

**Wyoming Valley Sanitary Authority
Board Officer Titles and Monthly Stipend
January 16, 2018 - 2019**

Chairperson.....\$200.00

1st Vice Chairperson.....\$200.00

2nd Vice Chairperson.....\$200.00

Secretary.....\$200.00

1st Assistant Secretary.....\$150.00

2nd Assistant Secretary.....\$150.00

Treasurer.....\$200.00

1st Assistant Treasurer.....\$150.00

2nd Assistant Treasurer.....\$150.00



pennsylvania
OFFICE OF OPEN RECORDS

Standard Right-to-Know Law Request Form

Good communication is vital in the RTKL process. Complete this form thoroughly and retain a copy; it is required should an appeal be necessary. You have 15 business days to appeal after a request is denied or deemed denied.

SUBMITTED TO AGENCY NAME: Wyoming Valley Sanitary Authority (Attn: AORO)

Date of Request: February 10, 2019 Submitted via: ☐ Email ☐ U.S. Mail ☒ Fax ☐ In Person

PERSON MAKING REQUEST:

Name: Frank Andrews **Company (if applicable):** Wilk News Radio

Mailing Address: rt 315

City: Pittston **State:** pa **Zip:** 18640 **Email:** frankandrews@wilknewsradio.com

Telephone: 570-954-7348 **Fax:** _____

How do you prefer to be contacted if the agency has questions? ☐ Telephone ☒ Email ☐ U.S. Mail

RECORDS REQUESTED: *Be clear and concise. Provide as much specific detail as possible, ideally including subject matter, time frame, and type of record or party names. Use additional sheets if necessary. RTKL requests should seek records, not ask questions. Requesters are not required to explain why the records are sought or the intended use of the records unless otherwise required by law.*

Salary and payroll information for all officers board members and employee positions
expense reports for officers and board members

most recent audit

DO YOU WANT COPIES? ☐ Yes, electronic copies preferred if available
☒ Yes, printed copies preferred
☐ No, in-person inspection of records preferred (may request copies later)

Do you want certified copies? ☐ Yes (may be subject to additional costs) ☒ No
RTKL requests may require payment or prepayment of fees. See the Official RTKL Fee Schedule for more details.
Please notify me if fees associated with this request will be more than ☐ \$100 (or) ☐ \$ _____

ITEMS BELOW THIS LINE FOR AGENCY USE ONLY

Tracking: 20190212-1 **Date Received:** 02/12/2019 **Response Due (5 bus. days):** 02/19/2019

30-Day Ext.? ☐ Yes ☒ No (If Yes, Final Due Date: _____) **Actual Response Date:** 02/19/2019

Request was: ☐ Granted ☒ Partially Granted & Denied ☐ Denied **Cost to Requester:** \$ 0

☐ Appropriate third parties notified and given an opportunity to object to the release of requested records.

NOTE: In most cases, a completed RTKL request form is a public record.
More information about the RTKL is available at <https://www.openrecords.pa.gov>

Form updated Nov. 27, 2018

| Job Title | Hourly Rate |
|--|--------------------|
| Collections System/Stormwater Operator | \$31.08 |
| Asst. Collections System/Stormwater Operator | \$30.94 |
| Administrative Assistant | \$17.00 |
| Courier | \$13.00 |
| Commerical Account Billing Clerk | \$13.00 |
| Custodian | \$29.77 |
| Customer Service Clerk | \$14.50 |
| Data Processing Clerk | \$22.60 |
| Operator-DC | \$30.86 |
| Collections System/Stomwater Coordinator | \$39.30 |
| Hauled Waste Inspector | \$13.00 |
| Budget and Finance Director | \$58.68 |
| Special Projects Laborer | \$24.80 |
| Billing Clerk | \$13.00 |
| Assistant DC Foreman | \$33.68 |
| Chemist/Pretreatment | \$20.00 |
| IT Manager & Data Processing Supervisor | \$36.90 |
| Director of Operations | \$61.40 |
| Special Projects Laborer | \$24.80 |
| Operations Trainee | \$24.69 |
| Custodian | \$29.77 |
| Collections System/Stormwater Operator | \$31.08 |
| Engineering Technician | \$28.85 |
| Pump Station/Diversion Chamber Foreman | \$39.30 |
| Engineering Technician | \$37.16 |
| Unit Inspector | \$20.00 |
| Emergency Services Coordinator | \$32.08 |
| Operator-Diversion Chambers | \$30.86 |
| Collections System/Stormwater Operator | \$31.08 |
| Pump Station Operator | \$30.86 |
| Pump Station Operator | \$30.86 |
| Special Projects Laborer | \$24.80 |
| Stormwater Division Manager | \$44.16 |
| Administrative Assistant / Manager | \$35.08 |
| Operations Trainee | \$24.69 |
| Special Projects Laborer | \$24.80 |
| Special Projects Laborer | \$24.80 |

