849,040	 \$ 37,968,226

10. OTHER POST EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS

A. General Information about the Authority's Plan

1. Plan Description

The Authority's Other Post Employment Benefits (OPEB) Other than Pensions offered to employees and retirees is a single-employer defined benefit plan for benefits other than pension which is controlled by the provisions of a collective bargaining agreement between the Authority and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC, on behalf of Local Union 8567-13 for Clerical Employees as well as Maintenance Employees effective May 15, 2017 to May 14, 2022.

2. Employees Covered by the Plan

The following employees and retirees were covered by the plan:

	As of 8/1/2019
Fully Eligible Active Employees	7
Other Active Employees Not Fully Eligible	26
Retirees and Beneficiaries Currently Receiving Benefits	6
 Total	 39

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3. Plan Provisions

As of August 1, 2019 the OPEB plan provides the following benefits:

- a. Normal Retirement Eligibility - Minimum of age 62. A retiree must reach Normal Retirement in order to be eligible for retiree health benefits.
- b. Early Retirement Eligibility - Minimum of age 55 with 10 years of services. Individuals that retire early are eligible for life insurance only.
- c. Medical Benefits - Medical, prescription drug, and dental coverage same as active until eligible for Medicare. Upon Medicare eligibility, the Authority will reimburse the retiree 100% of the premium for a Medicare Supplement Plan.
- d. Retiree Contribution - Prior to Medicare eligibility, the retiree is responsible for paying 50% of the premium. Retiree is not required to contribute toward the cost of a Medicare Supplement plan.
- e. Spousal Coverage - For Non-Management retirees, only until the retiree becomes eligible for Medicare, and provided the retiree contributes 50% of the premium for spousal coverage. For Management retirees, Non-Medicare coverage provided the retiree contributes 50% of the premium. Once Medicare eligible, the spouse is covered in full. For both Non-Management and Management retirees that become eligible for Medicare prior to their spouse, the spouse may continue in non-Medicare coverage for a maximum of 3 years by paying 100% of the cost of COBRA.
- f. Dependent Child Coverage - Yes, until the age of 26 or the retiree becomes eligible for Medicare, whichever occurs first.
- g. Survivor Benefits - No.

4. Contributions

The Authority is not currently making contributions to a qualified trust.

B. Investments

- 1. Investment Policy - The Authority does not have a GASB qualified trust, and therefore, there are no investments.
- 2. Rate of Return - There are no investments.

C. Actuarial Present Value of Projected Benefits as of the Valuation Date

Based on the actuarial calculations performed August 1, 2019, the actuarial present value of projected benefits is \$5,419,213.

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D. OPEB Liability

1. Net OPEB Liability

The components of the Net OPEB liability of the Authority at July 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Total OPEB Liability (TOL)	\$ 3,099,918	\$ 2,885,624
Plan Fiduciary Net Position	<u>-</u>	<u>-</u>
Net OPEB Liability (NOL)	<u>\$ 3,099,918</u>	<u>\$ 2,885,624</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>

2. Actuarial Assumptions

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability was determined as part of an actuarial valuation at August 1, 2019. Updated procedures were used to roll forward to the Authority's fiscal year ending July 31, 2020 and July 31, 2021. This report is based upon the following actuarial assumptions, asset valuation method, and cost method:

a. Actuarial Methods

1. Liabilities- All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.

b. Actuarial Assumptions

1. Economic Assumptions

- a. Investment Return- There are no invested assets.
- b. Salary Increases- 4.0% compounded annually.
- c. Discount Rate- 3.0%.

2. Healthcare Cost Trend Rate

- a. Non Medicare medical and prescription drug costs are assumed to increase by 7.5% in year 1 reduced by 0.25% per year thereafter to an ultimate level of 5% per year.
- b. Medicare supplement costs are assumed to increase by 5% per year.
- c. Dental costs are assumed to increase by 2% per year.

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3. Demographic Assumptions

- a. Mortality- RP-2014 Mortality Tables for Males and Females projected back to 2006 and then projected forward using fully generational Scale MP-2017.
- b. Termination - None assumed.
- c. Disability - None assumed.
- d. Retirement is assumed to occur at normal retirement age of 62.
- e. Participation - 100% of eligible retirees are assumed to participate.
- f. Marital Status - 50% of future retirees are assumed to have a spouse participating in coverage. Female spouses are assumed to be 3 years younger than male spouses.
- g. Children - It is assumed that by the age of normal retirement (age 62), there will be no children in coverage.

3. Long-Term Expected Rate of Return

Since there are no invested assets, there is no long-term expected rate of return.

4. Discount Rate

The discount rate is 3.0% and is based on the S&P 20 year AA municipal bond rate.

