



YEARS ENDED
DECEMBER 31, 2022 AND 2021



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

EAST COCALICO TOWNSHIP AUTHORITY

YEARS ENDED DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

Members of the Board
East Cocalico Township Authority
Denver, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund of East Cocalico Township Authority (the Authority) as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of East Cocalico Township Authority as of December 31, 2022 and 2021, and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 East Cocalico Township Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, effective January 1, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East Cocalico Township Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantive 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 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, 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 East Cocalico Township Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Cocalico Township Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 inquires 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 an opinion on the financial statements that collectively comprise the East Cocalico Township Authority's basic financial statements taken as a whole. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements of East Cocalico Township Authority.

The budgetary comparison 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 actual 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. The budget information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Brown Schultz Steindler & Fritz

Camp Hill, Pennsylvania
June 22, 2023

EAST COCALICO TOWNSHIP AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2022 and 2021

East Cocalico Township Authority (ECTA) management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the ECTA's financial activity, (c) identify changes in the ECTA's financial position, (d) identify any material deviations from the financial plan and (e) identify individual issues or concerns. As management of ECTA, we offer readers of ECTA's financial statements this narrative overview and analysis of the financial activities of ECTA for the calendar year ended December 31, 2022. We encourage you to read the information presented here in conjunction with additional information that we have furnished in ECTA's financial statements, which follow this narrative.

Financial highlights

ECTA's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$29,288,912 at the close of the calendar year ended December 31, 2022 compared to \$28,704,856 for the previous year. This was an increase of 2.03% over the previous calendar year.

Total net position increased by \$584,056 (2.03%) for the year ended December 31, 2022 compared to \$705,030 (2.52%) for the year ended December 31, 2021. During 2022, total current and other assets decreased by \$1,187,064 compared to 2021 primarily due to a decrease of \$2,859,415 in cash and cash equivalents net of an increase of \$2,000,000 in certificates of deposit associated with the water fund and a decrease of \$4,123,674 in cash and cash equivalents net of an increase of \$3,750,000 associated with the sewer fund. During the same time period, total utility plant and equipment increased by \$1,670,678 due primarily to additions of \$2,910,441 net of an increase of \$1,239,763 in overall accumulated depreciation. Overall, the Authority's total assets increased by \$483,614 (1.52%) compared to the previous year.

ECTA's total deferred outflows of resources decreased \$24,765 for the year ended December 31, 2022 due to the annual amortization expense associated with the deferred loss on refunding.

ECTA's total liabilities decreased \$98,807 (3.22%) during the year ended December 31, 2022 compared to a decrease of \$122,680 (3.84%) during the year ended December 31, 2021. The decrease in 2022 is mostly attributed to long-term debt payments of \$150,000.

ECTA's total deferred inflows of resources decreased \$26,400 for the year ended December 31, 2022 due to the annual lease payment.

EAST COCALICO TOWNSHIP AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2022 and 2021

Overview of the financial statements

ECTA's primary mission is to provide high quality, safe water delivery and wastewater collection services to the rate payers of East Cocalico Township at the lowest possible cost. ECTA does not provide other general government types of services or programs. ECTA's operations, capital expansion programs and debt payments are funded almost entirely through rates, fees and other charges for water and wastewater treatment services. As such, ECTA is considered to be, and therefore, presents its financial reports as a stand-alone enterprise fund.

As a stand-alone enterprise fund, ECTA's basic financial statements consist of the statements of net position - proprietary funds; statements of revenues, expenses and changes in fund net position - proprietary funds and statements of cash flows - proprietary funds, and the statements of net position - fiduciary funds and statements of changes in fiduciary net position - fiduciary funds. These statements, together with the management's discussion and analysis, provide both short-term and long-term financial information and implications for ECTA's financial position. To further illuminate this information, notes to the financial statements, as well as statements of revenues, expenses and changes in fund net position- actual vs. budget, appear immediately following the basic financial statements.

Statements of net position. The statements of net position present the financial position of the Authority. It presents information on the Authority's assets, deferred outflows of resources, liabilities and net position. The difference between the sum of (1) assets and (2) deferred outflows of resources and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statements of revenues, expenses and changes in fund net position. The statements of revenues, expenses and changes in fund net position are similar to private sector income statements and provide information regarding ECTA's total economic resource inflow and outflow (accrual method of accounting). The difference between these inflows and outflows represents the change in net position, which links these statements to the statements of net position.

Statements of cash flows. The statements of cash flows deals specifically with the flow of cash and cash equivalents arising from operating, noncapital financing, capital and related financing and investing activities. Because ECTA's statements of revenues, expenses and changes in net position are a measurement of the flow of total economic resources, operating income usually differs from net cash flow from operations. To enhance the reader's understanding of this difference, the statements of cash flows also include reconciliation between these two amounts. In accordance with accounting principles generally accepted in the United States of America, a reconciliation of cash and cash equivalents is also presented in these statements. The notes to the financial statements provide additional information critical to the understanding of the basic financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2022 and 2021

Financial analysis – Proprietary funds

Table 1
Net Position

	Period ended		Increase (decrease)	
	December 31, 2022	December 31, 2021 (as restated)	Amount	Percentage
Assets:				
Current and other assets	\$ 8,558,791	\$ 9,745,855	\$ (1,187,064)	(12.18) %
Utility plant and equipment, net	23,769,531	22,098,853	1,670,678	7.56
Total assets	32,328,322	31,844,708	483,614	1.52
Deferred outflows of resources, deferred loss on refunding	196,287	221,052	(24,765)	(11.20)
Total assets and deferred outflows of resources	\$ 32,524,609	\$ 32,065,760	\$ 458,849	1.43 %
Liabilities:				
Current liabilities	\$ 806,697	\$ 755,504	\$ 51,193	6.78 %
Long-term liabilities	2,165,000	2,315,000	(150,000)	(6.48)
Total liabilities	2,971,697	3,070,504	(98,807)	(3.22)
Deferred inflows of resources, leases	264,000	290,400	(26,400)	(9.09)
Net position:				
Invested in capital assets, net of related debt	21,676,322	19,887,996	1,788,326	8.99
Unrestricted	7,612,590	8,816,860	(1,204,270)	(13.66)
Total net position	29,288,912	28,704,856	584,056	2.03
Total liabilities, deferred inflows of resources and net position	\$ 32,524,609	\$ 32,065,760	\$ 458,849	1.43 %

EAST COCALICO TOWNSHIP AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2022 and 2021

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$29,288,912 as of December 31, 2022. ECTA's net position increased by \$584,056 for the year ended December 31, 2022. The largest portion of total net position (74.01%) reflects ECTA's investment in capital assets (e.g., land, buildings, interceptor sewer lines, water lines, wells and equipment) less any related debt still outstanding that was issued to acquire those items. ECTA uses these capital assets to provide services to rate payers; consequently, these assets are not available for future spending. Although ECTA's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. Unrestricted net position totaling \$7,612,590 may be used to pay down debt, fund pay-as-you go capital projects, replace reserves or be used for any other legal purpose. ECTA's overall financial position improved marginally during the calendar year that ended December 31, 2022 as total net position grew by 2.03%.

ECTA placed into service a total of \$3,161,679 worth of capital assets during 2022. Major capital assets in the water fund included \$1,248,857 associated with the water well site. Major capital assets in the sewer fund included \$1,155,932 for a pumping station associated with the sewage collection system.

During 2022, there were additions to construction in progress of \$2,182,172. Depending on the particular project, funding for improvements can come from restricted or unrestricted cash, water and sewer rents, contributions from developers and proceeds from user tapping fees.

Compared to the year ended December 31, 2021, current and other assets for the year ended December 31, 2022 decreased by \$1,187,064 (12.18%) due primarily to a decrease in cash and cash equivalents net of an increase of certificates of deposit with both the water and sewer divisions. The Authority's total liabilities at the end of 2022 decreased by \$98,807 (3.22%) compared to the prior year ended December 31, 2021. This was primarily due to a decrease in long-term debt related to annual additional debt payments.

EAST COCALICO TOWNSHIP AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2022 and 2021

ECTA's changes in revenues, expenses and net position as shown in Table 2 provides information concerning what contributed to the net changes reported in Table 1. Several factors were attributable to the increase in net position from \$28,704,856 to \$29,288,912 as highlighted below:

Table 2
Changes in Revenues, Expenses and Net Position

	Period ended		Increase (decrease)	
	December 31, 2022	December 31, 2021 (as restated)	Amount	Percentage
Operating revenues, charges for services	\$ 3,967,455	\$ 3,799,167	\$ 168,288	4.43 %
Operating expenses:				
Costs incurred for others	155,766	57,118	98,648	172.71
Operating and maintenance expenses	3,457,242	3,247,315	209,927	6.46
Transportation expenses	38,866	38,283	583	1.52
General and administrative expenses	608,471	543,350	65,121	11.99
Total operating expenses	4,260,345	3,886,066	374,279	9.63
Operating loss	(292,890)	(86,899)	(205,991)	(237.05)
Nonoperating revenue (expenses):				
Other income	119,312	110,327	8,985	8.14
Other deductions	(61,740)	(238,914)	177,174	(74.16)
Total nonoperating revenue (expenses)	57,572	(128,587)	186,159	(144.77)
Loss before tapping fees, capital contribution fees and developer contributions	(235,318)	(215,486)	(19,832)	9.20
Tapping fees, capital contributions fees and developer contributions:				
Tapping fees	182,203	625,332	(443,129)	(70.86)
Capital contribution fees	30,799	280,334	(249,535)	(89.01)
Developer contributions	606,372	14,850	591,522	3,983.31
Total tapping fees, capital contributions fees and developer contributions	819,374	920,516	(101,142)	(10.99)
Increase in net position	584,056	705,030	(120,974)	(17.16)
Total net position:				
Beginning of year	28,704,856	27,999,826	705,030	2.52
End of year	\$ 29,288,912	\$ 28,704,856	\$ 584,056	2.03 %

EAST COCALICO TOWNSHIP AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2022 and 2021

Review of operations

Operating revenues

Comparing the years ended December 31, 2022 and 2021, operating revenues increased by \$168,288 (4.43%) from the beginning to the end of 2022. The majority of the change is attributable to an increase in the water and sewer utility rents. In 2015, the water fund began paying utility rents to the sewer fund for wastewater produced by the new water treatment plant. Included in the sewer division's 2022 operating revenue is \$65,457 associated with these rents.

Operating expenses

Comparing the periods ended December 31, 2022 and 2021, overall operating expenses increased by \$374,279 (9.63%). The majority of the change is attributable to an increase in operating and maintenance expense of \$209,927 (6.46%).

