



Brookville, Pennsylvania

Financial Statements

December 31, 2022

## Brookville Municipal Authority

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Table of Contents  
December 31, 2022

	<u>Page</u>
Independent Auditor's Report	3
Management's Discussion and Analysis	6
Basic Financial Statements:	
Statement of Net Position	12
Statement of Cash Flows	14
Combining Statement of Revenues, Expenses and Changes in Net Position	16
Statement of Revenues, Expenses and Changes in Net Position - Water Revenue Fund	17
Statement of Revenues, Expenses and Changes in Net Position - Sewer Revenue Fund	19
Notes to Financial Statements	21
Supplemental Information:	37
Schedule of Changes in Net Pension Liability	38
Schedule of Expenditures of Federal Awards	41
Notes to Schedule of Expenditures of Federal Awards	42
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	43
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	45
Schedule of Findings and Questioned Costs	48
Report on Prior Year's Audit Findings	50



# Troxell & Associates, LLC

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Brookville Municipal Authority  
18 Western Avenue; Suite A  
Brookville, PA 15825

### **Opinion**

We have audited the accompanying financial statements of the Brookville Municipal Authority of Brookville, Pennsylvania, as of and for the year ended December 31, 2022, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Brookville Municipal Authority, of Brookville, Pennsylvania, as of December 31, 2022, and the changes in financial position and cash flows for the year 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. 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 Brookville Municipal Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Brookville Municipal Authority of the Borough of Brookville and do not purport to, and do not, present fairly the financial position of the Borough of Brookville, Pennsylvania, as of December 31, 2022, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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

2882 Oklahoma Salem Road  
PO Box 1029  
DuBois, PA 15801

Telephone: (814) 371-1760  
Fax: (814) 375-1003  
Email: [info@troxellcpa.com](mailto:info@troxellcpa.com)

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 Brookville Municipal 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 judgement made by a reasonable user based on the financial statements.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

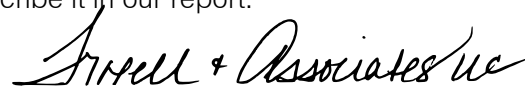
## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Troxell & Associates, LLC  
Certified Public Accountants  
September 29, 2023

## **Brookville Municipal Authority**

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Management's Discussion and Analysis

December 31, 2022

As management of the Brookville Municipal Authority, we offer readers of the Brookville Municipal Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's December 31, 2022, financial statements.

### **Financial Highlights**

- The assets and deferred outflows of resources of the Brookville Municipal Authority exceed its liability at the close of the most recent fiscal year by \$27,070,805 (net position).
- The Authority currently has \$6,537,150 of debt for the Water Revenue Fund and \$11,688,073 of debt for the Sewer Revenue Fund.

### **Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the Brookville Municipal Authority's basic financial statements. The Authority's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### **Government-wide Financial Statements**

Brookville Municipal Authority is organized on the basis of Proprietary Funds instead of government-wide financial statements. The Proprietary Funds record activity similar to business operations in the private sector and focus on net income, financial position, and changes in financial position. The Authority's funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the Brookville Municipal Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Brookville Municipal Authority is improving or deteriorating.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Brookville Municipal Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds for the Brookville Municipal Authority are identified as proprietary funds.

## Brookville Municipal Authority

Management's Discussion and Analysis (continued)

December 31, 2022

### Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operation, which are considered to be major funds of the Brookville Municipal Authority. The funds distinguish operating revenues and expenses from non-operating items. The basic proprietary fund financial statements can be found on pages 12-20 of this report.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-36 of this report.

### Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Brookville Municipal Authority, assets and deferred outflow of resources exceed liabilities and deferred inflows by \$27,070,805 at the close of the most recent fiscal year.

### Brookville Municipal Authority's Statement of Net Position

The following table reflects the condensed Statement of Net Position which is compared to the prior year.

	Water Revenue		Sewer Revenue		Totals	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current & Other Assets	\$ 1,614,866	\$ 1,696,178	\$ 2,162,626	\$ 2,501,139	\$ 3,777,492	\$ 4,197,317
Fixed Assets – Net of						
Deprec.	15,324,531	13,736,708	26,611,856	26,760,543	41,936,387	40,497,251
Total Assets	16,939,397	15,432,886	28,774,482	29,261,682	45,713,879	44,694,568
Deferred Outflows	-	-	-	-	-	-
Total Assets & Deferred						
Outflows	\$ 16,939,397	\$ 15,432,886	\$ 28,774,482	\$ 29,261,682	\$ 45,713,879	\$ 44,694,568
<b>Liabilities:</b>						
Current Liabilities	\$ 840,704	\$ 632,832	\$ 327,496	\$ 311,049	\$ 1,168,200	\$ 943,881
Long Term Liabilities	5,940,434	6,004,385	11,436,631	11,667,381	17,377,065	17,671,766
Customer Deposits	91,475	87,875	-	-	91,475	87,875
Total Liabilities	6,872,613	6,725,092	11,764,127	11,978,430	18,636,740	18,703,522
Deferred Inflows	6,334	6,814	-	3,795	6,334	10,609
Total Liabilities &						
Deferred Inflow	\$ 6,878,947	\$ 6,731,906	\$ 11,764,127	\$ 11,982,225	\$ 18,643,074	\$ 18,714,131

## Brookville Municipal Authority

Management's Discussion and Analysis (continued)

December 31, 2022

### Brookville Municipal Authority Net Position

	Water Revenue		Sewer Revenue		Totals	
	2022	2021	2022	2021	2022	2021
<i>Net Position:</i>						
Invested in Capital						
Assets						
Net of Related Debt	\$ 9,074,497	\$ 7,169,550	\$ 14,923,783	\$ 14,853,317	\$ 23,998,280	\$ 22,022,867
Unrestricted	985,953	1,531,430	2,086,572	2,426,140	3,072,525	3,957,570
Total Net Position	10,060,450	8,700,980	17,010,355	17,279,457	27,070,805	25,980,437
Total Liabilities, Deferred						
Inflows & Net Position	\$ 16,939,397	\$ 15,432,886	\$ 28,774,482	\$ 29,261,682	\$ 45,713,879	\$ 44,694,568

### Statement of Revenues and Expenses

The following schedule compares the revenues and expenses for the current and prior year.

### Brookville Municipal Authority Statement of Revenues and Expenses

	Water Revenue		Sewer Revenue		Totals	
	2022	2021	2022	2021	2022	2021
<i>Operating Revenues:</i>						
System Usage Charges	\$ 2,115,077	\$ 1,997,169	\$ 1,667,078	\$ 1,673,820	\$ 3,782,155	\$ 3,670,989
Miscellaneous Revenue	94,332	31,137	13,822	24,228	108,154	55,365
Total Operating						
Revenues	2,209,409	2,028,306	1,680,900	1,698,048	3,890,309	3,726,354
Operating Expenses	1,602,745	1,533,249	1,751,566	1,751,536	3,354,311	3,284,785
Income (Loss) From						
Operations	606,664	495,057	(70,666)	(53,488)	535,998	441,569
Non-Operating Income						
& (Expenses)	(182,338)	(176,009)	(168,553)	(242,443)	(350,891)	(418,452)
Income (Loss) Before						
Capital Contributions	424,326	319,048	(239,219)	(295,931)	185,107	23,117
Capital Contributions	965,028	97,260	-	-	965,028	97,260
Change in Net Position	1,389,354	416,308	(239,219)	(295,931)	1,150,135	120,377
Net Position, January 1	8,671,096	8,284,672	17,249,574	17,575,388	25,920,670	25,860,060
Net Position,						
December 31	\$ 10,060,450	\$ 8,700,980	\$ 17,010,355	\$ 17,279,457	\$ 27,070,805	\$ 25,980,437



## Brookville Municipal Authority

Management's Discussion and Analysis (continued)

December 31, 2022

### Capital Asset and Debt Administration

#### Capital Assets

The Brookville Municipal Authority's investment in capital assets for its business-type activities as of January 1, 2022, was \$13,737,708 for the Water Revenue Fund and \$26,760,543 for the Sewer Revenue Fund. Over the course of 2022, the Water Revenue Fund increased by \$1,587,823 and the Sewer Revenue Fund decreased by \$86,670. The Capital Assets activity for 2022 may be found in Note 2 on pages 27-30 of this report.