5. Net OPEB Liability Sensitivity- Discount Rate

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 3.0% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.0%) or 1 percent higher (4.0%) than the current rate:

	1% Decrease <u>2.00%</u>	Current Discount Rate <u>3.00%</u>	1% Increase <u>4.00%</u>
Net OPEB Liability	<u>\$ 3,830,529</u>	<u>\$ 3,099,918</u>	<u>\$ 2,555,256</u>

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6. Net OPEB Liability Sensitivity- Healthcare Trend

The following is a sensitivity analysis of the net OPEB liability to changes in the healthcare trend rate. The table below presents the net OPEB liability calculated using the current trend rate as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent higher and 1 percent lower than expected:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	<u>\$ 2,564,646</u>	<u>\$ 3,099,918</u>	<u>\$ 3,807,235</u>

7. Changes in Net OPEB Liability

The following table shows the changes in net OPEB liability recognized for the years ended July 31, 2021 and 2020:

	<u>Increase/(Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balances at July 31, 2020	<u>\$ 2,885,624</u>	<u>\$ -</u>	<u>\$ 2,885,624</u>
Changes for the Year:			
Service Cost	188,895	-	188,895
Interest	91,248	-	91,248
Contributions - Employer	-	65,849	(65,849)
Benefit Payments*	<u>(65,849)</u>	<u>(65,849)</u>	<u>-</u>
Net Changes	214,294	-	214,294
Balances at July 31, 2021	<u>\$ 3,099,918</u>	<u>\$ -</u>	<u>\$ 3,099,918</u>

*Payments are actuarially determined expected benefit payments, which may vary from actual benefit payments due to implied subsidy and experience that is different than expected.

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	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 31, 2019	\$ 2,949,246	\$ -	\$ 2,949,246
Changes for the Year:			
Service Cost	181,630	-	181,630
Interest	85,246	-	85,246
Difference Between Expected and Actual Experience	(379,772)	-	(379,772)
Changes in Assumptions and Cost Method	131,591	-	131,591
Contributions - Employer	-	82,317	(82,317)
Benefit Payments*	(82,317)	(82,317)	-
Net Changes	(63,622)	-	(63,622)
Balances at July 31, 2020	\$ 2,885,624	\$ -	\$ 2,885,624

*Payments are actuarially determined expected benefit payments, which may vary from actual benefit payments due to implied subsidy and experience that is different than expected.

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E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The annual OPEB expense recognized can be calculated two different ways. First it is the change in the amounts reported on the Employer's Statement of Net Position that relate to the plan and are not attributable to employer contributions. That is, it is the change in NPL plus the changes in deferred outflows plus employer contributions, as follows:

			Measurement Year Ended <u>July 31, 2021</u>
Change in OPEB Liability:			
July 31, 2021	3,099,918		
July 31, 2020	<u>2,885,624</u>	\$	214,294
Change in Deferred Outflows of Resources:			
July 31, 2021	<u>12,836</u>		12,836
Change in Deferred Inflows of Resources:			
July 31, 2021	<u>(37,043)</u>		(37,043)
Contributions - Authority			<u>65,849</u>
NET PENSION EXPENSE		\$	<u>255,936</u>
			Measurement Year Ended <u>July 31, 2020</u>
Change in Net Pension Liability:			
July 31, 2020	2,885,624		
July 31, 2019	<u>2,949,246</u>	\$	(63,622)
Change in Deferred Outflows of Resources:			
July 31, 2020	<u>(118,755)</u>		(118,755)
Change in Deferred Inflows of Resources:			
July 31, 2020	<u>342,729</u>		342,729
Contributions - Authority			<u>82,317</u>
NET PENSION EXPENSE		\$	<u>242,669</u>

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Alternatively, annual OPEB expense can be calculated by its individual components, as follows:

	July 31, 2021	July 31, 2020
Service Cost	\$ 188,895	\$ 181,630
Interest on Total OPEB Liability	91,248	85,246
Difference Between Expected and Actual Experience	(37,043)	(37,043)
Changes in Assumptions and Cost Method	12,836	12,836
Total OPEB Expense	<u>\$ 255,936</u>	<u>\$ 242,669</u>

F. Deferred Outflows and Deferred Inflows of Resources

For the year ended July 31, 2021, Greater Hazleton Joint Sewer Authority recognized a pension expense of \$255,936. At July 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience*	\$ -	\$ (305,686)
Changes in Assumptions**	<u>105,919</u>	<u>-</u>
Total	<u>\$ 105,919</u>	<u>\$ (305,686)</u>

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

Year Ended July 31:

2022	(24,207)
2023	(24,207)
2024	(24,207)
2025	(24,207)
2026	(24,207)
Thereafter	(78,732)

*The majority of the difference is due to lower than expected increase in costs.

**The discount rate changed from 3.25% to 3.0%.

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11. EMPLOYEES RETIREMENT PLAN

A. General Information about the Pension Plan

1. Plan Description

The Greater Hazleton Joint Sewer Authority Employees' Pension Plan (the "Plan") is a single-employer defined benefit pension plan controlled by the plan document. The Plan is governed by the Authority which may amend plan provisions, and which is responsible for the management of plan assets. The Authority has delegated the authority to manage certain plan assets to Morgan Stanley.

