

This Preliminary Official Statement and the information contained herein are subject to change, completion, and amendment without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The Authority has deemed this Preliminary Official Statement to be final for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, except for certain information which has been omitted in accordance with such Rule and which will be provided in the final Official Statement.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 2, 2024

NEW ISSUE - BOOK ENTRY ONLY

RATING: S&P: BBB+ (Stable Outlook) (Underlying)
S&P: () () Outlook () Insured)
(See "Miscellaneous - Ratings" herein)

In the opinion of Bowe & Odorizzi Law, LLC, Tamaqua, Pennsylvania, Bond Counsel, assuming continuing compliance by the Authority with certain covenants to comply with provisions of the Internal Revenue Code of 1986, as amended (the "Code") and any applicable regulations thereunder, interest on the Bonds is not includable in gross income under Section 103(a) of the Code and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals. See "TAX MATTERS" in this Official Statement. Other provisions of the Code may affect purchasers and holders of the Bonds. See "TAX MATTERS" herein for a brief description of these provisions.

Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds shall be subject to State and local taxation within the Commonwealth of Pennsylvania.

\$11,415,000*
TAMAQUA BOROUGH AUTHORITY
(Schuylkill County, Pennsylvania)
Guaranteed Sewer Revenue Bonds, Series of 2024

Bonds Dated: Date of Delivery
Principal Due: November 15, as on inside front cover
Denominations: Integral multiples of \$5,000

Interest Payable: May 15 and November 15
First Interest Payment: November 15, 2024
Form: Book-entry Only

MATURITY SCHEDULE
(See inside front cover)

Payable: The Guaranteed Sewer Revenue Bonds, Series of 2024, in the aggregate principal amount of \$11,415,000* (the "Bonds") are being issued by Tamaqua Borough Authority, located in Schuylkill County, Pennsylvania (the "Authority"), pursuant to the Pennsylvania Municipality Authorities Act 53 Pa. C.S. Ch. 56, as amended (the "Authorities Act"), and under a Resolution adopted by the Authority Board on September 9, 2024 (the "Resolution"). The Bonds will be dated the date they are issued and delivered (the "Date of Delivery") and will bear interest from the Date of Delivery payable semiannually, on May 15 and November 15 of each year, commencing on November 15, 2024, at the interest rates set forth on the inside front cover hereof. The Bonds will all be registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial ownership interests in the Bonds will be recorded in book-entry only form in denominations of \$5,000, and integral multiples thereof. Principal of and interest on the Bonds are payable directly to CEDE & CO. for redistribution to DTC Participants and in turn to Beneficial Owners as described herein. Purchasers will not receive physical delivery of certificates representing their ownership interests in the Bonds purchased. Purchasers and Beneficial Owners of Bonds must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

Proceeds of the Bonds will be used to provide funds for and towards: (i) capital improvements to the Authority's Wastewater Treatment Plant; and (ii) paying the costs of issuing and insuring the Bonds.

Security: The Bonds are being issued under and are secured by a Trust Indenture, dated as of October __, 2024 (the "Indenture"), between the Authority and The Fidelity Deposit and Discount Bank, as trustee thereunder (the "Trustee"). The Bonds will be payable from and secured by an assignment and pledge to the Trustee of the Receipts and Revenues from the Sewer System, as such term is defined in the Indenture and by certain funds held under the Indenture, on a parity lien basis with future Additional Bonds issued under the Indenture (the Bonds and any Additional Bonds issued under the Indenture are referred to as the "Bonds"). The payment of principal of and interest on the Bonds is guaranteed by the Borough of Tamaqua, Schuylkill County, Pennsylvania (the "Borough") pursuant to a Guaranty Agreement dated as of October __, 2024 (the "Guaranty Agreement") among the Borough, the Authority and the Trustee.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT FOR THE BOROUGH PURSUANT TO THE GUARANTY AGREEMENT) IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS; NOR SHALL THE BONDS BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT FOR THE BOROUGH PURSUANT TO THE GUARANTY AGREEMENT). THE AUTHORITY HAS NO TAXING POWER.

Legal Investment for Fiduciaries in Pennsylvania: The Bonds are legal investments for fiduciaries in the Commonwealth of Pennsylvania under the Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508 as amended and supplemented.

Bond Insurance: The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by _____ ("_____").

[BOND INSURER LOGO]

The Bonds are offered for delivery when, as and if issued by the Authority and received by the Underwriter, subject to the approving legal opinion of Bowe & Odorizzi Law, LLC, Tamaqua, Pennsylvania, Bond Counsel to the Authority, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon for the Authority and the Borough by Anthony S. Odorizzi, Esq. Bowe & Odorizzi Law, LLC, Tamaqua, Pennsylvania, Solicitor. Certain other legal matters will be passed on for the Underwriter by its Limited Scope Underwriter's Counsel, Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania. It is expected that the Bonds will be available for delivery, through the facilities of DTC, on or about October __, 2024.

RAYMOND JAMES®

Official Statement Dated: _____, 2024.

*Preliminary, subject to change

\$11,415,000*
TAMAQUA BOROUGH AUTHORITY
(Schuylkill County, Pennsylvania)
Guaranteed Sewer Revenue Bonds, Series of 2024

Bonds Dated: Date of Delivery
Principal Due: November 15, as on inside front cover
Denominations: Integral multiples of \$5,000

Interest Payable: May 15 and November 15
First Interest Payment: November 15, 2024
Form: Book- Entry Only

BOND MATURITY SCHEDULE

<u>Year</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> <u>Numbers⁽¹⁾</u>
2025	\$	%	%	%	
2026					
2027					
2028					
2029					
2030					
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2032					
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2034					
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2052					
2053					
2054					

*Preliminary, subject to change

⁽¹⁾ The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority and the Authority is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. The Authority has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

No dealer, broker, salesperson or other person has been authorized by Tamaqua Borough Authority (the "Authority") or the Underwriter to give any information or make any representations with respect to the Bonds other than those contained in this Official Statement and if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds, by any person in any state or jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration or qualification of the Bonds pursuant to the applicable securities laws of any such state or jurisdiction. The information set forth herein has been obtained from the Authority and other sources that are believed to be reliable, but the Underwriter does not guarantee the accuracy or completeness of such information and such information is not to be construed as a representation by the Underwriter. Any statements herein involving matters of opinion or forecasts of the occurrence of future events or circumstances, whether or not expressly so stated, are intended as such and not as representation of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs of the Authority since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE Bonds AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE Bonds IS MADE ONLY BY THE MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

_____ ("____") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, ____ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding ____, supplied by ____ and presented under the heading "Bond Insurance" and "Appendix G - Specimen Municipal Bond Insurance Policy".

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**TAMAQUA BOROUGH AUTHORITY
(Schuylkill County, Pennsylvania)**

**320 East Broad Street
Tamaqua, PA 18252**

Authority Board

Brian Connely.....Chair
Jack Kulp.....Treasurer
John Comisac.....Secretary
Philip Houm.....Member
Richard Hadesty Sr.....Member

Borough Council

Brian Connely.....President
Robert Amentler.....Member
Ronald Bowman.....Member
Kathy Kunkel.....Member
Jay Hollenbach Jr.....Member
Mary Linkevich.....Member
Ritchie Linkhorst.....Member
Tim Ziegler.....Secretary/Treasurer

SOLICITOR TO AUTHORITY AND THE BOROUGH

Anthony S. Odorizzi, Esq.
Bowe & Odorizzi Law, LLC
Tamaqua, Pennsylvania

BOND COUNSEL

Bowe & Odorizzi Law, LLC
Tamaqua, Pennsylvania

FINANCIAL ADVISOR

FSL Public Finance, LLC
Reading, Pennsylvania

TRUSTEE

The Fidelity Deposit and Discount Bank
Dunmore, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

Eckert Seamans Cherin & Mellott, LLC
Harrisburg, Pennsylvania

UNDERWRITER

Raymond James & Associates, Inc.
Lancaster, Pennsylvania

SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise use it without the entire Official Statement.

Issuer	Tamaqua Borough Authority, a municipality authority providing sewer service to a portion of Schuylkill County, Pennsylvania.
The Bonds	\$11,415,000* aggregate principal amount of Guaranteed Sewer Revenue Bonds, Series of 2024, dated the Date of Delivery, and will mature as shown in the BOND MATURITY SCHEDULE inside the cover page of this Official Statement. Interest on the Bonds will begin to accrue on the date of delivery, and is payable each May 15 and November 15 of each year until the principal amount is paid, commencing on November 15, 2024. (See “ THE BONDS ” herein.)
Redemption Provisions	In the manner and upon the terms and conditions in the Indenture, the Bonds maturing on and after November 15, 20__ are subject to redemption prior to maturity at the option of the Authority, in whole or, from time to time, in part and, if in part, as selected by the Authority, in \$5,000 denominations, on November 15, 20__, or on any date thereafter. (See REDEMPTION OF THE BONDS ” herein.)
Form	Book-entry only. (See “ BOOK-ENTRY ONLY ” herein.)
Application of Proceeds	Proceeds of the Bonds will be used to provide funds for and towards: (i) capital improvements to the Authority’s Wastewater Treatment Plant; and (ii) paying the costs of issuing and insuring the Bonds.
Security	The Bonds are limited obligations of the Authority, payable solely from the Receipts and Revenues from the Sewer System (as such term is defined in the Indenture) and by certain funds held under the Indenture, on a parity basis with future Additional Bonds issued under the Indenture. The payment of principal of and interest on the Bonds is guaranteed by the Borough of Tamaqua, Schuylkill County, Pennsylvania (See “ SECURITY FOR THE BONDS ” herein.)
Ratings	See “ MISCELLANEOUS - Ratings ” herein.
Bond Insurance	The Bonds carry the commitment of ___, which assures payment of principal of and interest to the holders of the Bonds. (See “ BOND INSURANCE ” herein.)

*Preliminary, subject to change

OFFICIAL STATEMENT

\$11,415,000*

TAMAQUA BOROUGH AUTHORITY

(Schuylkill County, Pennsylvania)

Guaranteed Sewer Revenue Bonds, Series of 2024

INTRODUCTION

This Official Statement is furnished by Tamaqua Borough Authority, located in Schuylkill County, Pennsylvania (the "Authority"), in connection with the offering of its \$11,415,000* aggregate principal amount Guaranteed Sewer Revenue Bonds, Series of 2024 (the "Bonds"), to be dated the date they are issued and delivered (the "Date of Delivery").

The Bonds are being issued under and are secured by a Trust Indenture, dated as of _____, 2024 (the "Indenture"), between the Authority and The Fidelity Deposit and Discount Bank, as trustee thereunder (the "Trustee"). The Bonds will be payable from and secured by an assignment and pledge to the Trustee of the Receipts and Revenues from the Sewer System, as such term is defined in the Indenture and by certain funds held under the Indenture, on a parity lien basis with future Additional Bonds issued under the Indenture. The Bonds and any Additional Bonds issued under the Indenture are referred to herein as the "Bonds". The principal of and interest on the Bonds is guaranteed by the Borough of Tamaqua, Schuylkill County, Pennsylvania (the "Borough") pursuant to a Guaranty Agreement dated as of October __, 2024 (the "Guaranty Agreement") among the Borough, the Authority and the Trustee.

THE BONDS ARE LIMITED REVENUE OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE RECEIPTS AND REVENUES FROM THE SEWER SYSTEM AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT FOR THE BOROUGH PURSUANT TO THE GUARANTY AGREEMENT) IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS; NOR SHALL THE BONDS BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE BOROUGH PURSUANT TO THE GUARANTY AGREEMENT). THE AUTHORITY HAS NO TAXING POWER.

The Bonds are being issued pursuant to the Pennsylvania Municipality Authorities Act 53 Pa. C.S. Ch. 56 (the "Authorities Act"), as amended, the Indenture and a resolution adopted by the Board of the Authority on September 9, 2024.

The Bonds shall each be issued in fully registered form, without coupons, in the denomination of \$5,000 and integral multiples thereof. Interest on the Bonds is payable semiannually, on May 15 and November 15 of each year, commencing November 15, 2024. Interest on any Bond will be payable by check mailed to the registered owner at the address as it appears on the registration books on the appropriate Record Date (hereinafter defined). The principal of any Bond is payable at the designated corporate trust office of the Trustee. The Bonds are only transferable on the registration books maintained by the Trustee upon presentation and surrender thereof. See "DESCRIPTION OF THE Bonds" herein.

When issued, all Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of bond certificates and beneficial ownership of the Bonds will be evidenced only by book entries. See "BOOK-ENTRY ONLY SYSTEM" herein.

The information which follows contains summaries of the Indenture, the Bonds, the Guaranty Agreement and the Authority's Budgets and Financial Statements. Such summaries do not purport to be complete and reference is made to the Indenture, the Guaranty Agreement, the Authority's Budgets and Financial Statements, copies of which are on file and available for examination at the office of the Authority.

THE AUTHORITY

The Authority is a body corporate and politic of the Commonwealth of Pennsylvania, incorporated on January 18, 1962 under the Authorities Act, pursuant to a resolution adopted by the Council of the Borough. The Authority is empowered, among other things, to acquire, hold, construct, improve, maintain, own, operated and lease, as lessor or lessee, the sewer systems, or parts thereof, including necessary and related buildings, sites and rights-of-way. The Authority's sewer system is referred to herein as the "System".

The governing body of the Authority is its Board, which is comprised of five (5) members, appointed by the Council of the Borough. The terms of the members of the Authority Board are staggered so that the term of at least one member expires each year. Members of the Authority Board may be reappointed. The Authority Board is comprised of the members listed below.

Members and Officers

<u>Member or Officer</u>	<u>Title</u>
Brian Connely	Chair
Jack Kulp	Treasurer
John Comisac	Secretary
Phil Houm	Member
Richard Hadesty Sr.	Member

Additional information regarding the Authority and the Sewer System may be found in Appendix A.

*Preliminary, subject to change

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to provide funds for and towards: (i) capital improvements to the Authority’s Wastewater Treatment Plant; and (ii) paying the costs of issuing and insuring the Bonds.

Project Description

The Authority’s Wastewater Treatment Plant Improvements Project (the “Project”) is being completed to replace equipment that has exceeded its useful life due to age and normal wear, address regulatory requirements in an EPA Administrative Order on Consent, address building code compliance, and improve process operations.

The Wastewater Treatment Plant (“WWTP”) was constructed in 1964, and the last major upgrade to the plant dates back to 1989. The project includes improvements to the Authority’s Wastewater Treatment Plant, including construction of a new headworks building, installation of one (1) new flash mix tank, rehabilitation of the primary and secondary clarifiers and associated equipment, rehabilitation of the aeration tanks and associated equipment, conversion of two (2) aeration tanks to swing equalization basins, replacement of aeration blowers, installation of a new magnesium hydroxide system, replacement of the chlorine gas system with sodium hypochlorite disinfection, repair and rehabilitation of the primary digester, construction of a new boiler building and digester gas handling equipment, demolition of the secondary digesters, refurbishment of the laboratory, replacement of the existing belt filter press with a dewatering screw press, upgrade of the plant electrical service, installation of a new SCADA system, and various piping and site work associated with the improvements. These improvements are required to address an EPA Administrative Order on Consent, replace facilities at the end of useful life, and improve process operations.

SOURCES AND USES OF FUNDS

<u>Sources of Funds:</u>	<u>Bonds</u>
Par Amount of the Bonds	
Original Issue Premium	
Total Sources of Funds	_____
Uses of Funds:	
Deposit to Project Fund	
Costs of Issuance ⁽¹⁾	
Total Use of Funds	_____

⁽¹⁾Includes legal fees, underwriter’s discount, financial advisor fees, trustee fees, rating fee, municipal bond insurance premium, printing costs and other miscellaneous fees.

DESCRIPTION OF THE BONDS

General Description

The Bonds are being issued, in book-entry only form, in the aggregate principal amount of \$11,415,000* The Bonds will be dated the Date of Delivery. The Bonds will bear interest payable on May 15 and November 15 (each an “Interest Payment Date”), commencing on November 15, 2024, as set forth on the inside front cover page hereof and are issuable in denominations of \$5,000 and integral multiples thereof. The Bonds will bear interest at the rates and mature on the dates and in the amounts shown on the inside cover page hereof.

The Bonds will be issued initially in “book-entry only” form as described under the caption “BOOK-ENTRY ONLY SYSTEM” below. If the book-entry only system for the Bonds is ever discontinued, purchasers will acquire an ownership interest in Bonds through the issuance of bond certificates, and the payment, transfer and exchange procedures described below will apply.

Payment of Principal and Interest

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date next preceding November 15, 2024, in which event such Bond shall bear interest from the Date of Delivery, or (d) as shown by the records of the Trustee, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid semiannually on May 15 and November 15 of each year, beginning November 15, 2024, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Trustee, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each interest payment date (the “Record Date”), on the registration books maintained by the Trustee, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of a Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name the Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

Transfer and Exchange

The Authority and the Trustee shall not be required to register the transfer of or exchange any Bonds then considered for redemption during the period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the

day of mailing of the notice of redemption or to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations, of the same maturity.

Bonds are transferable or exchangeable by the registered owner thereof upon surrender of any of the Bonds to the Trustee, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instruction, and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond of bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The Authority and the Trustee may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for purpose of receiving payment of or on account of principal and interest and for all other purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

REDEMPTION OF THE BONDS

Optional Redemption

The Bonds maturing on or after November 1, 20__, shall be subject to redemption, prior to maturity, at the option of the Authority, in whole or in part (and, if in part, as selected by the Authority, in authorized denominations), at any time on or after _____, 20__ at a price equal to 100% of the principal amount of the Bonds to be redeemed and accrued interest thereon to the date fixed for such optional redemption. In the event that less than all of the Bonds of a particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Trustee

Mandatory Redemption

The Bonds stated to mature on November 15, 20__, are subject to mandatory redemption prior to maturity on November 15 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Trustee:

<u>The Bonds Stated to Mature on November 15, 20__ :</u>	
<u>Redemption Date</u> <u>(November 15)</u>	<u>Principal Amount to be</u> <u>Redeemed or Purchased</u>

*

*at maturity

Notice of Redemption

As provided more fully in the Indenture and in the forms of the Bonds, notice of redemption of Bonds shall be given by mailing a copy of the redemption notice by first class mail, postage prepaid, no less than 30 days nor more than 60 days prior to the redemption date to the Registered Owners of Bonds to be redeemed at the addresses which appear in the Bond Register. Neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Bond will affect the validity of the proceedings for the redemption of any other Bond. If the Authority shall have duly given notice of redemption and shall have deposited with the Trustee funds for the payment of the redemption price of the Bonds so called for redemption with accrued interest thereon to the date fixed for redemption, interest on such Bonds will cease to accrue after such redemption date.

If at the time of mailing of the notice of redemption the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Manner of Redemption

Portions of any Bond of a denomination larger than \$5,000 may be redeemed, but only in the principal amount of \$5,000 or any integral multiple thereof. For the purpose of redemption, each Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. Upon surrender of any Bond for redemption of a portion only, the Trustee shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same series, maturity date and interest rate, in authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The Authority (herein referred to as the "Issuer") and the Underwriter does not guaranty the accuracy or completeness of such information and such information is not to be construed as a representation of the Authority or the Underwriter.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The Ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. ***Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.***

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof. The Authority and the Trustee will have no responsibility or obligation to any Securities Depository, any Participants in the book-entry system, or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

In the event of the discontinuance of the book-entry system for the Bonds, Bond certificates will be printed and delivered and the following provisions of the Trust Indenture will apply: (i) principal or redemption price of the Bonds will be payable upon surrender of the Bonds at the corporate trust office of the Trustee located in Buffalo, New York, or Philadelphia, Pennsylvania or as provided in the Trust Indenture; (ii) Bonds may be transferred or exchanged for other Bonds of authorized denominations at the designated office of the registrar of the Bonds, without cost to the owner thereof except for any tax or other governmental charge; and (iii) Bonds will be issued in denominations as described above under "DESCRIPTION OF THE BONDS."

THE AUTHORITY AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS (1) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DTC PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

THE AUTHORITY AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (5) IF APPLICABLE, THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

In the event of the discontinuance of the book-entry system for the Bonds, Bond certificates will be printed and delivered and the following provisions of the Indenture will apply: (i) principal or redemption price of the Bonds will be payable upon surrender of the Bonds at the corporate trust office of the Trustee located in Buffalo New York, or Harrisburg, Pennsylvania or as provided in the Indenture; (ii) Bonds may be transferred or exchanged for other Bonds of authorized denominations at the designated office of the registrar of the Bonds, without cost to the owner thereof except for any tax or other governmental charge; and (iii) Bonds will be issued in denominations as described above under "DESCRIPTION OF THE BONDS."

SECURITY FOR THE BONDS

Pledge of the Receipts and Revenues from the Sewer System

The Bonds are secured under the Indenture, together with any Additional Bonds, as such term is defined in the Indenture, issued under the Indenture by the Authority, by the assignment and pledge to the Trustee of the Revenues from the Sewer System. The principal of, premium, if any, and interest on the Bonds shall be payable from the Receipts and Revenues from the Sewer System and from other receipts, revenues and money of the Authority available for such purposes, to the extent, with the priority and in the manner provided in the Indenture. THE AUTHORITY HAS NO TAXING POWER.

