

SUSQUEHANNA RIVER BASIN COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023
AND
INDEPENDENT AUDITOR'S REPORT

HAMILTON & MUSSER, P.C.
Certified Public Accountants

SUSQUEHANNA RIVER BASIN COMMISSION

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For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Susquehanna River Basin Commission
Harrisburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Susquehanna River Basin Commission (the Commission), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Susquehanna River Basin Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Susquehanna River Basin Commission, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with 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. 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 Susquehanna River Basin Commission 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 opinions.

Changes in Accounting Principles

As described in Note 1 to the financial statements, the Susquehanna River Basin Commission has implemented Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Prior Period Adjustments

As discussed in Note 15 to the financial statements, certain errors resulting in overstatement of amounts previously reported for accounts payable and grants receivable as of June 30, 2022, were discovered by management of the Commission during the current year. Accordingly, amounts reported for capital assets, accounts payable, grants receivable, deferred revenue and related income and expense have been restated in the prior year financial statements now presented, and an adjustment has been made to net position and fund balance as of June 30, 2022, to correct the error. Our opinion is not modified with respect to these matters.

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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 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 Susquehanna River Basin Commission'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Susquehanna River Basin Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Susquehanna River Basin Commission'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, budgetary comparison information, schedule of the Commission's proportionate share of the net pension liability, schedule of Commission contributions, and schedule of changes in the Net OPEB liability and related ratios as listed in the table of contents, 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 Susquehanna River Basin Commission's basic financial statements. The schedule of expenditures of federal awards on page 57, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose 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 schedule of expenditures of federal awards on page 57 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of the Susquehanna River Basin Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Susquehanna River Basin Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Susquehanna River Basin Commission's internal control over financial reporting and compliance.

November 20, 2023

Mechanicsburg, Pennsylvania



Certified Public Accountants

SUSQUEHANNA RIVER BASIN COMMISSION
Management's Discussion and Analysis
June 30, 2023

This section of the Susquehanna River Basin Commission's (the Commission) Annual Report presents management's discussion and analysis of the Commission's financial performance during the fiscal year ended June 30, 2023. The reader is encouraged to consider this information in conjunction with the Commission's fiscal year-end financial statements.

Financial Highlights

The assets and deferred outflows of resources of the Susquehanna River Basin Commission exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$81,317,208, which is an increase of \$674,354 over the previous year. The Commission's total assets increased by \$3,416,126 due to increase in the value of investments which were the result of unrealized investment gains. Total liabilities increased by \$8,139,012 during the same period primarily due to an increase in the Commission's net pension liability.

The Commission's total revenues increased by \$15,462,063 this past year. This increase was due primarily to increases in investment income. Total expenses increased by \$5,537,344. General government expenses increased by \$2,024,701 due to increases in personnel services, employee benefit costs, and in special contractual services related to the Morris Run Active Treatment Plant grant. Other expenses increased by \$938,761 primarily due to the increase in pension expenses. Water Management and Sustainable Water Resource expenses increased by \$2,573,882 primarily due to expenses for administration of the Consumptive Use Mitigation Grant program and grant awards paid as part of this program. Expenses also included costs for the initial stand-by fee paid to the Billmeyer Quarry water supply project pumping contractor.

In 2020, the Commission adopted a Consumptive Use Mitigation Plan (CUMP), which defines contemporary standards for planning and implementation of a cohesive network of mitigation projects. The policy also removes existing regulatory obstacles and expands the scope of mitigation alternatives, which enables project sponsors and the Commission to develop more physical consumptive use mitigation projects with tangible benefits. In 2022 the Commission launched a grant program (the Consumptive Use Mitigation Grant Program) which provides funding to project sponsors, non-governmental organizations and others who develop projects that support the goals of the Policy. In 2022 the program awarded \$6.6 million of grant funds to fourteen projects located throughout the Susquehanna River basin. Expenses associated with this new grant program totaled \$2,056,337 in 2023. An additional twenty-three projects representing \$6 million in grant funding were awarded in 2023. These projects will begin implementation in 2024.

In fiscal year 2023, the Commission will continue to pursue grant opportunities and coordinate our activities with our member jurisdictions and other federal, state and local agencies. The Commission will also conduct three of its own grant programs. In addition to the Consumptive Use Mitigation Grant Program, a third round of the Water Level Monitoring Grant Program will assist projects with purchasing, installing or maintaining water level monitoring equipment. The Commission will also launch the Stream and Watershed Enhancement Grant, which will provide funding for community-based environmental and water resources projects or events that improve, restore or protect our local watersheds.

In 2023 the Commission executed a Memorandum of Understanding (MOU) with the Maryland Department of the Environment to administer and manage pay-for-success projects for the purpose of implementing the Conowingo Watershed Implementation Plan (CWIP). In the fall, 2023 the Commission will begin the process of soliciting, reviewing, assessing and selecting projects focused on reducing nutrients that flow into the Susquehanna River and ultimately into the Chesapeake Bay. Nutrient reductions realized will be counted towards Maryland's Conowingo nitrogen nutrient load allocation.

SUSQUEHANNA RIVER BASIN COMMISSION
Management's Discussion and Analysis
June 30, 2023

Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison schedule and post-employment benefits plan information) in addition to the basic financial statements themselves. These components are described below:

Basic Financial Statements: The government-wide financial statements present the financial picture of the Commission from the economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the Commission (including infrastructure) as well as all liabilities (including long-term debt and net pension liability).

The fund financial statements include statements for three categories of activities – governmental, proprietary, and fiduciary. The Governmental Funds are prepared using the current financial resource measurement focus and the modified accrual basis of accounting. The Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Proprietary Funds' principal ongoing operations. Proprietary Funds use the accrual basis of accounting. The Fiduciary Funds are used to account for resources held on behalf of other parties. Fiduciary Funds use the accrual basis of accounting.

The financial statements also include notes, which elaborate on some of the information in the financial statements that provide more detailed data. These financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The statement of net position and the statement of activities report information about the Commission as a whole and about its activities. These statements include all assets and liabilities of the Commission using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and changes in it from year to year. You can think of the Commission's net position – the difference between assets and deferred outflows and liabilities and deferred inflows – as one way to measure the Commission's financial health or financial position. Over time, increases and decreases in the Commission net positions are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors such as changes in the Commission's federal and state grant programs and the condition of the Commission's capital assets, as well as other items, to assess the overall health of the Commission.

- Governmental Activities – Most of the Commission's basic services are reported here, including permitting and monitoring.
- Business-Type Activities – The Commission charges a consumptive water use fee which is used to finance the cost of water supply related projects.

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 fund financial statements provide detailed information about the most significant funds – not the Commission as a whole. Some funds are required to be established by law or by bond covenants. However, the Commission may establish other funds to help it control and manage money for particular purposes or to show that it is setting aside money for larger capital improvement projects. The Commission has three kinds of funds.

SUSQUEHANNA RIVER BASIN COMMISSION
Management's Discussion and Analysis
June 30, 2023

Governmental Fund – Most of the Commission's basic services are reported in a Governmental Fund, which focuses on how money flows into and out of those funds and the balances left at year end that are available for spending. This fund is reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the Commission's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and Governmental Fund statements with a reconciliation following each Governmental Fund statement.

Proprietary Funds – When the Commission charges customers for the services it provides, these services are generally reported in Proprietary Funds.

Fiduciary Funds – The Commission is the Fiduciary for its Post-Employment Healthcare Benefit Trust. All of the Commission's fiduciary activities are reported in separate statements of fiduciary fund net position and changes in fiduciary net position of the fund financial statements only. We exclude these activities from the Commission's government-wide financial statements because the Commission cannot use these assets to finance its operations. The Commission is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The Commission as a Whole

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Commission's governmental and business-type activities.

	Governmental Activities 2023	Governmental Activities 2022 (Restated)	Business- Type Activities 2023	Business- Type Activities 2022	Total Primary Government 2023	Total Primary Government 2022 (Restated)
Assets						
Current Assets	\$ 4,638,447	\$ 4,006,486	\$ 65,012,169	\$ 62,613,384	\$ 69,650,616	\$ 66,619,870
Other Assets	2,888,705	1,631,199	1,665,578	1,135,792	4,554,283	2,766,991
Capital Assets, Net	9,301,863	9,495,954			9,301,863	9,495,954
Water Storage Rights, Net	-	-	19,567,090	20,774,911	19,567,090	20,774,911
Total Assets	16,829,015	15,133,639	86,244,837	84,524,087	103,073,852	99,657,726
Deferred Outflows of Resources						
Prepaid Expense	152,730	89,059	715,750	195,281	868,480	284,340
Pension	5,712,354	2,385,105	-	-	5,712,354	2,385,105
OPEB	263,743	748,670	-	-	263,743	748,670
Total Deferred Outflows of Resources	6,128,827	3,222,834	715,750	195,281	6,844,577	3,418,115
Total Assets and Deferred Outflows of Resources						
	\$ 22,957,842	\$ 18,356,473	\$ 86,960,587	\$ 84,719,368	\$ 109,918,429	\$ 103,075,841
Liabilities						
Current Liabilities	\$ 3,395,104	\$ 3,073,948	\$ 1,781,606	\$ 719,385	\$ 5,176,710	\$ 3,793,333
Long-Term loan payable	-	-	825,607	936,521	825,607	936,521
Long-Term Liabilities	20,407,403	13,540,764	-	-	20,407,403	13,540,764
Total Liabilities	23,802,507	16,614,712	2,607,213	1,655,906	26,409,720	18,270,618
Deferred Inflows of Resources	2,191,501	4,162,369	-	-	2,191,501	4,162,369

SUSQUEHANNA RIVER BASIN COMMISSION
Management's Discussion and Analysis
June 30, 2023

	Governmental Activities 2023	Governmental Activities 2022 (Restated)	Business- Type Activities 2023	Business- Type Activities 2022	Total Primary Government 2023	Total Primary Government 2022 (Restated)
Net Position						
Investment in Net Assets	9,301,863	9,495,954	18,630,569	19,730,742	27,932,432	29,226,696
Restricted	117,505	116,068	-	-	117,505	116,068
Unrestricted (Deficit)	(12,455,534)	(12,032,630)	65,722,805	63,332,720	53,267,271	51,300,090
Total Net Position	(3,036,166)	(2,420,608)	84,353,374	83,063,462	81,317,208	80,642,854
Total Net Position, Liabilities, and Deferred Inflows of Resources						
	\$ 22,957,842	\$ 18,356,473	\$ 86,960,587	\$ 84,719,368	\$ 109,918,429	\$ 103,075,841

Total net position of the governmental activities amounts to (\$3,036,166) at June 30, 2023, a decrease of \$615,558 from the prior year. The increase in Deferred Outflows of Resources, along with the increase in Deferred Inflows of Resources drove the change to the Commission's Unrestricted net position (deficit) – the part of the net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements – which amounts to a deficit of (\$12,445,534) at June 30, 2023 compared to a deficit of (\$12,032,630) at June 30, 2022.

Total net position of the business-type activities amounts to \$84,353,374 for the year ended June 30, 2023, an increase of \$1,289,912 from the prior year. Net investment in capital assets represents the Commission's investment in capital assets reduced by the amount of outstanding debt used to acquire those assets. Investment in Capital Assets includes an estimated valuation of \$17,619,247 for Water Storage Rights to 29,695 acre-feet of water supply storage at Cowanesque and Curwensville Lakes and an estimated valuation of \$1,947,843 for 1.304 acre-feet of water supply storage at Billmeyer Quarry. Net investment in capital assets decreased by \$1,100,173 due to depreciation of water storage assets. Unrestricted net position – the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$65,722,805 at June 30, 2023 compared to \$63,332,720 at June 30, 2022.

Governmental activities include the General Fund. Business-type activities are comprised of the operation of the Commission's Water Management and Sustainable Water Resources Funds.