#### Long-term Debt

##### Water Plant Loan PennVest Loan

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Dec. 31, 2023	577,275.15	146,223.69	723,498.84
Dec. 31, 2024	592,151.24	131,347.60	723,498.84
Dec. 31, 2025	607,410.63	116,088.21	723,498.84
Dec. 31, 2026	623,063.26	100,435.58	723,498.84
Dec. 31, 2027	639,119.24	84,379.60	723,498.84
2028 to 2032	<u>2,965,365.58</u>	<u>169,796.03</u>	<u>3,135,161.61</u>
	<u>\$ 6,004,385.10</u>	<u>\$ 748,270.71</u>	<u>\$ 6,752,655.81</u>

##### Rose Township Wastewater System Loan PennVest Loan

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Dec. 31, 2023	34,521.07	5,267.93	39,789.00
Dec. 31, 2024	34,867.88	4,921.12	39,789.00
Dec. 31, 2025	35,218.15	4,570.85	39,789.00
Dec. 31, 2026	35,571.96	4,217.04	39,789.00
Dec. 31, 2027	35,929.31	3,859.69	39,789.00
2028 to 2032	185,133.77	13,811.23	198,945.00
2033 to 2037	<u>181,343.35</u>	<u>4,339.81</u>	<u>185,683.16</u>
	<u>\$ 542,585.49</u>	<u>\$ 40,987.67</u>	<u>\$ 583,573.16</u>

## Brookville Municipal Authority

Management's Discussion and Analysis (continued)

December 31, 2022

### United States Department of Agriculture – Rural Utilities Service (RUS)

Initial Loan - \$9,742,000.00

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Dec. 31, 2023	173,330.62	195,503.38	368,834.00
Dec. 31, 2024	176,499.71	192,334.29	368,834.00
Dec. 31, 2025	180,804.00	188,030.00	368,834.00
Dec. 31, 2026	184,666.50	184,167.50	368,834.00
Dec. 31, 2027	188,611.50	180,222.50	368,834.00
2028 to 2032	1,004,268.13	839,901.87	1,844,170.00
2033 to 2037	1,116,797.19	727,372.81	1,844,170.00
2038 and beyond	<u>6,206,950.63</u>	<u>1,522,966.43</u>	<u>7,729,917.06</u>
	<u>\$ 9,231,928.28</u>	<u>\$ 4,030,498.78</u>	<u>\$13,262,427.06</u>

Subsequent Loan - \$2,000,000.00

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Dec. 31, 2023	36,401.09	37,718.91	74,120.00
Dec. 31, 2024	37,029.88	37,090.12	74,120.00
Dec. 31, 2025	37,877.06	36,242.94	74,120.00
Dec. 31, 2026	38,638.38	35,481.62	74,120.00
Dec. 31, 2027	39,415.02	34,704.98	74,120.00
2028 to 2032	209,094.54	161,505.46	370,600.00
2033 to 2037	230,892.45	139,707.55	370,600.00
2038 and beyond	<u>1,263,499.33</u>	<u>290,648.25</u>	<u>1,554,147.58</u>
	<u>\$ 1,892,847.75</u>	<u>\$ 773,099.83</u>	<u>\$ 2,665,947.58</u>

Additional information on Brookville Municipal Authority's long-term debt can be found in Note 7 on pages 31-34 of this report.

#### Economic Factors

- The unemployment rate as of December 31, 2022 for Jefferson County is 4.8 percent.
- Capital Improvements:  
In preparation for the water plant membrane replacement project, the Board has designated that \$54,000 be set aside each year from the Water Revenue Fund. See Note 8 on page 34 for additional information on this project that was started during 2021 and will be completed in 2023.

## **Brookville Municipal Authority**

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Management's Discussion and Analysis (continued)

December 31, 2022

### Financial Contact

The financial report is designed to provide a general overview of the Brookville Municipal Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Accountant or Administrative Manager, Brookville Municipal Authority, 18 Western Avenue, Suite A, Brookville, PA 15825.

**Brookville Municipal Authority**

Statement of Net Position

December 31, 2022

	Water Revenue Fund	Sewer Revenue Fund	Totals
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 532,431.05	\$ 556,726.66	\$ 1,089,157.71
Certificates of deposit	-	100,000.00	100,000.00
Investments	720,092.61	1,307,431.72	2,027,524.33
Accounts receivable - customers	156,704.72	125,742.80	282,447.52
Accounts receivable - other	10,580.95	6,216.94	16,797.89
Grants receivable	110,179.21	-	110,179.21
Due from sewer fund/water fund	12,428.28	7,943.70	20,371.98
Due from Borough of Brookville	41.55	41.51	83.06
Prepaid expenses	20,183.65	39,101.20	59,284.85
Accrued interest	-	323.63	323.63
Inventory	52,223.63	19,098.22	71,321.85
<b>Total Current Assets</b>	<b>1,614,865.65</b>	<b>2,162,626.38</b>	<b>3,777,492.03</b>
<b>Fixed Assets:</b>			
Land	17,230.75	15,351.00	32,581.75
Land and site improvements - net of depreciation	14,075.28	104,993.41	119,068.69
Buildings - net of depreciation	9,468,669.79	21,031,108.02	30,499,777.81
Water distribution system - net of depreciation	3,846,056.33	-	3,846,056.33
Sewer collection system - net of depreciation	-	4,872,285.01	4,872,285.01
Machinery and equipment - net of depreciation	366,589.89	85,037.51	451,627.40
Vehicles - net of depreciation	-	501,075.46	501,075.46
Construction in progress	1,611,909.07	2,005.22	1,613,914.29
<b>Total Fixed Assets - Net of Depreciation</b>	<b>15,324,531.11</b>	<b>26,611,855.63</b>	<b>41,936,386.74</b>
<b>Total Assets</b>	<b>16,939,396.76</b>	<b>28,774,482.01</b>	<b>45,713,878.77</b>
Deferred outflows	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>\$ 16,939,396.76</b>	<b>\$ 28,774,482.01</b>	<b>\$ 45,713,878.77</b>

The accompanying notes are an integral part of the financial statements

**Brookville Municipal Authority**

Statement of Net Position (continued)

December 31, 2022

	<b>Water Revenue Fund</b>	<b>Sewer Revenue Fund</b>	<b>Totals</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 218,695.25	\$ 21,096.26	\$ 239,791.51
Accrued payroll	17,349.78	16,881.68	34,231.46
Accrued interest payable	-	25,647.77	25,647.77
Due to sewer fund/water fund	7,943.70	12,428.28	20,371.98
Due to Borough of Brookville	0.05	0.07	0.12
Current portion of long-term debt	596,715.15	251,442.00	848,157.15
<b>Total Current Liabilities</b>	<b>840,703.93</b>	<b>327,496.06</b>	<b>1,168,199.99</b>
<b>Long-term Debt:</b>			
USDA - rural development loans	-	10,914,758.92	10,914,758.92
N/P - PA 28/US 322 Intersection	38,880.01	13,807.62	52,687.63
PennVest - Main Street	474,444.51	-	474,444.51
PennVest - water plant	5,427,109.95	-	5,427,109.95
PennVest - Rose Township collection system	-	508,064.42	508,064.42
<b>Total Long-term Debt</b>	<b>5,940,434.47</b>	<b>11,436,630.96</b>	<b>17,377,065.43</b>
<b>Other Liabilities:</b>			
Customer deposits	91,475.00	-	91,475.00
<b>Total Liabilities</b>	<b>6,872,613.40</b>	<b>11,764,127.02</b>	<b>18,636,740.42</b>
Deferred inflows	6,333.56	-	6,333.56
<b>NET POSITION</b>			
Net investment in capital assets	9,074,497.54	14,923,782.67	23,998,280.21
Unrestricted	985,952.26	2,086,572.32	3,072,524.58
<b>Total Net Position</b>	<b>10,060,449.80</b>	<b>17,010,354.99</b>	<b>27,070,804.79</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 16,939,396.76</b>	<b>\$ 28,774,482.01</b>	<b>\$ 45,713,878.77</b>