Capitalized terms and phrases not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Rate Covenant

The Authority has imposed and has covenanted to impose rates and charges for services rendered by the Authority upon the users of the Sewer System such that the estimated amounts to be collected therefrom, together with (i) money otherwise estimated to be available under the Indenture for the purposes, and (ii) money on deposit in the Bond Redemption and Improvement Fund, Debt Service Fund and Clearing Fund available for the purposes, together with the income expected to be credited to such Funds pursuant to the Indenture, and any other unrestricted funds of the Authority available for the purposes, will be sufficient to:

- a) Pay the reasonable Administrative Expenses of the Authority in connection with the Systems and in connection with Bonds issued hereunder, in each Fiscal Year, to the extent that the same shall not otherwise be provided for under the Indenture; and
- b) Pay the reasonable Operating Expenses of the Authority, in each Fiscal Year, to the extent that the same shall not otherwise be provided for under the Indenture; and
- c) Provide an amount in each Fiscal Year, so long as any Bonds shall remain Outstanding, beginning with the Fiscal Year ending December 31, 2024, equal to at least 100% of the Debt Service Requirements on the Bonds then Outstanding, to the extent that such Debt Service Requirements otherwise shall not be provided for under the Indenture; and
- d) Provide an amount in each Fiscal Year in which Additional Bonds shall be Outstanding, beginning in the first Fiscal Year in which Debt Service Requirements on such Additional Bonds shall be payable from Receipts and Revenues from the Sewer System, equal to at least 100% of the Debt Service Requirements, in such Fiscal Year, on the Additional Bonds then Outstanding, plus any mandatory payments, if any, required to be made in such Fiscal Year to any Fund created hereunder (including under any supplement hereto in accordance with provisions hereof), to the extent that such Debt Service Requirements or mandatory payments otherwise shall not be provided for under the Indenture.

The Authority covenants that it will at all times keep on file with the Trustee a budget of rates and charges for services rendered by the Authority currently in effect and payable to the Authority by users of the Authority's Sewer System, together with the resolution or resolutions adopting the same and a Consulting Engineer's Certificate or Officers' Certificate stating that in the opinion of the signers, the rates and charges then in effect are sufficient to meet the foregoing requirements.

Guaranty Agreement

The principal of and interest on the Bonds is guaranteed by the Borough pursuant to the Guaranty Agreement, the proposed form of which is attached hereto as Appendix H.

BOND INSURANCE

[bond insurance applied for]

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the Authority unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the money received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "MISCELLANEOUS-Ratings" herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Authority or Underwriter have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "Bond Insurance" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

CERTAIN PROVISIONS OF THE INDENTURE

The Bonds will be issued under and secured pursuant to the provisions of the Indenture. Under the Indenture, a number of special funds are created and provisions are made for the deposit, investment and withdrawal of money in said funds. The Indenture also provides for the issuance of Additional Bonds of the Authority, to be secured on a parity basis with the Bonds and defines certain rights of holders of the Bonds in the event of a default on the part of the Authority.

A summary of certain provisions of the Indenture follows. Such summary is not a comprehensive description of the Indenture and is qualified in all respects by specific reference to the full text of the Indenture, a copy of which may be reviewed at the offices of the Authority or the Trustee. *Capitalized terms and phrases not otherwise defined herein shall have the meaning ascribed to them in the Indenture.*

Collection and Disposition of Receipts and Revenues from the Sewer System:

Operating Account and Clearing Fund

Under the Indenture, the Authority has agreed to deposit all Receipts and Revenues from the Sewer System collected by the Authority in the Operating Account by daily deposit so far as practicable and statements indicating the amount of such deposits shall be forwarded monthly to the Trustee by the Authority. The Operating Account will be established by the Authority with one or more banks or trust companies and will not be a Trustee held fund under the Indenture. The money from time to time on deposit therein shall be used by the Authority solely for the payment of Administrative Expenses and Operating Expenses and proper capital and repair costs as set forth in the annual report of the Consulting Engineer's or Officers' Certificate.

On or before the tenth day of April and October in each year, the Authority shall transfer funds from the Operating Account to the Trustee for deposit in the Clearing Fund so long as said funds are not required to be maintained in the Operating Account to pay or provide for Administrative Expenses and Operating Expenses of the Sewer System.

Any money held by the Authority in the Operating Account at the end of any Fiscal Year not required to pay accrued expenses for such Fiscal Year and not required to be retained as a reserve in such amount as the Authority may deem prudent, shall be transferred to the Trustee and deposited by the Trustee in the Clearing Fund.

The Authority, from time to time, in addition to the foregoing, may make deposits into the Clearing Fund from any other legally available funds.

Money from time to time in the Clearing Fund shall be held by the Trustee, in trust, shall be secured as provided in the Indenture and shall be applied for purposes set forth in the Indenture; and, pending such application, such money shall be subject to a lien and charge in favor of holders of the Bonds.

Debt Service Fund

The Trustee shall transfer, without direction from the Authority, from the Clearing Fund to the Debt Service Fund: (a) an amount which, together with any other available amounts then in the Debt Service Fund, for such purpose, will be equal to the interest becoming due on all Revenue Bonds on each May 15 and November 15; (b) an amount equal to the principal amount of all Revenue Bonds maturing on each November 15 or subject to mandatory redemption on each November 15.

Money in the Debt Service Fund shall be used to pay principal of and interest on all Revenue Bonds from time to time outstanding under the Indenture.

Bond Redemption and Improvement Fund

Any balance remaining in the Clearing Fund after payments have been made in full to the Debt Service Fund and Debt Service Reserve Fund, as provided in the Indenture, shall be transferred annually by the Trustee, without further direction from the Authority, to the Bond Redemption and Improvement Fund, less any amount reasonably expected to be paid to the Authority for the Authority's Operating Expenses and Administrative Expenses. Until applied as provided in the Indenture, such Fund shall be further held by the Trustee as additional security for all Outstanding Revenue Bonds.

Whenever there is a deficiency in the Debt Service Fund or Debt Service Reserve Fund and there is insufficient money in the Clearing Fund to make up such deficiency, the Trustee shall transfer money from the Bond Redemption and Improvement Fund to make up such deficiency. If there are no deficiencies in any of the Funds provided for in the Indenture and the Authority is not in default, the Authority may, but only to the extent of the money available therein, use the money in the Bond Redemption and Improvement Fund, upon written requests as provided for in and subject to the terms of the Indenture for any of the following purposes:

- (a) For or toward the cost of such repairs, renewals, replacements or alterations to the Sewer System.
- (b) For or toward the Costs of Capital Additions.
- (c) To pay debts, liabilities and obligations of the Authority required to be paid under the Indenture and for the payment of which provision shall not have otherwise been made.
- (d) To pay subordinated notes or certificates of indebtedness issued under the provisions of the Indenture.
- (e) For the payment or redemption of Bonds subject to the provisions of the Indenture, all of which Bonds shall thereupon be cancelled.
- (f) For any other lawful purpose of the Authority.

Investment of and Security for Funds

Money in all Funds created under the Indenture shall be insured or secured as required by law, and may be invested as provided in the Indenture and by law in investments having maturity dates or, in lieu of such maturity dates, being subject to redemption at the option of the holder at a price not less than the principal amount thereof or the cost of acquisition thereof, whichever is lesser, no later than such maturity dates, as restricted in the Indenture.

Money in the Clearing Fund, Construction Fund, Debt Service Fund, Debt Service Reserve Fund, and the Bond Redemption and Improvement Fund to the fullest possible extent shall be invested or reinvested by the Trustee in Permitted Investments as defined by the Indenture. Any income derived from the investment of money in any Fund created under the Indenture, shall be credited to the Clearing Fund by the Trustee upon receipt thereof.

Additional (Parity) Bonds

Under the Indenture, Additional Bonds may be issued for the purposes authorized therein, including refunding other Outstanding Revenue Bonds of the Authority, and paying the costs of Capital Additions to the Systems, as provided for in the Indenture. However, no such Additional Bonds shall be issued for such purpose unless the estimated revenues of the Authority shall be sufficient to meet the Rate Covenant (discussed hereinbefore), taking into account all Revenue Bonds to be outstanding.

Defaults and Remedies

The Indenture defines events which may constitute an Event of Default and such events include, among other events, the failure to pay the principal of any Revenue Bond when due and the failure to pay an installment of interest on any Bond when due. The Authorities Act and Indenture provide remedies to the holders of Revenue Bonds upon Event of Default.

Under the Indenture, in the event of any such default as therein defined, the Trustee may enforce, and at the direction of the holders of 25% in principal amount of the Bonds then outstanding, accompanied by indemnity as provided in the Indenture, shall enforce, for the benefit of the holders of the Bonds all their rights under the laws of the Commonwealth of Pennsylvania.

For a more complete statement of rights and remedies of holders of the Bonds and of the limitations thereon, reference is made to the Indenture.

Annual Audit

The Authority will employ or contract with a certified public accountant to perform the accounting functions and duties required by the Authorities Act. Said accountant shall make an annual audit of the operations, records, and accounts of the Authority. The Authority shall forthwith furnish copies of each annual audit to such holders of the Bonds as make written request therefore.

Modifications and Amendments

The Authority and the Trustee may enter into supplemental indentures in connection with the issuance of Additional Bonds (see "Additional Bonds"), to cure ambiguities, formal defects or omissions in the Indenture, or to grant additional rights, powers, and security for the benefit of the holders of the Bonds, or to

permit any other amendment which is not materially adverse to the interests of the Trustee or the holders of the Bonds, without consent of the holders of the Bonds. All other supplemental indentures or any amendments or modifications to the Indenture require the consent and approval of the holders of not less than 51% of the aggregate principal amount of all bonds then outstanding, but no such supplemental indenture shall, except as provided in the Indenture, (1) change the maturity, interest or redemption provisions on any Bond; (2) permit creation by the Authority of any lien or encumbrance prior to or on a parity with the lien described in the Indenture; or (3) amend the provision of the Indenture relating to amendments.

Covenants of Authority

The Authority covenants, among other things, that it will at all times:

- (a) Maintain the Sewer System and every part thereof in good repair, working order and condition;
- (b) Continuously operate the same; and
- (c) Make all necessary and proper repairs, renewals, replacements and improvements thereto in order to maintain adequate service.

The Authority also covenants that it will keep the Sewer System insured against such risks, including public liability and property damage, and in such amounts as are usually carried on or with respect to like properties.

Discharge of the Indenture

The lien of the Indenture may be terminated by the Authority by depositing with the Trustee funds sufficient for the payment or redemption of the Bonds and interest thereon to the date of maturity or redemption. Such requirements may be satisfied by placement with the Trustee of either a sum of money, together with interest earned thereon in investments which constitute direct obligations of the United States of America or certificates of deposit, fully insured, or to the extent not insured, fully collateralized by direct obligations of the United States of America as to both principal and interest. Such direct obligations of the United States of America or such certificates of deposit shall mature as to principal and interest in such amounts, at such times and upon such other terms as shall assure the availability of sufficient money to provide the required sum as stated above.

Bond Insurer Deemed Holder of the Bonds

For purposes of giving any consents under the Indenture or exercising any voting rights given to holders of the Bonds under the Indenture, pertaining to defaults and remedies and the duties and obligations of the Trustee, so long as Bond Insurer is not in default under the terms of the Municipal Bond Insurance Policy on the Bonds, the Bond Insurer shall be deemed as the sole holder of the Bonds then outstanding.

TAX MATTERS

Federal Tax Laws

Numerous provisions of the Internal Revenue Code of 1986, as amended (the "Code"), affect the issuers of state and local government bonds, such as the Authority, and impair or restrict the ability of the Authority to finance projects on a tax-exempt basis. Failure on the part of the Authority to comply with any one or more of such provisions of the Code could render interest on the Bonds includable in the gross income of the owners thereof for purposes of federal income tax retroactively to the date of issuance of the Bonds. Among these provisions are more restrictive rules relating to: (a) investment of funds treated as proceeds of the Bonds; (b) the prohibition on advance refunding of tax-exempt bonds and notes; and (c) the use of proceeds of the Bonds to benefit private activities. In addition, under the Code, the Authority is required to file an information return with respect to the Bonds and, if applicable, to "rebate" to the federal government certain arbitrage profits on an ongoing basis throughout the term of the issue constituting the Bonds. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Other provisions of the Code affect the purchasers and holders of certain state and local government bonds or notes, such as the Bonds. Prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on (a) indebtedness incurred or continued to purchase or carry certain state or local government bonds or notes, such as the Bonds, or, (b) in the case of a financial institution, that portion of a financial institution's interest expense allocated to interest on certain state or local government bonds, such as the Bonds, unless the issuer of the state or local government bonds designates the bonds or notes as "qualified tax-exempt obligations" for the purpose and effect contemplated by Section 265(b)(3)(B) of the Code; (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(1) of the Code reduces the deduction for loss reserves by 15% of the sum of certain items, including interest and amounts treated as such on certain state or local government bonds or notes, such as the Bonds; (iii) interest on certain state or local government bonds or notes, such as the Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iv) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state and local government bonds or notes, such as the Bonds) exceeding 25% of such Subchapter S corporation's gross receipts and if such Subchapter S corporation has Subchapter "C" earnings and profits, then interest income derived from state and local government bonds or notes, such as the Bonds, may be subject to federal income tax under Section 1375 of the Code; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income receipts or accruals of interest on certain state or local government bonds such as the Bonds.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. Various legislative proposals have been submitted to Congress during the last several years, which if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. If enacted into law, such proposals may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds.

No prediction is made whether these provisions will be enacted as proposed or concerning other future legislation which if passed might have the effect on the tax treatment of interest on the Bonds. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. Bond Counsel will render its opinion as of the issue date, and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinion of Bond Counsel is only an opinion and not a warranty or guaranty of the matters discussed. Bond Counsel has no obligation to provide updated information concerning pending or future legislation. The Authority does not have any obligation to provide updated information concerning pending or future legislation. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING ANY PROPOSED FEDERAL TAX LEGISLATION, AS TO WHICH BOND COUNSEL EXPRESSES NO OPINION.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds.

Tax Exemption

In the opinion of Bond Counsel, assuming continuing compliance by the Authority with certain certifications and agreements relating to the use of the Bond proceeds and covenants to comply with provisions of the Code and any applicable regulations thereunder, now or hereafter enacted, interest on the Bonds is not includable in the gross income of the holders of the Bonds under Section 103(a) of the Code and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals. Other provisions of the Code will affect certain purchasers and holders of the Bonds. See "Federal Tax Laws" above.

In the opinion of Bond Counsel under the laws of the Commonwealth, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania. The residence of a holder of a Bond in a state or jurisdiction other than Pennsylvania, or being subject to tax in a state or jurisdiction other than Pennsylvania, may result in income or other tax liabilities being imposed by such state or jurisdiction or its political subdivisions, as applicable, based on the interest or other income from the Bonds.

The Authority will issue its certificate regarding the facts, estimates and circumstances in existence on the date of delivery of the Bonds and regarding the anticipated use of the proceeds of the Bonds. The Authority will certify that, on the basis of the facts, estimates and circumstances in existence on the date of issuance of the Bonds, the Authority does not reasonably expect to use the proceeds of the Bonds in a manner that would cause the Bonds to be or become "arbitrage bonds" or "private activity bonds" as those terms are defined in Section 148 and Section 141 of the Code.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

Regulations, Future Legislation

Under the provisions of the Code, the Treasury Department is authorized and empowered to promulgate regulations implementing the intent of Congress under the Code, which could affect the tax-exemption and/or tax consequences of holding tax-exempt obligations, such as the Bonds. In addition, legislation may be introduced and enacted in the future which could change the provisions of the Code relating to tax-exempt bonds of a state or local government unit, such as the Authority, or the taxability of interest in general.

No representation is made or can be made by the Authority, or any other party associated with the issuance of the Bonds as to whether or not any other legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the Bonds to federal income taxes or so as to otherwise affect the marketability or market value of the Bonds.

EACH PURCHASER OF THE BONDS SHOULD CONSULT HIS OR HER OWN TAX ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL TAX LEGISLATION.

LITIGATION

Authority officers will certify and the Authority's Solicitor will opine that there is no litigation of any nature pending, or to their knowledge threatened, against the Authority as of the date of this Official Statement seeking to restrain or enjoin the issuance of the Bonds, challenging the validity of the Bonds or any actions taken by the Authority in connection therewith, or the pledge or security provided for the payment of the Bonds.

LEGAL MATTERS

Certain legal matters will be passed upon for the Authority and the Borough by Anthony S. Odorizzi, Esq. Bowe & Odorizzi Law, LLC, Tamaqua, Pennsylvania, Solicitor. Certain other legal matters will be passed on for the Underwriter by its Limited Scope Underwriter's Counsel, Eckert Seamans Cherin & Mellott, LLC.

Bond Counsel has not been engaged to verify, nor have they independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in this Official Statement, or otherwise used in connection with the offer and sale of the Bonds set forth in or delivered by the Authority officials, and Bond Counsel expresses no opinion with respect to whether the Authority in connection with the sale of the Bonds or preparation of this Official Statement have made any untrue statement of a material fact necessary in order to make any statement made therein not misleading.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment of the transaction opined upon, or the future performance of the parties to the transaction. Nor does rendering a legal opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LEGALITY FOR INVESTMENT

Applicable laws of the Commonwealth of Pennsylvania provide that the Bonds are legal investments for funds held by, among others, banks, savings banks, trust companies, insurance companies or associations and fiduciaries. The Bonds are authorized security for deposits of funds of the Commonwealth of Pennsylvania and any political subdivision thereof.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the Authority and the Borough will each execute and deliver a written continuing disclosure obligation with respect to the Bonds and each will agree to file certain information with the Municipal Securities Rulemaking Board (the "MSRB"), in such electronic format as is prescribed by the MSRB, either directly or through a designated agent. The form of Continuing Disclosure Certificate (the "Agreement") is attached hereto as Appendix F.

Under the terms of the Agreement, the Authority will undertake to file with the MSRB financial and other information concerning the Authority, all as set forth in Appendix F. The Authority's obligations with respect to continuing disclosure, as it relates to the Bonds, shall terminate upon the prior redemption or payment in full of all of the Bonds.

Under the terms of the Agreement, the Borough will undertake to file with the MSRB financial and other information concerning the Borough, all as set forth in Appendix F. The Borough's obligations with respect to continuing disclosure, as it relates to the Bonds, shall terminate upon the prior redemption or payment in full of all of the Bonds.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other "obligated persons" with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

The Authority or the Borough may modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary as a result of a change in legal requirements or change in the nature of the Authority or the Borough; provided that any such modification will be done in a manner consistent with the Rule and will not, in the opinion of the Authority or the Borough, as applicable (which may rely on an opinion of counsel) substantially impair the interest of the holders of the Bonds. The Authority and the Borough each acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit for the holders of the Bonds. Breach of the undertaking will not be a default under the Indenture.

The Authority and the Borough each reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when such Authority or such Borough, as applicable, no longer remains an "obligated person" with respect to the Bonds within the meaning of the Rule. The Authority and the Borough each acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds and shall be enforceable by the holders of such Bonds; provided that the Bondholders' right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Authority's obligations and the Borough's obligations, respectively, hereunder and any failure by the Authority to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

The Borough has previously entered into continuing disclosure undertakings with respect to each one of its previously issued bond issues that are currently outstanding. The Borough's filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

Fiscal					
Year	Filing	Filing Dates:			
Ending	Due Date	Audit	Operating Data	Budget	
12/31/2023	10/31/2024	*	N/A	9/5/2024	
12/31/2022	10/31/2023	9/5/2024 ⁽¹⁾	N/A	9/5/2024 ⁽¹⁾	
12/31/2021	N/A	N/A	N/A	N/A	
12/31/2020	N/A	N/A	N/A	N/A	
12/31/2019	N/A	N/A	N/A	N/A	

The Borough currently is not subject to the Rule under its 6-Base CUSIP 874889; however, the Borough did become subject to the Rule under the Tamaqua Area Water Authority, Guaranteed Water Revenue Bonds, Series of 2021, 6-Base CUSIP 875029, beginning with FYE 2022.

During the previous five years, the Tamaqua Borough Authority has not been subject to the Rule.

⁽¹⁾*The Borough failed to timely file its financial information and subsequently filed a "Failure to Timely File Notice" to EMMA on 10/1/2024. Although filed, it was not timely filed.*

**Not yet due.*

The Authority and the Borough have reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

MISCELLANEOUS

Ratings

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their municipal bond rating of "___" (___ outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy guaranteeing the payment when due of principal of and interest on the Bonds will be issued by ___. S&P has also assigned the Authority an underlying rating of "BBB+" (stable outlook).

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Each of the rating agencies has recently issued press releases or reports stating that they are examining the potential effects of downturns in the market for structured finance (SF) instruments, including collateralized debt obligations ("CDOs"), on the claims-paying ability of the bond insurance companies, including ___. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds.

There can be no assurance that the views expressed in those documents represent the current views of the rating agencies or that those views will not change in the future. See “BOND INSURANCE” herein.

Underwriting

The underwriter of the Bonds is Raymond James & Associates, Inc. (the “Underwriter”). The Underwriter has agreed to purchase the Bonds from the Authority, subject to certain conditions precedent, at an aggregate price of \$ _____ (representing the aggregate principal amount of \$ _____, less an underwriter’s discount of \$ _____ and plus a net original issue premium of \$ _____). The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial public offering prices stated on the inside cover page hereof. After the Bonds are released, the public offering prices and other selling terms may be changed from time to time by the Underwriter.

The Underwriter has provided the following information for inclusion in this Official Statement: The Underwriter and its affiliates are full service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and their respective affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the Bonds or other offering of the Authority. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of the Bonds or other offerings of the Authority. The Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

Financial Advisor

FSL Public Finance, LLC, Reading, Pennsylvania, has served as financial advisor (the “Financial Advisor”) to the Authority in connection with the issuance and sale of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. FSL Public Finance, LLC is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

OTHER MATTERS

The execution and delivery of this Official Statement has been duly authorized by the Authority. Certain information contained in this Official Statement has been obtained from sources other than the Authority. All of the summaries and references to the provisions of the Bonds contained in this Official Statement and all other summaries and references to the Act, the Indenture and to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof, and do not constitute complete statements.