The Authority filed actuarial valuation report Form 203c with the Public Employee Retirement Commission. The report dated January 1, 2021, was the most recent certified by the Authority's chief administrative officer. This report indicated the Authority maintains a pension plan to provide pension or retirement benefits for Non-Uniformed employees.

2. Employees Covered by The Plan

As of January 1, 2020 and 2021, the following employees were covered by the benefit terms:

	<u>Actuarial Valuation Date</u>	
	<u>1/1/20</u>	<u>1/1/21</u>
Active Employees	31	30
Retirees and Beneficiaries Currently Receiving Benefits	<u>10</u>	<u>11</u>
TOTAL	<u>41</u>	<u>41</u>

3. Benefit Provisions

As of January 1, 2021, the Plan provides for the following retirement and other benefits:

- a. Eligibility - All employees who have completed 1,000 hours of service within 12 months and not employed within 5 years of Normal Retirement Date. Effective May 15, 2017, participation in the Plan will be frozen. No new employees will enter the Plan after May 15, 2017.
- b. Retirement Dates:
 1. Normal Retirement Date - First day of month following the member's sixty-second (62nd) birthday.
 2. Early Retirement Date - Attainment of member's fifty-fifth (55th) birthday and completion of ten (10) years of credited service.
 3. Postponed Retirement Date - A member may continue to work past his Normal Retirement Date in accordance with the Age Discrimination Act.

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4. Disability Retirement Date - Qualified for Social Security Disability or demonstrates to the Committee that the member has a permanent and total disability.
- c. Retirement Benefits:
1. Normal Retirement Benefit - Shall be determined for each year of service in accordance with the following table:

For Participants Whose Date of Determination is On or After	Hours of Service Within Calendar Year		
	1000-1399	1400-1799	1800 or More
5/15/1987	\$ 8.00	\$ 12.00	\$ 15.00
5/15/1993	10.50	16.00	20.00
5/15/1994	11.00	17.00	21.25
5/15/1995	11.50	17.50	21.50
5/15/1996	12.03	18.04	22.55
5/15/1997	12.59	18.88	23.60
5/15/1998	13.15	19.72	24.65
5/15/1999	13.87	20.80	26.00
5/15/2000	14.93	22.40	28.00
5/15/2001	16.53	24.80	31.00
5/15/2002	17.60	26.40	33.00
5/15/2003	18.67	28.00	35.00
5/15/2006	21.33	32.00	40.00
5/15/2011	24.00	36.00	45.00
5/15/2014	26.67	40.00	50.00
5/15/2017	29.33	44.00	55.00

2. Early Retirement Benefit
 - a. Early Deferred Benefit – Shall be equal to the employee's accrued benefit as of their date of early retirement payable at age 62.
 - b. Early Immediate Benefit – Shall be equal to the equivalent actuarial value of the employee's early deferred benefit.
 3. Postponed Retirement Benefit - Benefits shall increase in the normal manner as affected by continuing employment beyond age 62.
 4. Disability Retirement Benefit - Shall be equal to the equivalent actuarial value of the employee's accrued benefit as of the date of disability.
- d. Vested Benefits:
1. Accrued Benefit – Normal retirement benefit earned to date of termination of employment.

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2. Vested Benefit – Determined by multiplying the Accrued Benefit by the applicable percentage, as follows:

<u>Years of Credited Service at Date of Determination</u>	<u>Vesting Percent</u>
Less than 5	None
5 but less than 6	50%
6 but less than 7	60%
7 but less than 8	70%
8 but less than 9	80%
9 but less than 10	90%
10 or more	100%

e. Death Benefits:

1. Pre-Retirement – Equal to the present value of the member's accrued benefit at date of death.
2. Post-Retirement – None, unless the member chooses a Life with 10 Year Certain or Joint & Survivor Option.

f. Retirement Benefit Payments:

1. Normal Retirement Benefit – Payable in equal monthly installments during the employee's lifetime.
2. Qualified Joint & Survivor Options – Equivalent actuarial value of the Normal Retirement Benefit.
 - a. 100% Survivor – Spouse receives the same monthly benefit the member was receiving.
 - b. 50% Survivor – Spouse receives 50% of the monthly benefit the member was receiving.
3. Ten Years Certain and Life Option – The equivalent actuarial value of the Normal Retirement Benefit. Payable in monthly installments during the employee's lifetime. If the employee dies before receiving 120 monthly payments, the balance of the 120 payments will be made to the member's beneficiary(ies).

g. Plan Anniversary Date - January 1

- h. Administrative Committee - Committee has general responsibility for the administration and interpretation of the Plan. The Committee shall consist of at least three (3) persons appointed by the Board of Directors and three (3) employee representatives.