The accompanying notes are an integral part of the financial statements

**Brookville Municipal Authority**

## Statement of Cash Flows

For the Year Ended December 31, 2022

	<u>Water Revenue Fund</u>	<u>Sewer Revenue Fund</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from users	\$ 2,077,048.98	\$ 1,650,865.29	\$ 3,727,914.27
Cash received from other operating revenue	130,427.05	32,036.74	162,463.79
Cash payments to employees for services	(609,726.53)	(559,898.65)	(1,169,625.18)
Cash payments to suppliers for goods and services	(365,479.20)	(415,884.52)	(781,363.72)
Interest income	3,670.75	2,219.22	5,889.97
	<u>1,235,941.05</u>	<u>709,338.08</u>	<u>1,945,279.13</u>
<b>Net Cash Provided (Used) by Operating Activities</b>			
	<u>1,235,941.05</u>	<u>709,338.08</u>	<u>1,945,279.13</u>
<b>Cash Flows from Non-Capital</b>			
Financing activities - contributions to local agencies	(63,036.45)	(29,933.90)	(92,970.35)
	<u>(63,036.45)</u>	<u>(29,933.90)</u>	<u>(92,970.35)</u>
<b>Net Cash Provided (Used) by Non-Capital</b>	(63,036.45)	(29,933.90)	(92,970.35)
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal paid on loans	(562,772.83)	(239,865.14)	(802,637.97)
Loan proceeds	532,764.52	20,711.44	553,475.96
Acquisition of capital assets	(2,049,223.96)	(594,982.08)	(2,644,206.04)
Interest paid on loans	(160,726.01)	(242,877.86)	(403,603.87)
Contributed capital	854,848.21	-	854,848.21
	<u>(1,385,110.07)</u>	<u>(1,057,013.64)</u>	<u>(2,442,123.71)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>			
	<u>(1,385,110.07)</u>	<u>(1,057,013.64)</u>	<u>(2,442,123.71)</u>
<b>Cash Flows from Investing Activities:</b>			
Investment income	9,324.01	20,901.35	30,225.36
Purchase of investments	(268,741.59)	(705,526.22)	(974,267.81)
	<u>(259,417.58)</u>	<u>(684,624.87)</u>	<u>(944,042.45)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>			
	<u>(259,417.58)</u>	<u>(684,624.87)</u>	<u>(944,042.45)</u>

The accompanying notes are an integral part of the financial statements

**Brookville Municipal Authority**

Statement of Cash Flows (continued)

For the Year Ended December 31, 2022

	<u>Water Revenue Fund</u>	<u>Sewer Revenue Fund</u>	<u>Totals</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	(471,623.05)	(1,062,234.33)	(1,533,857.38)
<b>Cash and Cash Equivalents - Jan. 1, 2022</b>	<u>1,004,054.10</u>	<u>1,618,960.99</u>	<u>2,623,015.09</u>
<b>Cash and Cash Equivalents - Dec. 31, 2022</b>	<u><u>\$ 532,431.05</u></u>	<u><u>\$ 556,726.66</u></u>	<u><u>\$ 1,089,157.71</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 608,880.56	\$ (70,666.08)	\$ 538,214.48
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation	461,400.48	796,669.86	1,258,070.34
<b>Changes in Assets and Liabilities:</b>			
(Increase) decrease in accounts receivable	(10,992.83)	3,053.96	(7,938.87)
(Increase) decrease in inventory	1,986.16	(2,484.57)	(498.41)
(Increase) decrease in prepaid insurance	(2,403.12)	(18,515.68)	(20,918.80)
(Increase) decrease in accrued interest	19.79	(249.61)	(229.82)
Increase (decrease) in accounts payable	172,894.15	4,385.63	177,279.78
Increase (decrease) in accrued payroll	1,036.26	939.16	1,975.42
Increase (decrease) in customer deposits	3,600.00	-	3,600.00
Increase (decrease) in deferred inflows	(480.40)	(3,794.59)	(4,274.99)
<b>Net Cash Provided (Used) by Operations</b>	<u><u>\$ 1,235,941.05</u></u>	<u><u>\$ 709,338.08</u></u>	<u><u>\$ 1,945,279.13</u></u>

The accompanying notes are an integral part of the financial statements

**Brookville Municipal Authority**

Combining Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended December 31, 2022

	<b>Water Revenue Fund</b>	<b>Sewer Revenue Fund</b>	<b>Totals</b>
<b>Operating Revenue:</b>			
System usage charges	\$ 2,115,077.47	\$ 1,667,077.57	\$ 3,782,155.04
Miscellaneous revenue	94,331.56	13,822.31	108,153.87
<b>Total Operating Revenue</b>	2,209,409.03	1,680,899.88	3,890,308.91
<b>Total Operating Expenses</b>	1,602,745.03	1,751,565.96	3,354,310.99
Income (loss) from operations	606,664.00	(70,666.08)	535,997.92
Non-operating income (expense)	(182,337.94)	(168,552.42)	(350,890.36)
Income (loss) before capital contributions	424,326.06	(239,218.50)	185,107.56
Capital contributions	965,027.42	-	965,027.42
<b>Change in Net Position</b>	1,389,353.48	(239,218.50)	1,150,134.98
<b>Net Position, as restated, January 1, 2022</b>	8,671,096.32	17,249,573.49	25,920,669.81
<b>Net Position, December 31, 2022</b>	<u>\$ 10,060,449.80</u>	<u>\$ 17,010,354.99</u>	<u>\$ 27,070,804.79</u>

The accompanying notes are an integral part of the financial statements



**Brookville Municipal Authority**

Water Revenue Fund

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2022

**Operating Revenue:**

Water sales	\$ 2,077,572.68
Hydrant fees	3,480.00
Tap fees	11,900.00
Sales of parts & supplies	17,054.53
Rent of machinery & equipment	3,635.86
Miscellaneous revenue	94,331.56
Interest income	3,650.96

**Total Operating Revenue**

2,211,625.59

**Operating Expenses:**

Salaries and wages	405,492.85
Payroll taxes	32,914.35
Employee benefits	143,638.91
Pension expense	29,116.00
Chemicals	97,240.89
Lab fees and testing supplies	13,035.40
Sludge disposal	1,509.76
Utilities	135,180.65
Telephone and internet	8,123.45
Automated dialing system	4,166.00
Repairs and maintenance	149,490.00
Engineering services	13,497.01
Legal and professional services	20,055.60
Insurance	24,154.12
Office expense	1,981.29
Postage and shipping	7,756.62
Vehicle expenses	13,571.87
Office rent	8,675.00
Computer maintenance/software	12,187.01
Training, dues and subscriptions	5,491.34
Permits and licenses	10,125.00
Miscellaneous	3,941.43
Depreciation	461,400.48

**Total Operating Expenses**

1,602,745.03

**Income (Loss) From Operations**

608,880.56

The accompanying notes are an integral part of the financial statements

**Brookville Municipal Authority**

Water Revenue Fund

Statement of Revenues, Expenses and Changes in Net Position (continued)

For the Year Ended December 31, 2022

**Non-Operating Income and (Expense):**

Contributions	(33,152.50)
Investment income	9,324.01
Interest expense	<u>(160,726.01)</u>

**Total Non-Operating Income (Expense)** (184,554.50)

**Income (Loss) Before Capital Contributions** 424,326.06

**Capital Contributions:**

CDBG - Jefferson County - Corsica - Water Street	
Waterline Replacement Project	109,641.00
PennVest - Main Street Waterline Replacement Project	<u>855,386.42</u>

**Total Capital Contributions** 965,027.42

**Change In Net Position** 1,389,353.48

**Net Position, as restated, January 1, 2022** 8,671,096.32

**Net Position, December 31, 2022** \$ 10,060,449.80

The accompanying notes are an integral part of the financial statements

**Brookville Municipal Authority**

Sewer Revenue Fund

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2022

**Operating Revenue:**

Sewer usage charges	\$ 1,650,886.29
Solid waste collection fees	4,824.00
Tap fees	5,100.00
Sales of parts & supplies	1,285.05
Rent of machinery & equipment	2,513.40
Miscellaneous revenue	13,822.31
Interest income	2,468.83

**Total Operating Revenue**

1,680,899.88

**Operating Expenses:**

Salaries and wages	387,935.14
Payroll taxes	32,006.77
Employee benefits	117,213.64
Pension expense	27,825.00
Chemicals	5,679.40
Lab fees and testing supplies	29,258.19
Sludge disposal	19,443.19
Utilities	112,740.34
Telephone and internet	14,345.78
Automated dialing system	4,166.00
Repairs and maintenance	70,365.79
Engineering services	22,136.97
Legal and professional services	11,415.56
Permits and licenses	4,490.00
Insurance	40,050.96
Office expense	2,014.10
Postage and shipping	7,756.60
Vehicle expenses	18,775.78
Office rent	8,675.00
Computer maintenance/software	11,992.01
Training, dues and subscriptions	2,975.35
Miscellaneous	3,634.53
Depreciation	796,669.86

