EAST COCALICO WATER & SEWER TOWNSHIP AUTHORITY

YEARS ENDED
DECEMBER 31, 2025 AND 2024

Brown Plus
ACCOUNTANTS + ADVISORS

EAST COCALICO TOWNSHIP AUTHORITY

YEARS ENDED DECEMBER 31, 2025 AND 2024

TABLE OF CONTENTS

	Page
Independent auditor's report	1-2
Required supplementary information – management's discussion and analysis (unaudited)	3-9
Basic financial statements:	
Statements of net position – proprietary funds	10-13
Statements of revenues, expenses and changes in fund net position – proprietary funds	14-21
Statements of cash flows – proprietary funds	22-25
Notes to financial statements	26-47
Other information:	
Statement of revenues, expenses and changes in fund net position – water fund – actual vs budget	48-51
Statement of revenues, expenses and changes in fund net position – sewer fund – actual vs budget	52-55

Brown Plus
ACCOUNTANTS + ADVISORS

Independent Auditor's Report

Members of the Board
East Cocalico Township Authority
Denver, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund of East Cocalico Township Authority (the Authority), as of and for the years ended December 31, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each major fund of East Cocalico Township Authority as of December 31, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East Cocalico Township Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantive doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of East Cocalico Township Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Cocalico Township Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the Authority's financial statements. The other information comprises budgetary comparison information, but does not include the basic financial statements and our auditor's report thereon.

Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of this other information exists, we are required to describe it in our report.

Brown Plus

Camp Hill, Pennsylvania
June 25, 2026

EAST COCALICO TOWNSHIP AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)
DECEMBER 31, 2025 AND 2024

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, 2025. We encourage you to read the information presented here in conjunction with additional information that we have furnished in ECTA's financial statements, which follow this narrative.

Financial highlights

ECTA's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $31,727,605 at the close of the calendar year ended December 31, 2025 compared to $32,375,539 for the previous year.

Total net position decreased by $647,934 (2.00%) for the year ended December 31, 2025 compared to an increase of $1,993,759 (6.56%) for the year ended December 31, 2024. During 2025, total utility plant and equipment, net increased by $738,827 due primarily to additions of $2,657,378 net of an increase of $1,669,271 in overall accumulated depreciation. Overall, the Authority's total assets increased by $1,814,886 (4.43%) compared to the previous year.

ECTA's total deferred outflows of resources decreased $24,765 for the year ended December 31, 2025 due to the annual amortization expense associated with the deferred loss on refunding.

ECTA's total liabilities increased $2,464,455 (29.04%) during the year ended December 31, 2025 compared to an increase of $2,720,412 (47.19%) during the year ended December 31, 2024. The increase in 2025 is mostly attributed to an increase in long-term debt of $2,361,924, an increase in unearned tapping fees of $151,778 and an increase in escrow liability of $111,442, offset by a decrease in trade accounts payable of $163,661.

ECTA's total deferred inflows of resources decreased $26,400 for the year ended December 31, 2025 due to the annual lease payment.

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. These statements, together with the management's discussion and analysis, provide both short-term and long-term financial information and implications for ECTA's financial position. To further illuminate this information, notes to the financial statements, as well as statements of revenues, expenses and changes in fund net position - actual vs. budget, appear immediately following the basic financial statements.

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

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

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

Financial analysis – Proprietary funds

Table 1
Net Position

	Period ended			Increase (decrease) 2025 compared to 2024	
	December 31, 2025	December 31, 2024	December 31, 2023	Amount	Percentage
Assets:					
Current and other assets	$ 10,592,431	$ 9,516,372	$ 9,612,376	$ 1,076,059	11.31 %
Utility plant and equipment, net	32,147,528	31,408,701	26,600,161	738,827	2.35
Total assets	**42,739,959**	**40,925,073**	**36,212,537**	**1,814,886**	**4.43**
Deferred outflows of resources, deferred loss on refunding	121,992	146,757	171,522	(24,765)	(16.87)
Total assets and deferred outflows of resources	**$ 42,861,951**	**$ 41,071,830**	**$ 36,384,059**	**$ 1,790,121**	**4.36 %**
Liabilities:					
Current liabilities	$ 1,888,571	$ 1,655,077	$ 3,001,841	$ 233,494	14.11 %
Long-term liabilities	9,060,975	6,830,014	2,762,838	2,230,961	32.66
Total liabilities	**10,949,546**	**8,485,091**	**5,764,679**	**2,464,455**	**29.04**
Deferred inflows of resources, leases	184,800	211,200	237,600	(26,400)	(12.50)
Net position:					
Invested in capital assets, net of related debt	22,381,326	23,875,016	23,875,731	(1,493,690)	(6.26)
Unrestricted	9,346,279	8,500,523	6,506,049	845,756	9.95
Total net position	**31,727,605**	**32,375,539**	**30,381,780**	**(647,934)**	**(2.00)**
Total liabilities, deferred inflows of resources and net position	**$ 42,861,951**	**$ 41,071,830**	**$ 36,384,059**	**$ 1,790,121**	**4.36 %**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $31,727,605 as of December 31, 2025. ECTA's net position decreased by $647,934 for the year ended December 31, 2025. The largest portion of total net position (70.54%) reflects ECTA's investment in capital assets (e.g., land, buildings, interceptor sewer lines, water lines, wells, equipment and leasehold improvements) 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 $9,346,279 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 worsened marginally during the calendar year that ended December 31, 2025 as total net position declined by 2.00%.

ECTA placed into service a total $188,064 worth of capital assets during 2025. Major capital assets in the water fund included $80,651 associated with the water distribution system and $43,730 associated with the well site. There were no major capital assets in the sewer fund.

The Authority's total liabilities at the end of 2025 increased by $2,464,455 (29.04%) compared to the prior year ended December 31, 2024. This was primarily due to the long-term liabilities increase by $2,230,961 (32.66%) due primarily to the acquisition of a PennVest Loan used to fund the Water Treatment Facility (GUDI) upgrade project.

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 decrease in net position from $32,375,539 to $31,727,605 as highlighted below:

Table 2
Changes in Revenues, Expenses and Net Position

	Period ended			Increase (decrease) 2025 compared to 2024	
	December 31, 2025	December 31, 2024	December 31, 2023 (as restated)	Amount	Percentage
Operating revenues, charges for services	**$ 4,342,631**	**$ 4,348,798**	**$ 4,190,321**	**$ (6,167)**	**(0.14) %**
Operating expenses:					
Costs incurred for others	284,984	121,382	41,440	163,602	134.78
Operating and maintenance expenses	4,252,699	3,975,324	3,889,808	277,375	6.98
Transportation expenses	39,710	48,026	54,145	(8,316)	(17.32)
General and administrative expenses	841,207	799,455	697,037	41,752	5.22
Total operating expenses	**5,418,600**	**4,944,187**	**4,682,430**	**474,413**	**9.60**
Operating loss	**(1,075,969)**	**(595,389)**	**(492,109)**	**(480,580)**	**(80.72)**
Nonoperating revenue (expenses):					
Other income	613,392	551,024	507,942	62,368	11.32
Other deductions	(483,026)	(131,217)	(89,182)	(351,809)	268.11
Total nonoperating revenue	**130,366**	**419,807**	**418,760**	**(289,441)**	**(68.95)**
Loss before tapping fees, capital grants, capital contribution fees and developer contributions	(945,603)	(175,582)	(73,349)	(770,021)	438.55
Tapping fees, capital grants, capital contributions fees and developer contributions:					
Tapping fees	191,962	418,325	288,616	(226,363)	(54.11)
Capital grants	-	1,096,776	235,224	(1,096,776)	(100.00)
Capital contribution fees	94,458	151,389	174,519	(56,931)	(37.61)
Developer contributions	11,249	502,851	467,858	(491,602)	(97.76)
Total tapping fees, capital grants, capital contributions fees and developer contributions	**297,669**	**2,169,341**	**1,166,217**	**(1,871,672)**	**(86.28)**
Increase (decrease) in net position	**(647,934)**	**1,993,759**	**1,092,868**	**(2,641,693)**	**(132.50)**
Total net position:					
Beginning of year	32,375,539	30,381,780	29,288,912	1,993,759	6.56
End of year	**$ 31,727,605**	**$ 32,375,539**	**$ 30,381,780**	**$ (647,934)**	**(2.00) %**

Review of operations

Operating revenues

Comparing the years ended December 31, 2025 and 2024, operating revenues decreased by $6,167 (0.14%) from the beginning to the end of 2025, which is relatively comparable as there were no major changes in the Authority's operating revenue streams in 2025.

Operating expenses

Comparing the periods ended December 31, 2025 and 2024, overall operating expenses increased by $474,413 (9.60%). The majority of the change is attributable to an increase in depreciation as part of the operating and maintenance expense increase of $277,375 (6.98%).

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

Operating revenues along with other income totaled $4,956,023 for the year ended December 31, 2025. Corresponding operating expenses and other deductions totaled $5,901,626 for the same time period. This resulted in a loss before tapping fees, capital contributions, capital contribution fees and developer contributions of $945,603 in 2025 compared to a loss of $175,582 for the year ended December 31, 2024.

