

**GREATER HAZLETON JOINT SEWER AUTHORITY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**JULY 31, 2022 AND 2021**

**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**AND**  
**SUPPLEMENTARY INFORMATION**

GREATER HAZLETON JOINT SEWER AUTHORITY

WEST HAZLETON, PA 18202

JULY 31, 2022 AND 2021

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Greater Hazleton Joint Sewer Authority (the "Authority") as of and for the years ended July 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the 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 financial position of the business-type activities and the aggregate remaining fund information of the Authority as of July 31, 2022 and 2021, and the respective changes in its financial position, and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

### ***Other Matters***

#### ***Required Supplementary Information***

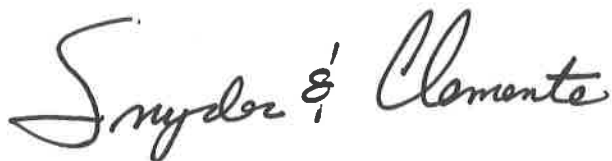
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 and the Defined Benefit Pension Trust Fund Schedule of Changes in Authority's Net Pension Liability and Related Ratios, the Schedule of Employer Contributions, the Schedule of Investment Returns, and the Other Post Employment Benefits (OPEB) Other Than Pensions Schedule of Changes in Authority's Net OPEB Liability and Related Ratios on pages 66 through 68, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedules of Sewer Treatment Revenues, Schedules of Sewer Transmission Revenues, and Schedules of Operating Expenses on pages 69 through 72 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

A handwritten signature in cursive script that reads "Snyder & Clemente". The signature is written in dark ink and is positioned above the typed name and date.

Sugarloaf, Pennsylvania  
October 17, 2022

**GREATER HAZLETON JOINT SEWER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JULY 31, 2022**  
**(UNAUDITED)**

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**INTRODUCTION**

The following discussion and analysis of the Greater Hazleton Joint Sewer Authority's (the "Authority") annual financial report provides an overview and analysis of their financial performance for the fiscal year ended July 31, 2022. This presentation is intended to further the readers' understanding of the financial statements that follow, and it is recommended that it be read in conjunction with the accompanying basic financial statements and notes to those statements in order to obtain a thorough understanding of the Authority's financial condition as of July 31, 2022.

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

**FINANCIAL HIGHLIGHTS**

At July 31, 2022 the Authority's total assets decreased by \$1,101,112 from July 31, 2021. This net decrease was the result of several changes, including a decrease in other current assets of \$400,423, decrease in capital assets (net of accumulated depreciation) of \$2,265,051, which were offset by an increase in cash and cash equivalents of \$1,616,036.

Total liabilities decreased \$2,776,095, which was primarily caused by an decrease in current portion of long term debt and long-term debt, net of current portion of \$2,704,356, a decrease in restricted accounts payable capital assets of \$712,855, a decrease of in OPEB liability of \$623,834, which were offset by an increase of \$580,010 in net pension liability.

During 2021, the Authority issued Sewer Revenue Bonds Series of 2021 for face amount of \$16,995,000 and a premium of \$2,713,833. The proceeds from this note were used to refund two PENNVEST Loans. The present value of the savings in future interest expense to the Authority from this refunding is approximately \$1,138,000.

Total net position of \$53,931,298 was \$1,595,009 higher than the prior year, reflecting the net effect of the Authority's profitable operations needed to fund ongoing capital projects. Net investment in capital assets decreased by \$7,656, due to the Authority's acquisition and construction of capital assets and payment of the related debt. Consistent with the Authority's issuance of its Series 2020 Sewer Revenue Bonds, a portion of the Authority's total net position at July 31, 2022, \$730,005, was restricted for bond covenants. Unrestricted net position increased by \$872,660 the net effect of all of the changes as previously noted.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
(UNAUDITED)

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The Authority's total operating revenues increased \$759,720 from the previous year, primarily due to an increase in penalties, hauled waste revenue, school revenue and a decrease in surcharges as the sewer authority reinstated water shutoffs and customer penalties as normal operations resumed following the COVID-19 pandemic.

Total operating expenses of \$11,148,931 increased by \$902,104 from the prior year. The most significant increase was in plant operations expense due to contractual increases in salary/wages and inflationary increases to chemicals and maintenance parts.

Interest income increased by \$7,088, as a result of higher rates of return. Interest expense decreased by \$582,892. It should be noted that cost of issuance on the Authority's Sewer Revenue Bonds – Series 2021 contributed to an additional \$295,147. These overall changes resulted in a net non-operating revenues (expenses) of (\$792,049) for 2022 as compared to (\$1,083,382) for 2021.

Overall, the Authority experienced an increase in net position of \$1,595,009 for the fiscal year ended July 31, 2022 as compared to a net increase of \$1,446,060 in the prior year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
(UNAUDITED)

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In addition to this discussion and analysis, other required supplementary information is presented.

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

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

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

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

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

### **Notes to Financial Statements**

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

### **Other Information**

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



MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
(UNAUDITED)

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
(UNAUDITED)

**FINANCIAL ANALYSIS**

**Total Assets, Total Liabilities, and Total Net Position**

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

<u>ASSETS</u>			
	<u>2022</u>	Increase <u>(Decrease)</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 12,517,271	\$ 1,616,036	\$ 10,901,235
Other Current Assets	3,019,109	(400,423)	3,419,532
Restricted Assets	1,413,209	17,150	1,396,059
Capital Assets (Net of Accumulated Depreciation)	76,878,140	(2,265,051)	79,143,191
Net Pension Asset	-	(68,824)	68,824
<b>TOTAL ASSETS</b>	<u>\$ 93,827,729</u>	<u>\$ (1,101,112)</u>	<u>\$ 94,928,841</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts Related to Pensions and OPEB	<u>741,588</u>	<u>174,960</u>	<u>566,628</u>
<u>LIABILITIES</u>			
	<u>2022</u>	Increase <u>(Decrease)</u>	<u>2021</u>
Current Liabilities (Payable from Current Assets)	\$ 3,361,985	\$ 747,859	\$ 2,614,126
Current Liabilities (Payable from Restricted Assets)	14,723	(712,855)	727,578
Noncurrent Liabilities	<u>36,257,952</u>	<u>(2,811,099)</u>	<u>39,069,051</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 39,634,660</u>	<u>\$ (2,776,095)</u>	<u>\$ 42,410,755</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts Related to Pensions and OPEB	<u>1,003,359</u>	<u>254,934</u>	<u>748,425</u>
<u>NET POSITION</u>			
	<u>2022</u>	Increase <u>(Decrease)</u>	<u>2021</u>
Net Investment in Capital Assets	\$ 41,167,309	\$ (7,656)	\$ 41,174,965
Restricted for Bond Covenants	1,398,486	730,005	668,481
Restricted for Capital Projects	192,156	-	192,156
Unrestricted	<u>11,173,347</u>	<u>872,660</u>	<u>10,300,687</u>
<b>TOTAL NET POSITION</b>	<u>\$ 53,931,298</u>	<u>\$ 1,595,009</u>	<u>\$ 52,336,289</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
(UNAUDITED)

At July 31, 2022 the Authority has classified certain assets as restricted with such restrictions commensurate with the related restrictions imposed by the Trust Indentures securing the Authority's Sewer Revenue Bonds. Similar funds established under the terms of the Trust Indenture, for the safety and security of the bondholders, were also classified as restricted, as was the accrued interest receivable on the investments in such funds.

During the fiscal year ended July 31, 2022 the Authority added \$952,778 in capital assets, including vehicles and equipment, and continued construction of several capital construction projects. However, capital assets overall decreased due to depreciation expense of \$3,113,741. In addition, construction in progress had net decrease of \$104,089 as a result of projects completed that are now in service. In the current year, majority of the acquisitions were funded by general operating funds.

Total liabilities decreased by \$2,776,095 mainly due to principal payments made on long-term debt and a decrease in restricted accounts payable capital assets of \$712,855.

**Revenues**

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

**Operating Revenue**

Total sewage treatment and transmission revenue increased by \$816,657 from 2021 to 2022 primarily due to an increase in the outside waste haulers revenue by \$126,601, school revenue by \$409,731, and penalties by \$190,013 from 2021 to 2022.

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

<u>SEWER TREATMENT REVENUES</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>2021</u>
Residential	\$ 6,416,694	46,695	\$ 6,369,999
Independent Outside Haulers	1,954,477	126,601	1,827,876
Industrial	1,039,520	21,052	1,018,468
Non-residential	988,112	32,402	955,710
Surcharge	282,319	(26,669)	308,988
Schools	262,683	369,465	(106,782)
Penalties	174,399	141,690	32,709
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL SEWER TREATMENT REVENUES</b>	<b><u>\$ 11,118,204</u></b>	<b><u>\$ 711,236</u></b>	<b><u>\$ 10,406,968</u></b>

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
(UNAUDITED)

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

<u>SEWER TRANSMISSION REVENUES</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>2021</u>
Residential	\$ 1,560,460	1,009	\$ 1,559,451
Non-residential	263,450	8,908	254,542
Industrial	179,494	6,915	172,579
Schools	38,517	40,266	(1,749)
Penalties	48,323	48,323	-
<b>TOTAL SEWER TRANSMISSION REVENUES</b>	<b><u>\$ 2,090,244</u></b>	<b><u>\$ 105,421</u></b>	<b><u>\$ 1,984,823</u></b>

**Non-Operating Revenues (Expenses)**

From 2021 to 2022, interest income increased by \$7,088 as a result of higher rates of return. Interest expense decreased from \$1,106,454 in 2021 to \$523,562 in 2022 due to amortization of Original Issue Premiums associated with the 2021 and 2020 Series Bonds. These overall changes resulted in net non-operating expenses of \$792,049 for 2022 as compared to net non-operating expenses of \$1,083,382 for 2021.

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

<u>NONOPERATING REVENUES AND (EXPENSES)</u>	<u>2022</u>	<u>Net Change</u>	<u>2021</u>
Interest Income	\$ 26,660	\$ 7,088	\$ 19,572
Gain from Sale of Capital Assets	-	(3,500)	3,500
Costs of Issuance-Series of 2021 Bonds	(295,147)	(295,147)	-
Interest Expense	(523,562)	582,892	(1,106,454)
<b>TOTAL NONOPERATING REVENUES AND (EXPENSES)</b>	<b><u>\$ (792,049)</u></b>	<b><u>\$ 291,333</u></b>	<b><u>\$ (1,083,382)</u></b>

**Expenses**

**Operating Expenses**

Total 2022 operating expenses of \$11,148,931 increased by \$902,104 from the prior year.

