

**EAST COCALICO TOWNSHIP AUTHORITY**

**YEARS ENDED  
DECEMBER 31, 2020 AND 2019**



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

***EAST COCALICO TOWNSHIP AUTHORITY***

YEARS ENDED DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

	Page
Independent auditor's report	1-3
Required supplementary information - management's discussion and analysis (unaudited)	4-12
Basic financial statements:	
Statements of net position - proprietary fund	13-16
Statements of revenues, expenses and changes in fund net position - proprietary fund	17-24
Statements of cash flows - proprietary fund	25-28
Statements of net position - fiduciary fund	29
Statements of changes in fiduciary net position	30
Notes to financial statements	31-52
Other supplementary information:	
Statement of revenues, expenses and changes in fund net position - water division - actual vs budget	53-56
Statement of revenues, expenses and changes in fund net position - sewer division - actual vs budget	57-60



## Independent Auditor's Report

Members of the Board  
East Cocalico Township Authority  
Denver, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of East Cocalico Township Authority (the Authority) as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and aggregate remaining fund information of East Cocalico Township Authority as of December 31, 2020 and 2019, and the changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principles**

As discussed in Note 16 to the financial statements, in 2020 the Authority adopted Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 97, *Certain Component Unit Criteria*, and *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other 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 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 budgetary comparison 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 them.

*Brown Schultz Skidmore & Fritz*

Camp Hill, Pennsylvania  
June 22, 2021

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

**DECEMBER 31, 2020 and 2019**

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, 2020. 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 by \$27,999,826 at the close of the calendar year ended December 31, 2020 compared to \$27,415,680 for the previous year. This was an increase of 2.13% over the previous calendar year.

Total net position increased by \$584,146 (2.13%) for the year ended December 31, 2020 compared to \$965,975 (3.65%) for the year ended December 31, 2019. During 2020, total current and other assets decreased by \$821,124 compared to 2019 primarily due to a decrease of \$2,424,000 total certificates of deposit, net of an increase of \$1,083,144 in cash and cash equivalents associated with the water fund and an increase of \$250,408 in cash and cash equivalents associated with the sewer fund. During the same time period, total utility plant and equipment decreased by \$631,925 due primarily to additions of \$633,313 net of an increase of \$1,265,238 in overall accumulated depreciation. Overall, the Authority's total assets decreased by \$1,453,029 (4.48%) compared to the previous year.

ECTA's total deferred outflows of resources decreased \$14,670 for the year ended December 31, 2020 due to the refinancing of the Water Revenue Note, Series of 2017 with the issuance of the Water Revenue Note, Series of 2020 and the annual amortization expense associated with the deferred loss on refunding.

ECTA's total liability decreased \$2,051,865 (39.12%) during the year ended December 31, 2020 compared to a decrease of \$241,846 (4.41%) during the year ended December 31, 2019. The decrease in 2020 is mostly attributable to a \$2,015,000 decrease in long-term debt related to additional debt payments and the refinancing of the Water Revenue Note, Series of 2017 with the issuance of the Water Revenue Note, Series of 2020. The \$241,846 liability decrease in 2019 was mostly attributable a \$249,840 decrease in total unearned tapping fees, a \$60,000 decrease in long-term debt, a \$28,438 decrease in customer deposits and a \$92,575 increase in accounts payable.

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

DECEMBER 31, 2020 and 2019

### **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 revenues, expenses and changes in fund 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 presents 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 is similar to private sector income statements and provides 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 is 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 statement of cash flows also includes 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 this statement. 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, 2020 and 2019

### **Financial analysis – Proprietary funds**

Table 1  
Net Position

	Period ended		Increase (decrease)	
	12/31/2020	12/31/2019	Amount	Percentage
<b>Assets:</b>				
Current and other assets	\$ 8,633,296	\$ 9,454,420	\$ (821,124)	(8.69) %
Utility plant and equipment, net	22,313,897	22,945,822	(631,925)	(2.75)
<b>Total assets</b>	<b>30,947,193</b>	<b>32,400,242</b>	<b>(1,453,049)</b>	<b>(4.48)</b>
Deferred outflows of resources, deferred loss on refunding	245,817	260,487	(14,670)	(5.63)
<b>Total assets and deferred outflows of resources</b>	<b>\$ 31,193,010</b>	<b>\$ 32,660,729</b>	<b>\$(1,467,719)</b>	<b>(4.49) %</b>
<b>Liabilities:</b>				
Current liabilities	\$ 728,184	\$ 680,049	\$ 48,135	7.08 %
Long-term liabilities	2,465,000	4,565,000	(2,100,000)	(46.00)
<b>Total liabilities</b>	<b>3,193,184</b>	<b>5,245,049</b>	<b>(2,051,865)</b>	<b>(39.12)</b>
<b>Net position:</b>				
Invested in capital assets, net of related debt	19,986,496	18,614,093	1,372,403	7.37
Unrestricted	8,013,330	8,801,587	(788,257)	(8.96)
<b>Total net position</b>	<b>27,999,826</b>	<b>27,415,680</b>	<b>584,146</b>	<b>2.13</b>
<b>Total liabilities and net position</b>	<b>\$ 31,193,010</b>	<b>\$ 32,660,729</b>	<b>\$(1,467,719)</b>	<b>(4.49) %</b>



## ***EAST COCALICO TOWNSHIP AUTHORITY***

### MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2020 and 2019

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of ECTA exceeded liabilities by \$27,999,826 as of December 31, 2020. ECTA's net position increased by \$584,146 for the year ended December 31, 2020. The largest portion of total net position (71.38%) 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 \$8,013,330 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, 2020 as total net position grew by 2.13%.

ECTA placed into service a total of \$998,915 worth of capital assets during 2020. Major capital assets in the water division include \$144,500 associated with the water treatment facility including the purchase of 25 EDUs for \$88,325 for the disposal of the plant's wastewater. Other major capital assets in the water division include \$251,607 for work on Route 272 and Church St water main. Major capital assets in the sewer division included \$348,932 for work on Gehman Basin Sanitary Sewer Investigation and \$179,162 for work on the equipment storage garage. Also, a truck was purchased for \$32,794 and split evenly between the sewer and water divisions.

During 2020, there were additions to construction in progress of \$414,099. 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, 2019, current and other assets for the year ended December 31, 2020 decreased by \$821,124 (8.69%) due primarily to a decrease in certificates of deposit and an increase in cash and cash equivalents with both the water and sewer divisions. The Authority's total liabilities at the end of 2020 decreased by \$2,051,865 (39.12%) compared to the prior year ended December 31, 2019. This was primarily due a decrease in long-term debt related to additional debt payments and the refinancing of the Water Revenue Note, Series of 2017 with the issuance of the Water Revenue Note, Series of 2020.

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2020 and 2019

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 \$27,415,680 to \$27,999,826 as highlighted below:

Table 2  
Changes in Revenues, Expenses and Net Position

	Period ended		Increase (decrease)	
	12/31/2020	12/31/2019	Amount	Percentage
<b>Operating revenues, charges for services</b>	<b>\$ 3,718,878</b>	<b>\$ 3,691,851</b>	<b>\$ 27,027</b>	<b>0.73 %</b>
<b>Operating expenses:</b>				
Costs incurred for others	65,790	57,409	8,381	14.60
Operating and maintenance expenses	3,165,540	3,065,772	99,768	3.25
Transportation expenses	35,466	41,762	(6,296)	(15.08)
General and administrative expenses	514,569	484,245	30,324	6.26
<b>Total operating expenses</b>	<b>3,781,365</b>	<b>3,649,188</b>	<b>132,177</b>	<b>3.62</b>
<b>Operating income (loss)</b>	<b>(62,487)</b>	<b>42,663</b>	<b>(105,150)</b>	<b>246.47</b>
<b>Non-operating revenue (expenses):</b>				
Other income	199,652	267,911	(68,259)	(25.48)
Other deductions	(175,680)	(140,785)	(34,895)	24.79
<b>Total nonoperating revenue</b>	<b>23,972</b>	<b>127,126</b>	<b>(103,154)</b>	<b>(81.14)</b>
Income (loss) before tapping fees, capital contribution fees and developer contributions	(38,515)	169,789	(208,304)	(122.68)
<b>Tapping fees, capital contributions fees and developer contributions:</b>				
Tapping fees	595,605	690,197	(94,592)	(13.71)
Capital contribution fees	13,636	17,903	(4,267)	(23.83)
Developer contributions	13,420	88,086	(74,666)	(84.76)
<b>Total tapping fees, capital contributions fees and developer contributions</b>	<b>622,661</b>	<b>796,186</b>	<b>(173,525)</b>	<b>(21.79)</b>
<b>Increase in net position</b>	<b>584,146</b>	<b>965,975</b>	<b>(381,829)</b>	<b>(39.53)</b>
<b>Total net position:</b>				
Beginning of year	27,415,680	26,449,705	965,975	3.65
<b>End of year</b>	<b>\$ 27,999,826</b>	<b>\$ 27,415,680</b>	<b>\$ 584,146</b>	<b>2.13 %</b>

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

DECEMBER 31, 2020 and 2019

### **Review of operations**

#### *Operating revenues*

Comparing the years ended December 31, 2020 and 2019, operating revenues increased by \$27,027 (0.73%) from the beginning to the end of 2020. The majority of the change is attributable to an increase in the water and sewer utility rents. In 2015, the water division began paying utility rents to the sewer division for wastewater produced by the new water treatment plant. Included in the sewer division's 2020 operating revenue is \$54,371 associated with these rents.