Tapping fees

For the year ended December 31, 2025, compared to the year ended December 31, 2024, overall tapping fees decreased by $226,363 (54.11%). Looking closer at this number, water tapping fees decreased by $154,198 (73.3%) in 2025, which fluctuates each year based on new connections and capacity reassessments. Additionally, sewer tapping fees, which also fluctuate each year, decreased by $72,165 (34.7%) due to an decrease in new connections and capacity reassessments.

Capital grants, capital contribution fees and developer contributions

During 2024, the Authority recognized capital grant revenue of $1,096,776. This related to the Coronavirus State and Local Fiscal Recovery Fund grant received from the County of Lancaster. There was no capital grant revenue recognized in 2025. During 2025, the Authority received $105,707 in capital contribution fees and noncash developer contributions. In 2024, capital contribution fees and noncash developer contributions totaled $654,240. Included in the 2025 and 2024 amounts are funds totaling $94,458 and $151,389, 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 $11,249 in 2025 and $502,851 in 2024 were received in the form of contributed water and sewer lines.

Utility plant and equipment and debt administration

Table 3
Utility Plant and Equipment
(Net of Depreciation)

	Period ended			Increase (decrease) 2025 compared to 2024	
	December 31, 2025	December 31, 2024	December 31, 2023	Amount	Percentage
Land and land rights	$ 929,690	$ 929,690	$ 929,690	$ -	- %
Construction in progress	2,891,222	421,908	3,629,589	2,469,314	585.27
Water distribution system	17,950,822	18,944,164	14,533,689	(993,342)	(5.24)
Sewer collection system	9,230,135	9,921,393	6,243,951	(691,258)	(6.97)
Buildings	210,056	171,793	181,526	38,263	22.27
Machinery and equipment	158,245	187,846	197,118	(29,601)	(15.76)
Trucks and cars	27,074	43,344	63,439	(16,270)	(37.54)
Office furniture and fixtures	16,118	18,203	19,145	(2,085)	(11.45)
Computer hardware	16,152	21,128	21,564	(4,976)	(23.55)
Leasehold improvements	718,014	749,232	780,450	(31,218)	100.00
Total utility plant and equipment, net of depreciation	$ 32,147,528	$ 31,408,701	$ 26,600,161	$ 738,827	2.35 %

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

Utility plant and equipment

ECTA's total investment in utility plant and equipment increased $738,827 (2.35%) between December 31, 2024, and December 31, 2025. As of December 31, 2025, utility plant and equipment totaled $32,147,528 (net of accumulated depreciation) compared to $31,408,701 (net of accumulated depreciation) at the close of the year ended December 31, 2024. Construction in progress increased by $2,469,314 (585.27%) at December 31, 2025. In 2025, capital assets (net of accumulated depreciation) related to the water distribution system decreased by $993,342 (5.24%) due primarily to 2025 depreciation. Capital assets in the sewer collection system decreased by 691,258 (6.97%) due primarily to 2025 depreciation. Capital assets in buildings increased by $38,263 (22.27%) due primarily to 2025 additions and reclassifications from construction in progress. Capital assets in leasehold improvements decreased by $31,218 (100.00%) due primarily to 2025 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; computer hardware and leasehold improvements.

Debt

As of December 31, 2025, the Authority's water fund had debt in the amount of $1,695,000 from the Water Revenue Note - Series of 2020; $929,159 from the Pennvest loan received for the Meadowbrook Area Water Main Replacement project; $1,394,916 from the Pennvest loan received for the Kurtz Road Water Main Replacement project and $2,418,689 from the Pennvest loan received for the Water Treatment Facility (GUDI) upgrade project. The sewer division also had debt in the amount of $3,286,006 from the PennVest loan received for the Meadowbrook Area Sanitary Sewer Rehabilitation and Replacement project.

Current debt

As of December 31, 2025, the Authority classified $330,000 of the outstanding debt associated with the Water Revenue Note - Series of 2020; $61,842 of outstanding debt associated with the Kurtz Road PennVest loan; $41,193 of outstanding debt associated with the Meadowbrook Water PennVest loan; $84,079 of outstanding debt associated with the Water Treatment Facility (GUDI) upgrade project and $145,681 of outstanding debt associated with the Meadowbrook Sewer PennVest loan as current debt.

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

Overall financial position

The overall financial position of ECTA worsened during the calendar year ended December 31, 2025. Total net position decreased by $647,934. The water fund holds $1,695,000 from the Water Revenue Note - Series of 2020; $929,159 PennVest debt for the Meadowbrook Area Water Main Replacement project; $1,394,916 Pennvest debt for the Kurtz Road Water Main Replacement project and $2,418,689 Pennvest debt for the Water Treatment Facility (GUDI) upgrade project. The sewer division also has Pennvest loan debt in the amount of $3,286,006 for the Meadowbrook Area Sanitary Sewer Rehabilitation and Replacement project.

New year's budgets and rates

For the calendar year ending December 31, 2026, the East Cocalico Township Authority Board adopted a sewer budget projecting a $246,067 net loss before extraordinary items. There was no increase in sewer rates. On the water side, the budget was approved with a projected year end net loss of $412,343 before extraordinary items and required a 10% 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 2026 water rate is $8.80 per thousand gallons. The 2026 sewer rate remains at $13.85 per thousand gallons and is based on total water usage. There is a flat rate sewer charge of $180.05 per quarter for customers that are not connected to public water but discharge sewage into the ECTA collection system.

Request for information

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

Please visit our website to learn more about ECTA.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Water fund	Sewer fund	Total
Current assets:			
Cash, cash equivalents and equity in pooled cash and investments	$ 1,822,316	$ 4,060,632	$ 5,882,948
Certificates of deposit	971,000	1,919,000	2,890,000
Cash, cash equivalents and equity in pooled cash and investments, restricted for escrows	314,160	272,958	587,118
Receivables:			
From customers	317,362	494,868	812,230
From others	24	731	755
Leases	25,521	-	25,521
Internal balances	(889)	889	-
Prepaid:			
Insurance	10,705	10,705	21,410
Other	5,000	178,978	183,978
Total current assets	**3,465,199**	**6,938,761**	**10,403,960**
Utility plant and equipment, at cost:			
Land and land rights	698,202	231,488	929,690
Water distribution system	32,572,817	-	32,572,817
Sewer collection system	-	23,989,770	23,989,770
Buildings	98,957	229,918	328,875
Machinery and equipment	345,792	161,985	507,777
Trucks and cars	133,718	133,719	267,437
Office furniture and fixtures	28,416	26,255	54,671
Computer hardware	66,672	31,199	97,871
Leasehold improvements	387,225	393,225	780,450
Construction in progress	2,865,174	26,048	2,891,222
	37,196,973	25,223,607	62,420,580
Accumulated depreciation	(15,137,048)	(15,136,004)	(30,273,052)
Total utility plant and equipment	**22,059,925**	**10,087,603**	**32,147,528**
Other assets:			
Computer software, net of amortization of $82,589 and $30,246, respectively	5,033	2,561	7,594
Long-term portion of lease receivable	180,877	-	180,877
Total other assets	**185,910**	**2,561**	**188,471**
Total assets	**25,711,034**	**17,028,925**	**42,739,959**
Deferred outflows of resources, deferred loss on refunding	**121,992**	**-**	**121,992**
Total assets and deferred outflows of resources	**$ 25,833,026**	**$ 17,028,925**	**$ 42,861,951**

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Water fund	Sewer fund	Total
Current liabilities:			
Accounts payable:			
Trade	$ 282,905	$ 68,300	$ 351,205
Employee taxes withheld and unremitted	2,532	-	2,532
Accrued expenses	31,297	28,178	59,475
Unearned tapping fees	95,655	129,791	225,446
Escrow liability	314,160	272,958	587,118
Current portion of long-term debt	517,114	145,681	662,795
Total current liabilities	**1,243,663**	**644,908**	**1,888,571**
Long-term debt, net of current portion	5,920,650	3,140,325	9,060,975
Total liabilities	**7,164,313**	**3,785,233**	**10,949,546**
Deferred inflows of resources, leases	**184,800**	**-**	**184,800**
Net position:			
Invested in capital assets, net of related debt	15,577,168	6,804,158	22,381,326
Unrestricted	2,906,745	6,439,534	9,346,279
Total net position	**18,483,913**	**13,243,692**	**31,727,605**
Total liabilities, deferred inflows of resources and net position	**$ 25,833,026**	**$ 17,028,925**	**$ 42,861,951**

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Water fund	Sewer fund	Total
Current assets:			
Cash, cash equivalents and equity in pooled cash and investments	$ 2,500,588	$ 4,475,970	$ 6,976,558
Certificates of deposit	-	954,000	954,000
Cash, cash equivalents and equity in pooled cash and investments, restricted for escrows	238,951	236,725	475,676
Receivables:			
From customers	299,442	500,852	800,294
From others	1,256	-	1,256
Leases	24,320	-	24,320
Internal balances	45,341	(45,341)	-
Prepaid:			
Insurance	12,719	12,719	25,438
Other	165	37,917	38,082
Total current assets	**3,122,782**	**6,172,842**	**9,295,624**
Utility plant and equipment, at cost:			
Land and land rights	698,202	231,488	929,690
Water distribution system	32,745,273	-	32,745,273
Sewer collection system	-	23,985,684	23,985,684
Buildings	49,748	229,918	279,666
Machinery and equipment	345,792	161,985	507,777
Trucks and cars	149,502	149,502	299,004
Office furniture and fixtures	28,416	26,255	54,671
Computer hardware	63,447	31,199	94,646
Leasehold improvements	387,225	393,225	780,450
Construction in progress	395,860	26,048	421,908
	34,863,465	25,235,304	60,098,769
Accumulated depreciation	(14,277,106)	(14,412,962)	(28,690,068)
Total utility plant and equipment	**20,586,359**	**10,822,342**	**31,408,701**
Other assets:			
Computer software, net of amortization of $76,960 and $29,119, respectively	10,662	3,688	14,350
Long-term portion of lease receivable	206,398	-	206,398
Total other assets	**217,060**	**3,688**	**220,748**
Total assets	**23,926,201**	**16,998,872**	**40,925,073**
Deferred outflows of resources, deferred loss on refunding	**146,757**	**-**	**146,757**
Total assets and deferred outflows of resources	**$ 24,072,958**	**$ 16,998,872**	**$ 41,071,830**