This Official Statement is not to be construed as a contract or agreement between the Authority and the Underwriter or the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. The information contained in the Official Statement that has been obtained from sources other than the Authority is not guaranteed as to accuracy or completeness.

TAMAQUA BOROUGH AUTHORITY

By: _____
Chair

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APPENDIX A

Description and Summaries of Financial Factors of the System Facilities

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THE SYSTEM FACILITIES

Description of Authority System

The Authority is a body corporate and politic of the Commonwealth of Pennsylvania, incorporated on January 18, 1962 under the Authorities Act, pursuant to an ordinance enacted by the Council of the Borough of Tamaqua (“the Borough”). The Authority is empowered, among other things, to acquire, hold, construct, improve, maintain, own, operated and lease, as lessor or lessee, (i) sewer systems, or parts thereof, and water treatment works, including necessary and related buildings, sites, and rights-of-way.

The governing body of the Authority is its Board, which is comprised of five (5) members, appointed by the Council of the Borough. The terms of the members of the Authority Board are staggered so that the term of at least one member expires each year. Members of the Authority Board may be reappointed.

Employees and Employee Relations

The Authority has no full and part-time employees. All employee services are provided by the Borough in accordance with a management agreement between the Authority and the Borough.

The Authority and the Borough are parties to a lease dating from 1995, as supplemented, under which the Borough provides the employees and all necessary services to operate the sewer system, including the waste water treatment plant being upgraded by this financing. The Borough collects the revenue from the ratepayers and then remits the funds to the Authority in order for the Authority to meet all of its obligations, which will include the debt service on these Bonds.

The Lease provides that the Borough shall, out of the sewer revenues and any other moneys available for such purpose, maintain the sewer system, in good repair, working order and condition; continuously operate the same; make all necessary and proper repairs, renewals and replacements and all improvements thereto in order to maintain adequate service; and comply with all present and future laws, rules, regulations, permits, and requirements.

The Borough also covenants and agrees to enact and to keep in full force and effect during the term of the Lease, an ordinance or ordinances imposing sewer rates and other charges upon the owners of properties which are connected to the sewer system, for the use thereof, and imposing fees, fines and penalties and otherwise providing for the enforcement of said ordinance or ordinances as may be permitted by law.

Sewer Rates

The following chart details prior and current sewer rates.

SEWER RATES

	<u>2022</u>	<u>2023</u>	<u>Increase</u>
SEWER UP TO & INCLUDING 15,000 GALLONS PER QTR	\$130.00	\$130.00	0%
EACH ADDITIONAL 1,000 GALLONS UP TO 100,000 GALLONS PER QTR	\$7.86	\$7.86	0%
EACH ADDITIONAL 1,000 GALLONS UP TO 200,000 GALLONS PER QTR	\$6.75	\$6.75	0%
EACH ADDITIONAL 1,000 GALLONS OVER 200,000 GALLONS PER QTR	\$5.63	\$5.63	0%

Source: Authority Officials

Collection of Delinquent Accounts

The delinquent accounts are served with sewer service termination notices and sewer service is discontinued until the delinquent account is paid. All customers have municipal liens filed on their property for the collection of delinquent accounts.

Largest Customers

The ten largest Sewer customers based on 2023 flow rates

<u>Firm</u>	<u>Business Type</u>	<u>EDUs</u>	<u>Revenue</u>
ABC Hi-Rise	Commercial/Monthly	112	\$58,240.00
Majestic House	Commercial/Monthly	74	\$38,480.00
Laurel Run	Commercial/Monthly	28	\$14,560.00
401 Hazle Associates	Commercial/Monthly	14	\$7,280.00
420 East Broad, LLC	Commercial/Monthly	12	\$6,240.00
Tetrahedron Realty, LLC	Commercial/Monthly	12	\$6,240.00
104 Schuylkill Avenue, LLC	Commercial/Monthly	11	\$5,720.00
Peterson Linen	Commercial/Monthly	11	\$5,720.00
A&S Rental	Commercial/Monthly	9	\$4,680.00
Bonnie Steinbrunn	Commercial/Monthly	8	\$4,160.00

The total sewer revenue from the top 10 customers is equal to 8.6% of the total 2023 sewer revenues collected by the Authority, which was \$1,764,250.47

Billing History of the System

Below is a summary of the Authority’s billing history for the past 5 years.

<u>Year</u>	<u>Billing</u>	<u>Collections</u>	<u>Percent Collected</u>
2019	\$1,381,394.20	\$1,362,610.04	98.6%
2020	\$1,379,820.93	\$1,378,436.78	99.9%
2021	\$1,678,626.49	\$1,619,539.64	96.5%
2022	\$1,780,679.60	\$1,747,745.96	98.2%
2023	\$1,790,377.12	\$1,764,250.47	98.5%

Source: Authority Officials.

Current Usage/Capacity – Sewer

<u>Fiscal Year</u>	<u>Total System Capacity</u>	<u>System Capacity Utilized</u>	<u>Percent Capacity Utilized</u>
2019	2.43 MGD	1.63 MGD	67%
2020	2.43 MGD	1.50 MGD	62%
2021	2.43 MGD	1.38 MGD	57%
2022	2.43 MGD	1.46 MGD	60%
2023	2.43 MGD	1.29 MGD	53%

Source: Authority Officials

Accounts by Type – Sewer

2023	Accounts		Billings	
	<u>No. Accounts</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Residential Customers	2,570	96.7%	\$1,351,578.94	75.5%
Commercial Customers	78	2.9%	\$293,598.44	16.4%
Industrial Customers	11	0.4%	\$145,199.74	8.1%
Total	<u>2,659</u>		<u>\$1,790,377.12</u>	

Source: Authority Officials

AUTHORITY FINANCES

Account Procedures – Audit

Financial statements of the Authority are prepared using an accrual basis of accounting. The Authority is audited by Maillie LLP, Limerick, Pennsylvania.

**TAMAQUA BOROUGH AUTHORITY
Statement of Assets, Liabilities and Net Assets Balance**

	Fiscal Year Ending December 31,				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$617,861	\$1,036,257	\$1,514,832	\$1,922,516	\$1,767,513
Total Current Assets	617,861	1,036,257	1,514,832	1,922,516	1,767,513
TOTAL ASSETS	<u>\$617,861</u>	<u>\$1,036,257</u>	<u>\$1,514,832</u>	<u>\$1,922,516</u>	<u>\$1,767,513</u>
LIABILITIES & NET ASSETS					
Current Liabilities:					
Due to Tamaqua Area Water Authority	\$12,492	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities	12,492	-	-	-	-
Net Assets					
Unrestricted	605,369	1,036,257	1,514,832	1,922,516	1,767,513
Total Net Assets	605,369	1,036,257	1,514,832	1,922,516	1,767,513
TOTAL NET POSITION	<u>\$617,861</u>	<u>\$1,036,257</u>	<u>\$1,514,832</u>	<u>\$1,922,516</u>	<u>\$1,767,513</u>

Source: Borough of Tamaqua financial statements FY 2018-2022.

**TAMAQUA BOROUGH AUTHORITY
Statement of Revenues and Expenses**

	Fiscal Year Ending December 31,					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Draft</u>
Operating Revenues:						
Charges for services	\$1,563,150	\$1,602,079	\$1,582,947	\$1,883,765	\$2,049,624	\$2,084,435
Miscellaneous	15,189	60,251	36,589	16,748	32,995	26,113
Total Operating Revenues	\$1,578,339	\$1,662,330	\$1,619,536	\$1,900,513	2,082,619	\$2,110,548
Operating Expenses:						
General and administrative	\$354,068	\$370,364	\$318,715	\$713,813	\$1,235,756	\$707,650
Sewage	821,937	858,116	809,048	773,557	1,013,236	1,025,464
Miscellaneous	23,367	12,699	15,306	8,486	21,120	14,487
Total Operating Expenses	\$1,199,372	<u>\$1,241,179</u>	<u>\$1,143,069</u>	<u>\$1,495,856</u>	<u>\$2,270,112</u>	<u>\$1,747,601</u>
Operating Income (Loss)	\$378,967	\$421,151	\$476,467	\$404,657	(\$187,493)	\$362,947
Non-Operating Revenue (Expenses):						
Investment income	\$3,682	\$9,737	\$5,075	\$3,027	\$19,301	\$81,219
Principal and interest paid on long-term debt	(7,715)					(41,706)
Transfers in (out)	-	-	-	-	13,189	(14,360)
Total Non-Operating Income (Expense)	(\$4,033)	(\$9,737)	\$5,075	\$3,027	<u>\$32,490</u>	<u>\$25,153</u>
Increase (Decrease) in Net Assets	\$374,934	\$430,888	\$478,575	\$407,684	(\$155,003)	\$388,100
Net Assets, Beginning of Year	<u>\$230,435</u>	<u>\$605,369</u>	<u>\$1,036,257</u>	<u>\$1,514,832</u>	<u>\$1,922,516</u>	<u>\$1,767,513</u>
Net Assets, End of Year	<u>\$605,369</u>	<u>\$1,036,257</u>	<u>\$1,514,832</u>	<u>\$1,922,516</u>	<u>\$1,767,513</u>	<u>\$2,155,613</u>

Source: Borough of Tamaqua audited financial statements FY 2018-2022 and the draft audit of the FY 2023 financial statements. The Authority reports income through an Enterprise Sewer Fund in the Borough's annual financial statements.

SUMMARY OPERATING BUDGETS

REVENUES	<u>2023 Budget</u>	<u>2024 Budget</u>
Sewer Revenues	\$1,940,496	\$1,964,476
TOTAL REVENUES	<u>\$1,940,496</u>	<u>\$1,964,476</u>
EXPENDITURES		
Sewer Expenses	\$1,744,210	\$1,616,304
TOTAL EXPENDITURES	<u>\$1,744,210</u>	<u>\$1,616,304</u>

APPENDIX B

**Description of the Borough of Tamaqua
Schuylkill County, Pennsylvania**

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DESCRIPTION OF THE BOROUGH

The Borough of Tamaqua (the “Borough”) is governed by a seven-member Council elected for four-year staggered terms. The Borough Manager, appointed by Council, serves as chief administrative officer of the Borough. The Borough provides a wide range of public services to its residents, including public safety, health, recreation, maintenance of streets and highways, parks and other public areas. The Borough’s business address is 320 East Broad Street, Tamaqua, Pennsylvania 18252.

Demographic Characteristics

Population

The Borough’s population decreased by 2.6% from 2010 to 2022. The table below shows population comparisons for the Borough, Schuylkill County, and Pennsylvania.

	<u>2010</u>	<u>2022</u>	<u>Percentage Increase/(Decrease) 2010 to 2022</u>
Tamaqua Borough	7,097	6,911	(2.6)
Schuylkill County	148,288	143,201	(3.4)
Pennsylvania	12,612,705	12,989,208	3.0

Source: U.S. Bureau of Census, 2022 American Community Survey 5-Year Estimates.

Age Composition (2022)

<u>Municipality</u>	<u>Median Age</u>	<u>Percent Under 18</u>	<u>Percent 18-64</u>	<u>Percent 65 and Over</u>
Tamaqua Borough	37.1	25.6	58.3	16.1
Schuylkill County	44.2	19.8	59.5	20.7
Pennsylvania	40.8	20.5	60.8	18.7

Source: U.S. Bureau of Census, 2022 American Community Survey 5-Year Estimates.

Income (2022)

	<u>Household Median</u>	<u>Family Median</u>	<u>Percentage of Families in Poverty</u>
Tamaqua Borough	48,920	69,597	17.3
Schuylkill County	63,574	76,212	7.9
Pennsylvania	73,170	93,685	8.0

Source: U.S. Bureau of Census, 2022 American Community Survey 5-Year Estimates.

Housing Characteristics (2022)

	<u>Total Housing Units</u>	<u>Percent Occupied</u>	<u>Percent Vacant</u>	<u>Median Value Owner Occupied</u>
Tamaqua Borough	3,333	81.1	18.9	69,800
Schuylkill County	67,328	84.6	15.4	127,900
Pennsylvania	5,753,908	90.3	9.7	226,200

Source: U.S. Bureau of Census, 2022 American Community Survey 5-Year Estimates.

Occupied Housing (2022)

	<u>Total Occupied Housing Units</u>	<u>Total Owner Occupied</u>		<u>Total Renter Occupied</u>	
	<u>Units</u>	<u>Units</u>	<u>% of Total</u>	<u>Units</u>	<u>% of Total</u>
Tamaqua Borough	2,704	1,678	62.1	1,026	37.9
Schuylkill County	56,987	43,614	76.5	13,373	23.5
Pennsylvania	5,193,727	3,593,490	69.2	1,600,237	30.8

Source: U.S. Bureau of Census, 2022 American Community Survey 5-Year Estimates.

Medical Facilities

There are three acute care hospitals that serve Schuylkill County. These hospitals, their licensed bed capacities, and number of full-time and part-time employees are as follows:

<u>Institution</u>	<u>Location</u>	<u>Licensed Beds</u>	<u>Staff</u>	
			<u>Full-Time</u>	<u>Part-Time</u>
Lehigh Valley Hospital Schuylkill	Pottsville	186	656	305
St. Luke’s Miners Memorial Hospital	Coaldale	49	348	149
Geisinger St. Luke’s.....	Orwigsburg	40	234	169

Source: Pennsylvania Department of Health, Bureau of Health Statistics; 2022 reporting period.

(1) Information for Veterans Administration Hospital is not included in Bureau of Health Statistics 2022 report.

Trends in Schuylkill County Employment and Unemployment

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>
Schuylkill County	6.4%	6.1%	5.9%	5.4%	5.5%	9.0%	6.3%	4.6%	4.0%	3.6%
Pennsylvania	5.3%	5.4%	4.9%	4.2%	4.4%	8.9%	5.9%	4.1%	3.4%	3.2%
United States	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.4%	3.6%	3.6%	3.7%

SOURCE: U.S. Department of Labor and Industry, Pennsylvania Bureau of Employment.

(1) Preliminary, as of May 2024.

Top 10 Employers in Schuylkill County

<u>Employer</u>	<u>Service/Product</u>
Wal-Mart Associates Inc	Retail
State Government	Government
Hydro Extrusions.....	Manufacturing
Schuylkill Medical Center – South Jackson Street	Healthcare
Wegmans Food Markets Inc.....	Grocery Store
Lowe’s Home Centers LLC	Retail
Cargill Meat Solutions Corporation	Food Distribution
Jeld-Wen Inc.....	Manufacturing
County of Schuylkill.....	Government
Federal Government	Government

Source: Center for Workforce Information and Analysis – L & I, 4th Quarter 2023 (initial data). L & I does not report employee numbers due to employer privacy.

TAMAQUA BOROUGH FINANCES

Account Procedures – Audit

Financial statements of the Borough are prepared using a cash basis of accounting. The Borough is audited by Mallie LLP Mechanicsburg, Pennsylvania.

**TAMAQUA BOROUGH
General Fund Balance Sheet Summary**

Fiscal Year Ending December 31,

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 (Draft)</u>
Assets and Other Credits:					
Cash and Investment	\$127,380	\$55,184	\$200,636	\$546,089	\$764,903
Loans Receivable	250,000	250,000	250,000	250,000	250,000
Total Assets	\$377,380	\$305,184	\$450,636	\$796,089	\$1,014,903
Fund and Account Group Equity:					
Nonspendable loan receivable	\$ -	\$ -	\$250,000	\$250,000	\$250,000
Unassigned	377,380	305,184	200,636	546,089	764,903
Total Fund and Account Group Equity	\$377,380	\$305,184	\$450,636	\$796,089	\$1,014,903

Source: Borough Audited Financial Statements 2019-2022. 2023 Unaudited financial figures provided by the Borough.

TAMAQUA BOROUGH
General Fund Statement of Revenues and Expenses

Fiscal Year Ending December 31,

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 (Draft)</u>
Revenues:					
Taxes	\$2,288,875	\$2,320,571	\$2,433,944	\$2,597,507	\$2,662,626
Interest and rents	108,947	101,358	116,949	106,093	151,106
Charges for services	716,486	728,245	775,753	816,124	1,029,351
Fines and forfeits	73,670	69,861	97,579	82,331	62,043
Licenses and permit	42,244	43,675	49,533	47,469	44,051
Intergovernmental revenues	399,155	300,597	615,311	610,597	395,340
Miscellaneous	336,026	271,571	324,208	623,981	152,209
Total Revenue	\$3,965,403	\$3,835,878	\$4,413,277	\$4,884,102	\$4,496,726
Expenses:					
General government	\$438,008	\$427,470	\$549,581	\$601,700	\$620,108
Culture and recreation	125,613	155,128	160,178	343,912	185,606
Public safety	1,850,217	1,782,874	1,828,044	1,962,466	1,826,944
Public works	1,026,428	1,018,051	1,135,645	1,280,441	1,334,414
Health and human services	4,565	3,619	3,607	2,613	2,763
Community development	62,117	62,636	63,885	16,266	0
Debt service	-	157,500	148,916	146,536	149,124
Miscellaneous	198,941	219,339	-	-	102,010
Total Expenses	\$3,705,889	\$3,826,617	\$3,889,856	\$4,353,934	\$4,220,969
Income / (Loss)	\$259,514	\$9,261	\$523,421	\$530,168	\$275,757
Other Financing Sources (Uses):					
Sale of capital assets	\$13,317	\$431	-	-	\$19,682
Transfers in	486,945	1,997,499	\$232,829	\$285,000	43,088
Transfers out	(738,880)	(2,079,387)	(610,798)	(469,715)	(119,713)
Total Other Financing Sources (Uses)	(\$238,618)	(\$81,457)	(\$377,969)	(\$184,715)	(\$56,943)
Net Change in Fund Balance	\$20,896	(\$72,196)	\$145,452	\$345,453	\$218,814
Net Assets, Beginning of Year	\$356,484	\$377,380	\$305,184	\$450,636	\$796,089
Net Assets, End of Year	\$377,380	\$305,184	\$450,636	\$796,089	\$1,014,903

Source: Source: Borough Audited Financial Statements 2019-2022. 2023 draft financial figures provided by the Borough.

BORROWING POWER OF THE BOROUGH

The Borough's borrowing limit is computed as a percentage of its Borrowing Base. The Borrowing Base is calculated as the annual arithmetic average of the Borough's total revenues for the three full fiscal years immediately preceding the date of the incurrence of new debt.

Calculation of Borrowing Base

	<u>2021</u>	<u>2022</u>	<u>2023 (Draft)</u>
Total Net Revenues	\$4,791,106	\$5,609,450	\$4,496,726
Total Net Revenues for Three Years			\$14,897,282
Borrowing Base - average Net Revenues for Three-Year Period			\$4,965,761

Borrowing Capacity

Under the Debt Act as presently in effect, there is no limit on the amount of electoral debt (debt incurred with the approval of the voters) which may be incurred or outstanding, but (i) the Borough may not incur new nonelectoral debt (debt not approved by the voters) if the total amount of such new nonelectoral debt plus all other nonelectoral debt to remain outstanding upon issuance of such new nonelectoral debt, net of the amount of any nonelectoral debt that constitutes subsidized debt (debt the principal of and interest on which will be covered by subsidies or reimbursements to be paid to the Borough by the Commonwealth or the federal government or, under a subsidy contract with the Borough, by another local government unit or an authority) or self-liquidating debt (debt to be paid solely from rents, rates or other charges to the ultimate users of the project to be financed by such debt), will exceed 250% of the borrowing base, and (ii) the Borough may not incur new lease rental debt (debt represented by obligations of an authority or another local government unit to be repaid by the Borough pursuant to a lease, subsidy contract, guarantee or other form of agreement where such debt is or may be payable out of the tax revenues and other general revenues of the Borough), if the total amount of such new lease rental debt plus all other nonelectoral debt and lease rental debt to remain outstanding upon issuance of such new lease rental debt, net of the amount of any nonelectoral or lease rental debt that constitutes subsidized debt or self-liquidating debt, will exceed 350% of the borrowing base. The following is a calculation of the Borough's current net debt limitations.

	Legal Limit	Net Debt Outstanding	Borrowing Capacity
Net Nonelectoral Debt Limit (250% of Borrowing Base)	\$12,414,402	\$1,411,667	\$11,002,735
Net Nonelectoral Debt Limit and Lease Rental Debt Limit (350% of Borrowing Base)	\$17,380,162	\$1,411,667	\$15,968,496

BOROUGH FINANCIAL HISTORY

The Borough has never defaulted on the payment of lease rentals or debt service.

