

**BOROUGH OF MYERSTOWN
WASTEWATER TREATMENT REVENUE ACCOUNT**

FINANCIAL STATEMENTS

DECEMBER 31, 2021

**BOROUGH OF MYERSTOWN
WASTEWATER TREATMENT REVENUE ACCOUNT
FINANCIAL STATEMENTS
December 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

Borough Council
BOROUGH OF MYERSTOWN
Myerstown, Pennsylvania

Opinion

We have audited the accompanying financial statements of the Wastewater Treatment Revenue Account of the Borough of Myerstown, Pennsylvania, as of and for the year ended **December 31, 2021 and 2020**, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Wastewater Treatment Revenue Account of the Borough of Myerstown, Pennsylvania, as of December 31, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wastewater Treatment Revenue Account of the Borough of Myerstown, Pennsylvania and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wastewater Treatment Revenue Account of the Borough of Myerstown, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wastewater Treatment Revenue Account of the Borough of Myerstown, Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wastewater Treatment Revenue Account of the Borough of Myerstown, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other-Matters

As discussed in Note 1, the financial statements present only the Waste Water Treatment Revenue Account and do not purport to, and do not, present fairly the financial position of the Borough of Myerstown, Pennsylvania, as of December 31, 2021 and 2020, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Stanilla, Siegel and Maser LLC

Lebanon, Pennsylvania
June 17, 2022

BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
STATEMENTS OF NET POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<i>ASSETS</i>		
Current Assets:		
Cash & Cash Equivalents	\$ 2,702,650	\$ 2,708,080
Investments	3,249,975	2,884,380
Due from Other Funds	224,660	223,237
Accounts Receivable	272,082	224,730
Grant Receivable- Penn DoT	-0-	117,088
Shared Cost Receivable	48,381	140,989
Total Current Assets	<u>\$ 6,497,748</u>	<u>\$ 6,298,504</u>
Noncurrent Assets:		
Capital Assets, net of Depreciation	<u>16,306,566</u>	<u>16,708,101</u>
Total Assets	<u>\$ 22,804,314</u>	<u>\$ 23,006,605</u>
<i>DEFERRED OUTFLOWS OF RESOURCES</i>		
Deferred Amount on Refunding	<u>\$ 736,940</u>	<u>\$ 789,578</u>
Total Deferred Outflows of Resources	<u>\$ 736,940</u>	<u>\$ 789,578</u>
<i>LIABILITIES</i>		
Current Liabilities:		
Accounts Payable	\$ 41,690	\$ 44,639
Note Payable, current portion	408,000	440,000
Due to Other Funds	104,234	106,849
Accrued Wages	12,399	10,133
Accrued Interest Payable	16,410	64,418
Accrued Vacation	3,808	3,808
Total Current Liabilities	<u>\$ 586,541</u>	<u>\$ 669,847</u>
Noncurrent Liabilities:		
Note Payable, net of current portion	<u>6,182,000</u>	<u>6,435,000</u>
Total Liabilities	<u>\$ 6,768,541</u>	<u>\$ 7,104,847</u>
<i>NET POSITION</i>		
Net Investment in Capital Assets	\$ 9,716,566	\$ 9,833,101
Unrestricted	<u>7,056,147</u>	<u>6,858,235</u>
Total Net Position	<u>\$ 16,772,713</u>	<u>\$ 16,691,336</u>