Total loss before tapping fees, capital contribution fees and developer contributions

Operating revenues along with other income totaled \$4,086,767 for the year ended December 31, 2022. Corresponding operating expenses and other deductions totaled \$4,322,085 for the same time period. This resulted in loss before tapping fees, capital contribution fees and developer contributions of \$237,318 compared to a loss of \$215,486 for the year ended December 31, 2021.

Tapping fees

For the year ended December 31, 2022, compared to the year ended December 31, 2021, overall tapping fees decreased by \$443,129 (70.86%). Looking closer at this number, water tapping fees decreased by \$283,969 (73.44%) in 2022, which fluctuates each year based on new connections and capacity reassessments. Additionally, sewer tapping fees, which also fluctuate each year, decreased by \$159,160 (66.69%) due to a decrease in new connections.

Capital contribution fees and developer contributions

During 2022, the Authority received \$637,137 in capital contribution fees and noncash developer contributions. In 2021, capital contribution fees and noncash developer contributions totaled \$295,184. Included in the 2022 and 2021 amounts are funds totaling \$30,799 and \$280,334, respectively, primarily associated with capital contribution fees earmarked to fund construction and debt service for the Authority's water treatment facility. Noncash developer contributions valued at \$606,372 in 2022 and \$14,850 in 2021 were received in the form of contributed water and sewer lines.

EAST COCALICO TOWNSHIP AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2022 and 2021

Utility plant and equipment and debt administration

Table 3
Utility Plant and Equipment
(Net of Depreciation)

	Period ended		Increase (decrease)	
	December 31, 2022	December 31, 2021	Amount	Percentage
Land and land rights	\$ 929,690	\$ 929,690		
Construction in progress	1,881,113	2,132,351	\$ (251,238)	(11.78) %
Water distribution system	13,974,068	12,944,291	1,029,777	7.96
Sewer collection system	6,614,114	5,778,443	835,671	14.46
Buildings	191,262	191,424	(162)	(0.08)
Machinery and equipment	67,031	63,719	3,312	5.20
Office furniture and fixtures	90,172	37,895	52,277	137.95
Trucks and cars	530	766	(236)	(30.81)
Computer hardware	21,551	20,274	1,277	6.30
Total utility plant and equipment, net of depreciation	<u>\$ 23,769,531</u>	<u>\$ 22,098,853</u>	<u>\$ 1,670,678</u>	<u>7.56 %</u>

Additional information related to ECTA's utility plant and equipment can be found in the notes to the financial statements.

Utility plant and equipment

ECTA's total investment in utility plant and equipment increased \$1,670,678 (7.56%) between December 31, 2021, and December 31, 2022. As of December 31, 2022, utility plant and equipment totaled \$23,769,531 (net of accumulated depreciation) compared to \$22,098,853 (net of accumulated depreciation) at the close of the year ended December 31, 2021. Construction in progress decreased by \$251,238 (11.78%) at December 31, 2021. In 2022, capital assets (net of accumulated depreciation) related to the water distribution system increased by \$1,029,777 (7.96%) due primarily to 2022 additions. Capital assets in the sewer collection system increased by \$835,671 (14.46%) due primarily to 2022 additions. Utility plant and equipment items include land and land rights; construction in progress; water distribution system; sewer collection system; buildings, machinery and equipment; office furniture and fixtures; trucks and cars and computer hardware.

EAST COCALICO TOWNSHIP AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2022 and 2021

Debt

As of December 31, 2022, the Authority's water fund had debt in the amount of \$2,315,000 from the Water Revenue Note - Series of 2020. Proceeds from this note issue were used to currently refund the Water Revenue Bonds, Series of 2017. There was no debt associated with the sewer fund in 2022.

Current debt

As of December 31, 2022, the Authority classified \$150,000 of the outstanding debt associated with the Water Revenue Note - Series of 2020 as current debt. Principal payments associated with the Water Revenue Note - Series of 2020 began on December 1, 2020. The Authority has no current debt associated with the sewer fund as of December 31, 2022.

Additional information about ECTA's debt can be found in the notes to the financial statements.

Fiduciary fund

The Township maintains a fiduciary fund for the assets of the Authority's Section 457 Defined Contribution Pension Plan. The total fund balance of the fiduciary funds is \$1,328,417. The Authority's plan represents 100% of that amount. In 2022, the net position of the pension trust fund decreased by \$191,774. The change is related to net depreciation in fair value in 2022.

Overall financial position

The overall financial position of ECTA improved during the calendar year ended December 31, 2022. Total net position increased by \$584,056. The Authority was free of long-term debt in its sewer fund, while the water fund holds \$2,315,000 in debt from the Water Revenue Note - Series of 2020.

New year's budgets and rates

For the calendar year ending December 31, 2023, the East Cocalico Township Authority Board adopted a sewer budget projecting a \$6,499 net loss before extraordinary items. The Board voted to increase the sewer rates by 6%; the last increase was in 2022. On the water side, the budget was approved with a projected year-end net income of \$159,051 before extraordinary items. The Board also approved an increase in water rates by 8% in preparation for a multitude of required water system infrastructure replacement and rehabilitation projects and the Water Treatment Plant loan principal payment increase beginning in 2025. The last water rate increase was in 2022.

EAST COCALICO TOWNSHIP AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2022 and 2021

The Authority's water and sewer charges are based on a one tier rate structure and billed for most customers on a quarterly basis. Large commercial and industrial customers are billed on a monthly basis. The 2023 water rate is \$7.65 per thousand gallons. The 2023 sewer rate is \$13.30 per thousand gallons and is based on total water usage. There is a flat rate sewer charge of \$172.90 per quarter for customers that are not connected to public water but discharge sewage into the ECTA collection system.

Request for information

This report is designed to provide an overview of the East Cocalico Township Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Edward Nevling, Treasurer, or Scott Carl, Sr., Administrator, at East Cocalico Township Authority, 102 Hill Road, Denver, PA 17517, or call 717-336-1731.

Please visit our website at www.eastcocalicotownshipauthority.com to learn more about ECTA.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF NET POSITION – PROPRIETARY FUNDS DECEMBER 31, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>Water fund</u>	<u>Sewer fund</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 481,689	\$ 903,389	\$ 1,385,078
Certificates of deposit	2,000,000	3,750,000	5,750,000
Restricted cash and cash equivalents	159,026	169,065	328,091
Receivables:			
From customers	266,238	442,366	708,604
From others	522		522
Leases	22,041		22,041
Note receivable	355		355
Internal balances	211	(211)	-
Prepaid:			
Insurance	8,663	8,663	17,326
Other	1,485	65,906	67,391
Total current assets	<u>2,940,230</u>	<u>5,339,178</u>	<u>8,279,408</u>
Utility plant and equipment, at cost:			
Land and land rights	698,202	231,488	929,690
Water distribution system	26,688,246		26,688,246
Sewer collection system		19,501,469	19,501,469
Buildings	49,748	229,918	279,666
Machinery and equipment	244,517	97,671	342,188
Trucks and cars	149,502	149,502	299,004
Office furniture and fixtures	18,288	16,127	34,415
Computer hardware	53,495	24,176	77,671
Construction in progress	1,616,244	264,869	1,881,113
	29,518,242	20,515,220	50,033,462
Accumulated depreciation	(13,098,910)	(13,165,021)	(26,263,931)
Total utility plant and equipment	<u>16,419,332</u>	<u>7,350,199</u>	<u>23,769,531</u>
Other assets:			
Computer software, net of amortization of \$62,192 and \$25,191, respectively	21,473	4,031	25,504
Long-term portion of lease receivable	253,879		253,879
Total other assets	<u>275,352</u>	<u>4,031</u>	<u>279,383</u>
Total assets	<u>19,634,914</u>	<u>12,693,408</u>	<u>32,328,322</u>
Deferred outflows of resources, deferred loss on refunding	196,287		196,287
Total assets and deferred outflows of resources	<u>\$ 19,831,201</u>	<u>\$ 12,693,408</u>	<u>\$ 32,524,609</u>

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

**STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2022**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>Water fund</u>	<u>Sewer fund</u>	<u>Total</u>
Current liabilities:			
Accounts payable:			
Trade	\$ 136,522	\$ 21,278	\$ 157,800
Retainage	23,506	23,932	47,438
Employee taxes withheld and unremitted	2,053		2,053
Accrued expenses	22,855	19,762	42,617
Unearned tapping fees	44,148	34,550	78,698
Current portion of revenue note	<u>150,000</u>		<u>150,000</u>
Total current liabilities	379,084	99,522	478,606
Current liabilities, payable from restricted assets, customer deposits, escrow liability	159,026	169,065	328,091
Long-term debt, net of current portion, revenue note	<u>2,165,000</u>		<u>2,165,000</u>
Total liabilities	<u>2,703,110</u>	<u>268,587</u>	<u>2,971,697</u>
Deferred inflows of resources, leases	<u>264,000</u>		<u>264,000</u>
Net position:			
Invested in capital assets, net of related debt	14,322,092	7,354,230	21,676,322
Unrestricted	<u>2,541,999</u>	<u>5,070,591</u>	<u>7,612,590</u>
Total net position	<u>16,864,091</u>	<u>12,424,821</u>	<u>29,288,912</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 19,831,201</u>	<u>\$ 12,693,408</u>	<u>\$ 32,524,609</u>

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF NET POSITION – PROPRIETARY FUNDS DECEMBER 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Water fund (as restated)	Sewer fund	Total (as restated)
Current assets:			
Cash and cash equivalents	\$ 3,341,104	\$ 5,027,063	\$ 8,368,167
Restricted cash and cash equivalents	118,371	132,495	250,866
Receivables:			
From customers	254,702	422,223	676,925
From others	848		848
Leases	20,961		20,961
Note receivable	1,772		1,772
Internal balances	16	(16)	-
Prepaid:			
Insurance	7,928	7,928	15,856
Other		101,449	101,449
Total current assets	3,745,702	5,691,142	9,436,844
Utility plant and equipment, at cost:			
Land and land rights	698,202	231,488	929,690
Water distribution system	25,010,569		25,010,569
Sewer collection system		18,119,623	18,119,623
Buildings	45,116	225,286	270,402
Machinery and equipment	232,289	94,372	326,661
Trucks and cars	115,659	115,660	231,319
Office furniture and fixtures	18,288	16,127	34,415
Computer hardware	48,654	19,337	67,991
Construction in progress	1,406,043	726,308	2,132,351
	27,574,820	19,548,201	47,123,021
Accumulated depreciation	(12,425,003)	(12,599,165)	(25,024,168)
Total utility plant and equipment	15,149,817	6,949,036	22,098,853
Other assets:			
Computer software, net of amortization of \$55,192 and \$23,545, respectively	28,005	5,086	33,091
Long-term portion of lease receivable	275,920		275,920
Total other assets	303,925	5,086	309,011
Total assets	19,199,444	12,645,264	31,844,708
Deferred outflows of resources, deferred loss on refunding	221,052		221,052
Total assets and deferred outflows of resources	\$ 19,420,496	\$ 12,645,264	\$ 32,065,760