During 2022, collection system expenses increased by \$127,166 primarily because of the increase in equipment maintenance and system maintenance and repairs. Plant expenses increased by \$708,975 primarily because of increases to salaries, electricity, chemicals, and repairs/maintenance.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
(UNAUDITED)

During 2022 total administrative expenses remained relatively unchanged in total, with increases and decreases in certain expense categories, most materially the increases of \$72,176 in group insurance and an increase in pension plan expense of \$155,068, which was offset by a bad-debt recovery of \$150,000.

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

<u>OPERATING EXPENSES</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>2021</u>
Plant	\$ 4,833,432	\$ 708,975	\$ 4,124,457
Depreciation	3,113,741	68,358	3,045,383
Administrative	1,565,449	46,160	1,519,289
Collection System	1,080,688	127,166	953,522
Pumping Stations	<u>555,621</u>	<u>(48,555)</u>	<u>604,176</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 11,148,931</u>	<u>\$ 902,104</u>	<u>\$ 10,246,827</u>

**Increase in Net Position**

During 2022 the Authority's total operating revenues exceeded total operating expenses by \$2,387,058. After considering the non-operating revenues (expenses), the Authority experienced a net increase in net position of \$1,595,009.

**Acquisition and Construction of Capital Assets**

Major capital assets placed into service during fiscal year ended July 31, 2022 include the following:

<u>July 31, 2022</u>	
Sewer Treatment Plant	
2020 SCADA Upgrade	\$ 202,899
Collection System - Haz. Area 10 CSO Phase 1	175,407
Vehicles - Sherwood Freightliner	76,588
Equipment -	
Pumps	125,600
Camera Truck Upgrades	<u>130,950</u>
<b>TOTAL</b>	<u>\$ 711,444</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
(UNAUDITED)

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The \$317,840 of construction in progress additions include the 2020 SCADA Upgrade and work toward separation of Hazleton City CAP Aera 10 in the collection system. A summary of the changes in construction in progress is as follows:

\$ 1,720,521	Balance 7/31/2021
317,840	Additions
(421,929)	Placed into Service
<u>\$ 1,616,432</u>	Balance 7/31/2022

### Debt Administration

At July 31, 2022 the Authority had \$32,166,401 in notes and bonds outstanding, versus \$36,547,341 in notes and bonds outstanding at July 31, 2021.

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

### Economic Factors

Although the Authority is not required to have legally adopted budgets, the Authority prepares a budget for use as a management control device during the fiscal year. The Authority's management and Board of Directors considered many factors when preparing the July 31, 2022 budget and the fees that will be charged for supplying wastewater treatment services to its customers. Among the factors considered were the following:

- Operating revenues from customer accounts are expected to increase slightly due to anticipated industrial/warehousing growth in the service area.
- Anticipated average salary and wage increases of 7.0%, for Maintenance and Clerical CBA employees.
- Expenditures related to the ongoing construction and completion of projects currently classified as Construction in Progress.
- Adjustments to various chemical expense line items that correspond to the history of usage in the treatment process over the previous year and increases to the chemical cost from the prior year due to higher bid prices received from suppliers in late June.
- An increase to electrical expense due to a 90% increase in generation charges that was caused by electricity provider, Talen Energy, declaring Chapter 13 Bankruptcy to void the Authority's contract to purchase electricity through December 31, 2025.
- A projected continued increase in repairs and maintenance expenses to account for more equipment online since the incinerator installation and the need to inventory additional spare parts due to supply chain delays.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED  
(UNAUDITED)

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- Undertaking ACT-537 and Long-Term Control Planning to reduce inflow/infiltration to the WWTP and Combine Sewer Overflow (CSO) discharges in the collection system through future capital projects.

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

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

GREATER HAZLETON JOINT SEWER AUTHORITY  
STATEMENTS OF NET POSITION  
JULY 31, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 12,517,271	\$ 10,901,235
Accounts Receivable, Net	1,781,804	2,237,831
Unbilled Revenue	1,099,321	1,080,616
Prepaid Expenses	<u>137,984</u>	<u>101,085</u>
TOTAL CURRENT ASSETS	<u>15,536,380</u>	<u>14,320,767</u>
RESTRICTED ASSETS		
Cash and Cash Equivalents	<u>1,413,209</u>	<u>1,396,059</u>
TOTAL RESTRICTED ASSETS	<u>1,413,209</u>	<u>1,396,059</u>
CAPITAL ASSETS		
Non-Depreciable	1,824,597	1,928,686
Depreciable, Net of Accumulated Depreciation	<u>75,053,543</u>	<u>77,214,505</u>
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>76,878,140</u>	<u>79,143,191</u>
NET PENSION ASSET	<u>-</u>	<u>68,824</u>
TOTAL ASSETS	<u>93,827,729</u>	<u>94,928,841</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	741,588	460,709
Deferred Amounts Related to OPEB	<u>-</u>	<u>105,919</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>741,588</u>	<u>566,628</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 94,569,317</u>	<u>\$ 95,495,469</u>

See Notes to Financial Statements.



GREATER HAZLETON JOINT SEWER AUTHORITY  
STATEMENTS OF NET POSITION  
JULY 31, 2022 AND 2021

	<u>LIABILITIES</u>	<u>2022</u>	<u>2021</u>
<b>CURRENT LIABILITIES</b>			
Payable from Current Assets:			
Current Portion of Long-Term Debt		\$ 2,566,145	\$ 2,119,186
Accounts Payable - Operating		380,670	217,662
Accrued Payroll and Compensated Absences		231,934	147,821
Accrued and Withheld Payroll Taxes		-	490
Accrued Interest		<u>183,236</u>	<u>128,967</u>
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM         CURRENT ASSETS</b>		<u>3,361,985</u>	<u>2,614,126</u>
Payable from Restricted Assets:			
Accounts Payable - Capital Assets		<u>14,723</u>	<u>727,578</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,376,708</u>	<u>3,341,704</u>
<b>NONCURRENT LIABILITIES</b>			
Long-Term Debt, Net of Current Portion		33,144,684	35,849,040
OPEB Liability		2,476,084	3,099,918
Net Pension Liability		580,010	-
Compensated Absences		<u>57,174</u>	<u>120,093</u>
<b>TOTAL NONCURRENT LIABILITIES</b>		<u>36,257,952</u>	<u>39,069,051</u>
<b>TOTAL LIABILITIES</b>		<u>39,634,660</u>	<u>42,410,755</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts Related to Pensions		126,195	442,739
Deferred Amounts Related to OPEB		<u>877,164</u>	<u>305,686</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<u>1,003,359</u>	<u>748,425</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS         OF RESOURCES</b>		<u>40,638,019</u>	<u>43,159,180</u>
<u><b>NET POSITION</b></u>			
Net Investment in Capital Assets		41,167,309	41,174,965
Restricted for Bond Covenants		1,398,486	668,481
Restricted for Capital Assets		192,156	192,156
Unrestricted		<u>11,173,347</u>	<u>10,300,687</u>
<b>TOTAL NET POSITION</b>		<u>\$ 53,931,298</u>	<u>\$ 52,336,289</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY  
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Sewage Treatment Revenues	\$ 11,118,204	\$ 10,406,968
Sewage Transmission Revenues	2,090,244	1,984,823
Tapping Fee Revenues	289,400	382,300
Other Operating Revenues	38,141	2,178
TOTAL OPERATING REVENUES	<u>13,535,989</u>	<u>12,776,269</u>
OPERATING EXPENSES		
Plant	4,833,432	4,124,457
Depreciation	3,113,741	3,045,383
Administrative	1,565,449	1,519,289
Collection System	1,080,688	953,522
Pumping Station	555,621	604,176
TOTAL OPERATING EXPENSES	<u>11,148,931</u>	<u>10,246,827</u>
OPERATING INCOME	<u>2,387,058</u>	<u>2,529,442</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	26,660	19,572
Gain from Sale of Capital Assets	-	3,500
Costs of Bond Issuance - Series of 2021	(295,147)	-
Interest Expense	(523,562)	(1,106,454)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(792,049)</u>	<u>(1,083,382)</u>
CHANGE IN NET POSITION	1,595,009	1,446,060
NET POSITION - BEGINNING	<u>52,336,289</u>	<u>50,890,229</u>
NET POSITION - ENDING	<u>\$ 53,931,298</u>	<u>\$ 52,336,289</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 14,123,311	\$ 12,657,148
Cash Payments to Suppliers for Goods and Services	(5,471,562)	(5,277,228)
Cash Payments to Employees for Services	(2,461,841)	(2,282,954)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,189,908</u>	<u>5,096,966</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Bond Issuance	19,708,833	-
Payments Made to Refund Debt	(19,362,203)	-
Payments Made for Costs of Bond Issuance	(295,147)	-
Principal Payments on Debt	(2,013,737)	(1,817,508)
Interest Paid	(1,059,583)	(1,137,995)
Proceeds from the Sale of Capital Assets	-	3,500
Acquisition and Construction of Capital Assets	(1,561,545)	(1,848,007)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,583,382)</u>	<u>(4,800,010)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	<u>26,660</u>	<u>19,572</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>26,660</u>	<u>19,572</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,633,186	316,528
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>12,297,294</u>	<u>11,980,766</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 13,930,480</u>	<u>\$ 12,297,294</u>
CASH AND CASH EQUIVALENTS ARE REPORTED IN THE STATEMENT OF NET POSITION AS FOLLOWS:		
Current Assets:		
Cash and Cash Equivalents	12,517,271	10,901,235
Restricted Assets:		
Cash and Cash Equivalents	<u>1,413,209</u>	<u>1,396,059</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 13,930,480</u>	<u>\$ 12,297,294</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Income	\$ 2,387,058	\$ 2,529,442
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	3,113,741	3,045,383
Bad Debt Recovery	(150,000)	-
Changes in Assets, Liabilities, and Deferred Amounts:		
(Increase) Decrease In:		
Accounts Receivable	606,027	(161,005)
Unbilled Revenue	(18,705)	41,884
Prepaid Expenses	(36,899)	(2,509)
Net Pension Asset	68,824	-
Deferred Outflows of Resources Related to Pensions	(280,879)	(317,109)
Deferred Outflows of Resources Related to OPEB	105,919	12,836
Increase (Decrease) In:		
Accounts Payable - Operating	163,008	9,363
Accrued Payroll and Compensated Absences	21,194	23,742
Accrued and Withheld Payroll Taxes	(490)	(569)
OPEB Liability	(623,834)	214,294
Net Pension Liability	580,010	(590,699)
Deferred Inflows of Resources Related to Pensions	(316,544)	328,956
Deferred Inflows of Resources Related to OPEB	571,478	(37,043)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 6,189,908</u>	<u>\$ 5,096,966</u>