**Total Operating Expenses**

1,751,565.96

**Income (Loss) From Operations**

(70,666.08)

The accompanying notes are an integral part of the financial statements

**Brookville Municipal Authority**

Sewer Revenue Fund

Statement of Revenues, Expenses and Changes in Net Position (continued)

For the Year Ended December 31, 2022

**Non-Operating Income and (Expense):**

Investment income	20,901.35	
Contributions	(50.00)	
Gain/(loss) on fixed asset disposal	53,000.00	
Interest expense	<u>(242,403.77)</u>	
<b>Total Non-Operating Income (Expense)</b>		<u>(168,552.42)</u>
<b>Change In Net Position</b>		(239,218.50)
<b>Net Position, as restated, January 1, 2022</b>		<u>17,249,573.49</u>
<b>Net Position, December 31, 2022</b>		<u><u>\$17,010,354.99</u></u>

The accompanying notes are an integral part of the financial statements

**Note 1 – Summary of Significant Accounting Policies and Description of Operations**

**Description of Operations and Basis of Presentation**

The Brookville Municipal Authority is an operating water and sewer authority incorporated by the Borough of Brookville, Pennsylvania, under the Municipal Authorities Act of 1945, as amended. The Authority provides water delivery service to the residents of the Borough of Brookville and surrounding areas as well as provides for collection and treatment of wastewater. The activities of providing water delivery service is accounted for in the Water Revenue Fund and the collection and treatment of wastewater is accounted for in the Sewer Revenue Fund.

The Municipal Authority of the Borough of Brookville (Authority) is a body corporate and politic created pursuant to an ordinance of the Council of the Borough of Brookville, under an Act of the General Assembly of the Commonwealth of Pennsylvania, approved May 2, 1945, P.L. 382, as amended and supplemented, known as the Municipality Authorities Act of 1945. The Authority owns and operates both a water and sanitary sewage facility.

The Authority is considered a component unit of the Borough of Brookville, Jefferson County, Pennsylvania. The Borough of Brookville has guaranteed certain long-term debt of the Authority and appoints members to the Authority's Board of Directors. These financial statements present only the position, changes in net position and cash flows of the component unit.

**Fund Accounting and Basis of Presentation**

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses.

Both funds of the Authority are categorized as Proprietary Fund Type. This fund type accounts for Authority activities that are similar to business operations in the private sector where the reporting focus is on determining net income, financial position, and changes in financial position (economic resources measurement focus).

The two funds of the Authority consist of the Water Revenue Fund and the Sewer Revenue Fund. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Water Revenue Fund are potable water sales and of the Sewer Revenue Fund are wastewater collection and treatment fees. Operating expenses of both funds include salaries and benefits, chemicals and supplies, utilities, and depreciation on fixed assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## Brookville Municipal Authority

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Notes to Financial Statements (continued)

December 31, 2022

### Note 1 – Summary of Significant Accounting Policies and Description of Operations (continued)

#### Measurement Focus and Basis of Accounting

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. User fees are recognized as revenues in the year for which services are provided. Grant and similar items are recognized as revenues as soon as all eligible requirements imposed by the provider have been met. Net position (total assets and deferred outflows less total liabilities and deferred inflows) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is deducted from the cost of fixed assets on the statement of net position.

#### Deposits and Investments

The deposit and investment policy of the Authority adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either state statutes or the policy of the Authority.

#### Custodial Credit Risk

Custodial credit risk related to deposits is risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year-end, \$924,886.12 of the Authority's bank balance of \$1,174,886.12 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name (as permitted under PA Act 72 of 1971).

#### Reconciliation to Financial Statements

Uncollateralized amount above	\$ 924,886.12
Plus: insured amount	250,000.00
Deposits in transit	14,271.59
Less: outstanding checks	<u>(0.00)</u>
Carrying amount – book balance	1,189,157.71
Less: certificates of deposit – investments	<u>(100,000.00)</u>
<b>Total cash per Statement of Net Position</b>	<b><u>\$ 1,089,157.71</u></b>

## **Brookville Municipal Authority**

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Notes to Financial Statements (continued)

December 31, 2022

### **Note 1 – Summary of Significant Accounting Policies and Description of Operations (continued)**

#### **Bank Certificates of Deposit**

The Authority has the following bank certificates of deposit as of December 31, 2022:

##### **Sewer Revenue Fund**

S&T Bank – Purchased November 20, 2022 for a term of 6 months. 100,000.00

Total Bank Certificates of Deposit \$100,000.00

#### **Investments**

At December 31, 2022, the Authority had \$2,027,524.33 invested in the Pennsylvania Local Government Investment Trust (PLGIT). The Authority has no regulatory oversight for this pool, which is governed by the PLGIT Board of Trustees. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts similar to money market mutual funds in that its objective is to maintain stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to independent annual audit. This external investment pool is considered a 2a7-like pool and is recorded at amortized cost. The amortized cost, which approximates the fair value of the pool, is determined by the pool's share price. As of December 31, 2022, PLGIT was rated as AAAM by a nationally recognized statistical rating Organization.

#### **Interest Rate Risk**

The Authority does not have a formal investment policy that limits investment maturities as a means of limiting its exposure to fair value losses arising from rising interest rates.

#### **Inventory**

Inventory of materials and supplies are valued at cost on a first in-first out basis.

## Brookville Municipal Authority

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Notes to Financial Statements (continued)

December 31, 2022

### Note 1 – Summary of Significant Accounting Policies and Description of Operations (continued)

#### Fixed Assets

Fixed assets, which includes property, plant, collection and distribution systems, and equipment are valued at cost or estimated fair market value at the date of acquisition. Fixed assets are defined by the Municipal Authority as assets with an initial acquisition cost of more than \$5,000 and an estimated useful life in excess of one year.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method utilizing the half-year convention with no consideration given to salvage value, over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life</u>
Building	30 - 40 years
Site improvements	15 - 40 years
Infrastructure - collection and distribution systems	50 years
Machinery and equipment	8 - 20 years
Vehicle	8 years

#### Compensated Absences

Employees earn vacation based upon years of continuous service to the Authority. Vacation time earned is to be used during the year earned unless demands of the work schedule prohibit the employee from using the vacation, in which case the vacation time may be carried over for one year with the consent of the Authority. Employees also earn twelve days of sick leave annually, which may be accumulated up to a maximum of 120 days. Sick leave must be used during employment with the Authority. Upon termination or retirement, no payment is made to the employee for unused accumulated sick leave. If an employee dies as a result of a work-related injury or disease, all unused sick leave will be paid as a death benefit. The cost of vacation and sick leave is recognized when payment is made to the employee. No provision has been made to record accumulated cost of unused vacation or sick leave as of December 31, 2022.

#### Long Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position.



**Note 1 – Summary of Significant Accounting Policies and Description of Operations (continued)**

**Statement of Cash Flows**

For 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.

**Receivables**

Accounts receivable are reported at amounts management expects to collect on balances outstanding at year-end. The allowance for doubtful accounts is determined based on several factors, such as historical collections, current conditions, and facts and circumstances related to individual customer balances. Customer balances are charged to the allowance when all efforts to collect have been exhausted. All accounts receivable balances on December 31, 2022, are deemed collectible by the Authority; therefore, no allowance for doubtful accounts has been recorded.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**Fair Value of Financial Instruments**

The Authority's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, notes payable, other accrued liabilities, and long-term debt.

The recorded values of cash and cash equivalents, accounts receivable, accounts payable, and other accrued liabilities approximate their fair values based on their short-term nature.

The recorded values of notes payable and long-term debt approximate their fair values, as interest approximates market rate.

**Note 1 – Summary of Significant Accounting Policies and Description of Operations (continued)**

**Net Position**

Net Position is distributed into the following three categories:

Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction, and improvement of capital assets.

Restricted Net Position – This component of net position represents earnings, if any, that are set aside as required by the Authority's Bond Resolution. Restricted net assets include amounts set aside for renewals and replacements, debt service reserve, future debt service, operating reserve and future arbitrage payments.