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

**STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2021**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Water fund (as restated)	Sewer fund	Total (as restated)
Current liabilities:			
Accounts payable:			
Trade	\$ 46,909	\$ 177,953	\$ 224,862
Retainage	9,112	31,993	41,105
Employee taxes withheld and unremitted	2,068		2,068
Accrued expenses	21,672	18,591	40,263
Unearned tapping fees	26,597	19,743	46,340
Current portion of revenue note	150,000		150,000
Total current liabilities	256,358	248,280	504,638
Current liabilities, payable from restricted assets, customer deposits, escrow liability	118,371	132,495	250,866
 Long-term debt, net of current portion, revenue note	 2,315,000	 	 2,315,000
Total liabilities	2,689,729	380,775	3,070,504
Deferred inflows of resources, leases	290,400		290,400
Net position:			
Invested in capital assets, net of related debt	12,933,874	6,954,122	19,887,996
Unrestricted	3,506,493	5,310,367	8,816,860
Total net position	16,440,367	12,264,489	28,704,856
Total liabilities, deferred inflows of resources and net position	\$ 19,420,496	\$ 12,645,264	\$ 32,065,760

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>Water fund</u>	<u>Sewer fund</u>	<u>Total</u>
Operating revenue:			
Utility rents	\$ 1,447,458	\$ 2,276,671	\$ 3,724,129
Fire hydrant rent	64,440		64,440
Penalties on late payments	8,861	16,813	25,674
Inspection fees	3,758	2,607	6,365
Review fees	1,350	1,650	3,000
Miscellaneous	5,073	2,400	7,473
	<u>1,530,940</u>	<u>2,300,141</u>	<u>3,831,081</u>
 Meters and reimbursed construction income:			
Sale of meters	8,200		8,200
Material sales	419		419
Legal fees	278	278	556
Engineering fees	62,866	64,076	126,942
Labor sales	257		257
	<u>72,020</u>	<u>64,354</u>	<u>136,374</u>
 Total meters and reimbursed construction income			
	<u>72,020</u>	<u>64,354</u>	<u>136,374</u>
 Total operating revenue	<u>1,602,960</u>	<u>2,364,495</u>	<u>3,967,455</u>
 Operating expenses:			
Meters and costs incurred for others:			
Purchases, meters	14,134	14,134	28,268
Legal costs	278	278	556
Engineering costs	62,866	64,076	126,942
	<u>77,278</u>	<u>78,488</u>	<u>155,766</u>
 Total meters and costs incurred for others			
	<u>77,278</u>	<u>78,488</u>	<u>155,766</u>

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	<u>Water fund</u>	<u>Sewer fund</u>	<u>Total</u>
Operating expenses (continued):			
Operating and maintenance:			
Salaries and wages:			
Supervision	\$ 87,029	\$ 87,029	\$ 174,058
Other	156,493	156,493	312,986
Payroll taxes	21,038	21,038	42,076
Pension	11,585	11,585	23,170
Workers' compensation insurance	4,644	4,644	9,288
Insurance	8,750	8,750	17,500
Employee group insurance	45,995	45,751	91,746
Maintenance:			
Building	4,290	919	5,209
Contents	21,667	9,447	31,114
Field items	19,499	15,168	34,667
Permit fees	10,700		10,700
Repairs to machinery and equipment	1,939	1,506	3,445
Sewer treatment costs, Ephrata/Adamstown		940,904	940,904
Sewer interceptor costs, Ephrata		14,656	14,656
Sewer debt service costs, Ephrata		232,090	232,090
Contracted services	6,455	465	6,920
Sewer charges, WTP	63,457		63,457
Electric	81,188	17,432	98,620
Laboratory testing	32,149	3,110	35,259
Chemicals	65,031		65,031
Certification	746	651	1,397
Auto allowance	7	7	14
Telemetry	4,518	6,612	11,130
Depreciation	659,772	555,945	1,215,717
Other operating expense	10,286	5,802	16,088
Total operating and maintenance	<u>1,317,238</u>	<u>2,140,004</u>	<u>3,457,242</u>

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	<u>Water fund</u>	<u>Sewer fund</u>	<u>Total</u>
Operating expenses (continued):			
Transportation expenses:			
Gasoline and motor oil	\$ 6,307	\$ 6,307	\$ 12,614
Repairs and service	2,590	2,590	5,180
Insurance	2,831	2,831	5,662
Depreciation	7,705	7,705	15,410
	<hr/>	<hr/>	<hr/>
Total transportation expenses	19,433	19,433	38,866
	<hr/>	<hr/>	<hr/>
General and administrative expenses:			
Salaries and wages, clerical	151,803	151,803	303,606
Payroll taxes	9,210	9,210	18,420
Pension	5,984	5,984	11,968
Insurance	1,500	1,500	3,000
Employee group insurance	31,147	31,147	62,294
Engineering fees	31,410	17,412	48,822
Legal fees	3,622	2,206	5,828
Audit fees	9,493	9,493	18,986
Bank fees	190		190
Officers expenses	2,175	2,175	4,350
Postage and office supplies	5,731	5,603	11,334
Dues and subscriptions	3,426	3,091	6,517
Public emergency notification	1,160		1,160
Advertising	2,574	1,771	4,345
Maintenance and repairs	1,768	1,768	3,536
Training and seminars	3,179	1,794	4,973
Telephone	4,878	5,009	9,887
Rent, building	6,503	6,503	13,006
Auto allowance	561	561	1,122
Water and sewer	6,081	2,115	8,196
Computer support	22,285	22,200	44,485
Depreciation	6,430	2,206	8,636
Amortization of computer software	7,123	1,645	8,768
Other general expense	2,521	2,521	5,042
	<hr/>	<hr/>	<hr/>
Total general and administrative expenses	320,754	287,717	608,471
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,734,703	2,525,642	4,260,345

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
 PROPRIETARY FUNDS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2022

	Water fund	Sewer fund	Total
Operating loss	\$ (131,743)	\$ (161,147)	\$ (292,890)
Other income:			
Interest income	16,497	20,426	36,923
T-Mobile rent	26,337		26,337
Health insurance rebate	24,263	24,263	48,526
Miscellaneous	26		26
Grant income	7,500		7,500
Total other income	74,623	44,689	119,312
Other deductions:			
Interest expense	36,975		36,975
Amortization of deferred loss on refunding	24,765		24,765
Total other deductions	61,740		61,740
Loss before tapping fees, capital contribution fees and developer contributions	(118,860)	(116,458)	(235,318)
Tapping fees, capital contribution fees and developer contributions:			
Tapping fees	102,706	79,497	182,203
Capital contribution fees	30,799		30,799
Developer contributions	409,079	197,293	606,372
Total tapping fees, capital contribution fees and developer contributions	542,584	276,790	819,374
Increase in net position	423,724	160,332	584,056
Net position:			
January 1	16,440,367	12,264,489	28,704,856
December 31	\$ 16,864,091	\$ 12,424,821	\$ 29,288,912

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Water fund (as restated)	Sewer fund	Total (as restated)
Operating revenue:			
Utility rents	\$ 1,397,983	\$ 2,221,816	\$ 3,619,799
Fire hydrant rent	63,180		63,180
Penalties on late payments	6,984	13,419	20,403
Inspection fees	4,070	4,499	8,569
Review fees	3,725	3,600	7,325
Miscellaneous	7,764	1,610	9,374
	<u>1,483,706</u>	<u>2,244,944</u>	<u>3,728,650</u>
 Meters and reimbursed construction income:			
Sale of meters	25,062		25,062
Material sales	247	139	386
Legal fees	1,842	1,842	3,684
Engineering fees	17,920	19,723	37,643
Labor sales	2,377	1,365	3,742
	<u>47,448</u>	<u>23,069</u>	<u>70,517</u>
 Total meters and reimbursed construction income			
	<u>1,531,154</u>	<u>2,268,013</u>	<u>3,799,167</u>
 Operating expenses:			
Meters and costs incurred for others:			
Purchases:			
Meters	6,766	5,857	12,623
Other materials	3,059	109	3,168
Legal costs	1,842	1,842	3,684
Engineering costs	17,920	19,723	37,643
	<u>29,587</u>	<u>27,531</u>	<u>57,118</u>
 Total meters and costs incurred for others			

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Water fund (as restated)	Sewer fund	Total (as restated)
Operating expenses (continued):			
Operating and maintenance:			
Salaries and wages:			
Supervision	\$ 84,095	\$ 84,095	\$ 168,190
Other	144,259	144,259	288,518
Payroll taxes	17,508	17,508	35,016
Pension	11,147	11,147	22,294
Workers' compensation insurance	3,501	3,501	7,002
Insurance	8,642	8,642	17,284
Employee group insurance	43,171	43,147	86,318
Maintenance:			
Building	7,378	274	7,652
Contents	19,368	9,284	28,652
Field items	53,749	16,289	70,038
Permit fees	10,525		10,525
Repairs to machinery and equipment	3,388	3,698	7,086
Sewer treatment costs, Ephrata/Adamstown		717,889	717,889
Sewer interceptor costs, Ephrata		15,348	15,348
Sewer debt service costs, Ephrata		257,254	257,254
Contracted services	6,824	360	7,184
Sewer charges, WTP	53,136		53,136
Electric	82,508	18,987	101,495
Laboratory testing	31,700	2,855	34,555
Chemicals	43,351		43,351
Certification	581	606	1,187
Telemetry		6,577	6,577
Depreciation	679,840	567,951	1,247,791
Other operating expense	8,220	4,753	12,973
Total operating and maintenance	1,312,891	1,934,424	3,247,315

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Water fund (as restated)	Sewer fund	Total (as restated)
Operating expenses (continued):			
Transportation expenses:			
Gasoline and motor oil	\$ 5,348	\$ 5,348	\$ 10,696
Repairs and service	2,412	2,407	4,819
Insurance	2,657	2,657	5,314
Depreciation	8,727	8,727	17,454
Total transportation expenses	19,144	19,139	38,283
General and administrative expenses:			
Salaries and wages, clerical	116,128	116,128	232,256
Payroll taxes	8,632	8,632	17,264
Pension	4,455	4,455	8,910
Insurance	1,619	1,619	3,238
Employee group insurance	26,231	26,231	52,462
Engineering fees	44,516	23,691	68,207
Legal fees	9,402	5,364	14,766
Audit fees	8,940	8,940	17,880
Bank fees	3		3
Officers expenses	2,300	2,300	4,600
Postage and office supplies	4,442	4,421	8,863
Dues and subscriptions	2,562	2,562	5,124
Public emergency notification	1,160		1,160
Advertising	223	223	446
Maintenance and repairs	2,174	2,174	4,348
Training and seminars	2,744	2,154	4,898
Telephone	5,082	5,076	10,158
Rent, building	6,443	6,443	12,886
Auto allowance	400	400	800
Water and sewer	5,687	1,425	7,112
Computer support	21,629	20,788	42,417
Depreciation	6,070	1,555	7,625
Amortization of computer software	9,074	1,397	10,471
Other general expense	4,025	3,431	7,456
Total general and administrative expenses	293,941	249,409	543,350
Total operating expenses	1,655,563	2,230,503	3,886,066

