

**WILLIAM
OWENS &
COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION**

5 JOHN STREET
CARBONDALE, PA 18407
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WILLIAM E. OWENS, CPA
ANNE WEAVER, CPA, CFE
EDWARD P. ANDERSON, CPA

**GREENFIELD TOWNSHIP
SEWER AUTHORITY**

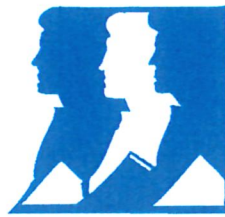
Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

GREENFIELD TOWNSHIP SEWER AUTHORITY
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
Financial Statements:	
Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13
Supplementary Information	
Supplementary Budget Vs. Actual Schedules	14



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INDEPENDENT AUDITOR'S REPORT

To the Board Members of the
Greenfield Township Sewer Authority
Greenfield Township, PA

Opinion

We have audited the accompanying financial statements of Greenfield Township Sewer Authority (the Authority) as of and for the year ended December 31, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Greenfield Township Sewer Authority, as of December 31, 2022, and the results of its operations and cash flows for the year then ended in conformity 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. 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 Greenfield Township Sewer 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

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

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Greenfield Township Sewer 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 Greenfield Township Sewer 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.

Required on Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis which is required by the Governmental Accounting Standards Board Statement No. 34.

William Owens & Co, CPA's

William Owens and Company
Certified Public Accountants
Carbondale, Pennsylvania
July 24, 2023

Greenfield Township Sewer Authority
Statement of Net Position
December 31, 2022

ASSETS

Current Assets:	
Cash	\$ 38,005
Accounts Receivable, Net of Allowance for Doubtful Accounts	56,475
Prepaid Insurance	3,101
Other Receivable	327,570
Total Current Assets	425,151
Property, Plant, and Equipment (at cost)	7,446,874
Less Accumulated Depreciation	(5,661,871)
Net Property, Plant, and Equipment	1,785,003
Total Assets	\$ 2,210,154

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts Payable	\$ 131,112
Current Portion of Long-Term Debt	137,780
Total Current Liabilities	268,892
Long-Term Liabilities:	
Loans Payable, Net of Current Portion	1,427,147
Total Long-Term Liabilities	1,427,147
Total Liabilities	1,696,039
Net Position:	
Invested In Capital Assets	220,076
Unrestricted	294,039
Total Net Position	514,115
Total Liabilities and Net Position	\$ 2,210,154

Greenfield Township Sewer Authority
Statement of Revenues, Expenditures, and Changes in Net Position
For the Year Ended December 31, 2022

Operating Revenues:		
Sales of Services/ User Charges, Net		\$ 698,616
Total Operating Revenues		698,616
Operating Expenses:		
Administration	-Salaries	17,057
	-Other Costs	28,335
Depreciation		149,949
Other Operating Expenses		562,360
Total Operating Expenses		757,701
Operating Loss		(59,085)
Nonoperating Revenues/(Expenses):		
Interest Income		46
Interest Expense		(28,304)
Other Income		323,000
Total Nonoperating Revenues/(Expenses)		294,742
Change in Net Position		235,657
Net Position-Beginning of Year		278,458
Net Position-End of Year		\$ 514,115

Greenfield Township Sewer Authority
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows From Operating Activities:

Cash received from customers	\$ 422,507
Cash payments to suppliers of goods or services	(588,820)
Cash payments to employees for services	(76,745)
Net cash used by operating activities	<u>(243,058)</u>

Cash Flows From Noncapital Financing Activities:

Proceeds from legal settlement	<u>323,000</u>
Net cash provided by noncapital financing activities	<u>323,000</u>

Cash Flows From Capital and Related Financing Activities:

Interest payments on loan	(28,304)
Borrowing on long-term debt	116,960
Principal payments on long-term debt	<u>(137,748)</u>
Net cash used by capital and related financing activities	<u>(49,092)</u>

Cash Flows From Investing Activities:

Interest on deposits	46
Purchase of fixed assets	<u>(2,500)</u>
Net cash used by investing activities	<u>(2,454)</u>

Net increase in cash 28,396

Cash, December 31, 2021 9,609

Cash, December 31, 2022 \$ 38,005

Reconciliation of Operating Income/(Loss)

to Net Cash Provided By/(Used In) Operating Activities:

Operating Income	(59,085)
Depreciation	149,949

Changes in Operating Assets and Liabilities:

Decrease/(Increase) in:

Accounts Receivable	46,891
Prepaid Insurance	686
Other Receivable	(323,000)

Increase/(Decrease) in:

Accounts Payable	<u>(58,499)</u>
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Net cash used by operating activities \$ (243,058)

GREENFIELD TOWNSHIP SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022

Note 1: Summary of Significant Accounting Policies

The Greenfield Township Sewer Authority (Authority) is a body corporate and politic, incorporated under the Pennsylvania Municipal Authorities Act of 1945, approved May 2, 1945, P.L.382, as amended, pursuant to a resolution adopted by the Board Members of the Township of Greenfield. The Authority is empowered, among other things, to acquire, hold, construct, improve, maintain, operate, own, lease, either in the capacity of lessor or lessee, sewers, sewer systems or parts thereof or sewage treatment works.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting entity

In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management and the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Authority is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority has determined that it has no other component unit which should be included in its financial statements.