Unrestricted – This component consists of all other net position that does not meet the definition of net investment in capital assets or restricted net position.

**Revenues and Rate Structure**

Revenues from services provided are recognized on the accrual basis as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, debt service, reserves, and debt coverage.

**Subsequent Events**

Subsequent events were evaluated through September 29, 2023, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**Brookville Municipal Authority**

Notes to Financial Statements (continued)

December 31, 2022

**Note 2 – Changes in Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

<b>Water Revenue Fund</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 17,230.75	\$ -	\$ -	\$ 17,230.75
Construction in progress	149,349.81	1,524,587.24	62,027.98	1,611,909.07
<b>Total capital assets not being depreciated</b>	<b>166,580.56</b>	<b>1,524,587.24</b>	<b>62,027.98</b>	<b>1,629,139.82</b>
<b>Capital assets being depreciated:</b>				
Land and site improvements	99,041.02	10,935.00	-	109,976.02
Buildings	13,412,674.53	-	-	13,412,674.53
Water distribution system	5,650,826.12	301,192.70	-	5,952,018.82
Machinery and equipment	365,793.26	274,537.00	-	640,330.26
Vehicles	31,951.28	-	-	31,951.28
<b>Total capital assets being depreciated</b>	<b>19,560,286.21</b>	<b>586,664.70</b>	<b>-</b>	<b>20,146,950.91</b>
<b>Less Accumulated Depreciation:</b>				
Land and site improvements	94,868.86	1,031.88	-	95,900.74
Buildings	3,621,815.30	322,189.44	-	3,944,004.74
Water distribution system	1,995,168.47	110,794.02	-	2,105,962.49
Machinery and equipment	246,355.23	27,385.14	-	273,740.37
Vehicles	31,951.28	-	-	31,951.28
<b>Total Accumulated Depreciation</b>	<b>5,990,159.14</b>	<b>461,400.48</b>	<b>-</b>	<b>6,451,559.62</b>
<b>Total capital assets being depreciated, Net</b>	<b>13,570,127.07</b>	<b>125,264.22</b>	<b>-</b>	<b>13,695,391.29</b>
<b>Total water revenue fund capital assets, Net</b>	<b>\$ 13,736,707.63</b>	<b>\$ 1,649,851.46</b>	<b>\$ 62,027.98</b>	<b>\$ 15,324,531.11</b>

**Brookville Municipal Authority**

Notes to Financial Statements (continued)

December 31, 2022

**Note 2 – Changes in Capital Assets (continued)**

Sewer Revenue Fund	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 15,351.00	\$ -	\$ -	\$ 15,351.00
Construction in progress	64,033.10	-	62,027.88	2,005.22
<b>Total capital assets not being depreciated</b>	<b>79,384.10</b>	<b>-</b>	<b>62,027.88</b>	<b>17,356.22</b>
<b>Capital assets being depreciated:</b>				
Land and site improvements	36,937.08	73,771.33	-	110,708.41
Buildings	23,768,478.42	-	-	23,768,478.42
Sewer collection system	7,285,579.91	87,522.98	-	7,373,102.89
Machinery and equipment	569,904.96	52,344.00	-	622,248.96
Vehicles	499,519.12	496,371.65	209,750.00	786,140.77
<b>Total capital assets being depreciated</b>	<b>32,160,419.49</b>	<b>710,009.96</b>	<b>209,750.00</b>	<b>32,660,679.45</b>
<b>Less Accumulated Depreciation:</b>				
Land and site improvements	3,047.94	2,667.06	-	5,715.00
Buildings	2,144,250.00	593,120.40	-	2,737,370.40
Sewer collection system	2,354,230.98	146,586.90	-	2,500,817.88
Machinery and equipment	529,000.87	8,210.58	-	537,211.45
Vehicles	448,730.39	46,084.92	209,750.00	285,065.31
<b>Total Accumulated Depreciation</b>	<b>5,479,260.18</b>	<b>796,669.86</b>	<b>209,750.00</b>	<b>6,066,180.04</b>
<b>Total capital assets being depreciated, Net</b>	<b>26,681,159.31</b>	<b>(86,659.90)</b>	<b>-</b>	<b>26,594,499.41</b>
<b>Total sewer revenue fund capital assets, Net</b>	<b>\$26,760,543.41</b>	<b>\$ (86,659.90)</b>	<b>\$ 62,027.88</b>	<b>\$26,611,855.63</b>

**Brookville Municipal Authority**

Notes to Financial Statements (continued)

December 31, 2022

**Note 2 – Changes in Capital Assets (continued)**

Included in the Capital Assets schedules above are the following completed projects and capital additions during the current year:

1. Water Revenue Fund

Water Street Corsica – Phase 1	\$	161,410.00
Roseville Pumphouse Culvert		7,290.00
Maple Street Waterline		24,118.91
George Drive Waterline		27,103.45
FCS Tricorr Touch Pro Correlator		25,500.00
CUB Cadet Z-Force SX 48		6,444.00
Membrane Modules		182,754.58
SCADA PC Upgrade		36,045.00
Water Plant Outdoor Camera		5,577.42
Goulds Vertical Turbine Pump		18,216.00
PA 28/US 322		81,270.34
Water Plant Well Fences		<u>10,935.00</u>
<b>Total cost/value of capital additions</b>	<b>\$</b>	<b><u>586,664.70</u></b>

2. Sewer Revenue Fund

Oak Street	\$	58,747.91
PA 28/US 322		28,775.07
Sludge Drying Bed		73,771.33
Controller Upgrade		5,300.00
Flygt Pump		14,379.00
Cub Cadet		5,944.00
Belgiumtown Lift Station Pump		5,611.00
Pine Creek Lift Station Retrofit		21,110.00
Vac Truck		452,200.00
GMC Sierra 2500 HD		<u>44,171.65</u>
<b>Total cost/value of capital additions</b>	<b>\$</b>	<b><u>710,009.96</u></b>

Construction in progress reflected above consists of the following:

1. Water Revenue Fund

Main Street Line Replacement		
Engineering fees	\$	228,911.32
Permits		3,580.00
Advertising		694.51
Legal		5,000.00
Interest		1,396.56
Construction		<u>1,186,823.48</u>

## Brookville Municipal Authority

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Notes to Financial Statements (continued)

December 31, 2022

### Note 2 – Changes in Capital Assets (continued)

Membrane Module Project	182,198.00
I-80 Northfork Bridge Replacement	
Engineering fees	2,005.20
Testing and drilling	<u>1,300.00</u>
<b>Total water revenue fund construction in progress</b>	<b><u>\$ 1,611,909.07</u></b>
2. <u>Sewer Revenue Fund</u>	
I-80 Northfork Bridge Replacement	
Engineering fees	<u>\$ 2,005.22</u>
<b>Total sewer revenue fund construction in progress</b>	<b><u>\$ 2,005.22</u></b>

### Note 3 – Due from/to Sewer Fund/Water Fund

The amount due from the Sewer Revenue Fund to the Water Revenue Fund of \$12,428.28 consists of the Sewer Revenue Fund's share of various bank fees, service charges, accounts receivable adjustment, and split checks that need reimbursed.

The amount due from the Water Revenue Fund to the Sewer Revenue Fund of \$7,943.70 consists of the Water Revenue Fund's share of various bank fees, and split checks that need reimbursed.

### Note 4 – Due from/ Due to Borough of Brookville

Amounts reported as due from/due to Borough of Brookville are adjustments to reconcile payroll and related liabilities and other costs of the Brookville Municipal Authority paid through the Borough's Clearing Fund during the year 2022.

### Note 5 – Deferred Inflows

Deferred inflows of \$6,333.56 reflected on the statement of net position consists of billing credits of customer excess payments or prepayments which will be applied to future billing.

### Note 6 – Customer Deposits

All customer deposits are accounted through the Water Revenue Fund. Various system customers are required to pay a deposit for service connection. Upon termination of service, the deposit is applied to outstanding receivable balances or refunded to the customer. Any portion of the deposit applied to Sewer Revenue Fund receivable are transferred to that fund.

