EAST COCALICO WATER & SEWER TOWNSHIP AUTHORITY

**YEARS ENDED**
**DECEMBER 31, 2024 AND 2023**

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ACCOUNTANTS + ADVISORS

# *EAST COCALICO TOWNSHIP AUTHORITY*

YEARS ENDED DECEMBER 31, 2024 AND 2023

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# Independent Auditor's Report

Members of the Board
East Cocalico Township Authority
Denver, Pennsylvania

## Report on the Audit of the Financial Statements

*Opinions*

We have audited the accompanying financial statements of each major fund of East Cocalico Township Authority (the Authority) as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of East Cocalico Township Authority as of December 31, 2024 and 2023, and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Basis for Opinions*

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

*Emphasis of matters*

As discussed in Note 14 to the financial statements, in 2024 the Authority removed the 457 defined contribution plan from the fiduciary activities based on interpretation of Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

The Authority also made some reclassification of accounts during 2024 that effected the presentation of the December 31, 2023 balances.

Our opinion is not modified with respect to these matters.

## Responsibilities of Management for the Financial Statements

The Authority 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, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if, 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 and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

## Other Matters

*Required Supplementary Information*

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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the East Cocalico Township Authority's basic financial statements taken as a whole. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary comparison information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2025 on our consideration of East Cocalico Township Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Cocalico Township Authority's internal control over financial reporting and compliance.

Brown Plus

Camp Hill, Pennsylvania
July 24, 2025

# *EAST COCALICO TOWNSHIP AUTHORITY*

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)
DECEMBER 31, 2024 AND 2023

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, 2024. 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 $32,375,539 at the close of the calendar year ended December 31, 2024 compared to $30,381,780 for the previous year. This was an increase of 6.56% over the previous calendar year.

Total net position increased by $1,993,759 (6.56%) for the year ended December 31, 2024 compared to $1,092,868 (3.73%) for the year ended December 31, 2023. During 2024, total utility plant and equipment, net increased by $4,808,540 due primarily to additions of $5,895,802 net of an increase of $1,087,262 in overall accumulated depreciation. Overall, the Authority's total assets increased by $4,712,536 (13.01%) compared to the previous year.

ECTA's total deferred outflows of resources decreased $24,765 for the year ended December 31, 2024 due to the annual amortization expense associated with the deferred loss on refunding.

ECTA's total liabilities increased $2,720,412 (47.19%) during the year ended December 31, 2024 compared to an increase of $2,792,982 (93.99%) during the year ended December 31, 2023. The increase in 2024 is mostly attributed to an increase in long-term debt of $4,067,176, offset by a decrease in trade accounts payable of $443,221 and decrease in $1,096,776 unearned grant revenue received in 2023.

ECTA's total deferred inflows of resources decreased $26,400 for the year ended December 31, 2024 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) 2024 compared to 2023 | |
|---|---|---|---|---|---|
| | December 31, 2024 | December 31, 2023 | December 31, 2022 | Amount | Percentage |
| **Assets:** | | | | | |
| Current and other assets | $ 9,516,372 | $ 9,612,376 | $ 8,558,791 | $ (96,004) | (1.00) % |
| Utility plant and equipment, net | 31,408,701 | 26,600,161 | 23,769,531 | 4,808,540 | 18.08 |
| **Total assets** | **40,925,073** | **36,212,537** | **32,328,322** | **4,712,536** | **13.01** |
| Deferred outflows of resources, deferred loss on refunding | 146,757 | 171,522 | 196,287 | (24,765) | (14.44) |
| **Total assets and deferred outflows of resources** | **$ 41,071,830** | **$ 36,384,059** | **$ 32,524,609** | **$ 4,687,771** | **12.88 %** |
| **Liabilities:** | | | | | |
| Current liabilities | $ 1,655,077 | $ 3,001,841 | $ 806,697 | $ (1,346,764) | (44.86) % |
| Long-term liabilities | 6,830,014 | 2,762,838 | 2,165,000 | 4,067,176 | 147.21 |
| **Total liabilities** | **8,485,091** | **5,764,679** | **2,971,697** | **2,720,412** | **47.19** |
| Deferred inflows of resources, leases | 211,200 | 237,600 | 264,000 | (26,400) | (11.11) |
| **Net position:** | | | | | |
| Invested in capital assets, net of related debt | 23,875,016 | 23,875,731 | 21,676,322 | (715) | (0.00) |
| Unrestricted | 8,500,523 | 6,506,049 | 7,612,590 | 1,994,474 | 30.66 |
| **Total net position** | **32,375,539** | **30,381,780** | **29,288,912** | **1,993,759** | **6.56** |
| **Total liabilities, deferred inflows of resources and net position** | **$ 41,071,830** | **$ 36,384,059** | **$ 32,524,609** | **$ 4,687,771** | **12.88 %** |

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 $32,375,539 as of December 31, 2024. ECTA's net position increased by $1,993,759 for the year ended December 31, 2024. The largest portion of total net position (73.74%) 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 $8,500,523 may be used to pay down debt, fund pay-as-you go capital projects, replace reserves or be used for any other legal purpose. ECTA's overall financial position improved marginally during the calendar year that ended December 31, 2024 as total net position grew by 6.56%.

ECTA placed into service a total $9,471,945 worth of capital assets during 2024. Major capital assets in the water fund included $2,703,027 associated with the Meadowbrook Water Main Replacement Project; $1,542,814 associated with the Kurtz Road Water Main Replacement Project and $387,225 with leasehold improvements. Major capital assets in the sewer fund included $4,027,757 Meadowbrook Sewer Main Replacement and $393,225 associated with leasehold improvements.

The Authority's total liabilities at the end of 2024 increased by $2,720,412 (47.19%) compared to the prior year ended December 31, 2023. This was primarily due to the long-term liabilities increase by $4,067,176 (147.21%) due primarily to the acquisition of PennVest Loans used to fund the water and sewer main replacement projects.

ECTA's changes in revenues, expenses and net position as shown in Table 2 provides information concerning what contributed to the net changes reported in Table 1. Several factors were attributable to the increase in net position from $30,381,780 to $32,375,539 as highlighted below:

Table 2
Changes in Revenues, Expenses and Net Position

| | Period ended | | | Increase (decrease) 2024 compared to 2023 | |
|---|---|---|---|---|---|
| | December 31, 2024 | December 31, 2023 (as restated) | December 31, 2022 | Amount | Percentage |
| **Operating revenues, charges for services** | **$ 4,348,798** | **$ 4,190,321** | **$ 3,967,455** | **$ 158,477** | **3.78 %** |
| **Operating expenses:** | | | | | |
| Costs incurred for others | 121,382 | 41,440 | 155,766 | 79,942 | 192.91 |
| Operating and maintenance expenses | 3,975,324 | 3,889,808 | 3,457,242 | 85,516 | 2.20 |
| Transportation expenses | 48,026 | 54,145 | 38,866 | (6,119) | (11.30) |
| General and administrative expenses | 799,455 | 697,037 | 608,471 | 102,418 | 14.69 |
| **Total operating expenses** | **4,944,187** | **4,682,430** | **4,260,345** | **261,757** | **5.59** |
| **Operating loss** | **(595,389)** | **(492,109)** | **(292,890)** | **(103,280)** | **(20.99)** |
| **Nonoperating revenue (expenses):** | | | | | |
| Other income | 551,024 | 507,942 | 119,312 | 43,082 | 8.48 |
| Other deductions | (131,217) | (89,182) | (61,740) | (42,035) | 47.13 |
| **Total nonoperating revenue** | **419,807** | **418,760** | **57,572** | **1,047** | **0.25** |
| Loss before tapping fees, capital grants, capital contribution fees and developer contributions | (175,582) | (73,349) | (235,318) | (102,233) | 139.38 |
| **Tapping fees, capital grants, capital contributions fees and developer contributions:** | | | | | |
| Tapping fees | 418,325 | 288,616 | 182,203 | 129,709 | 44.94 |
| Capital grants | 1,096,776 | 235,224 | - | 861,552 | 366.27 |
| Capital contribution fees | 151,389 | 174,519 | 30,799 | (23,130) | (13.25) |
| Developer contributions | 502,851 | 467,858 | 606,372 | 34,993 | 7.48 |
| **Total tapping fees, capital grants, capital contributions fees and developer contributions** | **2,169,341** | **1,166,217** | **819,374** | **1,003,124** | **86.02** |
| **Increase in net position** | **1,993,759** | **1,092,868** | **584,056** | **900,891** | **82.43** |
| **Total net position:** | | | | | |
| Beginning of year | 30,381,780 | 29,288,912 | 28,704,856 | 1,092,868 | 3.73 |
| **End of year** | **$ 32,375,539** | **$ 30,381,780** | **$ 29,288,912** | **$ 1,993,759** | **6.56 %** |

## Review of operations

*Operating revenues*

Comparing the years ended December 31, 2024 and 2023, operating revenues increased by 158,477 (3.78%) from the beginning to the end of 2024. The majority of the change is attributable to an increase in the water and sewer utility rents. In 2015, the water fund began paying utility rents to the sewer fund for wastewater produced by the new water treatment plant. Included in the sewer division's 2024 operating revenue is $105,879 associated with these rents.

*Operating expenses*

Comparing the periods ended December 31, 2024 and 2023, overall operating expenses increased by $261,757 (5.59%). The majority of the change is attributable to an increase in professional services as part of the general and administrative expense increase of $102,418 (14.69%).

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

Operating revenues along with other income totaled $4,899,822 for the year ended December 31, 2024. Corresponding operating expenses and other deductions totaled $5,075,404 for the same time period. This resulted in a loss before tapping fees, capital contributions, capital contribution fees and developer contributions of $175,582 compared to a gain of $73,349 for the year ended December 31, 2023.

*Tapping fees*

For the year ended December 31, 2024, compared to the year ended December 31, 2023, overall tapping fees increased by $129,709 (44.94%). Looking closer at this number, water tapping fees increased by $61,318 (41.2%) in 2024, which fluctuates each year based on new connections and capacity reassessments. Additionally, sewer tapping fees, which also fluctuate each year, increased by $68,391 (49.00%) due to an increase in new connections and capacity reassessments.

*Capital grants, capital contribution fees and developer contributions*

During 2024 and 2023, the Authority recognized capital grant revenue of $1,096,776 and $235,224, respectively. This related to the Coronavirus State and Local Fiscal Recovery Fund grant received from the County of Lancaster. During 2024, the Authority received $654,240 in capital contribution fees and noncash developer contributions. In 2023, capital contribution fees and noncash developer contributions totaled $642,377. Included in the 2024 and 2023 amounts are funds totaling $151,389 and $174,519, 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 $502,851 in 2024 and $467,858 in 2023 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) 2024 compared to 2023 | |
|---|---|---|---|---|---|
| | December 31, 2024 | December 31, 2023 | December 31, 2023 | Amount | Percentage |
| Land and land rights | $ 929,690 | $ 929,690 | $ 929,690 | $ - | - |
| Construction in progress | 421,908 | 3,629,589 | 1,881,113 | (3,207,681) | (88.38) % |
| Water distribution system | 18,944,164 | 14,533,689 | 13,974,068 | 4,410,475 | 30.35 |
| Sewer collection system | 9,921,393 | 6,243,951 | 6,614,114 | 3,677,442 | 58.90 |
| Buildings | 171,793 | 181,526 | 191,262 | (9,733) | (5.36) |
| Machinery and equipment | 187,846 | 197,118 | 67,031 | (9,272) | (4.70) |
| Trucks and cars | 43,344 | 63,439 | 90,172 | (20,095) | (31.68) |
| Office furniture and fixtures | 18,203 | 19,145 | 530 | (942) | (4.92) |
| Computer hardware | 21,128 | 21,564 | 21,551 | (436) | (2.02) |
| Leasehold improvements | 749,232 | 780,450 | - | (31,218) | 100.00 |
| Total utility plant and equipment, net of depreciation | $ 31,408,701 | $ 26,600,161 | $ 23,769,531 | $ 4,808,540 | 18.08 % |

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 $4,808,540 (18.08%) between December 31, 2023, and December 31, 2024. As of December 31, 2024, utility plant and equipment totaled $31,408,701 (net of accumulated depreciation) compared to $26,600,161 (net of accumulated depreciation) at the close of the year ended December 31, 2023. Construction in progress decreased by $3,207,681 (88.38%) at December 31, 2024. In 2024, capital assets (net of accumulated depreciation) related to the water distribution system increased by $4,410,475 (30.35%) due primarily to 2024 additions. Capital assets in the sewer collection system increased by 3,677,442 (58.90%) due primarily to 2024 additions. Capital assets in leasehold improvements decreased by $31,218 (100.00%) due primarily to 2024 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, 2024, the Authority's water fund had debt in the amount of $2,015,000 from the Water Revenue Note - Series of 2020; $853,635 from the PennVest loan received for the Meadowbrook Area Water Main Replacement project and $1,437,722 from the PennVest loan received for the Kurtz Road Water Main Replacement project. The sewer division also had debt in the amount of $3,055,489 from the PennVest loan received for the Meadowbrook Area Sanitary Sewer Rehabilitation and Replacement project.

*Current debt*

As of December 31, 2024, the Authority classified $320,000 of the outstanding debt associated with the Water Revenue Note - Series of 2020, $58,064 of outstanding debt associated with the Kurtz Road PennVest loan, $34,121 of outstanding debt associated with the Meadowbrook Water PennVest loan and $119,647 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 improved during the calendar year ended December 31, 2024. Total net position increased by $1,993,759. The water fund holds $2,015,000 from the Water Revenue Note - Series of 2020; $853,635 PennVest debt for the Meadowbrook Area Water Main Replacement project and $1,437,722 PennVest debt for the Kurtz Road Water Main Replacement project. The sewer division also has PennVest loan debt in the amount of $3,055,489 for the Meadowbrook Area Sanitary Sewer Rehabilitation and Replacement project.