	Governmental Activities 2023	Governmental Activities 2022	Business- Type Activities 2023	Business- Type Activities 2022	Total Primary Government 2023	Total Primary Government 2022
Revenues						
Charges for services	\$ 4,384,422	\$ 3,835,144	\$ 5,700,141	\$ 5,507,251	\$ 10,084,563	\$ 9,342,395
Operating grants	2,832,679	2,052,357	-	-	2,832,679	2,052,357
Contributions	1,344,750	810,000	-	-	1,344,750	810,000
Investment Earnings	459,046	(602,254)	4,483,905	(7,866,941)	4,942,951	(8,469,195)
Miscellaneous	773	8,096	-	-	773	8,096
Total Revenues	9,021,670	6,103,343	10,184,046	(2,359,690)	19,205,716	3,743,653
Expenses						
General Government	10,152,911	8,128,210	-	-	10,152,911	8,128,210
Other	2,832,679	1,893,918	-	-	2,832,679	1,893,918
Water Management and Sustainable Water	-	-	5,545,772	2,971,890	5,545,772	2,971,890
Total Expenses	12,985,590	10,022,128	5,545,772	2,971,890	18,531,362	12,994,018

SUSQUEHANNA RIVER BASIN COMMISSION
Management's Discussion and Analysis
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	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>	Business- Type Activities <u>2023</u>	Business- Type Activities <u>2022</u>	Total Primary Government <u>2023</u>	Total Primary Government <u>2022</u>
Other Financing Sources						
Transfers	3,348,362	1,194,950	(3,348,362)	(1,194,950)	-	-
Total Other Financing Sources	3,348,362	1,194,950	(3,348,362)	(1,194,950)	-	-
Changes in Net Position	(615,558)	(2,723,835)	1,289,912	(6,526,530)	674,354	(9,250,365)
Net Position,						
Beginning of Year	(2,420,608)	303,227	83,063,462	89,589,992	80,642,854	89,893,219
Net Position End of Year	\$ (3,036,166)	\$ (2,420,608)	\$ 84,353,374	\$ 83,063,462	\$ 81,317,208	\$ 80,642,854

Governmental Fund

The Commission's Governmental Fund is the General Fund. Below is a revenue comparison of the General Fund for the past two fiscal years.

	General Fund Revenues	
	<u>2023</u>	<u>2022</u>
Signatory parties	\$ 1,344,750	\$ 810,000
Projects and programs	2,801,968	1,911,225
Permit and compliance fees	4,384,422	3,811,537
Interest and investments	459,046	(602,254)
Other	18,299	8,096
	<u>\$ 9,008,485</u>	<u>\$ 5,938,604</u>

In fiscal year 2023, General Fund revenues increased by \$3,069,881 as compared to fiscal year 2022. Signatory parties revenue increased by \$534,750 due to increased contributions made by the Commonwealth of Pennsylvania. Revenue from projects and programs increased by \$890,743 due to grant revenue from the Morris Run Active Treatment Plant grant. Permit and compliance fees revenue increased by \$572,885 due to increases in the number of withdrawal applications processed. Interest and investment income increased by \$1,061,300 due to improved performance of investments.

	General Fund Revenues		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Signatory parties	\$ 810,000	\$ 1,344,750	\$ 534,750
Projects and programs	3,247,500	2,801,968	(445,532)
Permit and compliance fees	4,345,500	4,384,422	38,922
Investments and Other Revenue	305,000	477,345	172,345
	<u>\$ 8,708,000</u>	<u>\$ 9,008,485</u>	<u>\$ 300,485</u>

Revenue received in fiscal year 2023 was \$300,485 more than budgeted amounts. Revenue received from signatory parties was \$534,750 more than budgeted due to the increased contribution received from the Commonwealth of Pennsylvania. Projects and programs revenue was \$445,532 less than budget due to delays in the Morris Run Active Treatment Plant grant. Investments and Other Revenue was \$172,345 more than budgeted due to better stock market conditions.

SUSQUEHANNA RIVER BASIN COMMISSION
Management's Discussion and Analysis
June 30, 2023

Below is an expenditure comparison of General Fund expenditures for the past two fiscal years.

	General Fund Expenditures	
	2023	2022
Personnel Services	\$ 4,741,927	\$ 4,434,673
Employee Benefits	4,025,072	3,606,857
Special Contractual Services	1,383,354	475,705
Travel and Meeting Expenses	61,757	31,854
Communications	64,388	60,518
Postage and Freight	9,639	12,082
Janitorial	25,927	25,100
Utilities	82,577	48,688
Rent	33,791	30,190
Printing and Reproduction	28,311	57,788
Repairs and Maintenance	66,053	98,627
Software Purchase and Maintenance	234,405	150,018
Insurance	148,522	134,507
Supplies	266,384	182,979
Fees - Various	228,428	228,839
Commissions Meetings / Public Hearings	9,725	10,853
Dues and Memberships	29,028	19,470
Staff Trainings	19,612	40,855
Grant Awards	63,598	94,672
Miscellaneous	29,854	28,476
Capital Outlay	348,396	73,850
Principal Payments	-	127,903
	\$ 11,900,748	\$ 9,974,504

In fiscal year 2023, operating expenditures increased by \$1,926,245. Personnel services increased by \$307,254 due to new positions and salary increases given to employees. Employee benefits increased by \$418,215 due to increases in employer contributions made to the Pennsylvania State Employee Retirement System and increases in health insurance premiums. Expenses for special contractual services increased by \$907,649 due to engineering design costs for the Morris Run Active Treatment Plant grant.

SUSQUEHANNA RIVER BASIN COMMISSION
Management's Discussion and Analysis
June 30, 2023

	General Fund Expenditures		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Personnel Services	\$ 4,670,000	\$ 4,741,927	\$ (71,927)
Employee Benefits	3,890,000	4,025,072	(135,072)
Special Contractual Services	2,375,000	1,383,354	991,646
Travel and Meeting Expenses	40,000	61,757	(21,757)
Communications	57,500	64,388	(6,888)
Postage and Freight	15,000	9,639	5,361
Janitorial	25,000	25,927	(927)
Utilities	70,000	82,577	(12,577)
Rent	35,000	33,791	1,209
Printing and Reproduction	32,500	28,311	4,189
Repairs and Maintenance	118,000	66,053	51,947
Software Purchase and Maintenance	165,000	234,405	(69,405)
Insurance	140,000	148,522	(8,522)
Supplies	197,500	266,384	(68,884)
Fees - Various	240,000	228,428	11,572
Commissions Meetings / Public Hearings	20,000	9,725	10,275
Dues and Memberships	25,000	29,028	(4,028)
Staff Trainings	50,000	19,612	30,388
Grant Awards	120,000	63,598	56,402
Miscellaneous	55,000	29,854	25,146
Capital Outlay	285,000	348,396	(63,396)
Principal Payment	-	-	-
	<u>\$ 12,625,500</u>	<u>\$ 11,900,748</u>	<u>\$ 724,752</u>

Expenditures for fiscal year 2023 were \$724,752 below budget. Personnel services were \$71,927 more than budget due to salary adjustments for select positions and increased overtime pay. Employee benefits were \$135,072 more than budget due to increased costs for health insurance premiums and pension contributions. Special contractual services were \$991,646 under budget due to delays in the Morris Run Active Treatment Plant grant and the Kehm Run Dam Removal project.

Business-Type Activities

Below is a two-year revenue comparison for the Commission's business-type activities.

	Business - Type Activities	
	Revenue	
	<u>2023</u>	<u>2022</u>
Water Management Fees	\$ 4,552,882	\$ 4,565,511
Water Management Fines / Settlements	13,000	41,700
Operations and Maintenance	1,134,259	900,040
Investment Income	<u>4,483,905</u>	<u>(7,866,941)</u>
	<u>\$ 10,184,046</u>	<u>\$ (2,359,690)</u>

SUSQUEHANNA RIVER BASIN COMMISSION
Management's Discussion and Analysis
June 30, 2023

In fiscal year 2023, business-type activities revenues increased by \$12,543,736 as compared to 2022. Water management fees are fees paid by project sponsors for the consumptive use of water. Operations and Maintenance revenue represents reimbursement for costs for the Cowanesque Water Supply Storage project. Investment income increased by \$12,350,846 due to better stock market performance of Water Management Fund investments.

Below is a two-year expense comparison for the Commission's business-type activities.

	Business - Type Activities	
	Expense	
	<u>2023</u>	<u>2022</u>
Operations and Maintenance	\$ 2,216,868	\$ 954,675
Interest Expense	29,096	34,043
Other	35,650	512,025
Grant Awards	2,056,337	239,719
Water Storage Rights - Amortization	<u>1,207,821</u>	<u>1,207,821</u>
	<u>\$ 5,545,772</u>	<u>\$ 2,948,283</u>

In fiscal year 2023, business-type activities expenses increased by \$2,597,489 when compared to 2022. Water Supply Storage Operations and Maintenance costs increased by \$1,262,193 and include \$1,022,250 paid to a Billmeyer Quarry pumping contractor. Project Partner expenses for 2022 include a contribution made to the Northcentral Pennsylvania Conservancy of \$503,000 for the acquisition of land related to the Morris Run Active Treatment Plant project. Grant awards increased by \$1,816,618 due to expenses for the Commission's new Consumptive Use Mitigation Grant Program and payments made to grantees.

Capital Assets, Water Storage Rights, and Debt Administration

Capital Assets and Water Storage Rights

As of June 30, 2023, the Commission had \$28,868,953 invested in a variety of capital assets (net of accumulated depreciation), as reflected in the following schedule.

	Governmental	Business-Type	Total
	Activities	Activities	
Land	\$ 2,104,170	\$ -	\$ 2,104,170
Land Improvements	38,000	-	38,000
Buildings and Improvements	6,179,503	-	6,179,503
Equipment	979,049	-	979,049
Right-Of-Use Assets	1,141	-	1,141
Water Storage Rights	<u>-</u>	<u>19,567,090</u>	<u>19,567,090</u>
	<u>\$ 9,301,863</u>	<u>\$ 19,567,090</u>	<u>\$ 28,868,953</u>

Additional information on the Commission's capital assets can be found in Notes 3 and 4.

SUSQUEHANNA RIVER BASIN COMMISSION
Management's Discussion and Analysis
June 30, 2023

Debt Administration

At June 30, 2023, the Commission has \$936,521 of debt outstanding, which consists of payments owed to the Lancaster County Solid Waste Management Authority for the acquisition of water storage at Billmeyer Quarry. Additional information on the Commission's debt can be found in Note 7.

Economic Factors and Next Year's Budget and Rates

The Commission's approved budget for fiscal year 2024 includes General Fund revenue of \$9,246,500 and Water Management Fund revenue of \$7,165,000, for combined revenue of \$16,411,500. Budgeted General Fund expenses are \$12,791,500 and budgeted Water Management Fund expenses are \$11,767,000, for total expenses of \$24,558,500. The budget also includes the transfer of \$1,325,000 from the Sustainable Water Resource Fund into the General Fund to cover costs for otherwise unfunded expenses. The Commission anticipates using \$6,672,000 of Water Management Fund reserves in 2024 to fund its Consumptive Use Mitigation Grant Program.

This financial report is designed to provide a general overview of the Susquehanna River Basin Commission's finances. This financial report seeks to demonstrate the Commission's accountability for the money it receives and disburses. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Commission at 4423 North Front Street, Harrisburg, PA 17110.