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
 PROPRIETARY FUNDS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021

	Water fund (as restated)	Sewer fund	Total (as restated)
Operating income (loss)	\$ (124,409)	\$ 37,510	\$ (86,899)
Other income:			
Interest income	7,803	5,034	12,837
T-Mobile rent	26,400		26,400
Health insurance rebate	35,545	35,545	71,090
Total other income	69,748	40,579	110,327
Other deductions:			
Interest expense	39,037		39,037
Disposal of construction in progress	175,112		175,112
Amortization of deferred loss on refunding	24,765		24,765
Total other deductions	238,914		238,914
Income (loss) before tapping fees, capital contribution fees, developer contributions and transfers	(293,575)	78,089	(215,486)
Tapping fees, capital contribution fees, developer contributions and transfers:			
Tapping fees	386,675	238,657	625,332
Capital contribution fees	280,334		280,334
Developer contributions	14,850		14,850
Total tapping fees, capital contribution fees, developer contributions and transfers:	681,859	238,657	920,516
Increase in net position	388,284	316,746	705,030
Net position:			
January 1	16,052,083	11,947,743	27,999,826
December 31	\$ 16,440,367	\$ 12,264,489	\$ 28,704,856

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2022

	<u>Water fund</u>	<u>Sewer fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 1,632,210	\$ 2,381,117	\$ 4,013,327
Payments for:			
Supplies and other operating activities	(570,970)	(1,684,683)	(2,255,653)
Salaries and wages	(394,154)	(394,154)	(788,308)
Net cash provided by operating activities	<u>667,086</u>	<u>302,280</u>	<u>969,366</u>
Cash flows from noncapital financing activities:			
Tapping fees received	120,257	94,306	214,563
Capital contribution fees	30,799		30,799
Grant income	7,500		7,500
Miscellaneous income	26		26
T-Mobile rent	20,898		20,898
Health insurance rebate	24,263	24,263	48,526
Net cash provided by noncapital financing activities	<u>203,743</u>	<u>118,569</u>	<u>322,312</u>
Cash flows from capital and related financing activities:			
Purchase of:			
Utility plant and equipment	(1,519,949)	(777,788)	(2,297,737)
Computer software	(591)	(591)	(1,182)
Principal paid on note	(150,000)		(150,000)
Interest and fiscal charges paid on note	(36,963)		(36,963)
Net cash used in capital and related financing activities	<u>(1,707,503)</u>	<u>(778,379)</u>	<u>(2,485,882)</u>
Cash flows from investing activities:			
Interest income	16,497	20,426	36,923
Note receivable principal payments	1,417		1,417
Purchase of certificates of deposit	(2,000,000)	(3,750,000)	(5,750,000)
Net cash used in investing activities	<u>(1,982,086)</u>	<u>(3,729,574)</u>	<u>(5,711,660)</u>
Net decrease in cash and cash equivalents	<u>(2,818,760)</u>	<u>(4,087,104)</u>	<u>(6,905,864)</u>
Cash and cash equivalents:			
Beginning of year	3,459,475	5,159,558	8,619,033
End of year	<u>\$ 640,715</u>	<u>\$ 1,072,454</u>	<u>\$ 1,713,169</u>
Reconciliation with financial statements:			
Unrestricted cash and cash equivalents	\$ 481,689	\$ 903,389	\$ 1,385,078
Restricted cash and cash equivalents	159,026	169,065	328,091
Total cash and cash equivalents	<u>\$ 640,715</u>	<u>\$ 1,072,454</u>	<u>\$ 1,713,169</u>

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED) YEAR ENDED DECEMBER 31, 2022

	<u>Water fund</u>	<u>Sewer fund</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (131,743)	\$ (161,147)	\$ (292,890)
Adjustments:			
Depreciation	673,907	565,856	1,239,763
Amortization	7,123	1,645	8,768
Changes in assets and liabilities:			
(Increase) decrease in:			
Receivables:			
Customers	(11,536)	(20,143)	(31,679)
Others	326		326
Prepaid:			
Insurance	(735)	(735)	(1,470)
Other	(1,485)	35,543	34,058
Internal balances	(195)	195	-
Increase (decrease) in:			
Accounts payable:			
Trade	89,613	(156,675)	(67,062)
Employee taxes	(15)		(15)
Accrued expenses	1,171	1,171	2,342
Customer deposits	40,655	36,570	77,225
Net cash provided by operating activities	<u>\$ 667,086</u>	<u>\$ 302,280</u>	<u>\$ 969,366</u>
Supplemental schedule of noncash capital and related financing activities, developer contributions	\$ 409,079	\$ 197,293	\$ 606,372

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2021

	Water fund	Sewer fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 1,571,305	\$ 2,526,800	\$ 4,098,105
Payments for:			
Supplies and other operating activities	(621,930)	(1,303,035)	(1,924,965)
Payments for salaries and wages	(342,251)	(342,251)	(684,502)
Net cash provided by operating activities	607,124	881,514	1,488,638
Cash flows from noncapital financing activities:			
Tapping fees received	298,834	176,961	475,795
Capital contribution fees	280,334		280,334
T-Mobile rent	24,741		24,741
Health insurance rebate	35,545	35,545	71,090
Net cash provided by noncapital financing activities	639,454	212,506	851,960
Cash flows from capital and related financing activities:			
Purchase of:			
Utility plant and equipment	(632,529)	(544,455)	(1,176,984)
Computer software	(890)	(890)	(1,780)
Principal paid on note	(150,000)		(150,000)
Interest and fiscal charges paid on notes	(39,225)		(39,225)
Net cash used in capital and related financing activities	(822,644)	(545,345)	(1,367,989)
Cash flows from investing activities:			
Interest income	2,981	5,034	8,015
Note receivable principal payments	1,300		1,300
Net sales of certificates of deposit		248,000	248,000
Net cash provided by investing activities	4,281	253,034	257,315
Net increase in cash and cash equivalents	428,215	801,709	1,229,924
Cash and cash equivalents:			
Beginning of year	3,031,260	4,357,849	7,389,109
End of year	\$ 3,459,475	\$ 5,159,558	\$ 8,619,033
Reconciliation with financial statements:			
Unrestricted cash and cash equivalents	\$ 3,341,104	\$ 5,027,063	\$ 8,368,167
Restricted cash and cash equivalents	118,371	132,495	250,866
Total cash and cash equivalents	\$ 3,459,475	\$ 5,159,558	\$ 8,619,033

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Water fund	Sewer fund	Total
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (124,409)	\$ 37,510	\$ (86,899)
Adjustments:			
Depreciation	694,637	578,233	1,272,870
Amortization	9,074	1,397	10,471
Changes in assets and liabilities:			
(Increase) decrease in:			
Receivables:			
Customers	18,742	21,302	40,044
Others	(775)		(775)
Prepaid:			
Insurance	501	501	1,002
Other	500	115,484	115,984
Internal balances	2,903	(2,903)	-
Increase (decrease) in:			
Accounts payable:			
Trade	(15,715)	103,804	88,089
Employee taxes	154		154
Accrued expenses	2,231	2,231	4,462
Customer deposits	19,281	23,955	43,236
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by operating activities	<u>\$ 607,124</u>	<u>\$ 881,514</u>	<u>\$ 1,488,638</u>
Supplemental schedule of noncash capital and related financing activities, developer contributions	\$ 14,850		\$ 14,850

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENTS OF NET POSITION – FIDUCIARY FUND
YEARS ENDED DECEMBER 31, 2022 AND 2021

	Section 457 Defined Contribution Pension Plan	
	2022	2021
Assets, investments	<u>\$ 1,328,417</u>	<u>\$ 1,520,191</u>
Net position, held in trust for pension benefits	<u>\$ 1,328,417</u>	<u>\$ 1,520,191</u>

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	Section 457 Defined Contribution Pension Plan	
	2022	2021
Additions:		
Contributions, employer and employee	\$ 93,378	\$ 83,261
Net appreciation (depreciation) in fair value of investments	(265,404)	172,357
Total additions (deletions)	(172,026)	255,618
Deductions:		
Benefits paid	19,508	147,927
Administrative fees	240	220
Total deductions	19,748	148,147
Net increase (decrease) in plan assets	(191,774)	107,471
Net position held in trust:		
Beginning of year	1,520,191	1,412,720
End of year	\$ 1,328,417	\$ 1,520,191

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

1. Nature of operations and summary of significant accounting policies:

East Cocalico Township Authority (the Authority) is a corporate body created pursuant to an ordinance of the Board of Supervisors of the East Cocalico Township under an Act of the General Assembly of the Commonwealth of Pennsylvania, known as the Municipal Authorities Act.

East Cocalico Township Authority was organized to acquire, construct, improve, maintain and operate a water and sanitary sewer system. The Authority provides water and sanitary sewer service to portions of East Cocalico Township (the Township).

The East Cocalico Township Authority's governing board consists of eight members appointed by the Township's Board of Supervisors. The Authority serves as an operating authority for the Township. Since the Authority does not impose a specific financial burden on the Township, it is not considered to be a component unit of the Township for financial reporting purposes. The Authority is considered to be a related organization to the Township because the Township appoints a voting majority of the Authority's governing board.

Reporting entity:

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Governmental Accounting Standards Board (GASB) have been considered, and there are no agencies or entities which should be presented with the Authority. The Authority is fiscally independent.

Basis of presentation, measurement focus and accounting:

The Authority complies with accounting principles generally accepted in the United States of America (GAAP). The Authority's reporting entity applies all relevant GASB pronouncements.

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operations are included on the statements of net position. Under the accrual basis of accounting, revenues are recognized in the accounting period they are earned and become measurable; expenses are recognized in the accounting period incurred.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

1. Nature of operations and summary of significant accounting policies (continued):

Basis of presentation, measurement focus and accounting:

The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an 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 and 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 activities of each proprietary fund are summarized by providing a separate set of self-balancing accounts, which include its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses consist of those revenues and expenses that result from the Authority's ongoing principal activities. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities.