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- i. Investment Committee - Committee reviews the investment performance and methods of the Trustee and any other funding agencies. With approval of the Board of Directors, it may appoint and remove or change the Trustee and any such funding agency. The Committee shall consist of at least three (3) persons appointed by the Board of Directors and three (3) employee representatives.

j. Plan Document:

A. Effective Date of Plan	5/15/75
B. Amendment #1	5/15/75
C. Amendment #2 Rewrite	5/15/78
D. Amendment #3	5/15/81
E. Amendment #4	5/15/84
F. Amendment #5	5/15/93
G. Amendment #6	2/10/97
H. Amendment #7	5/15/02
I. Amendment #8	2/19/03
J. Amendment #9	9/6/06
K. Amendment #10	8/21/12
L. Amendment #11	1/30/14
M. Amendment #12	5/15/17
N. Amendment #13	9/13/21

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4. Contributions

Act 205 requires that annual contributions to the plan be based upon the Plan's Minimum Municipal Obligation (MMO), which is based on the Plan's biennial actuarial valuation. In accordance with the Plan's governing document, employees are not required to contribute to the Plan. Any funding requirements established by the MMO must be paid by the Authority in accordance with Act 205.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

B. Summary of Significant Accounting Policies

1. Basis of Accounting

The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

2. Valuation of Investments

The Plan's assets are valued at fair market value.

C. Investments

1. Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee. The investment policy of the Plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity securities, domestic fixed income instruments and other asset classes as may be deemed prudent.

The Plan's investment policy establishes that the portfolio may be invested in the following asset classes with the following target asset allocation:

<u>Asset Class</u>	<u>Target</u>	<u>Asset Class</u>	<u>Target</u>
Equities	45%	Governmental Securities	2%
Corporate Fixed	1%	Mutual Funds, ETFs & CEFs	40%
		Cash	12%

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

2. Rate of Return

For the year ended July 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Deferred Retirement Option Program (DROP)

The Plan does not provide a Deferred Retirement Option Program.

E. Pension Liability

1. Net Pension Liability

The components of the net pension liability of the Authority as of July 31, 2021 were as follows:

Total Pension Liability (TOL)	\$ 3,789,355
Plan Fiduciary Net Position	<u>3,858,179</u>
Net Pension Liability (NOL)	<u>\$ (68,824)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>101.8%</u>

2. Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2021. Update procedures were used to roll forward to the Plan's fiscal year ending July 31, 2021. This report is based upon the following actuarial assumptions, asset valuation method, and cost method:

a. Actuarial Methods

1. Liabilities- All plan benefits are valued using the entry age normal cost valuation method.

b. Actuarial Assumptions

1. Economic Assumptions

- a. Investment Return- 6.5% per annum, net of investment expenses.

2. Demographic Assumptions

- a. Mortality- RP-2000 Mortality Table projected to 2017 using Scale AA.
- b. Termination- None assumed.
- c. Disability- None assumed.
- d. Retirement Age- Normal retirement age or age on valuation date if greater.
- e. Form of Annuity- Straight life.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

3. Long-Term Expected Rate of Return

The long-term expected rate of return on pension 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 pension plan investment expense and inflation of 2.24%), 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 allocation percentage and by expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	6.20%	Governmental Securities	-0.33%
Corporate Fixed	1.73%	Mutual Funds	
		ETFs & CEFs	6.20%
		Cash	-0.33%

4. Discount Rate

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Authority rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

5. Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 6.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate:

	<u>1% Decrease 5.50%</u>	<u>Current Discount Rate 6.50%</u>	<u>1% Increase 7.50%</u>
Net Pension Liability	\$ 505,599	\$ (68,824)	\$ (291,028)

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

6. Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at July 31, 2020	\$ 3,191,830	\$ 2,669,955	\$ 521,875
Changes for the Year:			
Service Cost	77,421	-	77,421
Interest	208,641	-	208,641
Differences Between Expected and Actual Experience	(64,364)	-	(64,364)
Changes of Assumptions	494,609	-	494,609
Contributions - Employer*	-	700,000	(700,000)
Net Investment Income	-	644,483	(644,483)
Benefit Payments	(118,782)	(118,782)	-
Administrative Expense	-	(37,477)	37,477
Net Changes	597,525	1,188,224	(590,699)
Balance at July 31, 2021	\$ 3,789,355	\$ 3,858,179	\$ (68,824)

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at July 31, 2019	\$ 3,000,603	\$ 2,474,024	\$ 526,579
Changes for the Year:			
Service Cost	76,474	-	76,474
Interest	226,587	-	226,587
Differences Between Expected and Actual Experience	-	-	-
Contributions - Employer*	-	223,000	(223,000)
Net Investment Income	-	125,579	(125,579)
Benefit Payments	(111,834)	(111,834)	-
Administrative Expense	-	(40,814)	40,814
Net Changes	191,227	195,931	(4,704)
Balance at July 31, 2020	\$ 3,191,830	\$ 2,669,955	\$ 521,875