#### *Operating expenses*

Comparing the periods ended December 31, 2020 and 2019, overall operating expenses increased by \$132,177 (3.62%). Items contributing to this change include an increase in salaries and wages of \$55,387 (8.89%), sewer treatment costs of \$35,954 (5.57%) and purchase of meters of \$14,651 (89.34%).

#### *Total income (loss) before tapping fees, capital contribution fees and developer contributions*

Operating revenues along with other income totaled \$3,918,530 for the year ended December 31, 2020. Corresponding operating expenses and other deductions totaled \$3,957,045 for the same time period. This resulted in loss before tapping fees, capital contribution fees and developer contributions of \$38,515 compared to a gain of \$169,789 for the year ended December 31, 2019.

#### *Tapping fees*

For the year ended December 31, 2020, compared to the year ended December 31, 2019, overall tapping fees decreased by \$94,592 (13.71%). Looking closer at this number, water tapping fees decreased by \$173,878 (40.65%) in 2020, which fluctuates year over year based on water capacity requested by residents. Additionally, sewer tapping fees increased by \$79,286 (30.21%) due to an increase in additional sewer capacity requested by local businesses and residential development.

#### *Capital contribution fees, capital contribution fees and developer contributions*

During 2020, the Authority received \$27,056 in capital contribution fees and noncash developer contributions. In 2019, capital contribution fees and noncash developer contributions totaled \$105,989. Included in the 2020 and 2019 amount are funds totaling \$13,636 and \$17,903, 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 \$13,420 in 2020 and \$88,086 in 2019 were received in the form of contributed water and sewer lines.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2020 and 2019

#### **Utility plant and equipment and debt administration**

Table 3  
Utility Plant and Equipment  
(Net of Depreciation)

	Period ended		Increase (decrease)	
	12/31/2020	12/31/2019	Amount	Percentage
Land and land rights	\$ 929,690	\$ 929,690		
Construction in progress	1,225,855	1,591,457	\$ (365,602)	(22.97) %
Water distribution system	13,495,531	13,758,822	(263,291)	(1.91)
Sewer collection system	6,315,084	6,494,356	(179,272)	(2.76)
Buildings	200,542	28,008	172,534	616.02
Machinery and equipment	73,006	86,024	(13,018)	(15.13)
Office furniture and fixtures	55,349	41,362	13,987	33.82
Trucks and cars	1,002	1,238	(236)	(19.06)
Computer hardware	17,838	14,865	2,973	20.00
Total utility plant and equipment, net of depreciation	<u>\$ 22,313,897</u>	<u>\$ 22,945,822</u>	<u>\$ (631,925)</u>	<u>(2.75) %</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 decreased \$631,925 (2.75%) between December 31, 2019 and December 31, 2020. As of December 31, 2020, utility plant and equipment totaled \$22,313,897 (net of accumulated depreciation) compared to \$22,945,822 (net of accumulated depreciation) at the close of the year ended December 31, 2019. Construction in progress decreased by \$365,602 (22.97%). In 2020, capital assets (net of accumulated depreciation) related to the water distribution system decreased by \$263,291 (1.91%), due primarily to accumulated depreciation. Capital assets in the sewer collection system decreased by \$179,272 (2.76%) due primarily to accumulated depreciation. 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, 2020 and 2019

#### ***Debt***

As of December 31, 2020, the Authority's water division had debt in the amount of \$2,615,000 from the Water Revenue Note - Series of 2020. Proceeds from this note issue were used to current refund the Water Revenue Bonds, Series of 2017. There was no debt associated with the sewer division in 2020.

#### ***Current debt***

As of December 31, 2020, 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 division as of December 31, 2020.

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 457 Defined Contribution Pension Plan. The total fund balance of the fiduciary funds is \$1,412,720. The Authority's plan represents 100% of that amount. In 2020, the net position of the pension trust fund decreased by \$47,485. The change is related to benefit payments in 2020.

#### **Overall financial position**

The overall financial position of ECTA improved during the calendar year ended December 31, 2020. Total net position increased by \$584,146. The Authority was free of long-term debt in its sewer division, while the water division holds \$2,615,000 in debt from the Water Revenue Note - Series of 2020.

#### **New year's budgets and rates**

For the calendar year ending December 31, 2021, the East Cocalico Township Authority Board adopted a sewer budget projecting \$191,566 in net income before extraordinary items and requiring no increase in sewer rates. On the water side, the budget was approved with a projected year-end net income of \$184,067 before extraordinary items and requiring no increase in water rates.

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 2021 water rate is \$6.85 per thousand gallons. The 2021 sewer rate is \$12.10 per thousand gallons and is based on total water usage. There is a flat rate sewer charge of \$157.30 per quarter for customers that are not connected to public water but discharge sewage into the ECTA collection system.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

DECEMBER 31, 2020 and 2019

#### **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](http://www.eastcocalicotownshipauthority.com) to learn more about ECTA.

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## STATEMENTS OF NET POSITION – PROPRIETARY FUND DECEMBER 31, 2020

### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2020		
	Water division	Sewer division	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 2,932,170	\$ 4,249,309	\$ 7,181,479
Certificates of deposit		248,000	248,000
Receivables:			
From customers	273,444	443,525	716,969
From others	73	216,433	216,506
Note receivable	3,072		3,072
Internal balances	2,919	(2,919)	-
Prepaid:			
Insurance	8,429	8,429	16,858
Other	500	500	1,000
<b>Total current assets</b>	<b>3,220,607</b>	<b>5,163,277</b>	<b>8,383,884</b>
Current restricted assets, cash and cash equivalents	99,090	108,540	207,630
<b>Utility plant and equipment, at cost:</b>			
Land and land rights	698,202	231,488	929,690
Water distribution system	24,892,991		24,892,991
Sewer collection system		18,097,823	18,097,823
Buildings	45,116	225,286	270,402
Machinery and equipment	231,226	93,308	324,534
Trucks and cars	115,659	115,660	231,319
Office furniture and fixtures	18,288	16,127	34,415
Computer hardware	39,648	18,518	58,166
Construction in progress	1,052,312	173,543	1,225,855
	27,093,442	18,971,753	46,065,195
Less accumulated depreciation	(11,730,367)	(12,020,931)	(23,751,298)
<b>Total utility plant and equipment</b>	<b>15,363,075</b>	<b>6,950,822</b>	<b>22,313,897</b>
Other assets, computer software, net of amortization of \$68,266 and \$58,691, respectively	36,189	5,593	41,782
<b>Total assets</b>	<b>18,718,961</b>	<b>12,228,232</b>	<b>30,947,193</b>
Deferred outflows of resources, deferred loss on refunding	245,817		245,817
<b>Total assets and deferred outflows of resources</b>	<b>\$ 18,964,778</b>	<b>\$ 12,228,232</b>	<b>\$ 31,193,010</b>

See notes to financial statements.

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF NET POSITION – PROPRIETARY FUND  
DECEMBER 31, 2020

LIABILITIES AND NET POSITION

	2020		
	Water division	Sewer division	Total
<b>Current liabilities:</b>			
Accounts payable:			
Trade	\$ 62,624	\$ 74,149	\$ 136,773
Employee taxes withheld and unremitted	1,914		1,914
Accrued expenses	19,629	16,360	35,989
Unearned tapping fees	114,438	81,440	195,878
Current portion of revenue note	150,000		150,000
<b>Total current liabilities</b>	<b>348,605</b>	<b>171,949</b>	<b>520,554</b>
Current liabilities, payable from restricted assets, customer deposits	99,090	108,540	207,630
Long-term debt, net of current portion, revenue note	2,465,000		2,465,000
<b>Total liabilities</b>	<b>2,912,695</b>	<b>280,489</b>	<b>3,193,184</b>
<b>Net position:</b>			
Invested in capital assets, net of related debt	13,030,081	6,956,415	19,986,496
Unrestricted	3,022,002	4,991,328	8,013,330
<b>Total net position</b>	<b>16,052,083</b>	<b>11,947,743</b>	<b>27,999,826</b>
<b>Total liabilities and net position</b>	<b>\$ 18,964,778</b>	<b>\$ 12,228,232</b>	<b>\$ 31,193,010</b>

See notes to financial statements.