SUSQUEHANNA RIVER BASIN COMMISSION

Statement of Net Position

June 30, 2023

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents (Note 2)	\$ 239,254	\$ 3,091,373	\$ 3,330,627
Cash and Cash Equivalents – Restricted (Note 2)	117,505	-	117,505
Investments (Note 2)	4,281,688	61,920,796	66,202,484
Due (to) from Other Funds (Note 10)	(332,347)	332,347	-
Due from Fiduciary Fund (Note 10)	175,371	-	175,371
Accounts Receivable	1,400,787	1,138,611	2,539,398
Lease Receivable (Note 5)	1,109,682	-	1,109,682
Security Deposits	8,245	-	8,245
Capital Assets Not Being Depreciated (Note 4)	2,104,170	-	2,104,170
Capital Assets Being Depreciated, Net (Note 4)	7,197,693	-	7,197,693
Water Storage Rights, Net (Note 3)	<u>-</u>	<u>19,567,090</u>	<u>19,567,090</u>
Total Assets	<u>16,302,048</u>	<u>86,050,217</u>	<u>102,352,265</u>
Deferred Outflows of Resources			
Prepaid Expenses	152,730	715,750	868,480
Deferred Outflows – Pension (Note 11)	5,712,354	-	5,712,354
Deferred Outflows – OPEB (Note 12)	<u>263,743</u>	<u>-</u>	<u>263,743</u>
Total Deferred Outflows of Resources	<u>6,128,827</u>	<u>715,750</u>	<u>6,844,577</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 22,430,875</u>	<u>\$ 86,765,967</u>	<u>\$ 109,196,842</u>
Liabilities			
Accounts Payable	\$ 810,403	\$ 1,476,072	\$ 2,286,475
Accrued Payroll	116,205	-	116,205
Unearned Revenue	1,940,257	-	1,940,257
Loans Payable – Current Portion (Note 7)	-	110,914	110,914
Lease Payable – Current Portion (Note 6)	1,272	-	1,272
Lease Payable (Note 6)	2,650	-	2,650
Long-Term Loan Payable – Billmeyer (Note 7)	-	825,607	825,607
Post-Employment Healthcare Benefit Liability (Note 12)	1,371,562	-	1,371,562
Accrued Sick Leave (Note 9)	349,763	-	349,763
Accrued Vacation (Note 9)	632,383	-	632,383
Net Pension Liability (Note 11)	<u>18,051,045</u>	<u>-</u>	<u>18,051,045</u>
Total Liabilities	<u>23,275,540</u>	<u>2,412,593</u>	<u>25,688,133</u>
Deferred Inflows of Resources			
Leases (Note 5)	1,079,021	-	1,079,021
Deferred Inflows – Pension (Note 11)	59,013	-	59,013
Deferred Inflows – OPEB (Note 12)	<u>1,053,467</u>	<u>-</u>	<u>1,053,467</u>
Total Deferred Inflows of Resources	<u>2,191,501</u>	<u>-</u>	<u>2,191,501</u>
Net Position			
Net Investment in Capital Assets	9,301,863	18,630,569	27,932,432
Restricted	117,505	-	117,505
Unrestricted (Deficit)	<u>(12,455,534)</u>	<u>65,722,805</u>	<u>53,267,271</u>
Total Net Position	<u>(3,036,166)</u>	<u>84,353,374</u>	<u>81,317,208</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 22,430,875</u>	<u>\$ 86,765,967</u>	<u>\$ 109,196,842</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION

Statement of Activities

For the Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes In Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs						
Governmental Activities:						
General/Administration	\$ 10,152,911	\$ 4,384,422	\$ -	\$ (5,768,489)	\$ -	\$ (5,768,489)
Chesapeake Bay	642,268	-	642,268	-	-	-
EPA Water Quality	803,009	-	803,009	-	-	-
AMD – Morris Run, Bear Creek	1,072,829	-	1,072,829	-	-	-
Remote W/Q Monitoring Network	170,000	-	170,000	-	-	-
USACE MIPR Projects	90,961	-	90,961	-	-	-
Other Projects	53,612	-	53,612	-	-	-
Total Governmental Activities	<u>12,985,590</u>	<u>4,384,422</u>	<u>2,832,679</u>	<u>(5,768,489)</u>	<u>-</u>	<u>(5,768,489)</u>
Business-Type Activities:						
Water Management and Sustainable Water Resources Funds	<u>5,545,772</u>	<u>5,700,141</u>	<u>-</u>	<u>-</u>	<u>154,369</u>	<u>154,369</u>
Total Primary Government	<u>\$ 18,531,362</u>	<u>\$ 10,084,563</u>	<u>\$ 2,832,679</u>	<u>(5,768,489)</u>	<u>154,369</u>	<u>(5,614,120)</u>
General Revenues:						
Signatory Contributions				1,344,750	-	1,344,750
Investment Earnings				459,046	4,483,905	4,942,951
Miscellaneous				13,252	-	13,252
Loss on Sale of Capital Assets				(12,479)	-	(12,479)
Fund Transfers				<u>3,348,362</u>	<u>(3,348,362)</u>	<u>-</u>
Total General Revenues				<u>5,152,931</u>	<u>1,135,543</u>	<u>6,288,474</u>
Changes in Net Position				(615,558)	1,289,912	674,354
Net Position, as Adjusted, Beginning of Year (Note 15)				<u>(2,420,608)</u>	<u>83,063,462</u>	<u>80,642,854</u>
Net Position, End of Year				<u>\$ (3,036,166)</u>	<u>\$ 84,353,374</u>	<u>\$ 81,317,208</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION
Balance Sheet – Governmental Fund – General Fund
June 30, 2023

Assets	
Cash and Cash Equivalents (Note 2)	\$ 356,759
Investments (Note 2)	4,281,688
Due To Other Funds (Note 10)	(332,347)
Due From Fiduciary Fund (Note 10)	175,371
Accounts Receivable	
Contracts	1,400,124
Other	663
Security Deposits	8,245
Lease Receivable (Note 5)	<u>1,109,682</u>
Total Assets	<u>\$ 7,000,185</u>
Liabilities	
Accounts Payable	\$ 810,403
Accrued Salaries and Taxes	116,205
Unearned Revenue	<u>1,940,257</u>
Total Liabilities	<u>2,866,865</u>
Deferred Inflows of Resources	
Leases (Note 5)	1,079,021
Unavailable Revenue	<u>171,843</u>
Total Deferred Inflows of Resources	<u>1,250,864</u>
Fund Balances	
Assigned	3,155,000
Restricted	117,505
Unassigned	<u>(390,049)</u>
Total Fund Balances	<u>2,882,456</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,000,185</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
 June 30, 2023

Total Fund Balance – Governmental Fund	\$ 2,882,456
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund financial statements. The cost of assets is \$15,175,139 and accumulated depreciation is \$5,873,276.</p>	9,301,863
<p>Governmental funds do not report prepaid expenses on the Governmental Fund Balance Sheet, which is reported on the Statement of Net Position of the government-wide statements.</p>	152,730
<p>Some receivables are not available to pay for current-period expenditures and therefore, are reported as unavailable revenue in the funds.</p>	171,843
<p>Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.</p>	
<p>Vacation and Sick Leave</p>	(982,146)
<p>Financed Purchases</p>	(3,922)
<p>Net Pension Liability and Deferrals</p>	(2,161,286)
<p>Net OPEB Liability and Deferrals</p>	<u>(12,397,704)</u>
Total Net Position of Governmental Activities	<u>\$ (3,036,166)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Fund – General Fund
For the Year Ended June 30, 2023

Revenues	
Signatory Parties	
Maryland	\$ 346,000
New York	259,000
Pennsylvania	739,750
Projects and Programs	
Chesapeake Bay	642,268
EPA Water Quality	803,009
AMD – Morris Run, Bear Creek	1,042,118
Remote W/Q Monitoring Network	170,000
USACE MIPR Projects	90,961
Other Projects	53,612
Other Revenue	
Permit Application Fees	1,161,560
NOI Permit Fees	1,014,975
Compliance Monitoring Fees	1,938,006
Special Project Review Fees	186,083
Charges for Services	83,798
Net Realized/Unrealized Loss on Investments	114,995
Interest and Dividend Income	344,051
Miscellaneous	<u>13,252</u>
Total Revenues	<u>9,003,438</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Fund – General Fund (Continued)
For the Year Ended June 30, 2023

Expenditures	
Personnel Services	4,741,927
Employee Benefits	4,025,072
Special Contractual Services	1,383,354
Travel and Subsistence	61,757
Communications	64,388
Postage and Freight	9,639
Janitorial	25,927
Utilities	82,577
Rent	33,791
Printing and Reproduction	28,311
Repairs and Maintenance	66,053
Software Maintenance	234,405
Insurance	148,522
Supplies	266,384
Fees – Various	228,428
Commission Meetings/Public Hearings	9,725
Dues and Memberships	29,028
Staff Trainings	19,612
Grant Awards	63,598
Miscellaneous	29,854
Capital Outlay	<u>348,396</u>
Total Expenditures	<u>11,900,748</u>
Deficiency of Revenues under Expenditures	<u>(2,897,310)</u>
Other Financing Sources	
Gain on Sale of Assets	5,047
Transfers In	<u>3,348,362</u>
Total Other Financing Sources	<u>3,353,409</u>
Net Change in Fund Balances	456,099
Fund Balances, Beginning of Year	<u>2,426,357</u>
Fund Balances, End of Year	<u>\$ 2,882,456</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION
 Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and
 Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2023

Net Change in Fund Balances – Governmental Fund \$ 456,099

Amounts reported for governmental activities in the
 Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However,
 in the Statement of Activities the cost of these assets is allocated over
 estimated useful lives as depreciation expense. This is the amount that
 capital outlay exceeds depreciation in the current period.

Less: Depreciation and Amortization Expense	(514,965)	
Capital Outlays	<u>338,400</u>	(176,565)

The net effect of the disposal of capital assets is to decrease net position.		(17,526)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds. The change in unavailable revenue in the Statement of Net Position increases/decreases revenue in the Statement of Activities.		30,711
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The governmental fund reports prepaid purchases as an expenditure; however, these payments are reported as additions to prepaid expenses on the Statement of Net Position of the government-wide statements.		63,671
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The governmental fund reports debt principal as an expenditure, but the repayment reduces long-term liabilities on the Statement of Net Position.		3,575
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Some expenses reported in the Statement of Activities do not require the use
 of current financial resources and, therefore, are not reported as
 expenditures in the governmental fund.

Accrued Vacation and Accrued Sick Time	19,288	
Net Pension Liability	(7,220,108)	
Net OPEB Liability	333,086	
Pension Deferred Outflows of Resources, Net of Deferred Inflows of Resources	6,471,742	
Post-Employment Healthcare Plan Deferred Outflows of Resources, Net of Deferred Inflows of Resources	<u>(579,531)</u>	<u>(975,523)</u>

Change in Net Position of Governmental Activities \$ (615,558)

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION

Statement of Net Position – Proprietary Funds

June 30, 2023

	Water Management <u>Fund</u>	Sustainable Water Resources <u>Fund</u>	<u>Total</u>
Current Assets			
Cash and Cash Equivalents (Note 2)	\$ 2,649,672	\$ 441,701	\$ 3,091,373
Investments (Note 2)	53,000,389	8,920,407	61,920,796
Receivables	1,138,611	-	1,138,611
Prepaid Expenses	<u>715,750</u>	<u>-</u>	<u>715,750</u>
Total Current Assets	<u>57,504,422</u>	<u>9,362,108</u>	<u>66,866,530</u>
Water Storage Rights, Net (Note 3)	<u>19,567,090</u>	<u>-</u>	<u>19,567,090</u>
Total Assets	<u>\$ 77,071,512</u>	<u>\$ 9,362,108</u>	<u>\$ 86,433,620</u>
Current Liabilities			
Accounts Payable	\$ 1,476,072	\$ -	\$ 1,476,072
Due From Other Funds (Note 10)	(410,942)	78,595	(332,347)
Loan Payable – Current Portion (Note 7)	<u>110,914</u>	<u>-</u>	<u>110,914</u>
Total Current Liabilities	<u>1,176,044</u>	<u>78,595</u>	<u>1,254,639</u>
Loan Payable – Billmeyer – Long-Term Portion (Note 7)	<u>825,607</u>	<u>-</u>	<u>825,607</u>
Total Liabilities	<u>2,001,651</u>	<u>78,595</u>	<u>2,080,246</u>
Net Position			
Investment in Capital Assets, Net of Related Debt	18,630,569	-	18,630,569
Unrestricted	<u>56,439,292</u>	<u>9,283,513</u>	<u>65,722,805</u>
Total Net Position	<u>75,069,861</u>	<u>9,283,513</u>	<u>84,353,374</u>
Total Liabilities and Net Position	<u>\$ 77,071,512</u>	<u>\$ 9,362,108</u>	<u>\$ 86,433,620</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2023