SUPPLEMENTAL DISCLOSURES OF CASH INFORMATION

Reconciliation of Interest Paid:

Interest Expense	\$ (523,562)	\$ (1,106,454)
Amortization of Bond Original Issue Premiums (OIPs)	(590,290)	-
Accrued Interest		
Current Year	183,236	128,967
Prior Year	(128,967)	(160,508)
CASH PAID FOR INTEREST	<u>\$ (1,059,583)</u>	<u>\$ (1,137,995)</u>

Reconciliation of Cash Paid for Acquisition and Construction of Capital Assets:

Acquisition and Construction of Capital Assets		
Cost of Property and Equipment	\$ (848,690)	\$ (1,414,428)
Accounts Payable - Used to Finance Acquisition and Construction of Capital Assets:		
Current Year	14,723	727,578
Prior Year	(727,578)	(1,161,157)
CASH PAID FOR ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	<u>\$ (1,561,545)</u>	<u>\$ (1,848,007)</u>

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY  
 STATEMENTS OF FIDUCIARY NET POSITION – PENSION TRUST FUND  
 JULY 31, 2022 AND 2021

<u>ASSETS</u>	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ <u>170,530</u>	\$ <u>375,737</u>
Investments		
Common Stocks	1,728,443	1,438,150
Mutual Funds	1,120,004	941,572
Exchange Traded Funds and Closed-End Funds	688,102	431,597
Corporate Bonds	34,729	67,170
U.S. Government Securities	<u>48,354</u>	<u>60,195</u>
Total Investments	<u>3,619,632</u>	<u>2,938,684</u>
Interest Receivable	<u>583</u>	<u>853</u>
 TOTAL ASSETS	 <u>3,790,745</u>	 <u>3,315,274</u>
 <u>LIABILITIES</u>		
LIABILITIES	<u>-</u>	<u>-</u>
 <u>NET POSITION</u>		
NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ <u>3,790,745</u>	\$ <u>3,315,274</u>

Note: The Plan's financial statements are for the calendar years 2021 and 2020.

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY  
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND  
 FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	December 31	
	2021	2020
<b>OPERATING REVENUES</b>		
Pension Contributions - Employer	\$ 375,000	\$ 548,000
Investment Income		
Net Appreciation in Fair Value of Investments:		
Realized Gains (Losses)	169,086	(16,155)
Unrealized Gains	68,516	331,964
Interest	2,866	3,987
Dividends	65,741	50,801
<b>TOTAL INVESTMENT INCOME</b>	<b>306,209</b>	<b>370,597</b>
<b>TOTAL ADDITIONS</b>	<b>681,209</b>	<b>918,597</b>
<b>OPERATING EXPENSES</b>		
Retiree Benefits Paid	148,727	112,158
Administrative Expenses:		
Investment Fees	38,974	25,454
Actuary Fees	15,950	14,396
Accounting Fees	2,087	1,636
<b>TOTAL OPERATING EXPENSES</b>	<b>205,738</b>	<b>153,644</b>
NET INCREASE IN NET POSITION FOR THE YEAR	475,471	764,953
NET POSITION RESTRICTED FOR PENSION BENEFITS:		
BEGINNING OF YEAR	3,315,274	2,550,321
END OF YEAR	\$ 3,790,745	\$ 3,315,274

Note: The Plan's financial statements are for the calendar years 2021 and 2020.

See Notes to Financial Statements.

GREATER HAZLETON JOINT SEWER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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

A. Reporting Entity

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

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

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

The Authority is financially accountable for:

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

GREATER HAZLETON JOINT SEWER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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

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

B. Basis of Presentation

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

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

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

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

C. Fund Accounting

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



GREATER HAZLETON JOINT SEWER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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

**D. Measurement Focus**

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

**E. Basis of Accounting**

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

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

**F. Receivables**

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessments of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

**G. Capital Assets**

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

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

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

GREATER HAZLETON JOINT SEWER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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H. Budget and Budgetary Accounting

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

I. Interest Capitalized

The Authority follows the policy of capitalizing interest as a component of the cost of property and equipment constructed for its own use. For the years ended July 31, 2022 and 2021, the Authority capitalized interest in the amount of \$-0-.

J. Cash Equivalents

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

K. Use of Estimates

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

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

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

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

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

L. Net Position

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

GREATER HAZLETON JOINT SEWER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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

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

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

M. Operating Revenues and Expenses

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

N. Unbilled Revenue

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

O. Long-Term Obligations

Long-term Obligations are carried at cost, net of any applicable premiums and discounts. Original issue bond premiums and discounts are amortized over the life of the bonds utilizing the effective interest method of amortization. The balance of unamortized premiums and discounts is presented as a net increase or decrease to bonds payable. Costs associated with issuance are expensed during the period the obligations are issued.

P. Advertising

The Authority expenses all advertising costs as they are incurred. Total advertising costs for the years ended July 31, 2022 and 2021 were \$3,727 and \$4,124, respectively.

Q. Use of Restricted/Unrestricted Net Position

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

R. Subsequent Events

In preparing these financial statements, management of Greater Hazleton Joint Sewer Authority has evaluated events and transactions subsequent to July 31, 2022 through October 17, 2022, the date these financial statements were available to be issued.

GREATER HAZLETON JOINT SEWER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

2. CONCENTRATIONS

Credit Risk – Accounts Receivable:

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

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

A summary of cash and cash equivalents is as follows:

	July 31, 2022 Proprietary <u>Fund</u>	December 31, 2021 Pension <u>Trust</u>	July 31, 2021 Proprietary <u>Fund</u>	December 31, 2020 Pension <u>Trust</u>
Operating Checking Accounts	\$ 4,009,114	\$ -	\$ 3,050,696	\$ -
Pennsylvania Treasury's INVEST Program for Local Governments	3,976,412	-	3,901,864	-
Money Market Accounts	5,944,754	170,530	5,344,234	375,737
Petty Cash and Cash on Hand	<u>200</u>	<u>-</u>	<u>500</u>	<u>-</u>
 TOTAL CASH AND CASH EQUIVALENTS	 <u>\$ 13,930,480</u>	 <u>\$ 170,530</u>	 <u>\$ 12,297,294</u>	 <u>\$ 375,737</u>

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

	July 31, 2022 Proprietary <u>Fund</u>	December 31, 2021 Pension <u>Trust</u>	July 31, 2021 Proprietary <u>Fund</u>	December 31, 2020 Pension <u>Trust</u>
Current Assets:				
Cash and Cash Equivalents	\$ 12,517,271	\$ 170,530	\$ 10,901,235	\$ 375,737
Restricted Assets:				
Cash and Cash Equivalents	<u>1,413,209</u>	<u>-</u>	<u>1,396,059</u>	<u>-</u>
 TOTAL	 <u>\$ 13,930,480</u>	 <u>\$ 170,530</u>	 <u>\$ 12,297,294</u>	 <u>\$ 375,737</u>

Custodial Credit Risk – Bank Deposits – July 31, 2022

Custodial credit risk is the risk that in the event of a bank failure, the Authority's bank deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of July 31, 2022, \$13,430,280 of the Authority's proprietary fund cash balance of \$13,930,480 was exposed to custodial credit risk as follows:

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

\$ 9,453,868

Uninsured and uncollateralized

\$ 3,976,412

GREATER HAZLETON JOINT SEWER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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Custodial Credit Risk – Bank Deposits – July 31, 2021

Custodial credit risk is the risk that in the event of a bank failure, the Authority's bank deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of July 31, 2021, \$11,796,794 of the Authority's proprietary fund bank balance of \$12,296,794 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the Authority's name in accordance with Pennsylvania Act 72 of 1971	<u>\$ 7,894,930</u>
Uninsured and uncollateralized	<u>\$ 3,901,864</u>

Restricted Assets – Trustee Accounts – Sewer Revenue Bonds

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

Pennsylvania Treasury's INVEST Program for Local Governments:

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

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

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

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

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Investments

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

	December 31, 2021		December 31, 2020	
	Cost	Fair Value	Cost	Fair Value
Pension Trust Fund:				
Common Stocks	\$ 1,114,844	\$ 1,728,443	\$ 947,615	\$ 1,438,150
Mutual Funds	1,039,509	1,120,004	823,364	941,572
Exchange Traded Funds and Closed-End Funds	686,397	688,102	416,164	431,597
Corporate Bonds	33,534	34,729	64,296	67,170
U.S. Government Securities	45,990	48,354	55,894	60,195
TOTAL PENSION TRUST FUND	<u>\$ 2,920,273</u>	<u>\$ 3,619,632</u>	<u>\$ 2,307,333</u>	<u>\$ 2,938,684</u>

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year includes the net appreciation (depreciation) of these investments reported in the prior year.

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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As of July 31, 2022 the Authority's investment balances exposed to interest rate risk was as follows:

Investment Type	<u>Investment Maturities (in Years)</u>				
	Market Value	Less Than 1	1 - 5	6 - 10	More Than 10
Pension Trust Fund:					
U.S. Government Securities	48,354	6,014	42,340	-	-
Corporate Bonds	34,729	20,231	14,498	-	-
Total	83,083	26,245	56,838	-	-

Credit Risk

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

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

<u>Pension Trust Fund - December 31, 2021</u>	
<u>Rating</u>	<u>Amount</u>
Moody's AAA	\$ 4,163
Moody's A1	5,109
Moody's A2	15,217
Moody's A3	10,240
Investments Exempt from Rating	3,584,903
Total Pension Trust Fund Investments	\$ 3,619,632

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, that Authority will not be able to recover that value of investment or collateral securities that are in the possession of an outside party. The Authority does not have a formal investment policy that addresses custodial credit risk. However, the Authority held no investments that were exposed to custodial credit risk at July 31, 2022.