# ***EAST COCALICO TOWNSHIP AUTHORITY***

## STATEMENTS OF NET POSITION – PROPRIETARY FUND DECEMBER 31, 2019

### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2019		
	Water division	Sewer division	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,849,026	\$ 3,998,901	\$ 5,847,927
Certificates of deposit	729,000	1,943,000	2,672,000
Receivables:			
From customers	251,096	404,644	655,740
From others	153		153
Note receivable	4,489		4,489
Prepaid:			
Insurance	7,909	7,908	15,817
Other	400	400	800
<b>Total current assets</b>	<b>2,842,073</b>	<b>6,354,853</b>	<b>9,196,926</b>
Current restricted assets, cash and cash equivalents	92,663	127,047	219,710
<b>Utility plant and equipment, at cost:</b>			
Land and land rights	698,202	231,488	929,690
Water distribution system	24,496,884		24,496,884
Sewer collection system		17,717,420	17,717,420
Buildings	45,116	46,124	91,240
Machinery and equipment	231,226	93,308	324,534
Trucks and cars	108,656	108,657	217,313
Office furniture and fixtures	18,288	16,127	34,415
Computer hardware	34,423	13,294	47,717
Construction in progress	1,156,669	434,788	1,591,457
	26,789,464	18,661,206	45,450,670
Less accumulated depreciation	(11,052,131)	(11,452,717)	(22,504,848)
<b>Total utility plant and equipment</b>	<b>15,737,333</b>	<b>7,208,489</b>	<b>22,945,822</b>
Other assets, computer software, net of amortization of \$37,804 and \$20,887, respectively	34,634	3,150	37,784
<b>Total assets</b>	<b>18,706,703</b>	<b>13,693,539</b>	<b>32,400,242</b>
Deferred outflows of resources, deferred loss on refunding	260,487		260,487
<b>Total assets and deferred outflows of resources</b>	<b>\$ 18,967,190</b>	<b>\$ 13,693,539</b>	<b>\$ 32,660,729</b>

See notes to financial statements.

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF NET POSITION – PROPRIETARY FUND  
DECEMBER 31, 2019

LIABILITIES AND NET POSITION

	2019		
	Water division	Sewer division	Total
<b>Current liabilities:</b>			
Accounts payable:			
Trade	\$ 192,764	\$ 72,654	\$ 265,418
Employee taxes withheld and unremitted	1,989		1,989
Accrued expenses	23,272	12,457	35,729
Unearned tapping fees	55,185	37,018	92,203
Current portion of revenue note	65,000		65,000
<b>Total current liabilities</b>	<b>338,210</b>	<b>122,129</b>	<b>460,339</b>
Current liabilities, payable from restricted assets, customer deposits	92,663	127,047	219,710
Long-term debt, net of current portion, revenue note	4,565,000		4,565,000
<b>Total liabilities</b>	<b>4,995,873</b>	<b>249,176</b>	<b>5,245,049</b>
<b>Net position:</b>			
Invested in capital assets, net of related debt	11,402,454	7,211,639	18,614,093
Unrestricted	2,568,863	6,232,724	8,801,587
<b>Total net position</b>	<b>13,971,317</b>	<b>13,444,363</b>	<b>27,415,680</b>
<b>Total liabilities and net position</b>	<b>\$ 18,967,190</b>	<b>\$ 13,693,539</b>	<b>\$ 32,660,729</b>

See notes to financial statements.

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2020

	Water division	Sewer division	Total
<b>Operating revenue:</b>			
Utility rents	\$ 1,388,398	\$ 2,163,330	\$ 3,551,728
Fire hydrant rent	61,740		61,740
Penalties on late payments	2,158	4,308	6,466
Inspection fees	11,038	15,396	26,434
Review fees	2,150	2,150	4,300
Miscellaneous	5,872	1,921	7,793
	<u>1,471,356</u>	<u>2,187,105</u>	<u>3,658,461</u>
 Meters and reimbursed construction income:			
Sale of meters	21,190		21,190
Material sales	3,617		3,617
Legal fees	674	674	1,348
Engineering fees	14,940	17,952	32,892
Labor sales	1,033	337	1,370
	<u>41,454</u>	<u>18,963</u>	<u>60,417</u>
 Total meters and reimbursed construction income			
	<u>41,454</u>	<u>18,963</u>	<u>60,417</u>
 <b>Total operating revenue</b>	<b><u>1,512,810</u></b>	<b><u>2,206,068</u></b>	<b><u>3,718,878</u></b>
 <b>Operating expenses:</b>			
Meters and costs incurred for others:			
Purchases:			
Meters	31,050		31,050
Sub-contractor	500		500
Legal costs	674	674	1,348
Engineering costs	14,940	17,952	32,892
	<u>47,164</u>	<u>18,626</u>	<u>65,790</u>
 Total meters and costs incurred for others			
	<u>47,164</u>	<u>18,626</u>	<u>65,790</u>

(continued)

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
PROPRIETARY FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020

	Water division	Sewer division	Total
<b>Operating expenses (continued):</b>			
Operating and maintenance:			
Salaries and wages:			
Supervision	\$ 81,871	\$ 81,871	\$ 163,742
Other	141,312	141,312	282,624
Payroll taxes	16,756	16,756	33,512
Pension	10,793	10,793	21,586
Workers' compensation insurance	3,448	3,448	6,896
Insurance	8,607	8,607	17,214
Employee group insurance	42,793	42,793	85,586
Maintenance:			
Building	4,514	75	4,589
Contents	23,252	23,238	46,490
Field items	13,350	20,707	34,057
Permit fees	10,700		10,700
Repairs to machinery and equipment	1,410	1,399	2,809
Sewer treatment costs, Ephrata/Adamstown		681,587	681,587
Sewer interceptor costs, Ephrata		8,958	8,958
Sewer debt service costs, Ephrata		239,161	239,161
Contracted services	6,711	342	7,053
Sewer charges, WTP	54,371		54,371
Electric	82,343	19,718	102,061
Laboratory testing	55,315	3,152	58,467
Chemicals	45,708		45,708
Certification	494	339	833
Telemetry		6,050	6,050
Auto allowance	17	17	34
Depreciation	672,110	566,608	1,238,718
Other operating expense	7,474	5,260	12,734
Total operating and maintenance	1,283,349	1,882,191	3,165,540

(continued)

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
PROPRIETARY FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020

	Water division	Sewer division	Total
<b>Operating expenses (continued):</b>			
Transportation expenses:			
Gasoline and motor oil	\$ 4,440	\$ 4,440	\$ 8,880
Repairs and service	1,625	1,625	3,250
Insurance	2,264	2,264	4,528
Depreciation	9,404	9,404	18,808
Total transportation expenses	17,733	17,733	35,466
General and administrative expenses:			
Salaries and wages, clerical	116,129	116,132	232,261
Payroll taxes	8,606	8,606	17,212
Pension	4,666	4,666	9,332
Insurance	1,936	1,936	3,872
Employee group insurance	29,929	29,929	59,858
Engineering fees	16,416	17,016	33,432
Legal fees	11,836	2,465	14,301
Audit fees	9,125	9,125	18,250
Bank fees	125	368	493
Officers expenses	2,700	2,700	5,400
Postage and office supplies	4,751	4,751	9,502
Dues and subscriptions	2,575	2,485	5,060
Public emergency notification	1,164		1,164
Advertising	3,277	3,277	6,554
Maintenance and repairs	1,767	1,767	3,534
Training and seminars	972	787	1,759
Telephone	4,890	4,890	9,780
Rent, building	6,375	6,375	12,750
Auto allowance	245	245	490
Water and sewer	5,715	1,257	6,972
Computer support	20,268	20,268	40,536
Depreciation	6,115	1,597	7,712
Amortization of computer software	8,314	1,261	9,575
Uncollectible accounts	62		62
Other general expense	2,354	2,354	4,708
Total general and administrative expenses	270,312	244,257	514,569
<b>Total operating expenses</b>	<b>1,618,558</b>	<b>2,162,807</b>	<b>3,781,365</b>

(continued)

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
PROPRIETARY FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020

	Water division	Sewer division	Total
<b>Operating income (loss)</b>	<b>\$ (105,748)</b>	<b>\$ 43,261</b>	<b>\$ (62,487)</b>
<b>Other income:</b>			
Interest income	31,783	87,271	119,054
T-Mobile rent	24,020		24,020
Health insurance rebate	25,700	25,700	51,400
Gain on sale of assets	2,589	2,589	5,178
<b>Total other income</b>	<b>84,092</b>	<b>115,560</b>	<b>199,652</b>
<b>Other deductions:</b>			
Interest expense	61,803		61,803
Note issuance costs	99,207		99,207
Amortization of deferred loss on refunding	14,670		14,670
<b>Total other deductions</b>	<b>175,680</b>		<b>175,680</b>
Income (loss) before tapping fees, capital contribution fees, developer contributions and transfers	(197,336)	158,821	(38,515)
<b>Tapping fees, capital contribution fees, developer contributions and transfers:</b>			
Tapping fees	253,851	341,754	595,605
Capital contribution fees	13,636		13,636
Developer contributions	10,615	2,805	13,420
Transfers	2,000,000	(2,000,000)	-
<b>Total tapping fees, capital contribution fees, developer contributions and transfers</b>	<b>2,278,102</b>	<b>(1,655,441)</b>	<b>622,661</b>
<b>Increase (decrease) in net position</b>	<b>2,080,766</b>	<b>(1,496,620)</b>	<b>584,146</b>
<b>Net position:</b>			
January 1	13,971,317	13,444,363	27,415,680
<b>December 31</b>	<b>\$ 16,052,083</b>	<b>\$ 11,947,743</b>	<b>\$ 27,999,826</b>

(continued)

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
PROPRIETARY FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019