	Water Management <u>Fund</u>	Sustainable Water Resources <u>Fund</u>	<u>Total</u>
Operating Revenues			
Water Management Fees	\$ 4,552,882	\$ -	\$ 4,552,882
Operating and Maintenance Fees – Cowanesque (Note 3)	1,134,259	-	1,134,259
Fines and Settlements	<u>-</u>	<u>13,000</u>	<u>13,000</u>
Total Operating Revenues	<u>5,687,141</u>	<u>13,000</u>	<u>5,700,141</u>
Operating Expenses			
Operations & Maintenance (Note 3)	2,216,868	-	2,216,868
Miscellaneous	35,650	-	35,650
Grant Awards	2,056,337	-	2,056,337
Water Storage Rights – Amortization Expense (Note 3)	<u>1,207,821</u>	<u>-</u>	<u>1,207,821</u>
Total Operating Expenses	<u>5,516,676</u>	<u>-</u>	<u>5,516,676</u>
Operating Income	<u>170,465</u>	<u>13,000</u>	<u>183,465</u>
Non-Operating Revenues (Expenses)			
Realized/Unrealized Gain on Investments	2,216,143	360,231	2,576,374
Investment Earnings	1,563,975	343,556	1,907,531
Interest Expense (Note 7)	<u>(29,096)</u>	<u>-</u>	<u>(29,096)</u>
Total Non-Operating Revenues (Expenses)	<u>3,751,022</u>	<u>703,787</u>	<u>4,454,809</u>
Income Before Fund Transfers	3,921,487	716,787	4,638,274
Transfers Out	<u>(1,130,840)</u>	<u>(2,217,522)</u>	<u>(3,348,362)</u>
Changes in Net Position	2,790,647	(1,500,735)	1,289,912
Net Position, Beginning of Year	<u>72,279,214</u>	<u>10,784,248</u>	<u>83,063,462</u>
Net Position, End of Year	<u>\$ 75,069,861</u>	<u>\$ 9,283,513</u>	<u>\$ 84,353,374</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION

Statement of Cash Flows – Proprietary Funds

For the Year Ended June 30, 2023

	Water Management <u>Fund</u>	Sustainable Water Resources <u>Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers and Users	\$ 5,684,322	\$ 13,000	\$ 5,697,322
Payments to Project Partners	<u>(3,559,673)</u>	<u>-</u>	<u>(3,559,673)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>2,124,649</u>	<u>13,000</u>	<u>2,137,649</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers Out	<u>(1,541,782)</u>	<u>(2,035,037)</u>	<u>(3,576,819)</u>
Net Cash and Cash Equivalents Used by Non-Capital Financing Activities	<u>(1,541,782)</u>	<u>(2,035,037)</u>	<u>(3,576,819)</u>
Cash Flows from Capital Financing Activities:			
Principal Payment on Long-Term Debt	(107,648)	-	(107,648)
Payments for Interest Expense	<u>(29,096)</u>	<u>-</u>	<u>(29,096)</u>
Net Cash and Cash Equivalents Used by Capital Financing Activities	<u>(136,744)</u>	<u>-</u>	<u>(136,744)</u>
Cash Flows from Investing Activities:			
Proceeds from Sale/Purchases of Investments (Net)	(2,721,406)	1,404,638	(1,316,768)
Interest and Dividend Income	<u>1,563,975</u>	<u>343,556</u>	<u>1,907,531</u>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	<u>(1,157,431)</u>	<u>1,748,194</u>	<u>590,763</u>
Net Decrease in Cash and Cash Equivalents	(711,308)	(273,843)	(985,151)
Cash and Cash Equivalents, Beginning of Year	<u>3,360,980</u>	<u>715,544</u>	<u>4,076,524</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,649,672</u>	<u>\$ 441,701</u>	<u>\$ 3,091,373</u>
Reconciliation of Operating Income to Net Cash and Cash Equivalents Provided by Operating Activities			
Operating Income	\$ 170,465	\$ 13,000	\$ 183,465
Adjustments to Reconcile Operating Income to Net Cash and Cash Equivalents Provided by Operating Activities:			
Amortization	1,207,821	-	1,207,821
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(2,819)	-	(2,819)
Increase in Prepaid Expenses	(715,750)	-	(715,750)
Increase in Accounts Payable	<u>1,464,932</u>	<u>-</u>	<u>1,464,932</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 2,124,649</u>	<u>\$ 13,000</u>	<u>\$ 2,137,649</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION
Statement of Fiduciary Fund Net Position – Fiduciary Fund
June 30, 2023

	<u>Investment Trust</u>	<u>Custodial Fund</u>
Assets		
Cash (Note 2)	\$ 11,332	\$ -
Investments (Note 2)	<u>1,460,631</u>	<u>-</u>
Total Assets	<u>\$ 1,471,963</u>	<u>\$ -</u>
Liabilities		
Due to General Fund (Note 10)	<u>\$ 91,573</u>	<u>\$ 83,798</u>
Total Liabilities	<u>91,573</u>	<u>83,798</u>
Net Position		
Reserved for Employees' Healthcare Benefits	<u>1,380,390</u>	<u>(83,798)</u>
Total Liabilities and Net Position	<u>\$ 1,471,963</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION
Statement of Changes in Fiduciary Fund Net Position – Fiduciary Fund
June 30, 2023

	<u>Investment Trust</u>	<u>Custodial Fund</u>
Additions		
Investment Income	\$ <u>92,213</u>	\$ <u>-</u>
Total Additions	<u>92,213</u>	<u>-</u>
Deductions		
Benefits	100,812	-
Administrative Expenses	11,405	-
Professional Services	<u>-</u>	<u>83,798</u>
Total Deductions	<u>112,217</u>	<u>83,798</u>
Net Decrease	(20,004)	(83,798)
Net Position, Beginning of Year	<u>1,400,394</u>	<u>-</u>
Net Position, End of Year	<u>\$ 1,380,390</u>	<u>\$ (83,798)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The Susquehanna River Basin Commission (the Commission) was created by the Susquehanna River Basin Compact (the Compact) to develop and effectuate plans, policies, and projects relating to the water resources of the Susquehanna River Basin. The Compact was approved by the four signatory parties: the States of Maryland and New York, the Commonwealth of Pennsylvania, and the United States Government.

The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, these financial statements present the Commission (the primary government).

In evaluating how to define the Commission for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America, which require a component unit to be included if the Commission's elected officials are financially accountable for the component unit. The Commission is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Commission. The Commission may be financially accountable if an organization is fiscally dependent on the Commission, regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. There are no organizations, agencies or entities that should be presented with the Commission.

Basis of Presentation:

The accounts of the Commission are organized on the fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds are summarized by type in the financial statements. The Commission's Governmental Fund is the General Fund. Its Proprietary Funds are the Water Management Fund and the Sustainable Water Resources Fund, and its Fiduciary Funds are Defined Benefit Post-Employment Healthcare Plan and the Watershed Implementation Plan.

Basis of Accounting:

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. The statements include the primary government, except for the fiduciary funds.

Separate rows and columns are used to distinguish between the governmental and business-type activities of the government. Governmental activities generally are financed through charges for services, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued):

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Statement of Net Position and Statement of Activities are prepared using the economic measurement focus and the accrual basis of accounting. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of governmental accounting standards.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund of the Commission is accounted for using the current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the fund balances reflect spendable or appropriable resources. The operation statements of these funds reflect increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Governmental fund financial statements are reported using the current financial resources measurement focus. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The proprietary funds are accounted for using the economic resources measurement focus. All assets and liabilities (current and non-current) associated with the operation of the funds are included on its Statement of Net Position. The proprietary fund Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds use the accrual basis of accounting as previously described.

Fund Financial Statements

The financial transactions of the Commission are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund balance, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Commission reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Commission. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued):

Fund Financial Statements (Continued)

The Commission reports the following major proprietary funds:

Water Management Fund and Sustainable Water Resources Fund – The Commission currently charges entities using water that results in an evaporation process or that is not returned directly back into the water system. The fee charged for such use is currently \$0.33 per 1,000 gallons consumed. The money received under this agreement was internally designated by the Commissioners to be separate and used for research and development of water resource-related projects. The Sustainable Water Resources Fund represents fines and settlements related to non-compliance with the Commission’s requirements in administrating its water resource regulatory authority for water usage. General fund surpluses are also transferred to this fund.

In addition, the Commission reports the following fiduciary fund type:

The Commission currently has two Fiduciary Funds. These funds report the Commission’s post-employment healthcare benefit trust and the Conowingo Watershed Implementation Plan.

In the process of aggregating data for the Statement of Net Position, some amounts reported as inter-fund balances in the funds are eliminated or reclassified. Eliminations are made in the Statement of Net Position to minimize the “grossing-up” effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as inter-fund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

The Statement of Activities reports two categories of program revenues: (a) charges for services, and (b) program specific operating grants and contributions. Program revenues are derived directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry. As a whole they reduce the net cost of the function to be financed from the government’s general revenues.

The Commission defines proprietary funds’ operating revenues based on how the individual transaction would be categorized for purposes of preparing the Statement of Cash Flows. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities or investing activities would normally not be reported as operating revenues.

The Commission first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Vacation and Sick Leave:

Under terms of the Commission’s employment agreement, employees are granted vacation and sick leave in varying amounts. Salaried employees may accumulate up to 45 vacation days, which are payable by the Commission at the time of severance. Employees commencing employment prior to July 1, 2011 are permitted to accumulate a maximum of 90 sick days which are payable upon retirement at 40% of the vested balance. Vested balances in excess of 90 days (to the prior maximum of 180 days) as of June 30, 2011 have been grandfathered and remain payable unless used in the course of employment. Employees hired after July 1, 2011 are not eligible to accrue vested sick leave benefits.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments:

Investments are recorded at fair value for all mutual funds and equity securities held by the Commission. All cash and money market funds are recorded at cost, which approximates fair value.

GASB 72 requires an establishment of a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices in active markets for identical assets and liabilities
- Level 2 – Directly or indirectly observable inputs other than Level 1 quoted prices
- Level 3 – Unobservable inputs not corroborated by market data

For investments with quoted market prices in active markets, the Commission uses the quoted market prices as fair values and includes those investments in Level 1 of the fair value hierarchy. When quoted market prices in active markets are not available, various pricing services are used to determine fair value of investments that are included in Level 2 of the fair value hierarchy. Level 3 represents financial assets whose fair value is determined based upon inputs that are unobservable and include the Commission’s own determinations of the assumptions that a market participant would use in pricing the asset.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible changes in risks in the near term would materially affect investment assets reported in the Statement of Net Position, Statement of Activities, Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.

Capital Assets, Water Storage Rights, and Depreciation:

In the government-wide financial statements and proprietary fund types in the fund financial statements, the Commission reports capital assets and water storage rights at historical cost or estimated historical cost. Capital assets and water storage rights include land, improvements, easements, buildings, building improvements, vehicles, machinery, equipment infrastructure, and all other tangible or intangible assets that are used in operations and that have useful lives extending beyond a single reporting period. The Commission’s policy is to capitalize assets, or groups of assets with costs in excess of \$5,000.

Depreciation and amortization of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Land Improvements	5 Years
Buildings and Improvements	20-50 Years
Equipment	2-15 Years

Maintenance and repairs of capital assets are expensed when incurred.

Long-Lived Assets:

Long-lived assets, other than those held for sale, are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Management has concluded that no impairment reserves are required at June 30, 2023.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Self-Insurance:

The Commission has elected to be a self-insured participant in the Pennsylvania Unemployment Compensation Program. The reserve for such claims is estimated by the Commission's administrators based on prior years' experience.

Accounts Receivable:

All accounts receivable are shown net of an allowance for uncollectibles, as applicable. Accounts receivable are continually evaluated for collectability and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. No allowance was deemed necessary at June 30, 2023.

Unearned Revenues:

The Commission recognizes revenue received for application and modification fees when an application is approved, denied, or rescinded. Unearned revenue represents fees paid for applications or modifications which are awaiting action by the Commission.

Cash and Cash Equivalents:

The Commission considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

Defined Benefit Pension Plan:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension plan and pension expense, information about the fiduciary net position of the Pennsylvania State Employees' Retirement System (SERS), and additions to/deletions from SERS' fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Lease Assets and Liabilities:

The Commission determines if an arrangement is or contains a lease at inception of the contract. The lease assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. Lease assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As the Commission leases generally do not provide an implicit rate, the Commission's incremental borrowing rate at commencement date is used to determine the present value of future payments. The lease asset also includes any lease payments made and excludes lease incentives and any initial direct costs incurred. The Commission's operating lease assets and operating lease liabilities are calculated including options to extend the lease when it is reasonably certain that the Commission will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. A lease asset and liability are not recognized for short-term leases with an initial term of twelve months or less and a lease expense is recognized for these leases on a straight-line basis over the lease term.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications:

A description of the fund balance classifications used by the Commission for its Government Wide and General Fund follows:

In the government-wide financial statements, net position is classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Commission, which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified as follows:

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Commission classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or laws and regulations of other governments, or amounts constrained by law through constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Commission through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned – includes fund balance amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes.