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 had determined that it has no potential component units to be evaluated.

The Authority is a component unit of the Greenfield Township, as a special financing relationship exists between the Township and the Authority, through a guarantee by the Township of an Authority's loan agreement.

GREENFIELD TOWNSHIP SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Accounting

The Authority is an enterprise fund of the proprietary fund types. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing sewer services to the general public on a continuing basis are financed through user charges.

The Authority's funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net position) consists solely of retained earnings. The operating statement presents increases (e.g., net revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Revenue principally consists of sewer fees billed to owners. The revenue from these charges is recognized as revenue in the year that the sewer fees apply to.

C. Estimates

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

D. Property, plant, and equipment

Additions are recorded at cost or if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterment's are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives range from 7-20 years.

E. Receivables

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for doubtful accounts and revenues net of amounts deemed to be considered bad debts. Allowances are reported when accounts are proven to be uncollectible. The allowance for doubtful accounts netted with accounts receivable were \$45,623 for the year ended December 31, 2022. Bad debts netted with revenues were \$30,445 for the year ended December 31, 2022.

GREENFIELD TOWNSHIP SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022

Note 1: Summary of Significant Accounting Policies (continued)

F. Statement of cash flows

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

G. Concentration of credit risk

The Authority's service area is Greenfield Township, Lackawanna County, Pennsylvania. The Authority grants credit to customers, substantially all of whom are local residents.

H. Revenues and expenses

The utility distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a utility's principal ongoing operations. The principal operating revenues for the utility are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating income and expenses.

I. Recently adopted accounting standards

In 2017, GASB issued GASB Statement No. 87, Leases (GASB 87). Under the new guidance, lessees are required to recognize a lease liability and an intangible lease asset on the statement of net position for all leases with terms longer than 12 months. Expense recognition should be calculated in a systematic, rational manner over the shorter of the lease term or the underlying asset's useful life in the statement of revenues, expenses, and changes in net position. The new standard is effective for fiscal years beginning after June 15, 2021. This standard was implemented on January 1, 2022, and there were no material impacts to the financial statements related to this standard.

Note 2: Commitments and Contingencies

In the opinion of Authority's management, there are no claims or lawsuits which will result in a potential loss that would be significant to the Authority's financial statements.

Note 3: Federal Income Tax Provision

The Greenfield Township Sewer Authority is exempt from federal income tax and therefore no provision for income tax has been made.

GREENFIELD TOWNSHIP SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022

Note 4: Property, Plant, and Equipment

The following is a summary of Property, Plant, and Equipment:

	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec 31, 2022</u>
Land	\$ 32,033	\$ -0-	\$ -0-	\$ 32,033
Equipment	5,571,611	2,500	(67,666)	5,506,445
Building	1,908,397	-0-	-0-	1,908,397
Total	<u>7,512,041</u>	<u>2,500</u>	<u>(67,666)</u>	<u>7,446,875</u>
Less: Accumulated Depr.	(5,579,589)	(149,949)	67,666	(5,661,872)
Net Property, Plant, and Equipment:	<u>\$ 1,932,452</u>	<u>\$ (147,449)</u>	<u>\$ -0-</u>	<u>\$ 1,785,003</u>

Depreciation expense for the year ended December 31, 2022 was \$149,949.

Note 5: 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. Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year.

Note 6: Date of Management Review

Management has evaluated subsequent events through July 24, 2023, the date that the financial statements were available for issue.

In February 2023, the Authority received proceeds from a legal settlement in the amount of \$323,000 related to a suit involving professional services performed by a subcontractor for the Authority. This amount is included in the accompanying statement of net position under the caption Other Receivable.

Note 7: Net Position

GASB 34 requires the classification of net position into three components-invested in capital assets, net of related debt, restricted, and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to

GREENFIELD TOWNSHIP SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022

Note 7: Net Position (continued)

the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net assets and use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net assets that do not meet the definition of "restricted" or invested in capital assets, net of related debt.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. The Authority had no restricted resources for the calendar year ended December 31, 2022.