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Water fund	Sewer fund	Total
Current liabilities:			
Accounts payable:			
Trade	$ 132,638	$ 382,228	$ 514,866
Employee taxes withheld and unremitted	2,432	-	2,432
Accrued expenses	30,061	26,542	56,603
Unearned tapping fees	33,714	39,954	73,668
Escrow liability	238,951	236,725	475,676
Current portion of long-term debt	412,185	119,647	531,832
Total current liabilities	**849,981**	**805,096**	**1,655,077**
Long-term debt, net of current portion	3,894,172	2,935,842	6,830,014
Total liabilities	**4,744,153**	**3,740,938**	**8,485,091**
Deferred inflows of resources, leases	**211,200**	**-**	**211,200**
Net position:			
Invested in capital assets, net of related debt	16,437,421	7,437,595	23,875,016
Unrestricted	2,680,184	5,820,339	8,500,523
Total net position	**19,117,605**	**13,257,934**	**32,375,539**
Total liabilities, deferred inflows of resources and net position	**$ 24,072,958**	**$ 16,998,872**	**$ 41,071,830**

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Water fund	Sewer fund	Total
Operating revenue:			
Utility rents	$ 1,612,405	$ 2,519,604	$ 4,132,009
Fire hydrant rent	66,600	-	66,600
Penalties on late payments	7,722	14,372	22,094
Inspection fees	6,120	3,422	9,542
Review fees	2,200	2,200	4,400
Miscellaneous	7,203	1,451	8,654
	1,702,250	2,541,049	4,243,299
Meters and reimbursed construction income:			
Sale of meters	3,465	1,155	4,620
Material sales	1,412	613	2,025
Legal fees	1,430	1,956	3,386
Engineering fees	45,096	42,552	87,648
Labor sales	835	818	1,653
Total meters and reimbursed construction income	52,238	47,094	99,332
Total operating revenue	**1,754,488**	**2,588,143**	**4,342,631**
Operating expenses:			
Meters and costs incurred for others:			
Purchases:			
Meters	97,792	96,117	193,909
Other materials	19	20	39
Legal costs	1,431	1,957	3,388
Engineering costs	45,096	42,552	87,648
Total meters and costs incurred for others	144,338	140,646	284,984

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Water fund	Sewer fund	Total
Operating expenses (continued):			
Operating and maintenance:			
Salaries and wages:			
Supervision	$ 46,710	$ 46,710	$ 93,420
Other	222,883	222,884	445,767
Payroll taxes	24,865	24,865	49,730
Pension	10,854	10,854	21,708
Workers' compensation insurance	5,991	5,991	11,982
Insurance	11,946	11,946	23,892
Employee group insurance	59,670	60,822	120,492
Maintenance:			
Building	1,840	123	1,963
Contents	18,280	12,244	30,524
Field items	20,954	14,115	35,069
Permit fees	11,140	-	11,140
Repairs to machinery and equipment	12,997	4,156	17,153
Sewer treatment costs, Ephrata/Adamstown	-	953,267	953,267
Sewer interceptor costs, Ephrata	-	21,959	21,959
Sewer debt service costs, Ephrata	-	340,480	340,480
Contracted services	15,301	700	16,001
Sewer charges, WTP	105,379	-	105,379
Electric	141,591	24,738	166,329
Laboratory testing	26,989	3,990	30,979
Chemicals	80,898	-	80,898
Certification	1,452	726	2,178
Auto allowance	129	129	258
Telemetering	7,031	5,946	12,977
Depreciation	915,819	726,898	1,642,717
Other operating expense	10,205	6,232	16,437
Total operating and maintenance	1,752,924	2,499,775	4,252,699

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Water fund	Sewer fund	Total
Operating expenses (continued):			
Transportation expenses:			
Gasoline and motor oil	$ 5,291	$ 5,291	$ 10,582
Repairs and service	3,216	3,224	6,440
Insurance	3,209	3,209	6,418
Depreciation	8,135	8,135	16,270
Total transportation expenses	19,851	19,859	39,710
General and administrative expenses:			
Salaries and wages, clerical	186,156	186,156	372,312
Payroll taxes	11,963	11,963	23,926
Pension	8,864	8,864	17,728
Insurance	1,670	1,670	3,340
Employee group insurance	35,657	35,656	71,313
Engineering fees	39,096	33,762	72,858
Legal fees	90,262	2,017	92,279
Audit fees	16,795	16,795	33,590
Bank fees	4,705	6,022	10,727
Officers expenses	2,350	2,350	4,700
Postage and office supplies	8,078	7,949	16,027
Dues and subscriptions	2,907	1,426	4,333
Advertising	331	284	615
Maintenance and repairs	1,486	1,485	2,971
Training and seminars	1,455	915	2,370
Telephone	6,220	5,748	11,968
Rent, building	725	725	1,450
Auto allowance	469	362	831
Water and sewer	1,587	1,263	2,850
Computer support	43,267	29,485	72,752
Depreciation	6,492	3,792	10,284
Amortization of computer software	5,629	1,125	6,754
Other general expense	2,659	2,570	5,229
Total general and administrative expenses	478,823	362,384	841,207
Total operating expenses	**2,395,936**	**3,022,664**	**5,418,600**

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Water fund	Sewer fund	Total
Operating loss	**$ (641,448)**	**$ (434,521)**	**$ (1,075,969)**
Other income:			
Interest income	152,134	316,900	469,034
T-Mobile rent	26,666	-	26,666
Health insurance rebate	17,679	17,679	35,358
Gain on sale of assets	-	3,000	3,000
Grant income	79,160	-	79,160
Miscellaneous	174	-	174
Total other income	**275,813**	**337,579**	**613,392**
Other deductions:			
Interest expense	82,741	57,276	140,017
Loss on sale of assets	246,280	-	246,280
Grant expense	71,964	-	71,964
Amortization of deferred loss on refunding	24,765	-	24,765
Total other deductions	**425,750**	**57,276**	**483,026**
Loss before tapping fees, capital contribution fees and developer contributions	(791,385)	(154,218)	(945,603)
Tapping fees, capital contribution fees and developer contributions:			
Tapping fees	56,072	135,890	191,962
Capital contribution fees	94,458	-	94,458
Developer contributions	7,163	4,086	11,249
Total tapping fees, capital contribution fees and developer contributions	**157,693**	**139,976**	**297,669**
Decrease in net position	**(633,692)**	**(14,242)**	**(647,934)**
Net position:			
January 1	19,117,605	13,257,934	32,375,539
December 31	**$ 18,483,913**	**$ 13,243,692**	**$ 31,727,605**

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Water fund	Sewer fund	Total
Operating revenue:			
Utility rents	$ 1,586,962	$ 2,510,885	$ 4,097,847
Fire hydrant rent	66,060	-	66,060
Penalties on late payments	6,842	12,874	19,716
Inspection fees	3,695	4,079	7,774
Review fees	2,800	3,525	6,325
Subcontract	16,786	-	16,786
Miscellaneous	6,886	1,064	7,950
	1,690,031	2,532,427	4,222,458
Meters and reimbursed construction income:			
Sale of meters	15,985	-	15,985
Material sales	3,063	39	3,102
Legal fees	1,627	1,102	2,729
Engineering fees	37,693	60,754	98,447
Labor sales	6,010	67	6,077
Total meters and reimbursed construction income	64,378	61,962	126,340
Total operating revenue	**1,754,409**	**2,594,389**	**4,348,798**
Operating expenses:			
Meters and costs incurred for others:			
Purchases:			
Meters	5,930	5,930	11,860
Other materials	1,692	-	1,692
Legal costs	1,624	1,102	2,726
Engineering costs	37,693	60,755	98,448
Reimbursable costs	6,656	-	6,656
Total meters and costs incurred for others	53,595	67,787	121,382