*Employer contributions as of fiscal year end July 31, 2021 and 2020.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

7. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The annual pension expense recognized can be calculated two different ways. First it is the change in the amounts reported on the Employer's Statement of Net Position that relate to the plan and are not attributable to employer contributions. That is, it is the change in NPL plus the changes in deferred outflows plus employer contributions, as follows:

		Measurement Year Ended <u>July 31, 2021</u>
Change in Net Pension Liability:		
July 31, 2021	(68,824)	
July 31, 2020	<u>521,875</u>	\$ (590,699)
Change in Deferred Outflows of Resources:		
July 31, 2021	(460,709)	
July 31, 2020	<u>(143,600)</u>	(317,109)
Change in Deferred Inflows of Resources:		
July 31, 2021	442,739	
July 31, 2020	<u>113,783</u>	328,956
Contributions - Authority		700,000
Contributions - 457(b) Match		5,979
Actuarial Fees		<u>8,139</u>
NET PENSION EXPENSE		<u>\$ 135,266</u>

*Contributions as of fiscal year end July 31, 2021.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

		Measurement Year Ended <u>July 31, 2020</u>
Change in Net Pension Liability:		
July 31, 2020	521,875	
July 31, 2019	<u>526,579</u>	\$ (4,704)
Change in Deferred Outflows of Resources:		
July 31, 2020	(143,600)	
July 31, 2019	<u>(144,346)</u>	746
Change in Deferred Inflows of Resources:		
July 31, 2020	113,783	
July 31, 2019	<u>131,900</u>	(18,117)
Contributions - Authority*		223,000
Contributions - 457(b) Match		2,477
Actuarial Fees		<u>3,750</u>
NET PENSION EXPENSE		<u>\$ 207,152</u>

*Contributions as of fiscal year end July 31, 2020.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

Alternatively, annual pension expense can be calculated by its individual components, as follows:

	<u>July 31, 2021</u>	<u>July 31, 2020</u>
Service Cost	\$ 77,421	\$ 76,474
Interest on Total Pension Liability	208,641	226,587
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	(25,976)	(18,117)
Changes of Assumptions	67,088	6,696
Projected Earnings on Pension Plan Investments	(179,844)	(184,009)
Differences Between Projected and Actual Earnings on Investments	(63,659)	52,480
Administrative Expense	<u>37,477</u>	<u>40,814</u>
Total Pension Plan Expense	121,148	200,925
Contributions - 457(b) Match	5,979	2,477
Actuarial Fees	<u>8,139</u>	<u>3,750</u>
Total Pension Expense	<u>\$ 135,266</u>	<u>\$ 207,152</u>

8. Deferred Outflows and Deferred Inflows of Resources

For the year ended July 31, 2021, Greater Hazleton Joint Sewer Authority recognized a pension expense of \$135,266. At July 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ (152,171)
Changes in Assumptions	460,709	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>-</u>	<u>(290,568)</u>
Total	<u>\$ 460,709</u>	<u>\$ (442,739)</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

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

Year Ended July 31:

2022	(15,358)
2023	(18,817)
2024	(40,130)
2025	(51,849)
2026	41,311
Thereafter	102,813

12. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority has property, general liability, workers' compensation, and employee health coverage. Claims have not exceeded coverage in any of the past three fiscal years.

13. COMMITMENTS AND CONTINGENCIES

Construction Contracts

The Authority has entered into various substantial construction contracts related to capital projects and major improvements to the Authority's treatment facilities, several of which are incomplete as of July 31, 2021. Complete details concerning the nature and amount of the contracts can be obtained from Authority management.

Union Agreements

The Authority has entered into employment agreements with the unions representing certain groups of its employee workforce. The agreements provide for certain compensation, benefits, and other working conditions, all as more fully detailed in those agreements. It should be noted that these benefits include certain post-employment benefits for retirees as previously noted. Complete details concerning the nature and duration of the contracts can be obtained from Authority management.

State Assisted Grant Program

The Authority is participating in a state assisted grant program. This program is subject to financial and program compliance audits by the grantors or their representatives. The Authority is potentially liable for any expenditures which may be disallowed pursuant to the terms of this grant program. Although the amount, if any, of the expenditures which may be disallowed cannot be determined as of the date of the financial statements, it is the opinion of Authority management that any such amounts would be immaterial and would not have a material adverse effect on the Authority's financial position.

GREATER HAZLETON JOINT SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

Operating Regulations, Permits and Licenses

Because of the nature of the Authority's operations, it is subject to various federal, state and local regulations, permits, and licenses related to plant operations and discharges from the Authority's treatment facilities. Complete details concerning these regulations, permits, and licenses can be obtained from Authority management.

14. EFFECTS OF NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued the following statements with effective dates subsequent to July 31, 2021. The Authority has not evaluated the effects these statements will have on its financial statements.