Approval of an official motion at a formal meeting by the Commissioners is required to establish, modify, or rescind committed fund balance. The Commissioners have the authority to express intended uses of resources that result in assigned fund balance.

When an expenditure is incurred for purposes for which more than one classification of fund balance is available, it is the Commission's policy to use fund balances in the following order: committed, assigned, and unassigned.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications (Continued):

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Commission's policy is to spend resources in the following order:

1. Restricted
2. Unrestricted

Unless the Commissioners specifically approves the use of committed resources, or the Commissioners or the authorized body or official specifically approves the use of assigned resources, the Commission's policy is to spend unrestricted resources in the following order:

1. Unassigned
2. Assigned
3. Committed

The Commission does not have a formal minimum fund balance policy.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management:

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverage in fiscal year 2023. Settlement amounts have not exceeded insurance coverage for the current and prior two years.

Stewardship, Compliance, and Accountability:

The Commission had no material violations of finance-related legal and contractual obligations.

Leases:

The Commission recognizes lease contracts or equivalents that have a term exceeding one year that meet the definition of other than short-term lease. The Commission uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the Commission's incremental borrowing rate at the start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred. Short-term lease receipts and variable lease receipts not included in the measurement of the lease receivable are recognized as income when earned.

Adoption of Governmental Accounting Standards Board (GASB) Pronouncements:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The Statement's objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Commission adopted Statement No. 91 for its fiscal year 2023 financial statement.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Governmental Accounting Standards Board (GASB) Pronouncements (Continued):

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The Statement's objective is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The Commission adopted Statement No. 93 for its fiscal year 2023 financial statement.

In March 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Commission adopted Statement No. 96 for its fiscal year 2023 financial statement.

Pending Governmental Accounting Standards Board (GASB) Pronouncements:

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The Statement's objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Commission will be required to adopt Statement No. 92 for various financial statement years based on 12-month extension provided by GASB Statement No. 95.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The Statement's objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The Commission will be required to adopt Statement No. 94 for its fiscal year 2024 financial statements based on 12-month extension provided by GASB Statement No. 95.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Statement's objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Commission will be required to adopt Statement No. 99 for its fiscal year 2023 and 2024 financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Commission will be required to adopt Statement No. 100 for its fiscal year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Statement's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Commission will be required to adopt Statement No. 101 for its fiscal year 2025 financial statements.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources:

Deferred Outflows of Resources – a consumption of net assets by the Commission that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred Inflows of Resources – an acquisition of net assets by the Commission that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to them.

All Commission deposits are either insured or collateralized. All deposits that exceed the Federal depository insurance coverage level are collateralized under the Pooling Method but not under the Commission's name.

Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities maintained in conformity with Act 72 of 1971. Act 72 of 1971 is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis; and authorizing the appointment of custodians to act as pledgers of the assets.

Bank balances with financial institutions totaled \$3,703,667, at June 30, 2023. Of the Commission's bank balances, \$701,561 was exposed to custodial credit risk, but was collateralized by the pledging bank's trust department as permitted by Act 72 for the years ended June 30, 2023.

Cash and cash equivalents exposed to credit risk were as follows at June 30, 2023:

Collateral held by the pledging bank under Act 72 but not in the Commission's name	\$ 701,561
Insured by Federal Deposit Insurance Corporation	<u>3,002,106</u>
	3,703,667
Less: Outstanding Checks	(1,239,607)
Plus: Deposits in Transit	<u>995,404</u>
Total Deposits	<u>\$ 3,459,464</u>
Reconciliation to the Financial Statements:	
Cash and Cash Equivalents	
Governmental Funds	\$ 356,759
Proprietary Funds	3,091,373
Fiduciary Funds	<u>11,332</u>
Total	<u>\$ 3,459,464</u>

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk:

Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Commission does not have a formal investment policy for custodial credit risk. The Commission's investments cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form.

Foreign Currency Risk:

The Commission's investment policy limits investment in foreign equity securities to 30% of portfolio value. Investments in foreign fixed income securities are not specifically limited.

The Commission records investments at their fair market value. Cash, cash equivalents, and investments are composed of the following at June 30, 2023:

	Cash and Cash <u>Equivalents</u>	<u>Investments</u>	Total Cash, Cash Equivalents, and <u>Investments</u>
Governmental	\$ 356,759	\$ 4,281,688	\$ 4,638,447
Proprietary	3,091,373	61,920,796	65,012,169
Fiduciary	<u>11,332</u>	<u>1,460,631</u>	<u>1,471,963</u>
Total	<u>\$ 3,459,464</u>	<u>\$ 67,663,115</u>	<u>\$ 71,122,579</u>

The Commission had the following investments with the following average maturities at June 30, 2023:

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>No Stated Maturity⁽¹⁾</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>5 to 10 Years</u>	<u>Greater Than 10 Years</u>
<i>Governmental Funds</i>						
Stocks and ETFs	\$ 1,076,868	\$ 1,076,868	\$ -	\$ -	\$ -	\$ -
Equity Mutual Funds	<u>3,204,820</u>	<u>3,204,820</u>	-	-	-	-
Total Governmental Funds	<u>4,281,688</u>	<u>4,281,688</u>	-	-	-	-
<i>Proprietary Funds</i>						
Stocks and ETFs	19,337,512	19,337,512	-	-	-	-
Fixed Income	10,249,257	10,249,257	-	-	-	-
Equity Mutual Funds	<u>32,334,027</u>	<u>32,334,027</u>	-	-	-	-
Total Proprietary Funds	<u>61,920,796</u>	<u>61,920,796</u>	-	-	-	-
<i>Fiduciary Funds</i>						
Stocks and ETFs	530,148	530,148	-	-	-	-
Fixed Income	499,859	499,859	-	-	-	-
Equity Mutual Funds	<u>430,624</u>	<u>430,624</u>	-	-	-	-
Total Fiduciary Funds	<u>1,460,631</u>	<u>1,460,631</u>	-	-	-	-
Total Investments	<u>\$ 67,663,115</u>	<u>\$ 67,663,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

⁽¹⁾ Maturity data is not available for certain funds with diversified holdings.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

	Total 6/30/2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity Securities				
Stocks and ETFs	\$ 20,944,528	\$ 20,944,528	\$ -	\$ -
Fixed Income	10,749,116	10,749,116	-	-
Equity Mutual Funds	<u>35,969,471</u>	<u>35,969,471</u>	-	-
Total Equity Securities	<u>67,663,115</u>	<u>67,663,115</u>	-	-
Total Investments by Fair Value Level	<u>\$ 67,663,115</u>	<u>\$ 67,663,115</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Credit Risk:

As a means of managing its exposure to fair value losses arising from increasing interest rates, the Commission's investment policy restricts the duration of short-term fixed income securities to a maximum of three years.

Concentration of Credit Risk:

The Commission places a limit on the amount the Commission may invest in any one company's stock at 3% of the total non-fiduciary portfolio, and no more than 20% of the total non-fiduciary portfolio shall be invested in any one industry sector. At year-end there were no investments in any one issuer greater than 3% and no more than 20% of the total non-fiduciary portfolio invested in any one industry sector.

NOTE 3 WATER STORAGE RIGHTS

On June 30, 1986, the Commission entered into a contract with the Department of the Army Corps of Engineers, for the inclusion of 24,335 acre-feet of additional water supply storage as an additional use at the Cowanesque Reservoir, Tioga County, Pennsylvania. The reformulation construction phase was completed in 1990 at a total cost of approximately \$16,500,000. The contract provides for the repayment to the Federal Government of \$39,414,000 of the original project construction costs with interest at 7.69%, amortized over a 50-year period. However, the debt repayment was completed during the year ended June 30, 2005. The Commission is required to pay the Army Corps of Engineers a prorated share of the annual operations and maintenance cost of the project. The prorated share of annual operations and maintenance cost for the year ended June 30, 2023 amounted to \$1,134,259. The Commission now has a permanent right for the use of an additional 24,335 acre-feet of supply storage.

On September 30, 1994, the Commission entered into a contract with the Department of the Army Corps of Engineers, for the inclusion of 5,360 acre-feet of additional water supply storage at Curwensville Lake, Clearfield County, Pennsylvania. The reformulation construction phase was completed at a total allocated cost to the Commission of approximately \$4,878,000. The contract provides for the repayment to the Federal Government of \$4,878,000 of the original project construction costs. However, the debt repayment was completed during the year ended June 30, 2018. The Commission is also required to pay the Army Corps of Engineers a prorated share of the annual operations and maintenance cost of the project. The prorated share of annual operations and maintenance cost for the year ended June 30, 2023 amounted to \$60,359. The Commission now has a permanent right for the use of an additional 5,360 acre-feet of supply storage.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 3 WATER STORAGE RIGHTS (CONTINUED)

On December 6, 2018, the Commission entered into a contract with the Lancaster County Solid Waste Management Authority (Authority) for the purchase of storage capacity of approximately 425,000,000 gallons of water at the former Billmeyer Limestone and Dolomite Quarry (Quarry). The contract provides for the payment to the Authority of \$2,291,585 with interest at 3.00% over a 29-year period. The Commission is also required to pay the Authority all operations and maintenance costs for the year ended June 30, 2023 and beyond. The prorated share of annual operations and maintenance costs for the year ended June 30, 2023 amounted to \$1,022,250. The Commission now has a right for the use of the 425,000,000 gallons of water stored in the Quarry.

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Cowanesque Water Storage Rights	\$ 36,528,466	\$ -	\$ -	\$ 36,528,466
Curwensville Water Storage Rights	4,878,000	-	-	4,878,000
Billmeyer Water Storage Rights	<u>2,291,585</u>	<u>-</u>	<u>-</u>	<u>2,291,585</u>
 Total Water Storage Rights	 <u>43,698,051</u>	 <u>-</u>	 <u>-</u>	 <u>43,698,051</u>
 Less: Accumulated Amortization	 <u>22,923,140</u>	 <u>1,207,821</u>	 <u>-</u>	 <u>24,130,961</u>
 Water Storage Rights, Net	 <u>\$ 20,774,911</u>	 <u>\$ (1,207,821)</u>	 <u>\$ -</u>	 <u>\$ 19,567,090</u>

Amortization expense included in the government-wide Statement of Activities for the year ended June 30, 2023 was \$1,207,821.

NOTE 4 CAPITAL ASSETS

A summary of capital asset activity follows for the year ended June 30, 2023:

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Capital Assets Not Being Depreciated				
Land	\$ 2,104,170	\$ -	\$ -	\$ 2,104,170
 Total Capital Assets Not Being Depreciated	 <u>2,104,170</u>	 <u>-</u>	 <u>-</u>	 <u>2,104,170</u>
Capital Assets Being Depreciated				
Land Improvements	95,000	-	-	95,000
Buildings and Improvements	7,976,182	-	-	7,976,182
Equipment	<u>4,689,059</u>	<u>338,400</u>	<u>(27,672)</u>	<u>4,999,787</u>
 Total Capital Assets Being Depreciated	 <u>12,760,241</u>	 <u>338,400</u>	 <u>(27,672)</u>	 <u>13,070,969</u>
Less: Accumulated Depreciation				
Land Improvements	38,000	19,000	-	57,000
Buildings and Improvements	1,609,248	187,431	-	1,796,679
Equipment	<u>3,721,209</u>	<u>308,534</u>	<u>(10,146)</u>	<u>4,019,597</u>
 Total - Accumulated Depreciation	 <u>5,368,457</u>	 <u>514,965</u>	 <u>(10,146)</u>	 <u>5,873,276</u>
 Capital Assets Being Depreciated, Net	 <u>7,391,784</u>	 <u>(176,565)</u>	 <u>(17,526)</u>	 <u>7,197,693</u>
 Capital Assets, Net	 <u>\$ 9,495,954</u>	 <u>\$ (176,565)</u>	 <u>\$ (17,526)</u>	 <u>\$ 9,301,863</u>

Depreciation expense included in the government-wide Statement of Activities under general administration was \$514,965 for the year ended June 30, 2023.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 5 LEASE RECEIVABLE

The Commission is a lessor for noncancellable lease of property with lease terms through 2037. For the year ending June 30, 2023, the Commission recognized \$71,935 in lease revenue released from the Deferred Inflows of Resources related to the office lease on the Statement of Changes in Net Position. The Commission recognized interest revenue of \$55,245 for the year ending June 30, 2023. The balance of the lease receivable was \$1,109,682 as of June 30, 2023.