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

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Concentration of Credit Risk

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

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

Pension Trust Fund - December 31, 2021		
	Amount	% of Total
U.S. Government Securities:		
U.S. Treasury Notes	\$ 48,354	1.34%
Total U.S. Government Securities	48,354	1.34%
Exchange Traded Funds and Closed-End Funds	688,102	19.01%
Mutual Funds	1,120,004	30.94%
Stocks	1,728,443	47.75%
Corporate Bonds	34,729	0.96%
 TOTAL PENSION FUND INVESTMENTS	 \$ 3,619,632	 100.00%

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

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

Pension Trust Fund			
Oakmark International Fund	Mutual Fund	\$ 352,722	9.74%

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that addresses foreign currency risk, however, the Authority held no investments that were exposed to foreign currency risk as of July 31, 2022.



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4. FAIR VALUE MEASUREMENTS

To the extent available, the Authority's investments are recorded at fair value at July 31, 2022. GASB Statement No. 72, Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest, and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

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

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

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

The following table summarizes the Authority's investments within the fair value hierarchy as of July 31, 2022:

Pension Trust Fund - December 31, 2021				
	Value	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Debt Securities:				
U.S. Government Securities:				
U.S. Treasury Notes	\$ 48,354	\$ 48,354	-	-
Corporate Bonds	34,729	34,729	-	-
Total Debt Securities	83,083	83,083	-	-
Other Securities:				
Exchange Traded Funds and				
Closed End Funds	688,102	688,102	-	-
Mutual Funds	1,120,004	1,120,004	-	-
Common Stocks	1,728,443	1,728,443	-	-
Total Investments by Fair Value Level	\$ 3,619,632	\$ 3,619,632	-	-

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

Pension Trust Fund - December 31, 2020				
	Value	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Debt Securities:				
U.S. Government Securities:				
U.S. Treasury Notes	\$ 55,147	\$ 55,147	-	-
U.S. Agency - FNMA	5,048	5,048	-	-
Corporate Bonds	67,170	67,170	-	-
Total Debt Securities	127,365	127,365	-	-
Other Securities:				
Exchange Traded Funds and				
Closed End Funds	431,597	431,597	-	-
Mutual Funds	941,572	941,572	-	-
Common Stocks	1,438,150	1,438,150	-	-
Total Investments by Fair Value Level	\$ 2,938,684	\$ 2,938,684	-	-

5. RESTRICTED ASSETS – TRUSTEE ACCOUNTS – SEWER REVENUE BONDS

A summary of restricted assets at July 31, 2022 and 2021 is as follows:

	2022	2021
Series of 2018:		
Debt Service Reserve Fund Account	\$ 726	\$ 719
Series of 2020:		
Clearing Fund	41,047	40,615
Debt Service Reserve Fund Account	1,355,998	1,354,725
Total Series of 2020	1,397,045	1,395,340
Series of 2021:		
Clearing Fund	768	-
Debt Service Fund Account	14,670	-
Total Series of 2021	15,438	-
Total Series of 2018, 2020, and 2021	\$ 1,413,209	\$ 1,396,059
	2022	2021
Restricted Assets:		
Cash and Cash Equivalents	\$ 1,413,209	\$ 1,396,059
Total Restricted Assets	\$ 1,413,209	\$ 1,396,059

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6. ACCOUNTS RECEIVABLE

A summary of the Authority's accounts receivable balances at July 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Accounts Receivable	2,081,804	2,687,831
Less: Allowance for Uncollectable Accounts	<u>(300,000)</u>	<u>(450,000)</u>
<b>ACCOUNTS RECEIVABLE, NET</b>	<b><u>\$ 1,781,804</u></b>	<b><u>\$ 2,237,831</u></b>

During 2022, the Authority resumed delinquent account collection actions that were previously suspended due to the COVID-19 Pandemic. The Authority has a variety of methods available to collect its outstanding receivables, including water shut-offs, municipal liens, and sheriff sales. At July 31, 2022 the Authority has approximately one hundred forty-five (145) liens outstanding. During fiscal year 2022, the Authority was paid for and satisfied approximately 30 liens.

7. PREPAID EXPENSES

A summary of prepaid expenses at July 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Prepaid Insurance	\$ 133,184	\$ 96,285
Prepaid Legal Expense	<u>4,800</u>	<u>4,800</u>
<b>TOTAL PREPAID EXPENSES</b>	<b><u>\$ 137,984</u></b>	<b><u>\$ 101,085</u></b>

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8. CAPITAL ASSETS

Capital asset activity consists of the following for the year ended July 31, 2022:

	August 1, 2021 Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	July 31, 2022 Ending <u>Balance</u>
<b>CAPITAL ASSETS NOT BEING DEPRECIATED:</b>				
Land	\$ 208,165	\$ -	\$ -	\$ 208,165
Construction in Progress	<u>1,720,521</u>	<u>317,840</u>	<u>421,929</u>	<u>1,616,432</u>
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<u>1,928,686</u>	<u>317,840</u>	<u>421,929</u>	<u>1,824,597</u>
<b>CAPITAL ASSETS BEING DEPRECIATED:</b>				
Sewer Treatment Plant, Pumps and Transmission Mains	103,608,091	246,523	-	103,854,614
Storage Buildings	98,232	-	-	98,232
Vehicles	988,630	229,126	91,178	1,126,578
Collection Systems	1,256,887	175,407	-	1,432,294
Equipment	1,388,672	301,723	-	1,690,395
Office Equipment	<u>205,284</u>	<u>-</u>	<u>-</u>	<u>205,284</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<u>107,545,796</u>	<u>952,779</u>	<u>91,178</u>	<u>108,407,397</u>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Sewer Treatment Plant, Pumps, and Transmission Mains	28,122,880	2,815,143	-	30,938,023
Storage Buildings	98,232	-	-	98,232
Vehicles	667,705	131,198	91,178	707,725
Collection Systems	204,069	25,429	-	229,498
Equipment	1,053,750	136,188	-	1,189,938
Office Equipment	<u>184,655</u>	<u>5,783</u>	<u>-</u>	<u>190,438</u>
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>30,331,291</u>	<u>3,113,741</u>	<u>91,178</u>	<u>33,353,854</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET</b>	<u>77,214,505</u>	<u>(2,160,962)</u>	<u>-</u>	<u>75,053,543</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>\$ 79,143,191</u>	<u>\$ (1,843,122)</u>	<u>\$ 421,929</u>	<u>\$ 76,878,140</u>

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Capital asset activity consists of the following for the year ended July 31, 2021:

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

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9. ACCRUED PAYROLL AND COMPENSATED ABSENCES

A summary of accrued payroll and compensated absences at July 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Accrued Payroll	43,142	30,810
Accrued Compensated Absences	<u>245,966</u>	<u>237,104</u>
 Total Accrued Payroll and Compensated Absences	 <u>\$ 289,108</u>	 <u>\$ 267,914</u>

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

	<u>2022</u>	<u>2021</u>
Current Liabilities - Accrued Payroll and Compensated Absences	\$ 231,934	\$ 147,821
Long-Term Portion Noncurrent Liabilities - Compensated Absences	<u>57,174</u>	<u>120,093</u>
 Total Accrued Payroll and Compensated Absences	 <u>\$ 289,108</u>	 <u>\$ 267,914</u>

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

A summary of the Authority's changes in its compensated absences for the years ended July 31, 2022 and 2021 is as follows:

	August 1, 2021 Beginning <u>Balance</u>	Net <u>Additions</u>	July 31, 2022 Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Compensated Absences	<u>\$ 237,104</u>	<u>\$ 8,862</u>	<u>\$ 245,966</u>	<u>\$ 188,792</u>

	August 1, 2020 Beginning <u>Balance</u>	Net <u>Additions</u>	July 31, 2021 Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Compensated Absences	<u>\$ 218,159</u>	<u>\$ 18,945</u>	<u>\$ 237,104</u>	<u>\$ 117,011</u>

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10. LONG TERM DEBT

A. Sewer Revenue Bond, Series of 2018

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

The sources and uses of the funds relative to the issuance of the Bond, exclusive of accrued interest, were as follows:

Source of Funds:

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

Uses of Funds:

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

The Bond was dated March 1, 2018 and accrues interest from that date thereof until maturity or, if redeemable and called for redemption, until the redemption date. The Bond bears interest at a fixed rate of 3.73%.

Redemption Provisions

The Bond is subject to optional redemption as follows:

Optional Redemption:

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

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

Fiscal Year Ending <u>July 31,</u>	Principal <u>Amount</u>	Total <u>Interest</u>
2023	\$ 124,682	\$ 95,665
2024	129,413	90,934
2025	134,324	86,027
2026	139,421	80,927
2027	144,711	75,637
2028 - 2032	810,206	291,532
2033 - 2037	976,035	125,702
2038	162,721	2,539
	<u>\$ 2,621,513</u>	<u>\$ 848,963</u>

B. PennVest Loan #27906

On May 1, 2018 the Authority issued a promissory note with PennVest in the total principal amount of \$2,425,000, the proceeds of which were used to partially fund the Authority's incinerator installation, ash handling system, and sludge dewatering projects. The note bears interest at a fixed rate of 1.00%. The following table sets forth, for each respective year ending July 31, the amounts required to be made available in such year for the repayment of principal and interest.

Fiscal Year Ending <u>July 31,</u>	Maturing <u>Principal</u>	Total <u>Interest</u>
2023	\$ 116,463	\$ 17,366
2024	117,633	16,196
2025	118,815	15,014
2026	120,009	13,821
2027	121,214	12,615
2028 - 2032	624,583	44,563
2033 - 2037	571,171	12,788
	<u>\$ 1,789,888</u>	<u>\$ 132,363</u>

Although the incinerator installation project was fully completed at the end of July 31, 2021, the Authority is compiling additional submissions to PennVest for contractor payments and engineering costs subsequent to the startup of the incinerator. Accordingly, the Authority may have further borrowings against the loan.



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C. Sewer Revenue Bonds, Series of 2020

On May 15, 2020 the Authority issued its Sewer Revenue Bonds, Series of 2020 (the "2020 Bonds"), in the principal amount of \$12,135,000. The net proceeds of the 2020 Bonds were used to refund the Authority's Sewer Revenue Bonds, Series of 2012. The sources and uses of the funds relative to the issuance of the 2020 Bonds were as follows:

SOURCES

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

USES

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

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

The 2020 Bonds are issued by the Authority on a parity basis pursuant to and secured by the Indenture and are secured by a pledge of, lien upon, and security interest created from the Authority, as debtor, under the Indenture to the Trustee, as secured party, in and to all receipts and revenues from the sewer system, as such phrase is defined and applied under the Indenture. In addition, the 2020 Bonds are secured by moneys held in the funds created under the Indenture, including the Debt Service Reserve Fund.

