

**PERKASIE REGIONAL AUTHORITY**

Financial Statements

As of and For the Years Ended  
December 31, 2024 and 2023

# PERKASIE REGIONAL AUTHORITY

December 31, 2024 and 2023

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## **Independent Auditors' Report**

To the Members of the Board  
Perkasie Regional Authority

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

#### ***Opinion***

We have audited the financial statements of the Perkasie Regional Authority (the "Authority"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2024, 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 Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Other Matter***

The financial statements of the Authority for the year ended December 31, 2023, before the restatement described in Note 3, were audited by another auditor whose report dated July 23, 2024, expressed an unmodified opinion on those statements. As part of our audit of the December 31, 2024 financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole.

#### ***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 the Entity'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.

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity'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 on pages 4 through 9 and the schedule of changes in the net position liability and related ratios and schedules of contributions on pages 30 and 31 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 GAAS, 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 Entity's basic financial statements. The accompanying schedule of operating expenses and schedule of revenues and expenses – budget and actual on pages 33 through 36 are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the schedule of operating expenses and schedule of revenues and expenses – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*CBIZ CPAs P.C.*

Philadelphia, Pennsylvania  
May 30, 2025

**PERKASIE REGIONAL AUTHORITY**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2024, 2023 and 2022**

Management's Discussion and Analysis (MD&A) is an introduction to the basic financial statements. This section presents management's discussion of the financial activities of Perkasio Regional Authority's ("Authority") for the years ended December 31, 2024, 2023 and 2022. The Management Discussion and Analysis (MD&A) is only a component of the entire financial statement. Readers should read and evaluate all sections of the report, including the notes to the financial statements in addition to this MD&A.

**FINANCIAL AND AUTHORITY HIGHLIGHTS**

- The Authority's total assets decreased slightly from \$50.0 million in 2023 to \$49.6 million in 2024, for an decrease of about \$400,000 (1%), which was mostly attributable to repayment of the grant receivable and a decreases in net pension assets offset by increases in unrestricted and restricted cash and accounts receivable.
- The Authority's net position increased from \$34.6 million in 2023 to \$36.4 million in 2024, or an increase of roughly \$1.8 million (5.3%).
- The Authorities liabilities decreased roughly \$2.0 million (13.4%) due to principal payments on water and sewer revenue bonds and decreases in accrued liabilities on capital projects.
- The Authority's total operating revenues remained consistent with a nominal decrease of about \$179,000 or about 3%.
- The Authority's total operating expenses decreased about \$96,000, or about 2%, over 2023 due to a decrease in pension expense of \$200,000, offset by an increase of \$96,000 in depreciation.
- The operating revenues were in line with budgeted revenues, while the operating expenses were approximately \$335,000 below budget mostly due to lower than anticipated water and sewer service expenses.
- The Authority realized roughly 15 new customers in 2024 after adding about 320 new customers the previous six (6) years, and anticipates adding an additional 150 new customers in 2025. These additional customers have helped, and will continue to help, keep rates stable going forward. The Authority has averaged a less than 1% rate increase in each of the last nine (9) years.

**Overview of the Financial Statements**

The Authority is considered a proprietary fund in accordance with governmental accounting standards. Proprietary funds report on business-type activities and the financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

The governing body of the Authority is a Board consisting of five members appointed by Borough Council. The terms of the members of the Board have been staggered so that the term of one member expires annually.

The Authority's basic financial statements comprise the statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and notes to the financial statements.

***Statement of Net Position*** – This statement will provide information that will help the reader determine if the Authority is financially better or worse off because of the year's activity. These statements include all assets

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**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2024, 2023 and 2022**

and liabilities using historical cost and the accrual method of accounting like that used by private sector companies.

**Statement of Revenues, Expenses, and Changes in Net Position** – This statement presents the results of business activities during the fiscal year and the amounts by which the net assets changed. All revenues and expenses are considered regardless of when the cash is received or paid.

**Statement of Cash Flows** – Reports changes in cash and cash equivalents resulting from operational, capital and financing, and investment activities.

**Notes to Financial Statements** – The financial statement note disclosures provide the reader with additional information that is essential to a full understanding of the data presented in the financial statements.

**Financial Analysis of the Authority**

The Authority's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) is a measure of its financial position. Over time, increases or decreases in net position is an indicator of whether the Authority's financial position has improved or declined. While this financial analysis is a strong indicator of the Authority's financial position, other non-financial factors need to also be considered, such as new legislation affecting operations, economic conditions and growth.

**Condensed Financial Information**

The following table is a summary of the Authority's December 31, 2024, Statement of Net Position with comparative information as of December 31, 2023 and 2022.

***Summary of Net Position***

	2024	2023	2022		2024	2023	2022
Current Assets	\$ 1,519,336	\$ 2,563,457	\$ 1,173,446	Current Liabilities	\$ 93,395	\$ 406,198	\$ 126,926
Property, Plant & Equipment - Net	37,458,902	37,545,046	31,097,992	Current Liabilities From Restr. Assets	1,451,594	1,446,396	1,353,167
Restricted Assets	9,853,305	8,768,002	9,420,366	Long Term Liabilities	11,616,250	13,347,244	11,684,609
Other Assets	362,806	459,762	664,472	Net Positions	36,367,577	34,545,098	29,066,282
Deferred Outflows	417,492	669,526	460,655	Deferred Inflows	83,025	260,857	585,947
Total	\$49,611,841	\$50,005,793	\$42,816,931	Total	\$49,611,841	\$50,005,793	\$42,816,931

Current assets primarily include cash and accounts receivable and there the balance has been relatively flat. As of December 31, 2023, current assets increased due to the grant receivable of \$1,240,580 and there was no grant receivable as of December 31, 2024.

Property, plant and equipment, net includes the costs of the water and sewer infrastructure. During the year ended December 31, 2024, the Authority incurred costs of approximately \$1.7 million related to several new projects. During the year ended December 31, 2023, the Authority incurred costs of approximately \$7 million related to

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Old Bethlehem Pike water main extension, improvements to the reservoir, additional sewer capacity, and Highland Drive water lining. During the year ended December 31, 2022, the Authority incurred costs of approximately \$1 million related to Mt. View road and other miscellaneous projects.

Restricted assets include funds held by the Trustee for debt service, capital projects, and operations of the Authority. All amounts are held in money market accounts which are deemed to be cash equivalents. As part of the Authority's Trust Indenture related to its Bonds outstanding, all receipts are pledged to the trustee bank and deposited into these funds. The change year to year is based on the Authority's cash activity. For the year ended December 31, 2024, the Authority generated cash from operating and investing activities of \$2,615,000 and \$549,000, respectively, offset by cash used in capital and related financing activities of \$2,018,000. For the year ended December 31, 2023, the Authority generated cash from operating and investing activities of \$2,663,000 and \$558,000, respectively, offset by cash used in capital and related financing activities of \$3,832,000.

Other assets includes the water and sewer assessment receivables (i.e. tapping fees) and the Authority's lease receivable. The majority of the water and sewer assessment outstanding will be paid once the related property is sold. Based on amortization of the lease receivable, the lease receivable decreased \$84,000 as of December 31, 2024.

Deferred outflows of resources includes amounts related to the Authority's defined benefit pension plan and deferred amount from refunding of its 2011 bonds. The deferred amount is amortized ratably over the life of the 2019 Revenue Bonds. The change in the pension plan varies year to year based on the performance of the plan. There was a decrease in deferred outflows related to the pension of \$226,000 primarily due to differences between projected and actual earnings on pension plan investments plus contributions made subsequent to the valuation date of the pension plan.

Current liabilities primarily consist of accounts payable and accrued liabilities for capital projects. As of December 31, 2024, current liabilities decreased \$301,000 due to a decrease in accrued liabilities on capital projects. As of December 31, 2023, current liabilities increased \$279,000 due to accrued liabilities on capital projects.

Long-term liabilities consist of the Authority's 2019 Water and Sewer Revenue Bonds and a 2023 Water and Sewer Revenue Note and the Authority's pension liability. Long-term liabilities decreased by \$1,455,000 and \$1,320,000 as of December 31, 2024 and 2023, respectively, due to the principal payments on our Revenue Bonds and Note. The pension liability decreased by \$226,000 as of December 31, 2024. In 2023, the Authority obtained a water and sewer revenue note of \$2,600,000 and the pension asset switched to a liability of \$303,000.

Deferred inflows of resources includes amounts related to the Authority's defined benefit pension plan and lease receivable. The change as of December 31, 2024 and 2023 primarily relates to changes in the projected and actual earnings related to the pension plan.



**PERKASIE REGIONAL AUTHORITY**  
**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2024, 2023 and 2022**

***Condensed Statement of Revenues, Expenses, and Changes in Net Position:***

The following table is a summary of the Authority's Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2024 with comparative information for the years ended December 31, 2023 and 2022.