## New year's budgets and rates

For the calendar year ending December 31, 2025, the East Cocalico Township Authority Board adopted a sewer budget projecting a $345,757 net loss before extraordinary items and required a 4% increase in sewer rates. On the water side, the budget was approved with a projected year-end net loss of $394,381 before extraordinary items and required a 4% 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 2025 water rate is $8.00 per thousand gallons. The 2025 sewer rate is $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, 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 NET POSITION – PROPRIETARY FUNDS
## DECEMBER 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

| | Water fund (as restated) | Sewer fund (as restated) | Total |
|---|---|---|---|
| **Current assets:** | | | |
| Cash, cash equivalents and equity in pooled cash and investments | $ 3,343,956 | $ 4,482,797 | $ 7,826,753 |
| Certificates of deposit | - | 236,000 | 236,000 |
| Cash, cash equivalents and equity in pooled cash and investments, restricted for escrows | 184,608 | 203,327 | 387,935 |
| Receivables: | | | |
| From customers | 280,059 | 470,276 | 750,335 |
| From others | 393 | - | 393 |
| Leases | 23,160 | - | 23,160 |
| Internal balances | (547) | 547 | - |
| Prepaid: | | | |
| Insurance | 9,959 | 9,959 | 19,918 |
| Other | 825 | 119,452 | 120,277 |
| **Total current assets** | **3,842,413** | **5,522,358** | **9,364,771** |
| **Utility plant and equipment, at cost:** | | | |
| Land and land rights | 698,202 | 231,488 | 929,690 |
| Water distribution system | 27,940,000 | - | 27,940,000 |
| Sewer collection system | - | 19,715,913 | 19,715,913 |
| Buildings | 49,748 | 229,918 | 279,666 |
| Machinery and equipment | 391,390 | 97,671 | 489,061 |
| Trucks and cars | 149,502 | 149,502 | 299,004 |
| Office furniture and fixtures | 27,792 | 25,632 | 53,424 |
| Computer hardware | 59,209 | 26,961 | 86,170 |
| Leasehold improvements | 387,225 | 393,225 | 780,450 |
| Construction in progress | 2,284,197 | 1,345,392 | 3,629,589 |
| | 31,987,265 | 22,215,702 | 54,202,967 |
| Accumulated depreciation | (13,826,869) | (13,775,937) | (27,602,806) |
| **Total utility plant and equipment** | **18,160,396** | **8,439,765** | **26,600,161** |
| **Other assets:** | | | |
| Computer software, net of amortization of $69,427 and $26,947, respectively | 14,611 | 2,275 | 16,886 |
| Long-term portion of lease receivable | 230,719 | - | 230,719 |
| **Total other assets** | **245,330** | **2,275** | **247,605** |
| **Total assets** | **22,248,139** | **13,964,398** | **36,212,537** |
| **Deferred outflows of resources, deferred loss on refunding** | **171,522** | **-** | **171,522** |
| **Total assets and deferred outflows of resources** | **$ 22,419,661** | **$ 13,964,398** | **$ 36,384,059** |

See notes to financial statements.

# *EAST COCALICO TOWNSHIP AUTHORITY*

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS
## DECEMBER 31, 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION□

| | Water fund | Sewer fund | Total |
|---|---|---|---|
| **Current liabilities:** | | | |
| Accounts payable: | | | |
| Trade | $ 714,717 | $ 243,370 | $ 958,087 |
| Retainage | 93,730 | 105,217 | 198,947 |
| Employee taxes withheld and unremitted | 2,733 | - | 2,733 |
| Accrued expenses | 33,570 | 29,502 | 63,072 |
| Unearned tapping fees | 84,392 | 59,899 | 144,291 |
| Unearned grant revenue | 1,096,776 | - | 1,096,776 |
| Escrow liability | 184,608 | 203,327 | 387,935 |
| Current portion of long-term debt | 150,000 | - | 150,000 |
| **Total current liabilities** | **2,360,526** | **641,315** | **3,001,841** |
| Long-term debt, net of current portion | 2,169,537 | 593,301 | 2,762,838 |
| **Total liabilities** | **4,530,063** | **1,234,616** | **5,764,679** |
| **Deferred inflows of resources, leases** | **237,600** | **-** | **237,600** |
| **Net position:** | | | |
| Invested in capital assets, net of related debt | 16,026,992 | 7,848,739 | 23,875,731 |
| Unrestricted | 1,625,006 | 4,881,043 | 6,506,049 |
| **Total net position** | **17,651,998** | **12,729,782** | **30,381,780** |
| **Total liabilities, deferred inflows of resources and net position** | **$ 22,419,661** | **$ 13,964,398** | **$ 36,384,059** |

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 REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

| | Water fund (as restated) | Sewer fund | Total |
|---|---|---|---|
| **Operating revenue:** | | | |
| Utility rents | $ 1,552,780 | $ 2,437,162 | $ 3,989,942 |
| Fire hydrant rent | 65,700 | - | 65,700 |
| Penalties on late payments | 7,652 | 14,682 | 22,334 |
| Inspection fees | 3,185 | 4,496 | 7,681 |
| Review fees | 2,925 | 2,625 | 5,550 |
| Miscellaneous | 4,329 | 29,988 | 34,317 |
| | 1,636,571 | 2,488,953 | 4,125,524 |
| Meters and reimbursed construction income: | | | |
| Sale of meters | 15,315 | - | 15,315 |
| Material sales | 1,061 | - | 1,061 |
| Legal fees | 1,373 | 1,373 | 2,746 |
| Engineering fees | 15,693 | 20,423 | 36,116 |
| Labor sales | 9,392 | 167 | 9,559 |
| Total meters and reimbursed construction income | 42,834 | 21,963 | 64,797 |
| **Total operating revenue** | **1,679,405** | **2,510,916** | **4,190,321** |
| **Operating expenses:** | | | |
| Meters and costs incurred for others: | | | |
| Purchases: | | | |
| Meters | 1,026 | 1,026 | 2,052 |
| Other materials | 526 | - | 526 |
| Legal costs | 1,373 | 1,373 | 2,746 |
| Engineering costs | 15,693 | 20,423 | 36,116 |
| Total meters and costs incurred for others | 18,618 | 22,822 | 41,440 |

(continued)