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Water fund	Sewer fund	Total
Operating expenses (continued):			
Operating and maintenance:			
Salaries and wages:			
Supervision	$ 67,152	$ 67,152	$ 134,304
Other	210,845	210,845	421,690
Payroll taxes	24,911	24,914	49,825
Pension	9,090	10,316	19,406
Workers' compensation insurance	6,927	6,883	13,810
Insurance	11,213	11,213	22,426
Employee group insurance	56,279	56,100	112,379
Maintenance:			
Building	3,630	284	3,914
Contents	27,905	28,100	56,005
Field items	8,721	15,569	24,290
Permit fees	10,525	100	10,625
Repairs to machinery and equipment	4,468	3,745	8,213
Sewer treatment costs, Ephrata/Adamstown	-	914,798	914,798
Sewer interceptor costs, Ephrata	-	17,136	17,136
Sewer debt service costs, Ephrata	-	349,268	349,268
Contracted services	4,655	661	5,316
Sewer charges, WTP	105,879	-	105,879
Electric	94,051	18,727	112,778
Laboratory testing	54,505	3,440	57,945
Chemicals	82,521	-	82,521
Certification	2,012	1,747	3,759
Auto allowance	39	39	78
Telemetering	5,958	7,740	13,698
Depreciation	795,821	623,466	1,419,287
Other operating expense	10,428	5,546	15,974
Total operating and maintenance	1,597,535	2,377,789	3,975,324

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Water fund	Sewer fund	Total
Operating expenses (continued):			
Transportation expenses:			
Gasoline and motor oil	$ 7,170	$ 7,170	$ 14,340
Repairs and service	3,320	3,319	6,639
Insurance	3,476	3,476	6,952
Depreciation	10,047	10,048	20,095
Total transportation expenses	24,013	24,013	48,026
General and administrative expenses:			
Salaries and wages, clerical	172,617	172,617	345,234
Payroll taxes	10,404	10,404	20,808
Pension	9,063	9,063	18,126
Insurance	1,900	1,900	3,800
Employee group insurance	34,233	34,233	68,466
Engineering fees	66,804	40,897	107,701
Legal fees	39,080	3,368	42,448
Audit fees	17,638	17,638	35,276
Bank fees	3,012	1,940	4,952
Officers expenses	2,250	2,250	4,500
Postage and office supplies	5,800	5,779	11,579
Dues and subscriptions	3,323	2,918	6,241
Advertising	429	429	858
Maintenance and repairs	1,431	1,460	2,891
Training and seminars	2,666	2,731	5,397
Telephone	7,795	7,289	15,084
Rent, building	660	660	1,320
Auto allowance	612	612	1,224
Water and sewer	5,246	1,058	6,304
Computer support	41,706	28,761	70,467
Depreciation	6,752	3,511	10,263
Amortization of computer software	7,533	2,172	9,705
Other general expense	3,355	3,456	6,811
Total general and administrative expenses	444,309	355,146	799,455
Total operating expenses	**2,119,452**	**2,824,735**	**4,944,187**

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Water fund	Sewer fund	Total
Operating loss	**$ (365,043)**	**$ (230,346)**	**$ (595,389)**
Other income:			
Interest income	152,946	287,608	440,554
T-Mobile rent	26,658	-	26,658
Health insurance rebate	8,740	8,740	17,480
Grant income	24,504	-	24,504
Refund of prior year expenditures	-	41,828	41,828
Total other income	**212,848**	**338,176**	**551,024**
Other deductions:			
Interest expense	52,604	29,747	82,351
Loss on sale of assets	6,079	-	6,079
Grant expense	18,022	-	18,022
Amortization of deferred loss on refunding	24,765	-	24,765
Total other deductions	**101,470**	**29,747**	**131,217**
Income (loss) before tapping fees, capital grants, capital contribution fees and developer contributions	(253,665)	78,083	(175,582)
Tapping fees, capital grants, capital contribution fees and developer contributions:			
Tapping fees	210,270	208,055	418,325
Capital grants	1,096,776	-	1,096,776
Capital contribution fees	151,389	-	151,389
Developer contributions	260,837	242,014	502,851
Total tapping fees, capital grants, capital contribution fees and developer contributions	**1,719,272**	**450,069**	**2,169,341**
Increase in net position	**1,465,607**	**528,152**	**1,993,759**
Net position:			
January 1	17,651,998	12,729,782	30,381,780
December 31	**$ 19,117,605**	**$ 13,257,934**	**$ 32,375,539**

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Water fund	Sewer fund	Total
Cash flows from operating activities:			
Receipts from customers	$ 1,859,239	$ 2,583,399	$ 4,442,638
Payments for:			
Supplies and other operating activities	(860,246)	(2,283,619)	(3,143,865)
Salaries and wages	(450,433)	(450,434)	(900,867)
Net cash provided by (used in) operating activities	**548,560**	**(150,654)**	**397,906**
Cash flows from noncapital financing activities:			
Tapping fees received	118,013	225,727	343,740
Grant income	79,160	-	79,160
Grant expense	(71,964)	-	(71,964)
Miscellaneous income	174	-	174
T-Mobile rent	24,586	-	24,586
Health insurance rebate	17,679	17,679	35,358
Net cash provided by noncapital financing activities	**167,648**	**243,406**	**411,054**
Cash flows from capital and related financing activities:			
Purchase of utility plant and equipment	(2,646,132)	-	(2,646,132)
Proceeds on sale of assets	3,000	3,000	6,000
Capital contribution fees	94,458	-	94,458
Principal paid on long-term debt	(404,724)	(119,762)	(524,486)
Interest and fiscal charges paid on long-term debt	(83,138)	(57,274)	(140,412)
Proceeds from long-term debt	2,536,131	350,279	2,886,410
Net cash provided by (used in) capital and related financing activities	**(500,405)**	**176,243**	**(324,162)**
Cash flows from investing activities:			
Interest income	152,134	316,900	469,034
Net purchases of certificates of deposit	(971,000)	(965,000)	(1,936,000)
Net cash used in investing activities	**(818,866)**	**(648,100)**	**(1,466,966)**
Net decrease in cash and cash equivalents	**(603,063)**	**(379,105)**	**(982,168)**
Cash and cash equivalents:			
Beginning of year	2,739,539	4,712,695	7,452,234
End of year	**$ 2,136,476**	**$ 4,333,590**	**$ 6,470,066**
Reconciliation with financial statements:			
Cash, cash equivalents and equity in pooled cash and investments, unrestricted	$ 1,822,316	$ 4,060,632	$ 5,882,948
Cash, cash equivalents and equity in pooled cash and investments, restricted	314,160	272,958	587,118
Total cash equivalents and equity in pooled cash and investments	**$ 2,136,476**	**$ 4,333,590**	**$ 6,470,066**

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Water fund	Sewer fund	Total
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$ (641,448)	$ (434,521)	$ (1,075,969)
Adjustments:			
Depreciation	930,446	738,825	1,669,271
Amortization	5,629	1,125	6,754
Changes in assets and liabilities:			
(Increase) decrease in:			
Receivables:			
Customers	(17,920)	5,984	(11,936)
Others	1,232	(731)	501
Prepaid:			
Insurance	2,014	2,014	4,028
Other	(4,835)	(141,061)	(145,896)
Internal balances	46,230	(46,230)	-
Increase (decrease) in:			
Accounts payable:			
Trade	150,267	(313,928)	(163,661)
Employee taxes	100	-	100
Accrued expenses	1,636	1,636	3,272
Escrow liability	75,209	36,233	111,442
Net cash provided by (used in) operating activities	**$ 548,560**	**$ (150,654)**	**$ 397,906**
Supplemental schedule of noncash capital and related financing activities, developer contributions	$ 7,163	$ 4,086	$ 11,249

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Water fund	Sewer fund	Total
Cash flows from operating activities:			
Receipts from customers	$ 1,788,216	$ 2,597,501	$ 4,385,717
Payments for:			
Supplies and other operating activities	(1,428,665)	(1,512,791)	(2,941,456)
Salaries and wages	(458,074)	(458,074)	(916,148)
Net cash provided by (used in) operating activities	**(98,523)**	**626,636**	**528,113**
Cash flows from noncapital financing activities:			
Tapping fees received	159,592	188,110	347,702
Grant income	24,504	-	24,504
Grant expense	(18,022)	-	(18,022)
Refund of prior year expenditures	-	41,828	41,828
T-Mobile rent	23,419	-	23,419
Health insurance rebate	8,740	8,740	17,480
Net cash provided by noncapital financing activities	**198,233**	**238,678**	**436,911**
Cash flows from capital and related financing activities:			
Purchase of:			
Utility plant and equipment	(3,123,153)	(2,837,207)	(5,960,360)
Computer software	(3,584)	(3,585)	(7,169)
Capital contribution fees	151,389	-	151,389
Principal paid on note	(150,000)	-	(150,000)
Interest and fiscal charges paid on notes	(53,153)	(29,747)	(82,900)
Proceeds from long-term debt	2,136,820	2,462,188	4,599,008
Net cash used in capital and related financing activities	**(1,041,681)**	**(408,351)**	**(1,450,032)**
Cash flows from investing activities:			
Interest income	152,946	287,608	440,554
Net purchases of certificates of deposit	-	(718,000)	(718,000)
Net cash provided by (used in) investing activities	**152,946**	**(430,392)**	**(277,446)**
Net increase (decrease) in cash and cash equivalents	**(789,025)**	**26,571**	**(762,454)**
Cash and cash equivalents:			
Beginning of year	3,528,564	4,686,124	8,214,688
End of year	**$ 2,739,539**	**$ 4,712,695**	**$ 7,452,234**
Reconciliation with financial statements:			
Cash, cash equivalents and equity in pooled cash and investments, unrestricted	$ 2,500,588	$ 4,475,970	$ 6,976,558
Cash, cash equivalents and equity in pooled cash and investments, restricted	238,951	236,725	475,676
Total cash equivalents and equity in pooled cash and investments	**$ 2,739,539**	**$ 4,712,695**	**$ 7,452,234**

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Water fund	Sewer fund	Total
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	$ (365,043)	$ (230,346)	$ (595,389)
Adjustments:			
Depreciation	812,620	637,025	1,449,645
Amortization	7,533	2,172	9,705
Changes in assets and liabilities:			
(Increase) decrease in:			
Receivables:			
Customers	(19,383)	(30,576)	(49,959)
Others	(863)	-	(863)
Prepaid:			
Insurance	(2,760)	(2,760)	(5,520)
Other	660	81,535	82,195
Internal balances	(290)	290	-
Increase (decrease) in:			
Accounts payable:			
Trade	(582,079)	138,858	(443,221)
Employee taxes	(301)	-	(301)
Accrued expenses	(2,960)	(2,960)	(5,920)
Escrow liability	54,343	33,398	87,741
Net cash provided by (used in) operating activities	**$ (98,523)**	**$ 626,636**	**$ 528,113**
Supplemental schedule of noncash capital and related financing activities, developer contributions	$ 260,837	$ 242,014	$ 502,851

See notes to financial statements.