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Operating Revenues:			
Water and Sewer	\$ 4,931,259	\$ 4,657,170	\$ 4,568,662
Other	251,462	207,460	212,885
Tapping Fees	120,940	617,736	524,140
Total Operating Revenues	5,303,661	5,482,366	5,305,687
Operating Expenses:			
Water and sewer	1,475,529	1,546,926	1,386,527
Professional Fees	152,939	123,725	122,297
General and Administrative	842,078	993,436	658,727
Depreciation	1,449,396	1,351,993	1,339,833
Total Operating Expenses	3,919,942	4,016,080	3,507,384
Operating income	1,383,719	1,466,286	1,798,303
Total Nonoperating Income (Expense)	438,760	4,012,530	(111,009)
Change in Net Position	\$ 1,822,479	\$ 5,478,816	\$ 1,687,294

For the years ended December 31, 2024 and 2023, water and sewer revenue have increased by approximately 6% and 2% respectively, since there was a minimal rate increase for 2023 and a rate increase of approximately 5% for 2024.

The Authority's rate base has remained stable partly due to the mix of customers with the customer base being predominantly residential with only a small amount of commercial and industrial users. The breakdown is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Residential, including multi-family	94.5%	94.4%	95.3%
Commercial, including mixed uses	3.6%	3.7%	3.2%
Industrial, Institutional, Public	1.9%	1.9%	1.5%

Other Revenues are derived from fees and charges not directly related to metered water and sewer sales. These include fees for account certifications and delinquent notification fees as well as the sewer truck services. For the year ended December 31, 2024, other revenue increased by \$44,000 over the prior year. For the year ended December 31, 2023, other revenue remained flat.

Tapping fees are not budgeted and vary based on the amount of new construction and developments. For the years ended December 31, 2024 and 2023, tapping fees decreased by \$497,000 and increased by \$94,000, respectively.

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**Management's Discussion and Analysis (Unaudited)**  
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Water and sewer expenses remained flat for the year ended December 31, 2024. For the year ended December 31, 2023, the increase was primarily attributable to an increase in sewage treatment costs (\$65,000) and repairs and maintenance of the wells (\$73,000).

Professional fees increased by \$29,000 for the year ended December 31, 2024 due to the uniform guidance audit we were required to perform last year related to our grant and due to increased hydrogeologist fees. Professional fees were flat for the year ended December 31, 2023 when compared to 2022.

General and administrative costs represent administration employee compensation and benefits including medical benefits, billing supplies, communication, education, trustee's fees and insurance. For the year ended December 31, 2024, general and administrative costs decreased \$151,000 due to a decrease in pension expense of \$198,000, offset by an increase in office payroll of \$59,000. For the year ended December 31, 2023, general and administrative costs increased \$335,000 due to an increase in pension expense of \$275,000 and increase in equipment costs and repairs and maintenance totaling \$45,000.

Nonoperating income (expense) includes investment income, lease income, capital contributions, debt issue costs and interest expense on long-term debt.

Investment earnings increased \$7,000 and \$383,000 for the years ended December 31, 2024 and 2023, respectively, due to the overall increase in the balance of investments.

Lease income is generated from excess commercial, industrial and rental properties leased by the Authority. The Authority leases space on its water tank to cell phone companies as well as office space at the main office. Lease income remained relatively the same for the years ended December 31, 2024 and 2023.

Capital contributions include property dedications to the Authority where developers contribute the easements and water and sewer lines back to the Authority, which are recorded at fair value and for any capital related grants. During the year ended December 31, 2023, the Authority received a grant in which capital expenses were reimbursed under this grant and totaled \$255,000 and \$3,314,000 for the years ended December 31, 2024 and 2023, respectively.

Debt issue costs arise from costs incurred on new debt and are expensed when incurred. During the year ended December 31, 2024, the Authority did not incur any debt issue costs. For the year ended December 31, 2023, the Authority incurred \$81,000 of costs in connection with its Water and Sewer Revenue Note, Series 2023.

Interest expense on long-term debt decreased by \$20,000 for the year ended December 31, 2024 due to due to principal payments on its debt. Interest expense on long-term debt increased by \$23,000 for the year ended December 31, 2023 due to the new water and sewer revenue note offset by principal payments on the water and sewer revenue bonds.

### **Future Plans**

The Authority realizes that in order to remain viable and keep rates stable it must grow and add to its customer base. To that end, the Board has initiated capital projects to extend facilities further into West Rockhill Township over the past couple of years with the hope of spurring development in the Township.

The primary growth in the Authority's service area is expected to be residential; however, both the agreements with East and West Rockhill contain both new areas and areas that can be redeveloped in commercially zoned areas.

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**Management's Discussion and Analysis (Unaudited)**  
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In the ever-changing world of water regulations, the Perfluoroalkyl and polyfluoroalkyl substances (PFAS) regulations will be the biggest impact to the Authority. While the Authority is below the current Pennsylvania thresholds for these chemicals, the Authority may not be so lucky with future regulations. With that in mind, the Authority applied for a grant in 2024 (and was awarded in early 2025), from PENNVEST, to offset costs for a treatment facility at one of the Authority well sites, Well #4. In addition, the Authority is also looking to develop a new water source that is anticipated to supply a significant amount of water and be operational by 2027.

**Contacting the Authority**

We have prepared the MD&A in a manner we hope you find useful. Keep in mind, this entire report is a financial overview designed to give our customers and creditors a general understanding of how the Authority conducts business and accounts for the money it receives. Should you have questions regarding these statements, please contact our office by phone at (215) 257-3654, by e-mailing us at [info@perkasieauthority.org](mailto:info@perkasieauthority.org), by visiting our website at [www.perkasieauthority.org](http://www.perkasieauthority.org) or by writing Perkasie Regional Authority, 150 Ridge Rd. Sellersville, PA 18960.

**PERKASIE REGIONAL AUTHORITY**

Statements of Net Position

December 31, 2024 and 2023

	2024	Restated 2023
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 414,578	\$ 353,843
Accounts receivable	932,210	864,733
Grant receivable	-	1,240,580
Supply inventory	59,141	59,141
Due from Pennridge Wastewater Treatment Authority	113,407	45,160
	<hr/>	<hr/>
Total current assets	1,519,336	2,563,457
Noncurrent assets:		
Restricted cash and cash equivalents	9,853,305	8,768,002
Assessments receivable	284,484	297,508
Lease receivable	78,322	162,254
Capital Assets:		
Non-Depreciable		
Land	790,410	790,410
Construction in progress	1,174,781	6,835,476
Depreciable		
Property, plant and equipment	63,807,356	57,091,888
Purchased wastewater treatment capacity	3,611,029	3,302,550
Accumulated depreciation	(31,924,674)	(30,475,278)
Net Capital Assets	<hr/> 37,458,902	<hr/> 37,545,046
	<hr/>	<hr/>
Total noncurrent assets	47,675,013	46,772,810
	<hr/>	<hr/>
Total assets	49,194,349	49,336,267
Deferred outflows of resources:		
Deferred amounts from refunding, net of amortization of \$259,388 and \$233,020, respectively	202,577	228,945
Deferred outflows - pension	214,915	440,581
	<hr/>	<hr/>
Total deferred outflows	417,492	669,526
	<hr/>	<hr/>
Total assets and deferred outflows	\$ <u>49,611,841</u>	\$ <u>50,005,793</u>

The accompanying notes are an integral part of these financial statements.

**PERKASIE REGIONAL AUTHORITY**

Statements of Net Position, Continued

December 31, 2024 and 2023

	2024	Restated 2023
<b><u>LIABILITIES &amp; NET POSITION</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 93,395	\$ 394,628
Lease liability, current	-	11,570
Total current liabilities	93,395	406,198
Current liabilities (payable from restricted cash):		
Water and sewer revenue bonds - current portion	1,255,000	1,205,000
Water and sewer revenue note - current portion	5,000	5,000
Accrued interest	191,594	236,396
Total current liabilities (payable from restricted cash)	1,451,594	1,446,396
Total current liabilities	1,544,989	1,852,594
Long-term liabilities:		
Escrow liabilities	45,012	145,935
Net pension liability	76,702	302,760
Lease liability, net of current portion	-	12,079
Water and sewer revenue note, net of current portion	2,590,000	2,595,000
Water and sewer revenue bonds, net of current portion	8,904,536	10,291,470
Total long-term liabilities	11,616,250	13,347,244
Total liabilities	13,161,239	15,199,838
Deferred inflows of resources:		
Deferred inflows - pension	4,703	98,603
Deferred inflows - lease receivable	78,322	162,254
Total deferred inflows	83,025	260,857
Net position:		
Net investments in capital assets	24,704,366	23,424,927
Restricted for debt service	6,502,370	6,947,265
Restricted for capital projects	3,159,341	2,824,921
Unrestricted	2,001,500	1,347,985
Total net position	36,367,577	34,545,098
Total liabilities, deferred inflows and net position	\$ 49,611,841	\$ 50,005,793

The accompanying notes are an integral part of these financial statements.