<u>Statement</u>	<u>Effective for Reporting Periods Beginning After</u>	<u>Authority's Fiscal Year End Effective Date</u>
No. 98 The annual comprehensive financial report	December 15, 2021	July 31, 2023
No. 97 Certain component unit criteria	June 15, 2021	July 31, 2022
No. 96 Subscription-based information technology arrangements	June 15, 2022	July 31, 2023
No. 94 Public-private and public-public partnerships and availability payment arrangements	June 15, 2022	July 31, 2023
No. 93 Replacement of Interbank Offered Rates	June 15, 2021	July 31, 2022
No. 92 Omnibus	June 15, 2021	July 31, 2022
No. 91 Conduit Debt Obligations	December 15, 2021	July 31, 2023
No. 89 Accounting for Interest Cost Incurred before the End of a Construction Period	December 15, 2020	July 31, 2022
No. 87 Leases	June 15, 2021	July 31, 2022

15. COVID-19 ECONOMIC IMPACT

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. Greater Hazleton Joint Sewer Authority has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for employees and securing supply of materials that are essential to the process of sewage treatment. At this stage, the impact on the Authority has not been significant and operation results have been positive.

GREATER HAZLETON JOINT SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION TRUST FUND
SCHEDULE OF CHANGES IN AUTHORITY'S NET PENSION LIABILITY
AND RELATED RATIOS
SEVEN YEARS
JULY 31, 2021
(UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability							
Service Cost	\$ 77,421	\$ 76,474	\$ 76,474	\$ 80,111	\$ 72,828	\$ 65,518	\$ 45,445
Interest	208,641	226,587	220,445	208,185	186,290	176,073	159,303
Changes of Benefit Terms	-	-	-	151,206	-	-	114,930
Differences Between Expected and Actual Experience	(64,364)	-	(102,011)	-	(14,850)	-	(57,436)
Changes of Assumptions	494,609	-	-	-	9,060	-	62,290
Benefit Payments, Including Refunds of Member Contributions	(118,782)	(111,834)	(114,196)	(128,197)	(111,559)	(113,802)	(122,590)
Net Change in Total Pension Liability	597,525	191,227	80,712	311,305	141,769	127,789	201,942
Total Pension Liability - Beginning	3,191,830	3,000,603	2,919,891	2,608,586	2,466,817	2,339,028	2,137,086
Total Pension Liability - Ending	<u>\$ 3,789,355</u>	<u>\$ 3,191,830</u>	<u>\$ 3,000,603</u>	<u>\$ 2,919,891</u>	<u>\$ 2,608,586</u>	<u>\$ 2,466,817</u>	<u>\$ 2,339,028</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 700,000	\$ 223,000	\$ 473,000	\$ 473,000	\$ 220,000	\$ 177,500	\$ 169,000
Net Investment Income (Loss)	644,483	125,579	53,657	110,394	142,262	(13,215)	28,675
Benefit Payments, Including Refunds of member Contributions	(118,782)	(111,834)	(114,196)	(128,197)	(111,559)	(113,802)	(122,590)
Administrative Expense	(37,477)	(40,814)	(27,047)	(30,151)	(10,705)	(21,533)	(24,130)
Net Change in Plan Fiduciary Net Position	1,188,224	195,931	385,414	425,046	239,998	28,950	50,955
Plan Net Position - Beginning	2,669,955	2,474,024	2,088,610	1,663,564	1,423,566	1,394,616	1,343,661
Plan Net Position - Ending	<u>\$ 3,858,179</u>	<u>\$ 2,669,955</u>	<u>\$ 2,474,024</u>	<u>\$ 2,088,610</u>	<u>\$ 1,663,564</u>	<u>\$ 1,423,566</u>	<u>\$ 1,394,616</u>
Authority's Net Pension Liability	<u>\$ (68,824)</u>	<u>\$ 521,875</u>	<u>\$ 526,579</u>	<u>\$ 831,281</u>	<u>\$ 945,022</u>	<u>\$ 1,043,251</u>	<u>\$ 944,412</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>101.8%</u>	<u>83.6%</u>	<u>82.5%</u>	<u>71.5%</u>	<u>63.8%</u>	<u>57.7%</u>	<u>59.6%</u>

Ultimately, this schedule will present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

Source: Valuations performed by the Authority's actuary.