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 Governmental Accounting Standards Board (GASB) have been considered, and there are no agencies or entities which should be presented with the Authority. The Authority is fiscally independent.

Basis of presentation, measurement focus and accounting:

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

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

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.

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

Basis of presentation, measurement focus and accounting:

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

The Authority accounts for all funds existing under its jurisdiction, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

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

Major funds:

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

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

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 external groups, such as creditors, granters, contributors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. There were no restrictions during the years ended December 31, 2025 and 2024.

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.

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

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, cash equivalents, equity in pooled cash and investments and certificates of deposit:

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and an external investment pool 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. The securities of 2a7-like investment pools are valued at amortized cost, which approximates fair value of the pool. Cash on hand and demand deposits are reported at carrying amounts which reasonably approximate fair value.

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

Certificates of deposit:

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

Investments:

Investments are principally stated at fair value.

Accounts receivable:

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

Internal balances:

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

Prepaid items:

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

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

Utility plant and equipment:

Utility plant and equipment are stated at cost, less depreciation accumulated to date. Cost includes engineering/consulting fees 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, 2025 and 2024 was $24,765.

Deferred outflows of resources:

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

Leases receivable and deferred inflows of resources:

The Authority's leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Leases receivable do not include additional cost payments required for utilities or costs associated with common area maintenance.

Deferred inflows of resources are a separate financial statement element and represent the acquisition of net position or fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until a future period. Deferred inflows of resources are recorded in conjunction with leases receivable. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. Deferred inflows of resources are amortized on a straight-line basis over the terms of the related leases.

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

Unearned tapping fees:

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

Unearned grant revenue:

Unearned grant revenue (American Rescue Plan Act funding) collected is reported as unearned until the Authority incurs appropriate expenditures to earn the revenue. Unearned grant revenue is reported as a current liability on the statements of net position – proprietary funds.

Long-term debt:

The debt obtained to finance the construction projects and used to refund previously issued debt is 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 accounting pronouncements adopted:

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The Statement's objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Authority adopted Statement No. 102 for its December 31, 2025 financial statements. The implementation of this Statement enhanced the Authority's financial statement disclosures, with no effect on the Authority's beginning balances and current year results.

Pending GASB pronouncements:

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The Statement's objective is to improve key components of the financial reporting model used in decision making and assessing a government's accountability. The provisions of this Statement are effective for the Authority's 2026 financial statements.

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

Pending GASB statements:

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private* and *Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires capital assets held for sale be evaluated each reporting period and should disclose the ending balance of capital assets held for sale (with separate disclosure for historical cost and accumulated depreciation by major class of asset) and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The Authority will be required to adopt Statement No. 104 for its fiscal year 2026 financial statements.

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the informational needs of financial statement users. The provisions of this Statement are effective for the Authority's 2027 financial statements.

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

2. Cash, cash equivalents, equity in pooled cash and investments and certificates of deposit:

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.

2. Cash, cash equivalents, equity in pooled cash and investments and certificates of deposit (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.

The Authority categorizes the fair value of investments based on the hierarchy. 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 3 inputs.

Cash, cash equivalents, equity in pooled cash and investments, certificates of deposit and investments as of December 31, 2025 and 2024 were classified in the accompanying financial statements as follows:

	2025	2024
Statements of net position, proprietary funds:		
Cash, cash equivalents and equity in pooled cash and investments	$ 5,882,948	$ 6,976,558
Certificates of deposit	2,890,000	954,000
Cash, cash equivalents and equity in pooled cash and investments, restricted for escrows	587,118	475,676
	$ 9,360,066	$ 8,406,234

2. Cash, cash equivalents, equity in pooled cash and investments and certificates of deposit (continued):

Cash, cash equivalents, equity in pooled cash and investments, certificates of deposit and investments as of December 31, 2025 and 2024 consisted of the following:

	2025	2024
Water fund:		
Cash on hand	$ 50	$ 50
Deposits with financial institutions	225,060	620,806
PLGIT AAAm:		
Prime	1,911,366	1,118,683
Term	-	1,000,000
PLGIT-CD Purchase Program	971,000	-
Total water fund	3,107,476	2,739,539
Sewer fund:		
Deposits with financial institutions	374,978	124,019
PLGIT AAAm:		
Class	215	116
Prime	1,458,397	1,588,560
Term	2,500,000	3,000,000
PLGIT-CD Purchase Program	1,919,000	954,000
Total sewer fund	6,252,590	5,666,695
Total cash, cash equivalents and certificates of deposit	$ 9,360,066	$ 8,406,234

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.

2. Cash, cash equivalents, equity in pooled cash and investments and certificates of deposit (continued):

Custodial credit risk and deposits:

As of December 31, 2025, $370,525 of the Authority's bank balance of $624,814 was not covered by the Federal Deposit Insurance Corporation, but was collateralized in accordance with Act 72. Act 72 requires the institution to pool collateral for all its government deposits and to have the collateral held by an approved custodian in the institution's name.

	2025	2024
Deposits:		
Collateral held by pledging bank under Act 72, but not in the Authority's name	$ 370,525	$ 559,279
Insured by Federal Deposit Insurance Corporation	254,288	256,793
Outstanding checks	(33,216)	(90,437)
Deposits in transit	8,441	19,190
PLGIT:		
Class	215	116
Prime	3,369,763	2,707,243
Term	2,500,000	4,000,000
Petty cash	50	50
Total deposits	$ 6,470,066	$ 7,452,234
Statements of net position, proprietary funds:		
Cash, cash equivalents and equity in pooled cash and investments	$ 5,882,948	$ 6,976,558
Cash, cash equivalents and equity in pooled cash and investments, restricted for escrows	587,118	475,676
	$ 6,470,066	$ 7,452,234

External investment pool:

The Authority uses external investment pools to ensure safety and maximize efficiency, liquidity and yield for Authority funds. The external investment pools are 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 the securities, held by the external investment pool, are evaluated on at least a weekly basis using prices supplied from an independent pricing service. These values are compared to the amortized cost of the securities. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price.

2. Cash, cash equivalents, equity in pooled cash and investments and certificates of deposit (continued):

External investment pool:

Pennsylvania Local Government Investment Trust (PLGIT) separately issues audited financial statements that are available to the public via their website. The Authority has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. Alternatively, the Commonwealth of Pennsylvania provides external regulatory oversight of the external investment pools. The pool is audited annually by Ernst & Young, LLP, an independent accounting firm.

The Authority has funds totaling $5,565,292 invested in PLGIT. PLGIT funds operate similarly to mutual funds and consist of short-term money market instruments and seek to maintain constant net assets value of $1 per share. The Authority is invested in the following PLGIT investment options:

- PLGIT Class Shares - A flexible option which requires no minimum balance, no minimum initial investment and a one-day minimum investment period. Dividends are paid monthly.

- PLGIT Prime - A variable rate investment portfolio rated AAAm by Standard & Poor's. This option requires no minimum balance and no minimum initial investment. This option limits redemptions or exchanges to two per calendar month.

- PLGIT Term - A fixed term investment portfolio of the Trust with maturity of up to one year, depending upon the termination date of any particular series within the PLGIT/TERM portfolio. This option requires a minimum initial investment of $100,000, a minimum investment period of 60 days and has a premature withdrawal penalty.

2. Cash, cash equivalents, equity in pooled cash and investments and certificates of deposit (continued):

Certificates of deposit:

The Authority also invests in PLGIT's PLGIT-CD Purchase Program. The Purchase program is an option that enables investors to purchase directly Certificates of Deposit (CDs) which are intended to be fully insured by FDIC. investments in the PLGIT-CD Purchase Program are direct investments of the investor, not assets of the Trust or under control of the Board of Trustees. Certificates of deposit, stated at fair value, consisted of the following as of December 31, 2025:

Certificates of deposit	
PLGIT-CD Purchase Program:	
Certificate maturing on April 20, 2026, rate 4.10%	$ 240,000
Certificate maturing on April 20, 2026, rate 4.05%	245,000
Certificate maturing on May 26, 2026, rate 4.35%	242,000
Certificate maturing on June 17, 2026, rate 4.05%	240,000
Certificate maturing on June 17, 2026, rate 3.95%	243,000
Certificate maturing on June 17, 2026, rate 4.00%	243,000
Certificate maturing on August 26, 2026, rate 4.35%	239,000
Certificate maturing on August 26, 2026, rate 4.35%	239,000
Certificate maturing on August 26, 2026, rate 4.35%	239,000
Certificate maturing on October 20, 2026, rate 4.05%	240,000
Certificate maturing on October 20, 2026, rate 4.10%	240,000
Certificate maturing on October 20, 2026, rate 3.93%	240,000
	$ 2,890,000

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.