**PERKASIE REGIONAL AUTHORITY**

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2024 and 2023

	2024	Restated 2023
Revenues:		
Sewer service charges	\$ 2,412,170	\$ 2,268,022
Water sales	2,519,089	2,389,148
Tapping fees and assessments	120,940	617,736
Other revenue	251,462	207,460
	<hr/>	<hr/>
Total revenues	5,303,661	5,482,366
	<hr/>	<hr/>
Expenses:		
Sewer service	859,608	877,251
Water service	615,921	669,675
Professional fees	152,939	123,725
General and administrative	842,078	993,436
Depreciation	1,449,396	1,351,993
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Total expenses	3,919,942	4,016,080
	<hr/>	<hr/>
Operating income	1,383,719	1,466,286
	<hr/>	<hr/>
Non-operating income (expense):		
Investment earnings	447,573	440,486
Lease income	101,246	117,599
Debt issue costs	-	(80,861)
Interest expense	(364,789)	(384,053)
	<hr/>	<hr/>
Net non-operating income (expense)	184,030	93,171
	<hr/>	<hr/>
Income before capital contributions	1,567,749	1,559,457
	<hr/>	<hr/>
Capital contributions - property dedications	-	605,570
Capital contributions - grant	254,730	3,313,789
	<hr/>	<hr/>
Increase in net position	1,822,479	5,478,816
	<hr/>	<hr/>
Net position at beginning of year	34,545,098	29,066,282
	<hr/>	<hr/>
Net position at end of year	\$ 36,367,577	\$ 34,545,098
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The accompanying notes are an integral part of these financial statements.

**PERKASIE REGIONAL AUTHORITY**

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash receipts from customers	\$ 4,968,495	\$ 4,689,193
Other operating cash receipts	280,713	563,522
Cash payments to employees for services	(1,008,669)	(961,204)
Cash payments to vendors for goods and services	(1,625,796)	(1,628,349)
Net cash provided by operating activities	<u>2,614,743</u>	<u>2,663,162</u>
Cash flows from capital and related financing activities:		
Additions to capital assets	(1,664,674)	(6,925,221)
Grant proceeds	1,495,310	2,073,209
Developer escrow activity, net	(100,923)	113,845
Proceeds from long-term debt	-	2,600,000
Debt issue costs	-	(80,861)
Principal payments on long term debt	(1,210,000)	(1,160,000)
Principal payments on finance leases	(23,649)	(11,083)
Interest paid	(513,588)	(441,926)
Net cash used in capital and related financing activities	<u>(2,017,524)</u>	<u>(3,832,037)</u>
Cash flows from investing activities:		
Investment earnings	447,573	440,486
Proceeds from rental income	101,246	117,598
Net cash provided by investing activities	<u>548,819</u>	<u>558,084</u>
Net increase (decrease) in cash and cash equivalents	1,146,038	(610,791)
Cash and cash equivalents - beginning	9,121,845	9,732,636
Cash and cash equivalents - ending	<u>\$ 10,267,883</u>	<u>\$ 9,121,845</u>
Reconciliation of cash and cash equivalents:		
Cash - unrestricted	\$ 414,578	\$ 353,843
Cash - restricted	9,853,305	8,768,002
	<u>\$ 10,267,883</u>	<u>\$ 9,121,845</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 1,383,719	\$ 1,466,286
Adjustment for noncash charges to operations:		
Depreciation	1,449,396	1,351,993
Changes in assets and liabilities:		
Accounts receivable	(67,477)	(69,779)
Assessments receivable	13,024	(159,872)
Due from Pennridge Wastewater Treatment Authority	(68,247)	(38,079)
Net pension asset and liability and deferred inflows and outflows	(94,292)	(58,485)
Accounts payable and accrued payroll	(1,380)	10,064
Net cash provided by operating activities	<u>\$ 2,614,743</u>	<u>\$ 2,502,128</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Transactions</b>		
Acquisition of property, plant and equipment included in accrued liabilities	\$ 17,791	\$ 317,644
Property dedications during the year	<u>\$ -</u>	<u>\$ 605,570</u>

The accompanying notes are an integral part of these financial statements.

# **PERKASIE REGIONAL AUTHORITY**

## **Notes to Financial Statements**

**December 31, 2024 and 2023**

### **NOTE 1 - DESCRIPTION OF OPERATIONS**

The Perkasio Regional Authority ("Authority") is a body, politic and corporate, created under the Pennsylvania Municipality Authorities Act 53 Pa.C.S. §§ 5601-5622, as amended ("Act") pursuant to an ordinance enacted by the Council of the Borough of Perkasio, Bucks County, Pennsylvania ("Borough"), for the purpose of owning, operating, and maintaining water and sewer systems within the Borough and surrounding areas for which it is authorized to serve. The certificate of incorporation of the Authority was issued by the Secretary of the Commonwealth of Pennsylvania on April 28, 1955.

The governing body of the Authority is a Board consisting of five members appointed by Borough Council. The terms of the members of the Board have been staggered so that the term of one member expires annually. The Board is authorized to exercise any and all powers conferred by the aforementioned Act necessary for the acquisition, construction, improvement, extension, maintenance and operation of the system facilities.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **REPORTING ENTITY**

The financial reporting entity consists of the primary government and organizations for which it is financially accountable. In determining financial accountability, consideration is given to financial interdependency, selection of governing body, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Based on the foregoing criteria, the Authority is not a component unit of any primary government. In addition, there are no component units to be included in the Authority's financial statements.

#### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they are earned. Expenses are recorded at the time liabilities are incurred regardless of the timing of the related cash flows.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **USE OF ESTIMATES**

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



# **PERKASIE REGIONAL AUTHORITY**

## **Notes to Financial Statements**

**December 31, 2024 and 2023**

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **TRUST INDENTURE AND RESTRICTED ASSETS**

The Authority entered into a Trust Indenture, dated as of April 1, 1994 (the "Original Indenture"), as supplemented by ten Supplemental Trust Indentures, the most recent dated November 6, 2019, with U.S. Bank National Association as Trustee in connection with the issuance of its Water and Sewer Revenue Bonds, Series of 2019. The aforementioned Trust Indenture provides for the creation of the following funds:

- a) Revenue Fund for deposit of all revenues and receipts arising from the operation of the water and sewer system and any income derived from investments in any other Fund under the Indenture with the exception of the Construction Fund;
- b) Bond Fund into which revenues are to be transferred from the Revenue Fund for payment of interest and principal on the bonds as they become due;
- c) Construction Fund for the payment of costs of each project involving construction for which bonds are issued;
- d) Bond Redemption and Improvement Fund for funding (1) any deficiencies which may occur in the Bond or Bond Reserve Funds, (2) capital repairs, additions or contributions, and (3) bond redemptions.

The above-captioned funds are reported in the Statements of Net Position under the caption restricted cash and cash equivalents.

#### **CASH AND CASH EQUIVALENTS**

The Authority considers money market funds, including money market funds held in the Trust funds, and all highly liquid investments with an original maturity date of ninety days or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

#### **REVENUE AND ACCOUNTS RECEIVABLE**

Customers are billed for water and sewer in arrears based on actual water consumption. The Authority includes all customers in one of three cycles in which each cycle is billed on a staggered quarterly basis. As a result, revenues earned for services provided, but not billed, encompassing the period from October 1 through December 31, are accrued on a pro rata basis at the end of the calendar year. The Authority believes all accounts receivable are fully collectible. Accordingly, no provision for bad debt has been established. The Authority's policy is to either file a lien against the property or shut-off the water to the property for any uncollectible account which results in the collection of all accounts receivable.

#### **SUPPLY INVENTORY**

The Authority maintains an inventory of supplies in use for emergencies which are valued at the lower of cost (first-in, first-out) or net realizable value.

# **PERKASIE REGIONAL AUTHORITY**

## **Notes to Financial Statements**

**December 31, 2024 and 2023**

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **CAPITAL ASSETS**

Property, plant and equipment that have an estimated useful life in excess of one year are carried at historical cost if purchased or constructed. Donated assets are recorded at estimated fair value at the date of donation. Interest incurred during the construction phase of capital assets is included as part of the capitalized cost of constructed assets. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which range from 5 to 40 years. Normal maintenance and repairs are charged to expense as incurred, major renewals or betterments, which extend the life or increase the value of assets, are capitalized. Construction in Progress represents costs incurred by the Authority for in-process activities designed to expand, replace, or extend useful lives of existing property and equipment.

The Authority continually evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of its long-lived assets or whether the remaining balance of its long-lived assets should be evaluated for possible impairment. If and when such factors, events or circumstances indicate that long-lived assets should be evaluated for possible impairment, the Authority will determine the fair value of the asset by making an estimate of expected future cash flows over the remaining lives of the respective assets and compare that fair value with the carrying value of the assets in measuring their recoverability. There were no impairment losses recognized during the years ended December 31, 2024 and 2023.

#### **DEFERRED INFLOWS/OUTFLOWS OF RESOURCES**

Deferred outflows of resources are defined as a consumption of net assets by the Authority that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the Authority that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities. The deferred outflows of resources in the Authority's financial statements include a deferred amount arising from the refunding of the 2011 and 2011A bond issues. The deferred refunding amount is being amortized over the life of the refunding bonds as part of interest expense. For the years ended December 31, 2024 and 2023, the Authority recorded amortization of \$28,600, which was reported as interest expense in the statement of revenues, expenses and changes in net position. Additionally, the Authority's reports deferred outflows of resources for contributions to its pension plan after the measurement date. The Authority's reports deferred inflows of resources related to its pension plan and related to its lease receivable (See Note 8).