See Accompanying Notes to Financial Statements

BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Waste Water Treatment User Charges	\$ 1,306,038	\$ 1,260,711
Fines and Penalties	7,545	10,228
Industrial Cost Recovery and Monitoring	19,903	19,673
Contracted Labor and Equipment	11,305	11,396
Act 205 Pension Reimbursement	26,372	23,831
Shared Cost Reimbursement	317,369	412,140
Insurance Reimbursement - Floods	-0-	32,808
Miscellaneous Income	14,824	13,189
Total Operating Revenues	<u>\$ 1,703,356</u>	<u>\$ 1,783,976</u>
OPERATING EXPENSES		
Shared Wastewater Treatment System Expenses		
Salaries	\$ 241,137	\$ 211,875
Materials & Supplies	6,118	8,572
Utilities	74,438	77,940
Chemicals	43,897	34,663
Lab Expenditures	50,536	63,270
Sludge Disposal	66,709	54,378
Trash Removal	14,983	17,929
Maintenance & Repairs	35,212	49,277
Vehicle Expense	5,412	2,666
Alarm System Costs	3,056	3,041
Flood Damage	-0-	2,701
Equipment Replacement	13,735	41,388
Total Shared Wastewater Treatment System Expenses	<u>\$ 555,233</u>	<u>\$ 567,700</u>
Shared Administrative Expenses		
Borough Administrative Expenses	\$ 52,107	\$ 80,000
Materials & Supplies	2,520	1,675
Dues, Conferences, and Training	611	942
Accounting and Legal Fees	5,095	5,927
Communications	5,569	5,803
Protective Equipment	311	406
Employee Benefits and Taxes	176,606	173,775
Insurance	20,129	24,648
Office Expense	15	159
Miscellaneous	-0-	-0-
Uniform Rental	2,276	2,427
Total Shared Administrative Expenses	<u>\$ 265,239</u>	<u>\$ 295,762</u>

(Continued)

See Accompanying Notes to Financial Statements

BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING EXPENSES (CONTINUED)		
Expenses Allocated to Millcreek - Richland Only		
Maintenance & Repairs	\$ 545	\$ 1,152
Total Expenses Allocated to Millcreek - Richland Only	<u>\$ 545</u>	<u>\$ 1,152</u>
Expenses Allocated to Jackson Only		
Maintenance & Repairs	\$ -0-	\$ 637
Total Expenses Allocated to Jackson Only	<u>\$ -0-</u>	<u>\$ 637</u>
Expenses Allocated to Myerstown Only		
Collection System	\$ 123,403	\$ 77,199
Administrative Services, Not Shared	20,000	20,000
Professional Fees	66	2,366
Insurance	3,435	5,186
Depreciation	461,244	456,946
Total Expenses Allocated to Myerstown Only	<u>\$ 608,148</u>	<u>\$ 561,697</u>
Total Operating Expenses	<u>\$ 1,429,165</u>	<u>\$ 1,426,948</u>
Operating Income (Loss)	<u>\$ 274,191</u>	<u>\$ 357,028</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	\$ 25,668	\$ 284,356
Tapping Fees	4,170	2,085
Transfers (to) from Other Funds	-0-	(31,655)
Debt Refinancing Costs	(60,813)	-0-
Amortization	(52,639)	(50,599)
Interest Expense	(109,199)	(160,411)
Total Non-Operating Revenue (Expenses)	<u>\$ (192,813)</u>	<u>\$ 43,776</u>
CHANGE IN NET ASSETS	\$ 81,378	\$ 400,804
NET ASSETS - BEGINNING OF YEAR	<u>16,691,336</u>	<u>16,290,532</u>
NET ASSETS - END OF YEAR	<u><u>\$ 16,772,714</u></u>	<u><u>\$ 16,691,336</u></u>