	Water division	Sewer division	Total
<b>Operating revenue:</b>			
Utility rents	\$ 1,332,927	\$ 2,171,933	\$ 3,504,860
Fire hydrant rent	59,580		59,580
Capacity reserve	3,203		3,203
Penalties on late payments	7,973	14,838	22,811
Inspection fees	9,482	16,599	26,081
Review fees	250	1,400	1,650
Miscellaneous	4,797	1,522	6,319
	<u>1,418,212</u>	<u>2,206,292</u>	<u>3,624,504</u>
 Meters and reimbursed construction income:			
Sale of meters	21,054		21,054
Material sales	1,921	315	2,236
Legal fees	1,139	2,680	3,819
Engineering fees	17,124	19,277	36,401
Labor sales	2,060	1,059	3,119
Sub-contractor		718	718
	<u>43,298</u>	<u>24,049</u>	<u>67,347</u>
Total meters and reimbursed construction income			
	<u>1,461,510</u>	<u>2,230,341</u>	<u>3,691,851</u>
<b>Operating expenses:</b>			
Meters and costs incurred for others:			
Purchases:			
Meters	16,399		16,399
Sub-contractor		718	718
Legal costs	1,139	2,680	3,819
Engineering costs	17,124	19,277	36,401
Reimbursable costs	72		72
	<u>34,734</u>	<u>22,675</u>	<u>57,409</u>
Total meters and costs incurred for others			

(continued)

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
PROPRIETARY FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019

	Water division	Sewer division	Total
<b>Operating expenses (continued):</b>			
Operating and maintenance:			
Salaries and wages:			
Supervision	\$ 79,308	\$ 79,308	\$ 158,616
Other	128,645	128,645	257,290
Payroll taxes	16,236	16,236	32,472
Pension	8,854	8,854	17,708
Workers' compensation insurance	4,123	4,123	8,246
Insurance	8,803	8,803	17,606
Employee group insurance	44,411	44,411	88,822
Maintenance:			
Building	2,690	616	3,306
Contents	23,436	8,761	32,197
Field items	27,356	18,680	46,036
Telemetry	2,250		2,250
Permit fees	10,578	53	10,631
Repairs to machinery and equipment	1,038	862	1,900
Sewer treatment costs, Ephrata/Adamstown		645,633	645,633
Sewer interceptor costs, Ephrata		12,967	12,967
Sewer debt service costs, Ephrata		245,075	245,075
Contracted services	5,847	1,720	7,567
Sewer charges, WTP	47,238		47,238
Electric	89,255	21,781	111,036
Laboratory testing	32,537	3,216	35,753
Chemicals	39,716		39,716
Certification	1,161	907	2,068
Telemetry		5,736	5,736
Auto allowance	80	80	160
Depreciation	665,873	558,132	1,224,005
Other operating expense	7,413	4,325	11,738
Total operating and maintenance	1,246,848	1,818,924	3,065,772

(continued)



***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
PROPRIETARY FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019

	Water division	Sewer division	Total
<b>Operating expenses (continued):</b>			
Transportation expenses:			
Gasoline and motor oil	\$ 5,753	\$ 5,753	\$ 11,506
Repairs and service	5,553	5,553	11,106
Insurance	2,084	2,084	4,168
Depreciation	7,491	7,491	14,982
Total transportation expenses	20,881	20,881	41,762
General and administrative expenses:			
Salaries and wages, clerical	103,667	103,667	207,334
Payroll taxes	7,789	7,788	15,577
Pension	5,082	5,082	10,164
Insurance	1,925	1,925	3,850
Employee group insurance	31,654	31,654	63,308
Engineering fees	19,547	22,564	42,111
Legal fees	6,191	3,509	9,700
Audit fees	8,925	8,925	17,850
Bank fees	1,130	2,949	4,079
Officers expenses	2,450	2,450	4,900
Postage and office supplies	3,604	3,604	7,208
Dues and subscriptions	2,537	2,537	5,074
Public emergency notification	1,201		1,201
Advertising	130	134	264
Maintenance and repairs	1,504	1,504	3,008
Training and seminars	2,058	1,783	3,841
Telephone	5,107	5,107	10,214
Rent, building	6,375	6,375	12,750
Auto allowance	307	307	614
Water and sewer	5,345	591	5,936
Computer support	19,787	19,787	39,574
Depreciation	5,224	747	5,971
Amortization of computer software	6,110	53	6,163
Other general expense	1,777	1,777	3,554
Total general and administrative expenses	249,426	234,819	484,245
<b>Total operating expenses</b>	<b>1,551,889</b>	<b>2,097,299</b>	<b>3,649,188</b>

(continued)

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUND (CONTINUED) YEAR ENDED DECEMBER 31, 2019

	Water division	Sewer division	Total
<b>Operating income (loss)</b>	<b>\$ (90,379)</b>	<b>\$ 133,042</b>	<b>\$ 42,663</b>
<b>Other income:</b>			
Interest income	47,977	145,467	193,444
T-Mobile rent	23,321		23,321
Health insurance rebate	25,573	25,573	51,146
<b>Total other income</b>	<b>96,871</b>	<b>171,040</b>	<b>267,911</b>
<b>Other deductions:</b>			
Interest expense	129,913		129,913
Amortization of deferred loss on refunding	10,872		10,872
<b>Total other deductions</b>	<b>140,785</b>		<b>140,785</b>
Income (loss) before tapping fees, capital contribution fees and developer contributions	(134,293)	304,082	169,789
<b>Tapping fees, capital contribution fees and developer contributions:</b>			
Tapping fees	427,729	262,468	690,197
Capital contribution fees	17,903		17,903
Developer contributions		88,086	88,086
<b>Total tapping fees, capital contribution fees and developer contributions</b>	<b>445,632</b>	<b>350,554</b>	<b>796,186</b>
<b>Increase in net position</b>	<b>311,339</b>	<b>654,636</b>	<b>965,975</b>
<b>Net position:</b>			
January 1	13,659,978	12,789,727	26,449,705
<b>December 31</b>	<b>\$ 13,971,317</b>	<b>\$ 13,444,363</b>	<b>\$ 27,415,680</b>

See notes to financial statements.

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## STATEMENTS OF CASH FLOWS - PROPRIETARY FUND YEAR ENDED DECEMBER 31, 2020

	Water division	Sewer division	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 1,494,030	\$ 1,935,166	\$ 3,429,196
Payments for:			
Supplies and other operating activities	(714,117)	(1,243,748)	(1,957,865)
Salaries and wages	(335,410)	(335,412)	(670,822)
<b>Net cash provided by operating activities</b>	<b>444,503</b>	<b>356,006</b>	<b>800,509</b>
<b>Cash flows from noncapital financing activities:</b>			
Tapping fees received	313,104	386,176	699,280
Capital contribution fees	13,636		13,636
T-Mobile rent	24,020		24,020
Health insurance rebate	25,700	25,700	51,400
<b>Net cash provided by noncapital financing activities</b>	<b>376,460</b>	<b>411,876</b>	<b>788,336</b>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of:			
Utility plant and equipment	(302,756)	(317,137)	(619,893)
Computer software	(9,869)	(3,704)	(13,573)
Proceeds on sale of assets	2,589	2,589	5,178
Transfers between funds	2,000,000	(2,000,000)	-
Principal paid on note	(2,120,000)		(2,120,000)
Interest and fiscal charges paid on notes	(63,556)		(63,556)
<b>Net cash used in capital and related financing activities</b>	<b>(493,592)</b>	<b>(2,318,252)</b>	<b>(2,811,844)</b>
<b>Cash flows from investing activities:</b>			
Interest income	31,783	87,271	119,054
Note receivable principal payments	1,417		1,417
Net sales of certificates of deposit	729,000	1,695,000	2,424,000
<b>Net cash provided by investing activities</b>	<b>762,200</b>	<b>1,782,271</b>	<b>2,544,471</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,089,571</b>	<b>231,901</b>	<b>1,321,472</b>
<b>Cash and cash equivalents (including restricted):</b>			
Beginning of year	1,941,689	4,125,948	6,067,637
<b>End of year</b>	<b>\$ 3,031,260</b>	<b>\$ 4,357,849</b>	<b>\$ 7,389,109</b>
<b>Reconciliation with financial statements:</b>			
Unrestricted cash and cash equivalents	\$ 2,932,170	\$ 4,249,309	\$ 7,181,479
Restricted cash and cash equivalents	99,090	108,540	207,630
<b>Total cash and cash equivalents</b>	<b>\$ 3,031,260</b>	<b>\$ 4,357,849</b>	<b>\$ 7,389,109</b>

(continued)

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## STATEMENTS OF CASH FLOWS - PROPRIETARY FUND (CONTINUED) YEAR ENDED DECEMBER 31, 2020

	Water division	Sewer division	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (105,748)	\$ 43,261	\$ (62,487)
Adjustments:			
Depreciation	687,629	577,609	1,265,238
Amortization	8,314	1,261	9,575
Changes in assets and liabilities:			
(Increase) decrease in:			
Receivables:			
Customers	(22,348)	(38,881)	(61,229)
Others	80	(216,433)	(216,353)
Prepaid:			
Insurance	(520)	(521)	(1,041)
Other	(100)	(100)	(200)
Internal balances	(2,919)	2,919	-
Increase (decrease) in:			
Accounts payable:			
Trade	(130,140)	1,495	(128,645)
Employee taxes	(75)		(75)
Accrued expenses	3,903	3,903	7,806
Customer deposits	6,427	(18,507)	(12,080)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net cash provided by operating activities</b>	<b><u>    \$ 444,503    </u></b>	<b><u>    \$ 356,006    </u></b>	<b><u>    \$ 800,509    </u></b>
Supplemental schedule of noncash capital and related financing activities:			
Refunding of Water Revenue Bonds, Series of 2017:			
Principal	\$ (2,630,000)		\$ (2,630,000)
Deferred loss on refunding	250,976		250,976
Issuance of Water Revenue Bonds, Series of 2020:			
Principal	2,735,000		2,735,000
Deferred loss on refunding	(250,976)		(250,976)
Note issuance costs	(99,207)		(99,207)
Developer contributions	10,615	\$ 2,805	13,420

See notes to financial statements.