Foreign currency risk:

At December 31, 2025, the Township held no deposits or investments denominated in foreign currencies; accordingly, the Township is not exposed to foreign currency risk.

3. Accounts receivable:

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

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

	2025	2024
Over 90 days	$ 1,371	$ 8,388

4. Lease receivable:

The Authority has entered into a communication tower lease agreement with monthly rental payments ranging from approximately $1,350 to $2,900. The agreement has consecutive renewal options at the lessee's discretion, which extend the lease term to expiring in December 2032. These renewal options have been included in the lease receivable as of December 31, 2025. The current renewal period expires in December 2025. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.50%. Lease revenues generated for the year ended December 31, 2025 were $26,666, all of which were recognized in the water fund.

The following is the schedule of the lease receivable as of December 31, 2025:

Year	
2026	$ 28,407
2027	29,259
2028	30,137
2029	31,041
2030	31,972
Thereafter	66,850
Total	217,666
Present value discount	(11,268)
Lease receivable	$ 206,398

5. Utility plant, equipment and provisions for depreciation:

The Authority computes depreciation using the straight-line method and records depreciation in operating and maintenance expenses. Additions to the water and sewer systems are valued at cost. Additions and useful lives assigned to the various assets for depreciation purposes are as follows:

Asset classification	Useful lives
Water distribution system	5 - 50 years
Sewer collection system	5 - 50 years
Buildings	7 - 50 years
Machinery and equipment	3 - 20 years
Trucks and cars	5 - 10 years
Office furniture and fixtures	5 - 10 years
Computer hardware	4 - 10 years
Leasehold improvements	25 years

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

A summary of the change to capital assets for 2025 follows:

2025	Beginning balance	Additions	Deletions	Reclassifications and transfers	Ending balance
Capital assets not being depreciated:					
Land and land rights	$ 929,690	$ -	$ -	$ -	$ 929,690
Construction in progress	421,908	2,536,112	-	(66,798)	2,891,222
Total capital assets not being depreciated	1,351,598	2,536,112	-	(66,798)	3,820,912
Other capital assets at historical cost:					
Water distribution system	32,745,273	87,814	304,000	43,730	32,572,817
Sewer collection system	23,985,684	4,086	-	-	23,989,770
Buildings	279,666	26,141	-	23,068	328,875
Machinery and equipment	507,777	-	-	-	507,777
Trucks and cars	299,004	-	31,567	-	267,437
Office furniture and fixtures	54,671	-	-	-	54,671
Computer hardware	94,646	3,225	-	-	97,871
Leasehold improvements	780,450	-	-	-	780,450
Total other assets at historical costs	58,747,171	121,266	335,567	66,798	58,599,668
Accumulated depreciation:					
Water distribution system	13,801,109	875,606	54,720	-	14,621,995
Sewer collection system	14,064,291	695,344	-	-	14,759,635
Buildings	107,873	10,946	-	-	118,819
Machinery and equipment	319,931	29,601	-	-	349,532
Trucks and cars	255,660	16,270	31,567	-	240,363
Office furniture and fixtures	36,468	2,085	-	-	38,553
Computer hardware	73,518	8,201	-	-	81,719
Leasehold improvements	31,218	31,218	-	-	62,436
Total accumulated depreciation	28,690,068	1,669,271	86,287	-	30,273,052
Other capital assets, net	30,057,103	(1,548,005)	249,280	66,798	28,326,616
Capital assets, net	$ 31,408,701	$ 988,107	$ 249,280	$ -	$ 32,147,528

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

A summary of the change to capital assets for 2024 follows:

2024	Beginning balance	Additions	Deletions	Reclassifications and transfers	Ending balance
Capital assets not being depreciated:					
Land and land rights	$ 929,690	$ -	$ -	$ -	$ 929,690
Construction in progress	3,629,589	5,697,644	-	(8,905,325)	421,908
Total capital assets not being depreciated	4,559,279	5,697,644	-	(8,905,325)	1,351,598
Other capital assets at historical cost:					
Water distribution system	27,940,000	296,167	368,462	4,877,568	32,745,273
Sewer collection system	19,715,913	242,014	-	4,027,757	23,985,684
Buildings	279,666	-	-	-	279,666
Machinery and equipment	489,061	18,716	-	-	507,777
Trucks and cars	299,004	-	-	-	299,004
Office furniture and fixtures	53,424	1,247	-	-	54,671
Computer hardware	86,170	8,476	-	-	94,646
Leasehold improvements	780,450	-	-	-	780,450
Total other assets at historical costs	49,643,688	566,620	368,462	8,905,325	58,747,171
Accumulated depreciation:					
Water distribution system	13,406,311	757,181	362,383	-	13,801,109
Sewer collection system	13,471,962	592,329	-	-	14,064,291
Buildings	98,140	9,733	-	-	107,873
Machinery and equipment	291,943	27,988	-	-	319,931
Trucks and cars	235,565	20,095	-	-	255,660
Office furniture and fixtures	34,279	2,189	-	-	36,468
Computer hardware	64,606	8,912	-	-	73,518
Leasehold improvements	-	31,218	-	-	31,218
Total accumulated depreciation	27,602,806	1,449,645	362,383	-	28,690,068
Other capital assets, net	22,040,882	(883,025)	6,079	8,905,325	30,057,103
Capital assets, net	$ 26,600,161	$ 4,814,619	$ 6,079	$ -	$ 31,408,701

6. Long-term debt:

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 $121,992 and $146,757 as of December 31, 2025 and 2024, respectively.

Sewer Pennvest Revolving Fund Loan 2023:

On June 29, 2023, the Authority obtained a Sewer Revolving Fund Loan from Pennvest in the aggregate principal amount of $3,410,319. The proceeds are being used by the Authority to finance capital projects for the sewer system. The loan has an interest rate of 1.743% from years one through five and an interest rate of 2.179% from years six through twenty. Proceeds from the loan shall be available to the Authority on a draw down basis through and including March 1, 2025. Interest only payments will be made until the principal amount is fully drawn upon. As of December 31, 2025, the Authority has drawn $3,405,768 and will not draw on any of the remaining available funds.

Water Pennvest Revolving Fund Loan 2023:

On June 29, 2023, the Authority obtained a Water Revolving Fund Loan from Pennvest in the aggregate principal amount of $972,546. The proceeds are being used by the Authority to finance capital projects for the water system. The loan has an interest rate of 1.743% from years one through five and an interest rate of 2.179% from years six through twenty. Proceeds from the loan shall be available to the Authority on a draw down basis through and including March 1, 2025. Interest only payments will be made until the principal amount is fully drawn upon. As of December 31, 2025, the Authority has drawn $963,165 and will not draw on any of the remaining available funds.

Water Pennvest Drinking Water State Revolving Fund Loan 2024:

On March 27, 2024, the Authority obtained a Drinking Water State Revolving Fund Loan from Pennvest in aggregate principal amount of $1,840,242. The proceeds are being used by the Authority to finance capital projects for the water system. The loan has an interest rate of 1.743% from years one through five and an interest rate of 2.179% from years six through twenty. Proceeds from the loan shall be available to the Authority on a draw down basis through and including March 1, 2025. Interest only payments will be made until the principal amount is fully drawn upon. As of December 31, 2025, the Authority has drawn $1,445,634 and will not draw on any of the remaining available funds.

6. Long-term debt (continued):

Water Pennvest Revolving Fund Loan 2025:

On June 18, 2025, the Authority obtained a Water Revolving Fund Loan from Pennvest in aggregate principal amount of $3,000,000. The proceeds are being used by the Authority to finance capital projects for the water system. The loan has an interest rate of 1.743% from years one through five and an interest rate of 2.179% from years six through twenty. Proceeds from the loan shall be available to the Authority on a draw down basis through and including April 1, 2026. Interest only payments will be made until the principal amount is fully drawn upon. As of December 31, 2025, the Authority has drawn $2,418,689 of the total amount of the debt and is in the process of drawing down the remaining available funds. The future payment schedule below reflects amounts as if the loan was fully drawn upon.