| | |
|--|---------|
| Security Guard | \$25.00 |
| Inventory/Purch Coordinator | \$27.80 |
| Asst. Plant Operator | \$27.77 |
| Asst. Foreman Operations | \$33.68 |
| Collections System/Stormwater Operator | \$31.08 |
| Pump Station Operator | \$30.86 |
| Laborer | \$23.30 |
| Collections System/Stormwater Foreman | \$37.16 |
| Asst. Foreman Operations | \$33.68 |
| Engineering Projects Asst. | \$32.46 |
| Pump Station Operator | \$30.86 |
| Senior Data/Process Clerk | \$29.88 |
| Special Projects Laborer | \$24.80 |
| Stormwater Technician | \$25.00 |
| Laborer | \$23.30 |
| Chief Chemist | \$36.46 |
| Building & Grounds Foreman | \$37.16 |
| Assisant Operator | \$27.77 |
| Senior Mechanic | \$32.86 |
| Special Projects Laborer | \$24.80 |
| Budget & Finance Assistant | \$26.45 |
| Operations Trainee | \$24.69 |
| Collections System/Stormwater Foreman | \$37.16 |
| Billing Clerk | \$19.30 |
| Public Relations & Regulatory Liaison | \$32.64 |
| Security Guard | \$15.00 |
| Operations Trainee | \$27.77 |
| Stormwater Technician | \$25.00 |
| Plant Operator | \$30.86 |
| Collections System Coordinator | \$39.30 |
| Collections System/Stormwater Operator | \$31.08 |
| Assistant Mechanic | \$27.77 |
| Maintenance Crew | \$30.86 |
| Pump Station Operator | \$30.86 |
| Operations Foreman | \$37.16 |
| Accts Payable Clerk | \$26.56 |
| Assistant Electrician | \$30.23 |
| Stormwater Customer Service Rep | \$19.00 |

| | |
|--|---------|
| Collections System/Stormwater Operator | \$31.08 |
| Laborer | \$23.30 |
| Lab Pretreatment | \$25.30 |
| Special Projects Laborer | \$24.80 |
| Mechanic | \$30.86 |
| Maintenance Crew | \$30.86 |
| Senior Plant Operator | \$32.86 |
| Director Compliance & Administration | \$58.89 |
| Collections System/Stormwater Trainee | \$27.97 |
| Collections System/ Stormwater Trainee | \$27.97 |
| Purchasing Manager | \$37.54 |
| Plant Operator | \$30.86 |
| Collectiosn System/Stormwater Operator | \$31.08 |
| Operations Trainee | \$24.69 |
| Mechanic Trainee | \$24.69 |
| Laborer | \$23.30 |
| Inventory/Purchasing Coordinator | \$25.50 |
| Custodian | \$29.77 |
| Collections System/Stormwater Trainee | \$27.97 |
| Special Projects Laborer | \$24.80 |
| Data Network & Processing Asst. | \$25.00 |
| Collections System/Stormwater Operator | \$31.08 |
| Health & Safety Administrator | \$37.64 |
| Asst.Pump Station Operator | \$29.98 |
| Plant Operator | \$30.86 |
| Senior Accts. Payable Clerk | \$32.80 |
| Office Manager | \$32.30 |
| Plant Operator | \$30.86 |
| Stormwater Assistant | \$23.30 |
| Custodian | \$29.77 |
| Collections System/Stormwater Operator | \$31.08 |
| Operations Trainee | \$27.77 |
| Industrial Pretreatment Manager | \$36.46 |
| Special Projects Laborer | \$24.80 |
| Operations Trainee | \$27.77 |
| Pump Station Operator | \$30.86 |
| Operations Trainee | \$27.77 |
| Grease Trap Coordinator | \$34.08 |

| | |
|---|---------|
| Asst Office Supervisor/Customer Service Manager | \$33.05 |
| Mechanic Trainee | \$30.23 |
| Human Resources Personnel Liaison | \$34.85 |
| Asst. Mechanic | \$24.69 |
| Special Projects Operator | \$30.86 |
| Asst. Electrician | \$24.69 |
| Security Guard | \$15.00 |
| Plant Operator | \$30.86 |
| Unit Inspector | \$20.00 |
| Vehicle Maintenance Officer | \$34.08 |
| Human Resources Manager | \$34.85 |
| GIS Manager | \$32.08 |
| Special Projects Laborer | \$24.80 |
| Pump Station Operator | \$30.86 |
| Unit Inspector | \$32.43 |
| Health & Safety Assistant | \$24.30 |
| Administrative Assistant | \$32.78 |
| Customer Service Clerk | \$13.85 |
| Courier | \$13.00 |
| Inventory/Purch Coordinator | \$33.35 |
| Mechanic | \$30.86 |
| Laborer | \$23.30 |
| Asst. Plant Operator | \$30.23 |
| Purchasing Assitant | \$21.10 |
| Operations Trainee | \$24.69 |
| Coll/Stormwater Operator | \$31.08 |
| Electrical Foreman | \$37.16 |
| Billing Clerk | \$18.50 |
| Plant Operator | \$30.86 |
| Operations Foreman | \$37.16 |
| Special Projects Laborer | \$24.80 |
| Chemist/Pretreatment | \$33.44 |
| Chemist/Pretreatment | \$30.74 |
| Billing Clerk | \$22.10 |
| Laborer | \$23.30 |
| Stormwater Assistant | \$23.30 |
| Operations Trainee | \$24.69 |
| Coll/Stormwater Foreman | \$37.16 |