## *EAST COCALICO TOWNSHIP AUTHORITY*

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

| | Water fund (as restated) | Sewer fund | Total |
|---|---|---|---|
| **Operating expenses (continued):** | | | |
| Operating and maintenance: | | | |
| Salaries and wages: | | | |
| Supervision | $ 93,027 | $ 93,027 | $ 186,054 |
| Other | 202,069 | 202,069 | 404,138 |
| Payroll taxes | 25,251 | 25,251 | 50,502 |
| Pension | 11,125 | 11,125 | 22,250 |
| Workers' compensation insurance | 5,270 | 5,270 | 10,540 |
| Insurance | 9,702 | 9,673 | 19,375 |
| Employee group insurance | 51,976 | 51,976 | 103,952 |
| Maintenance: | | | |
| Building | 7,233 | 168 | 7,401 |
| Contents | 28,209 | 31,299 | 59,508 |
| Field items | 13,949 | 16,329 | 30,278 |
| Permit fees | 10,575 | - | 10,575 |
| Repairs to machinery and equipment | 3,161 | 2,248 | 5,409 |
| Sewer treatment costs, Ephrata/Adamstown | - | 1,017,213 | 1,017,213 |
| Sewer interceptor costs, Ephrata | - | 15,105 | 15,105 |
| Sewer debt service costs, Ephrata | - | 282,443 | 282,443 |
| Contracted services | 10,175 | 544 | 10,719 |
| Sewer charges, WTP | 87,495 | - | 87,495 |
| Electric | 85,375 | 16,779 | 102,154 |
| Laboratory testing | 54,128 | 3,674 | 57,802 |
| Chemicals | 70,662 | - | 70,662 |
| Certification | 1,111 | 606 | 1,717 |
| Auto allowance | 68 | 68 | 136 |
| Telemetering | 5,762 | 6,177 | 11,939 |
| Depreciation | 708,423 | 594,917 | 1,303,340 |
| Other operating expense | 12,397 | 6,704 | 19,101 |
| Total operating and maintenance | 1,497,143 | 2,392,665 | 3,889,808 |

(continued)

## *EAST COCALICO TOWNSHIP AUTHORITY*

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

| | Water fund (as restated) | Sewer fund | Total |
|---|---|---|---|
| **Operating expenses (continued):** | | | |
| Transportation expenses: | | | |
| Gasoline and motor oil | $ 8,143 | $ 8,143 | $ 16,286 |
| Repairs and service | 2,767 | 2,668 | 5,435 |
| Insurance | 2,846 | 2,846 | 5,692 |
| Depreciation | 13,366 | 13,366 | 26,732 |
| Total transportation expenses | 27,122 | 27,023 | 54,145 |
| General and administrative expenses: | | | |
| Salaries and wages, clerical | 169,572 | 169,572 | 339,144 |
| Payroll taxes | 9,856 | 9,856 | 19,712 |
| Pension | 7,688 | 7,688 | 15,376 |
| Insurance | 1,889 | 1,889 | 3,778 |
| Employee group insurance | 31,801 | 31,864 | 63,665 |
| Engineering fees | 23,055 | 32,498 | 55,553 |
| Legal fees | 17,879 | 4,312 | 22,191 |
| Audit fees | 10,752 | 9,752 | 20,504 |
| Bank fees | 1,066 | 848 | 1,914 |
| Officers expenses | 2,400 | 2,400 | 4,800 |
| Postage and office supplies | 7,636 | 7,602 | 15,238 |
| Dues and subscriptions | 3,578 | 3,293 | 6,871 |
| Advertising | 183 | 183 | 366 |
| Maintenance and repairs | 1,754 | 1,754 | 3,508 |
| Training and seminars | 1,937 | 2,557 | 4,494 |
| Telephone | 5,195 | 5,447 | 10,642 |
| Rent, building | 3,736 | 3,736 | 7,472 |
| Auto allowance | 599 | 536 | 1,135 |
| Water and sewer | 5,981 | 1,857 | 7,838 |
| Computer support | 37,029 | 27,995 | 65,024 |
| Depreciation | 6,171 | 2,632 | 8,803 |
| Amortization of computer software | 7,112 | 1,757 | 8,869 |
| Other general expense | 5,348 | 4,792 | 10,140 |
| Total general and administrative expenses | 362,217 | 334,820 | 697,037 |
| **Total operating expenses** | **1,905,100** | **2,777,330** | **4,682,430** |

(continued)

## *EAST COCALICO TOWNSHIP AUTHORITY*

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

| | Water fund (as restated) | Sewer fund | Total |
|---|---|---|---|
| **Operating loss** | **$ (225,695)** | **$ (266,414)** | **$ (492,109)** |
| **Other income:** | | | |
| Interest income | 181,683 | 206,382 | 388,065 |
| T-Mobile rent | 26,652 | - | 26,652 |
| Health insurance rebate | 30,001 | 30,001 | 60,002 |
| Grant income | 33,223 | - | 33,223 |
| **Total other income** | **271,559** | **236,383** | **507,942** |
| **Other deductions:** | | | |
| Interest expense | 34,807 | 316 | 35,123 |
| Grant expense | 29,294 | - | 29,294 |
| Amortization of deferred loss on refunding | 24,765 | - | 24,765 |
| **Total other deductions** | **88,866** | **316** | **89,182** |
| Loss before tapping fees, capital contribution fees and developer contributions | (43,002) | (30,347) | (73,349) |
| **Tapping fees, capital grants, capital contribution fees and developer contributions:** | | | |
| Tapping fees | 148,952 | 139,664 | 288,616 |
| Capital grants | 235,224 | - | 235,224 |
| Capital contribution fees | 174,519 | - | 174,519 |
| Developer contributions | 272,214 | 195,644 | 467,858 |
| **Total tapping fees, capital contribution fees and developer contributions** | **830,909** | **335,308** | **1,166,217** |
| **Increase in net position** | **787,907** | **304,961** | **1,092,868** |
| **Net position:** | | | |
| January 1 | 16,864,091 | 12,424,821 | 29,288,912 |
| **December 31** | **$ 17,651,998** | **$ 12,729,782** | **$ 30,381,780** |

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 note | (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, as restated | 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 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.

## *EAST COCALICO TOWNSHIP AUTHORITY*

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

| | Water fund (as restated) | Sewer fund (as restated) | Total |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Receipts from customers | $ 1,692,053 | $ 2,516,510 | $ 4,208,563 |
| Payments for: | | | |
| Supplies and other operating activities | (127,441) | (1,534,060) | (1,661,501) |
| Salaries and wages | (453,608) | (453,608) | (907,216) |
| **Net cash provided by operating activities** | **1,111,004** | **528,842** | **1,639,846** |
| **Cash flows from noncapital financing activities:** | | | |
| Tapping fees received | 189,197 | 165,014 | 354,211 |
| Grant income | 33,223 | - | 33,223 |
| Grant expense | (29,294) | - | (29,294) |
| T-Mobile rent | 22,293 | - | 22,293 |
| Health insurance rebate | 30,001 | 30,001 | 60,002 |
| **Net cash provided by noncapital financing activities** | **245,420** | **195,015** | **440,435** |
| **Cash flows from capital and related financing activities:** | | | |
| Purchase of: | | | |
| Utility plant and equipment | (2,126,587) | (1,423,554) | (3,550,141) |
| Computer software | (250) | - | (250) |
| Capital contribution fees | 174,519 | - | 174,519 |
| Capital grants | 1,332,000 | - | 1,332,000 |
| Principal paid on note | (150,000) | - | (150,000) |
| Interest and fiscal charges paid on notes | (34,832) | (316) | (35,148) |
| Proceeds from long-term debt | 154,537 | 593,301 | 747,838 |
| **Net cash used in capital and related financing activities** | **(650,613)** | **(830,569)** | **(1,481,182)** |
| **Cash flows from investing activities:** | | | |
| Interest income | 181,683 | 206,382 | 388,065 |
| Note receivable principal payments | 355 | - | 355 |
| Net purchases of certificates of deposit | - | (236,000) | (236,000) |
| **Net cash provided by (used in) investing activities** | **182,038** | **(29,618)** | **152,420** |
| **Net increase (decrease) in cash and cash equivalents** | **887,849** | **(136,330)** | **751,519** |
| **Cash and cash equivalents:** | | | |
| Beginning of year | 2,640,715 | 4,822,454 | 7,463,169 |
| **End of year** | **$ 3,528,564** | **$ 4,686,124** | **$ 8,214,688** |