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## STATEMENTS OF CASH FLOWS - PROPRIETARY FUND YEAR ENDED DECEMBER 31, 2019

	Water division	Sewer division	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 1,448,165	\$ 2,224,866	\$ 3,673,031
Payments for supplies and other operating activities	(417,044)	(1,264,647)	(1,681,691)
Payments for salaries and wages	(309,686)	(309,686)	(619,372)
<b>Net cash provided by operating activities</b>	<b>721,435</b>	<b>650,533</b>	<b>1,371,968</b>
<b>Cash flows from noncapital financing activities:</b>			
Tapping fees received	199,978	240,379	440,357
Capital contribution fees	17,903		17,903
T-Mobile rent	23,321		23,321
Health insurance rebate	25,573	25,573	51,146
<b>Net cash provided by noncapital financing activities</b>	<b>266,775</b>	<b>265,952</b>	<b>532,727</b>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of:			
Utility plant and equipment	(446,607)	(347,259)	(793,866)
Computer software	(12,562)	(3,203)	(15,765)
Principal paid on note	(60,000)		(60,000)
Interest paid on note	(129,924)		(129,924)
<b>Net cash used in capital and related financing activities</b>	<b>(649,093)</b>	<b>(350,462)</b>	<b>(999,555)</b>
<b>Cash flows from investing activities:</b>			
Interest income	47,977	145,467	193,444
Issuance of note receivable	(4,489)		(4,489)
Net sales of certificates of deposit	737,000	2,690,000	3,427,000
<b>Net cash provided by investing activities</b>	<b>780,488</b>	<b>2,835,467</b>	<b>3,615,955</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,119,605</b>	<b>3,401,490</b>	<b>4,521,095</b>
<b>Cash and cash equivalents (including restricted):</b>			
Beginning of year	822,084	724,458	1,546,542
<b>End of year</b>	<b>\$ 1,941,689</b>	<b>\$ 4,125,948</b>	<b>\$ 6,067,637</b>
<b>Reconciliation with financial statements:</b>			
Unrestricted cash	\$ 1,849,026	\$ 3,998,901	\$ 5,847,927
Restricted cash	92,663	127,047	219,710
<b>Total cash and cash equivalents</b>	<b>\$ 1,941,689</b>	<b>\$ 4,125,948</b>	<b>\$ 6,067,637</b>

(continued)

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019

	Water division	Sewer division	Total
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (90,379)	\$ 133,042	\$ 42,663
Adjustments:			
Depreciation	678,588	566,370	1,244,958
Amortization	6,110	53	6,163
Changes in assets and liabilities:			
(Increase) decrease in:			
Receivables:			
Customers	(1,555)	9,963	8,408
Others	1,210		1,210
Prepaid:			
Insurance	680	681	1,361
Other	(400)	(400)	(800)
Increase (decrease) in:			
Accounts payable:			
Trade	138,092	41,484	179,576
Other		(87,156)	(87,156)
Employee taxes	155		155
Accrued expenses	1,934	1,934	3,868
Customer deposits	(13,000)	(15,438)	(28,438)
<b>Net cash provided by operating activities</b>	<b>\$ 721,435</b>	<b>\$ 650,533</b>	<b>\$ 1,371,968</b>
Supplemental schedule of noncash capital and related financing activities, developer contributions		\$ 88,086	\$ 88,086

See notes to financial statements.

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF NET POSITION – FIDUCIARY FUND  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	457 Defined Contribution Pension Plan	
	2020	2019 (as restated)
Assets, investments	<u>\$ 1,412,720</u>	<u>\$ 1,460,205</u>
Net position, held in trust for pension benefits	<u>\$ 1,412,720</u>	<u>\$ 1,460,205</u>

See notes to financial statements.

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
YEARS ENDED DECEMBER 31, 2020 AND 2019

	457 Defined Contribution Pension Plan	
	2020	2019 (as restated)
<b>Additions:</b>		
Contributions, employer and employee	\$ 81,437	\$ 73,821
Net appreciation in fair value of investments	146,166	223,894
<b>Total additions</b>	<b>227,603</b>	<b>297,715</b>
<b>Deductions:</b>		
Benefits paid	274,828	21,558
Administrative fees	260	240
<b>Total deductions</b>	<b>275,088</b>	<b>21,798</b>
<b>Net increase (decrease) in plan assets</b>	<b>(47,485)</b>	<b>275,917</b>
<b>Net position held in trust:</b>		
Beginning of year	1,460,205	1,184,288
<b>End of year</b>	<b>\$ 1,412,720</b>	<b>\$ 1,460,205</b>

See notes to financial statements.



## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **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 nine 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 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, 2020 and 2019

#### **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 non-operating 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. Non-operating 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.

##### *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.

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.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

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

##### *Net position classifications:*

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 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.

##### *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 state at fair value.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

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

##### *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.

##### *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, 2020 and 2019 was \$14,670 and \$10,872, respectively.

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019**

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

#### *Deferred outflows of resources:*

The statements of net position – proprietary fund 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 report in this category; it is deferred charge on refunding report in the statements of net position – proprietary fund. 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.

#### *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 fund, 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.

#### *New GASB statements:*

For the year ended December 31, 2020, the Authority implemented the following:

GASB Statement No. 84, *Fiduciary Activities*. The Statement revises criteria for identifying fiduciary activities for the Authority.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement was to simplify accounting for interest cost incurred before the end of a construction period.

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019**

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

#### *New GASB statements:*

GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The provisions of GASB Statement No. 97 related to (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans or other employee benefit plans and (2) that limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, were effective immediately.

#### *Pending GASB statements:*

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions of GASB Statement No. 87 are effective for the Authority's December 31, 2022 financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The provisions of GASB Statement No. 91 are effective for the Authority's December 31, 2022 financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of GASB Statement No. 92 are effective for the Authority's December 31, 2022 financial statements.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **1. Nature of organization and summary of significant accounting policies (continued):**

##### *Pending GASB statements:*

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The provisions of GASB Statement No. 93 are effective for the Authority's December 31, 2022 financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The provisions of GASB Statement No. 94 are effective for the Authority's December 31, 2023 financial 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 (SBITAs) for government end users (governments). The provisions of GASB Statement No. 92 are effective for the Authority's December 31, 2023 financial statements.

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

#### **2. 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.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **2. Deposits and investments (continued):**

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 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, 2020 and 2019

#### **2. Deposits and investments (continued):**

Cash, cash equivalents, certificates of deposit and investments as of December 31, 2020 and 2019 are classified in the accompanying financial statements as follows:

	<u>2020</u>	<u>2019</u>
Statements of net position, proprietary funds:		
Cash and cash equivalents	\$ 7,181,479	\$ 5,847,927
Certificates of deposit	248,000	2,672,000
Restricted cash and cash equivalents	207,630	219,710
Statements of fiduciary net position, pension trust fund	<u>1,412,720</u>	<u>1,460,205</u>
	<u>\$ 9,049,829</u>	<u>\$ 10,199,842</u>

Cash, cash equivalents, certificates of deposit and investments as of December 31, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Water division:		
Cash on hand	\$ 50	\$ 50
Deposits with financial institutions	456,717	312,532
PLGIT:		
State investment pool	2,574,493	1,629,107
Certificates of deposit	<u>729,000</u>	<u>729,000</u>
Total water division	<u>3,031,260</u>	<u>2,670,689</u>
Sewer division:		
Deposits with financial institutions	222,976	167,351
PLGIT:		
State investment pool	4,134,873	3,958,597
Certificates of deposit	<u>248,000</u>	<u>1,943,000</u>
Total sewer division	<u>4,605,849</u>	<u>6,068,948</u>
Pension trust fund, Level 1, equities	<u>1,412,720</u>	<u>1,460,205</u>
Total cash, cash equivalents, certificates of deposit and equities	<u>\$ 9,049,829</u>	<u>\$ 10,199,842</u>

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **2. 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, 2020, \$419,490 of the Authority's bank balance of \$706,336 was not covered by the Federal Deposit Insurance Corporation, but was collateralized in accordance with Act 72. As of December 31, 2019, \$220,214 of the Authority's bank balance of \$507,710 was not covered by the Federal Deposit Insurance Corporation, but was collateralized in accordance with Act 72. This Act 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>2020</u>	<u>2019</u>
Deposits:		
Collateral held by pledging bank under Act 72 but not in the Authority's name	\$ 419,490	\$ 220,214
Insured by Federal Deposit Insurance Corporation	286,846	287,496
Outstanding checks	(89,819)	(114,716)
Deposits in transit	63,176	86,889
Petty cash	<u>50</u>	<u>50</u>
Total deposits	<u>\$ 679,743</u>	<u>\$ 479,933</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.