#### **PENSION PLAN**

GASB No. 68 requires the Authority to recognize a net pension liability for the difference between the present value of projected benefits for past services, known as the Total Pension Liability (TPL), and the restricted resources held in trust for the payment of pension benefits. For purposes of measuring the net position liability, deferred outflows or resources, deferred inflows of resources, and pension expense, information about the net pension liability and additions to and deductions from the net pension liability have been determined on the same basis as reported by Pennsylvania Municipal Retirement System ("PMRS"). See Note 10 for further information regarding the pension plan.

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### OPERATING REVENUES AND EXPENSES

Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations which is the sale of water and treatment of wastewater for its customers. Operating expenses include the cost of services, professional and administrative expenses, and depreciation on capital assets. All other revenues and expenses not meeting the aforementioned criteria are reported as non-operating revenues and expenses and are included under capital and related financing and investing activities in the Statement of Cash Flows.

#### NET POSITION

Net position represent the difference between the Authority's assets and deferred outflows and liabilities and deferred inflows. Net Investments in Capital Assets represent capital assets, reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted for Debt Service is comprised of certain funds restricted under the Trust Indenture for payment of debt service on bonds. Restricted for Capital Projects represents funds restricted for future capital projects in accordance with the Trust Indenture. Unrestricted Net Position consist of net assets that do not meet the definition of "restricted" or "net investments in capital assets".

### NOTE 3 – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2024, the Authority identified an error with respect to reporting its pension liability and related deferred outflows and inflows of resources which resulted in increasing pension expense for the year ended December 31, 2023 by \$161,000, removing the Authority's net pension asset, reporting a net pension liability and adjusting deferred outflows and inflows of resources related to its pension plan as of December 31, 2023. As a result the financial statements were restated for the year ended December 31, 2023 to correct this error. Adjustments to the respective line items of the financial statements for the year ended December 31, 2023 are as follows:

#### Statement of Net Position:

Description	Originally reported	Adjustment	Restated
Net pension asset	342,789	(342,789)	-
Total noncurrent assets	47,115,599	(342,789)	46,772,810
Deferred outflows of resources – pension	392,592	47,989	440,581
Total deferred outflows	621,537	47,989	669,526
Total assets and deferred outflows	50,300,593	(294,800)	50,005,793
Net pension liability	-	302,760	302,760
Total long-term liabilities	13,044,484	302,760	13,347,244
Total liabilities	14,897,078	302,760	15,199,838
Deferred inflows – pension	535,129	(436,526)	98,603
Total deferred inflows	697,383	(436,526)	260,857
Unrestricted net position	1,509,019	(161,034)	1,347,985
Total net position	34,706,132	(161,034)	34,545,098
Total liabilities, deferred inflows and net position	50,300,593	(294,800)	50,005,793

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 3 – PRIOR PERIOD ADJUSTMENT (CONTINUED)

#### Statement of Revenues, Expenses and Changes in Net Position:

Description	Originally reported	Adjustment	Restated
General and administrative expenses	832,402	161,034	993,436
Total expenses	3,855,046	161,034	4,016,080
Operating income	1,627,320	161,034	1,466,286
Increase in net position	5,639,850	161,034	5,478,816

### NOTE 4 - DEPOSITS AND INVESTMENTS

#### DEPOSITS

The Authority maintains its cash balances at one financial institution. The cash balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor, per institution. State law requires that all public deposits in financial institutions in excess of federal insurance limits be fully collateralized by obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Pennsylvania Act 72 of 1971, as amended, permits banking institutions to satisfy this collateralization requirement by pooling securities pledged as collateral for public funds on deposit. At December 31, 2024 and 2023, cash balances maintained at the financial institution were fully covered by the FDIC. Restricted cash is held by the trustee in money market accounts which are not covered by the FDIC or Pennsylvania Act 72. Amounts maintained in money market accounts totaled \$9,557,630 and \$8,371,640 at December 31, 2024 and 2023, respectively, and were not insured. The Authority has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

#### INVESTMENTS

State statutes and the Trust Indenture authorize the Authority to invest in (1) obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; (2) obligations of the Commonwealth of Pennsylvania or its political subdivisions; (3) accounts insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund; (4) shares of an investment company whose shares are registered under the Securities Act of 1933 which invests only in obligations described in (1) through (3) above; and (5) obligations of certain nonguaranteed federal agencies.

#### CUSTODIAL CREDIT RISK

Deposit custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned. Investment custodial credit is the risk that the counterparty to an investment transaction will fail and the Authority will not recover the value of the investment or collateral securities that are in the possession of an outside party. The Authority does not have a formal investment policy that addresses interest rate, credit, and custodial credit risk. All investment accounts are maintained by one institution.

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 5 - ASSESSMENTS RECEIVABLE

The Authority currently pays one-third of the project cost of extending water and sewer systems to furnish service to customers and assesses the remaining balance to the property owners. The assessments are payable over five years, with a 20% down payment in year one, and 20% due in each of the next four years plus an interest rate of 5% per annum on the outstanding balance. Some of the residents who owe the Authority for water and sewer assessments have financial hardships and cannot pay in accordance with the Authority's terms. In those instances, the Authority secures its interest by filing a lien on the property. Amounts due from property owners for water and sewer assessments totaled \$284,484 and \$297,508 as of December 31, 2024 and 2023, respectively. As of December 31, 2024, \$71,323 of the remaining balance is expected to be paid when the related property is sold.

### NOTE 6 - CAPITAL ASSETS

Property, plant, and equipment at December 31, 2024 and 2023 and related accumulated depreciation and depreciation expense for the years then ended follow:

<u>2024</u>		<b>Beginning</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending</b>
<b>Non-Depreciable</b>					
	Land	\$ 790,410	\$ -	\$ -	\$ 790,410
	Construction in Progress	6,835,476	402,069	(6,062,764)	1,174,781
	<b>Subtotal</b>	<b>7,625,886</b>	<b>402,069</b>	<b>(6,062,764)</b>	<b>1,965,191</b>
<b>Depreciable</b>					
	Building	6,312,821	-	-	6,312,821
	Water System	32,439,518	6,708,868	-	39,148,386
	Sewer System	17,647,970	-	-	17,647,970
	Furniture and Equipment	352,907	6,600	-	359,507
	Leased automobile	57,515	-	-	57,515
	Vehicles	281,157	-	-	281,157
	Purchased Wastewater Treatment Capacity	3,302,550	308,479	-	3,611,029
	<b>Subtotal</b>	<b>60,394,438</b>	<b>7,023,947</b>	<b>-</b>	<b>67,418,385</b>
	<b>Total</b>	<b>\$ 68,020,324</b>	<b>\$ 7,426,016</b>	<b>\$ (6,062,764)</b>	<b>\$ 69,383,576</b>
 <b><u>Accumulated Depreciation</u></b>					
		<b>Beginning</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending</b>
	Building	\$ 1,588,323	\$ 161,068	\$ -	\$ 1,749,391
	Water System	15,659,047	804,172	-	16,463,219
	Sewer System	11,047,008	365,080	-	11,412,088
	Furniture and Equipment	310,630	5,213	-	315,843
	Leased automobile	28,758	11,503	-	40,261
	Vehicles	271,347	9,810	-	281,157
	Purchased Wastewater Treatment Capacity	1,570,165	92,550	-	1,662,715
	<b>Total</b>	<b>\$ 30,475,278</b>	<b>\$ 1,449,396</b>	<b>\$ -</b>	<b>\$ 31,924,674</b>
	<b>Net</b>	<b>\$ 37,545,046</b>			<b>\$ 37,458,902</b>

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 6 - CAPITAL ASSETS (CONTINUED)

#### **2023**

	<b>Beginning</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending</b>
<b>Non-Depreciable</b>				
Land	\$ 790,410	\$ -	\$ -	\$ 790,410
Construction in Progress	901,337	5,988,950	(54,811)	6,835,476
<b>Subtotal</b>	<b>1,691,747</b>	<b>5,988,950</b>	<b>(54,811)</b>	<b>7,625,886</b>
<b>Depreciable</b>				
Building	6,312,821	-	-	6,312,821
Water System	31,502,211	937,307	-	32,439,518
Sewer System	16,795,185	852,785	-	17,647,970
Furniture and Equipment	352,907	-	-	352,907
Leased automobile	57,515	-	-	57,515
Vehicles	281,157	-	-	281,157
Purchased Wastewater Treatment Capacity	3,227,734	74,816	-	3,302,550
<b>Subtotal</b>	<b>58,529,530</b>	<b>1,864,908</b>	<b>-</b>	<b>60,394,438</b>
<b>Total</b>	<b>\$ 60,221,277</b>	<b>\$ 7,853,858</b>	<b>\$ (54,811)</b>	<b>\$ 68,020,324</b>
<b><u>Accumulated Depreciation</u></b>	<b><u>Beginning</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending</u></b>
Building	\$ 1,428,036	\$ 160,287	\$ -	\$ 1,588,323
Water System	14,924,933	734,114	-	15,659,047
Sewer System	10,709,347	337,661	-	11,047,008
Furniture and Equipment	303,378	7,252	-	310,630
Leased auto	17,255	11,503	-	28,758
Vehicles	251,728	19,619	-	271,347
Purchased Wastewater Treatment Capacity	1,488,608	81,557	-	1,570,165
<b>Total</b>	<b>\$ 29,123,285</b>	<b>\$ 1,351,993</b>	<b>\$ -</b>	<b>\$ 30,475,278</b>
<b>Net</b>	<b>\$ 31,097,992</b>			<b>\$ 37,545,046</b>

### NOTE 7 - SEWAGE TREATMENT SERVICES

The Authority joined with several other municipalities in 1973 to form the Pennridge Wastewater Treatment Authority ("PWTA"). PWTA provides sewage treatment services to all or portions of the member municipalities and the area served by the Authority. PWTA's normal operating costs are assessed among the participants based upon their proportionate share of equivalent dwelling units. PWTA's charges to the Authority for treatment operating costs are expensed as incurred and totaled \$775,376 and \$755,035 for the years ended December 31, 2024 and 2023, respectively. Amounts due from PWTA for advances in excess of actual expenses totaled \$113,407 and \$45,160 at December 31, 2024 and 2023, respectively.