The following is a summary of long-term debt transactions of the Authority for the years ended December 31, 2025 and 2024:

2025	Water Revenue Note, Series 2020	Sewer Pennvest Revolving Fund Loan 2023	Water Pennvest Revolving Fund Loan 2023	Water Pennvest Drinking Water State Revolving Fund Loan 2024	Water Pennvest Revolving Fund Loan 2025	Total
Outstanding balance at December 31, 2024	$ 2,015,000	$ 3,055,489	$ 853,635	$ 1,437,722	$ -	$ 7,361,846
Principal additions	-	350,279	109,530	7,912	2,418,689	2,886,410
Principal payments	(320,000)	(119,762)	(34,006)	(50,718)	-	(524,486)
Outstanding balance at December 31, 2025	1,695,000	3,286,006	929,159	1,394,916	2,418,689	9,723,770
Current portion at December 31, 2025	(330,000)	(145,681)	(41,193)	(61,842)	(84,079)	(662,795)
Outstanding long-term portion at December 31, 2025	$ 1,365,000	$ 3,140,325	$ 887,966	$ 1,333,074	$ 2,334,610	$ 9,060,975

2024	Water Revenue Note, Series 2020	Sewer Pennvest Revolving Fund Loan 2023	Water Pennvest Revolving Fund Loan 2023	Water Pennvest Drinking Water State Revolving Fund Loan 2024	Total
Outstanding balance at December 31, 2023	$ 2,165,000	$ 593,301	$ 154,537	$ -	$ 2,912,838
Principal additions	-	2,462,188	699,098	1,437,722	4,599,008
Principal payments	(150,000)	-	-	-	(150,000)
Outstanding balance at December 31, 2024	2,015,000	3,055,489	853,635	1,437,722	7,361,846
Current portion at December 31, 2024	(320,000)	(119,647)	(34,121)	(58,064)	(531,832)
Outstanding long-term portion at December 31, 2024	$ 1,695,000	$ 2,935,842	$ 819,514	$ 1,379,658	$ 6,830,014

6. Long-term debt (continued):

Debt service requirements in future years are as follows:

Water Revenue Note, Series of 2020

Year	Principal	Interest	Total
2026	330,000	25,425	$ 355,425
2027	330,000	20,475	350,475
2028	340,000	15,525	355,525
2029	345,000	10,425	355,425
2030	350,000	5,250	355,250
Total payments	$ 1,695,000	$ 77,100	$ 1,772,100

Sewer Pennvest Revolving Fund Loan 2023

Year	Principal	Interest	Total
2026	$ 145,681	$ 56,115	$ 201,796
2027	148,241	53,555	201,796
2028	150,845	50,951	201,796
2029	153,496	48,300	201,796
2030	152,034	55,097	207,131
2031-2035	807,166	233,825	1,040,991
2036-2040	899,987	141,004	1,040,991
2041-2045	828,556	38,934	867,490
Total payments	$ 3,286,006	$ 677,781	$ 3,963,787

Water Pennvest Revolving Fund Loan 2023

Year	Principal	Interest	Total
2026	$ 41,193	$ 15,867	$ 57,060
2027	41,917	15,143	57,060
2028	42,653	14,407	57,060
2029	43,403	13,658	57,061
2030	42,990	15,579	58,569
2031-2035	228,237	66,118	294,355
2036-2040	254,482	39,871	294,353
2041-2045	234,284	11,010	245,294
Total payments	$ 929,159	$ 191,653	$ 1,120,812

6. Long-term debt (continued):

Water Pennvest Drinking Water State Revolving Fund Loan 2024

Year	Principal	Interest	Total
2026	$ 61,842	$ 23,821	$ 85,663
2027	62,929	22,734	85,663
2028	64,034	21,629	85,663
2029	65,159	20,504	85,663
2030	64,539	23,389	87,928
2031-2035	342,643	99,259	441,902
2036-2040	382,046	59,857	441,903
2041-2045	351,724	16,528	368,252
Total payments	$ 1,394,916	$ 287,721	$ 1,682,637

Water Pennvest Revolving Fund Loan 2025

Year	Principal	Interest	Total
2026	$ 84,079	$ 34,433	$ 118,512
2027	127,963	49,805	177,768
2028	130,212	47,557	177,769
2029	132,499	45,269	177,768
2030	134,827	42,941	177,768
2031-2035	694,787	220,374	915,161
2036-2040	772,943	144,098	917,041
2041-2045	861,829	55,213	917,042
2046	60,861	279	61,140
Total payments	$ 3,000,000	$ 639,969	$ 3,639,969

7. 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. In July 2023, the Authority signed a new agreement for office space which requires rental payments of $1 through July 2048.

8. Interfund:

Tapping fees:

The Authority's water fund paid the Authority's sewer fund $70,000 and $24,679 in 2025 and 2024, respectively, for 10 EDUs of sewer capacity for each year. The water division recorded the capacity as an addition to the water distribution system during the year ended December 31, 2025 and 2024.The sewer fund recorded $70,000and $24,679 as tapping fees income in 2025 and 2024, respectively.

Due to due from:

During the course of operations, transactions occur between the Authority's water and sewer funds for goods provided or services rendered. The resulting receivables and payable are classified as "Internal Balances" on the statements of net position. For the years ended December 31, 2025 and 2024, $889 and $45,341, respectively, were outstanding at the end of the year.

9. 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.

10. 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 the Authority the perpetual right to collect, transport and deliver wastewater to the Adamstown Treatment Facilities. the Authority connected to the Adamstown Treatment Facilities on April 16, 1997. The Authority is allocated an initial capacity of 100,000 gallons per day. The Authority paid Adamstown an initial buy-in fee of $845,191. In addition, the Authority is responsible to pay an annual service fee and surcharges, if applicable. Calculation of surcharges is made pursuant to an amendment of the partnership agreement dated October 7, 2004.

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

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

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

11. Employee group insurance:

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

For the year ended December 31, 2025, the Authority paid premiums of $113,973. Actual claims paid for the year ended December 31, 2025 were $118,868 less $18,484 for reinsurance reimbursements. The Authority also incurred a shared cost of $1,029 and is anticipating a refund of $12,559 in 2026. For the year ended December 31, 2024, the Authority paid premiums of $104,920. Actual claims paid for the year ended December 31, 2024 were $57,722. The Authority also incurred a shared cost of $11,840 and received a refund of $35,357 in 2025.

12. Section 457 deferred compensation plan:

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

Investment balances are not available to participants until termination, retirement, death or unforeseeable emergency. Upon termination of employment, employer contributions are due to the employee in accordance with a staged vesting schedule. A year of vesting service shall consist of 12 completed months of service. As of seven years of service, an employee is fully vested in the plan. Any portion of the Authority’s contributions to the plan, which is not vested upon termination of an employee, before seven years, shall be forfeited. Forfeited amounts shall be held in a suspense account until used to reduce future Authority contributions to the plan. All amounts of compensation deferred under the plan, 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 $1,210,294 and $993,675 were being held as of December 31, 2025 and 2024, respectively. Employer contributions totaled $47,755 and $63,788 for the years ended December 31, 2025 and 2024, respectively. During the years ended December 31, 2025 and 2024, $12,081 and $932,226, respectively, were distributed from the fund. The Authority does not have a liability related to the plan as of the years ended December 31, 2025 and 2024.

13. 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.

Grants:

The Authority receives revenues from various federal and state grant programs, which are subject to audit and adjustment by the respective grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

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.

14. Constraints:

Constraints on spending:

The Authority is subject to certain legal and formal constraints that limit its ability to incur expenditures. These constraints are imposed by statutes of the Commonwealth of Pennsylvania and by formal actions of the Authority's highest level of decision-making authority.

Spending and budgetary constraints:

The Authority operates under a legally adopted budget, and expenditures are limited by state law and by formal action of the governing body to the amounts appropriated in the annual budget, as amended. Additionally, money of the Authority may not be used for any grant, loan or other expenditure for any purpose other than a service or project directly related to the mission or purpose of the Authority as set forth in the articles of incorporation or in the resolution or ordinance establishing the Authority under Section 5603. These requirements, along with mandates that certain expenditures (such as debt service and specific programmatic spending) be funded before other discretionary activities, represent limitations on spending and mandated spending that reduce the Authority's flexibility to adjust expenditures in response to changing conditions

15. Subsequent events:

Management has evaluated subsequent events through June 25, 2026, which is the date the financial statements were available to be issued.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER FUND – ACTUAL VS BUDGET
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report on other information)

	Actual	Budget	Over (under) budget
Operating revenue:			
Utility rents	$ 1,612,405	$ 1,700,795	$ (88,390)
Fire hydrant rent	66,600	66,600	-
Penalties on late payments	7,722	6,000	1,722
Inspection fees	6,120	3,000	3,120
Review fees	2,200	3,000	(800)
Miscellaneous	7,203	7,000	203
Grant revenue	-	100	(100)
	1,702,250	1,786,495	(84,245)
Meters and reimbursed construction income:			
Sale of meters	3,465	4,300	(835)
Material sales	1,412	2,000	(588)
Legal fees	1,430	1,500	(70)
Engineering fees	45,096	40,000	5,096
Reimbursable fees, consulting	-	40,000	(40,000)
Subcontract	-	2,000	(2,000)
Labor sales	835	1,500	(665)
Total meters and reimbursed construction income	52,238	91,300	(39,062)
Total operating revenue	**1,754,488**	**1,877,795**	**(123,307)**
Operating expenses:			
Meters and costs incurred for others:			
Purchases:			
Meters	97,792	26,000	71,792
Other materials	19	1,000	(981)
Legal costs	1,431	1,500	(69)
Engineering costs	45,096	40,000	5,096
Reimbursable costs	-	2,000	(2,000)
Reimbursable costs, consulting	-	40,000	(40,000)
Total meters and costs incurred for others	144,338	110,500	33,838

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report on other information)