TAXING POWERS OF THE BOROUGH

The Council of the Borough may, by ordinance, levy taxes upon all real property and upon all occupations, or upon real property alone, within the Borough made taxable for borough purposes, as ascertained by the last adjusted valuation for borough purposes, for the purposes and at the rates specified below:

1. An annual borough tax, for road, bridge, and general Borough purposes, not exceeding 14 mills. Where the Council, by a majority action, shall, upon due cause shown, petition the court of common pleas for the right to levy additional millage, the court, after such public notice as it may direct and after hearing, may order a greater rate than fourteen mills but not exceeding five additional mills, to be levied.
2. Upon receipt of a petition of a majority of the owners or real estate of the Borough requesting it, an annual tax, not exceeding five mills, for the purpose of lighting the highways, roads and other public places in the Boroughs, and of defraying the costs, charges and expenses thereof.
3. An annual tax so long as necessary not exceeding fifty percent of the rate of assessment for the Borough tax, for the purposes of procuring a lot and erecting a building thereon for a townhouse, and for the payment of indebtedness incurred in connection therewith.
4. An annual tax, not exceeding three mills, pursuant to provision therefore in the Borough budget, for the purpose of purchasing and maintaining fire apparatus, for the purpose of making appropriations to fire companies both within and without the Borough and of contracting with adjacent municipalities or volunteer fire companies for fire protection, for the purpose and maintenance of fire apparatus, and for the purpose of providing a suitable place for the housing of fire apparatus.
5. A tax not exceeding two mills for the purpose of establishing and maintaining fire hydrant water service, after obtaining the assent of fifty-one percentum of the electors of the Borough voting thereon in the manner provided by the Code.
6. A tax, for the purpose of maintaining and operating parks, playgrounds, playfields, gymnasiums, public baths, swimming pools and recreation centers.
7. An annual tax sufficient to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act.
8. An annual tax, not exceeding one-half mill, for the purpose of supporting ambulance and rescue squads serving the Borough.
9. A special tax for the purpose of maintaining a public library after obtaining approval of the electors of the Borough voting thereon, but appropriations for library purposes are not limited to those made from special tax levies.

Whenever the assent of the electors is required as hereinbefore provided, the same shall be expressed at an election to be held at the place and time of any general, special or primary election, and under the same regulations as provided by law for the holding of municipal elections.

Under Act of December 31, 1965, P.L. 1257 No. 511, effective January 1, 1966 (The Local Tax Enabling Act), additional taxes may be levied by Boroughs (subject to division with other political subdivisions to levy similar taxes on the same person, subject, business, transaction or privilege), subject to the following limitations:

Per Capita Tax	\$10.00
Gross receipts of wholesalers	1 mill
Gross receipts of retailers	1-1/2 mills
Wages, salaries, commissions and other earned income of individuals	1%
Sales involving the transfer of title of real property	1%
Flat rate occupation and occupational privilege tax	\$10.00
Admissions (except motion picture theaters)	10%
Mechanical devices	No Limit

The above taxes, under the Local Tax Enabling Act, are subject to the limitation that the aggregate of such taxes may not exceed the product obtained by multiplying the latest total market valuation of real estate in the Borough by twelve mills. Additionally, the aforementioned "Gross Receipts" taxes are available only to the extent imposed at November 30, 1988, and the amusement tax is limited by Act 50 of 1998 to the rate levied and collected in the Borough's fiscal year ending December 31, 1997 (unless that rate was less than 5% or no such tax was levied, in which case the limitations is at the 5% level).

TAX REVENUES OF BOROUGH

Largest Taxpayers in the Borough

The ten largest real estate taxpayers in the Borough and the 2023 assessed valuation of their real estate are as follows:

<u>Taxpayer</u>	<u>Assessed Valuation</u>
Individual Taxpayer	\$907,790
Majestic Associates	711,200
HJTT Family Ltd Partnership	473,360
Tamstan Realty Inc	444,875
Perla Enterprises LLC	437,040
Individual Taxpayer	434,250
Tamaqua Plaza LP	392,400
PA Keystone Terrace Associates	373,960
Hess Realty LLC	303,030
ABC Tamaqua Hi Rise Assoc LP	300,000
Total	\$4,777,905

Percentage of total 2023 Borough Assessed Tax Value 6.36%

Source: Borough Officials.

Trends in Assessed Valuation

The trend in assessed valuation of real estate in the Borough for the last four fiscal years is shown below:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Market Value</u>	<u>Common Level Ratio</u>
2020	\$71,574,925	\$144,923,659	49.4%
2021	\$71,624,785	\$145,041,034	49.4%
2022	\$72,615,715	\$166,431,898	43.6%
2023	\$73,702,565	\$169,944,681	43.4%

Source: State Tax Equalization Board (STEB). Assessed Valuations certified by STEB in June of following year. Market Values based upon Common Level Ratio for Schuylkill County as reported by STEB.

TAX COLLECTION RECORD

<u>Fiscal Year</u>	<u>Millage</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percent Collected (Current)</u>
2019	22.25 mills	\$1,641,436.79	\$1,386,414.07	84.4%
2020	22.50 mills	\$1,646,063.05	\$1,368,358.85	83.1%
2021	22.50 mills	\$1,646,656.59	\$1,428,956.66	86.7%
2022	23.50 mills	\$1,742,114.43	\$1,505,034.63	86.3%
2023	23.75 mills	\$1,784,649.68	\$1,552,166.56	86.9%

Source: Borough Officials.

2024 Tax Rates

**Real Estate Taxes
(in mills)**

<u>Borough</u>	<u>School District</u>	<u>County</u>	<u>Total</u>
23.750	36.580	15.980	76.310

Source: PA Department of Community and Economic Development (DCED).

Non-Realty Tax Rates

	<u>Real Estate Transfer</u>	<u>Earned Income</u>	<u>Local Services</u>
Borough	0.5%	0.5%	\$47.00
School District	0.5%	0.5%	\$5.00

Source: PA Department of Community and Economic Development (DCED).

**Statement of Indebtedness
(As of the date of settlement of the Bonds)
Borough Financings**

	Date of Issue	Original Issue Amount	Final Maturity	Amount Outstanding
Nonelectoral Debt:				
General Obligation Note, Series of 2020	8/12/2020	\$1,469,000	12/1/2031	\$985,000
General Obligation Bonds, Series of 2017	3/1/2017	800,000	3/1/2032	<u>426,667</u>
Total Nonelectoral Debt				\$1,411,667
Lease Rental Debt:				
Tamaqua Area Borough Authority, Guaranteed Sewer Revenue Bonds, Series of 2024*	TBD	\$11,415,000	11/15/2054	\$11,415,000
Tamaqua Area Water Authority, Guaranteed Water Revenue Bonds, Series of 2021	10/28/2021	\$6,870,000	11/15/2033	<u>\$5,760,000</u>
Total Lease Rental Debt				\$17,175,000
Less Debt Deemed Self-Liquidating				\$17,175,000
Net Lease Rental Debt				<u>\$0</u>
TOTAL NET NONELECTORAL AND NET LEASE RENTAL DEBT				\$1,411,667
Overlapping Debt:				
Schuylkill County (1)				\$776,980
School District (2)				<u>723,818</u>
Total Overlapping Debt				\$1,500,798
Total Net Direct & Overlapping Debt				\$2,912,465

*Preliminary, subject to change

- (1) The Direct General Obligation Debt of Schuylkill County totals \$28,139,000 (as of September 3, 2024). The Borough's proportionate share, 2.76%, is determined by dividing the Borough's 2023 assessed value by the 2023 assessed value of all the municipalities within the County, as stated by the State Tax Equalization Board (STEB).
- (2) The Direct General Obligation Debt of the School District totals approximately \$3,445,000 (as of September 3, 2024). The Borough's proportionate share, 21.0%, is determined by dividing the Borough's 2020 assessed value by the 2020 assessed value of all the municipalities within the School District, as stated by the State Tax Equalization Board (STEB).

Financial Factors of the Borough

STEB ⁽¹⁾ Market Value ⁽²⁾ of Real Estate (2023)	\$169,944,681
STEB ⁽¹⁾ Assessed Value of Real Estate (2023)	73,702,565
Common Level Ratio	43.4%
Population:	
2022 (est.) U.S. Census	6,911
Total Direct Debt ⁽³⁾	\$1,411,667

Ratio of Direct Debt to:

Market Value of Real Estate	0.83%
Assessed Valuation of Real Estate	1.92%
Population	\$204.26

Overlapping Debt ⁽⁴⁾

School District – General Obligation	\$723,818
County – General Obligation	<u>776,980</u>
Total Overlapping Debt	<u>\$1,500,798</u>
Total Direct and Overlapping Debt (Total Debt)	\$2,912,465

Ratio of Total Debt to:

Market Value of Real Estate	1.71%
-----------------------------------	-------

Assessed Valuation of Real Estate	3.95%
Population	\$421.42
Ratio of Population of:	
Market Value of Real Estate	\$24,590.46
Assessed Valuation of Real Estate	\$10,664.53

- ⁽¹⁾State Tax Equalization Board (STEB).
- ⁽²⁾Market Value based upon the Common Level Ratio for Schuylkill County as reported by STEB.
- ⁽³⁾Includes the estimated Bonds
- ⁽⁴⁾Borough's proportionate share for Schuylkill County and School District General Obligation Debt.

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APPENDIX C

**Audited Financial Statement of the Authority
Fiscal Year Ended December 31, 2023**

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TAMAQUA BOROUGH AUTHORITY
(A Component Unit of the Borough of Tamaqua)

FINANCIAL STATEMENTS

Year Ended December 31, 2023

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INTRODUCTORY SECTION

TAMAQUA BOROUGH AUTHORITY
(A Component Unit of the Borough of Tamaqua)
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YEAR ENDED DECEMBER 31, 2023

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FINANCIAL SECTION

Independent Auditors' Report

To the Authority Board
Tamaqua Borough Authority
Tamaqua, Pennsylvania

Opinion

We have audited the modified cash basis financial statements of the Tamaqua Borough Authority (a component unit of the Borough of Tamaqua), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Tamaqua Borough Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the Tamaqua Borough Authority as of December 31, 2023, and the respective changes in financial position-modified cash basis and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tamaqua Borough Authority 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 opinion.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

To the Authority Board
Tamaqua Borough Authority
Tamaqua, Pennsylvania

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgement 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 Tamaqua Borough Authority'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tamaqua Borough Authority'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.

Maille LLP

New Castle, Delaware
July 11, 2024

TAMAQUA BOROUGH AUTHORITY
(A Component Unit of the Borough of Tamaqua)
STATEMENT OF NET POSITION--MODIFIED CASH BASIS
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents \$ 10,057

CAPITAL ASSETS

Accumulated depreciation 4,525,034
(4,288,175)

CAPITAL ASSETS, net 236,859

TOTAL ASSETS \$ 246,916

NET POSITION

Net investment in capital assets \$ 236,859

Unrestricted 10,057

TOTAL NET POSITION \$ 246,916

See accompanying notes to the basic financial statements.

TAMAQUA BOROUGH AUTHORITY
(A Component Unit of the Borough of Tamaqua)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION--MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2023

OPERATING EXPENSES	
Administrative expenses	\$ 2,409
Depreciation	<u>126,487</u>
TOTAL OPERATING EXPENSES	<u>128,896</u>
OPERATING LOSS	(128,896)
NONOPERATING REVENUES	
Investment income	<u>442</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(128,454)
NET POSITION AT BEGINNING OF YEAR	<u>375,370</u>
NET POSITION AT END OF YEAR	<u>\$ 246,916</u>

See accompanying notes to the basic financial statements.

TAMAQUA BOROUGH AUTHORITY
(A Component Unit of the Borough of Tamaqua)
STATEMENT OF CASH FLOWS--MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments for administrative expenses	\$ (2,409)
NET CASH USED BY OPERATING ACTIVITIES	<u>(2,409)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings from investments	<u>442</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,967)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>12,024</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 10,057</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (128,896)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	<u>126,487</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (2,409)</u></u>

See accompanying notes to the basic financial statements.

TAMAQUA BOROUGH AUTHORITY
(A Component Unit of the Borough of Tamaqua)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Tamaqua Borough Authority (the "Authority") was created in 1962 to finance, construct and own the Tamaqua Sewer Plant (the "Sewer Plant").

The Authority is a component unit of the Borough of Tamaqua (the "Borough") because of its role in financing and owning the Borough's Sewer Plant.

Basis of Accounting

The Authority's accounts are maintained on the modified cash basis. As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements. The Authority does, however, record loans payable, if any, and capitalizes and depreciates its Sewer Plant improvements.

The Authority is considered a Proprietary Fund for financial statement reporting purposes.

The Proprietary Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds, with the exception of those listed above, are included on the statement of net position--modified cash basis. The statement of revenues, expenses and changes in net position--modified cash basis presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows--modified cash basis provides information about how the Authority finances and meets the cash flow needs of its proprietary activities.

The Proprietary Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Fund's ongoing operations. Operating expenses of the Authority include administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows--modified cash basis, the Authority considers all highly liquid investments purchased with an original maturity of three months or less, and no restrictions on withdrawal, to be cash equivalents.

TAMAQUA BOROUGH AUTHORITY
(A Component Unit of the Borough of Tamaqua)
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at cost and include sewer plant improvements and equipment. Depreciation is provided using the straight-line method as follows:

	<u>Years</u>
Sewer plant improvements	30
Equipment	5

Equity Classification

Equity is classified as net position and displayed in three components:

- **Net Investment in Capital Assets** - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- **Restricted Net Position** - Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Deposits are insured under Act 72 of the 1971 Session of the Pennsylvania General Assembly, whereby financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of FDIC limits. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2023, the total bank balance was insured by the Federal Depository Insurance Corporation.

Investments

Interest Rate Risk - The Authority's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates.

TAMAQUA BOROUGH AUTHORITY
(A Component Unit of the Borough of Tamaqua)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE C - CAPITAL ASSETS

Changes in capital assets are as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
CAPITAL ASSETS BEING DEPRECIATED				
Sewer plant improvements	\$ 4,480,199	\$ -	\$ -	\$ 4,480,199
Equipment	44,835	-	-	44,835
	<u>4,525,034</u>	<u>-</u>	<u>-</u>	<u>4,525,034</u>
Accumulated depreciation	(4,161,688)	(126,487)	-	(4,288,175)
	<u>(4,161,688)</u>	<u>(126,487)</u>	<u>-</u>	<u>(4,288,175)</u>
TOTAL CAPITAL ASSETS, net	\$ <u>363,346</u>	\$ <u>(126,487)</u>	\$ <u>-</u>	\$ <u>236,859</u>

NOTE D - SUBSEQUENT EVENT

During 2024, the Authority plans to award a contract for extensive renovations to the wastewater treatment plant. On April 25, 2024, the Authority received a funding offer from PENNVEST in the amounts of a \$12,207,701 grant and a \$7,792,299 loan. The total cost of the renovation project is expected to be \$27,863,000, and any additional financing is expected to be covered through bond issuance or other long-term borrowing.

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APPENDIX D

**Audited Financial Statement of the Borough
Fiscal Year Ended December 31, 2022**

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BOROUGH OF TAMAQUA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2022

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INTRODUCTORY SECTION

BOROUGH OF TAMAQUA
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FINANCIAL SECTION

Independent Auditors' Report

To the Borough Council
Borough of Tamaqua
Tamaqua, Pennsylvania

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information (except for the fiduciary funds which are reported on the accrual basis of accounting) of the Borough of Tamaqua as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough of Tamaqua's basic financial statements as listed in the table of contents.

Unmodified Opinions on the Governmental Activities, Business-Type Activities, Major Funds, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information (except for the fiduciary funds which are reported on the accrual basis of accounting) for the primary government of the Borough of Tamaqua as of December 31, 2022, and the respective changes in financial position—modified cash basis, and where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Adverse Opinion on the Reporting Entity

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on the Reporting Entity paragraph, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Borough of Tamaqua, as of December 31, 2022, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with the modified cash basis of accounting. In accordance with the modified cash basis of accounting, the component units have issued separate reporting entity financial statements for the Tamaqua Borough Authority, the Tamaqua Area Water Authority, and the Tamaqua City Revitalization Improvement Zone Authority, for which we have issued our reports dated November 10, 2023, December 27, 2023, and March 27, 2023, respectively.

To the Borough Council
Borough of Tamaqua
Tamaqua, Pennsylvania

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Tamaqua 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 adverse and unmodified audit opinions.

Basis for Adverse Opinion on the Reporting Entity

The financial statements referred to above include only the primary government of the Borough of Tamaqua, which consists of all funds, departments and offices that comprise the Borough of Tamaqua's legal entity. The financial statements do not include financial data for the Borough of Tamaqua's legally separate component units, which the modified cash basis of accounting require to be reported with the financial data of the Borough of Tamaqua's primary government. Because of this departure from the basis of accounting described in Note A, the assets, liabilities, net position, revenues and expenses of the legally separate components that were omitted totaled \$14,600,915, \$6,446,475, \$8,154,440, \$3,740,517, and \$4,151,710, respectively.

Emphasis of Matter - Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (except for the fiduciary funds which are reported on the accrual basis of accounting). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 GAAS 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.

To the Borough Council
Borough of Tamaqua
Tamaqua, Pennsylvania

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Tamaqua's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



New Castle, Delaware
January 31, 2024

BOROUGH OF TAMAQUA

STATEMENT OF NET POSITION--MODIFIED CASH BASIS

DECEMBER 31, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 2,057,612	\$ 1,767,513	\$ 3,825,125
Loans receivable	325,000	-	325,000
TOTAL ASSETS	<u>2,382,612</u>	<u>1,767,513</u>	<u>4,150,125</u>
NET POSITION			
Restricted for			
Capital projects	807,717	-	807,717
Streets and highways	213,577	-	213,577
CDBG loans	473,866	-	473,866
Fire insurance escrow	91,363	-	91,363
Unrestricted	<u>796,089</u>	<u>1,767,513</u>	<u>2,563,602</u>
TOTAL NET POSITION	<u>\$ 2,382,612</u>	<u>\$ 1,767,513</u>	<u>\$ 4,150,125</u>

See accompanying notes to the basic financial statements.

BOROUGH OF TAMAQUA
STATEMENT OF ACTIVITIES--MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 601,787	\$ 69,641	\$ 359,860	\$ -
Public safety	1,962,466	204,126	247,926	-
Health and human services	2,613	4,300	-	-
Public works				
Sanitation	656,325	679,897	-	-
Highways and streets	745,327	3,385	197,661	-
Culture and recreation	356,711	51,043	397	-
Community development	157,780	141	17,976	81,324
Principal and interest on indebtedness	251,173	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	4,734,182	1,012,533	823,820	81,324
BUSINESS-TYPE ACTIVITIES				
Sewer Fund	2,270,112	2,049,624	-	-
TOTAL BOROUGH ACTIVITIES	\$ 7,004,294	\$ 3,062,157	\$ 823,820	\$ 81,324

GENERAL REVENUES

Property taxes, levied for general purposes
Transfer taxes
Earned income taxes
Occupational taxes
Per capita taxes
Public utility taxes
Franchise taxes
Grants and contributions not restricted to specific programs
Investment earnings
Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (172,286)	\$ -	\$ (172,286)
(1,510,414)	-	(1,510,414)
1,687	-	1,687
23,572	-	23,572
(544,281)	-	(544,281)
(305,271)	-	(305,271)
(58,339)	-	(58,339)
<u>(251,173)</u>	<u>-</u>	<u>(251,173)</u>
(2,816,505)	-	(2,816,505)
<u>-</u>	<u>(220,488)</u>	<u>(220,488)</u>
<u>(2,816,505)</u>	<u>(220,488)</u>	<u>(3,036,993)</u>
1,729,368	-	1,729,368
115,196	-	115,196
644,467	-	644,467
91,440	-	91,440
17,036	-	17,036
2,414	-	2,414
47,044	-	47,044
687,581	-	687,581
25,979	19,301	45,280
331,248	32,995	364,243
<u>(13,189)</u>	<u>13,189</u>	<u>-</u>
<u>3,678,584</u>	<u>65,485</u>	<u>3,744,069</u>
862,079	(155,003)	707,076
<u>1,520,533</u>	<u>1,922,516</u>	<u>3,443,049</u>
<u>\$ 2,382,612</u>	<u>\$ 1,767,513</u>	<u>\$ 4,150,125</u>

BOROUGH OF TAMAQUA
BALANCE SHEET--MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Special Revenue Funds		
		New Revolving Fund	H.D. Buehler Park Fund	Highway Aid Fund
ASSETS				
Cash and cash equivalents	\$ 546,089	\$ 361,496	\$ 357,152	\$ 213,577
Loans receivable	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 796,089</u>	<u>\$ 361,496</u>	<u>\$ 357,152</u>	<u>\$ 213,577</u>
FUND BALANCES				
Nonspendable, loans receivable	\$ 250,000	\$ -	\$ -	\$ -
Restricted				
Capital projects	-	-	357,152	-
Streets and highways	-	-	-	213,577
CDBG loans	-	361,496	-	-
Fire insurance escrow	-	-	-	-
Unassigned	<u>546,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>\$ 796,089</u>	<u>\$ 361,496</u>	<u>\$ 357,152</u>	<u>\$ 213,577</u>

See accompanying notes to the basic financial statements.

<u>Capital Projects Funds</u>			
<u>High Rise Fund</u>	<u>Wabash Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 139,858	\$ 225,280	\$ 214,160	\$ 2,057,612
-	-	75,000	325,000
<u>\$ 139,858</u>	<u>\$ 225,280</u>	<u>\$ 289,160</u>	<u>\$ 2,382,612</u>
\$ -	\$ -	\$ -	\$ 250,000
139,858	225,280	85,427	807,717
-	-	-	213,577
-	-	112,370	473,866
-	-	91,363	91,363
-	-	-	546,089
<u>\$ 139,858</u>	<u>\$ 225,280</u>	<u>\$ 289,160</u>	<u>\$ 2,382,612</u>

BOROUGH OF TAMAQUASTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES--MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General Fund	Special Revenue Funds		
		New Revolving Fund	H.D. Buehler Park Fund	Highway Aid Fund
REVENUES				
Taxes	\$ 2,597,507	\$ -	\$ -	\$ -
Licenses and permits	47,469	-	-	-
Fines and forfeitures	82,331	-	-	-
Interest and leases	106,093	4,459	1,801	2,692
Intergovernmental revenues	610,597	81,324	-	197,661
Charges for services	816,124	-	-	-
Miscellaneous	623,981	17,976	333,313	-
TOTAL REVENUES	<u>4,884,102</u>	<u>103,759</u>	<u>335,114</u>	<u>200,353</u>
EXPENDITURES				
General government	601,700	83	-	-
Public safety	1,962,466	-	-	-
Health and human services	2,613	-	-	-
Public works				
Sanitation	656,325	-	-	-
Highways and streets	624,116	1,094	-	120,117
Culture and recreation	343,912	-	12,799	-
Community development	16,266	141,224	-	-
Debt service	146,536	-	-	49,413
TOTAL EXPENDITURES	<u>4,353,934</u>	<u>142,401</u>	<u>12,799</u>	<u>169,530</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>530,168</u>	<u>(38,642)</u>	<u>322,315</u>	<u>30,823</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	285,000	340,000	1,825	-
Transfers out	(469,715)	(275,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(184,715)</u>	<u>65,000</u>	<u>1,825</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	345,453	26,358	324,140	30,823
FUND BALANCES AT BEGINNING OF YEAR	<u>450,636</u>	<u>335,138</u>	<u>33,012</u>	<u>182,754</u>
FUND BALANCES AT END OF YEAR	<u>\$ 796,089</u>	<u>\$ 361,496</u>	<u>\$ 357,152</u>	<u>\$ 213,577</u>

See accompanying notes to the basic financial statements.