Capital construction and plant upgrade costs are assessed based upon the percentages of plant capacity attributed to each member. The Authority's payments to PWTA for capital construction and plant upgrades, as summarized in Note 5, are capitalized as purchased wastewater treatment capacity and depreciated over a period of 40 years.

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 8 - LONG-TERM DEBT

On November 6, 2019, the Authority issued Water and Sewer Revenue Bonds, Series 2019, in the amount of \$12,755,000 with an average interest rate of 3.69% to advance refund \$8,460,000 of outstanding Water and Sewer Revenue Bonds, Series 2014 and to payoff the outstanding balance of \$7,514,000 on a term loan. Principal payments on bond issues are made annually on February 1<sup>st</sup>. Interest is paid semiannually on February 1<sup>st</sup> and August 1<sup>st</sup> of each year. The bonds are secured by all revenues of the Authority.

As part of the issuance, the Authority received a bond premium of \$1,616,195 which is being amortized on a straight-line basis over the life of the bond issue and recorded to interest expense. The straight-line method is not materially difference from the effective interest method.

The Amended and Restated Trust Indenture related to the bond issue contains a default provision that requires the Authority to meet a certain rate covenant. See Note 10 for the explanation and calculation of the rate covenant.

On April 4, 2023, the Authority entered into a ten-year Water and Sewer Revenue Note, Series of 2023, in the amount of \$2,600,000 with a fixed interest rate of 3.5%. Principal payments on the Note are made annually on February 1<sup>st</sup>. Interest is paid semiannually on February 1<sup>st</sup> and August 1<sup>st</sup> of each year. The note is secured by all revenues of the Authority.

A summary of long term debt activity for the year ended December 31, 2024 and amounts due at December 31, 2024 follow:

	December 31, 2023	Additions	Reductions	December 31, 2024	Amounts Due Within One Year
Bonds, Series 2019	\$ 10,430,000	\$ -	\$ (1,205,000)	\$ 9,225,000	\$ 1,255,000
Note, Series 2023	2,600,000	-	(5,000)	2,595,000	5,000
Bond Premium	1,066,470	-	(131,934)	934,536	-
Grand Total	\$ 14,096,470	\$ -	\$ (1,341,934)	\$ 12,754,536	\$ 1,260,000

Interest expense on long term debt amounted to \$470,355 and \$485,155 for the years ended December 31, 2024 and 2023, respectively. Amortization of the bond premium amounted to \$131,934 for each of the years ended December 31, 2024 and 2023, which was reported as interest expense in the statement of revenues, expenses and changes in net position.

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 8 - LONG-TERM DEBT (CONTINUED)

Scheduled future principal and interest maturities with respect to long-term debt at December 31, 2024, follow:

Year	Bond Principal	Notes Payable	Total Long- Term Debt	Interest	Total Debt Service Requirement
2025	\$ 1,255,000	\$ 5,000	\$ 1,260,000	\$ 434,638	\$ 1,694,638
2026	1,310,000	5,000	1,315,000	383,163	1,698,163
2027	1,360,000	5,000	1,365,000	329,588	1,694,588
2028	1,415,000	5,000	1,420,000	273,913	1,693,913
2029	1,475,000	5,000	1,480,000	215,938	1,695,938
2030-2033	2,410,000	2,570,000	4,980,000	294,755	5,274,755
Total	\$ 9,225,000	\$ 2,595,000	\$ 11,820,000	\$ 1,931,995	\$ 13,751,995

### NOTE 9 – LEASES

#### LESSEE

A summary of the changes in the lease liability during the years ended December 31, 2024 and 2023 is as follows:

	Beginning	Increases	Decreases	Ending
<b>2024</b>				
Auto	\$ 23,649	\$ -	\$ (23,649)	\$ -
<b>2023</b>				
Auto	\$ 34,732	\$ -	\$ (11,083)	\$ 23,649

The weighted average lease term and discount rate as of December 31, 2024 and 2023 were as follows:

	2024	2023
Weighted average remaining lease term	0 yrs	2.5 yrs
Weighted average discount rate	0%	3.50%

#### LESSOR

The Authority has entered into a sublease of its office space as well a lease of its tank site for cell service, as a lessor. The leases have various terms expiring between May 31, 2025 and December 3, 2027. The lessees are required to make monthly fixed payments ranging from \$2,274 to \$5,435 with minimal escalation clauses and options to extend the lease term. The lease receivable was discounted using the Authority's effective borrowing rate of 3.5%. For the years ended December 31, 2024 and 2023, the Authority recognized lease revenue of \$101,246 and \$117,599, respectively.



# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 9 – LEASES (CONTINUED)

As of December 31, 2024 and 2023, the lease receivable and deferred inflows amounted to \$78,322 and \$162,254, respectively.

A summary of the future expected lease rental payments and interest for the next four years follows:

Year Ending December 31	Future Rents
2025	\$ 55,724
2026	27,283
2027	25,009
Subtotal	108,016
Interest	(29,694)
Net Lease Receivable	\$ 78,322

### NOTE 10 - RETIREMENT PLAN

The Authority offers a defined benefit to its employees by participating in PMRS, an agent multiple-employer public employees' retirement system administered by the Pennsylvania Municipal Retirement Board. PMRS acts as a common investment and administrative agent for participating municipal pension plans. The agent maintains each municipality's accounts separately with that municipality's contributions and related employees' contributions.

The assets may only be used for payment of benefits to members of the plan. PMRS issues a separate publicly available Comprehensive Annual Financial Report, which can be obtained by contacting the PMRS accounting office at 1010 N 7<sup>th</sup> Street, Suite 301, Harrisburg, PA 17102-1400. The plan's coverage and benefit provisions are summarized below:

#### CONTRIBUTIONS

An Actuarially Determined Contribution is a contribution amount determined in accordance with Actuarial Standards of Practice. The Actuarially Determined Contribution provided is based upon the plan's minimum municipal obligation (MMO) as defined in Pennsylvania Act 205 of 1984 ("Act 205"). The MMO is based upon the plan's biennial actuarial valuation. Any funding requirements established by the MMO in excess of required employee contributions must be paid by the municipality in accordance with Act 205.

The MMO for the years ended December 31, 2024 and 2023 amounted to \$115,625 and \$116,781, respectively. Authority employees are required to contribute 3% of compensation. Any member who terminates service prior to eligibility for vesting or retirement benefits shall receive all amounts contributed in a lump-sum amount, plus interest which is credited at an annual rate of 6.0%.

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 10 - RETIREMENT PLAN (CONTINUED)

#### BENEFITS

All full time employees are covered under the retirement plan. The plan does not require employee contributions. Employees are 100 % vested in their contributions after five years of service. Normal retirement age is 60 years old and five years of service. The Retirement benefit is equal to 2% of final salary multiplied by total years of credited service, not to exceed 40% of final salary. Final salary is the average annual compensation paid during the member's highest five consecutive years of employment, not to exceed 75% of the participant's final salary. Members who separate from employment upon attainment of age 55 and with 15 years of credited service are entitled to a reduced benefit.

#### PLAN MEMBERS COVERED BY BENEFIT TERMS

The agent maintains each municipality's accounts separately with that municipality's contributions and related employees' contributions. The assets may only be used for payment of benefits to members of the plan. As of January 1, 2023 (the last actuarial valuation date), the number of active participants, deferred vested participants, and participants currently receiving a benefit from the plan is summarized below:

For the year ending December 31,	2024	2023
Inactive employees or beneficiaries currently receiving benefits	11	10
Inactive employees entitled to, but not yet receiving benefits	3	3
Active employees	8	8
Total participant count	22	21

The net pension liability (asset) at December 31, 2024 and 2023 was measured as of December 31, 2023 and the total pension liability (asset) used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2023. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating component units, actuarially determined.