(continued)

## *EAST COCALICO TOWNSHIP AUTHORITY*

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

| | Water fund (as restated) | Sewer fund (as restated) | Total |
|---|---|---|---|
| **Reconciliation with financial statements:** | | | |
| Cash, cash equivalents and equity in pooled cash and investments | $ 3,343,956 | $ 4,482,797 | $ 7,826,753 |
| Cash, cash equivalents and equity in pooled cash and investments, restricted | 184,608 | 203,327 | 387,935 |
| **Total cash equivalents and equity in pooled cash and investments** | **$ 3,528,564** | **$ 4,686,124** | **$ 8,214,688** |
| **Reconciliation of operating loss to net cash provided by operating activities:** | | | |
| Operating loss | $ (225,695) | $ (266,414) | $ (492,109) |
| Adjustments: | | | |
| Depreciation | 727,960 | 610,915 | 1,338,875 |
| Amortization | 7,112 | 1,757 | 8,869 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Receivables: | | | |
| Customers | (13,821) | (27,910) | (41,731) |
| Others | 129 | - | 129 |
| Prepaid: | | | |
| Insurance | (1,296) | (1,296) | (2,592) |
| Other | 660 | (53,546) | (52,886) |
| Internal balances | 758 | (758) | - |
| Increase in: | | | |
| Accounts payable: | | | |
| Trade | 577,875 | 220,772 | 798,647 |
| Employee taxes | 680 | - | 680 |
| Accrued expenses | 11,060 | 11,060 | 22,120 |
| Escrow liability | 25,582 | 34,262 | 59,844 |
| **Net cash provided by operating activities** | **$ 1,111,004** | **$ 528,842** | **$ 1,639,846** |
| Supplemental schedule of noncash capital and related financing activities, developer contributions | $ 272,214 | $ 195,644 | $ 467,858 |

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 of external groups, such as creditors, granters, contributors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. There were no restrictions during the years ended December 31, 2024 and 2023.

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, 2024 and 2023 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 June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The Authority adopted Statement No. 100 for its 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Statement's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Authority adopted Statement No. 101 for its 2024 financial statements.

Effective January 1, 2024, the Authority adopted the GASB statements above. There was no quantitative impact as a result of adopting these statements to the Authority's financial statements.

*Pending GASB pronouncements:*

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. The Authority will be required to adopt Statement No. 102 for its fiscal year 2025 financial statements.

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

*Pending GASB statements:*

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 to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The Authority will be required to adopt Statement No. 103 for its fiscal year 2026 financial 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.

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, 2024 and 2023 were classified in the accompanying financial statements as follows:

| | 2024 | 2023 |
|---|---|---|
| Statements of net position, proprietary funds: | | |
| Cash, cash equivalents and equity in pooled cash and investments | $ 6,976,558 | $ 7,826,753 |
| Certificates of deposit | 954,000 | 236,000 |
| Cash, cash equivalents and equity in pooled cash and investments, restricted for escrows | 475,676 | 387,935 |
| | $ 8,406,234 | $ 8,450,688 |

## 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, 2024 and 2023 consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Water fund: | | |
| Cash on hand | $ 50 | $ 50 |
| Deposits with financial institutions | 620,806 | 376,479 |
| PLGIT AAAm: | | |
| Class | - | 127 |
| Prime | 1,118,683 | 2,151,908 |
| Term | 1,000,000 | 1,000,000 |
| Total water fund | 2,739,539 | 3,528,564 |
| Sewer fund: | | |
| Deposits with financial institutions | 124,019 | 318,596 |
| PLGIT AAAm: | | |
| Class | 116 | 135 |
| Prime | 1,588,560 | 867,393 |
| Term | 3,000,000 | 3,500,000 |
| PLGIT-CD Purchase Program | 954,000 | 236,000 |
| Total sewer fund | 5,666,695 | 4,922,124 |
| Total cash, cash equivalents and certificates of deposit | $ 8,406,234 | $ 8,450,688 |

*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, 2024, $559,279 of the Authority's bank balance of $816,072 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.

| | 2024 | 2023 (as restated) |
|---|---|---|
| Deposits: | | |
| Collateral held by pledging bank under Act 72, but not in the Authority's name | $ 559,279 | $ 435,865 |
| Insured by Federal Deposit Insurance Corporation | 256,793 | 303,260 |
| Outstanding checks | (90,437) | (68,432) |
| Deposits in transit | 19,190 | 24,382 |
| PLGIT: | | |
| Class | 116 | 262 |
| Prime | 2,707,243 | 3,019,301 |
| Term | 4,000,000 | 4,500,000 |
| Petty cash | 50 | 50 |
| Total deposits | $ 7,452,234 | $ 8,214,688 |
| Statements of net position, proprietary funds: | | |
| Cash, cash equivalents and equity in pooled cash and investments | $ 6,976,558 | $ 7,826,753 |
| Cash, cash equivalents and equity in pooled cash and investments, restricted for escrows | 475,676 | 387,935 |
| | $ 7,452,234 | $ 8,214,688 |

*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 $6,707,359 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.

*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, 2024:

| Certificates of deposit | |
|---|---|
| PLGIT-CD Purchase Program: | |
| Certificate maturing on May 19, 2025, rate 5.15% | $ 240,000 |
| Certificate maturing on May 19, 2025, rate 5.10% | 240,000 |
| Certificate maturing on August 21, 2025, rate 5.15% | 237,000 |
| Certificate maturing on August 21, 2025, rate 5.10% | 237,000 |
| | $ 954,000 |

*Interest rate risk:*

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

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

*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.

## 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:

| | 2024 | 2023 |
|---|---|---|
| Over 90 days | $ 8,388 | $ 6,887 |

## 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, 2024. 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, 2024 were $26,658, all of which were recognized in the water fund.