GREATER HAZLETON JOINT SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION TRUST FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEN YEARS
JULY 31, 2021
(UNAUDITED)

	Schedule of Employer Contributions Last 10 Fiscal Years									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 109,783	\$ 123,723	\$ 123,723	\$ 150,839	\$ 146,835	\$ 177,335	\$ 177,335	\$ 195,238	\$ 195,238	\$ 199,735
Contributions in Relation to the Actuarially Determined Contribution	<u>111,000</u>	<u>142,500</u>	<u>153,500</u>	<u>169,000</u>	<u>169,000</u>	<u>177,500</u>	<u>220,000</u>	<u>473,000</u>	<u>473,000</u>	<u>700,000</u>
Contribution Excess	<u>\$ (1,217)</u>	<u>\$ (18,777)</u>	<u>\$ (29,777)</u>	<u>\$ (18,161)</u>	<u>\$ (22,165)</u>	<u>\$ (165)</u>	<u>\$ (42,665)</u>	<u>\$ (277,762)</u>	<u>\$ (277,762)</u>	<u>\$ (500,265)</u>

Source: Valuations performed by the Authority's actuary.

Notes to schedule:

Assumption Changes – In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 using Scale AA to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to PUBG-2010 Tables projected 5 years past the valuation date using Scale MP-2020. In 2021, the economic assumption of rate of return reduced from 7.5% to 6.5%.

Benefit Changes – In 2017, the normal retirement benefit was increased to \$55 per month for each calendar year the participant completes 1,800 hours of service, \$44 per month for each calendar year the participant completes 1,400 – 1,799 hours of service and \$29.33 per month for each calendar year the participant completes 1,000 – 1,399 hours of service.

GREATER HAZLETON JOINT SEWER AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION TRUST FUND
 SCHEDULE OF INVESTMENT RETURNS
 SEVEN YEARS
 JULY 31, 2021
 (UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	21.90%	5.00%	2.38%	6.51%	12.55%	-0.93%	2.12%

Ultimately, this schedule will present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

Source: Valuations performed by the Authority's actuary.

GREATER HAZLETON JOINT SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS
SCHEDULE OF CHANGES IN AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JULY 31, 2021
(UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 188,895	\$ 181,630	\$ 205,466	\$ 197,563
Interest	91,248	85,246	93,606	85,899
Difference Between Expected and Actual Expenses	-	(379,772)	-	-
Change in Assumptions and Cost Method	-	131,591	-	-
Benefit Payments	(65,849)	(82,317)	(49,104)	(59,340)
Net Change in Total OPEB Liability	214,294	(63,622)	249,968	224,122
Total OPEB Liability - Beginning	2,885,624	2,949,246	2,699,278	2,475,156
Total OPEB Liability - Ending	<u>\$ 3,099,918</u>	<u>\$ 2,885,624</u>	<u>\$ 2,949,246</u>	<u>\$ 2,699,278</u>
Plan Fiduciary Net Position				
Contributions - Employer	-	-	-	-
Plan Net Position - Beginning	-	-	-	-
Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Net OPEB Liability	<u>\$ 3,099,918</u>	<u>\$ 2,885,624</u>	<u>\$ 2,949,246</u>	<u>\$ 2,699,278</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Covered Employee Payroll	<u>\$ 2,283,751</u>	<u>\$ 2,195,915</u>	<u>\$ 2,151,537</u>	<u>\$ 2,068,786</u>
Net OPEB Liability as a Percentage of Covered Employee Payroll	<u>135.7%</u>	<u>131.4%</u>	<u>130.5%</u>	<u>137.1%</u>

Note: Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

Source: Valuation performed by the Authority's actuary.

GREATER HAZLETON JOINT SEWER AUTHORITY
SCHEDULES OF SEWER TREATMENT REVENUES
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	July 31, 2021				
	<u>Hazleton</u>	<u>West Hazleton</u>	<u>Hazle Township</u>	<u>Sugarloaf Township</u>	<u>Total</u>
Residential	\$ 3,978,232	\$ 723,566	\$ 1,616,013	\$ 52,188	\$ 6,369,999
Non-Residential	632,255	134,668	183,138	5,649	955,710
Industrial	348,215	162,886	393,946	113,421	1,018,468
Schools	(29,845)	(15,672)	(61,265)	-	(106,782)
	4,928,857	1,005,448	2,131,832	171,258	8,237,395
Penalties	24,040	183	8,486	-	32,709
TOTAL	\$ 4,952,897	\$ 1,005,631	\$ 2,140,318	\$ 171,258	8,270,104
Outside Independent Haulers Surcharge					1,827,876
					<u>308,988</u>
TOTAL SEWER TREATMENT REVENUES					\$ 10,406,968

	July 31, 2020				
	<u>Hazleton</u>	<u>West Hazleton</u>	<u>Hazle Township</u>	<u>Sugarloaf Township</u>	<u>Total</u>
Residential	\$ 3,965,632	\$ 720,317	\$ 1,615,869	\$ 52,255	\$ 6,354,073
Non-Residential	620,022	130,236	193,621	6,410	950,289
Industrial	367,316	166,626	409,872	114,919	1,058,733
Schools	82,662	25,610	129,160	-	237,432
	5,035,632	1,042,789	2,348,522	173,584	8,600,527
Penalties	64,917	14,288	20,657	-	99,862
TOTAL	\$ 5,100,549	\$ 1,057,077	\$ 2,369,179	\$ 173,584	8,700,389
Outside Independent Haulers Surcharge					2,010,088
					<u>341,698</u>
TOTAL SEWER TREATMENT REVENUES					\$ 11,052,175