<u>Capital Projects Funds</u>			
<u>High Rise Fund</u>	<u>Wabash Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 2,597,507
-	-	-	47,469
-	-	-	82,331
1,564	2,514	1,844	120,967
-	-	-	889,582
-	-	-	816,124
-	-	80,200	1,055,470
<u>1,564</u>	<u>2,514</u>	<u>82,044</u>	<u>5,609,450</u>
-	-	4	601,787
-	-	-	1,962,466
-	-	-	2,613
-	-	-	656,325
-	-	-	745,327
-	-	-	356,711
-	100	190	157,780
-	-	55,224	251,173
<u>-</u>	<u>100</u>	<u>55,418</u>	<u>4,734,182</u>
<u>1,564</u>	<u>2,414</u>	<u>26,626</u>	<u>875,268</u>
46,000	32,823	111,878	817,526
(40,000)	-	(46,000)	(830,715)
<u>6,000</u>	<u>32,823</u>	<u>65,878</u>	<u>(13,189)</u>
7,564	35,237	92,504	862,079
<u>132,294</u>	<u>190,043</u>	<u>196,656</u>	<u>1,520,533</u>
\$ <u>139,858</u>	\$ <u>225,280</u>	\$ <u>289,160</u>	\$ <u>2,382,612</u>

BOROUGH OF TAMAQUA

STATEMENT OF NET POSITION--MODIFIED CASH BASIS

PROPRIETARY FUND

DECEMBER 31, 2022

	<u>Enterprise Fund Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ <u>1,767,513</u>
NET POSITION	
Unrestricted	\$ <u>1,767,513</u>

See accompanying notes to the basic financial statements.

BOROUGH OF TAMAQUA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION--MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Enterprise Fund Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 2,049,624
Miscellaneous	32,995
TOTAL OPERATING REVENUES	<u>2,082,619</u>
OPERATING EXPENSES	
General and administrative	1,235,756
Sewage	
Lines	195,482
Plant	817,754
Miscellaneous	21,120
TOTAL OPERATING EXPENSES	<u>2,270,112</u>
OPERATING LOSS	<u>(187,493)</u>
NONOPERATING REVENUES	
Earnings on investments	<u>19,301</u>
LOSS BEFORE INTERFUND TRANSFERS	(168,192)
INTERFUND TRANSFERS	
Transfers in	<u>13,189</u>
CHANGE IN NET POSITION	(155,003)
NET POSITION AT BEGINNING OF YEAR	<u>1,922,516</u>
NET POSITION AT END OF YEAR	<u>\$ 1,767,513</u>

See accompanying notes to the basic financial statements.

BOROUGH OF TAMAQUA

STATEMENT OF CASH FLOWS--MODIFIED CASH BASIS

PROPRIETARY FUND

YEAR ENDED DECEMBER 31, 2022

	Enterprise Fund <u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,082,619
Payments to suppliers	(1,619,199)
Payments to employees	(609,842)
Payments to other governments	<u>(41,071)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(187,493)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>13,189</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>19,301</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(155,003)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,922,516</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,767,513</u>

See accompanying notes to the basic financial statements.

BOROUGH OF TAMAQUA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Pension Trust Funds			Totals
	Police Pension Plan	Non-Uniformed Employees Pension Plans		
		Defined Benefit Plan	Defined Contribution Plan	
ASSETS				
Cash	\$ 73,224	\$ 88,755	\$ 7,248	\$ 169,227
Investments	3,282,073	3,320,974	271,209	6,874,256
Accrued investment income	4,954	4,916	402	10,272
Members' contributions receivable	3,554	1,001	-	4,555
TOTAL ASSETS	\$ 3,363,805	\$ 3,415,646	\$ 278,859	\$ 7,058,310
NET POSITION				
Net position restricted for pension benefits	\$ 3,363,805	\$ 3,415,646	\$ 278,859	\$ 7,058,310

See accompanying notes to the basic financial statements.

BOROUGH OF TAMAQUA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2022

	Pension Trust Funds			Totals
	Police Pension Plan	Non-Uniformed Employees Pension Plans		
		Defined Benefit Plan	Defined Contribution Plan	
ADDITIONS				
Contributions				
Employee	\$ 48,447	\$ 14,710	\$ -	\$ 63,157
Employer	183,224	13,626	63,499	260,349
State aid	72,526	145,053	-	217,579
Net investment loss	(688,175)	(721,382)	(44,631)	(1,454,188)
TOTAL ADDITIONS	<u>(383,978)</u>	<u>(547,993)</u>	<u>18,868</u>	<u>(913,103)</u>
DEDUCTIONS				
Refund of terminated members' contributions	-	-	18,557	18,557
Benefits	319,747	277,785	-	597,532
TOTAL DEDUCTIONS	<u>319,747</u>	<u>277,785</u>	<u>18,557</u>	<u>616,089</u>
CHANGE IN NET POSITION	(703,725)	(825,778)	311	(1,529,192)
NET POSITION RESTRICTED FOR PENSION BENEFITS AT BEGINNING OF YEAR	<u>4,067,530</u>	<u>4,241,424</u>	<u>278,548</u>	<u>8,587,502</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS AT END OF YEAR	<u>\$ 3,363,805</u>	<u>\$ 3,415,646</u>	<u>\$ 278,859</u>	<u>\$ 7,058,310</u>

See accompanying notes to the basic financial statements.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Tamaqua (the “Borough”) are presented on a modified cash basis of accounting, with the exception of the Pension Trust Funds (see Notes I and J). This modified cash basis of accounting differs from generally accepted accounting principles (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Financial Reporting Entity

The criteria for including organizations as component units within the Borough’s reporting entity, as set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

1. The organization is legally separate (can sue and be sued in its own name).
2. The Borough appoints a voting majority of the organization’s board.
3. The Borough is able to impose its will on the organization.
4. The organization has the potential to impose a financial benefit/burden on the Borough.
5. There is a fiscal dependency by the organization on the Borough.

Based on the above criteria, the following are considered component units of the Borough. However, these financial statements do not include these component units as required by accounting principles generally accepted in the United States of America. A copy of the component units’ financial statements can be obtained at the Borough’s Business Office.

- The Tamaqua Borough Authority (the “Authority”) is a separate legal entity created to plan, finance and construct the sewer plant and system for the Borough. Borough Council appoints the Board members. The Borough has guaranteed all of the Authority’s debt.
- The Tamaqua Area Water Authority (the “Water Authority”) is a separate legal entity created to own and operate the Borough’s Water Plant, including tanks and water lines. Borough Council appoints the Board members. The Borough has guaranteed all of the Water Authority’s debt.
- The Tamaqua City Revitalization Improvement Zone Authority (the “Authority”) is a separate legal entity created to acquire, hold, construct, improve, maintain, own, finance and lease industrial, specialized or commercial development projects for purposes of administering, providing financing for and undertaking all other activities related to the City Revitalization and Improvement Zone (the “CRIZ”) of the Borough.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In reviewing the criteria for inclusion in the financial statements, the Borough also considered the following:

- The fire departments receive a contribution from the Borough and use the personal property of the Borough. However, the majority of revenues generated is through private fund-raisers under the direction of a separate independent board not appointed by the Borough Council. The fire departments are organized under a separate charter and, therefore, are not included in the basic financial statements.
- The tax collector is an elected officer who collects taxes on behalf of the Borough. The Borough regards the tax collector's office as a separate entity and, therefore, does not account for its activity in the basic financial statements.

Fiduciary Component Units

The Police Pension Plan is a single employer defined benefit pension plan that provides pensions for all full-time police officers of Tamaqua Borough. Although the plan is a separate legal entity, it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Borough Council and the Borough is responsible for funding the plan. The plan is reported as a fiduciary fund and issues separate financial statements.

The defined benefit component of the Non-Uniformed Employees' Pension Plan is a single employer defined benefit pension plan that provides pension for certain full-time non-uniformed employees of Tamaqua Borough. Although the plan is a separate legal entity, it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Borough Council and the Borough is responsible for funding the plan. The plan is reported as a fiduciary fund and issues separate financial statements.

The defined contribution component of the Non-Uniformed Employees' Pension Plan is a single employer defined contribution pension plan that covers certain full-time, non-uniformed employees of Tamaqua Borough hired on or after January 1, 2014. Although the plan is a separate legal entity, it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Borough Council and the Borough is responsible for funding the plan. The plan is reported as a fiduciary fund and issues separate financial statements.

Basis of Presentation

Government-Wide Financial Statements - The statement of net position and statement of activities display information about the reporting government as a whole and include all funds of the reporting entity except for Fiduciary Funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements - The Borough uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Borough functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Borough are grouped into the categories governmental, proprietary and fiduciary.

The Borough reports the following major Governmental Funds:

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania. The principal activities accounted for in the General Fund are general government, public safety, health and human services, public works, recreation and community development. Those activities are funded principally by property taxes, state shared taxes and grants from other governmental units

Special Revenue Funds

New Revolving Fund - The New Revolving Fund is used to account for community development and rehabilitation funding.

Highway Aid Fund - The Highway Aid Fund is used to account for the disposition of state liquid fuels and highway aid.

H.D. Buehler Park Fund - The H.D. Buehler Park Fund is used to account for improvements to the H.D. Buehler Park.

Capital Projects Funds

High Rise Fund - The High Rise Fund is used to account for improvements within the Borough.

Wabash Improvement Fund - The Wabash Improvement Fund is used to account for improvements within the Borough.

The Borough reports the following major Proprietary Fund:

Sewer Fund - The Sewer Fund accounts for the activities of the sewage treatment plant, sewage pumping stations and collection systems.

The intent of the Borough is that costs for providing these services to the general public on a continuing basis be financed and recovered primarily through user charges.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the Borough reports the following fund types:

Other Governmental Funds

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. These funds account principally for the state pollution control funding and federal and state community development and rehabilitation funding.

Fiduciary Funds

Pension Trust Funds - The Trust Funds account for activities of the Police Pension Plan, the Non-Uniformed Employees' Defined Benefit Plan and the Non-Uniformed Employees' Defined Contribution Plan, which accumulate resources for pension benefit payments to qualified employees. The Pension Trust Funds are reported on the accrual basis (see Notes I and J).

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus - In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

Governmental Funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheet. Long-term loan receivables are included on the balance sheet, which is an exception to the general policy. Their operating statement presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The Proprietary Fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial), with the exception of those listed under "basis of accounting," associated with Proprietary Fund activities are reported. Proprietary Fund equity is classified as net position.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Proprietary Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Fund's ongoing operations. The principal operating revenues of the Borough's Enterprise Fund are sewer charges. Operating expenses of the Borough's Enterprise Fund include salaries, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds are reported using the "economic resources" measurement focus and the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Accounting - In the government-wide statement of net position and statement of activities and in the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues and expenditures/expenses when they result from cash transactions in the government-wide statements and Proprietary Fund statements. The Borough does, however, report loans receivable in its government-wide and fund financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

If the Borough utilized the basis of accounting recognized as generally accepted, the fund financial statements for Governmental Funds would use the modified accrual basis of accounting, while the fund financial statements for Proprietary Fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Cash and Cash Equivalents

The Borough's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are recorded at fair value as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State statutes authorize the Borough to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

The Borough has adopted GASB statement No. 72, Fair Value Measurement and Application. In accordance with this Statement, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair value.

Capital Assets

The Borough's policy is to expense capital asset expenditures in the year acquired. Capital assets are not capitalized, and no depreciation has been provided.

Program Revenues

In the statement of activities, modified cash basis revenues that are derived directly from each activity or from parties outside the Borough's taxpayers are reported as program revenues.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Balance

The Borough implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Borough's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable Fund Balance*** - Amounts that are not in spendable form (such as prepaid expenses) or are required to be maintained intact.
- ***Restricted Fund Balance*** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed Fund Balance*** - Amounts constrained to specific purposes by the Borough itself, using its highest level of decision-making authority (Borough Council). To be reported as committed, amounts cannot be used for any other purpose unless the Borough takes the same highest level action to remove or change the constraint.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Assigned Fund Balance** - Amounts the Borough intends to use for a specific purpose. Intent can be expressed by the Borough Council or by an official or body to which Borough Council delegates the authority. The Borough Council has not delegated this authority.
- **Unassigned Fund Balance** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

The Borough Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is intended to be used by the Borough for specific purposes but does not meet the criteria to be classified as restricted or committed.

The Borough will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Property Tax

The Borough's property tax is levied each March 1 on the assessed value listed as of the prior January 1 for all real property located within Borough boundaries. Property tax revenues are recognized as they are collected. Assessed values are established by the Schuylkill County Assessment Bureau based on estimates of fair market value.

Taxes were due on May 1; however, they became delinquent after June 30. Current tax collections for the year ended December 31, 2022, were 86% of the levy. Taxes not collected by February 15 of the year following the year of levy are liened against the property by the Schuylkill County Tax Claim Bureau.

Use of Estimates

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

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough follows state statute as it relates to custodial credit risk. As of December 31, 2022, \$3,780,231 of the Borough's bank balance of \$4,199,458 was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging bank's trust department not in the Borough's name	\$ <u>3,780,231</u>
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Investments

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The Borough does not have Level 2 or 3 inputs.

As of December 31, 2022, the Borough's pension plans had the following investments:

<u>Investment Type</u>	<u>Level 1 Fair Value Inputs</u>
Mutual funds	
Equities	\$ 4,235,096
Fixed Income	2,500,037
Real Estate	<u>139,123</u>
	<u>\$ 6,874,256</u>

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2022, the credit risk and interest rate risk of the plan's investments in debt securities (specifically, bond mutual funds), as measured by Morningstar, were rated as follows:

Investment	Police Pension Plan Fair Value	Non-Uniformed Employees' Pension Plan		Average Credit Quality	Avg Eff Duration/ Avg Eff Maturity
		Defined Benefit Plan Fair Value	Defined Contribution Plan Fair Value		
Brandywine Global - Corporate Credit	\$ 144,400	\$ 144,385	\$ 11,791	B+	03.6/05.6 years
Federated Hermes Total Return	211,214	211,209	17,248	AA-	05.7/08.3 years
Guggenheim Total Return	207,919	212,974	17,393	A	06.8/12.6 years
Janus Henderson Multi-Sector	218,196	210,809	17,216	Not Available	04.2/05.4 years
John Hancock Bond	208,008	211,963	17,310	A	06.1/09.4 years
Voya Intermediate Bond	208,848	211,853	17,301	A+	06.4/10.0 years
	<u>\$ 1,198,585</u>	<u>\$ 1,203,193</u>	<u>\$ 98,259</u>		

Interest Rate Risk - The Borough's investment policy does limit investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk - See Notes H and I.

Investment Income - Investment income is comprised of the following:

	Governmental Fund Type	Proprietary Fund Type	Police Pension Plan	Fiduciary Fund Types	
				Non-Uniformed Employees' Pension Plan Defined Benefit Plan	Defined Contribution Plan
Interest and dividends	\$ 25,669	\$ 19,301	\$ 163,255	\$ 167,738	\$ 10,460
Net depreciation in fair value of investments	-	-	(851,430)	(889,120)	(55,091)
	<u>\$ 25,669</u>	<u>\$ 19,301</u>	<u>\$ (688,175)</u>	<u>\$ (721,382)</u>	<u>\$ (44,631)</u>

Unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in the net appreciation (depreciation) reported in the prior year and the current year.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE C - LOANS RECEIVABLE

In December 2000, the Borough entered into an agreement to loan \$150,000 to a nonprofit housing corporation. The loan represents a second mortgage on the Tamaqua Hi-Rise Apartment Building. Funding for the loan came out of the proceeds from the sale of the Hi-Rise. The Borough was reimbursed \$75,000 by the Pennsylvania Department of Community and Economic Development through a Housing and Development Assistance Grant. The loan is to be repaid at the end of 30 years with an interest rate of 0.00%. The outstanding balance at December 31, 2022, was \$75,000.

In October 2006, the Borough entered into an agreement to loan \$250,000 to the Alliance for Building Communities, Inc., a Pennsylvania nonprofit corporation, for purposes of funding rehabilitation of a 14-unit building located at 401 Hazle Street, Tamaqua, Pennsylvania. The building will be used for affordable housing. The Borough has funds available to fund this loan from a grant received through the Commonwealth of Pennsylvania Department of Community and Economic Development. The loan is to be repaid at the end of 30 years with an interest rate of 0.00%. The outstanding balance at December 31, 2022, was \$250,000.

NOTE D - INTERFUND TRANSFERS

Interfund transfers are summarized as follows:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 285,000	\$ 469,715
New Revolving Fund	340,000	275,000
High Rise Fund	46,000	40,000
Wabash Improvement Fund	32,823	-
H.D. Buehler Park Fund	1,825	-
Other Governmental Funds	111,878	46,000
Sewer Fund	<u>13,189</u>	<u>-</u>
	<u>\$ 830,715</u>	<u>\$ 830,715</u>

Interfund transfers are executed as a result of the requirement for certain funds to fund a portion of the expenditures of other funds.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM DEBT

Governmental Activities

General Obligation Note, Series of 2017 - In March 2017, the Borough issued General Obligation Note, Series of 2017, in the amount of \$800,000 through Mauch Chunk Trust Company. Principal will be repaid annually through March 2032. Interest payments will be paid monthly with a fixed interest rate of 2.60%. Proceeds were used to pay for costs relating to the designing, acquiring, constructing, renovating and improving the municipal street lighting system of the Borough.

General Obligation Note, Series of 2020 - In August 2020, the Borough issued General Obligation Note, Series of 2020, in the amount of \$1,469,000 through Mauch Chunk Trust Company. Semiannual payments of principal and interest are payable through December 2031, with a fixed interest rate of 1.96%. Proceeds were used to currently refund General Obligation Bonds, Series of 2012 and pay the costs and expenses of insuring and issuing the 2020 Note. The refunding resulted in an economic loss of \$6,335 and a cash flow savings of \$170,989.

A summary of long-term debt service requirements to maturity, including principal and interest, is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 165,979	\$ 31,599	\$ 197,578
2024	164,979	28,127	193,106
2025	168,979	24,517	193,496
2026	172,979	20,906	193,885
2027	175,979	17,215	193,194
2028 to 2032	<u>652,895</u>	<u>32,072</u>	<u>684,967</u>
	<u>\$ 1,501,790</u>	<u>\$ 154,436</u>	<u>\$ 1,656,226</u>

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM DEBT (Continued)

Changes in long-term debt activity for the year ended December 31, 2022, were as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>
GOVERNMENTAL ACTIVITIES		
General Obligation Bonds, Series of 2017	March 2032	2.600%
General Obligation Note, Series of 2020	December 2031	1.960%
Finance purchase obligations	October 2016 and April 2025	4.190%
Compensated absences		
Net pension liability (Police Pension Plan)		
Net pension liability (Non-Uniformed Employees' Pension Plan)		
TOTAL LONG-TERM LIABILITIES		

Interest expense in 2022 was \$50,352.

As discussed in Note A, the Borough prepares its financial statements on the modified cash basis of accounting, and, accordingly, the obligation for long-term debt is not presented as a liability in the government-wide financial statements.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$ 427,846	\$ -	\$ (38,980)	\$ 388,866	\$ 38,980
1,234,000	-	(122,000)	1,112,000	127,000
453,356	-	(100,954)	352,402	89,267
447,178	-	(31,489)	415,689	-
160,794	762,655	-	923,449	-
<u>504,186</u>	<u>929,582</u>	<u>-</u>	<u>1,433,768</u>	<u>-</u>
<u>\$ 3,227,360</u>	<u>\$ 1,692,237</u>	<u>\$ (293,423)</u>	<u>\$ 4,626,174</u>	<u>\$ 255,247</u>

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE F - INTERGOVERNMENTAL REVENUES

Intergovernmental revenues by source are summarized as follows:

	General Fund	New Revolving Fund	Highway Aid Fund
	<u> </u>	<u> </u>	<u> </u>
Commonwealth of Pennsylvania			
Foreign Casualty Insurance			
Company Tax	\$ 28,847	\$ -	\$ -
Public Utility Realty Tax	2,414	-	-
Alcoholic Beverage Licenses	1,500	-	-
Game Commission	397	-	-
Department of Transportation	-	-	197,661
Municipal Pension	217,579	-	-
Pennsylvania Department of			
Community & Economic Development	10,000	-	-
American Rescue Plan Act	349,860	-	-
Schuylkill County	-	81,324	-
	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 610,597</u>	<u>\$ 81,324</u>	<u>\$ 197,661</u>

Intergovernmental revenues approximate 16% of all of the Borough's 2022 Governmental Funds revenues.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - FINANCE PURCHASE OBLIGATIONS

The Borough has entered into finance purchase obligations, as purchaser, for financing the acquisition of police vehicles and various public works vehicles. However, the Borough does not capitalize capital assets, nor does it present long-term debt in the government-wide financial statements (Note A). All of the agreements qualify as finance purchases for accounting purposes and, therefore, are reported here at the present value of the future minimum payments as of their inception dates.