	Actual	Budget	Over (under) budget
Operating expenses (continued):			
Operating and maintenance:			
Salaries and wages:			
Supervision	$ 46,710	$ 46,000	$ 710
Other	222,883	224,000	(1,117)
Payroll taxes	24,865	21,210	3,655
Pension	10,854	12,500	(1,646)
Workers' compensation insurance	5,991	6,600	(609)
Insurance	11,946	12,925	(979)
Employee group insurance	59,670	55,000	4,670
Maintenance:			
Building	1,840	5,000	(3,160)
Contents	18,280	27,000	(8,720)
Field items	20,954	15,000	5,954
Permit fees	11,140	11,000	140
Repairs to machinery and equipment	12,997	5,000	7,997
Contracted services	15,301	11,500	3,801
Sewer charges, WTP	105,379	98,500	6,879
Electric	141,591	130,000	11,591
Laboratory testing	26,989	38,000	(11,011)
Chemicals	80,898	90,000	(9,102)
Certification	1,452	2,000	(548)
Auto allowance	129	100	29
Telemetering	7,031	6,800	231
Depreciation	915,819	880,935	34,884
Other operating expense	10,205	12,000	(1,795)
Total operating and maintenance	1,752,924	1,711,070	41,854

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report on other information)

	Actual	Budget	Over (under) budget
Operating expenses (continued):			
Transportation expenses:			
Gasoline and motor oil	$ 5,291	$ 8,000	$ (2,709)
Repairs and service	3,216	3,500	(284)
Insurance	3,209	4,000	(791)
Depreciation	8,135	8,135	-
Total transportation expenses	19,851	23,635	(3,784)
General and administrative expenses:			
Salaries and wages, clerical	186,156	189,900	(3,744)
Payroll taxes	11,963	14,865	(2,902)
Pension	8,864	9,000	(136)
Insurance	1,670	2,000	(330)
Employee group insurance	35,657	35,000	657
Engineering fees	39,096	25,000	14,096
Legal fees	90,262	35,000	55,262
Audit fees	16,795	18,900	(2,105)
Bank fees	4,705	3,000	1,705
Officers expenses	2,350	3,000	(650)
Postage and office supplies	8,078	7,750	328
Dues and subscriptions	2,907	3,500	(593)
Public emergency notification	-	500	(500)
Advertising	331	1,000	(669)
Maintenance and repairs	1,486	1,750	(264)
Training and seminars	1,455	5,000	(3,545)
Telephone	6,220	6,500	(280)
Rent, building	725	700	25
Auto allowance	469	600	(131)
Water and sewer	1,587	6,000	(4,413)
Computer support	43,267	42,000	1,267
Depreciation	6,492	6,077	415
Amortization of computer software	5,629	5,629	-
Uncollectible accounts	-	100	(100)
ECT light/hydrant taxes	-	200	(200)
Other general expense	2,659	4,000	(1,341)
Total general and administrative expenses	478,823	426,971	51,852
Total operating expenses	**2,395,936**	**2,272,176**	**123,760**

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report on other information)

	Actual	Budget	Over (under) budget
Operating loss	**$ (641,448)**	**$ (394,381)**	**$ (247,067)**
Other income:			
Interest income	152,134	84,000	68,134
T-Mobile rent	26,666	27,480	(814)
Health insurance rebate	17,679	-	17,679
Grant income	79,160	-	79,160
Miscellaneous	174	-	174
Total other income	**275,813**	**111,480**	**164,333**
Other deductions:			
Interest expense	82,741	119,685	(36,944)
Loss on sale of assets	246,280	-	246,280
Grant expense	71,964	-	71,964
Amortization of deferred loss on refunding	24,765	29,476	(4,711)
Total other deductions	**425,750**	**149,161**	**276,589**
Loss before tapping fees, capital contribution fees and developer contributions	(791,385)	(432,062)	(359,323)
Tapping fees, capital contribution fees and developer contributions:			
Tapping fees	56,072	70,000	(13,928)
Capital contribution fees	94,458	55,440	39,018
Developer contributions	7,163	-	7,163
Total tapping fees, capital contribution fees and developer contributions	**157,693**	**125,440**	**32,253**
Change in net position	**(633,692)**	**$ (306,622)**	**$ (327,070)**
Net position:			
January 1	19,117,605		
December 31	**$ 18,483,913**		

See notes to financial statements.

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
SEWER FUND – ACTUAL VS BUDGET
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report on other information)

	Actual	Budget	Over (under) budget
Operating revenue:			
Utility rents	$ 2,519,604	$ 2,650,603	$ (130,999)
Penalties on late payments	14,372	12,000	2,372
Inspection fees	3,422	5,000	(1,578)
Review fees	2,200	3,000	(800)
Miscellaneous	1,451	2,000	(549)
	2,541,049	2,672,603	(131,554)
Reimbursed construction income:			
Sale of meters	1,155	-	1,155
Material sales	613	100	513
Legal fees	1,956	1,500	456
Engineering fees	42,552	40,000	2,552
Labor sales	818	500	318
Total reimbursed construction income	47,094	42,100	4,994
Total operating revenue	**2,588,143**	**2,714,703**	**(126,560)**
Operating expenses:			
Costs incurred for others:			
Purchases:			
Meters	96,117	26,000	70,117
Other materials	20	200	(180)
Legal costs	1,957	1,500	457
Engineering costs	42,552	40,000	2,552
Total costs incurred for others	140,646	67,700	72,946

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
SEWER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report on other information)

	Actual	Budget	Over (under) budget
Operating expenses (continued):			
Operating and maintenance:			
Salaries and wages:			
Supervision	$ 46,710	$ 46,000	$ 710
Other	222,884	224,000	(1,116)
Payroll taxes	24,865	21,210	3,655
Pension	10,854	12,500	(1,646)
Workers' compensation insurance	5,991	6,600	(609)
Insurance	11,946	12,925	(979)
Employee group insurance	60,822	55,000	5,822
Maintenance:			
Building	123	2,000	(1,877)
Contents	12,244	20,000	(7,756)
Field items	14,115	17,000	(2,885)
Permit fees		100	(100)
Repairs to machinery and equipment	4,156	3,000	1,156
Sewer treatment costs, Ephrata/Adamstown	953,267	1,052,574	(99,307)
Sewer interceptor costs, Ephrata	21,959	25,393	(3,434)
Sewer debt service costs, Ephrata	340,480	373,718	(33,238)
Contracted services	700	700	
Electric	24,738	25,000	(262)
Laboratory testing	3,990	4,000	(10)
Certification	726	1,000	(274)
Telemetering	5,946	6,500	(554)
Auto allowance	129	100	29
Depreciation	726,898	679,120	47,778
Other operating expense	6,232	6,000	232
Total operating and maintenance	2,499,775	2,594,440	(94,665)

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
SEWER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report on other information)

	Actual	Budget	Over (under) budget
Operating expenses (continued):			
Transportation expenses:			
Gasoline and motor oil	$ 5,291	$ 8,000	$ (2,709)
Repairs and service	3,224	3,500	(276)
Insurance	3,209	4,000	(791)
Depreciation	8,135	8,135	-
Total transportation expenses	19,859	23,635	(3,776)
General and administrative expenses:			
Salaries and wages, clerical	186,156	189,900	(3,744)
Payroll taxes	11,963	14,865	(2,902)
Pension	8,864	9,000	(136)
Insurance	1,670	2,000	(330)
Employee group insurance	35,656	35,000	656
Engineering fees	33,762	25,000	8,762
Legal fees	2,017	10,000	(7,983)
Audit fees	16,795	18,900	(2,105)
Bank fees	6,022	3,000	3,022
Officers expenses	2,350	3,000	(650)
Postage and office supplies	7,949	7,750	199
Dues and subscriptions	1,426	3,500	(2,074)
Advertising	284	1,000	(716)
Maintenance and repairs	1,485	1,750	(265)
Training and seminars	915	3,000	(2,085)
Telephone	5,748	6,500	(752)
Rent, building	725	700	25
Auto allowance	362	600	(238)
Water and sewer	1,263	2,000	(737)
Computer support	29,485	28,000	1,485
Depreciation	3,792	3,795	(3)
Amortization of computer software	1,125	1,125	-
Uncollectible accounts	-	100	(100)
ECT light/hydrant taxes	-	200	(200)
Other general expense	2,570	4,000	(1,430)
Total general and administrative expenses	362,384	374,685	(12,301)
Total operating expenses	**3,022,664**	**3,060,460**	**(37,796)**

(continued)

EAST COCALICO TOWNSHIP AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
SEWER FUND – ACTUAL VS BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(See independent auditor's report on other information)

	Actual	Budget	Over (under) budget
Operating loss	**$ (434,521)**	**$ (345,757)**	**$ (88,764)**
Other income:			
Interest income	316,900	200,000	116,900
Health insurance rebate	17,679	-	17,679
Gain on sale of assets	3,000	-	3,000
Total other income	**337,579**	**200,000**	**137,579**
Other deductions, interest expense	**57,276**	**58,300**	**(1,024)**
Loss before tapping fees and developer contributions	(154,218)	(204,057)	49,839
Tapping fees and developer contributions:			
Tapping fees	135,890	147,000	(11,110)
Developer contributions	4,086	-	4,086
Total tapping fees and developer contributions	**139,976**	**147,000**	**(7,024)**
Change in net position	**(14,242)**	**$ (57,057)**	**$ 42,815**
Net position:			
January 1	13,257,934		
December 31	**$ 13,243,692**		

See notes to financial statements.