NOTE 6 LEASE LIABILITY

The Commission, as a lessee, has entered into lease agreements involving copier equipment. The total costs of the lease assets are recorded as \$15,564, less accumulated amortization of \$9,181. Total amortization expense totaled \$5,242 as of June 30, 2023. These lease assets are included in capital assets. The future lease payments under lease agreements are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Payments</u>
2024	\$ 1,272	\$ 165	\$ 1,437
2025	1,224	108	1,332
2026	1,284	49	1,333
2027	<u>225</u>	<u>3</u>	<u>228</u>
Total	<u>\$ 4,005</u>	<u>\$ 325</u>	<u>\$ 4,330</u>

NOTE 7 LOAN PAYABLE

The following is a summary of the changes in long-term loan payable for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>(Repayments)</u>	<u>Balance June 30, 2023</u>
Business-Type Activities:				
Lancaster County Solid Waste Management Authority Water Storage Agreement Loan issued December 2018, fixed interest rate of 3.00%, maturity in 2049.	\$ 1,044,169	\$ -	\$ (107,648)	\$ 936,521
Total	<u>\$ 1,044,169</u>	<u>\$ -</u>	<u>\$ (107,648)</u>	<u>\$ 936,521</u>

Aggregate maturities required on long-term debt are as follows at June 30, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 145,100	\$ 25,830	\$ 170,930
2025	114,279	22,465	136,744
2026	117,746	18,998	136,744
2027	68,287	15,624	83,911
2028	16,530	14,548	31,078
2029-2033	90,481	64,909	155,390
2034-2038	105,066	50,324	155,390
2039-2043	122,001	33,389	155,390
2044-2048	141,665	13,725	155,390
2049	<u>15,366</u>	<u>173</u>	<u>15,539</u>
Total	<u>\$ 936,521</u>	<u>\$ 259,985</u>	<u>\$ 1,196,506</u>

Interest paid on this loan payable was \$29,096 for the year ended June 30, 2023.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 8 LINE OF CREDIT

In April of 2020, the Commission obtained a \$1,000,000 line of credit available at First National Bank. The Line carries interest at a fixed rate of 8.25%. The outstanding balance on the line of credit was \$0 at June 30, 2023.

NOTE 9 LONG-TERM LIABILITIES

The following represents changes in long-term liabilities, other than the long-term loan payable:

	Balance Outstanding <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2023</u>
Governmental Activities				
Accrued Vacation	\$ 633,459	\$ 632,383	\$ (633,459)	\$ 632,383
Accrued Sick Leave	367,975	349,763	(367,975)	349,763
Other Post-Employment Benefits	1,704,648	-	(333,086)	1,371,562
Net Pension Liability	<u>10,830,937</u>	<u>7,220,108</u>	<u>-</u>	<u>18,051,045</u>
Total	<u>\$ 13,537,019</u>	<u>\$ 8,202,254</u>	<u>\$ (1,334,520)</u>	<u>\$ 20,404,753</u>

Maturity of the liabilities stated above is subject to future events and conditions, and accordingly, the Commission considers there to be no material current maturities.

NOTE 10 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Activities between funds that are representative of a lending/borrowing arrangement that are outstanding at the end of the period are referred to as “due to/from other funds” in the fund financial statements. Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as due to/from other funds. The purpose of the interfund transfer balances in the fund financial statement is to show all assets and liabilities of the major funds and the aggregate nonmajor funds.

Interfund balances consisted of the following at June 30, 2023:

	<u>Due From</u>	<u>Due To</u>
Governmental Fund – General Fund	\$ -	\$ 156,976
Water Management Fund	410,942	-
Sustainable Water Resources Fund	-	78,595
Post-Employment Healthcare Fund	-	91,573
Watershed Implementation Plan Fund	<u>-</u>	<u>83,798</u>
Total	<u>\$ 410,942</u>	<u>\$ 410,942</u>

This balance resulted from the timing difference between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 10 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund transfers consisted of the following during the year ended June 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Fund – General Fund	\$ 3,348,362	\$ -
Proprietary Fund – Water Management Fund	-	1,130,840
Proprietary Fund – Sustainable Water Resources Fund	-	2,217,522
Total	<u>\$ 3,348,362</u>	<u>\$ 3,348,362</u>

Transfers from the Water Management Fund to the General Fund are to reimburse certain expenses related to ongoing projects paid by the General Fund on behalf of the Water Management Fund.

Transfers from the Sustainable Water Resources Fund supported projects and activities that the Commission finds necessary to support its mission which do not have funding available through other sources. Examples are upgrades to the Commission’s continuous in-stream monitoring network, funding for the Water Level Grant program, climate change and environmental justice research, costs for the ongoing technical support for small public water suppliers and other small project sponsors, and costs for legacy mining feasibility studies and restoration projects.

NOTE 11 DEFINED BENEFIT PENSION PLAN

Plan Description:

Commission employees are provided with pensions through the Commonwealth of Pennsylvania State Employees’ Retirement System (SERS or the Plan), a cost-sharing multiple-employer defined benefit pension plan established by the Commonwealth of Pennsylvania (the Commonwealth) to provide pension benefits for employees of state government and certain independent agencies. SERS issues a publicly available financial report that can be obtained at www.SERS.pa.gov.

Benefits Provided:

SERS provides retirement, death, and disability benefits. Article II of the Commonwealth’s constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Member retirement benefits are determined by taking years of credited services, multiplied by final average salary, multiplied by 2%, multiplied by class of service multiplier. According to the State Employees’ Retirement Code, all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

Contributions:

Section 5507 of the SERC (71 Pa. C.S. §5507) requires the Commission and other employers whose employees are SERS members to make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due. However, Act 2010-120 imposes rate increase collars (limits on annual rate increases) on employer contributions. In FY 2017-18, the Commonwealth paid the full actuarially required rate after being collared in previous years due to Act 2010-120.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions (Continued):

Most active Commission members contribute at a rate of 6.25% of their gross pay. The rate of employer contribution was 32.68% of covered payroll for the fiscal year ended June 30, 2023. Contributions to the pension plan from the Commission were \$1,817,849 for the year ended June 30, 2023.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension:

At June 30, 2023, the Commission reported a liability of \$18,051,045 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The allocation percentage assigned to each employer in the Plan is based on a projected-contribution method. This method applies the most recently calculated contribution rates for the fiscal year ending June 30, 2023, from the December 31, 2022 funding valuation, to the expected funding payroll for the allocation of the December 31, 2021 amounts, and the contribution rates for the fiscal year ending June 30, 2023 from the December 31, 2022 funding valuation to the expected funding payroll for the allocation of the December 31, 2021 net pension liability. At December 31, 2022, the Commission's proportion was 0.079%, which was a decrease of 0.005% from its proportion measured as of December 31, 2021.

Actuarial Assumptions:

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Average of 4.55%, Range of 3.30% - 6.95%
Investment Rate of Return	6.875%, Net of Expenses Including Inflation

Mortality rates were based on the RP-2000 Combined Mortality Table, with adjustments for actual plan experience and future improvement.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to December 31, 2019. As a result of the 2020 actuarial experience study, recommendations were made with respect to the actuarial assumptions and methods. The board approved the continuation of the assumed rate of return and inflation assumptions that were adopted, pursuant to the 19th Investigation of Actuarial Experience, at the SERS Board meeting in July 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued):

The Commission recognized pension expense of \$2,554,474 for the year ended June 30, 2023. The Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2023.

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Differences Between Projected and Actual Experience	\$ 262,326	\$ 50,096
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,451,887	-
Changes in Assumptions	1,217,454	-
Changes in Proportion	851,852	137
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	12,990	8,780
Commission Contributions Subsequent to the Measurement Date	<u>915,845</u>	<u>-</u>
 Total	 <u>\$ 5,712,354</u>	 <u>\$ 59,013</u>

An amount of \$915,845 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ended December 31:

2023	\$ (789,770)
2024	(1,198,676)
2025	(1,138,965)
2026	(1,578,376)
2027	(31,709)

The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension expense over a 5.2-year closed period for December 31, 2022, which reflects the weighted average remaining service life of all SERS members, beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on SERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year).

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table at December 31, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Private Equity	16.00 %	5.75 %
Real Estate	7.00 %	5.12 %
U.S. Equity	31.00 %	4.35 %
International Developed Markets Equity	14.00 %	4.25 %
Emerging Markets Equity	5.00 %	4.65 %
Fixed Income – Core	22.00 %	(0.50) %
Inflation Protection (TIPS)	3.00 %	(1.00) %
Cash	2.00 %	(1.05) %

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate:

The discount rate used to measure the total pension liability was 6.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each member and that employer contributions will be made based on rates determined by the actuary. Based on those assumptions, SERS fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active SERS members. Therefore, the long-term expected rate of return on SERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Commission’s proportionate share of the net pension liability calculated using the discount rate of 6.875%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease <u>(5.875 %)</u>	Discount Rate <u>(6.875 %)</u>	1% Increase <u>(7.875 %)</u>
Commission’s Proportionate Share of the Net Pension Liability	\$ <u>23,138,717</u>	\$ <u>18,051,045</u>	\$ <u>13,754,157</u>

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan’s fiduciary net position is available in the separately issued SERS financial report.

NOTE 12 POST EMPLOYMENT HEALTHCARE PLAN

The financial statements for the Susquehanna River Basin Commission Post-Employment Benefits Plan (SRBCPBP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair market value, which for SRBCPBP is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their face value as determined by the custodian under the direction of the Commission, with the assistance of a valuation service.

Plan Description and Contribution Information:

Membership of the plan consisted of the following at July 1, 2022, the date of the latest actuarial valuation:

Active Participants	13
Vested Former Members	-
Retired Participants	<u>17</u>
Total	<u><u>30</u></u>

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 12 POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Plan Description and Contribution Information (Continued):

SRBCPBP is a single-employer defined benefit healthcare plan administered by the Susquehanna River Basin Commission. SRBCPBP provides medical insurance benefits to eligible retirees and their spouses. The Commission does not issue a separate financial report for the SRBCPBP.

Funding Policy:

The contribution requirements of plan members and the Commission are established and may be amended by the Commission. The Commission did not make a contribution to the Plan in the 2023 fiscal year. There were no contributions from plan members receiving benefits for the year ended June 30, 2023.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

Valuation Date	July 1, 2022
Actuarial cost method	Entry Age Normal Cost Method
Asset valuation method	Equal to the Market Value of Assets
Projected annual salaries increases	5.00%
Mortality tables	RP-2014 Total Mortality Table with Scale MP-2021
Healthcare cost trend rate	7.00% in 2023, with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.40% in 2027 to 4.10% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Annual Cost and Net Obligation:

The Commission’s annual Other Post-Employment Benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Commission’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Commission’s net OPEB obligation to SRBCPBP.