The future minimum obligations and the net present value of these minimum payments as of December 31, 2022, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 101,233
2024	101,233
2025	101,232
2026	16,599
2027	16,599
Thereafter	<u>49,797</u>
	386,693
Amount representing interest	<u>(34,291)</u>
PRESENT VALUE OF MINIMUM PAYMENTS	<u>\$ 352,402</u>

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Summary of Significant Accounting Policies

Police Pension Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair value. Financial information of the Borough's Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Plan Description

Plan Administration - The Tamaqua Borough Police Pension Plan is a single-employer defined benefit pension plan that covers all full-time police officers of Tamaqua Borough and which is controlled by the provisions of Ordinance No. 413, as amended, adopted pursuant to Act 600. The plan is governed by the Borough Council which is responsible for the management of plan assets. Borough Council has appointed the Pension Board as the official body to which all related investment matters of the Fund are delegated. The Pension Board consists of nine members; the Mayor, Borough Manager, Borough Secretary/Treasurer, two Borough Councilmen, two citizens of the Borough, and two members from the Police Department. The Borough Council has delegated the authority to manage certain plan assets to Girard Pension Services, LLC., with Matrix Trust Company, as custodian.

Plan Membership - At December 31, 2022, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>8</u>
	<u><u>20</u></u>

Benefits Provided - The Police Pension Plan provides retirement benefits as well as death and disability benefits under Pennsylvania Act 600. All benefits vest after 12 years of credited service. Officers are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final average monthly compensation. Final average monthly compensation is the employee's average compensation over the last 48 months of employment plus an incremental pension of \$100 per month for participants who have completed 26 years or more of service. Married officers will receive joint and 50% survivor annuity. Normal retirement is age 50 with at least 25 years of service.

If a member dies in service, a benefit will be paid per Act 30 equal to 100% of salary. Covered employees are required to contribute 8% of their compensation to the plan. The Borough is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

Service-Related Disability Benefit - The monthly disability pension benefit shall be calculated at 75% (hired prior to January 1, 2013) and 50% (hired after January 1, 2013) of participant's salary at the time the disability was incurred. Said pension shall be reduced by any benefits received for the same injuries under the Social Security Act.

Postretirement Adjustments - A cost of living adjustment may be provided to retired officers. Annual adjustment not to exceed the increase in the Consumer Price Index from year to year. Total adjustments not to exceed 30% of the retiree's original pension or 75% of the retiree's final average monthly salary.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Other Benefits - The Deferred Retirement Option Plan (DROP) provides an optional form of benefit to members of this plan who have met the age and service eligibility requirements to retire. Any eligible member may elect to participate in the DROP by retiring for pension purposes, and specifying a future termination date not less than one year nor more than five years from the effective date of the DROP election. The monthly pension benefit is calculated at the date of election and credited to a separate ledger account for the period of DROP participation along with interest at 2% per annum until DROP participation ends. Certain other provisions of the DROP are detailed in the ordinance.

Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

The benefit provisions of the Borough's Police Pension Plan are established by Borough ordinances.

Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

As a condition of participation, participants are required to make contributions to the Plan. The amount of the contribution is equal to 8% of the participant's pay.

In 2022, the MMO obligation for the Police Pension Plan was \$255,750 for the year 2022. Contributions of \$255,750 were made by the Borough and included \$72,526 of subsidies received from the Commonwealth.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Borough's employees were recognized as revenues and expenditures during the year.

Investments

Investment Policy - The Pension Board, with the assistance of Girard Pension Services, shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

It is not expected that the Investment Policy Statement will change frequently. In particular, short term changes in the financial markets should not require an adjustment in the Investment Policy Statement. However, any changes to the asset allocation model will only be implemented in accordance with formal authorization and instructions given by the Pension Board.

The following was the Board's adopted asset allocation policy as of December 31, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	46%
International equity	14%
Fixed income	36%
Alternative investments	2%
Cash	2%
	<u>100%</u>

Concentrations - At December 31, 2022, the plan's investments at fair value were not invested more than 5% in any one individual investment.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -17.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Borough

The components of the net pension liability of the Borough at December 31, 2022, were as follows:

Total pension liability	\$ 4,287,254
Plan fiduciary net position	<u>(3,363,805)</u>
NET PENSION LIABILITY	<u>\$ 923,449</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78.46%</u>

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3%
Salary increases	4.00% annual increase	
Investment rate of return		7.00%

Mortality rates were based on the PUBS-2010 Table projected to 2026 using Scale MP-2020 as appropriate, and disability rates were based on the DI378 Table for Males or Females, as appropriate.

The salary projection used in the January 1, 2021 actuarial valuation was changed to 4.00% to reflect an update in salary increases, and the investment rate of return used in the January 1, 2021 actuarial valuation was changed to 7.00% to more closely estimate future experience. The mortality assumption used in the January 1, 2021 actuarial valuation was changed to the PUBS-2010 Table projected to 2026 using Scale MP-2020 to reflect an update in expectation for retired life mortality.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

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) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2022 (see the plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	
Large cap	7.60%
Medium cap growth	8.29%
Medium cap value	8.29%
Small cap	9.15%
International equity	8.97%
Emerging markets equity	10.93%
Fixed income	
Domestic	3.16%
International/high yield	3.88%
Real estate	8.07%
Cash	2.01%

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Borough, calculated using the discount rate of 7.00%, as well as what the Borough's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
	<u> </u>	<u> </u>	<u> </u>
Net pension liability	\$ <u>1,390,191</u>	\$ <u>923,449</u>	\$ <u>528,462</u>

Deferred Retirement Option Program

On May 22, 2013, the Borough enacted Ordinance No. 664 which created a Deferred Retirement Option Plan (DROP) for all full-time police officers of the Borough. As of December 31, 2022, there were no eligible plan members participating in the DROP program. The monthly pension benefits were calculated and are being credited to a separate ledger account, with interest. Upon a participant's termination of employment, the participant's accumulated balance will be paid in a manner as described by the plan document.

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN)

Summary of Significant Accounting Policies

Non-Uniformed Employees' Pension Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair value. Financial information of the Borough's Non-Uniformed Employees' Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN)
(Continued)

Plan Description

Plan Administration - The Tamaqua Borough Non-Uniformed Employees' Pension Plan is a single-employer defined benefit pension plan that covers certain full-time non-uniformed employees of Tamaqua Borough and which is controlled by the provisions of Ordinance No. 295, as amended, adopted pursuant to Act 581. The plan is governed by the Borough Council which is responsible for the management of plan assets. Borough Council has appointed the Pension Board as the official body to which all related investment matters of the Fund are delegated. The Pension Board consists of at least three members, one of whom may be a member of Borough Council and Borough Council shall select the other members. The Borough Council has delegated the authority to manage certain plan assets to Girard Pension Services, with Matrix Trust Company as custodian.

Plan Membership - At December 31, 2022, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>11</u>
	<u><u>41</u></u>

Benefits Provided - The Non-Uniform Employees' Pension Plan provides retirement benefits as well as death benefits. All benefits vest after ten years of credited service. Employees who retire at or after age 65 are entitled to an annual retirement benefit, payable monthly, in the normal form of a monthly pension of 1.3% of monthly compensation for each year of credited service. On March 15, 2022, the Borough adopted Ordinance No. 730, effective January 1, 2022, amending the monthly pension benefit from 1.2% of monthly compensation for each year of credited service to 1.2% for each full or partial year of service from the date of hire through December 31, 2021, and 1.3% for each full or partial year of service from January 1, 2022, through the date of retirement or separation. Compensation shall be averaged over the highest five years out of the last ten year period immediately preceding a participant's normal retirement date. Married employees may elect joint and 50% survivor annuity. Early retirement benefits may begin at age 55 with 20 years of service, actuarially reduced to reflect early commencement of benefits.

Disability Benefit - If eligible under the OASDI Act, the monthly disability pension shall be equal to the participant's accrued retirement benefit to the date of disability, and payments from the fund will not begin until six (6) months from the date of disability.

The benefit provisions of the Borough's Non-Uniformed Employees' Pension Plan are established by Borough ordinances.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN)
(Continued)

Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation ("MMO"), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

The Borough is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan. Contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

As a condition of participation, participants are required to make contributions to the plan. The amount of the contribution is equal to 2.1% of the participant's pay.

In 2022, the MMO obligation for the Non-Uniformed Employees' Pension Plan was \$158,679 for the year 2022. Contributions of \$158,679 were made by the Borough and included \$145,053 of subsidies received from the Commonwealth.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Borough's employees were recognized as revenues and expenditures during the year.

Investments

Investment Policy - The Pension Board, with the assistance of Girard Pension Services, shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN)
(Continued)

It is not expected that the Investment Policy Statement will change frequently. In particular, short term changes in the financial markets should not require an adjustment in the Investment Policy Statement. However, any changes to the asset allocation model will only be implemented in accordance with formal authorization and instructions given by the Pension Board. The following was the Board's adopted asset allocation policy as of December 31, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	46%
International equity	14%
Fixed income	36%
Alternative investments	2%
Cash	2%
	<u>100%</u>

Concentrations - At December 31, 2022, the plan's investments at fair value were not invested more than 5% in any one individual investment.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -17.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Borough

The components of the net pension liability of the Borough at December 31, 2022, were as follows:

Total pension liability	\$ 4,849,414
Plan fiduciary net position	<u>(3,415,646)</u>
NET PENSION LIABILITY	\$ <u>1,433,768</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70.43%</u>

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN)
(Continued)

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.0% annual increase
Investment rate of return	7.0%

Mortality rates were based on the PUBG-2010 Table projected to 2026 using Scale MP-2020 for Males or Females, as appropriate.

The salary projection used in the January 1, 2021 actuarial valuation was changed to 4.00% to reflect an update in salary increases, and the investment rate of return used in the January 1, 2021 actuarial valuation was changed to 7.00% to more closely estimate future experience. The mortality assumption used in the January 1, 2021 actuarial valuation was changed to the PUBG-2010 Table projected to 2026 using Scale MP-2020 to reflect an update in expectation for retired life mortality.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2022 (see the plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	
Large cap	7.60%
Medium cap growth	8.29%
Medium cap value	8.29%
Small cap	9.15%
International equity	8.97%
Emerging markets equity	10.93%
Fixed income	
Domestic	3.16%
International/high yield	3.88%
Real estate	8.07%
Cash	2.01%

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN)
(Continued)

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that is expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Borough, calculated using the discount rate of 7.0%, as well as what the Borough's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	<u> </u>	<u> </u>	<u> </u>
Net pension liability	\$ <u>1,892,595</u>	\$ <u>1,433,768</u>	\$ <u>1,035,165</u>

NOTE J - DEFINED CONTRIBUTION PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN)

Summary of Significant Accounting Policies

Non-Uniformed Employees' Pension Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair value. Financial information of the Borough's Non-Uniformed Employees' Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan Description

Plan Administration - The Tamaqua Borough Non-Uniformed Employees' Pension Plan is a single-employer defined contribution pension plan that covers certain full-time non-uniformed employees of Tamaqua Borough hired on or after January 1, 2014, and which is controlled by the provisions of Ordinance No. 295, as amended, adopted pursuant to Act 581. The plan is governed by the Borough Council which is responsible for the management of plan assets. Borough Council has appointed the Pension Board as the official body to which all related investment matters of the Fund are delegated. The Pension Board consists of at least three members, one of whom may be a member of Borough Council and Borough Council shall select the other members. The Borough Council has delegated the authority to manage certain plan assets to Girard Pension Services, Inc., Matrix Trust Company as custodian.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - DEFINED CONTRIBUTION PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

The Borough enacted Ordinance No. 682, effective January 1, 2014, which for employees hired on or after January 1, 2014, established a defined contribution benefit structure amending the normal retirement benefit, early retirement benefit and the disability benefit.

Plan Membership - At December 31, 2022, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	18
	<hr/>
	18
	<hr/>

Benefits Provided - The Non-Uniform Employees' Pension Plan provides retirement benefits as well as death benefits. All benefits vest after ten years of credited service. Employees who retire at or after age 65 are entitled to their pension the value of their account earned through the date of retirement. Early retirement benefits may begin at age 55 with 20 years of service. The pension is the value of the employee's account earned to the date of early retirement.

Disability Benefit - The disability pension is the value of the employee's account earned through the date of disability.

The benefit provisions of the Borough's Non-Uniformed Employees' Pension Plan are established by Borough ordinances.

Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation ("MMO"), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

The Borough is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan. Contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

There are no required member contributions. The minimum Borough contribution is as follows: For those hired on or after January 1, 2014, the Borough shall make an annual contribution equal to the amount of State Aid per employee. If State Aid is less than \$2,500 per employee, the Borough shall make a minimum annual contribution of \$2,500 per employee. During an employee's first year of employment, the Borough shall contribute \$2,500 per employee pro-rated based on their date of employment. During an employee's retirement year, the Borough shall contribute \$2,500 per employee pro-rated based on their date of retirement. In 2022, the Borough contributed \$63,499 on behalf of the members.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - DEFINED CONTRIBUTION PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Borough's employees were recognized as revenues and expenditures during the year.

Investments

Investment Policy - The Pension Board, with the assistance of Girard Pension Services, shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

It is not expected that the Investment Policy Statement will change frequently. In particular, short term changes in the financial markets should not require an adjustment in the Investment Policy Statement. However, any changes to the asset allocation model will only be implemented in accordance with formal authorization and instructions given by the Pension Board. The following was the Board's adopted asset allocation policy as of December 31, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	46%
International equity	14%
Fixed income	36%
Alternative investments	2%
Cash	2%
	<u>100%</u>

Concentrations - At December 31, 2022, the plan's investments at fair value were not invested more than 5% in any one individual investment.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -17.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE K - LITIGATION

The Borough may be party to various lawsuits arising in the ordinary course of operations. In the opinion of management, all such matters are either adequately covered by insurance or involve amounts for which the unfavorable disposition would not have a material adverse effect on the financial statements.

BOROUGH OF TAMAQUA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE L - RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Borough to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE M - SICK LEAVE

The Borough does not accrue sick leave but expenses these costs as paid. The amount of vested accumulated sick leave was \$415,689 as of December 31, 2022. At retirement, the Borough shall reimburse accumulated sick time with a cap of 200 days for police officers and a cap of 100 to 200 days for all other employees depending on their date of hire.

The costs for sick leave are generally paid by the General and Sewer Funds.

NOTE N - LEASING ARRANGEMENTS

Lessor

The Borough and Magisterial District Court have entered into an agreement for office space in a building owned by the Borough. The terms of the lease agreement is for a period of 5 years commencing January 2018 and commencing December 2022. Total lease revenue was \$27,223 for the year ended December 31, 2022.

NOTE O - SUBSEQUENT EVENT

Subsequent to year end, the Borough was notified by The Department of Environmental Protection that the Borough will be fined \$150,000 due to certain events at the sewer plant. The Borough is working with an attorney and an insurance company on an appropriate response.

SUPPLEMENTARY INFORMATION

BOROUGH OF TAMAQUA**BUDGETARY COMPARISON SCHEDULE--MODIFIED CASH BASIS****GENERAL FUND****YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,336,500	\$ 2,336,500	\$ 2,597,507	\$ 261,007
Licenses and permits	45,500	45,500	47,469	1,969
Fines and forfeitures	81,500	81,500	82,331	831
Interest and leases	102,550	102,550	106,093	3,543
Intergovernmental revenues	247,518	247,518	610,597	363,079
Charges for services	714,430	714,430	816,124	101,694
Miscellaneous	152,170	152,170	623,981	471,811
TOTAL REVENUES	<u>3,680,168</u>	<u>3,680,168</u>	<u>4,884,102</u>	<u>1,203,934</u>
EXPENDITURES				
General government	444,875	444,875	601,700	(156,825)
Public safety	1,683,572	1,683,572	1,962,466	(278,894)
Health and human services	4,280	4,280	2,613	1,667
Public works				
Sanitation	592,600	592,600	656,325	(63,725)
Highways and streets	455,595	455,595	624,116	(168,521)
Culture and recreation	142,110	142,110	343,912	(201,802)
Community development	66,430	66,430	16,266	50,164
Debt service	146,525	146,525	146,536	(11)
Miscellaneous	175,944	175,944	-	175,944
TOTAL EXPENDITURES	<u>3,711,931</u>	<u>3,711,931</u>	<u>4,353,934</u>	<u>(642,003)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(31,763)</u>	<u>(31,763)</u>	<u>530,168</u>	<u>561,931</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	112,000	112,000	285,000	173,000
Transfers out	-	-	(469,715)	(469,715)
TOTAL OTHER FINANCING SOURCES (USES)	<u>112,000</u>	<u>112,000</u>	<u>(184,715)</u>	<u>(296,715)</u>
NET CHANGE IN FUND BALANCE				
	80,237	80,237	345,453	265,216
FUND BALANCE AT BEGINNING OF YEAR				
	<u>450,636</u>	<u>450,636</u>	<u>450,636</u>	<u>-</u>
FUND BALANCE AT END OF YEAR				
	<u>\$ 530,873</u>	<u>\$ 530,873</u>	<u>\$ 796,089</u>	<u>\$ 265,216</u>

See accompanying notes to the budgetary comparison schedules.

BOROUGH OF TAMAQUA**BUDGETARY COMPARISON SCHEDULE--MODIFIED CASH BASIS****NEW REVOLVING FUND****YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and rents	\$ 1,000	\$ 1,000	\$ 4,459	\$ 3,459
Intergovernmental revenues	160,350	160,350	81,324	(79,026)
Miscellaneous	25,000	25,000	17,976	(7,024)
TOTAL REVENUES	<u>186,350</u>	<u>186,350</u>	<u>103,759</u>	<u>(82,591)</u>
EXPENDITURES				
General government	-	-	83	(83)
Public works, highways and streets	-	-	1,094	(1,094)
Community development	267,351	267,351	141,224	126,127
TOTAL EXPENDITURES	<u>267,351</u>	<u>267,351</u>	<u>142,401</u>	<u>124,950</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(81,001)</u>	<u>(81,001)</u>	<u>(38,642)</u>	<u>42,359</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	340,000	340,000
Transfers out	-	-	(275,000)	(275,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>65,000</u>
NET CHANGE IN FUND BALANCE	(81,001)	(81,001)	26,358	107,359
FUND BALANCE AT BEGINNING OF YEAR	<u>335,138</u>	<u>335,138</u>	<u>335,138</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 254,137</u>	<u>\$ 254,137</u>	<u>\$ 361,496</u>	<u>\$ 107,359</u>

See accompanying notes to the budgetary comparison schedules.

BOROUGH OF TAMAQUA**BUDGETARY COMPARISON SCHEDULE--MODIFIED CASH BASIS****HIGHWAY AID FUND****YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and rents	\$ 1,000	\$ 1,000	\$ 2,692	\$ 1,692
Intergovernmental revenues	199,580	199,580	197,661	(1,919)
TOTAL REVENUES	<u>200,580</u>	<u>200,580</u>	<u>200,353</u>	<u>(227)</u>
EXPENDITURES				
Public works				
Highways and streets	130,500	130,500	120,117	10,383
Debt service	49,510	49,510	49,413	97
TOTAL EXPENDITURES	<u>180,010</u>	<u>180,010</u>	<u>169,530</u>	<u>10,480</u>
NET CHANGE IN FUND BALANCE	20,570	20,570	30,823	10,253
FUND BALANCE AT BEGINNING OF YEAR	<u>182,754</u>	<u>182,754</u>	<u>182,754</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 203,324</u>	<u>\$ 203,324</u>	<u>\$ 213,577</u>	<u>\$ 10,253</u>

See accompanying notes to the budgetary comparison schedules.

BOROUGH OF TAMAQUA

BUDGETARY COMPARISON SCHEDULE--MODIFIED CASH BASIS

H.D. BUEHLER PARK FUND

YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and rents	\$ 100	\$ 100	\$ 1,801	\$ 1,701
Intergovernmental revenues	-	-	-	-
Miscellaneous	1,500	1,500	333,313	331,813
TOTAL REVENUES	<u>1,600</u>	<u>1,600</u>	<u>335,114</u>	<u>333,514</u>
EXPENDITURES				
Culture and recreation	<u>-</u>	<u>-</u>	<u>12,799</u>	<u>12,799</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,600</u>	<u>1,600</u>	<u>322,315</u>	<u>320,715</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>1,825</u>	<u>1,825</u>
NET CHANGE IN FUND BALANCE	1,600	1,600	324,140	322,540
FUND BALANCE AT BEGINNING OF YEAR	<u>33,012</u>	<u>33,012</u>	<u>33,012</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 34,612</u>	<u>\$ 34,612</u>	<u>\$ 357,152</u>	<u>\$ 322,540</u>

See accompanying notes to the budgetary comparison schedules.

BOROUGH OF TAMAQUA

NOTES TO THE BUDGETARY COMPARISON SCHEDULES YEAR ENDED DECEMBER 31, 2022

NOTE A - BUDGETARY INFORMATION

An annual budget is adopted for the General Fund and Special Revenue Funds.

The Borough's process for establishing its annual operating budget involves submission of the budget by the Borough Manager to Borough Council for its approval and adoption. The Borough Manager is responsible for the preparation of the annual budget.