| | |
|-------------------------------------|---------|
| Custodian | \$29.77 |
| Special Projects Laborer | \$24.80 |
| Electrician | \$30.86 |
| Customer Service Clerk | \$17.00 |
| Commercial Account Supervisor | \$30.90 |
| Data Network & Processing Asst. | \$23.30 |
| Accts Payable Clerk | \$23.60 |
| Chemist/Pretreatment | \$30.74 |
| Executive Director | \$69.81 |
| Electrician | \$30.86 |
| Custodian | \$29.77 |
| Administrative Assistant | \$31.96 |
| Billing Clerk | \$27.60 |
| Mechanic | \$30.86 |
| Electrician | \$30.86 |
| Asst. Plant Operator | \$27.77 |
| Electrician | \$30.86 |
| Pump Station Foreman | \$37.16 |
| Assist Maintenance Foreman | \$34.53 |
| Special Projects Equipment Operator | \$32.86 |
| Billing Clerk | \$13.00 |
| Senior Billing Clerk | \$22.10 |
| Coll/Stormwater Foreman | \$37.16 |
| Maintenance Foreman | \$37.16 |
| Operations Foreman | \$37.16 |
| Plant Operator | \$30.86 |

WYOMING VALLEY SANITARY AUTHORITY

FOR THE YEARS ENDED

DECEMBER 31, 2017 AND 2016

RONALD L. FITSER & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANT

WYOMING VALLEY SANITARY AUTHORITY

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RONALD L. FITSER & ASSOCIATES

Certified Public Accountant

341 PIERCE STREET, KINGSTON, PA 18704
PHONE (570) 288-4453 • FAX (570) 287-7666

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Wyoming Valley Sanitary Authority

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the Wyoming Valley Sanitary Authority as of December 31, 2017 and 2016 and for the years then ended as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wyoming Valley Sanitary Authority as of December 31, 2017 and 2016, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to be "J. L. H. B. A.", is written over the text of the opinion paragraph.

April 28 , 2018

**WYOMING VALLEY SANITARY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

This section of the Authority's annual financial report presents management's analysis of the financial performance of the Authority for the one-year period ending on December 31, 2017. This analysis is presented as a supplement to the audited financial statements that follow this section.

FINANCIAL HIGHLIGHTS FOR 2017

- Operating Revenues from all sources increased by \$1,405,361 versus 2016.
- Operating Expenses increased \$1,790,008 versus 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts: 1) Management's Discussion and Analysis, 2) Financial Statements, and 3) Supplementary Information. The Financial Statements include a number of notes that explain in detail portions of the Financial Statements. The Financial Statements were prepared using the accrual method of accounting.

REQUIRED FINANCIAL STATEMENTS

The Authority's Financial Statements include an accounting of Authority operations. The accounting policies and financial statements of the Authority conform to generally accepted accounting principles for government entities in the United States, including the June 2003 provisions of GASB, "Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments."

The accompanying financial statements have been prepared in accordance with GASB and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The first two statements are government-wide financial statements – the Statement of Net Assets and the Statement of Activities. These provide both long-term and short-term information about the Authority's overall financial status.

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Authority's net assets and how they have changed. Net assets, the difference between the Authority's assets and liabilities, are one way to measure the Authority's financial health or position. Over time, increases or decreases in the Authority's net assets are an indication of whether its financial health is improving or deteriorating, respectively.

FINANCIAL ANALYSIS OF THE AUTHORITY

The statement of net assets reflects the current "net worth" of the Authority after consideration of total assets, long-term debt, and other liabilities. Net assets of the Authority increased by \$2,814,449 over 2016.

**WYOMING VALLEY SANITARY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Long-Term Debt

The Wyoming Valley Sanitary Authority's net long-term debt decreased by \$840,000 which was used to fund capital projects.

Economic Factors and Effect on Financial Performance

There are no known economic factors that will affect the financial performance for the Authority in the upcoming years, although the Authority's current long-term capital improvement budget indicates that capital outlays will increase significantly in the coming years to remain current with proposed legislation.