The Authority accounts for all funds existing under its jurisdiction, 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, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

The Authority classifies both of the following funds as major funds. The sewer operating and capital reserve are combined to present the Authority's sewer fund:

Major funds:

Water fund – The Authority fund that accounts for maintenance and construction of water lines throughout the Township. Financing is provided by water rentals collected from Township water customers.

Sewer fund – The Authority fund that accounts for maintenance and construction of the sewer system throughout the Township. The fund also accounts for resources for anticipated operating and capital expenditures and debt service. Financing is provided by sewer rentals collected from the Township's sewer system customers and by the Authority's collection of ready-to-serve charges.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

1. Nature of operations and summary of significant accounting policies (continued):

Net position classifications:

Net position is classified and displayed in three components:

Net investment in capital assets. Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

Restricted. Consists of net position with constraints placed on the use by either of external groups, such as creditors, granters, contributors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. There were no restrictions during the years ended December 31, 2022 and 2021.

Unrestricted. All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for purposes for which there are restricted and unrestricted net position available, it is the Authority's policy to apply those expenses to restricted net position to the extent such are available, and then to unrestricted net position.

Additionally, the Authority reports the following fiduciary fund:

The pension trust fund account for assets held by the Authority in a trustee capacity for the future payment of retirement benefits to employees. The Authority has one pension trust fund, the section 457 defined contribution plan.

Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources 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.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

1. Nature of operations and summary of significant accounting policies (continued):

Cash and cash equivalents:

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and external investment pools held by Pennsylvania Local Government Investment Trust (PLGIT) with original maturities of three months or less. External investment pools are reported at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. Cash on hand and demand deposits are reported at carrying amounts, which reasonably approximate fair value.

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

Certificates of deposit:

Consists of certificates of deposits with maturities, when purchased, of more than three months. Certificates of deposits are reported at carrying amounts, which reasonably approximate fair value.

Investments:

Investments are principally stated at fair value.

Accounts receivable:

The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. In reviewing aged receivables, management considers their knowledge of customers, historical activity and current economic conditions in determining whether the receivable is uncollectible. If amounts become uncollectible, they will be charged to operations when that determination is made.

Internal balances:

During the course of its operations, the Authority has numerous transactions between funds to finance operations and provide services.

Prepaid items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

1. Nature of operations and summary of significant accounting policies (continued):

Utility plant and equipment:

Utility plant and equipment are stated at cost, less depreciation accumulated to date. Cost includes engineering/consulting fees, interest and other expenses incurred during the period of construction as required by generally accepted accounting principles. Major additions and improvements are capitalized, while expenditures for maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed.

Water and sewer lines contributed by contractors are dedicated at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Depreciation is provided on the straight-line method over the estimated useful lives of the various assets.

Computer software:

The Authority is amortizing the cost of computer software over a three- or five-year period using the straight-line method.

Amortization:

Deferred loss on refunding is amortized over the life of the related debt using the straight-line method. Amortization expense for the years ended December 31, 2022 and 2021 was \$24,765 and \$24,765, respectively.

Deferred outflows of resources:

The statements of net position – proprietary funds report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and, thus, will not be recognized as an outflow of resources (expense) until then. The Authority has one item that qualifies for reporting in this category; it is deferred charge on refunding report in the statements of net position – proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

1. Nature of operations and summary of significant accounting policies (continued):

Leases:

The Authority's policy is to combine and account for lease and nonlease components as a single lease component for leases of utility plant, vehicles and equipment. The discount rates related to the Authority's lease liabilities component for leases of utility plant, vehicles and equipment are generally based on a risk-free rate when the discount rates implicit in the Authority's leases cannot be readily determined. The Authority has elected the short-term lease exceptions to not recognize leases with a lease term of 12 months or less on the balance sheets.

Unearned tapping fees:

Tapping fees collected are reported as unearned until the customer connects to the water/sewer system. Unearned tapping fees are reported as a current liability on the statements of net position – proprietary funds, and could be refunded upon request from the customer.

Long-term debt:

The debt obtained to finance the construction projects and used to refund previously issued debt are being accounted for by the Authority as required by generally accepted accounting principles for proprietary fund types. The Authority applies the provisions of the GASB for the refunding of the Authority's debt.

Reclassifications:

Certain prior year amounts have been reclassified to conform with current year presentation.

Pending GASB statements:

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions of GASB No. 96 are effective for the Authority's December 31, 2023 financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. This Statement 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 and assessing accountability. The provisions of GASB No. 100 are effective for the Authority's December 31, 2024 financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

1. Nature of operations and summary of significant accounting policies (continued):

Pending GASB statements:

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The provisions of GASB No. 101 are effective for the Authority's December 31, 2024 financial statements.

The effect of implementation of these statements on future years has not yet been determined.

2. Adoption of new accounting pronouncement:

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement changes accounting and financial reporting for leases by governments. This Statement requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

2. Adoption of new accounting pronouncement (continued):

The Authority adopted GASB Statement No. 87, *Leases*, effective January 1, 2021 and retrospectively restated the period ended December 31, 2021. The impact of the restatement is summarized in the following tables:

Schedule of restatements to the statement of net position						
	Water Fund			Total		
	2021 As previously reported	Restatement/ adjustment	2021 Restated	2021 As previously reported	Restatement/ adjustment	2021 Restated
Current assets, receivables, leases		\$ 20,961	\$ 20,961		\$ 20,961	\$ 20,961
Total current assets	\$ 3,724,741	20,961	3,745,702	\$ 9,415,883	20,961	9,436,844
Other assets, long-term portion of lease receivable		275,920	275,920		275,920	275,920
Total other assets	28,005	275,920	303,925	33,091	275,920	309,011
Total assets	18,902,563	296,881	19,199,444	31,547,827	296,881	31,844,708
Total assets and deferred outflows of resources	19,123,615	296,881	19,420,496	3,176,879	296,881	3,473,760
Liabilities, deferred inflows of resources and net position, deferred inflows of resources, leases		290,400	290,400		290,400	290,400
Ending unrestricted net position	3,500,012	6,481	3,506,493	8,810,379	6,481	8,816,860
Ending total net position	16,433,886	6,481	16,440,367	28,698,375	6,481	28,704,856
Ending total liabilities, deferred inflows of resources and net position	19,123,615	296,881	19,420,496	31,768,879	296,881	32,065,760

Schedule of restatements to the statement of revenues, expense and changes in net position						
	Water Fund			Total		
	2021 As previously reported	Restatement/ adjustment	2021 Restated	2021 As previously reported	Restatement/ adjustment	2021 Restated
Interest income	\$ 2,981	\$ 4,822	\$ 7,803	\$ 8,015	\$ 4,822	\$ 12,837
T-Mobile rent	24,741	1,659	26,400	24,741	1,659	26,400
Total other income	63,267	6,481	69,748	103,846	6,481	110,327
Income (loss) before tapping fees, capital contribution fees, developer contributions and transfers	(300,056)	6,481	(293,575)	(221,967)	6,481	(215,486)
Increase in net position	381,803	6,481	388,284	698,549	6,481	705,030
Ending total net position	16,433,886	6,481	16,440,367	28,698,375	6,481	28,704,856

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

3. Deposits and investments:

In accordance with the Municipal Authorities Act, the Authority is authorized to designate one or more banks or bank and trust companies as a depository or depositories for its funds. If funds are fully insured by the Federal Deposit Insurance Corporation (FDIC), the Authority shall not require any additional bond, insurance or security to cover the amounts of deposits so insured. If these funds are not fully insured by the FDIC, the funds shall be continuously secured by a pledge of direct obligations of the United States of America, of the Commonwealth or of the municipality creating the authority, having an aggregate market value, exclusive of accrued interest, at all times at least equal to the balance on deposit.

Statutes authorize the Authority to invest in the following:

- United States treasury bills
- Obligations of the United States government and federal agencies
- Insured savings and checking accounts and certificates of deposits in banks, savings and loan associations and credit unions
- General obligation bonds of the federal government, Commonwealth of Pennsylvania or any state agency or of any Pennsylvania political subdivision
- Shares of mutual funds whose investments are restricted to the above categories
- Repurchase agreements collateralized by United States treasury bills or federal agency securities
- Commercial paper issued by corporations or other business entities organized in accordance with federal and state law, with a maturity not to exceed 270 days and the issuing corporation or business entity is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- Bankers' acceptances that do not exceed 180 days' maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- Negotiable certificates of deposit with a remaining maturity of three years or less, issued by a nationally or state-chartered bank, a federal or state savings and loan association or a state-licensed branch of a foreign bank.

Deposits and investments of the 457 Defined Contribution Pension Plan are held separately from those of other Authority funds. 457 Defined Contribution Pension Plan funds are not restricted to the above requirements and may invest in other instruments.

The Authority categorizes the fair value of its investments based on the measurement hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. The Authority does not have any investments that are measured using Level 2 or Level 3 inputs.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 and 2021

3. Deposits and investments (continued):

Cash, cash equivalents, certificates of deposit and investments as of December 31, 2022 and 2021 were classified in the accompanying financial statements as follows:

	<u>2022</u>	<u>2021</u>
Statements of net position, proprietary funds:		
Cash and cash equivalents	\$ 1,385,078	\$ 8,368,167
Certificates of deposit	5,750,000	
Restricted cash and cash equivalents	328,091	250,866
Statements of fiduciary net position, pension trust fund	<u>1,328,417</u>	<u>1,520,191</u>
	<u>\$ 8,791,586</u>	<u>\$ 10,139,224</u>

Cash, cash equivalents, certificates of deposit and investments as of December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Water fund:		
Cash on hand	\$ 50	\$ 50
Deposits with financial institutions	478,275	3,334,624
PLGIT:		
State investment pool	162,390	124,801
Certificates of deposit	<u>2,000,000</u>	
Total water fund	<u>2,640,715</u>	<u>3,459,475</u>
Sewer fund:		
Deposits with financial institutions	902,386	5,025,914
PLGIT:		
State investment pool	170,068	133,644
Certificates of deposit	<u>3,750,000</u>	
Total sewer fund	<u>4,822,454</u>	<u>5,159,558</u>
Pension trust fund, Level 1, equities	<u>1,328,417</u>	<u>1,520,191</u>
Total cash, cash equivalents, certificates of deposit and equities	<u>\$ 8,791,586</u>	<u>\$ 10,139,224</u>

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

3. Deposits and investments (continued):

Custodial credit risk and deposits:

For deposits, custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned to it. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral security that is in the possession of an outside party.

As of December 31, 2022, \$1,177,459 of the Authority's bank balance of \$1,573,084 was not covered by the Federal Deposit Insurance Corporation, but was collateralized in accordance with Act 72. Act 72 requires the institution to pool collateral for all its government deposits and to have the collateral held by an approved custodian in the institution's name.