The budgetary process consists of the evaluation and review of appropriation requests of the operating directors of the various Borough departments. Revenue estimates are made throughout the process to determine the amount of the Borough property taxes and other revenue required to balance the budget.

Borough Council is required to introduce the budget for the following year by 20 days prior to the end of the fiscal year, after which it is advertised and reviewed at public hearings held by Borough Council. After the close of the public hearings, Borough Council approves and adopts the budget on or before December 31, the close of the Borough's fiscal year.

Borough Council may authorize supplemental appropriations for any lawful purpose via resolution. In addition, Borough Council is permitted to transfer funds from one Borough account to another; however, such transfers are not permitted during the first three months of the fiscal year. Appropriations lapse at the close of the fiscal year to the extent they have not been expended. It is the Borough's policy to maintain budgetary control at the object category level.

The Borough prepares its budgets on a cash basis of accounting. Revenues and expenditures are reported when they result from cash transactions.

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2022, expenditures exceeded appropriations in the following object levels (the legal level of budgetary control):

	General Fund	New Revolving Fund	Highway Aid Fund	H.D. Buehler Park Fund
General government	\$ 156,825	\$ 83	\$ -	\$ -
Public safety	278,894	-	-	-
Public works				
Sanitation	63,725	-	-	-
Highways and streets	168,521	1,094	-	-
Culture and recreation	201,802	-	-	-
Debt service	11	-	-	-

These excess expenditures were funded by excess revenues or available fund balances in each fund.

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BOROUGH OF TAMAQUA

SCHEDULE OF CHANGES IN THE NET POLICE PENSION PLAN LIABILITY AND RELATED RATIOS (Unaudited) LAST NINE FISCAL YEARS

	2022	2021	2020	2019
TOTAL PENSION LIABILITY				
Service cost	\$ 87,743	\$ 84,368	\$ 66,550	\$ 63,837
Interest	290,934	291,684	279,300	278,454
Changes of benefit terms	-	-	-	(11,857)
Differences between expected and actual experience	-	198,469	-	(280,266)
Changes of assumptions	-	186,843	-	-
Benefit payments	(319,747)	(460,551)	(408,409)	(258,259)
NET CHANGE IN TOTAL PENSION LIABILITY	58,930	300,813	(62,559)	(208,091)
Total pension liability, beginning	4,228,324	3,927,511	3,990,070	4,198,161
TOTAL PENSION LIABILITY, ENDING (a)	4,287,254	4,228,324	3,927,511	3,990,070
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	183,224	220,763	221,244	227,583
State aid	72,526	57,567	82,800	75,076
Member	48,447	40,884	34,952	32,959
Net investment income (loss)	(688,175)	528,294	453,620	567,611
Benefit payments, including refunds of member contributions	(319,747)	(460,551)	(408,409)	(258,259)
Administrative expense	-	-	-	(1,265)
Other	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(703,725)	386,957	384,207	643,705
Plan fiduciary net position, beginning	4,067,530	3,680,573	3,296,366	2,652,661
PLAN FIDUCIARY NET POSITION, ENDING (b)	3,363,805	4,067,530	3,680,573	3,296,366
NET PENSION LIABILITY, ENDING (a)-(b)	\$ 923,449	\$ 160,794	\$ 246,938	\$ 693,704
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY				
	78.46%	96.20%	93.70%	82.61%
COVERED PAYROLL	\$ 533,055	\$ 406,186	\$ 387,756	\$ 371,574
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	173.24%	39.59%	63.70%	186.69%

NOTES TO SCHEDULE

Changes in assumptions: In 2021, the interest rate assumption was lowered from 7.25% to 7.0% per annum, the salary scale was lowered from 4.25% to 4.0% per annum and the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past the valuation date with Scale MP-2020.

Benefit changes: In 2019, benefit changed from 50% of 36 month average salary to 50% of 48 month average salary.

Changes in assumptions: In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA, the interest rate assumption was lowered from 7.5% to 7.25% per annum, and the salary scale assumption was lowered from 4.5% to 4.25%.

Benefit changes: In 2017, the average salary used to determine benefits was changed from last 36 months to last 48 months of employment.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	46,872	\$ 45,696	\$ 68,058	\$ 65,127	\$ 74,725
	297,529	296,213	288,683	279,772	280,435
	(9,149)	-	-	-	-
	-	(51,923)	-	(125,377)	-
	-	181,204	-	-	-
	<u>(406,440)</u>	<u>(225,114)</u>	<u>(229,023)</u>	<u>(229,023)</u>	<u>(229,023)</u>
	(71,188)	246,076	127,718	(9,501)	126,137
	<u>4,269,349</u>	<u>4,023,273</u>	<u>3,895,555</u>	<u>3,905,056</u>	<u>3,778,919</u>
	<u>4,198,161</u>	<u>4,269,349</u>	<u>4,023,273</u>	<u>3,895,555</u>	<u>3,905,056</u>
	157,661	160,247	104,552	144,436	111,095
	126,283	114,865	158,656	119,499	113,088
	31,395	32,251	24,596	30,906	31,843
	<u>(224,703)</u>	<u>396,203</u>	<u>100,881</u>	<u>(71,786)</u>	<u>52,514</u>
	(406,440)	(225,114)	(229,023)	(229,023)	(229,023)
	(413)	(1,188)	(196)	(2,087)	(1,188)
	<u>-</u>	<u>384</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(316,217)	477,648	159,466	(8,055)	78,329
	<u>2,968,878</u>	<u>2,491,230</u>	<u>2,331,764</u>	<u>2,339,819</u>	<u>2,261,490</u>
	<u>2,652,661</u>	<u>2,968,878</u>	<u>2,491,230</u>	<u>2,331,764</u>	<u>2,339,819</u>
\$	<u><u>1,545,500</u></u>	<u><u>1,300,471</u></u>	<u><u>1,532,043</u></u>	<u><u>1,563,791</u></u>	<u><u>1,565,237</u></u>
	<u>63.19%</u>	<u>69.54%</u>	<u>61.92%</u>	<u>59.86%</u>	<u>59.92%</u>
\$	<u><u>376,561</u></u>	<u><u>264,669</u></u>	<u><u>382,362</u></u>	<u><u>394,675</u></u>	<u><u>375,976</u></u>
	<u>410.42%</u>	<u>491.36%</u>	<u>400.68%</u>	<u>396.22%</u>	<u>416.31%</u>

BOROUGH OF TAMAQUA
SCHEDULE OF POLICE PENSION PLAN
CONTRIBUTIONS (Unaudited)
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 255,750	\$ 278,330	\$ 304,044	\$ 302,659
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>255,750</u>	<u>278,330</u>	<u>304,044</u>	<u>302,659</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 533,055</u>	<u>\$ 406,186</u>	<u>\$ 387,756</u>	<u>\$ 371,574</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>47.98%</u>	<u>68.52%</u>	<u>78.41%</u>	<u>81.45%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2021 January 1, 2019

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	4 years	8 years
Asset valuation method	Market	Market
Inflation	3%	3%
Salary increases	4.00% annual increase	4.25% annual increase
Investment rate of return	7.0%	7.3%
Retirement age	50	50
Mortality	PUBS-2010	RP-2000 Table

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 283,944	\$ 275,112	\$ 263,208	\$ 263,935	\$ 224,183
<u>283,944</u>	<u>275,112</u>	<u>263,208</u>	<u>263,935</u>	<u>224,183</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>376,561</u>	\$ <u>264,669</u>	\$ <u>382,362</u>	\$ <u>394,675</u>	\$ <u>375,976</u>
<u>75.40%</u>	<u>103.95%</u>	<u>68.84%</u>	<u>66.87%</u>	<u>59.63%</u>

January 1, 2017

January 1, 2015

January 1, 2013

Entry age normal
Level dollar, closed
8 years
Market
3%
4.25% annual increase
7.3%
50
RP-2000 Table

Entry age normal
Level dollar, closed
7 years
Market
3%
4.5% annual increase
7.5%
50
RP-2000 Table

Entry age normal
Level dollar, closed
9 years
Market
3%
4.5% annual increase
7.5%
50
RP-2000 Table

BOROUGH OF TAMAQUA

SCHEDULE OF CHANGES IN THE NET NON-UNIFORMED EMPLOYEES' PENSION PLAN LIABILITY AND RELATED RATIOS (Unaudited) LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 55,251	\$ 53,126	\$ 64,041	\$ 61,578
Interest	326,338	318,892	280,193	274,461
Defined contribution balance	-	-	-	-
Changes in benefit terms	-	-	-	(123,463)
Differences between expected and actual experience	-	260,038	-	-
Changes in assumptions	-	219,169	-	-
Benefit payments	<u>(277,785)</u>	<u>(257,769)</u>	<u>(261,603)</u>	<u>(251,615)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	103,804	593,456	82,631	(39,039)
Total pension liability, beginning	<u>4,745,610</u>	<u>4,152,154</u>	<u>4,069,523</u>	<u>4,108,562</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>4,849,414</u>	<u>4,745,610</u>	<u>4,152,154</u>	<u>4,069,523</u>
PLAN FIDUCIARY NET POSITION				
Contributions				
State aid	145,053	139,121	128,925	134,864
Employer	13,626	23,185	-	-
Member	14,710	17,739	17,611	18,263
Net investment income (loss)	(721,382)	467,022	432,614	584,307
Benefit payments, including refunds of member contributions	(277,785)	(257,769)	(261,603)	(255,231)
Administrative expense	-	-	-	(30)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(825,778)	389,298	317,547	482,173
Plan fiduciary net position, beginning	<u>4,241,424</u>	<u>3,852,126</u>	<u>3,534,579</u>	<u>3,052,406</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>3,415,646</u>	<u>4,241,424</u>	<u>3,852,126</u>	<u>3,534,579</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 1,433,768</u>	<u>\$ 504,186</u>	<u>\$ 300,028</u>	<u>\$ 534,944</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>70.43%</u>	<u>89.38%</u>	<u>92.77%</u>	<u>86.85%</u>
COVERED PAYROLL	<u>\$ 858,724</u>	<u>\$ 881,454</u>	<u>\$ 854,671</u>	<u>\$ 982,107</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>166.96%</u>	<u>57.20%</u>	<u>35.10%</u>	<u>54.47%</u>

NOTES TO SCHEDULE

*For 2017, the beginning balance of the Total Pension Liability and the Plan Fiduciary Net Position reflects the removal of the Defined Contribution assets of \$74,222.

Assumption Changes: In 2017, the mortality assumption was changed from the RP-2000 Table 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 the PubG-2010 projected 5 years past the valuation date with Scale MP-2020.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	71,993	\$ 69,224	\$ 85,589	\$ 82,297	\$ 82,663
	276,855	270,773	269,397	263,758	240,086
	-	-	74,222	-	-
	-	-	-	-	-
	-	(214,523)	-	235,113	-
	-	164,984	-	-	-
	<u>(246,724)</u>	<u>(265,052)</u>	<u>(273,787)</u>	<u>(263,805)</u>	<u>(174,843)</u>
	102,124	25,406	155,421	317,363	147,906
	<u>4,006,438</u>	<u>3,981,032</u> *	<u>3,899,833</u>	<u>3,582,470</u>	<u>3,434,564</u>
	<u>4,108,562</u>	<u>4,006,438</u>	<u>4,055,254</u>	<u>3,899,833</u>	<u>3,582,470</u>
	79,830	77,842	33,828	53,117	65,055
	-	-	44,372	28,421	-
	19,753	20,458	21,011	21,024	32,131
	<u>(214,820)</u>	<u>394,560</u>	<u>136,632</u>	<u>(101,626)</u>	<u>91,578</u>
	<u>(246,724)</u>	<u>(265,052)</u>	<u>(273,787)</u>	<u>(263,805)</u>	<u>(174,843)</u>
	-	<u>(1,188)</u>	<u>(155)</u>	<u>(1,821)</u>	<u>(2,236)</u>
	<u>(361,961)</u>	<u>226,620</u>	<u>(38,099)</u>	<u>(264,690)</u>	<u>11,685</u>
	<u>3,414,367</u>	<u>3,187,747</u>	<u>3,300,068</u>	<u>3,564,758</u>	<u>3,553,073</u>
	<u>3,052,406</u>	<u>3,414,367</u>	<u>3,261,969</u>	<u>3,300,068</u>	<u>3,564,758</u>
\$	<u><u>1,056,156</u></u>	<u><u>592,071</u></u>	<u><u>793,285</u></u>	<u><u>599,765</u></u>	<u><u>17,712</u></u>
	<u>74.29%</u>	<u>85.22%</u>	<u>80.44%</u>	<u>84.62%</u>	<u>99.51%</u>
\$	<u><u>1,046,105</u></u>	<u><u>1,004,303</u></u>	<u><u>954,896</u></u>	<u><u>1,388,045</u></u>	<u><u>1,316,215</u></u>
	<u>100.96%</u>	<u>58.95%</u>	<u>83.08%</u>	<u>43.21%</u>	<u>1.35%</u>

BOROUGH OF TAMAQUA**SCHEDULE OF NON-UNIFORMED EMPLOYEES' PENSION PLAN****CONTRIBUTIONS (Unaudited)****LAST NINE FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 158,679	\$ 162,306	\$ 128,925	\$ 134,864
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>158,679</u>	<u>162,306</u>	<u>128,925</u>	<u>134,864</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 858,724</u>	<u>\$ 881,454</u>	<u>\$ 854,671</u>	<u>\$ 982,107</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>18.48%</u>	<u>18.41%</u>	<u>15.08%</u>	<u>13.73%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2021 January 1, 2019

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	8 years	10 years
Asset valuation method	Market	Market
Inflation	3%	3%
Salary increases	4.0% annual increase	4.0% annual increase
Investment rate of return	7.0%	7.0%
Retirement age	65	65
Mortality	PUBG-2010	RP-2000 Table

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 79,830	\$ 77,842	\$ 33,828	\$ 53,117	\$ 65,055
<u>79,830</u>	<u>77,842</u>	<u>33,828</u>	<u>53,117</u>	<u>65,055</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>1,046,105</u>	\$ <u>1,004,303</u>	\$ <u>954,896</u>	\$ <u>1,388,045</u>	\$ <u>1,316,215</u>
<u>7.63%</u>	<u>7.75%</u>	<u>3.54%</u>	<u>3.83%</u>	<u>4.94%</u>

January 1, 2017

January 1, 2015

January 1, 2013

Entry age normal
Level dollar
12 years
Market
3%
4.0% annual increase
7.0%
65
RP-2000 Table

Entry age normal
Level dollar
13 years
Market
3%
4.0% annual increase
7.0%
65
RP-2000 Table

Entry age normal
Level dollar
N/A
Market
3%
4.0% annual increase
7.0%
65
RP-2000 Table

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APPENDIX E

Proposed Form of Bond Counsel Opinion

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October __, 2024

TAMAQUA BOROUGH AUTHORITY

Schuylkill County, Pennsylvania

\$11,415,000 Guaranteed Sewer Revenue Bonds, Series of 2024

TO THE REGISTERED OWNERS OF THE ABOVE-CAPTIONED BONDS:

The Tamaqua Borough Authority, Schuylkill County, Pennsylvania (the “Authority” is a municipal authority existing under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”).

The Board of Directors of the Authority has determined to (i) fund capital improvement projects to the Authority’s waste water treatment plant; and (ii) make payment of the costs and expenses of issuing and insuring the Bonds (collectively, the “Project”). The Board of Directors of the Authority, by Resolution duly adopted on September 19, 2024 (the “Resolution”), authorized and directed issuance of \$11,415,000 aggregate principal amount of the Authority’s Guaranteed Sewer Revenue Bonds, Series of 2024 (the “Series of 2024 Bonds”), with proceeds from the sale thereof to be applied for and toward payment of costs and expenses of the Project.

Proceedings for authorization, issuance and sale of the Series of 2024 Bonds have been conducted in accordance with the Municipality Authorities Act, of May 2, 1945, P.L. 382 (the “1945 Act”), which 1945 Act is codified and continued by Act No. 22, approved on June 19, 2001, 53 Pa. C.S. §5601 et seq. (the “Act”).

The Series of 2024 Bonds may be in the denomination of \$5,000 or whole multiples thereof and are fully registered as to principal and interest. The Series of 2024 Bonds mature on November 15 of each of the years 2025 to 2054, inclusive. The Bonds bear interest from October __, 2024, at rates set forth in the Resolution, payable initially on November 15, 2024, and thereafter semiannually on May 15 and November 15 in each year, until maturity.

In connection with the Bonds, we have examined, among other things: the executed Indenture; all proceedings of the Authority under the Act; the accepted Bond Purchase Proposal of Raymond James & Associates, Inc. (the “Purchaser”), dated September 9, 2024, as amended by an Addendum thereto dated October __, 2024; an affidavit of no litigation; a Non-Arbitrage Certificate of the Authority; and usual closing affidavits, certificates and documents and an executed Bond, duly authenticated by Fidelity Bank, as Trustee for the Bonds. We have assumed that all other Bonds will be similarly authenticated.

Based and in reliance upon the foregoing, and subject to the caveats, qualifications, exceptions and assumptions set forth herein, we are of the opinion that:

1. The Authority has been duly incorporated and is validly existing under the laws of the Commonwealth of Pennsylvania and has full power and authority to issue and sell the Bonds.
2. The Authority is authorized by laws of the Commonwealth to issue the Bonds for the purpose of the Project.
3. The proceedings authorizing adoption of the Resolution, authorizing issuance, execution, authentication and delivery of the Bonds and authorizing the sale of the Bonds to the Purchaser are valid and legally sufficient.
4. The Indenture has been duly authorized, executed and delivered by and on behalf of the Authority and constitutes a valid and legally binding obligation of the Authority.
5. The Bonds have been duly authorized and issued by the Authority. Such Bonds, upon authentication thereof by the Trustee, will constitute valid and legally binding obligations of the Authority. Upon authentication, the Bonds will be entitled to the benefit and security of the Indenture.
6. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.
7. Interest on the Bonds is not includable in gross income for federal income tax purposes under Section 103(a) of the Code.

8. Under the Code, interest on the Bonds held by persons other than corporations (as defined for federal tax purposes) does not constitute an item of tax preference under Section 57 of the Code and thus is not subject to alternative minimum tax for federal income tax purposes.

9. Under the Code, interest on the Bonds held by a corporation (as defined for federal tax purposes) does not constitute an item of tax preference under Section 57 of the Code, and is not an adjustment in computing alternative minimum taxable income in the manner provided in Section 56 of the Code.

10. Certain maturities of the Bonds may be sold to the public in the initial offering at a price less than the stated redemption price of such Bonds at maturity (that is, at less than par or the stated principal amount), the difference being “original issue discount.” Generally, original issue discount accruing on a tax-exempt obligation is treated as interest excludable from gross income for federal income tax purposes. In addition, original issue discount that has accrued on a tax-exempt obligation is treated as an adjustment to the issue price of the obligation for the purpose of determining taxable gain upon sale or other disposition of such obligation prior to maturity. The Internal Revenue Code of 1986, as amended, provides specific rules for the accrual of original issue discount on tax-exempt obligations for federal income tax purposes. Prospective purchasers of Bonds being sold with original issue discount should consult their tax advisors for further information.

11. Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain Subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. We express no opinion as to such collateral tax consequences, and prospective purchasers of the Bonds should consult their tax advisors.

In connection with providing the foregoing opinions, we call to your attention the following:

- A. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other documents, agreements, instruments, opinions, reports and certificates furnished to us at or in connection with the issuance of the Bonds (including, without limitation, certificates, agreements and representations by the Authority as to the expected use of the proceeds of the Bonds, as to continuing compliance with Section 148 of the Code and its expectations with respect to the issuance of additional tax exempt obligations within this calendar year, and as to its continuing compliance with Sections 148 and 141 of the Code to assure that the Bonds do not become “arbitrage bonds” or “private activity bonds”) without undertaking to verify the same by independent investigation. We have also relied

upon the accuracy of the representations and warranties and the continuing performance of the covenants and agreements of the Authority set forth in the Indenture and the various certificates and other agreements delivered at or in connection with the closing held this day. We have also assumed the genuineness of the signatures appearing upon all the certificates, documents and instruments executed and delivered at closing.

- B. In providing the opinion set forth in paragraph 7, above, we have assumed continuing compliance by the Authority with the requirements of the Code and the applicable regulations thereunder which must be met subsequent to the issuance of the Bonds in order that the interest thereon be and remain excluded from gross income for federal income tax purposes. The Authority has covenanted to comply with such requirements. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. We further advise you that we have not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.
- C. In providing the opinions set forth in paragraphs 8 and 9 above, we have assumed continuing compliance by the Authority with requirements of the Code and applicable regulations thereunder which must be met subsequent to the issuance of the Bonds in order that the interest thereon not constitute an item of tax preference under Section 57 of the Code. Failure to comply with such requirements could cause the interest on the Bonds to constitute an item of tax preference under Section 57 of the Code retroactive to the date of issuance of the Bonds.
- D. In connection with the opinions set forth in paragraphs 4 and 5 above, we call to your attention that enforceability of the documents referred to therein may be limited by: (a) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (b) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws of equitable principles generally affecting creditors' rights or remedies; and (c) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds any provisions set forth in such documents purporting to waive rights of due process and legal procedure.
- E. Except as specifically set forth herein, we express no opinion regarding other federal income tax consequences arising with respect to the Bonds, including, without limitation, the treatment for federal income tax purposes of the gain or loss, if any, upon the sale, redemption or other disposition of the Bonds prior to maturity of the Bonds subject to original issue discount and effects, if any, of certain other provisions of the Code which could result in collateral federal income tax

consequences to certain investors as a result of adjustments in the computation of tax liability dependent on tax-exempt interest.