| ASSETS | | LIABILITIES AND NET ASSETS | |
|---|---------------|----------------------------|---------------|
| | 2017 | 2016 | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | \$ 13,760,333 | \$ 16,003,791 | |
| Accounts receivable | 2,977,899 | 2,611,809 | |
| Inventory | 2,243,906 | 1,980,450 | |
| Prepaid expenses | 1,704,211 | 1,731,766 | |
| Total Current Assets | 20,686,349 | 22,327,816 | |
| | | | |
| PROPERTY, PLANT AND EQUIPMENT | 40,590,840 | 37,704,181 | |
| | | | |
| CONSTRUCTION IN PROGRESS | | | |
| STORM WATER | 934,694 | 0 | |
| | | | |
| TOTAL ASSETS | \$ 62,211,883 | \$ 60,031,997 | |
| | | | |
| | | | |
| CURRENT LIABILITIES: | | | |
| Current portion of note payable | | \$ 857,000 | \$ 300,000 |
| Accounts payable | | 459,401 | 305,221 |
| Accrued wages | | 170,237 | 101,180 |
| Accrued and withheld payroll taxes | | 23,601 | 42,770 |
| Accrued compensated absences | | 362,421 | 358,862 |
| Accrued interest | | 37,448 | 39,638 |
| Total Current Liabilities | | 1,910,108 | 1,147,671 |
| | | | |
| LONG-TERM DEBT: | | | |
| Note payable | | 6,504,000 | 7,901,000 |
| Total Long-Term Debt | | 6,504,000 | 7,901,000 |
| | | | |
| TOTAL LIABILITIES | | 8,414,108 | 9,048,671 |
| | | | |
| NET ASSETS: | | | |
| Invested in capital assets, net of related debt | | 50,249,469 | 50,473,326 |
| Restricted for capital projects - storm water | | 2,148,306 | 0 |
| Restricted for capital projects | | 1,400,000 | 510,000 |
| Total Net Assets | | 53,797,775 | 50,983,326 |
| | | | |
| TOTAL LIABILITIES AND NET ASSETS | \$ 62,211,883 | \$ 62,211,883 | \$ 60,031,997 |

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WYOMING VALLEY SANITARY AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | | | 2016 |
|--|---------------|---------------|--|---------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| OPERATING REVENUE: | | | | |
| Net sewer charges | \$ 24,502,635 | \$ 25,065,173 | \$ 562,538 | \$ 23,659,812 |
| OPERATING EXPENSES: | | | | |
| Plant operations | 10,571,466 | 10,405,132 | 166,334 | 9,460,370 |
| Pumping station and line | 2,521,579 | 2,281,129 | 240,450 | 2,212,277 |
| Billing and collection | 1,566,906 | 1,518,146 | 48,760 | 1,487,856 |
| General and administrative | 1,866,413 | 1,786,319 | 80,094 | 1,812,805 |
| Engineering and municipal | 2,740,746 | 2,653,433 | 87,313 | 2,503,794 |
| Total Operating Expense | 19,267,110 | 18,644,159 | 622,951 | 17,477,102 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | 5,235,525 | 6,421,014 | 1,185,489 | 6,182,710 |
| DEPRECIATION EXPENSE | 5,125,525 | 3,626,843 | 1,498,682 | 3,367,706 |
| OPERATING INCOME (LOSS) | 110,000 | 2,794,171 | 2,684,171 | 2,815,004 |
| OTHER REVENUE (EXPENSE): | | | | |
| Investment revenue | 40,000 | 174,033 | 134,033 | 142,713 |
| Interest expense | (150,000) | (153,755) | (3,755) | (185,280) |
| Total Other Revenue (Expense) | (110,000) | 20,278 | 130,278 | (42,567) |
| CHANGE IN NET ASSETS | \$ - | \$ 2,814,449 | \$ 2,814,449 | \$ 2,772,437 |

See accompanying notes and independent auditors' report.

WYOMING VALLEY SANITARY AUTHORITY
STATEMENT OF CHANGE IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|----------------------|----------------------|
| NET ASSETS AT THE BEGINNING OF YEAR | \$ 50,983,326 | \$ 48,210,889 |
| CHANGE IN NET ASSETS | <u>2,814,449</u> | <u>2,772,437</u> |
| NET ASSETS AT THE END OF YEAR | <u>\$ 53,797,775</u> | <u>\$ 50,983,326</u> |

See accompanying notes and independent auditors' report.

WYOMING VALLEY SANITARY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|---|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 24,699,083 | \$ 23,460,221 |
| Cash payments to suppliers and employees | <u>(18,782,433)</u> | <u>(16,932,467)</u> |
| Net Cash Provided by Operating Activities | <u>5,916,650</u> | <u>6,527,754</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and construction of capital assets | (6,403,502) | (3,362,469) |
| Construction in progress storm water | (934,694) | 0 |
| Principal paid on note payable | (840,000) | (824,000) |
| Additional borrowings note payable | 0 | 2,095,114 |
| Interest paid | <u>(155,945)</u> | <u>(145,642)</u> |
| Net Cash Used by Capital and Related Financing Activities | <u>(8,334,141)</u> | <u>(2,236,997)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment income received | <u>174,033</u> | <u>142,713</u> |
| Net Cash Provided (used) by Investing Activities | <u>174,033</u> | <u>142,713</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (2,243,458) | 4,433,470 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>16,003,791</u> | <u>11,570,321</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>\$ 13,760,333</u></u> | <u><u>\$ 16,003,791</u></u> |

See accompanying notes and independent auditors' report.