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, 2020 and 2019, PLGIT carries an AAAM rating and has an average maturity of less than one year.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **2. Deposits and investments (continued):**

##### *External investment pool:*

The Authority has the following recurring amortized cost measurement as of December 31, 2020 and 2019, including unfunded commitments and redemption terms as follows:

	2020			
	Amortized cost	Unfunded commitments	Redemption frequency	Redemption notice period
Cash equivalents measured at amortized cost, external investment pool, PLGIT <sup>1</sup>	<u>\$ 6,957,366</u>	<u>\$ -</u>	Weekly	5 days
	2019			
	Amortized cost	Unfunded commitments	Redemption frequency	Redemption notice period
Cash equivalents measured at amortized cost, external investment pool, PLGIT <sup>1</sup>	<u>\$ 8,259,704</u>	<u>\$ -</u>	Weekly	5 days

- <sup>1</sup> 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, 2020 and 2019

### **2. 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:

	2020	2019
Voya Financial, fair value, Level 1, equities:		
Fidelity VIP Overseas Portfolio I	\$ 44,296	\$ 36,726
Inv Dev Mrkts Fd A	56,237	45,853
VY Inv Opp Global Port I	18,810	13,811
American Funds EuroPacific Grw R4	72,117	53,643
Wanger In ternational	7,125	5,615
Voy Intl Hi Div LowVol Port-In	25,335	24,225
Voya Index Plus SmallCap Portfolio I	15,041	13,122
Franklin Small Cap Value VIP Fd 2	11,370	10,267
Voya SmallCap Opportunities Prt I	12,624	9,522
Voya MidCap Opportunities Port I	3,813	2,736
VY AmCen Sm-Md Cp Val Port Srv	34,755	31,996
VY TRowePrice Divr Md Cp Gr Pt I	26,482	19,272
VY JPMorgan Sm Cp Core Eq Prt Srv	6,165	5,048
Wanger Select	40,041	30,307
Voya Russell Mid Cap Index Port I	53,450	43,951
BlackRock Md Cp Dividend Fund Inv A	2,573	2,439
Fidelity VIP Growth Portfolio I	40,050	26,892
VY TRowePrice Grwth Eqty Port I	47,318	33,485
American Funds Growth Fnd R4	119,025	83,816
Voya Growth and Income Port I	37,700	132,550
Voya Index Plus LargeCap Portfolio I		26,868
VY Invesco Comstock Port Srv	32,774	31,281
American Funds Wash Mutual Inv R4	38,273	34,149
American Funds Fundamental Inv R4	39,875	33,357
Voya Large Cap Value Port Inst	2,672	25,299
Voya Russell Lrg Cap Index Port I	44,221	35,053
Voya Balanced Portfolio I	54,750	60,838
VY TRowePrice Captl Apprec Pt Srv	135,126	109,755
Voya Strategic Alloc Growth Port I	65,651	41,079
Voya Solution 2035 Portfolio Srv	15,377	10,468
Voya Solution 2055 Portfolio Srv	31,822	17,246
Voya Intermediate Bond Port I	30,181	26,962
Voya GNMA Income Fund A	16,838	15,589
Voya Global Bond Port I	17,652	15,516
Voya Govt Money Market Portfolio I	73	94
Voya Fixed Account (4550)	182,273	322,395
Voya Fixed Plus Account II A	30,835	28,980
<b>Total pension fund investments, equities</b>	<b>\$ 1,412,720</b>	<b>\$ 1,460,205</b>

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **3. Cash and cash equivalents:**

Cash and cash equivalents at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Water division:		
Cash on hand	\$ 50	\$ 50
Ephrata National Bank	348,194	213,042
Fulton Bank	9,433	6,827
Pennsylvania Local Government Investment Trust	<u>2,574,493</u>	<u>1,629,107</u>
Total water division	<u>2,932,170</u>	<u>1,849,026</u>
Sewer division:		
Ephrata National Bank	114,436	40,304
Pennsylvania Local Government Investment Trust	<u>4,134,873</u>	<u>3,958,597</u>
Total sewer division	<u>4,249,309</u>	<u>3,998,901</u>
Total cash and equivalents	<u><u>\$ 7,181,479</u></u>	<u><u>\$ 5,847,927</u></u>

#### **4. Restricted assets, cash and cash equivalents:**

Restricted cash and cash equivalents consisted of the following:

	<u>2020</u>	<u>2019</u>
Held for construction, construction escrow	<u><u>\$ 207,630</u></u>	<u><u>\$ 219,710</u></u>

These monies are invested as follows:

	<u>2020</u>	<u>2019</u>
Deposits with financial institutions	<u><u>\$ 207,630</u></u>	<u><u>\$ 219,710</u></u>

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **5. Accounts receivable:**

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

Accounts receivable includes the following amounts that are 90 days or more past the invoice date of the related purchases:

	<u>2020</u>	<u>2019</u>
Over 90 days	<u>\$ 17,759</u>	<u>\$ 1,253</u>

#### **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 \$1,265,238 and \$1,244,958 for 2020 and 2019, respectively. Additions to the water and sewer systems are valued at cost and amounted to \$663,313 and \$881,952 for 2020 and 2019, 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, 2020 and 2019

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

A summary of the change to capital assets for 2020 follows:

2020	Beginning balance	Additions	Deletions	Reclassifications	Ending balance
Capital assets not being depreciated:					
Land and land rights	\$ 929,690				\$ 929,690
Construction in progress	1,591,457	\$ 414,099		\$ (779,701)	1,225,855
Total capital assets not being depreciated	2,521,147	414,099		(779,701)	2,155,545
Other capital assets at historical cost:					
Water distribution system	24,496,884	144,500		251,607	24,892,991
Sewer collection system	17,717,420	31,471		348,932	18,097,823
Buildings	91,240			179,162	270,402
Machinery and equipment	324,534				324,534
Trucks and cars	217,313	32,794	\$ 18,788		231,319
Office furniture and fixtures	34,415				34,415
Computer hardware	47,717	10,449			58,166
Total other assets at historical costs	42,929,523	219,214	18,788	779,701	43,909,650
Accumulated depreciation:					
Water distribution system	10,738,062	659,398			11,397,460
Sewer collection system	11,223,064	559,675			11,782,739
Buildings	63,232	6,628			69,860
Machinery and equipment	238,510	13,018			251,528
Trucks and cars	175,951	18,807	18,788		175,970
Office furniture and fixtures	33,177	236			33,413
Computer hardware	32,852	7,476			40,328
Total accumulated depreciation	22,504,848	1,265,238	18,788		23,751,298
Other capital assets, net	20,424,675	(1,046,024)		779,701	20,158,352
Capital assets, net	\$ 22,945,822	\$ (631,925)	\$ -	\$ -	\$ 22,313,897

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

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

A summary of the change to capital assets for 2019 follows:

2019	Beginning balance	Additions	Ending balance
Capital assets not being depreciated:			
Land and land rights	\$ 929,690		\$ 929,690
Construction in progress	1,006,087	\$ 585,370	1,591,457
Total capital assets not being depreciated	1,935,777	585,370	2,521,147
Other capital assets at historical cost:			
Water distribution system	24,356,195	140,689	24,496,884
Sewer collection system	17,593,023	124,397	17,717,420
Buildings	91,240		91,240
Machinery and equipment	298,498	26,036	324,534
Trucks and cars	217,313		217,313
Office furniture and fixtures	34,415		34,415
Computer hardware	42,257	5,460	47,717
Total other assets at historical costs	42,632,941	296,582	42,929,523
Accumulated depreciation:			
Water distribution system	10,086,401	651,661	10,738,062
Sewer collection system	10,668,472	554,592	11,223,064
Buildings	60,087	3,145	63,232
Machinery and equipment	223,902	14,608	238,510
Trucks and cars	160,969	14,982	175,951
Office furniture and fixtures	32,942	235	33,177
Computer hardware	27,117	5,735	32,852
Total accumulated depreciation	21,259,890	1,244,958	22,504,848
Other capital assets, net	21,373,051	(948,376)	20,424,675
Capital assets, net	\$ 23,308,828	\$ (363,006)	\$ 22,945,822



## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **7. Long-term debt:**

The following is a summary of long-term debt transactions of the Authority for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Long-term debt payable, beginning	\$ 4,630,000	\$ 4,690,000
Water revenue note issued	2,735,000	
Water revenue note principal repayment	(2,120,000)	(60,000)
Water revenue notes repayment per refunding	<u>(2,630,000)</u>	
Long-term debt payable, ending	<u><u>\$ 2,615,000</u></u>	<u><u>\$ 4,630,000</u></u>

Debt payable at December 31 is comprised of the following:

	<u>2020</u>	<u>2019</u>
Water Revenue Note, Series of 2017		<u>\$ 4,630,000</u>
Water Revenue Note, Series of 2020	<u><u>\$ 2,615,000</u></u>	

Debt service requirements in future years are:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 150,000	\$ 39,225	\$ 189,225
2022	150,000	36,975	186,975
2023	150,000	34,725	184,725
2024	150,000	32,475	182,475
2025	320,000	30,225	350,225
2026-2030	<u>1,695,000</u>	<u>77,100</u>	<u>1,772,100</u>
Total payments	<u><u>\$ 2,615,000</u></u>	<u><u>\$ 250,725</u></u>	<u><u>\$ 2,865,725</u></u>

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **8. Water Revenue Note, Series of 2017 and Water Revenue Note, Series of 2020:**

##### *Water Revenue Note, Series of 2017:*

On December 20, 2017, the Authority issued the Water Revenue Note, Series of 2017 in the maximum principal amount of \$4,760,000. Principal maturities begin on December 1, 2018 and continued annually through December 1, 2043. Interest rates ranged from 1.30% to 3.75%. Interest was payable in semi-annual installments beginning December 1, 2018 and continuing in December and June of each year thereafter. The average debt service cost was \$238,716.