#### EXPECTED RATE OF RETURN

The PMRS System's long-term expected rate of return was determined using a building block method in which best-estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole and at different levels of probability or confidence. There are four steps to the method:

- 1) Expected future real rates of return are based primarily on the 20 year historic nominal rates of return as reflected by applicable return indexes and may be adjusted for specific asset classes if, in the Board's opinion, any such asset classes are expected in the future to significantly vary from its 20 year historical returns. These nominal rates of return further assume that investment expenses will be offset by the additional return performance derived from active investment management.
- 2) The nominal rates of return by asset class are adjusted by a constant rate of expected future annual inflation rate of 2.8% to produce real rates of return.
- 3) The real rates of return are further adjusted by weighting each asset class using the PMRS portfolio target asset allocations. The results from steps 1 through 3 are shown in the chart below labeled "System Nominal and Real Rates of Return by Asset Class."

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 10 - RETIREMENT PLAN (CONTINUED)

#### EXPECTED RATE OF RETURN (CONTINUED)

4) These weighted real rates of return are then subjected to a probability simulation to understand the likelihood of success in achieving various portfolio return levels. Based on the most recent asset allocation study conducted by Dahab Associates, the minimum acceptable confidence level for the Board has been determined to be 70%. The chart below identifies simulated portfolio returns at various confidence levels.

For the years ended December 31, 2024 and 2023, the target allocation and best estimates of real rates of return for each asset class are summarized in the following table:

<b><u>2024</u></b>			
	Target	Nominal	Long-term
Asset Class	Allocation	Rate of	Expected Real
		Return	Rate of Return
Domestic Equities (large capitalized firms)	24.5%	7.4%	4.9%
Domestic Equities (small capitalized firms)	8%	8.3%	5.8%
International Equities (internationally developed markets)	14.5%	7.7%	5.2%
International Equities (emerging markets)	3%	8.4%	5.9%
Global Equities	5%	6.6%	4.1%
Real Estate	10%	6.4%	3.9%
Timber	5%	5.8%	3.3%
Fixed Income (Core Investment Grade)	24%	5.0%	2.5%
Fixed Income (Opportunistic Credit)	5%	7.0%	4.5%
Cash	1%	3.4%	0.9%
Total Portfolio	100%	7.3%	4.8%

<b><u>2023</u></b>			
	Target	Nominal	Long-term
Asset Class	Allocation	Rate of	Expected Real
		Return	Rate of Return
Domestic Equities (large capitalized firms)	24.5%	7.5%	5.0%
Domestic Equities (small capitalized firms)	8%	8.2%	5.7%
International Equities (internationally developed markets)	14.5%	7.6%	5.1%
International Equities (emerging markets)	3%	8.0%	5.5%
Global Equities	5%	7.0%	4.5%
Real Estate	10%	7.4%	4.9%
Timber	5%	6.5%	4.0%
Fixed Income (Core Investment Grade)	24%	4.6%	2.1%
Fixed Income (Opportunistic Credit)	5%	8.0%	5.5%
Cash	1%	2.2%	-.3%
Total Portfolio	100%	7.4%	4.9%

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 10 - RETIREMENT PLAN (CONTINUED)

#### ACTUARIAL ASSUMPTIONS

For the years ended December 31, 2024 and 2023, the Authority's total pension liability was determined by an actuarial valuation, using the following actuarial assumptions applied to the period included in the measurement:

Actuarial Cost Method:	Entry Age
Amortization Period:	Level dollar based upon the amortization periods in Act 205
Asset Valuation Method:	Based upon municipal reserves
Discount Rate:	5.25%
Inflation Rate:	2.2%
Salary Increases:	Age related scale with merit and inflation component
COLA Increases:	2.2% for those eligible for a COLA
Pre-Retirement Mortality:	Males – PUB-2010 General Employees male table Females – PUB-2010 General Employees female table
Post-Retirement Mortality:	Males – RP-2006 annuitant male table Females – RP-2006 annuitant female table

#### DISCOUNT RATE

The discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used to determine the discount rate assumes that the employees will continue to contribute at the current rates and the employers will continue the historical and legally required practice of contributing to the Plan based on an Actuarially Determined Contribution, reflecting a payment equal to annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level dollar amount over a closed period.

#### SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension (asset) / liability of the Authority, calculated using the discount rate of 5.25%, as well as what the Authority's net pension (asset) / liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

<b>2024</b>	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Net pension liability / (asset)	\$ 531,559	\$ 76,702	\$ (306,912)
 <b>2023</b>	 1% Decrease (4.25%)	 Discount Rate (5.25%)	 1% Increase (6.25%)
Net pension liability / (asset)	\$ 145,666	\$ (342,789)	\$ (754,476)

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 10 - RETIREMENT PLAN (CONTINUED)

#### CHANGES IN NET PENSION ASSET

Changes in the net pension (asset) liability for the years ended December 31, 2024 and 2023 are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) – (b)
Balance at December 31, 2023	\$3,998,931	\$3,696,171	\$302,760
Changes for the year:			
Service cost	124,487	-	124,487
Interest	199,352	-	199,352
Employer contributions	-	116,341	(116,341)
Employee contributions	-	65,392	(65,392)
Contributions – PMRS assessment	-	460	(460)
Net investment income	-	378,845	(378,845)
Benefit payments	(613,536)	(613,536)	-
Administrative expense	-	(11,141)	11,141
Net change	(289,697)	(63,639)	(226,058)
Balance at December 31, 2024	\$3,709,234	\$3,632,532	\$76,702

  

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) – (b)
Balance at December 31, 2022	\$3,823,315	\$4,166,104	\$(342,789)
Changes for the year:			
Service cost	123,798	-	123,798
Interest	202,320	-	202,320
Differences between expected and actual experience	(7,837)	-	(7,837)
Employer contributions	-	100,697	(100,697)
Employee contributions	-	64,555	(64,555)
Contributions – PMRS assessment	-	440	(440)
Net investment income	-	(482,788)	482,788
Benefit payments	(142,665)	(142,665)	-
Administrative expense	-	(10,172)	10,172
Net change	175,616	(469,933)	645,549
Balance at December 31, 2023	\$3,998,931	\$3,696,171	\$302,760

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 10 - RETIREMENT PLAN (CONTINUED)

#### DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSION

At December 31, 2024 and 2023, the Authority reported deferred outflows and inflows of resources related to its pension plan from the following sources:

##### December 31, 2024

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 4,703	\$ 32,745
Change in assumptions	-	16,177
Net difference between projected and actual earnings on pension plan investments	-	50,368
	4,703	99,290
Contributions subsequent to measurement date	-	115,625
Total	\$ 4,703	\$ 214,915

##### December 31, 2023

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 184,666	\$ 112,501
Change in assumptions	-	62,193
Net difference between projected and actual earnings on pension plan investments	350,463	-
	535,129	174,694
Contributions subsequent to measurement date	-	217,898
Total	\$ 535,129	\$ 392,592

#### DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSION

Deferred inflows and outflows are amortizable over a five-year period, beginning in the year in which the differences occurred and will be recognized annually in pension expense as follows:

Year ending December 31	
2024	\$ 9,895
2025	28,119
2026	94,201
2027	(37,628)
Total	\$ 94,587

# PERKASIE REGIONAL AUTHORITY

## Notes to Financial Statements

December 31, 2024 and 2023

### NOTE 10 - RETIREMENT PLAN (CONTINUED)

For the years ended December 31, 2024 and 2023, the Authority's pension expense consisted of the following:

	2024	2023
Change in pension liability	\$ (226,058)	\$ 645,549
Change in deferred outflows	224,490	(224,019)
Change in deferred inflows	(93,900)	(303,297)
Employer contributions	116,821	101,117
Pension expense	<u>\$ 21,353</u>	<u>\$ 219,350</u>

### NOTE 11 - RATE COVENANT COMPLIANCE

Section 6.02 of the Original and Amended and Restated Trust Indenture requires the Authority to establish water and sewer rates and other charges which, together with any investment income earned on Funds under the Trust Indenture will be sufficient to pay (1) the administrative expenses of the Authority, (2) the expenses of operating, maintaining and repairing the Water and Sewer System, and (3) 110% of the average annual debt service requirements on Water and Sewer Revenue Bonds (but in no event less than the actual debt service requirements of the current fiscal year).

A calculation of the Authority's compliance with the requirement for the year ended December 31, 2024 and 2023 are as follows:

Description	2024	2023
Total pledged revenues	\$ 6,107,210	\$ 9,354,240
Total operating expense (net of depreciation)	<u>2,470,546</u>	<u>2,664,087</u>
Amount available for debt service	3,636,664	6,690,153
Average annual debt service @110%	<u>1,865,156</u>	<u>1,675,856</u>
Pass	<u>\$ 1,771,508</u>	<u>\$ 5,014,297</u>

### NOTE 12 - RISK MANAGEMENT AND COMMITMENTS

#### LITIGATION

In the normal course of its activities, the Authority is a party to various legal actions and subject to certain asserted and unasserted claims and assessments. The Authority is of the opinion that the outcome of any pending actions will not have a material effect on the Authority's financial position or results of operations.

#### RISK MANAGEMENT

The Authority is subject to various risks of losses arising from torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Authority purchases commercial insurance. No settlements have exceeded coverage during the years ended December 31, 2024, 2023 and 2022.