	<u>2022</u>	<u>2021</u>
Deposits:		
Collateral held by pledging bank under Act 72, but not in the Authority's name	\$ 1,177,459	\$ 8,092,025
Insured by Federal Deposit Insurance Corporation	395,625	326,310
Outstanding checks	(194,684)	(153,496)
Deposits in transit	2,261	95,699
PLIGIT, state investment pool	332,458	258,445
Petty cash	<u>50</u>	<u>50</u>
Total deposits	<u>\$ 1,713,169</u>	<u>\$ 8,619,033</u>
Statements of net position, proprietary funds:		
Cash and cash equivalents	\$ 1,385,078	\$ 8,368,167
Restricted cash and cash equivalents	<u>328,091</u>	<u>250,866</u>
	<u>\$ 1,713,169</u>	<u>\$ 8,619,033</u>

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

3. Deposits and investments (continued):

Certificates of deposit:

The Authority's certificates of deposit, stated at fair value, consisted of the following as of December 31, 2022:

<u>Certificates of deposit</u>	
PLGIT:	
Certificates maturing on January 6, 2023, rate 1.78%	\$ 1,250,000
Certificates maturing on April 6, 2023, rate 3.33%	1,250,000
Certificates maturing on April 11, 2023, rate 1.86%	1,250,000
Certificate maturing on June 5, 2023, rate 3.78%	750,000
Certificates maturing on August 4, 2023, rate 5.29%	1,250,000
	<u>\$ 5,750,000</u>

External investment pool:

The Authority uses an external investment pool to ensure safety and maximize efficiency, liquidity and yield for Authority funds. The external investment pool is valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. The fair value of securities held by the external investment pool are evaluated on at least a weekly basis using prices supplied from an independent pricing service. These values are compared to the amortized cost of the securities.

The Authority has funds totaling \$6,082,458 invested in PLGIT. PLGIT separately issues audited financial statements that are available to the public via their website. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pools. At December 31, 2022 and 2021, PLGIT carries an AAAM rating and has an average maturity of less than one year. At December 31, 2022, the Authority's PLGIT investments consisted of \$5,750,000 in certificates of deposit and \$332,458 in Prime investments.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

3. Deposits and investments (continued):

External investment pool:

The Authority has the following recurring amortized cost measurement as of December 31, 2022 and 2021, including unfunded commitments and redemption terms, as follows:

	2022			
	Amortized cost	Unfunded commitments	Redemption frequency	Redemption notice period
Cash equivalents measured at amortized cost, external investment pool, PLGIT ¹	<u>\$ 332,458</u>	<u>\$ -</u>	Weekly	5 days
	2021			
	Amortized cost	Unfunded commitments	Redemption frequency	Redemption notice period
Cash equivalents measured at amortized cost, external investment pool, PLGIT ¹	<u>\$ 258,445</u>	<u>\$ -</u>	Weekly	5 days

¹ External investment pool: This type includes pooled investments in bank repurchase agreements, certificates of deposit, U.S. treasuries and U.S. government obligations. The fair value of the investments in this type have been determined using amortized cost, which approximates fair value. Distributions from the fund will be received as the underlying investments of the funds are liquidated, which is expected to occur weekly.

Interest rate risk:

The Authority permits investments as authorized by law and requires that maturities of investments are consistent with cash flow requirements.

Credit risk:

The Authority's selection of depository institutions, brokers, custodians, investment advisors, local government investment pools and money market mutual funds are based on legality, performance, quality of services, creditworthiness, reputation and integrity. In addition, the investment companies used by the Authority must be rated in the highest category by a nationally recognized rating agency.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

3. Deposits and investments (continued):

Investment concentrations:

The Authority places no limit on the amounts invested in any one issuer. The 457 Defined Contribution Pension Plan investments are in the following funds:

	2022	2021
Voya Financial, fair value, Level 1, equities:		
Fidelity VIP Overseas Portfolio I	\$ 42,949	\$ 54,617
Inv Dev Mrkts Fd A	42,617	53,836
VY Inv Opp Global Port I		12,791
VY Inv Glob Portf - Init Cl	8,950	
American Funds EuroPacific Grw R4	53,685	65,192
Voy Intl Hi Div LowVol Port-In	28,252	29,584
Voya Index Plus SmallCap Portfolio I	10,082	11,440
Franklin Small Cap Value VIP Fd 2	13,707	14,704
Voya SmallCap Opportunities Port I	10,979	13,640
Voya MidCap Opportunities Port I	3,122	4,219
VY AmCen Sm-Md Cp Val Port Srv	44,468	45,613
VY TRowePrice Divr Md Cp Gr Pt I	23,360	30,781
VY JPMorgan Sm Cp Core Eq Prt Srv	6,415	7,512
Wanger Select	29,869	43,596
Voya Russell Mid Cap Index Port I	57,051	67,028
BlackRock Md Cp Dividend Fund Inv A	3,030	3,203
Fidelity VIP Growth Portfolio I	19,212	25,753
VY TRowePrice Grwth Eqty Port I	35,692	58,004
American Funds Growth Fnd R4	77,660	110,123
Voya Growth and Income Port I	20,627	24,080
VY Invesco Comstock Port Srv	46,583	44,992
American Funds Wash Mutual Inv R4	47,624	50,543
American Funds Fundamental Inv R4	43,173	50,159
Voya Large Cap Value Port Inst	3,203	3,350
Voya Russell Lrg Cap Index Port I	47,340	57,636
Voya Balanced Portfolio I	50,265	61,701
Voya Strategic Alloc Growth Port I	91,627	93,862
Voya Solution 2035 Portfolio Srv	32,466	24,906
Voya Solution 2055 Portfolio Srv	48,188	47,901
Voya Solution 2065 Portfolio Srv	78,103	89,818
Voya Intermediate Bond Port I	27,789	31,042
Voya GNMA Income Fund A	16,273	17,371
Voya Global Bond Port I	15,026	17,481
Voya Govt Money Market Portfolio I	32	52
Voya Fixed Account (4550)	155,816	164,124
Voya Fixed Plus Account II A	93,182	89,537
Total pension fund investments, equities	\$ 1,328,417	\$ 1,520,191

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

4. Accounts receivable:

The accounts receivable balance represents amounts due from customers for water and sewer services that have been provided by the Authority as of December 31.

Accounts receivable included the following amounts that are 90 days or more past the invoice date:

	<u>2022</u>	<u>2021</u>
Over 90 days	<u>\$ 2,816</u>	<u>\$ 5,299</u>

5. Lease receivable:

The Authority has entered into a communication tower lease agreement, with monthly rental payments ranging from approximately \$1,350 to \$2,900. The agreement has consecutive renewal options at the lessee's discretion, which extend the lease term to expiring in December 2032. These renewal options have been included in the lease receivable as of December 31, 2022. The current renewal period expires in December 2025. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.50%. Lease revenues generated for the year ended December 31, 2022 were \$25,483, all of which were recognized in the Water Fund.

The following is the schedule of the lease receivable as of December 31, 2022:

<u>Year</u>	
2023	\$ 25,996
2024	26,776
2025	27,580
2026	28,407
2027	29,259
Thereafter	<u>160,001</u>
Total	298,019
Present value discount	<u>(22,099)</u>
Lease receivable	<u>\$ 275,920</u>

EAST COCALICO TOWNSHIP AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 and 2021**

6. Utility plant, equipment and provisions for depreciation:

The Authority computes depreciation using the straight-line method. The charge to operations for depreciation amounted to \$1,239,763 and \$1,272,870 for 2022 and 2021, respectively. Additions to the water and sewer systems are valued at cost and amounted to \$2,910,441 and \$1,232,938 for 2022 and 2021, respectively. Additions and useful lives assigned to the various assets for depreciation purposes are as follows:

<u>Asset classification</u>	<u>Useful lives</u>
Water distribution system	7 - 50 years
Sewer collection system	5 - 50 years
Buildings	12 - 50 years
Machinery and equipment	4 - 20 years
Trucks and cars	5 - 10 years
Office furniture and fixtures	5 - 10 years
Computer hardware	4 - 10 years

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

6. Utility plant, equipment and provisions for depreciation (continued):

A summary of the change to capital assets for 2022 follows:

2022	Beginning balance	Additions	Reclassifications	Ending balance
Capital assets not being depreciated:				
Land and land rights	\$ 929,690			\$ 929,690
Construction in progress	2,132,351	\$ 2,182,172	\$ (2,433,410)	1,881,113
Total capital assets not being depreciated	3,062,041	2,182,172	(2,433,410)	2,810,803
Other capital assets at historical cost:				
Water distribution system	25,010,569	428,820	1,248,857	26,688,246
Sewer collection system	18,119,623	197,293	1,184,553	19,501,469
Buildings	270,402	9,264		279,666
Machinery and equipment	326,661	15,527		342,188
Trucks and cars	231,319	67,685		299,004
Office furniture and fixtures	34,415			34,415
Computer hardware	67,991	9,680		77,671
Total other assets at historical costs	44,060,980	728,269	2,433,410	47,222,659
Accumulated depreciation:				
Water distribution system	12,066,278	647,900		12,714,178
Sewer collection system	12,341,180	546,175		12,887,355
Buildings	78,978	9,426		88,404
Machinery and equipment	262,942	12,215		275,157
Trucks and cars	193,424	15,408		208,832
Office furniture and fixtures	33,649	236		33,885
Computer hardware	47,717	8,403		56,120
Total accumulated depreciation	25,024,168	1,239,763		26,263,931
Other capital assets, net	19,036,812	(511,494)	2,433,410	20,958,728
Capital assets, net	\$ 22,098,853	\$ 1,670,678	\$ -	\$ 23,769,531

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

6. Utility plant, equipment and provisions for depreciation (continued):

A summary of the change to capital assets for 2021 follows:

2021	Beginning balance	Additions	Deletions	Ending balance
Capital assets not being depreciated:				
Land and land rights	\$ 929,690			\$ 929,690
Construction in progress	1,225,855	\$ 1,081,608	\$ 175,112	2,132,351
Total capital assets not being depreciated	2,155,545	1,081,608	175,112	3,062,041
Other capital assets at historical cost:				
Water distribution system	24,892,991	117,578		25,010,569
Sewer collection system	18,097,823	21,800		18,119,623
Buildings	270,402			270,402
Machinery and equipment	324,534	2,127		326,661
Trucks and cars	231,319			231,319
Office furniture and fixtures	34,415			34,415
Computer hardware	58,166	9,825		67,991
Total other assets at historical costs	43,909,650	151,330		44,060,980
Accumulated depreciation:				
Water distribution system	11,397,460	668,818		12,066,278
Sewer collection system	11,782,739	558,441		12,341,180
Buildings	69,860	9,118		78,978
Machinery and equipment	251,528	11,414		262,942
Trucks and cars	175,970	17,454		193,424
Office furniture and fixtures	33,413	236		33,649
Computer hardware	40,328	7,389		47,717
Total accumulated depreciation	23,751,298	1,272,870		25,024,168
Other capital assets, net	20,158,352	(1,121,540)		19,036,812
Capital assets, net	\$ 22,313,897	\$ (39,932)	\$ 175,112	\$ 22,098,853