(continued)

WYOMING VALLEY SANITARY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating Income (Loss) | \$ 2,684,171 | \$ 2,815,004 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 3,626,843 | 3,367,706 |
| Change in assets and liabilities: | | |
| Increase in accounts receivable | (366,090) | (199,591) |
| (Increase) decrease in inventory | (263,456) | 110,309 |
| Decrease in prepaid expenses | 27,555 | 152,168 |
| Increase in accounts payable | 154,180 | 236,880 |
| Increase in accrued wages | 69,057 | 28,041 |
| Increase (decrease) in accrued/withheld payroll taxes | (19,169) | 11,819 |
| Increase in accrued compensated absences | 3,559 | 5,418 |
| Net Cash Provided by Operating Activities | <u>\$ 5,916,650</u> | <u>\$ 6,527,754</u> |

See accompanying notes and independent auditors' report.

(concluded)

WYOMING VALLEY SANITARY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The Wyoming Valley Sanitary Authority was incorporated December 11, 1962, under the provisions of the Pennsylvania Municipality Authorities Act of 1942, as amended. The Authority was incorporated under the Act by the municipal authorities of the Cities of Nanticoke, Pittston, and Wilkes-Barre, the Boroughs of Edwardsville, Exeter, Forty Fort, Kingston, Plymouth, Swoyersville, West Pittston and Wyoming, and the Townships of Hanover, Jenkins and Plains; and has previously constructed, maintained, and improved wastewater collection and primary treatment facilities to serve Wyoming Valley, Luzerne County, Pennsylvania. As of July 1, 1967, the Authority became operational and began billing users as required by the Service Agreements with the municipalities. The various participating municipalities are the Cities of Nanticoke, Pittston, and Wilkes-Barre, the Boroughs of Ashley, Courtdale, Dallas, Edwardsville, Exeter, Forty Fort, Harveys Lake, Hughestown, Kingston, Laflin, Larksville, Luzerne, Plymouth, Pringle, Sugar Notch, Swoyersville, Warrior Run, West Pittston, West Wyoming, Wyoming, and Yatesville and the Townships of Dallas, Hanover, Jackson, Jenkins, Kingston, Lehman, Newport, Pittston, Plains, Plymouth and Wilkes-Barre.

The accounting policies of the Wyoming Valley Sanitary Authority conform to generally accepted accounting policies applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The Wyoming Valley Sanitary Authority has adopted the provisions of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards, for the criteria used to evaluate organizations, activities, and functions that should be included in its comprehensive annual financial report and general purpose financial statements. The basic criterion used is the exercise of "oversight responsibility" over such organizations, activities, and functions.

Because the Wyoming Valley Sanitary Authority was created to provide services to the various municipalities listed in the first paragraph of Note 1, the Authority has been evaluated under the aforementioned criteria for inclusion in the reporting entities of each municipality. This evaluation has concluded that the Authority is excluded from the reporting entity of each municipality. No one municipality exercises significant control over the Authority and the Authority is independent of the municipalities regarding fiscal accountability, scope of public service, and financial assisted relationships.

Basis of Presentation

The Wyoming Valley Sanitary Authority prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles; consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

(continued)

WYOMING VALLEY SANITARY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Cont'd).

Budgets and Budgetary Accounting

An annual budget is prepared and adopted by the Board of the Wyoming Valley Sanitary Authority to provide a basis for appropriate budgetary control and to fix its rates as required by the Trust Indenture. The Board may amend the budget to provide for any unforeseen contingencies.

Cash Deposits and Investments

The Authority's cash deposits with financial institutions were invested in various savings and trust funds. These cash deposits are insured and collateralized through the Federal Deposit Insurance Corporation and the Pennsylvania Local Government Investment Trust.

Operating Grant

Operating grants from the Commonwealth of Pennsylvania for reimbursement of eligible costs are recorded as other revenue.

Inventory

Inventory is stated at cost. Cost is determined primarily by the first in, first out method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided using the straight line method based on the following useful lives:

| | <u>Useful Life</u> |
|-----------------------------|--------------------|
| Buildings | 40 years |
| Waste water treatment plant | 25 years |
| Operating equipment | 5-25 years |
| Vehicles | 7 years |

Liability for Compensated Absences

It is the Authority's policy to permit employees to accumulate a limited amount of earned but unused sick leave, which will be paid to employees upon separation from Authority's service.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Authority considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

(continued)

WYOMING VALLEY SANITARY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Cont'd).

Contributed Capital

Contributions received from the Federal Government, to help defray the cost of constructing the sewer system, are recorded as contributed capital.