- F. The Bonds are obligations of the Authority and payment thereof is not supported by a pledge of the full faith, credit or taxing power of the Commonwealth of Pennsylvania. The Borough of Tamaqua has issued its Guaranty of the Bonds. The Authority has no taxing power.
- G. We have not been engaged to verify, nor have we independently verified, nor do we express any opinion to the registered owners of the Bonds with respect to, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the preliminary official statement dated October 2, 2024 (the "Preliminary Official Statement") or in the official statement dated October __, 2024 (the "Official Statement") or otherwise used in connection with the offer and sale of the Bonds or otherwise delivered by officials of the Authority.
- H. We express no opinion herein with respect to whether the Authority or the Bond Insurer, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made not misleading. Further we have not verified, and express no opinion as to the accuracy of, any "CUSIP" identification number which may be printed on any Bonds.

Very truly yours,

BOWE & ODORIZZI LAW, LLC

By _____
Martin J. Cerullo

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APPENDIX F

Proposed Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the **TAMAQUA BOROUGH AUTHORITY**, Schuylkill County, Pennsylvania (the “Authority”), in connection with the issuance of its Tax Exempt Guaranteed Sewer Revenue Bonds, Series of 2024, dated as of October __, 2024 (the “Bonds”) in the aggregate principal amount of \$11,415,000. The Bonds are being issued pursuant to a Resolution duly adopted by the Board of the Authority on September 9, 2024 (the “Resolution”). The Authority makes the following certifications and representations as an inducement to the Participating Underwriter and others to purchase the Bonds:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders or beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term or phrase used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to and as described in Sections 3 and 4 of this Disclosure Certificate.

“Business Day” shall mean a day other than a Saturday, a Sunday or a day on which the New York Stock Exchange is closed or a day on which banks located in the Commonwealth are authorized by law or executive order to be closed.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Depository” shall mean any public or private depository or entity designated by the Commonwealth as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports. (a) The Authority shall, within 270 days following the close of each of its fiscal years, beginning with the fiscal year ending December 31, 2024, provide to the MSRB through EMMA at <http://www.emma.msrb.org/> an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package in PDF format, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report. In the event the Authority’s audited financial statements are not available by the 270 day deadline, the Authority will provide its internal financial statements with a notice as to when its audited financial statements are expected to be available, and will submit its audit report when available.

If the Authority is unable to provide to the MSRB an Annual Report by the dates required in the preceding paragraph, the Authority shall send or cause to be sent a notice to the MSRB stating in substance that the Authority has not provided an Annual Report as required by this Section 3 and the date that the Authority anticipates filing the Annual Report.

SECTION 4. Content of Annual Reports. The Authority’s Annual Report shall contain or incorporate by reference the following financial information and operating data with respect to the Authority:

- the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards
- a summary of the budget for the current fiscal year

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority or related public entities which have been submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each other document so incorporated by reference. The Authority reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be in a manner consistent with the Rule.

SECTION 5. Reporting of Listed Events.

(a) The Authority will, in a timely manner, file with EMMA, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;

- (12) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such actions, other than pursuant to its terms, if material;
- (13) appointment of a successor or additional trustee or a change of name of a trustee, if material;
- (14) in a timely manner, to provide to the MSRB through the EMMA System, notice of any failure to provide required annual financial information on or before the dates specified above;
- (15) Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affected security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall as soon as possible (with respect to those Listed Events where a determination of materiality by the Authority is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities Laws.

(c) If (i) a Determination of materiality by the Authority is not relevant to the obligation to give notice of a Listed Event or (ii) the Authority determines (with respect to those Listed Events where a determination of materiality by the Authority is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Authority shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Trustee.

(d) For purposes of the Listed Events in Section 5(a)(13), the Authority and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: “Note: for the purposes of the event identified in subparagraph (b)(5)(I)C(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement

or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.”

The Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Authority, such other event is material with respect to the Bonds, but the Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall, or shall cause the Dissemination Agent (if not the Authority) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing notice of Listed Events described above in subsections (h) and (i) above need not be given under this Section any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds.

SECTION 6. Dissemination Agent. The Authority may, at any time and from time to time, appoint or engage another person (the “Dissemination Agent”) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor, and without notice to holders of the Bonds.

SECTION 7. Termination of Disclosure Obligation. The Authority’s obligations under this Disclosure Certificate shall terminate at such time as the Authority is no longer an “obligated person” with respect to the Bonds, as such phrase is defined in the Rule.

SECTION 8. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, The Authority causes this Continuing Disclosure Certificate to be executed on its behalf by the Chairman of the Board of the Authority, as of October __, 2024.

TAMAQUA BOROUGH AUTHORITY
Schuylkill County, Pennsylvania

By: _____
Brian Connely, Chairman

APPENDIX G

Specimen Municipal Bond Insurance Policy

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APPENDIX H

Proposed Form of Guaranty Agreement

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GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of the ____ day of October, 2024, by and among **BOROUGH OF TAMAQUA**, Schuylkill Borough, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania, as guarantor (the “Borough”), **TAMAQUA BOROUGH AUTHORITY**, a body corporate and politic existing under the Municipality Authorities Act of the Commonwealth of Pennsylvania, 53 Pa. C.S. §5601, et. seq., Act 22 of 2001, effective June 19, 2001, which codifies and amends the Municipality Authorities Act of 1945, as amended and supplemented (the “Authority”) and **FIDELITY BANK**, a Pennsylvania banking corporation of Dunmore, Pennsylvania (the “Trustee”).

WHEREAS, the Authority has planned, had designed, and intends to construct substantial upgrades and capital improvements to its waste water treatment plant (the “Project”) serving, among others, the residents of the Borough; and

WHEREAS, in connection with the Project, the Authority has entered into a Bond Purchase Agreement with Raymond James Associates, Inc., for the issuance of the Authority’s Tax-Exempt Guaranteed Sewer Revenue Bonds, Series of 2024 in the aggregate amount of \$11,415,000 (the “Bonds”); and

WHEREAS, the Borough Council of the Borough has determined, among other things, that the undertaking of the Project is in the best interest of the Borough and its residents and ratepayers; and

WHEREAS, the Borough, as an inducement to the Authority to undertake the Project and to authorize and issue its Bonds, and as an inducement to the initial and all future owners of the Bonds to purchase the Bonds and to thereby achieve beneficial interest costs to the Authority and the residents and taxpayers of the Borough, desires to enter into this Guaranty Agreement with respect to the Bonds, as permitted by and in accordance with the terms and conditions of the Debt Act (hereinafter defined); and

WHEREAS, the parties hereto desire to set forth the terms and conditions under and pursuant to which the Bonds shall be guaranteed by the Borough and related matters.

NOW, THEREFORE, in consideration of the mutual covenants and premises herein contained, and intending to be bound legally hereby, the parties agree as follows:

1. Terms and Phrases. In addition to the terms and phrases which may be elsewhere defined in this Guaranty Agreement, terms and phrases defined in this Section 1, for all purposes of this Guaranty Agreement, as herein defined, shall have the meanings herein specified, unless the context clearly otherwise requires:

1.1. “Act” shall mean the Municipality Authorities Act of the Commonwealth of Pennsylvania, 53 Pa. C.S. §5601, et seq., Act 22 of 2001, effective June 19, 2001, which codifies and amends the Municipality Authorities Act of 1945, as amended and supplemented.

1.2. “Board” shall mean the governing body of the Authority.

1.3. “Borough Council” shall mean the governing body of the Borough.

1.4. “Commonwealth” shall mean the Commonwealth of Pennsylvania.

1.5. “Debt Act” shall mean the Act of the General Assembly of the Commonwealth, known as the Local Government Unit Debt Act, PA.C.S. 53, Chapters 80-82, as amended and supplemented, from time to time.

1.6. “Debt Service” shall mean, with respect to any Fiscal Year, the maximum amounts required to pay interest on, premium, if any, and principal of the Bonds during each Fiscal Year.

1.7. “Fiscal Year” shall mean the fiscal year of the Borough as provided by laws of the Commonwealth.

1.8. “Guaranty Agreement” shall mean this agreement and all modifications, alterations, amendments and supplements hereto made and delivered in accordance with the provisions hereof, which phrase sometimes is referred to in this document by use of such words as “hereto,” “hereby,” “herein,” “hereof” or “hereunder.”

2. Representations and Warranties of the Borough. The Borough represents and warrants that:

2.1. The Borough possesses all requisite power and authority under laws of the Commonwealth to enter into and to perform all the covenants and agreements set forth in this Guaranty Agreement;

2.2. The Borough has duly authorized all necessary action on its part to enter into this Guaranty Agreement, pursuant to proper and necessary official action of the Borough Council in accordance with laws of the Commonwealth;

2.3. The Borough, in entering into this Guaranty Agreement, is acting in the public interest by undertaking the substantial upgrade of the waste water treatment plant for its users who are, among others, residents of the Borough;

2.4. The Borough, in entering into this Guaranty Agreement, is incurring lease rental debt pursuant to the terms and conditions of the Debt Act; and the Borough has taken all proper proceedings pursuant to the Debt Act and has obtained all approvals required to be obtained in connection with the execution and delivery of this Guaranty Agreement.

3. Covenants and Agreements of the Authority and the Borough.

3.1. Full and Prompt Payment. The Borough hereby guarantees, unconditionally and irrevocably, to the registered owners, from time to time, of the Bonds, the full and prompt payment of the Debt Service when and as such shall be due and payable, in accordance with the terms and conditions of this Guaranty. Nothing contained in this Agreement shall in any way be

construed to imply that the Borough shall be or become liable or responsible for any other debt or obligation of the Authority.

3.2. Costs, Fees, Expenses and Charges. Except as may be expressly provided herein or elsewhere, the Borough shall not be responsible or liable to the Authority or the Bank for the payment of any other costs, fees, expenses or charges arising in connection with the issuance and sale of the Bonds, or the enforcement of any rights of the Authority against any other person.

3.3. Manner of Payment. All payments required to be made by the Borough under this Guaranty Agreement shall be made in lawful money of the United States of America at the designated office of the Bank and at the times specified in the Bonds for the payment of Debt Service on the Bonds.

3.4. Separate Causes of Action. Each and every default in payment of Debt Service shall give rise to a separate cause of action under this Guaranty Agreement; and separate suits may be instituted pursuant to this Guaranty Agreement, from time to time, as each cause of action shall arise.

3.5. Amounts to be Included in Budget. The Borough covenants to and with the Bank and the Authority and the registered owners, from time to time, of the Bonds that the Borough shall (a) include in its budget for each Fiscal Year in which Debt Service is payable on the Bonds (beginning with its 2025 Fiscal Year), an amount equal to the Debt Service on the Bonds for such Fiscal Year, as shown on the attached Schedule A (which Debt Service has been guaranteed by the Borough and is payable pursuant to this Guaranty Agreement) and (b) appropriate such amounts from its general revenues for payment to the Bank of its obligations hereunder, and (c) duly and punctually pay or cause to be paid from its sinking fund or any of its revenues or funds to the Bank such amounts, at the times and in the manner provided for herein, at the designated office of the Bank, according to the true intent and meaning hereof. For such budgeting, appropriation and payment, the Borough pledges its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the Borough. In honoring the foregoing covenant, the Borough may take into account the revenues anticipated by the Authority to be available to pay Debt Service in the Fiscal Year to which the budgeting, appropriation and payment relates.

At any time when payments are required to be made by the Borough hereunder, to the extent that sufficient money shall not be available in the Borough's then current budget, and if the Borough shall be unable to incur, lawfully, debt in the current Fiscal Year for the purpose of paying such debt service or to issue tax anticipation notes or otherwise to satisfy its obligations hereunder, the Borough shall include any amounts so payable in its budget for the next succeeding Fiscal Year and shall appropriate such amounts to the payment of such obligations and duly and punctually shall pay or shall cause to be paid the obligations incurred hereunder in the manner herein stated according to the true intent and meaning hereof, and for such budgeting, appropriation and payment the Borough does pledge its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the Borough.

3.6. Obligations of Borough Absolute and Unconditional. The obligations of the Borough under this Guaranty Agreement shall be absolute, irrevocable and unconditional,

irrespective of any other agreement or instrument to which the Borough shall be a party, and shall remain in full force and effect until all Debt Service during each Fiscal Year in which the Bonds remains outstanding shall have been paid or shall have been provided for, and such obligations of the Borough shall not be affected, modified, diminished, or impaired upon the happening, from time to time, of any event, including, without limitation, any of the following (whether or not with notice to or the consent of the Borough in accordance with the provisions hereof) unless such notice or consent is required hereunder:

A. The failure of the Authority otherwise to perform any obligation contained in this Guaranty Agreement or in any other agreement, for any reason whatsoever, including, without limiting the generality of the foregoing, the occurrence of an insufficiency of funds, negligence or willful misconduct on the part of the Authority or its agents, employees or independent contractors, legal action of any nature which shall prohibit the operations of the Authority, labor disputes, war, insurrection, natural catastrophe or laws, rules or regulations of any body, governmental or otherwise, having proper jurisdiction;

B. The failure of the Authority or the Bank to give notice to the Borough of the occurrence of a default under terms and provisions of this Guaranty Agreement or the Bonds;

C. The validity or enforceability of the Bonds;

D. The neglect or failure of the Authority and/or the Bank to exercise or to preserve any rights or rights of action against any party, person or property;

E. The failure of the Authority and/or the Bank to have enforced, on prior appropriate occasions, any right or right of action against any party, person or property;

F. The compromise, settlement, release, alteration, indulgence or any other change or modification of any obligation or liability of the Authority under the Bonds, regardless of the nature of such obligation or liability and regardless of the extent to which such obligation or liability shall have been modified, compromised or otherwise changed;

G. The waiver of the payment, performance or observance by the Authority or the Bank of any obligations, covenants or agreements contained in this Guaranty Agreement;

H. The extension of the time for payment of the Debt Service on the Bonds or any part thereof owing or payable under this Guaranty Agreement or of the time for performance of any other obligations, covenants or agreements under or arising out of the Bonds or this Guaranty Agreement;

I. The taking of, or the omission to take, any action referred to in the Bonds or this Guaranty Agreement;

J. Any failure, omission or delay on the part of the Authority and/or the Bank to enforce, to assert or to exercise any right, power or remedy conferred upon or vested

in the Authority and/or the Bank hereunder or under the Bonds, or to enforce, to assert or to exercise any other right or rights on the part of the Authority or the Bank;

K. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustments or other similar proceedings affecting the Borough or the Authority or any of the assets of either, or any allegation or contest of the validity of this Guaranty Agreement in any such proceeding;

L. The release or discharge of the Borough, to the extent permitted by law, from performance or observance of any obligation, covenant or agreement contained in this Guaranty Agreement, by operation of law;

M. The default or failure of the Borough fully to perform any of its obligations set forth in this Guaranty Agreement;

N. Any failure by the Authority or the Bank to comply with any of the covenants, agreements or undertakings set forth herein or any breach by the Authority or the Bank of any representation or warranty set forth herein.

3.7. Obligations of Borough Not Affected by Bankruptcy, etc. The obligations of the Borough hereunder shall not be affected by any bankruptcy, arrangement of creditors, reorganization or other similar proceedings of the Authority or the Borough; and, to the extent applicable, the Borough specifically waives any right or benefit which could accrue to it by reason of any such proceeding and agrees that the same shall not affect the liability of the Borough hereunder, regardless of the effect that such proceedings may have with respect to the obligations of the Authority.

3.8. Obligations of Borough Not Subject to Setoff, Counterclaim, etc. The obligations of the Borough hereunder shall not be subject to any setoff, counterclaim or defense resulting from any breach or any alleged breach by the Authority of any obligation to the Borough, whether said obligation arises under this Guaranty Agreement, or from any other transaction between the Authority and the Borough, regardless of the nature of such transaction, or otherwise.

3.9. Bank Authorized to Proceed. In the event of a default in payment of Debt Service on the Bonds when and as the same shall become due and payable, whether at the stated maturity thereof or by acceleration, the Bank may proceed hereunder directly against the Borough without proceeding against or exhausting any other remedies which it may have against the Authority or its assets. The Borough agrees to pay all costs, fees and expenses, including, to the extent permitted by law, all court costs and reasonable attorney fees which may be incurred by the Bank in enforcing or attempting to enforce this Guaranty Agreement against it, following any default on the part of the Borough hereunder, whether the same shall be enforced by suit or otherwise.

3.10. Waiver of Notice of Reliance. The Borough expressly waives notice, in writing or otherwise, from the registered owners, at any time or from time to time, of the Bonds of their acceptance and reliance upon this Guaranty Agreement.

3.11. Enforcement by Third Parties. This Guaranty Agreement is entered into by the Borough for the benefit of the Bank and the owners, from time to time, of the Bonds, all of whom shall be entitled to enforce performance and observance hereof by the Borough to the same extent as if they were parties signatory hereto.

3.12. Separate or Cumulative Enforcement. Terms of this Guaranty Agreement may be enforced as to any one or more breaches, either separately or cumulatively.

3.13. Payment by Borough.

(a) If on any date on which Debt Service is due and payable, in accordance with the terms of the Bonds, the Bank shall not have received from the Authority (or any person on the Authority's behalf) sufficient funds to pay the Debt Service on the Bonds on such date, the Borough under the provisions of this Guaranty Agreement, shall promptly pay to the Bank an amount which, together with other monies available to the Borough, will be sufficient to make such Debt Service payment then due on the Bonds.

(b) To the extent that it makes any payments of Debt Service on the Bonds, the Borough shall become subrogated to all right, title and interest of the person receiving such payments.

(c) It is the understanding of the parties hereto that the Borough is required to include in its budget only that portion of the Debt Service, if any, which is anticipated to be paid by the Borough in the next succeeding Fiscal Year.

3.14. Discharge of Obligations. Anything contained in this Guaranty Agreement to the contrary notwithstanding, except as provided herein with respect to expenses incurred in connection with the enforcement hereof, the obligations of the Borough hereunder shall be satisfied in full and discharged when (a) the principal and interest on the Bonds have been paid or provided for as specified in the Bonds, and (b) the Bonds shall have been discharged in accordance with their terms.

4. Miscellaneous.

4.1. Increased Obligations of Borough; Amendment. No amendment, change, modification, alteration or termination of the Bonds shall be effective which would in any way increase obligations of the Borough under this Guaranty Agreement, without obtaining the prior written consent of the Borough (such consent to be given by the Borough pursuant to an ordinance duly enacted by the Borough Council).

4.2. Time When Obligations Arise. Obligations of the Borough hereunder shall arise absolutely, irrevocably and unconditionally when the Bonds shall have been issued, sold and delivered by the Authority.

4.3. Authority to Punctually Perform. The Authority and the Bank covenant with the Borough that each duly and punctually will perform every covenant and agreement undertaken by the Authority under the Bonds.

4.4. Remedies of Authority. In the event of default by the Borough in the punctual discharge of its obligations hereunder, the Authority and the Bank shall be entitled to exercise such remedies as are provided under the Debt Act, together with any other remedies which otherwise may be provided at law or in equity or by other statutes.

4.5. Cumulative Remedies; Waiver. No remedy conferred upon or reserved to the Authority or the Bank hereunder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised, from time to time, and as often as may be deemed expedient. In order to entitle the Authority and/or the Bank to exercise any remedy reserved in this Guaranty Agreement, it shall not be necessary to give any notice, other than such notice as herein expressly may be required. In the event any provision contained in this Guaranty Agreement should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification hereof shall be established by conduct, custom or course of dealing, but shall be established solely by an instrument, in writing, duly executed by the appropriate parties. Notwithstanding any other provision hereof to the contrary, no recourse shall be had for the payment of the principal of or interest on the Bonds, or for any claim based hereon or on the Ordinance of the Borough Council duly enacted on September 17, 2024, authorizing and approving the execution and delivery of this Guaranty Agreement, against any member, officer or employee, past, present, or future, of the Borough or of any successor body, as such, either directly or through the Borough or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Guaranty Agreement.

4.6. Entire Agreement; Multiple Counterparts. This Guaranty Agreement constitutes the entire agreement, and supersedes all prior agreements, and understandings, both written and oral, among the parties with respect to the subject matter hereof; and this Guaranty Agreement may be executed, simultaneously, in multiple counterparts, each of which counterparts, together, shall constitute but one and the same instrument.

4.7. Severability. Provisions of this Guaranty Agreement shall be severable; and in the event of the invalidity or unenforceability of any one or more phrases, sentences, clauses, Articles, Sections or parts, in this Guaranty Agreement contained, such invalidity or unenforceability shall not affect the validity or enforceability of remaining portions of this Guaranty Agreement or any remaining parts thereof.

4.8. Amendment. This Guaranty Agreement may be amended and/or supplemented, from time to time, by a written document duly signed by the parties hereto; provided, however, that no amendment and/or supplement shall be made which shall diminish or discontinue the obligations of the Borough hereunder.

4.9. Choice of Law. This Agreement shall be construed in accordance with and shall be governed by laws of the Commonwealth.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, pursuant to proper authorization of their respective governing bodies, have caused this Guaranty Agreement to be executed by its respective duly authorized officer or officers and to be attested by its respective duly authorized officer and its respective official or corporate seal to be affixed to this Guaranty Agreement, all as of the day and year first above written.

FIDELITY BANK, Trustee

BOROUGH OF TAMAQUA

By: _____
Authorized Officer

By: _____
President of Borough Council

Attest: _____
Secretary
(SEAL)

TAMAQUA BOROUGH AUTHORITY

By: _____
Chairman

Attest: _____
, Secretary
(SEAL)