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

7. Long-term debt:

The following is a summary of long-term debt transactions of the Authority for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Long-term debt payable, beginning	\$ 2,465,000	\$ 2,615,000
Water revenue note principal repayment	<u>(150,000)</u>	<u>(150,000)</u>
Long-term debt payable, ending	<u><u>\$ 2,315,000</u></u>	<u><u>\$ 2,465,000</u></u>

Debt payable at December 31 is comprised of the following:

	<u>2022</u>	<u>2021</u>
Water Revenue Note, Series of 2020	<u><u>\$ 2,315,000</u></u>	<u><u>\$ 2,465,000</u></u>

Debt service requirements in future years are:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 150,000	\$ 34,725	\$ 184,725
2024	150,000	32,475	182,475
2025	320,000	30,225	350,225
2026	330,000	25,425	355,425
2027	330,000	20,475	350,475
2028-2030	<u>1,035,000</u>	<u>31,200</u>	<u>1,066,200</u>
Total payments	<u><u>\$ 2,315,000</u></u>	<u><u>\$ 174,525</u></u>	<u><u>\$ 2,489,525</u></u>

8. Water Revenue Note, Series of 2020:

Water Revenue Note, Series of 2020:

On October 15, 2020, the Authority issued the Water Revenue Note, Series of 2020 in the maximum principal amount of \$2,735,000. Principal maturities begin on December 1, 2020 and continue annually through December 1, 2030. The interest rate is fixed at 1.50%. Interest is payable in semi-annual installments beginning December 1, 2020 and continuing in December and June of each year thereafter. The average debt service cost is \$154,620.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

8. Water Revenue Note, Series of 2020 (continued):

Water Revenue Note, Series of 2020:

The note is secured by the pledge of all receipts and revenues from or in connection with the water system, including receipts from tapping fees. The purpose of this note issue is to currently refund the Water Revenue Bonds, Series of 2017 and pay the cost of issuance of the note. The net savings of the refunding for the Authority is approximately \$511,000.

Loss on refunding:

On October 15, 2020, the Authority issued the Water Revenue Note, Series of 2020, to currently refund the Water Revenue Bond, Series of 2017. The refunding resulted in a deferred loss on refunding. The balance of the deferred loss on refunding, net of accumulated amortization, is \$196,287 and \$221,052 as of December 31, 2022 and 2021, respectively.

9. Related parties:

Lease rental agreement:

The Authority entered into a rental agreement with East Cocalico Township, a related organization, dated August 21, 1989. This agreement covers the rental of office space for a year. Each year it can be renewed at an adjusted cost no greater than the Consumer Price Index rise for this area. Rentals of \$11,700 were paid in 2022 and 2021, respectively.

Tapping fees:

The Authority's water fund paid the Authority's sewer fund \$61,697 in 2021 for 25 EDUs of sewer capacity for each year. The water division recorded the capacity as an addition to the water distribution system during the year ended December 31, 2021. There was no amount paid or added in 2022. The sewer fund recorded \$61,697 as tapping fees on the statement of revenues, expenses and changes in fund net position – proprietary fund in 2021. There was no amount recorded in 2022.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

10. Sewer service agreement, intermunicipal group:

On November 1, 1995, the Authority entered into a Sewage Service Agreement with the Borough of Ephrata and neighboring communities, whereby the Borough of Ephrata will provide sewage treatment services to neighboring communities. Costs of operation and total annual capital costs are shared by each party on the basis of their proportionate share of sewage flow to the total flow of sewage. Recognizing the partnership agreement between the Authority and the Borough of Adamstown, the agreement permits East Cocalico Township Authority to divert up to 100,000 gallons per day without any payments. The Authority is permitted to divert up to an additional 300,000 gallons per day. A diversion charge will be computed to allocate annual capital costs allocable to Plant No. 2 on the additional gallons as outlined in the agreement. This agreement shall remain in effect until terminated by consent of all parties hereto.

All facilities will be owned by the Ephrata Borough Authority. There are no minimum rentals established in the agreement.

11. Sewer service and partnership agreement:

On September 25, 1995, the Authority entered into an agreement with the Borough of Adamstown and Adamstown Borough Authority (collectively, Adamstown), whereby Adamstown grants unto East Cocalico the perpetual right to collect, transport and deliver wastewater to the Adamstown Treatment Facilities. East Cocalico connected to the Adamstown Treatment Facilities on April 16, 1997. The Authority is allocated an initial capacity of 100,000 gallons per day. The Authority paid Adamstown an initial buy-in fee of \$845,191. In addition, the Authority is responsible to pay an annual service fee and surcharges, if applicable. Calculation of surcharges is made pursuant to an amendment of the partnership agreement dated October 7, 2004.

Additional provisions of the agreement require the Authority to pay its proportional share of any future plant upgrades and 100% of the cost of any future solids handling facilities. Future expansion of the treatment plant is to be paid for by the municipality requiring the additional treatment capacity or proportionally if both municipalities require additional capacity.

All properties covered by this agreement are the sole property of Adamstown. Costs have been capitalized as part of the sewer collection system.

Adamstown has the option to reallocate capacity from East Cocalico to Adamstown. Adamstown is responsible to pay East Cocalico \$4.83 for each gallon of capacity reallocated to Adamstown.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

12. Employee group insurance:

The Authority has entered into an inter-governmental cooperation agreement with other municipalities, in order to provide health, hospitalization, medical and surgical insurance for Authority employees and their dependents. Under this agreement, the Authority is entering into a partially self-funded arrangement with a local insurance carrier. This arrangement requires monthly deposits be placed in an account from which the insurance carrier can draw for claims made. Specific individual losses for claims are limited to \$45,000 per incident per fiscal year. In total, the Authority's liability is limited for each fiscal year to the amount that the Authority is required to deposit based on individual rates established at the beginning of the year. Depending on the claims incurred by other participating municipalities, the Authority may be responsible for a portion of excess claims incurred by the other participants (but not to exceed the Authority's overall limit of liability). Although not guaranteed, the plan also allows the Authority to receive a distribution of surplus income depending upon claim experience.

For the year ended December 31, 2022, the Authority paid premiums of \$95,033. Actual claims paid for the year ended December 31, 2022 were \$21,175. The Authority also incurred a shared cost of \$13,600 and is anticipating a refund of \$60,258 in 2023. For the year ended December 31, 2021, the Authority paid premiums of \$87,643. Actual claims paid for the year ended December 31, 2021 were \$28,872. The Authority also incurred a shared cost of \$10,116 and received a refund of \$48,655 in 2022.

13. Section 457 deferred compensation plan:

The Authority maintains a deferred compensation plan that is available to all full-time employees. The participating employees are required to contribute a minimum of 2% of their earnings but have the option to contribute more. The Authority will only match contributions up to 5% for the participating employees. The Authority's Administrator is the administrator of the plan. The administrator of the plan has the authority to amend the plan. The Authority has delegated the authority to manage plan assets to Voya. Funds are held in trust by Voya Financial for each employee.

Investment balances are not available to participants until termination, retirement, death or unforeseeable emergency. Upon termination of employment, employer contributions are due to the employee in accordance with a staged vesting schedule. A year of vesting service shall consist of 12 completed months of service. As of seven years of service, an employee is fully vested in the plan. Any portion of the Authority's contributions to the plan, which is not vested upon termination of an employee, before seven years, shall be forfeited. Forfeited amounts shall be held in a suspense account until used to reduce future Authority contributions to the plan. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts and all income attributable to these amounts, property or rights are held in trust for the exclusive benefits of participants and their beneficiaries.

Deferred compensation balances of \$1,328,417 and \$1,520,191 are being held as of December 31, 2022 and 2021, respectively. During the years ended December 31, 2022 and 2021, there were \$0 in forfeitures. The Authority does not have a liability related to the plan as of the years ended December 31, 2022 and 2021.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022 and 2021

14. Commitments and contingencies:

Risk management:

The Authority 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 Authority maintains commercial insurance covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three years.

Letters of credit:

Developers and others are periodically required to issue an irrevocable letter of credit to secure the completion of public improvements in accordance with Authority regulations. These letters of credit are released upon completion of the improvements.

Construction commitments:

In 2021, the Authority entered into an engineering agreement with CDM Smith for the Meadowbrook Project for \$318,200. There was \$60,326 outstanding on the contract at December 31, 2022.

In 2022, the Authority entered into agreements with two contractors for the WTP Modification Project for \$244,588. There was \$148,216 outstanding on the contract at December 31, 2022.

15. Subsequent events:

During February 2023, the Authority's board approved to issue a Water Revenue Note for a maximum principal of \$2,095,000 with the Pennsylvania Infrastructure Investment Authority to construct improvements to the public water system facilities of the Authority.

During February 2023, the Authority's board approved to issue a Sewer Revenue Note for a maximum principal of \$3,655,000 with the Pennsylvania Infrastructure Investment Authority to construct improvements to the public sanitary sewer system facilities of the Authority.

During February 2023, the Authority's board approved to issue notices of award for building renovations to four contractors for an approximate total project cost of \$642,500.

During April 2023, the Authority was approved and received \$1,332,000 from the County of Lancaster to be used for the Meadowbrook and WTP Modification projects.

During April 2023, the Authority entered into an engineering agreement with CDM Smith for the Meadowbrook Project for a not to exceed fee of approximately \$174,000.