Service Costs	\$ 93,577
Interest Cost	136,508
Changes of Benefit Terms	-
Changes for Assumptions	(103,818)
Differences Between Expected and Actual	(370,044)
Net Investment Loss	(92,157)
Benefit Payments	-
Administrative Expenses	<u>2,848</u>
Decrease in Net OPEB Liability	(333,086)
Net OPEB Liability – Beginning of Year	<u>1,704,648</u>
Net OPEB Liability – End of Year	<u>\$ 1,371,562</u>

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 12 POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Three-Year Trend Information:

<u>Fiscal Years Ending June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB (Obligation)/ Asset</u>
2021	\$ 356,329	0 %	\$ (2,280,949)
2022	386,558	0 %	(1,704,649)
2023	246,445	0 %	(1,371,562)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of each plan as of July 1, 2022, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a) / c)</u>
July 1, 2022	\$ 1,471,963	\$ 2,843,525	\$ (1,371,562)	51.77 %	\$ 1,297,372	105.72 %

The accompanying schedule of funding progress – post-employment benefits plan presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 12 POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Three-Year Trend Information (Continued):

The net OPEB Liability of the Commission at June 30, 2023, calculated in accordance with Governmental Accounting Standards Board Statement No. 74 (“GASB 74”), *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, and presented on the Commission’s government-wide Statement of Net Position in accordance with Governmental Accounting Standards Board Statement No. 75 (“GASB 75”), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, consisted of the following components:

Total OPEB Liability	\$ 2,843,525
Plan Fiduciary Net Position	<u>1,471,963</u>
 Net OPEB Liability	 <u>\$ 1,371,562</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 51.77 %

The discount rate used to measure the total OPEB liability was 4.26%. The projection of cash flows used to determine this discount rate assumed that the Commission would continue to fund the actuarially determined contribution. Based on this assumption and investment long-term expected rate of return for each asset class, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the net OPEB liability, calculated under GASB 75 using the discount rate of 4.26% as well as what it would be if it were calculated using a discount rate that is 1% lower (3.26%) and 1% higher (5.26%) than the current rate:

	1% Decrease (<u>3.26 %</u>)	Discount Rate (<u>4.26 %</u>)	1% Increase (<u>5.26 %</u>)
Commission’s Net OPEB Liability	<u>\$ 1,759,347</u>	<u>\$ 1,371,562</u>	<u>\$ 1,050,302</u>

The following presents the net OPEB liability calculated under GASB 75, using the same health care trend rates used in the most recent actuarial valuation, as well as what the net OPEB liability would be if it were calculated using a sequence of health care trend rates that are 1% lower and 1% higher:

	1% Trend Decrease <u>4.50 %</u>	Trend Rate Assumption <u>5.50 %</u>	1% Trend Increase <u>6.50 %</u>
Commission’s Net OPEB Liability	<u>\$ 977,952</u>	<u>\$ 1,371,562</u>	<u>\$ 1,864,108</u>

Updated procedures were applied to the Plan’s July 1, 2021 actuarial valuation to roll forward the total OPEB liability to June 30, 2023 for purposes of the GASB 75 calculation.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 12 POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

For the year ended June 30, 2023, the Commission recognized OPEB expense of \$246,445. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences Between Projected and Actual Experience	\$ -	\$ 327,555
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	145,645	69,454
Changes in Assumptions	118,098	656,458
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-
Commission Contributions Subsequent to the Measurement Date	-	-
	<u> -</u>	<u> -</u>
 Total	 <u>\$ 263,743</u>	 <u>\$ 1,053,467</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ended June 30:

2024	\$ (245,344)
2025	(270,172)
2026	(270,092)
2027	(4,116)
2028	-
Thereafter	-

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Commission has been operating in an environment that has been economically impacted by the COVID-19 pandemic. The future impact of the pandemic on the Commission is not known as of the release of these financial statements. However, management is monitoring the current conditions and their potential impact.

The Commission approved grants related to groundwater level monitoring, consumptive use mitigation, and stream and watershed enhancement. At June 30, 2023, the Commission had commitments of \$5,117,676 for future funding.

NOTE 14 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. No settlement exceeded insurance coverage since the Commission's creation.

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE 15 PRIOR PERIOD ADJUSTMENTS

During 2023, management determined that the following prior period adjustments were required in the financial statements:

	<u>Governmental Activities</u>	<u>General Fund</u>
Beginning Net Position, as Previously Reported, June 30, 2022	\$ (2,367,605)	\$ 2,620,492
Prior Period Adjustments		
Grants Receivable	141,132	141,132
Accounts Payable	(194,135)	(194,135)
Deferred Revenue	<u> -</u>	<u>(141,132)</u>
Net Position, as Restated, July 1, 2022	<u>\$ (2,420,608)</u>	<u>\$ 2,426,357</u>

NOTE 16 SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 20, 2023, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SUSQUEHANNA RIVER BASIN COMMISSION

Notes to Budgetary Comparison Schedule

For the Year Ended June 30, 2023

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Formal budgetary integration is employed as a management control device during the year for the General Fund.
2. The Commission approves the budget appropriation. The Director of Administration and Finance, and Executive Director are authorized to transfer budget amounts between departments. However, within any fund, the Commission's members must approve any revisions that alter the total appropriations of any fund.
3. Unused appropriations for the above annually budgeted funds lapse at the end of the year except for the unexpended balance of such appropriations where contracts are in course of construction at the end of the year.
4. The budget amounts shown in the required supplementary information are the final authorized amounts as approved by the Commission.

See Independent Auditor's Report

SUSQUEHANNA RIVER BASIN COMMISSION
 Budgetary Comparison Schedule – General Fund –
 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis
 For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues				
Signatory Parties				
Maryland	\$ 493,000	\$ 346,000	\$ 346,000	\$ -
New York	248,250	259,000	259,000	-
Pennsylvania	739,750	205,000	739,750	534,750
Federal	493,000	-	-	-
Projects and Programs				
Chesapeake Bay	873,950	824,850	642,268	(182,582)
EPA Water Quality	683,000	775,000	803,009	28,009
AMD – Morris Run, Bear Creek	920,000	1,360,000	1,042,118	(317,882)
Continuous In-Stream Monitoring Network	119,850	119,850	170,000	50,150
USACE MIPR Projects	-	40,000	90,961	50,961
Other Projects	128,200	127,800	53,612	(74,188)
Other Revenue				
Permit Application Fees	1,050,000	1,066,450	1,161,560	95,110
NOI Permit Fees	954,000	982,300	1,014,975	32,675
Compliance Monitoring Fees	1,925,000	2,000,000	1,938,006	(61,994)
Special Project Review Fees	266,000	296,750	186,083	(110,667)
Charges for Services	-	-	83,798	83,798
Net Realized/Unrealized Loss on				
Investments	255,000	200,000	114,995	(85,005)
Interest and Dividend Income	10,000	104,000	344,051	240,051
Miscellaneous	<u>10,000</u>	<u>1,000</u>	<u>13,252</u>	<u>12,252</u>
Total Revenues	<u>9,169,000</u>	<u>8,708,000</u>	<u>9,003,438</u>	<u>295,438</u>

See Independent Auditor's Report

SUSQUEHANNA RIVER BASIN COMMISSION
 Budgetary Comparison Schedule – General Fund –
 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis (Continued)
 For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Expenditures				
Personnel Services	4,730,000	4,670,000	4,741,927	(71,927)
Employee Benefits	3,975,000	3,890,000	4,025,072	(135,072)
Special Contractual Services	1,430,000	2,375,000	1,383,354	991,646
Travel and Subsistence	65,000	40,000	61,757	(21,757)
Communications	65,000	57,500	64,388	(6,888)
Postage and Freight	15,000	15,000	9,639	5,361
Janitorial	35,000	25,000	25,927	(927)
Utilities	75,000	70,000	82,577	(12,577)
Rent	45,000	35,000	33,791	1,209
Printing and Reproduction	48,000	32,500	28,311	4,189
Repairs and Maintenance	153,000	118,000	66,053	51,947
Software Purchase and Maintenance	165,000	165,000	234,405	(69,405)
Insurance	125,000	140,000	148,522	(8,522)
Supplies	195,000	197,500	266,384	(68,884)
Fees – Various	368,000	240,000	228,428	11,572
Commission Meetings/Public Hearings	25,000	20,000	9,725	10,275
Dues and Memberships	25,000	25,000	29,028	(4,028)
Staff Training	50,000	50,000	19,612	30,388
Grant Awards	120,000	120,000	63,598	56,402
Miscellaneous	40,000	55,000	29,854	25,146
Capital Outlay	<u>195,000</u>	<u>285,000</u>	<u>348,396</u>	<u>(63,396)</u>
 Total Expenditures	 <u>11,944,000</u>	 <u>12,625,500</u>	 <u>11,900,748</u>	 <u>724,752</u>
 Deficiency of Revenues Under Expenditures	 <u>(2,775,000)</u>	 <u>(3,917,500)</u>	 <u>(2,897,310)</u>	 <u>1,020,190</u>
Other Financing Sources				
Gain on Sale of Assets	-	-	5,047	5,047
Transfers in	<u>2,575,000</u>	<u>3,472,500</u>	<u>3,348,362</u>	<u>(124,138)</u>
 Total Other Financing Sources	 <u>2,575,000</u>	 <u>3,472,500</u>	 <u>3,353,409</u>	 <u>(119,091)</u>
 Net Changes in Fund Balance	 <u>\$ (200,000)</u>	 <u>\$ (445,000)</u>	 <u>\$ 456,099</u>	 <u>\$ 901,099</u>

See Independent Auditor's Report

SUSQUEHANNA RIVER BASIN COMMISSION
Schedule of the Commission's Proportionate Share of the Net Pension Liability
For the Last Ten Years*
For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commission's Proportion of the Net Pension Liability	0.079%	0.074%	0.074%	0.073%	0.071 %	0.071 %	0.069 %	0.066 %	0.064 %
Commission's Proportionate Share of the Net Pension Liability	<u>\$ 18,051,045</u>	<u>\$ 10,830,937</u>	<u>\$ 12,734,080</u>	<u>\$ 13,223,615</u>	<u>\$ 14,853,187</u>	<u>\$ 12,331,940</u>	<u>\$ 13,299,490</u>	<u>\$ 12,020,636</u>	<u>\$ 9,556,824</u>
Commission's Covered-Employee Payroll	<u>\$ 5,341,387</u>	<u>\$ 4,903,791</u>	<u>\$ 4,902,209</u>	<u>\$ 4,735,677</u>	<u>\$ 4,652,680</u>	<u>\$ 4,548,106</u>	<u>\$ 4,388,113</u>	<u>\$ 4,260,921</u>	<u>\$ 3,990,940</u>
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	337.95%	220.87%	259.76 %	279.23 %	319.24 %	271.14 %	303.08 %	282.11 %	239.46 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.53%	56.39%	56.39 %	56.39 %	56.39 %	62.97 %	57.80 %	58.90 %	64.80 %

* Information for years prior to June 30, 2015 is not available.

See Independent Auditor's Report

SUSQUEHANNA RIVER BASIN COMMISSION
Schedule of Commission Contributions
For the Last Ten Years*
For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,745,531	\$ 1,616,702	\$ 1,684,057	\$ 1,501,489	\$ 1,468,432	\$ 1,427,135	\$ 1,199,492	\$ 988,414	\$ 743,951
Contributions in Relation to the Contractually Required Contribution	<u>1,745,531</u>	<u>1,616,702</u>	<u>1,684,057</u>	<u>1,501,489</u>	<u>1,468,432</u>	<u>1,427,135</u>	<u>1,199,492</u>	<u>988,414</u>	<u>743,951</u>
Contribution Deficiency (Excess)	<u>\$ -</u>								
Commission's Covered Employee Payroll	<u>\$ 5,341,387</u>	<u>\$ 4,903,791</u>	<u>\$ 4,902,209</u>	<u>\$ 4,735,677</u>	<u>\$ 4,652,680</u>	<u>\$ 4,548,106</u>	<u>\$ 4,388,113</u>	<u>\$ 4,260,921</u>	<u>\$ 3,990,940</u>
Contributions as a Percentage of Covered Employee Payroll	32.68%	32.97%	34.35 %	31.71 %	31.56 %	31.38 %	27.34 %	23.20 %	18.64 %

* Information for years prior to June 30, 2015 is not available.