See Accompanying Notes to Financial Statements

BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
STATEMENTS OF CASH FLOWS
For the Years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 1,266,231	\$ 1,266,825
Miscellaneous Cash Received	52,501	48,416
Shared Payments	317,369	412,140
Insurance Reimbursement	-0-	32,808
Operating Expenses Paid	(499,541)	(1,461,669)
Cash Paid to Employees	(238,871)	(206,190)
Net Cash Provided by Operating Activities	<u>\$ 897,689</u>	<u>\$ 92,330</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income Received	\$ 130,660	\$ 284,356
Redemption/(Purchase) of Investments	(596,846)	59,613
Net Cash Provided By Investing Activities	<u>\$ (466,186)</u>	<u>\$ 343,969</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments	\$ (285,000)	\$ (440,000)
Purchase of Equipment	(59,709)	(37,013)
Financing Costs on Issuance of Debt	60,813	-0-
Interest Paid	(157,207)	(164,534)
Net Cash Used By Capital and Related Financing Activities	<u>\$ (441,103)</u>	<u>\$ (641,547)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers to Other Funds	\$ -0-	\$ (31,655)
Tapping Fees	4,170	2,085
Net Cash Provided By Non-Capital and Related Financing Activities	<u>\$ 4,170</u>	<u>\$ (29,570)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>\$ (5,430)</u>	<u>\$ (234,818)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,708,080</u>	<u>2,942,898</u>
END OF YEAR	<u><u>\$ 2,702,650</u></u>	<u><u>\$ 2,708,080</u></u>

See Accompanying Notes to Financial Statements

BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
STATEMENTS OF CASH FLOWS
For the Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 274,191	\$ 357,028
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and Amortization	\$ 513,883	\$ 507,545
(Gain) Loss on Investments	-0-	(398,674)
(Increase) Decrease in:		
Due from Other Funds	(1,423)	(223,237)
Accounts Receivable	(47,352)	(4,114)
Grant Receivable - Penn DoT	117,088	(117,088)
Shared Cost Receivable	92,608	(58,801)
Increase (Decrease) in:		
Accounts Payable	(2,949)	(412)
Due to Other Funds	(2,615)	24,398
Accrued Wages	2,266	5,685
Accrued Interest Payable	(48,008)	-0-
Total Adjustments	\$ 623,498	\$ (264,698)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 897,689</u>	<u>\$ 92,330</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
FINANCIAL STATEMENTS
December 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Borough of Myerstown, Waste Water Treatment Revenue Account (Fund) consists of funds of the Borough of Myerstown (Borough) used to account for the operations of the Borough's Wastewater Treatment Facility.

Basis of Accounting

The Fund uses the accrual basis of accounting and is accounted for as a proprietary fund. Accordingly, revenues are recognized when earned and expenses are recorded when the related liability is incurred, regardless of the timing of cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term certificates of deposit and governmental securities.

Investments

Investments are stated at fair value which is based on quoted market price.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. The Borough monitors outstanding accounts receivable and considers accounts receivable at year end to be fully collectible, therefore, no allowance for uncollectible amounts was recorded.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. There are currently no assets restricted by any party.

Proprietary Fund Net Position

Proprietary fund Net Position is divided into three components:

- Invested in capital assets, net of related debt - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted Net Position - consist of Net Position that are restricted by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other Net Position amounts are reported in this category.

**BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
FINANCIAL STATEMENTS
December 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (Net Position), the Borough's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Interfund Activity

Interfund activity is reported as reimbursements or transfers. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between funds within the waste water account are netted. Interfund balances are present when there is a time lag in the reimbursement and/or transfer.

Capital Assets

Capital assets are carried at cost. A capitalization threshold of \$500 is used to report capital assets. Contributed property is recorded at the estimated market value at the date of contribution. The cost of maintenance and repairs is charged against income as incurred, whereas significant renewals and betterments are capitalized and deduction is made for retirements resulting from renewals or betterments.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Sewer System	39 years
Buildings	50 years
Equipment	3-15 years
Vehicles	5 years

Compensated Absences

The Borough's employee policy allows employees to carry over up to 40 hours of paid time off with the option to be paid for any unused time, no later than February 15th of the following year. Accumulated compensated absences are reported as accrued paid time off in the financial statements.

Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, and errors and omissions for which it carries commercial insurance.

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing, or inventory activities. Amounts are classified as shared or not by contract between participating municipalities for the treatment of wastewater as disclosed in Note 2.

**BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
FINANCIAL STATEMENTS
December 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Event Review

The Borough has evaluated subsequent events through June 17, 2022, the date the financial statements were available to be issued.

NOTE 2 – INTER-MUNICIPAL AGREEMENTS

The Borough has entered into two agreements with other local municipalities, one with the Township of Millcreek, the Borough of Richland, and the Richland-Millcreek Joint Sewer Authority and the other with Jackson Township and the Jackson Township Authority. The purpose of these agreements is to define how the municipalities will share the cost of operating the wastewater treatment facility and share the costs of future expansion.

NOTE 3 - CASH AND CASH EQUIVALENTS

Custodial Risk

The risk for deposits is that in the event of a bank failure, the government's deposits may not be returned to it. The Borough is authorized by statute to invest in government securities and insured accounts or their equivalents. The Borough deposits cash in a local financial institution. At December 31, 2021 and 2020, respectively, the Waste Water Treatment Fund's carrying amount of bank deposits was \$1,624,037 and \$1,279,794 and the bank balance was \$1,665,460 and \$1,298,559. The bank balance up to \$250,000 is covered by federal depository insurance. At December 31, 2021, \$1,189,171 exceeded FDIC coverage. The depository pledges assets held by the depository's agent not in the government's name to secure deposits in excess of \$250,000 in accordance with Act 72.

Cash equivalents of the Fund consist of funds deposited in the Pennsylvania Local Government Investment Trust (PLGIT). These funds are invested in federal securities and rated AAAM by Standard & Poor's. Balances at December 31, 2021 and 2020 were \$318,514 and \$327,685. The cash equivalents are not categorized by level of credit risk as they are pooled funds and securities are not used as evidence of investment. Market values of these instruments are at cost.

Certificates of Deposit are purchased through a broker from various bank depositories with a maximum value of \$250,000 at each bank imposed by the Borough. Total Certificates of Deposit held through the broker were \$747,571 and 1,090,699 at December 31, 2021 and 2020. Cash and money market funds of \$12,328 and \$9,702 at December 31, 2021 and 2020 are covered up to \$500,000 by the securities investor protection corporation through the broker.

The Borough places no limit on the amount of deposits in any one issuer other than the investment limit imposed on the broker.

**BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
FINANCIAL STATEMENTS
December 31, 2021**

NOTE 4 - INVESTMENTS

The Pennsylvania Borough Code provides for the deposit of governmental funds into certain authorized investment types including U.S. Treasury bills, U.S. Treasury notes, other short term U.S. and Pennsylvania government obligations or their agencies or instrumentalities and insured or collateralized time deposits and certificates of deposits.

The following investments were held by the Wastewater funds:

<u>Investment Type.</u>	<u>Fair Value</u>	
	<u>2021</u>	<u>2020</u>
Government and Agency Securities	\$ 108,551	\$ 107,957
Taxable Municipal Bonds	825,335	901,230
Federally Tax-Exempt Municipal Bonds	<u>2,316,090</u>	<u>1,875,193</u>
	<u>\$ 3,249,975</u>	<u>\$2,884,380</u>

The fair value measurements listed in the table above are based on Level 1 inputs per GASB Statement 72, which are defined as quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date.

The Borough's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 5 - CAPITAL ASSETS

The following summarizes the changes in capital assets for the fund for the year ended December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable Assets:				
Sewer Plant and Improvements	\$ 28,926,902	\$ 59,709	\$ -0-	\$ 28,986,611
Equipment	201,076	-0-	-0-	201,076
Vehicles	60,180	-0-	-0-	60,180
Total Depreciable Assets	<u>\$ 29,188,158</u>	<u>\$ 59,709</u>	<u>\$ -0-</u>	<u>\$ 29,247,867</u>
Less: Accumulated Depreciation:				
Sewer Plant and Improvements	\$ 12,254,347	\$ 448,271	\$ -0-	\$ 12,702,618
Equipment	168,969	4,936	-0-	173,905
Vehicles	56,741	3,438	-0-	60,179
Total Depreciable Assets	<u>\$ 12,480,057</u>	<u>\$ 456,645</u>	<u>\$ -0-</u>	<u>\$ 12,936,702</u>
Net Capital Assets	<u>\$ 16,708,101</u>	<u>\$ (396,936)</u>	<u>\$ -0-</u>	<u>\$ 16,311,165</u>

**BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
FINANCIAL STATEMENTS
December 31, 2021**

NOTE 6- LONG-TERM DEBT

In 2021, the Borough of Myerstown issued General Obligation Note, Series A of 2021 in the amount of \$6,953,000, which refunded the Borough of Myerstown issued General Obligation Note, Series A of 2014 in the amount of \$6,875,000. The 2014 Note was issued to advance refund the remaining \$8,280,000 of outstanding Millcreek-Richland Joint Authority guaranteed sewer revenue bonds, Series A of 2007.

The 2021 Note bears interest at 1.49% until May 1, 2031, and thereafter at a variable rate equal to 55% of the Wall Street Journal Prime Rate, not to exceed 4.00% per annum, until November 1, 2036, the final maturity date. Principal and interest payments for the next five years and thereafter on the Note, Series A of 2021, assuming the maximum variable interest rate are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2022	\$ 408,000	\$ 98,191	\$ 506,191
2023	415,000	92,112	507,112
2024	421,000	85,928	506,928
2025	427,000	79,655	506,655
2026	433,000	73,293	506,293
2027-2031	2,232,000	301,416	2,533,416
2032-2036	<u>2,254,000</u>	<u>277,560</u>	<u>2,531,560</u>
	<u>\$ 6,590,000</u>	<u>\$ 1,008,155</u>	<u>\$ 7,598,155</u>

The Long-Term Debt activity for 2021 is as follows:

	<u>Balance 12/31/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/21</u>
2014 GO Note, Series A	<u>\$ 7,315,000</u>	<u>\$ 6,953,000</u>	<u>\$ 7,678,000</u>	<u>\$ 6,590,000</u>

NOTE 7 - CONCENTRATION OF CREDIT RISK

Two customers represent 20% of user charges in 2021 and 19% of user charges for 2020.

NOTE 8 - NON-UNIFORMED EMPLOYEE'S RETIREMENT

The Borough maintains a deferred compensation plan for its non-uniform employees. The plan is governed by the Borough Council which is responsible for management of the plan assets. The Borough delegated the authority to administer and manage plan assets to Mass Mutual Life Insurance Company. Refer to the plan document for a detail description of plan benefits. Participants may elect to contribute to the Plan a percentage of compensation as defined in the Plan. Deferrals may not exceed the dollar limit that is set by law. The Borough does not provide matching contributions to this plan.

**BOROUGH OF MYERSTOWN
WASTE WATER TREATMENT REVENUE ACCOUNT
FINANCIAL STATEMENTS
December 31, 2021**

NOTE 8 - NON-UNIFORMED EMPLOYEE'S RETIREMENT (continued)

As employees of the Borough of Myerstown, employees are also participants in a defined contribution plan which covers non-uniformed employees. The plan is governed by the Borough Council which is responsible for management of the plan assets. The Borough has delegated the authority to administer and manage plan assets to Mass Mutual Life Insurance Company. The Borough contributes 16 percent of plan participants' compensation per year. The plan is eligible for an annual allocation from the General Municipal Pension System State Aid Program which must be used to reduce or eliminate the required municipal contributions. Employees may also contribute to the plan as long as their total contributions do not exceed 25% of their compensation. \$26,372 and \$23,831 of the State contribution was applied for waste water revenue account employees for the years ended December 31, 2021 and 2020. The Borough contributed \$31,279 and \$28,778 to this plan for the waste water revenue account for the years ended December 31, 2021 and 2020, respectively.