EAST COCALICO TOWNSHIP AUTHORITY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 and 2021

15. Subsequent events (continued):

Management has evaluated subsequent events through June 22, 2023, which is the date the financial statements were available to be issued.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER FUND – ACTUAL VS BUDGET
YEAR ENDED DECEMBER 31, 2022

(See independent auditor's report on supplementary information)

	Actual	Budget	Over (under) budget
Operating revenue:			
Utility rents	\$ 1,447,458	\$ 1,514,240	\$ (66,782)
Fire hydrant rent	64,440	64,440	-
Penalties on late payments	8,861	9,995	(1,134)
Inspection fees	3,758	6,000	(2,242)
Review fees	1,350	3,000	(1,650)
Miscellaneous	5,073	6,000	(927)
	<u>1,530,940</u>	<u>1,603,675</u>	<u>(72,735)</u>
 Meters and reimbursed construction income:			
Sale of meters	8,200	15,620	(7,420)
Material sales	419	1,000	(581)
Legal fees	278	2,000	(1,722)
Engineering fees	62,866	16,000	46,866
Labor sales	257	2,500	(2,243)
	<u>72,020</u>	<u>37,120</u>	<u>34,900</u>
 Total meters and reimbursed construction income			
	<u>72,020</u>	<u>37,120</u>	<u>34,900</u>
 Total operating revenue	<u>1,602,960</u>	<u>1,640,795</u>	<u>(37,835)</u>
 Operating expenses:			
Meters and costs incurred for others:			
Purchases:			
Meters	14,134	2,360	11,774
Other materials		1,000	(1,000)
Legal costs	278	2,000	(1,722)
Engineering costs	62,866	16,000	46,866
	<u>77,278</u>	<u>21,360</u>	<u>55,918</u>
 Total meters and costs incurred for others			
	<u>77,278</u>	<u>21,360</u>	<u>55,918</u>

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

(See independent auditor's report on supplementary information)

	Actual	Budget	Over (under) budget
Operating expenses (continued):			
Operating and maintenance:			
Salaries and wages:			
Supervision	\$ 87,029	\$ 85,590	\$ 1,439
Other	156,493	186,423	(29,930)
Payroll taxes	21,038	21,285	(247)
Pension	11,585	11,615	(30)
Workers' compensation insurance	4,644	3,615	1,029
Insurance	8,750	8,990	(240)
Employee group insurance	45,995	45,000	995
Maintenance:			
Building	4,290	5,000	(710)
Contents	21,667	26,500	(4,833)
Field items	19,499	40,000	(20,501)
Permit fees	10,700	11,000	(300)
Repairs to machinery and equipment	1,939	2,500	(561)
Contracted services	6,455	13,000	(6,545)
Sewer charges, WTP	63,457	58,000	5,457
Electric	81,188	90,000	(8,812)
Laboratory testing	32,149	26,000	6,149
Chemicals	65,031	62,400	2,631
Certification	746	1,000	(254)
Auto allowance	7	100	(93)
Telemetry	4,518	500	4,018
Depreciation	659,772	687,350	(27,578)
Other operating expense	10,286	9,350	936
Total operating and maintenance	1,317,238	1,395,218	(77,980)

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

(See independent auditor's report on supplementary information)

	Actual	Budget	Over (under) budget
Operating expenses (continued):			
Transportation expenses:			
Gasoline and motor oil	\$ 6,307	\$ 6,000	\$ 307
Repairs and service	2,590	3,000	(410)
Insurance	2,831	2,280	551
Depreciation	7,705	8,727	(1,022)
Total transportation expenses	19,433	20,007	(574)
General and administrative expenses:			
Salaries and wages, clerical	151,803	150,600	1,203
Payroll taxes	9,210	11,780	(2,570)
Pension	5,984	5,845	139
Insurance	1,500	1,770	(270)
Employee group insurance	31,147	28,800	2,347
Engineering fees	31,410	20,000	11,410
Legal fees	3,622	10,000	(6,378)
Audit fees	9,493	9,500	(7)
Bank fees	190	100	90
Officers expenses	2,175	3,000	(825)
Postage and office supplies	5,731	4,500	1,231
Dues and subscriptions	3,426	2,600	826
Public emergency notification	1,160	1,200	(40)
Advertising	2,574	500	2,074
Maintenance and repairs	1,768	1,500	268
Training and seminars	3,179	3,000	179
Telephone	4,878	5,500	(622)
Rent, building	6,503	6,500	3
Auto allowance	561	350	211
Water and sewer	6,081	6,000	81
Computer support	22,285	23,000	(715)
Depreciation	6,430	5,861	569
Amortization of computer software	7,123	9,155	(2,032)
Uncollectible accounts		100	(100)
Other general expense	2,521	3,500	(979)
Total general and administrative expenses	320,754	314,661	6,093
Total operating expenses	1,734,703	1,751,246	(16,543)

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

(See independent auditor's report on supplementary information)

	Actual	Budget	Over (under) budget
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Operating loss	<u>(131,743)</u>	<u>(110,451)</u>	<u>(21,292)</u>
Other income:			
Interest income	16,497	3,000	13,497
T-Mobile rent	26,337	25,480	857
Health insurance rebate	24,263	20,000	4,263
Miscellaneous	26		26
Gain on sale of assets		2,500	(2,500)
Grant income	<u>7,500</u>		<u>7,500</u>
Total other income	<u>74,623</u>	<u>50,980</u>	<u>23,643</u>
Other deductions:			
Interest expense	36,975	36,975	-
Amortization of deferred loss on refunding	<u>24,765</u>	<u>29,476</u>	<u>(4,711)</u>
Total other deductions	<u>61,740</u>	<u>66,451</u>	<u>(4,711)</u>
Loss before tapping fees, capital contribution fees and developer contributions	<u>(118,860)</u>	<u>(125,922)</u>	<u>7,062</u>
Tapping fees, capital contribution fees and developer contributions:			
Tapping fees	102,706	161,875	(59,169)
Capital contribution fees	30,799	61,365	(30,566)
Developer contributions	<u>409,079</u>		<u>409,079</u>
Total tapping fees, capital contribution fees and developer contributions	<u>542,584</u>	<u>223,240</u>	<u>319,344</u>
Change in net position	<u>423,724</u>	<u>\$ 97,318</u>	<u>\$ 326,406</u>
Net position:			
January 1	<u>16,440,367</u>		
December 31	<u>\$ 16,864,091</u>		

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
SEWER FUND – ACTUAL VS BUDGET
YEAR ENDED DECEMBER 31, 2022

(See independent auditor's report on supplementary information)

	Actual	Budget	Over (under) budget
Operating revenue:			
Utility rents	\$ 2,276,671	\$ 2,373,040	\$ (96,369)
Penalties on late payments	16,813	15,275	1,538
Inspection fees	2,607	6,000	(3,393)
Review fees	1,650	3,000	(1,350)
Miscellaneous	2,400	1,500	900
	<u>2,300,141</u>	<u>2,398,815</u>	<u>(98,674)</u>
 Reimbursed construction income:			
Material sales		200	(200)
Legal fees	278	1,500	(1,222)
Engineering fees	64,076	14,000	50,076
Labor sales		1,000	(1,000)
	<u>64,354</u>	<u>16,700</u>	<u>47,654</u>
Total reimbursed construction income			
	<u>64,354</u>	<u>16,700</u>	<u>47,654</u>
 Total operating revenue	 <u>2,364,495</u>	 <u>2,415,515</u>	 <u>(51,020)</u>
 Operating expenses:			
Costs incurred for others:			
Purchases:			
Meters	14,134	2,360	11,774
Other materials		200	(200)
Legal costs	278	1,500	(1,222)
Engineering costs	64,076	14,000	50,076
	<u>78,488</u>	<u>18,060</u>	<u>60,428</u>
Total costs incurred for others			
	<u>78,488</u>	<u>18,060</u>	<u>60,428</u>

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
SEWER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

(See independent auditor's report on supplementary information)

	Actual	Budget	Over (under) budget
Operating expenses (continued):			
Operating and maintenance:			
Salaries and wages:			
Supervision	\$ 87,029	\$ 85,590	\$ 1,439
Other	156,493	186,423	(29,930)
Payroll taxes	21,038	21,285	(247)
Pension	11,585	11,615	(30)
Workers' compensation insurance	4,644	3,615	1,029
Insurance	8,750	8,990	(240)
Employee group insurance	45,751	45,000	751
Maintenance:			
Building	919	1,000	(81)
Contents	9,447	15,000	(5,553)
Field items	15,168	22,000	(6,832)
Permit fees		100	(100)
Repairs to machinery and equipment	1,506	2,500	(994)
Sewer treatment costs, Ephrata/Adamstown	940,904	980,996	(40,092)
Sewer interceptor costs, Ephrata	14,656	24,763	(10,107)
Sewer debt service costs, Ephrata	232,090	249,525	(17,435)
Contracted services	465	400	65
Electric	17,432	20,000	(2,568)
Laboratory testing	3,110	3,300	(190)
Certification	651	700	(49)
Telemetry	6,612	6,700	(88)
Auto allowance	7	100	(93)
Depreciation	555,945	567,770	(11,825)
Other operating expense	5,802	5,500	302
Total operating and maintenance	2,140,004	2,262,872	(122,868)

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
SEWER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

(See independent auditor's report on supplementary information)

	Actual	Budget	Over (under) budget
Operating expenses (continued):			
Transportation expenses:			
Gasoline and motor oil	\$ 6,307	\$ 6,000	\$ 307
Repairs and service	2,590	3,000	(410)
Insurance	2,831	2,280	551
Depreciation	7,705	8,727	(1,022)
Total transportation expenses	19,433	20,007	(574)
General and administrative expenses:			
Salaries and wages, clerical	151,803	150,600	1,203
Payroll taxes	9,210	11,780	(2,570)
Pension	5,984	5,845	139
Insurance	1,500	1,770	(270)
Employee group insurance	31,147	28,800	2,347
Engineering fees	17,412	20,000	(2,588)
Legal fees	2,206	10,000	(7,794)
Audit fees	9,493	9,500	(7)
Bank fees		100	(100)
Officers expenses	2,175	3,000	(825)
Postage and office supplies	5,603	4,500	1,103
Dues and subscriptions	3,091	2,000	1,091
Advertising	1,771	500	1,271
Maintenance and repairs	1,768	1,500	268
Training and seminars	1,794	3,000	(1,206)
Telephone	5,009	5,500	(491)
Rent, building	6,503	6,500	3
Auto allowance	561	350	211
Water and sewer	2,115	1,250	865
Computer support	22,200	23,000	(800)
Depreciation	2,206	1,528	678
Amortization of computer software	1,645	1,394	251
Uncollectible accounts		100	(100)
Other general expense	2,521	3,500	(979)
Total general and administrative expenses	287,717	296,017	(8,300)
Total operating expenses	2,525,642	2,596,956	(71,314)

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
SEWER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

(See independent auditor's report on supplementary information)

	Actual	Budget	Over (under) budget
Operating loss	\$ (161,147)	\$ (181,441)	\$ 20,294
Other income:			
Interest income	20,426	5,000	15,426
Health insurance rebate	24,263	20,000	4,263
Gain on sale of assets		2,500	(2,500)
Total other income	44,689	27,500	17,189
Loss before tapping fees and developer contributions	(116,458)	(153,941)	37,483
Tapping fees and developer contributions:			
Tapping fees	79,497	111,055	(31,558)
Developer contributions	197,293		197,293
Total tapping fees and developer contributions	276,790	111,055	165,735
Change in net position	160,332	\$ (42,886)	\$ 203,218
Net position:			
January 1	12,264,489		
December 31	\$ 12,424,821		

See notes to financial statements.