## Brookville Municipal Authority

Notes to Financial Statements (continued)

December 31, 2022

### Note 7 – Long-Term Debt

#### Pennsylvania Infrastructure Investment Authority – Water Plant Loan

The Authority obtained permanent financing for the cost of construction of a new water treatment plant from the Pennsylvania Infrastructure Investment Authority (Pennvest). The total loan amount was for \$11,655,000. The interest rate on the loan for years 1 through 5 is at 1.274 percent and for years 6 through maturity is at 2.547 percent. The loan provides for interest only payments for up to 36 months and amortization of loan principal and interest of 240 months (20 years). The note is secured by a lien on the water revenues of the Authority and the Authority's resolution providing for increases in the water rates of the Authority sufficient to support the projected future operating expenses and debt service requirements of the Water Revenue Fund.

Interest only payments were made on the loan up through April 1, 2012. An interim amortization schedule for the note began May 1, 2012 with monthly payments of \$55,037.45. Upon final payment of the loan amount of \$582,750.00 in June 2012, the final amortization schedule was prepared which adjusted the actual monthly payment amount to \$55,030.15. Effective April 1, 2017, the interest rate increased to 2.547 percent and the monthly scheduled payment was increased to \$60,291.57. Total principal payments made in 2022 were \$562,772.83 and interest paid was \$160,726.01. The outstanding loan balance as of December 31, 2022, is \$6,004,385.10. Scheduled debt service requirements on the loan as of December 31, 2022 is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Dec. 31, 2023	577,275.15	146,223.69	723,498.84
Dec. 31, 2024	592,151.24	131,347.60	723,498.84
Dec. 31, 2025	607,410.63	116,088.21	723,498.84
Dec. 31, 2026	623,063.26	100,435.58	723,498.84
Dec. 31, 2027	639,119.24	84,379.60	723,498.84
2028 to 2032	<u>2,965,365.58</u>	<u>169,796.03</u>	<u>3,135,161.61</u>
	<u>\$ 6,004,385.10</u>	<u>\$ 748,270.71</u>	<u>\$ 6,752,655.81</u>

#### Pennsylvania Infrastructure Investment Authority – Rose Township Wastewater System Loan

Upon the conveyance of the wastewater collection and conveyance system from the Rose Township Municipal Authority to the Brookville Municipal Authority, the Brookville Municipal Authority assumed all of the obligations of the Rose Township Municipal Authority in respect of the loan Rose Township had received from the Pennsylvania Infrastructure Investment Authority (PennVest) to construct the wastewater collection and conveyance system. The balance on the note at the date of conveyance, which was January 1, 2016, was \$923,818.72 and is secured by a lien on the sewer revenues. The original loan was obtained in 2006 and was payable in 276 monthly installments of \$4,795.32 including interest at 1 percent per annum.

**Brookville Municipal Authority**

Notes to Financial Statements (continued)

December 31, 2022

**Note 7 – Long-Term Debt (continued)****Pennsylvania Infrastructure Investment Authority – Rose Township Wastewater System Loan (continued)**

Upon assumption of the loan by the Brookville Municipal Authority, Pennvest provided a grant of \$144,824.34 which was applied to the outstanding loan balance and reduced the monthly required loan payments to \$3,315.75, which includes interest at 1 percent per annum. Total principal payments made in 2022 were \$34,177.74 and interest paid was \$5,611.26. The outstanding loan balance as of December 31, 2022 is \$542,585.49. Scheduled debt service requirements on the loan as of December 31, 2022 is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Dec. 31, 2023	34,521.07	5,267.93	39,789.00
Dec. 31, 2024	34,867.88	4,921.12	39,789.00
Dec. 31, 2025	35,218.15	4,570.85	39,789.00
Dec. 31, 2026	35,571.96	4,217.04	39,789.00
Dec. 31, 2027	35,929.31	3,859.69	39,789.00
2028 to 2032	185,133.77	13,811.23	198,945.00
2033 to 2037	<u>181,343.35</u>	<u>4,339.81</u>	<u>185,683.16</u>
	<u>\$ 542,585.49</u>	<u>\$ 40,987.67</u>	<u>\$ 583,573.16</u>

**United States Department of Agriculture – Rural Utilities Service (RUS)**

Permanent financing for the multi-phase improvement plan of the wastewater collection and treatment system was obtained through the United States Department of Agriculture – Rural Utilities Service (RUS). The initial loan commitment of \$9,742,000.00 was received in 2015 and a subsequent loan commitment of \$2,000,000.00 was received in 2017. The proceeds of the permanent financing are to be used to fully repay the S&T Bank interim lines of credit loans.

Closing on the RUS loans was held on November 21, 2019, at which time the interim loans at S&T Bank were fully repaid, along with all outstanding interest due on the loans.

The initial loan of \$9,742,000.00 is to be repaid over a period of 40 years. The payments will consist of equal semi-annual payments of \$184,417.00 which includes interest at 2.125%. The principal payments made in 2022 were \$169,958.14 and interest paid was \$198,875.86. The outstanding loan balance as of December 31, 2022 is \$9,231,928.28. See scheduled debt service requirements on the loan as of December 31, 2022 below.



**Brookville Municipal Authority**

Notes to Financial Statements (continued)

December 31, 2022

**Note 7 – Long-Term Debt (continued)****United States Department of Agriculture – Rural Utilities Service (RUS) (continued)**

The subsequent loan of \$2,000,000.00 is to be repaid over a period of 40 years. The payments will consist of equal semi-annual payments of \$37,060.00 which includes interest at 2.000%. The principal payments made in 2022 were \$35,729.26 and interest paid was \$38,390.74. The outstanding loan balance as of December 31, 2022 is \$1,892,847.75. See scheduled debt requirements on the loan as of December 31, 2022 below.

The scheduled annual debt service requirements on the loans are as follows:

Initial Loan - \$9,742,000.00

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Dec. 31, 2023	173,330.62	195,503.38	368,834.00
Dec. 31, 2024	176,499.71	192,334.29	368,834.00
Dec. 31, 2025	180,804.00	188,030.00	368,834.00
Dec. 31, 2026	184,666.50	184,167.50	368,834.00
Dec. 31, 2027	188,611.50	180,222.50	368,834.00
2028 to 2032	1,004,268.13	839,901.87	1,844,170.00
2033 to 2037	1,116,797.19	727,372.81	1,844,170.00
2038 and beyond	<u>6,206,950.63</u>	<u>1,522,966.43</u>	<u>7,729,917.06</u>
	<u>\$ 9,231,928.28</u>	<u>\$ 4,030,498.78</u>	<u>\$13,262,427.06</u>

Subsequent Loan - \$2,000,000.00

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Dec. 31, 2023	36,401.09	37,718.91	74,120.00
Dec. 31, 2024	37,029.88	37,090.12	74,120.00
Dec. 31, 2025	37,877.06	36,242.94	74,120.00
Dec. 31, 2026	38,638.38	35,481.62	74,120.00
Dec. 31, 2027	39,415.02	34,704.98	74,120.00
2028 to 2032	209,094.54	161,505.46	370,600.00
2033 to 2037	230,892.45	139,707.55	370,600.00
2038 and beyond	<u>1,263,499.33</u>	<u>290,648.25</u>	<u>1,554,147.58</u>
	<u>\$ 1,892,847.75</u>	<u>\$ 773,099.83</u>	<u>\$ 2,665,947.58</u>

The loans from USDA – RUS are secured by a guarantee agreement dated November 21, 2019 by and among the Borough of Brookville (88.05%); Pine Creek Township (6.04%); Rose Township (5.36%) and Knox Township (.55%) severally as guarantors, and the Brookville Municipal Authority and the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture. The guarantors agree to the full and prompt payment of principal and interest when due on the loans along with all costs, fees, expenses, and charges

## **Brookville Municipal Authority**

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Notes to Financial Statements (continued)

December 31, 2022

### **Note 7 – Long-Term Debt (continued)**

#### **United States Department of Agriculture – Rural Utilities Service (RUS) (continued)**

that may be paid or incurred in enforcing this guarantee agreement. The guarantors are to pay only that portion of the debt service that cannot be paid from the receipts and revenues from the Municipal Authority Sewer System.

#### **Pennsylvania Infrastructure Investment Authority – Main Street Line Replacement**

The Authority obtained permanent financing for the cost of the Main Street water line replacement from the Pennsylvania Infrastructure Investment Authority (PennVest). The total project amount was \$1,950,000, with a portion funded through PennVest as Principal Forgiveness. The interest rate on the loan as of 4/24/22 is 1.743 percent. The note is secured by a lien on the water revenues of the Authority and the Authority's resolution providing for increases in the water rates of the Authority sufficient to support the projected future operating expenses and debt service requirements of the Water Revenue Fund. The project will be completed during 2023. After project completion, a final amortization schedule will be completed, and loan payments will be made by the Authority to PennVest. The outstanding loan balance as of December 31, 2022 is \$474,444.51.