The following is the schedule of the lease receivable as of December 31, 2024:

| Year | |
|---|---|
| 2025 | $ 27,579 |
| 2026 | 28,407 |
| 2027 | 29,259 |
| 2028 | 30,137 |
| 2029 | 31,041 |
| Thereafter | 98,823 |
| Total | 245,246 |
| Present value discount | (14,528) |
| Lease receivable | $ 230,718 |

## 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 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 |

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

A summary of the change to capital assets for 2023 follows:

| 2023 | Beginning balance | Additions | Reclassifications | Ending balance |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land and land rights | $ 929,690 | $ - | $ - | $ 929,690 |
| Construction in progress | 1,881,113 | 3,473,136 | (1,724,660) | 3,629,589 |
| Total capital assets not being depreciated | 2,810,803 | 3,473,136 | (1,724,660) | 4,559,279 |
| Other capital assets at historical cost: | | | | |
| Water distribution system | 26,688,246 | 307,544 | 944,210 | 27,940,000 |
| Sewer collection system | 19,501,469 | 214,444 | - | 19,715,913 |
| Buildings | 279,666 | - | - | 279,666 |
| Machinery and equipment | 342,188 | 146,873 | - | 489,061 |
| Trucks and cars | 299,004 | - | - | 299,004 |
| Office furniture and fixtures | 34,415 | 19,009 | - | 53,424 |
| Computer hardware | 77,671 | 8,499 | - | 86,170 |
| Leasehold improvements | - | - | 780,450 | 780,450 |
| Total other assets at historical costs | 47,222,659 | 696,369 | 1,724,660 | 49,643,688 |
| Accumulated depreciation: | | | | |
| Water distribution system | 12,714,178 | 692,133 | - | 13,406,311 |
| Sewer collection system | 12,887,355 | 584,607 | - | 13,471,962 |
| Buildings | 88,404 | 9,736 | - | 98,140 |
| Machinery and equipment | 275,157 | 16,786 | - | 291,943 |
| Trucks and cars | 208,832 | 26,733 | - | 235,565 |
| Office furniture and fixtures | 33,885 | 394 | - | 34,279 |
| Computer hardware | 56,120 | 8,486 | - | 64,606 |
| Total accumulated depreciation | 26,263,931 | 1,338,875 | - | 27,602,806 |
| Other capital assets, net | 20,958,728 | (642,506) | 1,724,660 | 22,040,882 |
| Capital assets, net | $ 23,769,531 | $ 2,830,630 | $ - | $ 26,600,161 |

## 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 $146,757 and $171,522 as of December 31, 2024 and 2023, respectively.

*Sewer Pennvest Revolving Fund Loan:*

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, 2024, the Authority has drawn $3,055,489 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.

*Water Pennvest Revolving Fund Loan:*

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, 2024, the Authority has drawn $853,635 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.

## 6. Long-term debt (continued):

*Water Pennvest Drinking Water State Revolving Fund Loan:*

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, 2024, the Authority has drawn $1,437,722 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, 2024 and 2023:

| 2024 | | | | | |
|---|---|---|---|---|---|
| | Water Revenue Note, Series 2020 | Sewer Pennvest Revolving Fund Loan | Water Pennvest Revolving Fund Loan | Water Pennvest Drinking Water State Revolving Fund Loan | 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 |

| 2023 | | | | |
|---|---|---|---|---|
| | Water Revenue Note, Series 2020 | Sewer Pennvest Revolving Fund Loan | Water Pennvest Revolving Fund Loan | Total |
| Outstanding balance at December 31, 2022 | $ 2,315,000 | $ - | $ - | $ 2,315,000 |
| Principal additions | - | 593,301 | 154,537 | 747,838 |
| Principal payments | (150,000) | - | - | (150,000) |
| Outstanding balance at December 31, 2023 | 2,165,000 | 593,301 | 154,537 | 2,912,838 |
| Current portion at December 31, 2023 | (150,000) | - | - | (150,000) |
| Outstanding long-term portion at December 31, 2023 | $ 2,015,000 | $ 593,301 | $ 154,537 | $ 2,762,838 |

## 6. Long-term debt (continued):

Debt service requirements, assuming full draws on the Pennvest loans, in future years are:

Water Revenue Note, Series of 2020

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 320,000 | $ 30,225 | $ 350,225 |
| 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 | $ 2,015,000 | $ 107,325 | $ 2,122,325 |

Sewer Pennvest Revolving Fund Loan

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 119,647 | $ 48,755 | $ 168,402 |
| 2026 | 145,888 | 56,195 | 202,083 |
| 2027 | 148,451 | 53,632 | 202,083 |
| 2028 | 151,060 | 51,023 | 202,083 |
| 2029 | 153,714 | 48,369 | 202,083 |
| 2030-2034 | 791,784 | 249,616 | 1,041,400 |
| 2035-2039 | 897,381 | 162,462 | 1,059,843 |
| 2040-2045 | 1,002,394 | 57,449 | 1,059,843 |
| Total payments | $ 3,410,319 | $ 727,501 | $ 4,137,820 |

Water Pennvest Revolving Fund Loan

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 34,121 | $ 13,904 | $ 48,025 |
| 2026 | 41,604 | 16,025 | 57,629 |
| 2027 | 42,335 | 15,294 | 57,629 |
| 2028 | 43,079 | 14,550 | 57,629 |
| 2029 | 43,836 | 13,793 | 57,629 |
| 2030-2034 | 225,799 | 71,185 | 296,984 |
| 2035-2039 | 255,913 | 46,330 | 302,243 |
| 2040-2045 | 285,860 | 16,383 | 302,243 |
| Total payments | $ 972,547 | $ 207,464 | $ 1,180,011 |

## 6. Long-term debt (continued):

Water Pennvest Drinking Water State Revolving Fund Loan

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 64,563 | $ 26,309 | $ 90,872 |
| 2026 | 78,723 | 30,323 | 109,046 |
| 2027 | 80,106 | 28,940 | 109,046 |
| 2028 | 81,513 | 27,533 | 109,046 |
| 2029 | 82,946 | 26,100 | 109,046 |
| 2030-2034 | 427,255 | 134,695 | 561,950 |
| 2035-2039 | 484,236 | 87,666 | 571,902 |
| 2040-2045 | 540,902 | 31,000 | 571,902 |
| Total payments | $ 1,840,244 | $ 392,566 | $ 2,232,810 |

## 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 $24,679 in 2024 and 2023 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, 2024 and 2023.The sewer fund recorded $24,679 as tapping fees income in 2024 and 2023.

*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, 2024 and 2023, $45,341 and 547, 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 East Cocalico the perpetual right to collect, transport and deliver wastewater to the Adamstown Treatment Facilities. East Cocalico connected to the Adamstown Treatment Facilities on April 16, 1997. The Authority is allocated an initial capacity of 100,000 gallons per day. The Authority paid Adamstown an initial buy-in fee of $845,191. In addition, the Authority is responsible to pay an annual service fee and surcharges, if applicable. Calculation of surcharges is made pursuant to an amendment of the partnership agreement dated October 7, 2004.

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

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

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

## 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.

## 11. Employee group insurance (continued):

For the year ended December 31, 2024, the Authority paid premiums of $105,923. Actual claims paid for the year ended December 31, 2024 were $57,734. The Authority also incurred a shared cost of $12,279 and is anticipating a refund of $35,910 in 2025. For the year ended December 31, 2023, the Authority paid premiums of $97,391. Actual claims paid for the year ended December 31, 2023 were $101,931 less $30,261 for reinsurance reimbursements. The Authority also incurred a shared cost of $8,241 and received a refund of $17,480 in 2024.