# **PERKASIE REGIONAL AUTHORITY**

## **Notes to Financial Statements**

**December 31, 2024 and 2023**

### **NOTE 13 - SUBSEQUENT EVENTS**

In March 2025, the Authority obtained a \$3.8M Pennvest Grant and Loan for treatment related to Well #4. Of the \$3,841,000 received, \$3,173,000 million is a grant from Pennvest in which the proceeds do not have to be repaid and the remaining \$668,000 requires 240 monthly payments of approximately \$3,300 consisting of principal and interest of 1.74%. The Authority can make interest only payments up to thirty-months. The loan is secured by the water and sewer revenue of the Authority.

Subsequent events have been evaluated through May 30, 2025, which is the date the financial statements were available to be issued. Other than the grant and loan mentioned above, there were no other subsequent events requiring recognition or disclosure in these financial statements as a result of this evaluation.



**PERKASIE REGIONAL AUTHORITY**

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios (Unaudited)

December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability - Authority's Portion</b>										
Service cost	\$ 124,487	\$ 123,798	\$ 127,584	\$ 127,412	\$ 99,302	\$ 92,941	\$ 89,435	\$ 83,496	\$ 95,533	\$ 106,864
Interest	199,352	202,320	192,873	171,414	163,318	184,607	178,155	171,007	164,836	165,220
Differences between expected and actual experience	-	(7,837)	-	163,725	-	(553,998)	-	99,868	(4,901)	(168,060)
Changes of assumptions	-	-	-	80,893	-	-	-	95,600	3,889	-
Benefit payments	(613,536)	(142,665)	(140,164)	(125,920)	(123,610)	(135,749)	(155,161)	(185,664)	(98,088)	(91,780)
Net change in total pension liability - Authority's portion	(289,697)	175,616	180,293	417,524	139,010	(412,199)	112,429	264,307	161,269	12,244
Total pension liability - beginning	3,998,931	3,823,315	3,643,022	3,225,498	3,086,488	3,498,687	3,386,258	3,121,951	2,960,682	2,948,438
Total pension liability - ending - Authority's portion	<u>\$ 3,709,234</u>	<u>\$ 3,998,931</u>	<u>\$ 3,823,315</u>	<u>\$ 3,643,022</u>	<u>\$ 3,225,498</u>	<u>\$ 3,086,488</u>	<u>\$ 3,498,687</u>	<u>\$ 3,386,258</u>	<u>\$ 3,121,951</u>	<u>\$ 2,960,682</u>
<b>Plan Fiduciary Net Position - Authority's portion</b>										
Contributions - employer	\$ 116,341	\$ 100,697	\$ 98,399	\$ 95,527	\$ 99,132	\$ 86,277	\$ 86,207	\$ 85,336	\$ 82,722	\$ 44,964
Contributions - PMRS assessment	460	440	420	400	420	440	440	440	460	-
Contributions - employee	65,392	64,555	72,446	65,916	44,410	34,542	29,744	27,655	31,878	32,854
PMRS investment income	190,705	184,194	173,264	160,917	174,719	163,819	154,667	135,686	147,816	139,919
Market value investment income	188,140	(666,982)	330,410	335,734	(124,439)	(327,654)	340,759	81,114	(154,434)	18,558
Benefits payments	(613,536)	(142,665)	(140,164)	(125,920)	(123,610)	(135,749)	(155,161)	(185,664)	(98,088)	(91,780)
PMRS administrative expense	(460)	(440)	(420)	(400)	(420)	(440)	(440)	(440)	(460)	(480)
Additional administrative expense	(10,681)	(9,732)	(9,813)	(7,011)	(6,039)	(7,311)	(7,113)	(6,647)	(6,162)	(5,366)
Net change in plan fiduciary net position	(63,639)	(469,933)	524,542	525,163	64,173	(186,076)	449,103	137,480	3,732	138,669
Plan fiduciary net position - beginning	3,696,171	4,166,104	3,641,562	3,116,399	3,052,226	3,238,302	2,789,199	2,651,719	2,647,987	2,509,318
Plan fiduciary net position - ending - Authority's Portion	<u>\$ 3,632,532</u>	<u>\$ 3,696,171</u>	<u>\$ 4,166,104</u>	<u>\$ 3,641,562</u>	<u>\$ 3,116,399</u>	<u>\$ 3,052,226</u>	<u>\$ 3,238,302</u>	<u>\$ 2,789,199</u>	<u>\$ 2,651,719</u>	<u>\$ 2,647,987</u>
Net pension liability (asset) - ending - Authority's Portion	<u>\$ 76,702</u>	<u>\$ 302,760</u>	<u>\$ (342,789)</u>	<u>\$ 1,460</u>	<u>\$ 109,099</u>	<u>\$ 34,262</u>	<u>\$ 260,385</u>	<u>\$ 597,059</u>	<u>\$ 470,232</u>	<u>\$ 312,695</u>
Plan fiduciary net position as a percentage of total pension liability	97.9%	92.4%	109.0%	100.0%	96.6%	98.9%	92.6%	82.4%	84.9%	89.4%
Covered employee payroll	640,388	639,258	594,972	599,762	561,760	604,614	617,991	617,133	673,946	757,952
Net pension liability as a percentage of covered employee payroll	12.0%	47.4%	-57.6%	0.2%	19.4%	5.7%	42.1%	96.7%	69.8%	41.3%

PERKASIE REGIONAL AUTHORITY

Schedule of Employer Contributions (Unaudited)

December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 116,781	\$ 101,117	\$ 98,819	\$ 95,927	\$ 99,532	\$ 86,717	\$ 86,667	\$ 85,796	\$ 83,182	\$ 44,197
Contributions in relation to the Actuarially determined contribution	116,781	101,137	98,819	95,927	99,552	86,717	86,667	85,796	83,182	44,964
Contribution excess	<u>\$ -</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (767)</u>
Covered payroll	\$ 640,388	\$ 639,258	\$ 594,972	\$ 599,762	\$ 561,760	\$ 604,614	\$ 617,991	\$ 617,133	\$ 673,946	\$ 757,952
Contributions as a percentage of covered payroll	18.24%	15.82%	16.61%	15.99%	17.72%	14.34%	14.02%	13.90%	12.34%	5.93%

PERKASIE REGIONAL AUTHORITY

Notes to Required Supplementary Information (Unaudited)

December 31, 2024

(1) Significant methods and assumptions used in calculating the actuarially determined contributions

The methods and assumptions used in calculating the actuarially determined contributions are as follows:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	December 31, 2023	December 31, 2023	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205
Asset valuation method	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves
Actuarial assumptions:										
Discount rate	5.25%	5.25%	5.25%	5.25%	5.25%	5.50%	5.50%	5.50%	5.50%	5.50%
Inflation	2.20%	2.80%	2.80%	2.80%	2.80%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary increases	Age-related scale with merit and inflation component	Age-related scale with merit and inflation component	Age-related scale with merit and inflation component	Age-related scale with merit and inflation component	Age-related scale with merit and inflation component	Age-related scale with merit and inflation component	Age-related scale with merit and inflation component	Age-related scale with merit and inflation component	Age-related scale with merit and inflation component	Age-related scale with merit and inflation component
COLA increases	2.2% for those eligible for a COLA	2.8% for those eligible for a COLA	2.8% for those eligible for a COLA	2.8% for those eligible for a COLA	2.8% for those eligible for a COLA	3.0% for those eligible for a COLA	3.0% for those eligible for a COLA	3.0% for those eligible for a COLA	3.0% for those eligible for a COLA	3.0% for those eligible for a COLA
Pre-retirement mortality	Males: PUB-2010 General Employees male table	Males: RP 2000 non-annuitant male table projected 15 years with scale AA	Males: RP 2000 non-annuitant male table projected 15 years with scale AA	Males: RP 2000 non-annuitant male table projected 15 years with scale AA	Males: RP 2000 non-annuitant male table projected 15 years with scale AA	Males: RP 2000 with one year set back	Males: RP 2000 with one year set back	Males: RP 2000 with one year set back	Males: RP 2000 with one year set back	Males: RP 2000 with one year set back
	Females: PUB-2010 General Employees female table	Females: RP 2000 non-annuitant female table projected 15 years with scale AA, setback five years	Females: RP 2000 non-annuitant female table projected 15 years with scale AA, setback five years	Females: RP 2000 non-annuitant female table projected 15 years with scale AA, setback five years	Females: RP 2000 non-annuitant female table projected 15 years with scale AA, setback five years	Females: RP 2000 with five year set back	Females: RP 2000 with five year set back	Females: RP 2000 with five year set back	Females: RP 2000 with five year set back	Females: RP 2000 with five year set back
Post-retirement mortality	Males: RP 2006 non-annuitant male table	Males: RP 2000 non-annuitant male table projected 5 years with scale AA	Males: RP 2000 non-annuitant male table projected 5 years with scale AA	Males: RP 2000 non-annuitant male table projected 5 years with scale AA	Males: RP 2000 non-annuitant male table projected 5 years with scale AA	Males: RP 2000 combined healthy mortality	Males: RP 2000 combined healthy mortality	Males: RP 2000 combined healthy mortality	Males: RP 2000 combined healthy mortality	Males: RP 2000 combined healthy mortality
	Females: RP 2006 non-annuitant female table	Females: RP 2000 non-annuitant female table projected 10 years with scale AA	Females: RP 2000 non-annuitant female table projected 10 years with scale AA	Females: RP 2000 non-annuitant female table projected 10 years with scale AA	Females: RP 2000 non-annuitant female table projected 10 years with scale AA	Females: RP 2000 combined healthy mortality	Females: RP 2000 combined healthy mortality	Females: RP 2000 combined healthy mortality	Females: RP 2000 combined healthy mortality	Females: RP 2000 combined healthy mortality