NOTE 2 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 2017 and 2016 consisted of the following:

| | 2017 | 2016 |
|--------------------------------|----------------------|----------------------|
| Land | \$ 696,284 | \$ 696,284 |
| Buildings | 562,436 | 551,931 |
| Waste water treatment plant | 72,055,074 | 72,998,201 |
| Operating Equipment | 50,731,682 | 43,468,278 |
| Vehicles | 2,638,595 | 2,455,875 |
| | <u>126,684,071</u> | <u>120,170,569</u> |
| Less: accumulated depreciation | <u>86,093,231</u> | <u>82,466,388</u> |
| TOTAL | <u>\$ 40,590,840</u> | <u>\$ 37,704,181</u> |

NOTE 3 – NOTE PAYABLE

The Wyoming Valley Sanitary Authority entered into a ten year loan agreement with a local bank to borrow up to \$9,025,000 at 2%. The proceeds of the note were used to pay off the line of credit with a local bank in the amount of \$3,210,044, repay the balance of a note with the Pennsylvania Infrastructure Investment Authority in the amount of \$885,078, fund capital projects in the amount of \$4,054,923 and pay closing costs of \$50,955. At December 31, 2017 the balance of the note was \$7,361,000.

(continued)

WYOMING VALLEY SANITARY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 – PENSION PLAN

The Wyoming Valley Sanitary Authority adopted a defined contribution pension plan on June 1, 1974 covering substantially all of its full-time employees. The Authority contributed 8% of covered employees' salaries from June 1, 1991 to July 31, 2016. Beginning August 1, 2016 The Wyoming Valley Sanitary Authority established a defined benefit plan with the Pennsylvania Municipal Retirement System. Pension expense amounts to \$682,756 and \$610,556 for 2017 and 2016.

NOTE 5– DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation in the plan is optional and participants elect how their salary deferrals are invested.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Authority subject only to the claims of the Authority's general creditors. Participants' rights under the plan are equal to those of general creditors of the Authority in an amount equal to the fair market value of the deferred account of each participant.

The Authority has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 6 – CONTINGENCIES

At December 31, 2017 the Wyoming Valley Sanitary Authority had approximately \$3,600,000 of construction commitments outstanding.

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Wyoming Valley Sanitary Authority maintains its cash balances in various investment accounts which are fully insured and other accounts which are insured by the Federal Deposit Insurance Corporation. At December 31, 2017, Wyoming Valley Sanitary Authority's uninsured balances were \$0.

NOTE 8 – STORMWATER DIVISION

During 2017 The Wyoming Valley Sanitary Authority Board of Directors authorized a transfer from Wyoming Valley Sanitary Capital Account not to exceed \$3,000,000. The balance as of December 31, 2017 was \$2,148,306.

(concluded)

WYOMING VALLEY SANITARY AUTHORITY

OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | | VARIANCE FAVORABLE (UNFAVORABLE) | 2016 |
|---------------------------------|---------------|---------------|--|--------------|
| | BUDGET | ACTUAL | | ACTUAL |
| PLANT OPERATIONS: | | | | |
| Plant salaries and wages | \$ 2,803,923 | \$ 2,947,234 | \$ (143,311) | \$ 2,612,776 |
| Foremen's salaries | 620,649 | 593,721 | 26,928 | 539,816 |
| Laboratory salaries | 378,499 | 376,298 | 2,201 | 370,091 |
| Purchasing salaries | 301,027 | 308,529 | (7,502) | 253,826 |
| Payroll taxes | 332,431 | 331,557 | 874 | 308,918 |
| Light and power | 1,450,000 | 1,471,023 | (21,023) | 1,366,342 |
| Plant and equipment repairs | 840,000 | 850,636 | (10,636) | 836,439 |
| Plant chemicals | 380,000 | 314,823 | 65,177 | 338,047 |
| Medical insurance | 908,000 | 666,800 | 241,200 | 696,392 |
| Natural gas | 280,000 | 232,005 | 47,995 | 194,942 |
| Landfill disposal | 290,000 | 251,404 | 38,596 | 276,976 |
| Pension | 339,414 | 334,076 | 5,338 | 278,177 |
| Insurance | 322,000 | 301,204 | 20,796 | 324,740 |
| Security | 316,073 | 272,875 | 43,198 | 273,453 |
| Workmen's compensation | 340,000 | 359,796 | (19,796) | 266,478 |
| Building maintenance | 85,000 | 102,236 | (17,236) | 57,007 |
| Maintenance contracts | 77,200 | 56,472 | 20,728 | 32,970 |
| Safety | 30,000 | 31,393 | (1,393) | 22,779 |
| Lab chemicals and supplies | 60,000 | 54,204 | 5,796 | 55,864 |
| Incinerator testing (CEM) | 50,000 | 100,783 | (50,783) | 45,207 |
| Consulting engineering fees | 20,000 | 65,652 | (45,652) | 34,433 |
| Uniform expense | 40,000 | 50,946 | (10,946) | 43,216 |
| Group life/disability insurance | 52,000 | 57,377 | (5,377) | 47,789 |
| Water | 80,000 | 115,042 | (35,042) | 72,269 |
| Storage Facility | 60,000 | 44,177 | 15,823 | 0 |
| Plant and office supplies | 10,500 | 10,591 | (91) | 9,132 |
| Freight | 9,000 | 11,784 | (2,784) | 9,394 |
| Equipment rental | 5,000 | 50 | 4,950 | 2,949 |
| Vehicle communications | 48,000 | 60,720 | (12,720) | 51,523 |
| Lubricants | 5,000 | 8,507 | (3,507) | 4,445 |
| Education and training | 17,000 | 6,867 | 10,133 | 15,898 |
| Licenses and permits | 15,000 | 10,462 | 4,538 | 12,701 |
| Telephone | 5,000 | 5,174 | (174) | 4,960 |
| Postage | 750 | 714 | 36 | 421 |
| Total Plant Operations | \$ 10,571,466 | \$ 10,405,132 | \$ 166,334 | \$ 9,460,370 |