Note 8: Long-Term Debt

Commercial Mortgage with The Dime Bank with a maximum loan amount of \$300,000. The term of the mortgage is from May 2019 to May 2024. 15 quarterly payments of principal and interest for \$16,671 using an interest rate of 4.18%. The mortgage is secured by accounts receivable. \$97,587

Construction Loan with Pennsylvania Infrastructure Investment Authority (Pennvest) with a maximum loan amount of \$2,000,000. The loan converted from a line of credit to a loan during March 2021. At that time, \$1,513,875 was drawn on the available loan amount. The original maturity date is February 2041 with a term of 240 monthly payments of principal and interest of \$9,198 until February 2026. Beginning March of 2026, principal and interest payments Change to \$9,709 through maturity. The interest rate is 1.00% for years 1-5 and 1.743% for years 6 through maturity. The initial monthly payments are based on a full draw of \$2,000,000. The final draw on the loan of \$116,960 occurred in May 2022. The loan is secured by first lien on its sewer revenue and a guarantee of Greenfield Township secured by a pledge of the Townships taxing authority. 1,467,340

Total long-term debt \$1,564,927

GREENFIELD TOWNSHIP SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022

Note 8: Long-Term Debt (continued)

Changes in Long-Term Liabilities:

	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022	Due Within One Year
Dime Bank Loan	\$158,519	\$ -0-	\$60,932	\$97,587	\$63,751
Pennvest Loan	\$1,427,196	\$ 116,960	\$76,816	\$1,467,340	\$74,029

Maturities of the long-term debt are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 137,780	\$ 17,384
2024	108,608	14,107
2025	75,523	12,840
2026	72,909	19,545
2027	73,462	19,810
2028-2032	387,132	79,229
2033-2037	422,357	44,003
2038-2041	287,156	8,207
Total	\$ 1,564,927	\$ 129,711

Note 9: Concentrations

The Authority collects user fees only from residents in Greenfield Township. The ability of the residents to honor their obligations to the Authority is dependent on the economy of the region. The Authority can file liens against the property of residents who are delinquent in paying the fees.

Note 10: COVID-19 (Coronavirus)

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad impact on commerce and financial markets around the world. The United States and global markets experienced significant volatility resulting from uncertainty caused by the pandemic. The Authority is closely monitoring its liquidity and is actively working to minimize the impact of this issue. Management is continually monitoring the situation and evaluating its financial performance during this time. Accordingly, the extent to which COVID-19 may impact the Authority, future potential impacts may include continued disruptions or restrictions on our employees' ability to work and provide services. The future effects of these issues are unknown. The financial statements include no adjustments relating to the effects of this pandemic.

Note 11: PA Small Water and Sewer Program Grant

During 2020, the Authority entered into a grant agreement with the Commonwealth of Pennsylvania Commonwealth Financing Authority (Grantor) for a period of August 17, 2020, to June 30, 2023 (the "Grant Activity Period") for a pumpstation project. This grant requires the Authority to submit

GREENFIELD TOWNSHIP SEWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022

Note 11: PA Small Water and Sewer Program Grant (continued)

expenses to the Grantor for approval. The Grantor will reimburse expenses up to \$400,000 and in no event will the grant amount exceed 85% of the total project cost. The Authority recorded a receivable of \$4,570 which was not reimbursed until 2023. This amount is included in the accompanying statement of net position under the caption Other Receivable.

**Greenfield Township Sewer Authority
Supplementary Budget Vs. Actual Schedules
For the Year Ended December 31, 2022**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Schedule A -Operating Revenues:			
Sales of Services/ User Charges, Net of Allowance For Bad Debts	\$ 698,616	\$ 691,000	\$ 7,616
Total Operating Revenues	\$ 698,616	\$ 691,000	\$ 7,616

Schedule B -Operating Expenses:

Administration	\$ 45,392	31,361	\$ (14,031)
Depreciation	149,949	-	(149,949)
Other Operating Expenses			
Payroll Expenses:Taxes	3,688	-	(3,688)
Payroll Expenses:Wages	56,000	85,000	29,000
Dues and Subscriptions	2,202	2,500	298
Equipment Rental	445	500	55
Licenses and Permits	1,100	600	(500)
Finance charges and credit card fees	11,327	-	(11,327)
Professional Fees	172,202	21,800	(150,402)
Fines	20,000	-	(20,000)
Advertisement	-	1,000	1,000
Repairs and Maintenance	48,398	50,000	1,602
Plant Supplies	33,269	37,500	4,231
Plant Operations	70,937	180,000	109,063
Laboratory Fees	13,632	30,000	16,368
Grinder Pump Parts	100,714	40,000	(60,714)
Telephone	3,220	3,100	(120)
Utilities	23,605	25,000	1,395
Workers Compensation Insurance	1,357	2,000	643
Miscellaneous	264	800	536
Total Other Operating Expenses	562,360	479,800	(82,560)
Total Operating Expenses	\$ 757,701	\$ 511,161	\$ (246,540)

Schedule C -Non-Operating Revenues/(Expenses):

Interest Income	\$ 46	\$ 184	\$ (138)
Interest Expense	(28,304)	(9,000)	(19,304)
Other Income	323,000	-	323,000
Total Non-Operating Revenues/(Expenses):	\$ 294,742	\$ (8,816)	\$ 303,558

See Accompanying Independent Auditor's Report and Notes to Financial Statements