The note was 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 was to advance refund the Water Revenue Bonds, Series of 2013 and pay the cost of issuance of the note. As of December 31, 2020, the remaining balance of the note was paid off through the issuance of the 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.

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 \$245,817 and \$260,487 as of December 31, 2020 and 2019, respectively.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **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 \$12,750 were paid in 2020 and 2019, respectively.

##### *Tapping fees:*

The Authority's water division paid the Authority's sewer division \$61,697 in both 2020 and 2019 for 25 EDUs of sewer capacity for each year. The water division recorded the capacity as an addition to the water distribution system during both the years ended December 31, 2020 and 2019. The sewer division recorded \$61,697 as tapping fees on the statements of revenues, expenses and changes in fund net position – proprietary fund in both 2020 and 2019.

#### **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.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **11. Sewer service and partnership agreement (continued):**

Additional provisions of the agreement require East Cocalico 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.

#### **12. Employee group insurance:**

The Authority has entered into an inter-governmental cooperation agreement with other municipalities, in order to provide health, hospitalization, medical or 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, 2020, the Authority paid premiums of \$98,604. Actual claims paid for the year ended December 31, 2020 were \$27,084. The Authority also incurred a shared cost of \$416 and is anticipating a refund of \$71,104 in 2021. For the year ended December 31, 2019, the Authority paid premiums of \$106,284. Actual claims paid for the year ended December 31, 2019 were \$80,306. The Authority incurred a shared cost of \$1,699 and received a refund of \$51,485 in 2020.

#### **13. 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.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019**

#### **13. 457 deferred compensation plan (continued):**

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 be 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 \$1,412,720 and \$1,460,205 are being held as of December 31, 2020 and 2019, respectively. During the years ended December 31, 2020 and 2019, there were \$0 in forfeitures, respectively. The Authority does not have a liability related to the plan as of the years ended December 31, 2020 and 2019.

#### **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 2020, the Authority entered into agreements with two contractors for the Well M Main Project for \$325,750. No work was completed by the contractors in 2020.

## ***EAST COCALICO TOWNSHIP AUTHORITY***

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 and 2019

#### **15. Impact of COVID-19 pandemic on financial statements:**

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus has caused business disruption to many industries, due to state government-imposed shutdowns of businesses and other results of the illness, such as cancellation of large group events. While the Authority expects this matter may negatively impact its results, the extent of the impact of COVID-19 on the Authority's operations is highly uncertain and cannot be predicted.

#### **16. Change in accounting principles:**

Effective January 1, 2020, the Authority adopted GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The new standards revise criteria for identifying fiduciary activities for the Authority and the presentation of 457 deferred compensation plans. An adjustment was made to record the December 31, 2018 457 defined contribution pension plan balance of \$1,184,288. The following is the adjustment to net position for the Authority's Fiduciary fund:

	<u>457 Defined Contribution Pension Plan</u>
Beginning net position, as previously reported, December 31, 2018	\$ -
Prior period adjustment, implementation of GASB No. 84 and GASB No. 97	<u>1,184,288</u>
Net position, as restated, January 1, 2019	<u><u>\$ 1,184,288</u></u>

#### **17. Subsequent events:**

In 2021, the Authority entered into agreements with three contractors for the Stevens Pumping Station Project for \$918,786. No work was completed from the contractors in 2020.

In 2021, the Authority entered into an engineering agreement with CDM Smith for the Meadowbrook Project for \$318,200. No work was completed from the engineer in 2020.

Management has evaluated subsequent events through June 22, 2021, 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 DIVISION – ACTUAL VS BUDGET  
YEAR ENDED DECEMBER 31, 2020

(See independent auditor's report on supplementary information)

	Actual	Budget	Over or (under) budget
<b>Operating revenue:</b>			
Utility rents	\$ 1,388,398	\$ 1,368,633	\$ 19,765
Fire hydrant rent	61,740	61,740	-
Capital reserve		2,000	(2,000)
Penalties on late payments	2,158	9,675	(7,517)
Inspection fees	11,038	12,000	(962)
Review fees	2,150	1,000	1,150
Miscellaneous	5,872	4,000	1,872
	<u>1,471,356</u>	<u>1,459,048</u>	<u>12,308</u>
 Meters and reimbursed construction income:			
Sale of meters	21,190	21,770	(580)
Material sales	3,617	1,500	2,117
Legal fees	674	2,000	(1,326)
Engineering fees	14,940	11,750	3,190
Reimbursable fees		200	(200)
Sub-contractor		200	(200)
Labor sales	1,033	1,500	(467)
	<u>41,454</u>	<u>38,920</u>	<u>2,534</u>
 Total meters and reimbursed construction income			
	<u>41,454</u>	<u>38,920</u>	<u>2,534</u>
 <b>Total operating revenue</b>	<b><u>1,512,810</u></b>	<b><u>1,497,968</u></b>	<b><u>14,842</u></b>
 <b>Operating expenses:</b>			
Meters and costs incurred for others:			
Purchases:			
Meters	31,050	16,315	14,735
Sub-contractor	500	1,500	(1,000)
Legal costs	674	2,000	(1,326)
Engineering costs	14,940	11,750	3,190
Reimbursable costs		200	(200)
Purchases, sub-contractor		200	(200)
	<u>47,164</u>	<u>31,965</u>	<u>15,199</u>
 Total meters and costs incurred for others			
	<u>47,164</u>	<u>31,965</u>	<u>15,199</u>

(continued)

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
WATER DIVISION – ACTUAL VS BUDGET (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020

(See independent auditor's report on supplementary information)

	Actual	Budget	Over or (under) budget
<b>Operating expenses (continued):</b>			
Operating and maintenance:			
Salaries and wages:			
Supervision	\$ 81,871	\$ 80,460	\$ 1,411
Other	141,312	140,750	562
Payroll taxes	16,756	17,714	(958)
Pension	10,793	10,906	(113)
Workers' compensation insurance	3,448	3,378	70
Insurance	8,607	8,912	(305)
Employee group insurance	42,793	44,202	(1,409)
Maintenance:			
Building	4,514	4,000	514
Contents	23,252	26,000	(2,748)
Field items	13,350	25,000	(11,650)
Telemetry repairs		1,000	(1,000)
Permit fees	10,700	11,000	(300)
Repairs to machinery and equipment	1,410	2,000	(590)
Contracted services	6,711	4,750	1,961
Sewer charges, WTP	54,371	47,000	7,371
Electric	82,343	93,000	(10,657)
Laboratory testing	55,315	32,000	23,315
Chemicals	45,708	40,000	5,708
Certification	494	1,000	(506)
Auto allowance	17	100	(83)
Depreciation	672,110	674,221	(2,111)
Other operating expense	7,474	6,500	974
Total operating and maintenance	1,283,349	1,273,893	9,456

(continued)



***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
WATER DIVISION – ACTUAL VS BUDGET (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020

(See independent auditor's report on supplementary information)

	Actual	Budget	Over or (under) budget
<b>Operating expenses (continued):</b>			
Transportation expenses:			
Gasoline and motor oil	\$ 4,440	\$ 6,000	\$ (1,560)
Repairs and service	1,625	3,000	(1,375)
Insurance	2,264	2,349	(85)
Depreciation	9,404	7,491	1,913
Total transportation expenses	17,733	18,840	(1,107)
General and administrative expenses:			
Salaries and wages, clerical	116,129	110,501	5,628
Payroll taxes	8,606	8,932	(326)
Pension	4,666	4,465	201
Insurance	1,936	1,969	(33)
Employee group insurance	29,929	30,535	(606)
Engineering fees	16,416	24,000	(7,584)
Legal fees	11,836	7,000	4,836
Audit fees	9,125	9,200	(75)
Bank fees	125	1,500	(1,375)
Officers expenses	2,700	2,925	(225)
Postage and office supplies	4,751	4,000	751
Dues and subscriptions	2,575	2,300	275
Public emergency notification	1,164	1,200	(36)
Advertising	3,277	3,000	277
Maintenance and repairs	1,767	1,500	267
Training and seminars	972	2,000	(1,028)
Telephone	4,890	5,500	(610)
Rent, building	6,375	6,500	(125)
Auto allowance	245	350	(105)
Water and sewer	5,715	5,500	215
Computer training		100	(100)
Computer support	20,268	20,000	268
Depreciation	6,115	5,376	739
Amortization of computer software	8,314	6,445	1,869
Uncollectible accounts	62	100	(38)
Other general expense	2,354	2,500	(146)
Total general and administrative expenses	270,312	267,398	2,914
<b>Total operating expenses</b>	<b>1,618,558</b>	<b>1,592,096</b>	<b>26,462</b>