GREATER HAZLETON JOINT SEWER AUTHORITY
SCHEDULES OF SEWER TRANSMISSION REVENUES
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	July 31, 2021		
	<u>Hazleton</u>	<u>West Hazleton</u>	<u>Total</u>
Residential	\$ 1,318,680	\$ 240,771	\$ 1,559,451
Non-Residential	209,623	44,919	254,542
Industrial	118,222	54,357	172,579
Schools	<u>(131)</u>	<u>(1,618)</u>	<u>(1,749)</u>
TOTAL SEWER TRANSMISSION REVENUES	<u>\$ 1,646,394</u>	<u>\$ 338,429</u>	<u>\$ 1,984,823</u>

	July 31, 2020		
	<u>Hazleton</u>	<u>West Hazleton</u>	<u>Total</u>
Residential	\$ 1,327,293	\$ 243,832	\$ 1,571,125
Non-Residential	211,494	44,300	255,794
Industrial	124,356	55,169	179,525
Schools	<u>27,565</u>	<u>8,511</u>	<u>36,076</u>
TOTAL SEWER TRANSMISSION REVENUES	<u>\$ 1,690,708</u>	<u>\$ 351,812</u>	<u>\$ 2,042,520</u>

GREATER HAZLETON JOINT SEWER AUTHORITY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
PLANT		
Salaries and Wages	\$ 1,453,930	\$ 1,415,930
Chemicals, Chlorine, and Other Supplies	863,738	669,730
Repairs and Maintenance	535,139	552,914
Electricity	531,152	506,741
Bio Solids Removal and Disposal	296,823	1,280,332
Payroll Taxes	121,170	124,511
Natural Gas	102,504	34,428
Laboratory Supplies and Expense	55,773	48,747
General Supplies	40,678	46,303
Odor Control	30,495	29,975
Water	24,947	17,271
Grease and Oils	24,165	13,146
Small Tools and Parts	15,908	23,181
Truck Expense	8,994	10,918
Employee Work Clothes	8,445	8,750
Industrial Pretreatment Expenses	4,698	1,650
Miscellaneous Expense	3,904	1,890
Oil	1,994	-
	<u>\$ 4,124,457</u>	<u>\$ 4,786,417</u>
TOTAL PLANT		
PUMPING STATION		
Salaries and Wages	\$ 309,970	\$ 289,367
Repairs and Maintenance	159,147	73,640
Electricity	97,731	112,798
Payroll Taxes	23,969	22,077
Water	12,307	16,768
Natural Gas	1,052	1,076
	<u>\$ 604,176</u>	<u>\$ 515,726</u>
TOTAL PUMPING STATION		
COLLECTION SYSTEM		
Salaries and Wages	\$ 419,349	\$ 416,430
Maintenance and Repairs	282,433	81,957
Insurance - Group	84,143	96,568
Equipment Maintenance	51,299	51,714
Truck Expense	33,182	48,625
Payroll Taxes	32,072	31,155
General Supplies	25,737	29,638
Miscellaneous	12,545	25,314
Engineering	10,821	9,664
PA One Call	1,941	889
	<u>\$ 953,522</u>	<u>\$ 791,954</u>
TOTAL COLLECTION SYSTEM		

GREATER HAZLETON JOINT SEWER AUTHORITY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ADMINISTRATIVE		
Insurance - Group	\$ 372,640	\$ 319,153
Other Post-Employment Benefits (OPEB)	255,936	242,669
Pension Plan Expense	135,266	207,152
Salaries and Wages	123,672	117,858
Legal Expense	106,540	91,558
Consulting and Engineering	95,452	82,784
Insurance - General	94,611	87,249
Insurance - Workers' Compensation	77,298	63,635
Repairs and Maintenance	45,616	44,229
Auditing Expense	32,000	31,500
Office Supplies and Expense	30,407	30,844
Postage Permit (Bills)	22,253	23,226
Billing and Collection Expense	20,007	20,599
Board Member Fees	17,300	15,050
Telephone	12,824	11,785
Insurance - Directors Life and Disability	11,229	5,995
Eye Glass Reimbursement	8,998	8,799
Payroll Taxes	8,869	9,365
Conferences, Seminars and Travel	8,587	16,143
Payroll Preparation	7,233	6,987
Utilities-Administration Building	6,271	6,320
General Supplies	5,722	1,363
Bond Premium	4,732	4,732
Dues and Subscriptions	4,447	5,041
Advertising	4,124	4,141
Trustee Fees	3,500	5,000
Postage and Freight	2,832	2,983
Miscellaneous Expense	923	2,880
Bad Debt Expense	-	85,000
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TOTAL ADMINISTRATIVE	\$ 1,519,289	\$ 1,554,040
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