#### **PA28/US322 Intersection Project**

During 2022, the PA 28/US 322 Intersection project was completed by the Authority. A loan in the amount of \$79,031.45 is due for the Authority's portion of project costs. No payments were made in 2022. The outstanding loan balance as of December 31, 2022 is \$79,031.45. A payment of \$26,343.82 will be made in 2023, with the same payment to be made in 2024 and 2025 by the Authority.

### **Note 8 – Designation of Unrestricted Net Assets – Water Revenue Fund**

Pursuant to Board approval, the Water Revenue Fund has designated \$317,000.00 of unrestricted net assets to cover future membrane replacement at the water plant. The amount represents the approval amount of \$54,000 per year for each of the five years from 2015 to 2019, and \$47,000 in the year 2020. The Board's intentions are to designate \$54,000 per year to provide necessary resources when needed for the water plant membrane replacement.

During 2021, the Water Revenue Fund began the membrane replacement project. In April of 2022, a total of \$185,754.58 was paid toward the project. The second half of the project is in process and will be completed in 2023.

### **Note 9 – Pension**

The Brookville Municipal Authority maintains a single employer defined benefit pension plan controlled by the provisions of a resolution dated May 14, 1996, adopted pursuant to Act 15. The plan participates in the Pennsylvania Municipal Retirement System (PMRS) which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. The plans assets with PMRS are

## Brookville Municipal Authority

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Notes to Financial Statements (continued)

December 31, 2022

### Note 9 – Pension (continued)

pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by the Governmental Accounting Standards Board are included in PMRS's separately issued Annual Comprehensive Financial Report, which can be obtained by contacting the PMRS accounting office or is available on the PMRS website.

The plan covers substantially all full-time employees and provides retirement, disability, and death benefits to plan members and their beneficiaries. Members are required to contribute 4.00 percent of compensation to the plan.

Based upon the Act 205 Actuarial Valuation Report dated January 1, 2022, the actuarial value of plan assets was \$3,562,063, the actuarial accrued liability was \$3,541,686 and the plan had no unfunded liability.

#### Employees Covered by Benefit Terms as of January 1, 2021

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>14</u>
Total participant count	<u><u>17</u></u>

The total pension contribution paid by the Authority during the year was \$56,941, which was the Minimum Municipal Obligation computed under Act 205. The Water Revenue Fund was charged \$29,116 and the Sewer Revenue Fund was charged \$27,825. The Authority has contributed 100 percent of the Minimum Municipal Obligation for the past ten years.

#### GASB 68 Disclosures:

For Government Accounting Standards Board Statement 68 (GASB 68) the measurement date is as of December 31, 2021, which is no earlier than the end of the employer's prior fiscal year as allowed by GASB 68. The components of the net pension liability as of December 31, 2021, were as follows:

Total Pension Liability	\$ 3,541,686
Plan Fiduciary Net Position	\$ 4,301,665
Net Pension Liability	\$ (759,979)

Plan Fiduciary Net Position as a percentage of Total Pension Liability	121.46%
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## Brookville Municipal Authority

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Notes to Financial Statements (continued)

December 31, 2022

### Note 9 – Pension (continued)

The discount rate used to measure the total pension liability was 5.25%. The following presents the net pension liability, calculated using the discount rate of 5.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.25%) or 1 percentage point higher (6.25%) than the current rate:

	<u>1% Decrease</u> 4.25%	<u>Current Rate</u> 5.25%	<u>1% Increase</u> 6.25%
Net Pension Liability	\$ (376,642)	\$ (759,979)	\$ (1,089,734)

### Note 10 - Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-2, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 842, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The changes became effective for the Authority on January 1, 2022. Management has determined that these changes have no significant impact on the financial statements as a result of adopting this standard.

### Note 11 – Contracts, Commitments and Contingencies

The Authority participates in both state and federal assisted grant programs. These programs are subject to 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 these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The Authority maintains and operates both a water and sanitary sewage facility and is potentially liable for any expenditure associated with compliance with mandated regulations and any assessments by regulatory authorities related to these facilities.

### Note 12 – Risk Management

The Municipal Authority is exposed to various risks of loss related to limited torts; theft, damage, or destruction of assets; errors and omissions and natural disasters for which the Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

### Note 13 – Restatement of Net Position

Net position has been restated effective January 1, 2022 to correct overstated revenues related to the PA 28/US 322 Intersection Project in the amount of \$59,767.85. This adjustment resulted in a decrease in net position of \$29,883.95 for the Water Fund and \$29,883.90 for the Sewer Fund.

## Supplemental Information

**Brookville Municipal Authority**

Required Supplementary Information - Schedule of Changes in Net Pension Liability

Last 10 Years\*

December 31, 2022

**Schedule of Changes in Net Pension Liability\***

	<b>Measurement Year Ending</b>		
	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>12/31/2016</b>
<b>Total Pension Liability</b>			
Service cost (beginning of year)	\$ 54,427	\$ 58,341	\$ 52,735
Interest (includes interest on service cost)	147,290	150,416	157,575
Differences between expected and actual experience	(91,093)	-	112,594
Changes of assumptions	-	6,070	77,166
Benefit payments, including refunds of employee contributions	(52,517)	(62,945)	(95,691)
<b>Net Change in Total Pension Liability</b>	<b>58,107</b>	<b>151,882</b>	<b>304,379</b>
<b>Total Pension Liability - Beginning</b>	<b>2,649,488</b>	<b>2,707,595</b>	<b>2,859,477</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 2,707,595</b>	<b>\$ 2,859,477</b>	<b>\$ 3,163,856</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 17,124	\$ 41,738	\$ 43,156
Contributions - PMRS assessment	-	320	360
Contributions - employee	23,814	26,017	25,751
PMRS investment income	134,937	150,014	149,861
Market value investment income	7,020	(152,762)	76,723
Benefit payments, including refunds of employee contributions	(52,517)	(62,945)	(95,691)
PMRS administrative expense	(320)	(320)	(320)
Additional administrative expense	(5,175)	(6,254)	(7,342)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>124,883</b>	<b>(4,192)</b>	<b>192,498</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,433,781</b>	<b>2,558,664</b>	<b>2,554,472</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 2,558,664</b>	<b>\$ 2,554,472</b>	<b>\$ 2,746,970</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 148,931</b>	<b>\$ 305,005</b>	<b>\$ 416,886</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>94.50%</b>	<b>89.33%</b>	<b>86.82%</b>
<b>Covered Employee Payroll</b>	<b>\$ 614,948</b>	<b>\$ 650,413</b>	<b>\$ 643,765</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>24.22%</b>	<b>46.89%</b>	<b>64.76%</b>
<b>Schedule of Employer Contributions*</b>			
Actuarially determined contribution	\$ 16,617	\$ 42,038	\$ 43,476
Contributions in relation to the actuarially determined contribution	17,124	42,058	43,516
<b>Contribution Deficiency/(Excess)</b>	<b>\$ (507)</b>	<b>\$ (20)</b>	<b>\$ (40)</b>
<b>Participant Payroll</b>	<b>\$ 614,948</b>	<b>\$ 650,413</b>	<b>\$ 643,765</b>
<b>Contributions as a Percentage of Participant Payroll</b>	<b>2.78%</b>	<b>6.47%</b>	<b>6.76%</b>

\*For those years that are available.