See Independent Auditor's Report

SUSQUEHANNA RIVER BASIN COMMISSION
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Last Ten Years*
For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service Costs	\$ 93,577	\$ 146,879	\$ 188,575	\$ 173,248	\$ 73,482	\$ 69,865
Interest Costs	136,508	101,356	136,099	133,755	159,377	162,598
Changes in Benefit Terms	-	-	(971,784)	-	-	-
Differences Between Expected and Actual Experiences	(370,044)	-	(125,052)	-	377,350	-
Changes for Assumptions	(103,818)	(964,325)	257,161	77,061	1,439,237	(161,991)
Benefit Payments	<u>(100,934)</u>	<u>(114,085)</u>	<u>(116,522)</u>	<u>(107,596)</u>	<u>(118,827)</u>	<u>(129,315)</u>
Net Change in OPEB Liability	<u>(344,711)</u>	<u>(830,175)</u>	<u>(631,523)</u>	<u>276,468</u>	<u>1,930,619</u>	<u>(58,843)</u>
Total OPEB Liability – Beginning	3,188,236	4,018,411	4,649,934	4,373,466	2,442,847	2,501,690
Total OPEB Liability – Ending (a)	<u>\$ 2,843,525</u>	<u>\$ 3,188,236</u>	<u>\$ 4,018,411</u>	<u>\$ 4,649,934</u>	<u>\$ 4,373,466</u>	<u>\$ 2,442,847</u>
Plan Fiduciary Net Position						
Contributions – Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions – Plan Member	-	-	-	-	-	-
Net Investment Income (Loss)	92,157	(142,662)	211,641	35,932	117,318	63,276
Benefit Payments	(100,934)	(107,948)	(111,255)	(107,596)	(318,015)	-
Administrative Expenses	(2,847)	(3,265)	(3,268)	(3,405)	(1,940)	(3,820)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	<u>(11,624)</u>	<u>(253,875)</u>	<u>97,118</u>	<u>(75,069)</u>	<u>(202,637)</u>	<u>59,456</u>
Plan Fiduciary Net Position – Beginning	1,483,587	1,737,462	1,640,344	1,715,413	1,918,050	1,858,594
Plan Fiduciary Net Position – Ending (b)	<u>\$ 1,471,963</u>	<u>\$ 1,483,587</u>	<u>\$ 1,737,462</u>	<u>\$ 1,640,344</u>	<u>\$ 1,715,413</u>	<u>\$ 1,918,050</u>
Commission’s Net OPEB Liability – Ending (a) - (b)	\$ 1,371,562	\$ 1,704,649	\$ 2,280,949	\$ 3,009,590	\$ 2,658,053	\$ 524,797
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.77%	46.53%	43.24 %	35.28 %	39.22 %	78.52 %
Covered Employee Payroll	\$ 1,297,372	\$ 1,304,911	\$ 1,304,911	\$ 1,321,474	\$ 1,321,474	\$ 1,223,001
Net OPEB Liability as a Percentage of Covered Employee Payroll	105.72%	130.63%	174.80 %	227.74 %	201.14 %	42.91 %

* Information for years prior to June 30, 2018 is not available.

See Independent Auditor’s Report

SINGLE AUDIT SECTION



HAMILTON & MUSSER, PC

Certified Public Accountants • Consultants to Management

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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*

To the Commissioners of
Susquehanna River Basin Commission
Harrisburg, Pennsylvania

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Susquehanna River Basin Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Susquehanna River Basin Commission's basic financial statements, and have issued our report thereon dated November 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Susquehanna River Basin Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Susquehanna River Basin Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Susquehanna River Basin Commission'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 a 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.

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. Material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Susquehanna River Basin Commission'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002.

Susquehanna River Basin Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Susquehanna River Basin Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Susquehanna River Basin Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

November 20, 2023

Mechanicsburg, Pennsylvania



Certified Public Accountants



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

To the Commissioners of
Susquehanna River Basin Commission
Harrisburg, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Susquehanna River Basin Commission'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 Susquehanna River Basin Commission's major federal programs for the year ended June 30, 2023. Susquehanna River Basin Commission'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, Susquehanna River Basin Commission 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 June 30, 2023.

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 Susquehanna River Basin Commission 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 determination of Susquehanna River Basin Commission'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 Susquehanna River Basin Commission's federal programs.

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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 Susquehanna River Basin Commission'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 Susquehanna River Basin Commission'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 Susquehanna River Basin Commission'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 Susquehanna River Basin Commission'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 Susquehanna River Basin Commission'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Susquehanna River Basin Commission's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Susquehanna River Basin Commission's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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.

Report on Internal Control over Compliance (Continued)

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Susquehanna River Basin Commission's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Susquehanna River Basin Commission's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

November 20, 2023

Mechanicsburg, Pennsylvania



Certified Public Accountants

SUSQUEHANNA RIVER BASIN COMMISSION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor / Pass Through Grantor / Program Title	Federal ALN	Agency or Pass-Through Number	Accrued (Deferred) Revenue at July 1, 2022	Total Received for the Year	Federal Award Expended	Accrued (Deferred) Revenue at June 30, 2023
U.S. Department of the Interior						
Passed through the Commonwealth of Pennsylvania, Department of Environmental Protection:						
Abandoned Mine Land Reclamation Program (3813)	15.252	ME4100086761	\$ 294,265	\$ 858,342	\$ 1,052,452	\$ 488,375
Passed through the Commonwealth of Pennsylvania, Department of Environmental Protection:						
Chesapeake Bay Midpoint Assessment	66.466	ME4100083750	20,430	34,716	70,318	56,032
Enhanced CB Monitoring	66.466	ME4100089415	210,123	407,740	372,504	174,887
Chesapeake Bay Non-Tidal Monitoring in the Susquehanna River Basin SNAP	66.466	ME4100086285	2,812	46,856	61,027	16,983
Chesapeake Bay Non-Tidal Monitoring in the Susquehanna River Basin TMDL	66.466	ME4100086499	<u>55,046</u>	<u>155,778</u>	<u>138,419</u>	<u>37,687</u>
Sub-Total #66.466			<u>288,411</u>	<u>645,090</u>	<u>642,268</u>	<u>285,589</u>
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-00399116-2	<u>184,213</u>	<u>804,962</u>	<u>803,009</u>	<u>182,260</u>
Total U.S. Department of the Interior			<u>766,889</u>	<u>2,308,394</u>	<u>2,497,729</u>	<u>956,224</u>
U.S. Department of Homeland Security						
Passed through the Commonwealth of Pennsylvania, Emergency Management Agency:						
Flood Mitigation Assistance	97.029	FMA-PL-03-PA-2019-017	<u>24,758</u>	<u>23,083</u>	<u>32,544</u>	<u>34,219</u>
Total U.S. Department of Homeland Security			<u>24,758</u>	<u>23,083</u>	<u>32,544</u>	<u>34,219</u>
Total Federal Awards Expended			<u>\$ 791,647</u>	<u>\$ 2,331,477</u>	<u>\$ 2,530,273</u>	<u>\$ 990,443</u>

SUSQUEHANNA RIVER BASIN COMMISSION
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Susquehanna River Basin Commission under programs of the federal government for the year ended June 30, 2023. 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 Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Susquehanna River Basin Commission, it is not intended to and does not present the net position, changes in net position, or cash flows of Susquehanna River Basin Commission.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

Susquehanna River Basin Commission has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 PRIOR PERIOD CORRECTIONS

Amounts expended for the Abandoned Mine Land Reclamation and the Flood Mitigation Assistance Programs (ALN# 15.252) were incorrectly omitted from the June 30, 2022 SEFA. These expenses were not properly coded as accounts payable in Susquehanna River Basin Commission's accounting records, and therefore, were not identified.

Amounts expended for the Flood Mitigation Program (ALN# 97.029) were incorrectly omitted from the June 30, 2022 SEFA as they were not properly recognized as Federal expenses.

The funding from these programs did not have an impact on the programs tested as major in the previous year.

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal ALN</u>	<u>Accrued (Deferred) Revenue at July 1, 2021</u>	<u>Total Received for the Year Ended June 30, 2022</u>	<u>Federal Award Expended June 30, 2022</u>	<u>Accrued (Deferred) Revenue at June 30, 2022</u>
U.S. Department of the Interior					
Passed through the Commonwealth of Pennsylvania, Department of Environmental Protection:	15.252	\$ -	\$ -	\$ 141,132	\$ 141,132
U.S. Department of Homeland Security					
Passed through the Commonwealth of Pennsylvania Emergency Management Agency	97.029	15,682	28,584	20,837	7,935

SUSQUEHANNA RIVER BASIN COMMISSION

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results:

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted which would be required to be reported in accordance with *Government Auditing Standards*? Yes No

Federal Awards:

Internal control over major programs:
Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes No

Identification of major programs:
CFDA number(s): 15.252

Name of Federal Program:
Abandoned mine land reclamation program

Amount expended: \$1,289,277

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee Yes No

Section II - Findings – Financial Statement Audit:

See Findings 2023-001

Section III – Findings and Questioned Costs – Major Federal Award Program Audit:

See Findings 2023-001 and 2023-002

SUSQUEHANNA RIVER BASIN COMMISSION
Schedule of Findings and Questioned Costs – Continued
For the Year Ended June 30, 2023

#2023-001 – Material Weakness – Inadequate Controls over Year End Accrual Process - Reporting

Criteria

The Commission's controls over expenses should operate in a way to ensure its financial statements are in accordance with accounting principles generally accepted in the United States of America applicable to governmental entities (GAAP).

Condition

The Commission's controls over expenses did not operate as intended to record the expenses in the correct fiscal period and on the schedule of expenditures of federal awards.

Cause

Adjustments were needed to record expenses in accordance with accounting principles generally accepted in the United States of America applicable to governmental entities.

Effect

During the audit process, various material adjustments were proposed to the Commission's records by the auditors.

Questioned Costs

None

Perspective Information

The finding is related only to the Abandoned Mine Land Reclamation Program.

Identification as a Repeat Finding

There was no similar finding in the prior year.

Recommendation

We recommend that the Commission evaluate their current internal controls over financial reporting and identify areas for improvement that are most important for consistent and accurate financial reporting.

View of Responsible Officials and Planned Corrective Action

The Commission will review its control procedures over accounts payable to verify that invoices are properly recorded in the correct fiscal year.

SUSQUEHANNA RIVER BASIN COMMISSION
Schedule of Findings and Questioned Costs – Continued
For the Year Ended June 30, 2023

#2023-002 – Material Weakness – Compliance Requirement Activities - Allowed or Unallowed

Abandoned Mine Land Reclamation Program 15.252

Criteria

Proper internal control procedures include review and approval of expenditure documentation such as purchase orders and invoices prior to entering expenditures into the system for payment processing. Invoices should also be reviewed for mathematical accuracy to ensure that the Commission and the grant are properly charged.

Condition

For one of the six payments examined, there was no approval of the supporting invoice or purchase order. Approval occurred with the check signature of the Director of Administration and Finance. In addition, for two of the six payments, the invoices had mathematical errors.

Cause

Due to oversight, one payment was not approved in accordance with the Commission's internal control procedures, prior to submission for payment. Additionally, the Commission does not have procedures in place to review invoices for mathematical accuracy prior to payment.

Effect

Lack of review and approval of invoices can result in unallowable costs charged to the grant program.

Questioned Costs

None

Perspective Information

The Commission recalculated all invoices from the vendor and noted four invoices with errors during the year ended June 30, 2023, resulting in an overcharge to the grant of \$1,001.

Identification as a Repeat Finding

There was no similar finding in the prior year.

Recommendation

We recommend that the Commission approve all invoices in accordance with the Commission's internal control procedures. We also recommend that the Commission review invoices for mathematical accuracy prior to payment.

View of Responsible Officials and Planned Corrective Action

The Commission has contacted the vendor to resolve the billing errors and will implement procedures internally to oversee the verification of the accuracy of invoices going forward.

SUSQUEHANNA RIVER BASIN COMMISSION
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Financial Statement Audit:

None

Findings and Questioned Costs – Major Federal Awards Programs Audit:

None

CORRECTIVE ACTION PLAN

November 20, 2023

Susquehanna River Basin Commission respectfully submits the following corrective action plan for the year ended June 30, 2023.

Cognizant or Oversight Agency for Audit: Pennsylvania Department of Environmental Protection, CFDA #15.252

Name and address of independent public accounting firm:

Hamilton & Musser, PC
176 Cumberland Parkway
Mechanicsburg, PA 17055

Audit Period: July 1, 2022 – June 30, 2023

The finding from the June 30, 2023 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Findings – Financial Statement and Federal Award Programs Audit

Pennsylvania Department of Environmental Protection, CFDA #15.252

#2023-001 – Material Weakness – Control Operation – Expenses- Reporting

Recommendation

We recommend that the Commission evaluate their current internal controls over financial reporting and identify areas for improvement that are most important for consistent and accurate financial reporting.

View of responsible officials and planned corrective action

The Commission will review its control procedures over accounts payable to verify that invoices are properly recorded in the correct fiscal year.

Findings – Federal Award Programs Audit

Pennsylvania Department of Environmental Protection, CFDA #15.252

#2023-002 – Material Weakness – Activities Allowed or Unallowed

Recommendation

We recommend that the Commission approve all invoices in accordance with the Commission's internal control procedures. We also recommend that the Commission review invoices for mathematical accuracy prior to payment.

View of responsible officials and planned corrective action

The Commission has contacted the vendor to resolve the billing errors and will implement procedures internally to oversee the verification of the accuracy of invoices going forward.

If the Pennsylvania Department of Environmental Protection has questions regarding this plan, please call Susquehanna River Basin Commission Director, Administration & Finance Marcia Hutchinson at (717) 238-0423.

Sincerely,



Marcia Hutchinson
Director, Administration & Finance