See accompanying notes and independent auditors' report.

WYOMING VALLEY SANITARY AUTHORITY

OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | | | 2016 |
|---|---------------------|---------------------|--|---------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| PUMPING STATION AND LINE: | | | | |
| Pump labor | \$ 627,128 | \$ 617,864 | \$ 9,264 | \$ 647,786 |
| Pump supervisors | 231,048 | 207,225 | 23,823 | 230,297 |
| Payroll taxes | 65,403 | 61,800 | 3,603 | 69,219 |
| Light and power | 575,000 | 571,896 | 3,104 | 477,387 |
| Station repairs and maintenance | 153,500 | 145,033 | 8,467 | 140,485 |
| Station equipment and purchases | 235,000 | 230,968 | 4,032 | 178,515 |
| Vehicle repair | 30,000 | 36,614 | (6,614) | 33,492 |
| Telemetry | 40,000 | 39,416 | 584 | 34,051 |
| Medical expense | 231,000 | 123,937 | 107,063 | 92,234 |
| Interceptor line repairs and maintenance | 60,000 | 5,407 | 54,593 | 69,495 |
| Pension expense | 63,000 | 63,157 | (157) | 67,734 |
| Gas, oil and grease | 80,000 | 72,015 | 7,985 | 70,548 |
| Diversion chamber repairs and maintenance | 70,000 | 65,537 | 4,463 | 61,296 |
| Generator repairs | 16,000 | 7,359 | 8,641 | 10,617 |
| Municipal stations, utilities | 8,000 | 564 | 7,436 | 616 |
| Water | 12,000 | 12,488 | (488) | 12,833 |
| Natural gas | 4,500 | 5,041 | (541) | 4,460 |
| Group life and disability insurance | 9,500 | 8,325 | 1,175 | 5,350 |
| Equipment rental | 2,500 | 0 | 2,500 | 0 |
| Diesel fuel | 8,000 | 6,483 | 1,517 | 5,862 |
| Total Pumping Station and Line | <u>\$ 2,521,579</u> | <u>\$ 2,281,129</u> | <u>\$ 240,450</u> | <u>\$ 2,212,277</u> |

See accompanying notes and independent auditors' report.

WYOMING VALLEY SANITARY AUTHORITY

OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | | | 2016 |
|-------------------------------------|---------------------|---------------------|--|---------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| BILLING AND COLLECTION: | | | | |
| Billing salaries | \$ 728,862 | \$ 692,644 | \$ 36,218 | \$ 710,249 |
| Supervisor's salaries | 127,780 | 121,052 | 6,728 | 124,407 |
| Payroll taxes | 66,114 | 68,253 | (2,139) | 67,027 |
| Medical insurance | 203,000 | 142,747 | 60,253 | 145,741 |
| Postage | 110,000 | 137,732 | (27,732) | 102,460 |
| Satellite offices | 49,800 | 49,800 | 0 | 49,800 |
| Equipment rental | 5,000 | 10,019 | (5,019) | 5,624 |
| Pension | 59,000 | 68,004 | (9,004) | 61,045 |
| Software program | 80,000 | 74,261 | 5,739 | 66,003 |
| Data processing supplies | 2,500 | 1,095 | 1,405 | 2,483 |
| Data processing maintenance | 15,000 | 14,918 | 82 | 14,241 |
| Internet fees | 4,500 | 6,566 | (2,066) | 4,912 |
| Bank service charges | 1,250 | 482 | 768 | 531 |
| Office supplies | 21,000 | 21,002 | (2) | 24,325 |
| Telephone | 25,000 | 26,370 | (1,370) | 25,579 |
| Group life/disability insurance | 15,000 | 15,476 | (476) | 13,973 |
| P.A.W.C. reports | 15,000 | 20,423 | (5,423) | 18,834 |
| Education and training | 2,000 | 735 | 1,265 | 147 |
| Workmen's compensation | 21,000 | 33,431 | (12,431) | 25,903 |
| Data processing | 15,000 | 13,031 | 1,969 | 24,572 |
| Travel expense – local | 100 | 105 | (5) | 0 |
| Total Billing and Collection | <u>\$ 1,566,906</u> | <u>\$ 1,518,146</u> | <u>\$ 48,760</u> | <u>\$ 1,487,856</u> |

See accompanying notes and independent auditors' report.