**Brookville Municipal Authority**

Required Supplementary Information - Schedule of Changes in Net Pension Liability (continued)

Last 10 Years\*

December 31, 2022

**Schedule of Changes in Net Pension Liability\***

	<b>Measurement Year Ending</b>		
	<b>12/31/2017</b>	<b>12/31/2018</b>	<b>12/31/2019</b>
<b>Total Pension Liability</b>			
Service cost (beginning of year)	\$ 64,255	\$ 66,739	\$ 67,029
Interest (includes interest on service cost)	166,996	174,386	167,371
Differences between expected and actual experience	-	(294,329)	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(95,691)	(89,680)	(71,648)
<b>Net Change in Total Pension Liability</b>	<b>135,560</b>	<b>(142,884)</b>	<b>162,752</b>
<b>Total Pension Liability - Beginning</b>	<b>3,163,856</b>	<b>3,299,416</b>	<b>3,156,532</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 3,299,416</b>	<b>\$ 3,156,532</b>	<b>\$ 3,319,284</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 45,261	\$ 48,629	\$ 66,329
Contributions - PMRS assessment	360	380	380
Contributions - employee	28,064	29,440	29,597
PMRS investment income	150,312	158,065	171,288
Market value investment income	333,390	(301,379)	204,351
Benefit payments, including refunds of employee contributions	(95,691)	(89,680)	(71,648)
PMRS administrative expense	(360)	(380)	(380)
Additional administrative expense	(6,913)	(7,054)	(5,921)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>454,423</b>	<b>(161,979)</b>	<b>393,996</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,746,970</b>	<b>3,201,393</b>	<b>3,039,414</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 3,201,393</b>	<b>\$ 3,039,414</b>	<b>\$ 3,433,410</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 98,023</b>	<b>\$ 117,118</b>	<b>\$ (114,126)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>97.03%</b>	<b>96.29%</b>	<b>103.44%</b>
<b>Covered Employee Payroll</b>	<b>\$ 701,593</b>	<b>\$ 723,112</b>	<b>\$ 731,443</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>13.97%</b>	<b>16.20%</b>	<b>15.60%</b>
<b>Schedule of Employer Contributions*</b>			
Actuarially determined contribution	\$ 45,621	\$ 49,009	\$ 66,709
Contributions in relation to the actuarially determined contribution	45,621	49,009	66,709
<b>Contribution Deficiency/(Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Participant Payroll</b>	<b>\$ 701,593</b>	<b>\$ 723,112</b>	<b>\$ 731,443</b>
<b>Contributions as a Percentage of Participant Payroll</b>	<b>6.50%</b>	<b>6.78%</b>	<b>9.12%</b>

\*For those years that are available.

**Brookville Municipal Authority**

Required Supplementary Information - Schedule of Changes in Net Pension Liability (continued)

Last 10 Years\*

December 31, 2022

**Schedule of Changes in Net Pension Liability\***

	<b>Measurement Year Ending</b>	
	<b>12/31/2020</b>	<b>12/31/2021</b>
<b>Total Pension Liability</b>		
Service cost (beginning of year)	\$ 67,594	\$ 68,760
Interest (includes interest on service cost)	175,954	181,562
Differences between expected and actual experience	(121,331)	-
Changes of assumptions	115,441	-
Benefit payments, including refunds of employee contributions	<u>(71,648)</u>	<u>(193,930)</u>
<b>Net Change in Total Pension Liability</b>	166,010	56,392
<b>Total Pension Liability - Beginning</b>	<u>3,319,284</u>	<u>3,485,294</u>
<b>Total Pension Liability - Ending</b>	<u><u>\$ 3,485,294</u></u>	<u><u>\$ 3,541,686</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 66,826	\$ 59,197
Contributions - PMRS assessment	360	420
Contributions - employee	29,656	30,767
PMRS investment income	169,253	182,736
Market value investment income	338,312	274,810
Benefit payments, including refunds of employee contributions	(71,648)	(193,930)
PMRS administrative expense	(360)	(420)
Additional administrative expense	<u>(7,374)</u>	<u>(10,350)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	525,025	343,230
<b>Plan Fiduciary Net Position - Beginning</b>	<u>3,433,410</u>	<u>3,958,435</u>
<b>Plan Fiduciary Net Position - Ending</b>	<u><u>\$ 3,958,435</u></u>	<u><u>\$ 4,301,665</u></u>
<b>Net Pension Liability - Ending</b>	<u><u>\$ (473,141)</u></u>	<u><u>\$ (759,979)</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	113.58%	121.46%
<b>Covered Employee Payroll</b>	\$ 741,362	\$ 769,185
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	63.82%	98.80%
<b>Schedule of Employer Contributions*</b>		
Actuarially determined contribution	\$ 67,186	\$ 59,557
Contributions in relation to the actuarially determined contribution	<u>67,186</u>	<u>59,617</u>
<b>Contribution Deficiency/(Excess)</b>	<u>\$ -</u>	<u>\$ (60)</u>
<b>Participant Payroll</b>	\$ 741,362	\$ 769,185
<b>Contributions as a Percentage of Participant Payroll</b>	9.06%	7.75%

\*For those years that are available.



Brookville Municipal Authority

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Federal Grantor/ Program Title	Source Code	Federal AL Number	Total Received for Year	Pass Through Grantor's Number	Cash/Accrued or (Deferred) Revenue at Dec. 31, 2021	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at Dec. 31, 2022
United States Department of Agriculture:								
Capitalization Grant for Drinking Water State Revolving Funds	I	66.468	745,207.21	N/A	\$ -	\$ 855,386.42	\$ 855,386.42	\$ 110,179.21
<b>Total Federal Financial Assistance</b>					<b>\$ -</b>	<b>\$ 855,386.42</b>	<b>\$ 855,386.42</b>	<b>\$ 110,179.21</b>

\* Fee-For-Service, Source Code: I - Indirect, D - Direct

## **Brookville Municipal Authority**

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Notes to Schedule of Expenditures of Federal Awards

December 31, 2022

### **Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Brookville Municipal Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the accompanying schedule of expenditures of federal awards are reported in accordance with generally accepted accounting principles (GAAP).

#### **Indirect Cost Rate**

The Authority did not elect to use the ten percent (10%) de minimis indirect cost rate for the year ended December 31, 2022.

#### **Amounts Passed to Subrecipients**

The Authority did not provide federal awards to subrecipients during the year ended December 31, 2022.



# Troxell & Associates, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Brookville Municipal Authority  
18 Western Avenue; Suite A  
Brookville, PA 15825

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of Brookville Municipal Authority, Brookville, PA, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise Brookville Municipal Authority's basic financial statements, and have issued our report thereon dated September 29, 2023.

## Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brookville Municipal Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brookville Municipal Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Brookville Municipal Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

2882 Oklahoma Salem Road  
PO Box 1029  
DuBois, PA 15801

Telephone: (814) 371-1760  
Fax: (814) 375-1003  
Email: info@troxellcpa.com

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Brookville Municipal Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Troxell & Associates, LLC  
Certified Public Accountants  
September 29, 2023



# Troxell & Associates, LLC

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Brookville Municipal Authority  
18 Western Avenue; Suite A  
Brookville, PA 15825

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Brookville Municipal Authority, Brookville, PA's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Brookville Municipal Authority's major federal programs for the year ended December 31, 2022. Brookville Municipal Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Brookville Municipal Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Brookville Municipal Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal

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PO Box 1029	Fax: (814) 375-1003
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determination of Brookville Municipal Authority's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Brookville Municipal Authority's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Brookville Municipal Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Brookville Municipal Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Brookville Municipal Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Brookville Municipal Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Brookville Municipal Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Troxell & Associates, LLC  
Certified Public Accountants  
September 29, 2023

**Brookville Municipal Authority**

Schedule of Findings and Questioned Costs

December 31, 2022

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Section I – Summary of Auditor's Results

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***Financial Statements***

Type of auditor's report issued on whether  
the financial statement audited was prepared  
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?      \_\_\_ Yes     X  No
- Significant deficiency(ies) identified?      \_\_\_ Yes     X  None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes     X  No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?      \_\_\_ Yes     X  No
- Significant deficiency(ies) identified?      \_\_\_ Yes     X  None reported

Type of auditor's report issued on compliance  
for major federal programs:

Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with 2 CFR 200.516 (a)?

\_\_\_ Yes     X  No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount Expended</u>
66.468	Capitalization Grant for Drinking Water State Revolving Funds	<u>\$ 855,386.42</u>



**Brookville Municipal Authority**

Schedule of Findings and Questioned Costs (continued)

December 31, 2022

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Section I – Summary of Auditor’s Results (continued)

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Dollar threshold used to distinguish

Between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes

No

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Section II – Findings Related to the Financial Statements which are Required to be Reported in  
Accordance with Government Auditing Standards (GAGAS)

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None reported

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Section III – Findings and Questioned Costs for Federal Awards

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None reported

**Brookville Municipal Authority**

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Report on Prior Year's Audit Findings

December 31, 2022

No prior audit findings reported.