## 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 $993,675 and $1,644,643 were being held as of December 31, 2024 and 2023, respectively. Employer contributions totaled $63,788 and $37,626 for the years ended December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, $932,226 and $10,103, respectively, were distributed from the fund. The Authority does not have a liability related to the plan as of the years ended December 31, 2024 and 2023.

## 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.

## 13. Commitments and contingencies (continued):

*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. Prior period adjustments:

During 2024, based on GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, interpretation, the 457 defined contribution pension plan should not be included in fiduciary activities. The total assets and net position for the 457 plan as of December 31, 2023 and 2022 was $1,644,643 and $1,328,417, respectively. An adjustment was made to beginning net position of the fiduciary activities as follows:

| | 2023 as previously reported | Restatement/ adjustment | 2023 as restated |
|---|---|---|---|
| Statement of net position: | | | |
| Assets, investments | $ 1,644,643 | $ (1,644,643) | $ - |
| Net position, held in trust for pension benefits | $ 1,644,643 | $ (1,644,643) | $ - |
| Statement of revenue, expenses and changes in net position: | | | |
| Additions: | | | |
| Contributions, employer and employee | $ 106,570 | $ (106,570) | $ - |
| Net appreciation (depreciation) in fair value of investments | 219,979 | (219,979) | - |
| Total additions (deletions) | 326,549 | (326,549) | - |
| Deductions: | | | |
| Benefits paid | 10,103 | (10,103) | - |
| Administrative fees | 220 | (220) | - |
| Total deductions | 10,323 | (10,323) | - |
| Net increase (decrease) in plan assets | 316,226 | (316,226) | - |
| Net position held in trust: | | | |
| Beginning of year | 1,328,417 | (1,328,417) | - |
| End of year | $ 1,644,643 | $ (1,644,643) | $ - |

## 14. Prior period adjustments (continued):

During 2024, the Authority made several reclassifications of accounts. The Authority reclassified PLGIT term investments to cash, cash equivalents and equity in pooled cash and investments. The Authority also reclassified grants to better align revenue and expenses with the usage of the grants. The effects of these reclassifications had the following effects on the Authority's December 31, 2023 balances:

| | Water Fund | | |
|---|---|---|---|
| | 2023 as previously reported | Reclassification | 2023 as restated |
| **Statement of net position:** | | | |
| Cash, cash equivalents and equity in pooled cash and investments | 2,343,956 | 1,000,000 | 3,343,956 |
| Certificates of deposit | 1,000,000 | (1,000,000) | - |
| **Statement of revenue, expenses and changes in fund net position:** | | | |
| Operating revenue, miscellaneous | 7,258 | (2,929) | 4,329 |
| Other income, grant income | 236,224 | (203,001) | 33,223 |
| Other deductions, grant expense | - | 29,294 | 29,294 |
| Tapping fees, capital grants, capital contribution fees and developer contributions: | | | |
| Capital grants | - | 235,224 | 235,224 |
| **Statement of cash flows:** | | | |
| Cash flows from operating activities: | | | |
| Receipts from customers | 1,694,982 | (2,929) | 1,692,053 |
| Cash flows from noncapital financing activities: | | | |
| Capital contribution fees | 174,519 | (174,519) | - |
| Grant income | 236,224 | (203,001) | 33,223 |
| Unearned grant income | 1,096,776 | (1,096,776) | - |
| Grant expense | - | (29,294) | (29,294) |
| Cash flows from capital and related financing activities: | | | |
| Capital contribution fees | - | 174,519 | 174,519 |
| Capital grants | - | 1,332,000 | 1,332,000 |
| Cash flows from investing activities: | | | |
| Net (purchases) sales of certificates of deposit | 1,000,000 | (1,000,000) | - |
| Cash and cash equivalents: | | | |
| Beginning of year, as restated | 640,715 | 2,000,000 | 2,640,715 |
| End of year | 2,528,564 | 1,000,000 | 3,528,564 |
| Reconciliation of operating loss to net cash provided by operating activities: | | | |
| Operating loss | (222,766) | (2,929) | (225,695) |

## 14. Prior period adjustments (continued):

| | Sewer Fund | | |
|---|---|---|---|
| | 2023 as previously reported | Reclassification | 2023 as restated |
| **Statement of net position:** | | | |
| Cash, cash equivalents and equity in pooled cash and investments | 982,797 | 3,500,000 | 4,482,797 |
| Certificates of deposit | 3,736,000 | (3,500,000) | 236,000 |
| **Statement of cash flows:** | | | |
| Cash flows from investing activities: | | | |
| Net (purchases) sales of certificates of deposit | 14,000 | (250,000) | (236,000) |
| Cash and cash equivalents: | | | |
| Beginning of year, as restated | 1,072,454 | 3,750,000 | 4,822,454 |
| End of year | 1,186,124 | 3,500,000 | 4,686,124 |

## 15. Subsequent events:

In June 2025, the Authority obtained a loan from Pennvest in the aggregate principal amount of $3,000,000. The proceeds are being used by the Authority to finance a capital project entitled, Water Treatment Facility (GUDI) Upgrades.

In 2025, the Authority entered into agreements with contractors for the Water Treatment Facility (GUDI) Upgrades for approximately $1,000,000 for the installation of ultra-filtration and ultraviolet disinfection equipment and appurtenances pre-purchased in fall of 2024.

Management has evaluated subsequent events through July 24, 2025, 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, 2024
(See independent auditor's report on supplementary information)

| | Actual | Budget | Over (under) budget |
|---|---|---|---|
| **Operating revenue:** | | | |
| Utility rents | $ 1,586,962 | $ 1,635,380 | $ (48,418) |
| Fire hydrant rent | 66,060 | 66,060 | - |
| Penalties on late payments | 6,842 | 7,800 | (958) |
| Inspection fees | 3,695 | 5,000 | (1,305) |
| Review fees | 2,800 | 2,000 | 800 |
| Subcontract | 16,786 | - | 16,786 |
| Miscellaneous | 6,886 | 6,000 | 886 |
| Grant revenue | - | 100 | (100) |
| | 1,690,031 | 1,722,340 | (32,309) |
| Meters and reimbursed construction income: | | | |
| Sale of meters | 15,985 | 15,000 | 985 |
| Material sales | 3,063 | 1,000 | 2,063 |
| Legal fees | 1,627 | 1,500 | 127 |
| Engineering fees | 37,693 | 30,000 | 7,693 |
| Reimbursable fees, consulting | - | 110,000 | - |
| Labor sales | 6,010 | 1,500 | 4,510 |
| Total meters and reimbursed construction income | 64,378 | 159,000 | 15,378 |
| **Total operating revenue** | **1,754,409** | **1,881,340** | **(16,931)** |
| **Operating expenses:** | | | |
| Meters and costs incurred for others: | | | |
| Purchases: | | | |
| Meters | 5,930 | 9,000 | (3,070) |
| Other materials | 1,692 | 1,000 | 692 |
| Legal costs | 1,624 | 1,500 | 124 |
| Engineering costs | 37,693 | 30,000 | 7,693 |
| Reimbursable costs | 6,656 | 110,000 | (103,344) |
| Total meters and costs incurred for others | 53,595 | 151,500 | (97,905) |