WYOMING VALLEY SANITARY AUTHORITY

OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | | | 2016 |
|----------------------------------|---------------------|---------------------|--|---------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | ACTUAL |
| GENERAL AND ADMINISTRATIVE: | | | | |
| Administrative salaries | \$ 982,665 | \$ 973,094 | \$ 9,571 | \$ 984,334 |
| HR legal fees | 69,000 | 94,188 | (25,188) | 82,952 |
| Payroll taxes | 81,136 | 75,579 | 5,557 | 81,388 |
| Insurance | 306,062 | 208,947 | 97,115 | 232,823 |
| Medical insurance | 82,000 | 91,963 | (9,963) | 57,411 |
| Pension | 75,000 | 74,860 | 140 | 71,941 |
| Community relations | 16,000 | 22,219 | (6,219) | 12,510 |
| Auditing fees | 57,500 | 44,256 | 13,244 | 40,039 |
| In-house accountant | 31,800 | 31,800 | 0 | 39,750 |
| Seminar expense – direct expense | 2,500 | 2,710 | (210) | 2,194 |
| Travel | 15,000 | 1,430 | 13,570 | 1,763 |
| Telephone | 20,000 | 21,175 | (1,175) | 20,512 |
| Seminar registration fees | 1,000 | 1,000 | 0 | 991 |
| Seminar expense – reimbursement | 500 | 424 | 76 | 0 |
| Employee activity accounts | 2,500 | 2,917 | (417) | 2,686 |
| Workmen's compensation | 21,000 | 23,618 | (2,618) | 25,903 |
| Dues | 7,500 | 5,490 | 2,010 | 7,905 |
| Office supplies | 4,000 | 4,276 | (276) | 5,371 |
| Solicitor's fee | 62,000 | 68,660 | (6,660) | 104,982 |
| Education and training | 5,500 | 5,276 | 224 | 7,443 |
| Group life/disability insurance | 29,000 | 24,380 | 4,620 | 21,464 |
| Periodicals and subscriptions | 1,500 | 1,575 | (75) | 2,093 |
| Advertising | 5,500 | 6,201 | (701) | 5,070 |
| Committee meeting expense | 1,000 | 136 | 864 | 1,159 |
| Postage | 250 | 145 | 105 | 121 |
| Total General and Administrative | <u>\$ 1,879,913</u> | <u>\$ 1,786,319</u> | <u>\$ 93,594</u> | <u>\$ 1,812,805</u> |

See accompanying notes and independent auditors' report.

WYOMING VALLEY SANITARY AUTHORITY
OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | | VARIANCE FAVORABLE (UNFAVORABLE) | 2016 |
|-------------------------------------|---------------------|---------------------|--|---------------------|
| | BUDGET | ACTUAL | | ACTUAL |
| ENGINEERING AND MUNICIPAL: | | | | |
| Collection labor | \$ 1,224,582 | \$ 1,261,579 | \$ (36,997) | \$ 1,059,182 |
| Engineering supervisor salary | 555,528 | 566,220 | (10,692) | 703,309 |
| Payroll taxes | 139,077 | 141,593 | (2,516) | 139,711 |
| Medical insurance | 422,000 | 324,169 | 97,831 | 256,103 |
| Pension expense | 142,409 | 142,659 | (250) | 131,659 |
| Line repairs and maintenance | 20,000 | 11,735 | 8,265 | 23,723 |
| Pretreatment expense | 27,000 | 22,662 | 4,338 | 30,236 |
| Vehicle repairs and maintenance | 65,000 | 71,684 | (6,684) | 69,727 |
| Testing | 10,000 | 0 | 10,000 | 0 |
| Equipment purchases | 15,000 | 16,225 | (1,225) | 15,206 |
| Equipment repair | 8,000 | 6,290 | 1,710 | 3,096 |
| Group life and disability insurance | 17,650 | 14,489 | 3,161 | 13,133 |
| Equipment rental | 5,000 | 4,212 | 788 | 6,421 |
| Education and training | 10,000 | 6,294 | 3,706 | 955 |
| Drawing and map expenses | 6,500 | 7,658 | (1,158) | 6,735 |
| GIS consultant | 20,000 | 7,680 | 12,320 | 15,279 |
| GIS training | 3,000 | 3,063 | (63) | 0 |
| GIS software | 7,000 | 5,404 | 1,596 | 0 |
| Special projects/grease trap | 10,000 | 9,502 | 498 | 0 |
| Licenses and permits | 2,000 | 1,475 | 525 | 532 |
| Street repair materials | 1,000 | 0 | 1,000 | 568 |
| Supplies | 20,000 | 18,642 | 1,358 | 17,486 |
| Chemicals | 10,000 | 10,198 | (198) | 10,733 |
| Total Engineering and Municipal | <u>\$ 2,740,746</u> | <u>\$ 2,653,433</u> | <u>\$ 87,313</u> | <u>\$ 2,503,794</u> |

See accompanying notes and independent auditors' report.