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Redemption Provisions

The 2020 Bonds are subject to optional redemption as follows:

Optional Redemption:

The 2020 Bonds stated to mature on and after May 15, 2029, are subject to redemption prior to maturity, at the option of the Authority, as a whole on May 15, 2028, or on any date thereafter, upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption. In the event that less than all bonds of any particular maturity are to be redeemed, the bonds of such maturity to be redeemed shall be drawn by lot by the Trustee. Any such redemption shall be upon payment of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

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

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

The stated interest rates and maturities of the 2020 Bonds outstanding as of July 31, 2022 are as follows:

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

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

Fiscal Year Ending July 31,	Principal Amount	Total Interest
2023	\$ 935,000	\$ 410,500
2024	970,000	373,100
2025	1,020,000	334,300
2026	1,050,000	293,500
2027	1,090,000	251,500
2028 - 2032	6,135,000	602,200
2033	680,000	13,600
	<u>\$ 11,880,000</u>	<u>\$ 2,278,700</u>

D. Sewer Revenue Bonds, Series of 2021

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

SOURCES

Par Amount	\$ 16,995,000
Plus Net Original Issue Premium (OIP)	<u>2,713,833</u>
<b>TOTAL SOURCES</b>	<b><u>\$ 19,708,833</u></b>

USES

Payoff Pennvest Loan #27769, plus accrued interest	\$ 19,109,534
Payoff Pennvest Loan #58103, plus accrued interest	289,501
Underwriter's Discount	84,975
Municipal Bond Insurance Policy Premium	31,400
Debt Service Reserve Fund Surety	21,888
Other Costs of Issuance	156,884
Deposit to Debt Service Fund	<u>14,651</u>
<b>TOTAL USES</b>	<b><u>\$ 19,708,833</u></b>

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

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

The stated interest rates and maturities of the 2021 Bonds outstanding as of July 31, 2022 are as follows:

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
\$ 1,390,000	3.000%	5/15/2023
1,430,000	4.000%	5/15/2024
1,485,000	4.000%	5/15/2025
1,545,000	4.000%	5/15/2026
1,610,000	4.000%	5/15/2027
1,670,000	4.000%	5/15/2028
1,740,000	4.000%	5/15/2029
1,770,000	4.000%	5/15/2030
1,840,000	4.000%	5/15/2031
1,395,000	4.000%	5/15/2032

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

<u>Fiscal Year Ending July 31,</u>	<u>Principal Amount</u>	<u>Total Interest</u>
2023	\$ 1,390,000	\$ 621,100
2024	1,430,000	579,400
2025	1,485,000	522,200
2026	1,545,000	462,800
2027	1,610,000	411,000
2028 - 2032	<u>8,415,000</u>	<u>991,800</u>
	<u>\$ 15,875,000</u>	<u>\$ 3,588,300</u>

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E. Total Estimated Annual Debt Service Requirements

A summary of the total estimated future debt service requirements for all bonds and notes outstanding as of July 31, 2022 is as follows:

Fiscal Year Ending July 31,	Maturing Principal	Total Interest
2023	\$ 2,566,145	\$ 1,144,631
2024	2,647,046	1,059,630
2025	2,758,139	957,541
2026	2,854,430	851,048
2027	2,965,925	750,752
2028 - 2032	15,984,789	1,930,095
2033 - 2037	2,227,206	152,090
2038	<u>162,721</u>	<u>2,539</u>
	<u>\$ 32,166,401</u>	<u>\$ 6,848,326</u>

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F. Bond and Loan Balance Activity

Bond and loan balance activity for the year ended July 31, 2022 was as follows:

	August 1, 2021 Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	July 31, 2022 Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds and Loans Payable:					
Sewer Revenue Bonds - Series of 2021	\$ -	\$ 16,995,000	\$ 1,120,000	\$ 15,875,000	\$ 1,390,000
Sewer Revenue Bonds - Series of 2020	12,135,000	-	255,000	11,880,000	935,000
Sewer Revenue Bonds - Series of 2018	2,741,638	-	120,125	2,621,513	124,682
PennVest Loan #27906	1,905,193	-	115,305	1,789,888	116,463
PennVest Loan #27769	19,468,002	-	19,468,002	-	-
PennVest Loan #58103	<u>297,508</u>	<u>-</u>	<u>297,508</u>	<u>-</u>	<u>-</u>
	<u>36,547,341</u>	<u>16,995,000</u>	<u>21,375,940</u>	<u>32,166,401</u>	<u>2,566,145</u>
Unamortized Bond					
Premiums:					
OIP Series of 2021	-	2,713,833	308,488	2,405,345	-
OIP Series of 2020	<u>1,420,885</u>	<u>-</u>	<u>281,802</u>	<u>1,139,083</u>	<u>-</u>
	<u>1,420,885</u>	<u>2,713,833</u>	<u>590,290</u>	<u>3,544,428</u>	<u>-</u>
Total Bonds and Loans Payable, Net	<u>\$ 37,968,226</u>	<u>\$ 19,708,833</u>	<u>\$ 21,966,230</u>	<u>\$ 35,710,829</u>	<u>\$ 2,566,145</u>

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

	August 1, 2020 Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	July 31, 2021 Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds and Loans Payable:					
Sewer Revenue Bonds - Series of 2020	12,135,000	-	-	12,135,000	255,000
Sewer Revenue Bonds - Series of 2018	2,857,370	-	115,732	2,741,638	120,124
PennVest Loan #27906	2,019,351	-	114,158	1,905,193	115,305
PennVest Loan #27769	21,022,730	-	1,554,728	19,468,002	1,594,793
PennVest Loan #58103	<u>330,398</u>	<u>-</u>	<u>32,890</u>	<u>297,508</u>	<u>33,964</u>
	<u>38,364,849</u>	<u>-</u>	<u>1,817,508</u>	<u>36,547,341</u>	<u>2,119,186</u>
Unamortized Bond Premium:					
OIP Series of 2020	<u>1,420,885</u>	<u>-</u>	<u>-</u>	<u>1,420,885</u>	<u>-</u>
Total Bonds and Loans Payable, Net	<u>\$ 39,785,734</u>	<u>\$ -</u>	<u>\$ 1,817,508</u>	<u>\$ 37,968,226</u>	<u>\$ 2,119,186</u>

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G. Net Long-Term Debt

A summary of the Authority's Long-Term Debt outstanding as of July 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Sewer Revenue Bonds, Series of 2021	\$ 15,875,000	\$ -
Plus:		
Net Original Issue Premium	<u>2,405,345</u>	<u>-</u>
Net Carrying Amount - Sewer Revenue Bonds, Series of 2021	<u>18,280,345</u>	<u>-</u>
Sewer Revenue Bonds, Series of 2020	11,880,000	12,135,000
Plus:		
Net Original Issue Premium	<u>1,139,083</u>	<u>1,420,885</u>
Net Carrying Amount - Sewer Revenue Bonds, Series of 2020	<u>13,019,083</u>	<u>13,555,885</u>
Sewer Revenue Bonds, Series 2018	2,621,513	2,741,637
PennVest Loan #58103	-	297,508
PennVest Loan #27769	-	19,468,002
PennVest Loan #27906	<u>1,789,888</u>	<u>1,905,193</u>
Total Debt Outstanding	35,710,829	37,968,225
Less: Amount Due in One Year	<u>2,566,145</u>	<u>2,119,186</u>
Total Long-Term Debt, Net	<u>\$ 33,144,684</u>	<u>\$ 35,849,039</u>

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

A. General Information about the Authority's Plan

1. Plan Description

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



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2. Employees Covered by the Plan

The following employees and retirees were covered by the plan:

	<u>As of</u> <u>8/1/2021</u>
Fully Eligible Active Employees	6
Other Active Employees Not Fully Eligible	26
Retirees and Beneficiaries Currently Receiving Benefits	<u>7</u>
 Total	 <u>39</u>

3. Plan Provisions

As of August 1, 2021 the OPEB plan provides the following benefits:

- a. Normal Retirement Eligibility - Minimum of age 62. A retiree must reach Normal Retirement in order to be eligible for retiree health benefits.
- b. Early Retirement Eligibility - Minimum of age 55 with 10 years of services. Individuals that retire early are eligible for life insurance only.
- c. Medical Benefits - Medical, prescription drug, and dental coverage same as active until eligible for Medicare. Upon Medicare eligibility, the Authority will reimburse the retiree 100% of the premium for a Medicare Supplement Plan.
- d. Retiree Contribution - Prior to Medicare eligibility, the retiree is responsible for paying 50% of the premium. Retiree is not required to contribute toward the cost of a Medicare Supplement plan.
- e. Spousal Coverage - For Non-Management retirees, only until the retiree becomes eligible for Medicare, and provided the retiree contributes 50% of the premium for spousal coverage. For Management retirees, Non-Medicare coverage provided the retiree contributes 50% of the premium. Once Medicare eligible, the spouse is covered in full. For both Non-Management and Management retirees that become eligible for Medicare prior to their spouse, the spouse may continue in non-Medicare coverage for a maximum of 3 years by paying 100% of the cost of COBRA.
- f. Dependent Child Coverage - Yes, until the age of 26 or the retiree becomes eligible for Medicare, whichever occurs first.
- g. Survivor Benefits - No.
- h. Life Insurance - \$15,000 benefit.

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4. Contributions

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

B. Investments

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

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

Based on the actuarial calculations performed August 1, 2021, the actuarial present value of projected benefits is \$4,231,359.