(continued)

# ***EAST COCALICO TOWNSHIP AUTHORITY***

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – WATER DIVISION – ACTUAL VS BUDGET (CONTINUED) YEAR ENDED DECEMBER 31, 2020

(See independent auditor's report on supplementary information)

	Actual	Budget	Over or (under) budget
<b>Operating loss</b>	<b>\$ (105,748)</b>	<b>\$ (94,128)</b>	<b>\$ (11,620)</b>
<b>Other income:</b>			
Interest income	31,783	36,181	(4,398)
Miscellaneous income		200	(200)
T-Mobile rent	24,020	24,020	-
Health insurance rebate	25,700	8,000	17,700
Gain on sale of assets	2,589	1,000	1,589
<b>Total other income</b>	<b>84,092</b>	<b>69,401</b>	<b>14,691</b>
<b>Other deductions:</b>			
Interest expense	61,803	128,251	(66,448)
Note issuance costs	99,207		99,207
Amortization of deferred loss on refunding	14,670	10,872	3,798
<b>Total other deductions</b>	<b>175,680</b>	<b>139,123</b>	<b>36,557</b>
Loss before tapping fees, capital contribution fees, developer contributions and transfers	(197,336)	(163,850)	(33,486)
<b>Tapping fees, capital contribution fees, developer contributions and transfers:</b>			
Tapping fees	253,851	257,530	(3,679)
Capital contribution fees	13,636	17,045	(3,409)
Developer contributions	10,615		10,615
Transfers	2,000,000		2,000,000
<b>Total tapping fees, capital contribution fees, developer contributions and transfers</b>	<b>2,278,102</b>	<b>274,575</b>	<b>2,003,527</b>
<b>Increase in net position</b>	<b>2,080,766</b>	<b>\$ 110,725</b>	<b>\$ 1,970,041</b>
<b>Net position:</b>			
January 1	13,971,317		
<b>December 31</b>	<b>\$ 16,052,083</b>		

See notes to financial statements.

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
SEWER DIVISION – ACTUAL VS BUDGET  
YEAR ENDED DECEMBER 31, 2020

(See independent auditor's report on supplementary information)

	<u>Actual</u>	<u>Budget</u>	<u>Over or (under) budget</u>
<b>Operating revenue:</b>			
Utility rents	\$ 2,163,330	\$ 2,223,736	\$ (60,406)
Penalties on late payments	4,308	15,387	(11,079)
Inspection fees	15,396	12,000	3,396
Review fees	2,150	1,000	1,150
Miscellaneous	1,921	1,500	421
	<u>2,187,105</u>	<u>2,253,623</u>	<u>(66,518)</u>
 Reimbursed construction income:			
Material sales		200	(200)
Legal fees	674	2,500	(1,826)
Engineering fees	17,952	12,750	5,202
Reimbursable fees		200	(200)
Sub-contractor		200	(200)
Labor sales	337	500	(163)
	<u>18,963</u>	<u>16,350</u>	<u>2,613</u>
 Total reimbursed construction income			
	<u>18,963</u>	<u>16,350</u>	<u>2,613</u>
 <b>Total operating revenue</b>	 <u><b>2,206,068</b></u>	 <u><b>2,269,973</b></u>	 <u><b>(63,905)</b></u>
 <b>Operating expenses:</b>			
Costs incurred for others:			
Purchases:			
Other materials		200	(200)
Sub-contractor		200	(200)
Legal costs	674	2,500	(1,826)
Engineering costs	17,952	12,750	5,202
Reimbursable costs		200	(200)
	<u>18,626</u>	<u>15,850</u>	<u>2,776</u>
 Total costs incurred for others			
	<u>18,626</u>	<u>15,850</u>	<u>2,776</u>

(continued)

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
SEWER DIVISION – ACTUAL VS BUDGET (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020

(See independent auditor's report on supplementary information)

	<u>Actual</u>	<u>Budget</u>	<u>Over or (under) budget</u>
<b>Operating expenses (continued):</b>			
Operating and maintenance:			
Salaries and wages:			
Supervision	\$ 81,871	\$ 80,460	\$ 1,411
Other	141,312	140,750	562
Payroll taxes	16,756	17,714	(958)
Pension	10,793	10,906	(113)
Workers' compensation insurance	3,448	3,378	70
Insurance	8,607	8,912	(305)
Employee group insurance	42,793	44,202	(1,409)
Maintenance:			
Building	75	1,000	(925)
Contents	23,238	15,000	8,238
Field items	20,707	20,000	707
Permit fees		100	(100)
Repairs to machinery and equipment	1,399	2,000	(601)
Sewer treatment costs, Ephrata/Adamstown	681,587	895,063	(213,476)
Sewer interceptor costs, Ephrata	8,958	22,390	(13,432)
Sewer debt service costs, Ephrata	239,161	251,277	(12,116)
Contracted services	342	600	(258)
Electric	19,718	22,000	(2,282)
Laboratory testing	3,152	3,300	(148)
Certification	339	700	(361)
Telemetry	6,050	6,200	(150)
Auto allowance	17	100	(83)
Depreciation	566,608	557,533	9,075
Other operating expense	5,260	3,500	1,760
Total operating and maintenance	<u>1,882,191</u>	<u>2,107,085</u>	<u>(224,894)</u>

(continued)

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
SEWER DIVISION – ACTUAL VS BUDGET (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020

(See independent auditor's report on supplementary information)

	Actual	Budget	Over or (under) budget
<b>Operating expenses (continued):</b>			
Transportation expenses:			
Gasoline and motor oil	\$ 4,440	\$ 6,000	\$ (1,560)
Repairs and service	1,625	3,000	(1,375)
Insurance	2,264	2,349	(85)
Depreciation	9,404	7,491	1,913
Total transportation expenses	17,733	18,840	(1,107)
General and administrative expenses:			
Salaries and wages, clerical	116,132	110,501	5,631
Payroll taxes	8,606	8,932	(326)
Pension	4,666	4,465	201
Insurance	1,936	1,969	(33)
Employee group insurance	29,929	30,535	(606)
Engineering fees	17,016	23,000	(5,984)
Legal fees	2,465	5,000	(2,535)
Audit fees	9,125	9,200	(75)
Bank fees	368	3,000	(2,632)
Officers expenses	2,700	2,925	(225)
Postage and office supplies	4,751	4,000	751
Dues and subscriptions	2,485	2,300	185
Advertising	3,277	3,000	277
Maintenance and repairs	1,767	1,500	267
Training and seminars	787	2,000	(1,213)
Telephone	4,890	5,500	(610)
Rent, building	6,375	6,500	(125)
Auto allowance	245	350	(105)
Water and sewer	1,257	750	507
Computer training		100	(100)
Computer support	20,268	20,000	268
Depreciation	1,597	859	738
Amortization of computer software	1,261		1,261
Uncollectible accounts		100	(100)
Other general expense	2,354	2,500	(146)
Total general and administrative expenses	244,257	248,986	(4,729)
<b>Total operating expenses</b>	<b>2,162,807</b>	<b>2,390,761</b>	<b>(227,954)</b>

(continued)

***EAST COCALICO TOWNSHIP AUTHORITY***

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –  
SEWER DIVISION – ACTUAL VS BUDGET (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020

(See independent auditor's report on supplementary information)

	Actual	Budget	Over or (under) budget
<b>Operating income (loss)</b>	<b>\$ 43,261</b>	<b>\$ (120,788)</b>	<b>\$ 164,049</b>
<b>Other income:</b>			
Interest income	87,271	119,000	(31,729)
Miscellaneous income		200	(200)
Health insurance rebate	25,700	8,000	17,700
Gain on sale of assets	2,589	1,000	1,589
<b>Total other income</b>	<b>115,560</b>	<b>128,200</b>	<b>(12,640)</b>
Income before tapping fees, developer contributions and transfers	158,821	7,412	151,409
<b>Tapping fees, developer contributions and transfers:</b>			
Tapping fees	341,754	239,383	102,371
Developer contributions	2,805		2,805
Transfers	(2,000,000)		(2,000,000)
<b>Total tapping fees, developer contributions and transfers</b>	<b>(1,655,441)</b>	<b>239,383</b>	<b>(1,894,824)</b>
<b>Increase (decrease) in net position</b>	<b>(1,496,620)</b>	<b>\$ 246,795</b>	<b>\$ (1,743,415)</b>
<b>Net position:</b>			
January 1	13,444,363		
<b>December 31</b>	<b>\$ 11,947,743</b>		

See notes to financial statements.