# PERKASIE REGIONAL AUTHORITY

## Schedule of Operating Expenses

Years Ended December 31, 2024 and 2023

	2024	%	2023	%	Variance Increase (Decrease)
<b>SEWER SERVICE</b>					
Salaries	\$ 60,601	1.1	\$ 76,021	1.4	\$ (15,420)
Payroll Taxes	4,850	0.1	6,104	0.1	(1,254)
Materials and Supplies	2,148	0.0	3,218	0.1	(1,070)
Electric	380	0.0	385	0.0	(5)
Maintenance and Repairs	2,629	0.0	16,173	0.3	(13,544)
Vehicle	11,179	0.2	19,143	0.3	(7,964)
Uniforms	2,445	0.0	1,172	0.0	1,273
Treatment Fees - Operating	775,376	14.6	755,035	13.8	20,341
Total Sewer Service	859,608	16.0	877,251	16.0	(17,643)
<b>WATER SERVICE</b>					
Salaries	279,540	5.3	275,061	5.0	4,479
Payroll Taxes	22,373	0.4	22,086	0.4	287
Materials and Supplies	12,665	0.2	46,747	0.9	(34,082)
Electric	113,560	2.1	92,548	1.7	21,012
Maintenance and Repairs	115,451	2.2	167,340	3.1	(51,889)
Vehicle	16,990	0.3	18,755	0.3	(1,765)
Uniforms	1,596	0.0	2,290	0.0	(694)
Testing	53,746	1.0	44,848	0.8	8,898
Meters	-	0.0	-	0.0	-
Total Water Service	615,921	11.5	669,675	12.2	(53,754)
<b>PROFESSIONAL FEES</b>					
Consulting Engineer	36,660	0.7	47,257	0.9	(10,597)
Accounting and Audit	61,800	1.2	40,685	0.7	21,115
Legal	12,524	0.2	10,783	0.2	1,741
Hydrogeologist	41,955	0.8	25,000	0.5	16,955
Total Professional Fees	152,939	2.9	123,725	2.3	29,214
<b>GENERAL AND ADMINISTRATIVE</b>					
Office Payroll	325,366	6.1	266,413	4.9	58,953
Employee Insurance	172,552	3.3	175,540	3.2	(2,988)
Payroll Taxes	27,742	0.5	23,178	0.4	4,564
Pension	21,353	0.4	219,350	4.0	(197,997)
Office Equipment	39,920	0.8	63,036	1.1	(23,116)
General Business Insurance	62,985	1.2	61,363	1.1	1,622
Communications	22,139	0.4	16,419	0.3	5,720
Postage	15,879	0.3	8,029	0.1	7,850
Education	5,010	0.1	4,006	0.1	1,004
Utilities	20,362	0.4	14,291	0.3	6,071
Maintenance and Repairs - Office	32,498	0.6	47,308	0.9	(14,810)
Office Supplies	3,239	0.1	2,091	0.0	1,148
Newsletter	737	0.0	-	0.0	737
Trustee Fees	9,465	0.2	3,233	0.1	6,232
Dues and Subscriptions	51,846	1.0	50,661	0.9	1,185
Miscellaneous	27,933	0.5	35,751	0.7	(7,818)
Vehicles	2,057	0.0	2,287	0.0	(230)
Billing	995	0.0	480	0.0	515
Total General and Administrative Expenses	842,078	15.9	993,436	18.1	(151,358)
Total Operating Expenses	\$ 2,470,546	46.3	\$ 2,664,087	48.6	\$ (193,541)

**PERKASIE REGIONAL AUTHORITY**

Schedule of Revenues and Expenses - Budget and Actual

Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Sewer Service Charges:			
Single Family	\$ 1,797,080	\$ 1,772,900	\$ 24,180
Multi-Family	302,066	336,300	(34,234)
Commercial	134,910	183,100	(48,190)
Industrial	26,311	36,300	(9,989)
School	54,392	67,800	(13,408)
Church	8,930	7,100	1,830
Public	22,660	31,200	(8,540)
Mixed	25,326	28,900	(3,574)
Miscellaneous	40,495	45,800	(5,305)
	<hr/>	<hr/>	<hr/>
Total Sewer Service Charges	2,412,170	2,509,400	(97,230)
Water Sales:			
Single Family	1,902,259	1,861,200	41,059
Multi-Family	261,836	265,000	(3,164)
Commercial	159,967	157,000	2,967
Industrial	29,714	25,000	4,714
School	65,167	72,400	(7,233)
Church	12,610	12,800	(190)
Public	18,263	27,500	(9,237)
Mixed	25,322	29,000	(3,678)
Miscellaneous	43,951	46,900	(2,949)
	<hr/>	<hr/>	<hr/>
Total Water Sales	2,519,089	2,496,800	22,289
Other Revenue:			
Fire Charges	104,713	89,900	14,813
Other	146,749	36,210	110,539
	<hr/>	<hr/>	<hr/>
Total Other Revenue	251,462	126,110	125,352
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	\$ <u>5,182,721</u>	\$ <u>5,132,310</u>	\$ <u>50,411</u>
<b>OPERATING EXPENSES</b>			
Sewer Service:			
Salaries	\$ 60,601	\$ 106,000	\$ (45,399)
Materials and Supplies	2,148	8,000	(5,852)
Electric	380	800	(420)
Maintenance and Repairs	2,629	36,700	(34,071)
Vehicle	11,179	20,120	(8,941)
Uniforms	2,445	1,260	1,185
Treatment Fees	775,376	984,000	(208,624)
	<hr/>	<hr/>	<hr/>
Total Sewer Service	854,758	1,156,880	(302,122)

**PERKASIE REGIONAL AUTHORITY**

Schedule of Revenues and Expenses - Budget and Actual, Continued

Year Ended December 31, 2024

	Actual	Budget	Variance
Water Service:			
Salaries	279,540	364,500	(84,960)
Materials and Supplies	12,665	56,400	(43,735)
Electric	113,560	102,640	10,920
Maintenance and Repairs	115,451	158,300	(42,849)
Vehicle	16,990	17,040	(50)
Uniforms	1,596	3,660	(2,064)
Testing	53,746	34,500	19,246
Meters	-	6,700	(6,700)
Total Water Service	593,548	743,740	(150,192)
Professional Fees:			
Consulting Engineer	36,660	31,100	5,560
Auditor	61,800	45,100	16,700
Legal	12,524	17,400	(4,876)
Hydrogeologist	41,955	29,600	12,355
Total Professional Fees	152,939	123,200	29,739
General and Administrative:			
Salaries	325,366	267,000	58,366
Employee Benefits	248,870	391,600	(142,730)
Materials and Supplies	77,704	107,400	(29,696)
Utilities	20,362	24,800	(4,438)
Communications	22,139	30,700	(8,561)
Maintenance and Repairs - Office	39,920	63,560	(23,640)
Vehicles	2,057	2,170	(113)
Maintenance and Repairs - Building	32,498	23,100	9,398
Lease of Vehicles	-	17,000	(17,000)
Trustee Fees	9,465	6,200	3,265
Insurance	62,985	75,000	(12,015)
Miscellaneous	27,935	2,600	25,335
Total General and Administrative	869,301	1,011,130	(141,829)
Total Operating Expenses	2,470,546	3,034,950	(564,404)
Operating Revenues Over Expenses	\$ 2,712,175	\$ 2,097,360	\$ 614,815

**PERKASIE REGIONAL AUTHORITY**

**Schedule of Revenues and Expenses - Budget and Actual, Continued**

**Year Ended December 31, 2024**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operating Revenues Over Expenses	\$ 2,712,175	\$ 2,097,360	\$ 614,815
Nonoperating Revenues (Expenses):			
Investment Income	447,573	12,300	435,273
Lease Income	101,246	92,500	8,746
Capital contributions	254,730	-	254,730
Interest Expense	(364,789)	-	(364,789)
Principal Payments on Debt	(1,160,000)	(1,723,588)	563,588
Transfer for Debt Coverage	-	(478,572)	478,572
	<u>(721,240)</u>	<u>(2,097,360)</u>	<u>1,376,120</u>
Total Nonoperating Revenues (Expenses) - Net			
Total Revenues Over Expenses	\$ <u>1,990,935</u>	\$ <u>-</u>	\$ <u>1,990,935</u>

**Reconciliation of Budget Reporting to Financial Statements:**

Revenues Over Expenses	\$ 1,990,935
Principal Payments on Debt	1,160,000
Tapping Fees	120,940
Depreciation and Amortization	<u>(1,449,396)</u>
Increase in Net Position per Statement of Revenues, Expenses, and Changes in Net Position	\$ <u>1,822,479</u>