D. OPEB Liability

1. Net OPEB Liability

The components of the Net OPEB liability of the Authority at July 31, 2022 and 2021 were as follows:

	<u>2021</u>	<u>2020</u>
Total OPEB Liability (TOL)	\$ 2,476,084	\$ 3,099,918
Plan Fiduciary Net Position	<u>-</u>	<u>-</u>
Net OPEB Liability (NOL)	<u>\$ 2,476,084</u>	<u>\$ 3,099,918</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 <u>0.0%</u>	 <u>0.0%</u>

2. Actuarial Assumptions

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability was determined as part of an actuarial valuation at August 1, 2021. Updated procedures were used to roll forward to the Authority's fiscal year ending July 31, 2022. This report is based upon the following actuarial assumptions, asset valuation method, and cost method:

a. Actuarial Methods

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

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- b. Actuarial Assumptions
  - 1. Economic Assumptions
    - a. Investment Return- There are no invested assets.
    - b. Salary Increases- 4.0% compounded annually.
    - c. Discount Rate- 3.84%.
  - 2. Healthcare Cost Trend Rate
    - a. Non Medicare medical and prescription drug costs are assumed to increase by 7.0% in year 1 reduced by 0.25% per year thereafter to an ultimate level of 4% per year.
    - b. Medicare supplement costs are assumed to increase by 5% from years 2022 through 2029, 5.25% from 2030 through 2052, 5.00% from 2053 through 2060, 4.75% from 2061 through 2067, 4.50% from 2068 through 2071, 4.25% from 2072 through 2074, and 4.00% from 2075 and thereafter.
    - c. Dental costs are assumed to increase by 2% per year.
  - 3. Demographic Assumptions
    - a. Mortality- 2010 PUB-G projected to 2026 using Scale MP-2020.
    - b. Termination - None assumed.
    - c. Disability - None assumed.
    - d. Retirement is assumed to occur at normal retirement age of 62.
    - e. Participation - 100% of eligible retirees are assumed to participate.
    - f. Marital Status - 50% of future retirees are assumed to have a spouse participating in coverage. Female spouses are assumed to be 3 years younger than male spouses.
    - g. Children - It is assumed that by the age of normal retirement (age 62), there will be no children in coverage.
  - 3. Long-Term Expected Rate of Return

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

The discount rate is 3.84% and is based on the S&P 20 year AA municipal bond rate.

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5. Net OPEB Liability Sensitivity- Discount Rate

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 3.84% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

	1% Decrease <u>2.84%</u>	Current Discount Rate <u>3.84%</u>	1% Increase <u>4.84%</u>
Net OPEB Liability	\$ <u>2,871,416</u>	\$ <u>2,476,084</u>	\$ <u>2,153,214</u>

6. Net OPEB Liability Sensitivity- Healthcare Trend

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

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability	\$ <u>2,110,541</u>	\$ <u>2,476,084</u>	\$ <u>2,940,630</u>

7. Changes in Net OPEB Liability

The following table shows the changes in net OPEB liability recognized for the year ended July 31, 2022:

	Increase/(Decrease)		
	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balances at July 31, 2021	\$ <u>3,099,918</u>	\$ <u>-</u>	\$ <u>3,099,918</u>
Changes for the Year:			
Service Cost	132,765	-	132,765
Interest	92,862	-	92,862
Differences Between Expected and Actual Experience	(431,714)	-	(431,714)
Changes in Assumptions and Cost Method	(347,622)	-	(347,622)
Contributions - Employer	-	70,125	(70,125)
Benefit Payments*	(70,125)	(70,125)	-
Net Changes	(623,834)	-	(623,834)
Balances at July 31, 2022	\$ <u>2,476,084</u>	\$ <u>-</u>	\$ <u>2,476,084</u>

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

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

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

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

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

		<u>Measurement Year Ended July 31, 2022</u>
Change in OPEB Liability:		
July 31, 2022	2,476,084	
July 31, 2021	<u>3,099,918</u>	\$ (623,834)
Change in Deferred Outflows of Resources:		
July 31, 2022	<u>105,919</u>	105,919
Change in Deferred Inflows of Resources:		
July 31, 2022	<u>571,478</u>	571,478
Contributions - Authority		<u>70,125</u>
<b>NET OPEB EXPENSE</b>		<u><b>\$ 123,688</b></u>

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		Measurement Year Ended <u>July 31, 2021</u>
Change in OPEB Liability:		
July 31, 2021	3,099,918	
July 31, 2020	<u>2,885,624</u>	\$ 214,294
Change in Deferred Outflows of Resources:		
July 31, 2021	<u>12,836</u>	12,836
Change in Deferred Inflows of Resources:		
July 31, 2021	<u>(37,043)</u>	(37,043)
Contributions - Authority		<u>65,849</u>
NET OPEB EXPENSE		<u>\$ 255,936</u>

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

	<u>July 31, 2022</u>	<u>July 31, 2021</u>
Service Cost	\$ 132,765	\$ 188,895
Interest on Total OPEB Liability	92,862	91,248
Difference Between Expected and Actual Experience	(80,103)	(37,043)
Changes in Assumptions and Cost Method	<u>(21,836)</u>	<u>12,836</u>
Total OPEB Expense	<u>\$ 123,688</u>	<u>\$ 255,936</u>

F. Deferred Outflows and Deferred Inflows of Resources

At July 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience*	\$ -	\$ (657,297)
Changes in Assumptions**	<u>-</u>	<u>(219,867)</u>
Total	<u>\$ -</u>	<u>\$ (877,164)</u>

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

Year Ended July 31:

2023	101,939
2024	101,939
2025	101,939
2026	101,939
2027	101,939
Thereafter	367,469

\*The majority of the difference is due to lower than expected projected increases in Non-Medicare medical and prescription drug premiums, Medicare Supplement reimbursement and dental costs, in addition to the fact that a number of active participants are eligible for and expected to retire did not retire.

\*\*The discount rate changed from 3.00% to 3.84%. The assumed rates of mortality changed from RP-2014 at 2006 projected fully generational using Scale MP-2017 to 2010 PUB-G projected to 2026 using Scale MP-2020.

## 12. EMPLOYEES RETIREMENT PLAN

### A. General Information about the Pension Plan

#### 1. Plan Description

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

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

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2. Employees Covered by The Plan

As of January 1, 2022 and 2021, the following employees were covered by the benefit terms:

	Actuarial Valuation Date	
	1/1/22	1/1/21
Active Employees	27	30
Retirees and Beneficiaries Currently Receiving Benefits	<u>11</u>	<u>11</u>
TOTAL	<u>38</u>	<u>41</u>

3. Benefit Provisions

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

- a. Eligibility - All employees who have completed 1,000 hours of service within 12 months and not employed within 5 years of Normal Retirement Date. Effective May 15, 2017, participation in the Plan will be frozen. No new employees will enter the Plan after May 15, 2017.
- b. Retirement Dates:
  1. Normal Retirement Date - First day of month following the member's sixty-second (62<sup>nd</sup>) birthday.
  2. Early Retirement Date - Attainment of member's fifty-fifth (55<sup>th</sup>) birthday and completion of ten (10) years of credited service.
  3. Postponed Retirement Date - A member may continue to work past his Normal Retirement Date in accordance with the Age Discrimination Act.
  4. Disability Retirement Date - Qualified for Social Security Disability or demonstrates to the Committee that the member has a permanent and total disability.
- c. Retirement Benefits:
  1. Normal Retirement Benefit - Shall be determined for each year of service in accordance with the following table:



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For Participants Whose Date of Determination is On or After	Hours of Service Within Calendar Year		
	1000-1399	1400-1799	1800 or More
5/15/1987	\$ 8.00	\$ 12.00	\$ 15.00
5/15/1993	10.50	16.00	20.00
5/15/1994	11.00	17.00	21.25
5/15/1995	11.50	17.50	21.50
5/15/1996	12.03	18.04	22.55
5/15/1997	12.59	18.88	23.60
5/15/1998	13.15	19.72	24.65
5/15/1999	13.87	20.80	26.00
5/15/2000	14.93	22.40	28.00
5/15/2001	16.53	24.80	31.00
5/15/2002	17.60	26.40	33.00
5/15/2003	18.67	28.00	35.00
5/15/2006	21.33	32.00	40.00
5/15/2011	24.00	36.00	45.00
5/15/2014	26.67	40.00	50.00
5/15/2017	29.33	44.00	55.00
5/15/2022	29.86	44.80	56.00

2. Early Retirement Benefit

- a. Early Deferred Benefit – Shall be equal to the employee’s accrued benefit as of their date of early retirement payable at age 62.
- b. Early Immediate Benefit – Shall be equal to the equivalent actuarial value of the employee’s early deferred benefit.

3. Postponed Retirement Benefit - Benefits shall increase in the normal manner as affected by continuing employment beyond age 62.

4. Disability Retirement Benefit - Shall be equal to the equivalent actuarial value of the employee’s accrued benefit as of the date of disability.

d. Vested Benefits:

- 1. Accrued Benefit – Normal retirement benefit earned to date of termination of employment.

GREATER HAZLETON JOINT SEWER AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
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2. Vested Benefit – Determined by multiplying the Accrued Benefit by the applicable percentage, as follows:

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

- e. Death Benefits:
1. Pre-Retirement – Equal to the present value of the member’s accrued benefit at date of death.
  2. Post-Retirement – None, unless the member chooses a Life with 10 Year Certain or Joint & Survivor Option.
- f. Retirement Benefit Payments:
1. Normal Retirement Benefit – Payable in equal monthly installments during the employee’s lifetime.
  2. Qualified Joint & Survivor Options – Equivalent actuarial value of the Normal Retirement Benefit.
    - a. 100% Survivor – Spouse receives the same monthly benefit the member was receiving.
    - b. 50% Survivor – Spouse receives 50% of the monthly benefit the member was receiving.
  3. Ten Years Certain and Life Option – The equivalent actuarial value of the Normal Retirement Benefit. Payable in monthly installments during the employee’s lifetime. If the employee dies before receiving 120 monthly payments, the balance of the 120 payments will be made to the member’s beneficiary(ies).
- g. Plan Anniversary Date - January 1
- h. Administrative Committee - Committee has general responsibility for the administration and interpretation of the Plan. The Committee shall consist of at least three (3) persons appointed by the Board of Directors and three (3) employee representatives.

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

j. Plan Document:

A. Effective Date of Plan	5/15/75
B. Amendment #1	5/15/75
C. Amendment #2 Rewrite	5/15/78
D. Amendment #3	5/15/81
E. Amendment #4	5/15/84
F. Amendment #5	5/15/93
G. Amendment #6	2/10/97
H. Amendment #7	5/15/02
I. Amendment #8	2/19/03
J. Amendment #9	9/6/06
K. Amendment #10	8/21/12
L. Amendment #11	1/30/14
M. Amendment #12	5/15/17
N. Amendment #13	9/13/21
O. Amendment #14	5/15/22

4. Contributions

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

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

GREATER HAZLETON JOINT SEWER AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
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B. Summary of Significant Accounting Policies

1. Basis of Accounting

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

2. Valuation of Investments

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

C. Investments

1. Investment Policy

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

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

<u>Asset Class</u>	<u>Target</u>	<u>Asset Class</u>	<u>Target</u>
Equities	35%	Governmental Securities	1%
Corporate Fixed	1%	Mutual Funds, ETFs & CEFs	55%
		Cash	8%

The asset classes that are currently displayed are based on the actual market value asset allocation.

2. Rate of Return

For the year ended July 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -12.34%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Deferred Retirement Option Program (DROP)

The Plan does not provide a Deferred Retirement Option Program.

GREATER HAZLETON JOINT SEWER AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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E. Pension Liability

1. Net Pension Liability

The components of the net pension liability of the Authority as of July 31, 2022 were as follows:

Total Pension Liability (TOL)	\$ 4,006,688
Plan Fiduciary Net Position	3,426,678
Net Pension Liability (NOL)	\$ 580,010
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.5%

2. Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2021. Update procedures were used to roll forward to the Plan's fiscal year ending July 31, 2022. This report is based upon the following actuarial assumptions, asset valuation method, and cost method:

a. Actuarial Methods

1. Liabilities- All plan benefits are valued using the Entry Age Normal Cost Valuation method.

b. Actuarial Assumptions

1. Economic Assumptions

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

2. Demographic Assumptions

a. Mortality- RP-2000 Mortality Table projected to 2017 using Scale AA.

i. Pre-Retirement Mortality: PubG-2010 Employee Mortality projected 5 years past the valuation date using Scale MP-2020.

ii. Post-Retirement Mortality: PubG-2010 Healthy Retiree Mortality projected 5 years past the valuation date using Scale MP-2020.

iii. Beneficiaries Mortality: PubG-2010 Contingent Survivor Mortality projected 5 years past the valuation date using Scale MP-2020.

iv. Disabled Mortality: PubG-2010 Disabled Mortality projected 5 years past the valuation date using Scale MP-2020.

b. Termination- None assumed.

c. Disability- None assumed.

d. Retirement Age- Normal retirement age or age on valuation date if greater.

e. Form of Annuity- Straight life.

GREATER HAZLETON JOINT SEWER AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
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3. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.24%), are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 31, 2021 are summarized in the following table:

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

The Long-Term Expected Real Rates of Return are based on the 2021 Horizon Survey.

4. Discount Rate

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

5. Net Pension Liability Sensitivity

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

	1% Decrease <u>5.50%</u>	Current Discount Rate <u>6.50%</u>	1% Increase <u>7.50%</u>
Net Pension Liability	\$ 1,176,159	\$ 580,010	\$ 356,603

GREATER HAZLETON JOINT SEWER AUTHORITY  
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6. Changes in Net Pension Liability

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

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at July 31, 2021	\$ 3,789,355	\$ 3,858,179	\$ (68,824)
Changes for the Year:			
Service Cost	78,829	-	78,829
Interest	249,400	-	249,400
Changes in Benefit Terms	48,372	-	48,372
Changes of Assumptions	-	-	-
Contributions - Employer*	-	223,000	(223,000)
Net Investment Income	-	(478,883)	478,883
Benefit Payments	(159,268)	(159,268)	-
Administrative Expense	-	(16,350)	16,350
Net Changes	<u>217,333</u>	<u>(431,501)</u>	<u>648,834</u>
Balance at July 31, 2022	<u>\$ 4,006,688</u>	<u>\$ 3,426,678</u>	<u>\$ 580,010</u>
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at July 31, 2020	\$ 3,191,830	\$ 2,669,955	\$ 521,875
Changes for the Year:			
Service Cost	77,421	-	77,421
Interest	208,641	-	208,641
Differences Between Expected and Actual Experience	(64,364)	-	(64,364)
Changes of Assumptions	494,609	-	494,609
Contributions - Employer*	-	700,000	(700,000)
Net Investment Income	-	644,483	(644,483)
Benefit Payments	(118,782)	(118,782)	-
Administrative Expense	-	(37,477)	37,477
Net Changes	<u>597,525</u>	<u>1,188,224</u>	<u>(590,699)</u>
Balance at July 31, 2021	<u>\$ 3,789,355</u>	<u>\$ 3,858,179</u>	<u>\$ (68,824)</u>

\*Employer contributions as of fiscal year end July 31, 2022 and 2021.

GREATER HAZLETON JOINT SEWER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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

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

			Measurement Year Ended <u>July 31, 2022</u>
Change in Net Pension Liability:			
July 31, 2022	580,010		
July 31, 2021	<u>(68,824)</u>	\$	648,834
Change in Deferred Outflows of Resources:			
July 31, 2022	(741,588)		
July 31, 2021	<u>(460,709)</u>		(280,879)
Change in Deferred Inflows of Resources:			
July 31, 2022	126,195		
July 31, 2021	<u>442,739</u>		(316,544)
Contributions - Authority*			223,000
Contributions - 457(b) Match			<u>15,923</u>
NET PENSION EXPENSE		\$	<u>290,334</u>
*Contributions as of fiscal year end July 31, 2022.			
			Measurement Year Ended <u>July 31, 2021</u>
Change in Net Pension Liability:			
July 31, 2021	(68,824)		
July 31, 2020	<u>521,875</u>	\$	(590,699)
Change in Deferred Outflows of Resources:			
July 31, 2021	(460,709)		
July 31, 2020	<u>(143,600)</u>		(317,109)
Change in Deferred Inflows of Resources:			
July 31, 2021	442,739		
July 31, 2020	<u>113,783</u>		328,956
Contributions - Authority*			700,000
Contributions - 457(b) Match			5,979
Actuarial Fees			<u>8,139</u>
NET PENSION EXPENSE		\$	<u>135,266</u>
*Contributions as of fiscal year end July 31, 2021.			



GREATER HAZLETON JOINT SEWER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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Alternatively, annual pension expense can be calculated by its individual components, as follows:

	<u>July 31, 2022</u>	<u>July 31, 2021</u>
Service Cost	\$ 78,829	\$ 77,421
Interest on Total Pension Liability	249,400	208,641
Changes in Benefit Terms	48,372	-
Differences Between Expected and Actual Experience	(25,976)	(25,976)
Changes of Assumptions	67,088	67,088
Projected Earnings on Pension Plan Investments	(248,698)	(179,844)
Differences Between Projected and Actual Earnings on Investments	89,046	(63,659)
Administrative Expense	<u>16,350</u>	<u>37,477</u>
 Total Pension Plan Expense	 274,411	 121,148
 Contributions - 457(b) Match	 15,923	 5,979
 Actuarial Fees	 <u>-</u>	 <u>8,139</u>
 Total Pension Expense	 <u>\$ 290,334</u>	 <u>\$ 135,266</u>

8. Deferred Outflows and Deferred Inflows of Resources

At July 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ (126,195)
Changes in Assumptions	393,621	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>347,967</u>	<u>-</u>
 Total	 <u>\$ 741,588</u>	 <u>\$ (126,195)</u>

GREATER HAZLETON JOINT SEWER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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

Year Ended July 31:

2023	126,699
2024	105,386
2025	93,668
2026	186,828
2027	41,311
Thereafter	61,501

### 13. RISK MANAGEMENT

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

### 14. COMMITMENTS AND CONTINGENCIES

#### Construction Contracts

The Authority has entered into various substantial construction contracts related to capital projects and major improvements to the Authority's treatment facilities, several of which are incomplete as of July 31, 2022. Details concerning the nature and amount of the contracts can be obtained from the Authority.

#### Union Agreements

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

#### State Assisted Grant Program

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

GREATER HAZLETON JOINT SEWER AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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Operating Regulations, Permits and Licenses

The nature of the Authority's operations subjects it to various federal, state and local regulations, permits, and licenses related to plant operations and discharges from the Authority's treatment facilities. Details concerning these regulations, permits, and licenses can be obtained from the Authority.

15. EFFECTS OF NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued the following statements with effective dates subsequent to July 31, 2022. The Authority has not evaluated the effects these statements will have on its financial statements.

<u>Statement</u>	<u>Effective for Reporting Periods Beginning After</u>	<u>Authority's Fiscal Year End Effective Date</u>
No. 100, <i>Accounting Changes and Error Corrections</i> — an amendment of GASB Statement No. 62	June 15, 2023	July 31, 2023
No. 101, <i>Compensated Absences</i>	December 15, 2023	July 31, 2024

GREATER HAZLETON JOINT SEWER AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION TRUST FUND  
SCHEDULE OF CHANGES IN AUTHORITY'S NET PENSION LIABILITY  
AND RELATED RATIOS  
LAST 10 FISCAL YEARS\*  
JULY 31, 2022  
(UNAUDITED)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability								
Service Cost	\$ 78,829	\$ 77,421	\$ 76,474	\$ 76,474	\$ 80,111	\$ 72,828	\$ 65,518	\$ 45,445
Interest	249,400	208,641	226,587	220,445	208,185	186,290	176,073	159,303
Changes of Benefit Terms	48,372	-	-	-	151,206	-	-	114,930
Differences Between Expected and Actual Experience	-	(64,364)	-	(102,011)	-	(14,850)	-	(57,436)
Changes of Assumptions	-	494,609	-	-	-	9,060	-	62,290
Benefit Payments, Including								
Refunds of Member Contributions	(159,268)	(118,782)	(111,834)	(114,196)	(128,197)	(111,559)	(113,802)	(122,590)
Net Change in Total Pension Liability	217,333	597,525	191,227	80,712	311,305	141,769	127,789	201,942
Total Pension Liability - Beginning	3,789,355	3,191,830	3,000,603	2,919,891	2,608,586	2,466,817	2,339,028	2,137,086
Total Pension Liability - Ending	<u>\$ 4,006,688</u>	<u>\$ 3,789,355</u>	<u>\$ 3,191,830</u>	<u>\$ 3,000,603</u>	<u>\$ 2,919,891</u>	<u>\$ 2,608,586</u>	<u>\$ 2,466,817</u>	<u>\$ 2,339,028</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 223,000	\$ 700,000	\$ 223,000	\$ 473,000	\$ 473,000	\$ 220,000	\$ 177,500	\$ 169,000
Net Investment Income (Loss)	(478,883)	644,483	125,579	53,657	110,394	142,262	(13,215)	28,675
Benefit Payments, Including								
Refunds of member Contributions	(159,268)	(118,782)	(111,834)	(114,196)	(128,197)	(111,559)	(113,802)	(122,590)
Administrative Expense	(16,350)	(37,477)	(40,814)	(27,047)	(30,151)	(10,705)	(21,533)	(24,130)
Net Change in Plan Fiduciary Net Position	(431,501)	1,188,224	195,931	385,414	425,046	239,998	28,950	50,955
Plan Net Position - Beginning	3,858,179	2,669,955	2,474,024	2,088,610	1,663,564	1,423,566	1,394,616	1,343,661
Plan Net Position - Ending	<u>\$ 3,426,678</u>	<u>\$ 3,858,179</u>	<u>\$ 2,669,955</u>	<u>\$ 2,474,024</u>	<u>\$ 2,088,610</u>	<u>\$ 1,663,564</u>	<u>\$ 1,423,566</u>	<u>\$ 1,394,616</u>
Authority's Net Pension Liability (Asset)	<u>\$ 580,010</u>	<u>\$ (68,824)</u>	<u>\$ 521,875</u>	<u>\$ 526,579</u>	<u>\$ 831,281</u>	<u>\$ 945,022</u>	<u>\$ 1,043,251</u>	<u>\$ 944,412</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>85.5%</u>	<u>101.8%</u>	<u>83.6%</u>	<u>82.5%</u>	<u>71.5%</u>	<u>63.8%</u>	<u>57.7%</u>	<u>59.6%</u>

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

Source: Valuations performed by the Authority's actuary.

GREATER HAZLETON JOINT SEWER AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 DEFINED BENEFIT PENSION TRUST FUND  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 AND INVESTMENT RETURNS  
 LAST 10 FISCAL YEARS\*  
 JULY 31, 2022  
 (UNAUDITED)

Schedule of Employer Contributions Last 10 Fiscal Years											
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially Determined Contribution	\$ 201,705	\$ 199,735	\$ 195,238	\$ 195,238	\$ 177,335	\$ 177,335	\$ 146,835	\$ 150,839	\$ 123,723	\$ 123,723	\$ 109,783
Contributions in Relation to the Actuarially Determined Contribution	<u>223,000</u>	<u>700,000</u>	<u>473,000</u>	<u>473,000</u>	<u>220,000</u>	<u>177,500</u>	<u>169,000</u>	<u>169,000</u>	<u>153,500</u>	<u>142,500</u>	<u>111,000</u>
Contribution Excess	<u>\$ (21,295)</u>	<u>\$ (500,265)</u>	<u>\$ (277,762)</u>	<u>\$ (277,762)</u>	<u>\$ (42,665)</u>	<u>\$ (165)</u>	<u>\$ (22,165)</u>	<u>\$ (18,161)</u>	<u>\$ (29,777)</u>	<u>\$ (18,777)</u>	<u>\$ (1,217)</u>

Actuarially Determined Contribution as reported in this schedule is based on a calendar year and the contributions in relations to the calendar year 2022 cannot yet be determined.

Source: Valuations performed by the Authority's actuary.

Schedule of Investment Returns Last 10 Fiscal Years*								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	<u>-12.34%</u>	<u>21.90%</u>	<u>5.00%</u>	<u>2.38%</u>	<u>6.51%</u>	<u>12.55%</u>	<u>-0.93%</u>	<u>2.12%</u>

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

Source: Valuations performed by the Authority's actuary.

GREATER HAZLETON JOINT SEWER AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS  
SCHEDULE OF CHANGES IN AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JULY 31, 2022  
(UNAUDITED)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 132,765	\$ 188,895	\$ 181,630	\$ 205,466	\$ 197,563
Interest	92,862	91,248	85,246	93,606	85,899
Difference Between Expected and Actual Experience	(431,714)	-	(379,772)	-	-
Change in Assumptions and Cost Method	(347,622)	-	131,591	-	-
Benefit Payments	<u>(70,125)</u>	<u>(65,849)</u>	<u>(82,317)</u>	<u>(49,104)</u>	<u>(59,340)</u>
Net Change in Total OPEB Liability	(623,834)	214,294	(63,622)	249,968	224,122
Total OPEB Liability - Beginning	<u>3,099,918</u>	<u>2,885,624</u>	<u>2,949,246</u>	<u>2,699,278</u>	<u>2,475,156</u>
Total OPEB Liability - Ending	<u>\$ 2,476,084</u>	<u>\$ 3,099,918</u>	<u>\$ 2,885,624</u>	<u>\$ 2,949,246</u>	<u>\$ 2,699,278</u>
Plan Fiduciary Net Position					
Plan Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Net OPEB Liability	<u>\$ 2,476,084</u>	<u>\$ 3,099,918</u>	<u>\$ 2,885,624</u>	<u>\$ 2,949,246</u>	<u>\$ 2,699,278</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Covered Employee Payroll	<u>\$ 2,195,915</u>	<u>\$ 2,283,751</u>	<u>\$ 2,195,915</u>	<u>\$ 2,151,537</u>	<u>\$ 2,068,786</u>
Net OPEB Liability as a Percentage of Covered Employee Payroll	<u>112.8%</u>	<u>135.7%</u>	<u>131.4%</u>	<u>137.1%</u>	<u>130.5%</u>

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

Source: Valuation performed by the Authority's actuary.

GREATER HAZLETON JOINT SEWER AUTHORITY  
SCHEDULES OF SEWER TREATMENT REVENUES  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	July 31, 2022				
	<u>Hazleton</u>	West <u>Hazleton</u>	Hazle <u>Township</u>	Sugarloaf <u>Township</u>	<u>Total</u>
Residential	\$ 4,000,256	\$ 728,379	\$ 1,640,168	\$ 47,891	\$ 6,416,694
Non-Residential	650,605	133,843	197,668	5,996	988,112
Industrial	379,374	162,130	377,683	120,333	1,039,520
Schools	<u>86,269</u>	<u>29,636</u>	<u>146,778</u>	-	<u>262,683</u>
	5,116,504	1,053,988	2,362,297	174,220	8,707,009
Penalties	<u>122,387</u>	<u>17,737</u>	<u>34,275</u>	-	<u>174,399</u>
TOTAL	<u>\$ 5,238,891</u>	<u>\$ 1,071,725</u>	<u>\$ 2,396,572</u>	<u>\$ 174,220</u>	8,881,408
Outside Independent Haulers Surcharge					1,954,477
					<u>282,319</u>
TOTAL SEWER TREATMENT REVENUES					<u>\$ 11,118,204</u>

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

GREATER HAZLETON JOINT SEWER AUTHORITY  
SCHEDULES OF SEWER TRANSMISSION REVENUES  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	July 31, 2022		
	West		
	<u>Hazleton</u>	<u>Hazleton</u>	<u>Total</u>
Residential	\$ 1,318,386	\$ 242,074	\$ 1,560,460
Non-Residential	218,649	44,801	263,450
Industrial	125,417	54,077	179,494
Schools	<u>28,668</u>	<u>9,849</u>	<u>38,517</u>
	1,691,120	350,801	2,041,921
Penalties	<u>42,189</u>	<u>6,134</u>	<u>48,323</u>
 TOTAL SEWER TRANSMISSION REVENUES	 <u>\$ 1,733,309</u>	 <u>\$ 356,935</u>	 <u>\$ 2,090,244</u>

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



GREATER HAZLETON JOINT SEWER AUTHORITY  
SCHEDULES OF OPERATING EXPENSES  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>PLANT</b>		
Salaries and Wages	\$ 1,586,964	\$ 1,453,930
Chemicals, Chlorine, and Other Supplies	985,020	863,738
Repairs and Maintenance	814,216	535,139
Electricity	662,706	531,152
Bio Solids Removal and Disposal	284,303	296,823
Payroll Taxes	130,286	121,170
Odor Control	86,277	30,495
Laboratory Supplies and Expense	74,253	55,773
Natural Gas	65,222	102,504
General Supplies	51,196	40,678
Water	29,490	24,947
Small Tools and Parts	17,210	15,908
Truck Expense	13,676	8,994
Grease and Oils	12,108	24,165
Oil	9,302	1,994
Employee Work Clothes	8,663	8,445
Miscellaneous Expense	1,870	3,904
Industrial Pretreatment Expenses	670	4,698
	<u>4,833,432</u>	<u>4,124,457</u>
<b>TOTAL PLANT</b>	<b>\$ 4,833,432</b>	<b>\$ 4,124,457</b>
<b>PUMPING STATION</b>		
Salaries and Wages	\$ 310,527	\$ 309,970
Repairs and Maintenance	130,690	97,731
Electricity	76,826	159,147
Payroll Taxes	23,689	23,969
Water	12,561	12,307
Natural Gas	1,328	1,052
	<u>555,621</u>	<u>604,176</u>
<b>TOTAL PUMPING STATION</b>	<b>\$ 555,621</b>	<b>\$ 604,176</b>
<b>COLLECTION SYSTEM</b>		
Salaries and Wages	\$ 422,572	\$ 419,349
Maintenance and Repairs	301,802	282,433
Insurance - Group	107,375	84,143
Equipment Maintenance	89,990	10,821
Truck Expense	62,818	33,182
Payroll Taxes	31,680	32,072
General Supplies	22,254	51,299
Miscellaneous	21,177	12,545
Engineering	19,761	25,737
PA One Call	1,259	1,941
	<u>1,080,688</u>	<u>953,522</u>
<b>TOTAL COLLECTION SYSTEM</b>	<b>\$ 1,080,688</b>	<b>\$ 953,522</b>

GREATER HAZLETON JOINT SEWER AUTHORITY  
SCHEDULES OF OPERATING EXPENSES  
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ADMINISTRATIVE		
Insurance - Group	\$ 444,816	\$ 372,640
Pension Plan Expense	290,334	135,266
Salaries and Wages	160,651	123,672
Other Post-Employment Benefits (OPEB)	123,688	255,936
Consulting and Engineering	113,468	95,452
Legal Expense	109,962	106,540
Insurance - General	103,904	94,611
Insurance - Workers' Compensation	76,352	77,298
Repairs and Maintenance	36,296	45,616
Office Supplies and Expense	32,105	30,407
Auditing Expense	32,000	32,000
Billing and Collection Expense	25,889	20,007
Conferences, Seminars and Travel	25,768	8,587
Postage	24,604	22,253
Board Member Fees	17,100	17,300
Insurance - Directors Life and Disability	12,369	11,229
Telephone	12,337	12,824
Payroll Taxes	12,278	8,869
General Supplies	11,454	5,722
Eye Glass Reimbursement	11,115	8,998
Payroll Preparation	7,545	7,233
Utilities-Administration Building	7,265	6,271
Dues and Subscriptions	5,450	4,447
Bond Premium	4,732	4,732
Postage and Freight	4,213	2,832
Advertising	3,727	4,124
Trustee Fees	3,500	3,500
Miscellaneous Expense	2,527	923
Bad Debt Recovery	<u>(150,000)</u>	<u>-</u>
 TOTAL ADMINISTRATIVE	 <u>\$ 1,565,449</u>	 <u>\$ 1,519,289</u>