(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, 2024
(See independent auditor's report on supplementary information)

| | Actual | Budget | Over (under) budget |
|---|---|---|---|
| **Operating expenses (continued):** | | | |
| Operating and maintenance: | | | |
| Salaries and wages: | | | |
| Supervision | $ 67,152 | $ 68,765 | $ (1,613) |
| Other | 210,845 | 243,075 | (32,230) |
| Payroll taxes | 24,911 | 24,610 | 301 |
| Pension | 9,090 | 10,650 | (1,560) |
| Workers' compensation insurance | 6,927 | 4,920 | 2,007 |
| Insurance | 11,213 | 10,625 | 588 |
| Employee group insurance | 56,279 | 60,000 | (3,721) |
| Maintenance: | | | |
| Building | 3,630 | 10,000 | (6,370) |
| Contents | 27,905 | 32,000 | (4,095) |
| Field items | 8,721 | 20,000 | (11,279) |
| Permit fees | 10,525 | 11,000 | (475) |
| Repairs to machinery and equipment | 4,468 | 3,000 | 1,468 |
| Contracted services | 4,655 | 11,000 | (6,345) |
| Sewer charges, WTP | 105,879 | 83,600 | 22,279 |
| Electric | 94,051 | 87,000 | 7,051 |
| Laboratory testing | 54,505 | 45,000 | 9,505 |
| Chemicals | 82,521 | 75,000 | 7,521 |
| Certification | 2,012 | 1,200 | 812 |
| Auto allowance | 39 | 100 | (61) |
| Telemetering | 5,958 | 6,300 | (342) |
| Depreciation | 795,821 | 708,750 | 87,071 |
| Other operating expense | 10,428 | 13,500 | (3,072) |
| Total operating and maintenance | 1,597,535 | 1,530,095 | 67,440 |

(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, 2024
(See independent auditor's report on supplementary information)

| | Actual | Budget | Over (under) budget |
|---|---|---|---|
| **Operating expenses (continued):** | | | |
| Transportation expenses: | | | |
| Gasoline and motor oil | $ 7,170 | $ 8,750 | $ (1,580) |
| Repairs and service | 3,320 | 3,000 | 320 |
| Insurance | 3,476 | 3,450 | 26 |
| Depreciation | 10,047 | 13,366 | (3,319) |
| Total transportation expenses | 24,013 | 28,566 | (4,553) |
| General and administrative expenses: | | | |
| Salaries and wages, clerical | 172,617 | 170,440 | 2,177 |
| Payroll taxes | 10,404 | 13,330 | (2,926) |
| Pension | 9,063 | 8,520 | 543 |
| Insurance | 1,900 | 2,020 | (120) |
| Employee group insurance | 34,233 | 33,000 | 1,233 |
| Engineering fees | 66,804 | 45,000 | 21,804 |
| Legal fees | 39,080 | 15,000 | 24,080 |
| Audit fees | 17,638 | 17,715 | (77) |
| Bank fees | 3,012 | 1,200 | 1,812 |
| Officers expenses | 2,250 | 3,000 | (750) |
| Postage and office supplies | 5,800 | 7,750 | (1,950) |
| Dues and subscriptions | 3,323 | 3,300 | 23 |
| Public emergency notification | - | 500 | (500) |
| Advertising | 429 | 1,000 | (571) |
| Maintenance and repairs | 1,431 | 1,750 | (319) |
| Training and seminars | 2,666 | 5,000 | (2,334) |
| Telephone | 7,795 | 5,500 | 2,295 |
| Rent, building | 660 | 700 | (40) |
| Auto allowance | 612 | 550 | 62 |
| Water and sewer | 5,246 | 6,000 | (754) |
| Computer support | 41,706 | 38,000 | 3,706 |
| Depreciation | 6,752 | 8,167 | (1,415) |
| Amortization of computer software | 7,533 | 7,110 | 423 |
| Uncollectible accounts | - | 100 | (100) |
| ECT light/hydrant taxes | - | 350 | (350) |
| Other general expense | 3,355 | 3,000 | 355 |
| Total general and administrative expenses | 444,309 | 398,002 | 46,307 |
| **Total operating expenses** | **2,119,452** | **2,108,163** | **11,289** |

(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, 2024
(See independent auditor's report on supplementary information)

| | Actual | Budget | Over (under) budget |
|---|---|---|---|
| **Operating loss** | **$ (365,043)** | **$ (226,823)** | **$ (138,220)** |
| **Other income:** | | | |
| Interest income | 152,946 | 80,000 | 72,946 |
| T-Mobile rent | 26,658 | 27,035 | (377) |
| Health insurance rebate | 8,740 | 5,000 | 3,740 |
| Grant income | 24,504 | - | 24,504 |
| **Total other income** | **212,848** | **112,035** | **100,813** |
| **Other deductions:** | | | |
| Interest expense | 52,604 | 56,975 | (4,371) |
| Loss on sale of assets | 6,079 | - | 6,079 |
| Grant expense | 18,022 | - | 18,022 |
| Amortization of deferred loss on refunding | 24,765 | 29,476 | (4,711) |
| **Total other deductions** | **101,470** | **86,451** | **15,019** |
| Loss before tapping fees, capital grants, capital contribution fees and developer contributions | (253,665) | (201,239) | (52,426) |
| **Tapping fees, capital grants, capital contribution fees and developer contributions:** | | | |
| Tapping fees | 210,270 | 169,234 | 41,036 |
| Capital grants | 1,096,776 | - | 1,096,776 |
| Capital contribution fees | 151,389 | 172,270 | (20,881) |
| Developer contributions | 260,837 | - | 260,837 |
| **Total tapping fees, capital grants, capital contribution fees and developer contributions** | **1,719,272** | **341,504** | **1,377,768** |
| **Change in net position** | **1,465,607** | **$ 140,265** | **$ 1,325,342** |
| **Net position:** | | | |
| January 1 | 17,651,998 | | |
| **December 31** | **$ 19,117,605** | | |

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, 2024
(See independent auditor's report on supplementary information)

| | Actual | Budget | Over (under) budget |
|---|---|---|---|
| **Operating revenue:** | | | |
| Utility rents | $ 2,510,885 | $ 2,537,545 | $ (26,660) |
| Penalties on late payments | 12,874 | 14,500 | (1,626) |
| Inspection fees | 4,079 | 5,000 | (921) |
| Review fees | 3,525 | 2,000 | 1,525 |
| Miscellaneous | 1,064 | 2,000 | (936) |
| | 2,532,427 | 2,561,045 | (28,618) |
| Reimbursed construction income: | | | |
| Material sales | 39 | 100 | (61) |
| Legal fees | 1,102 | 1,500 | (398) |
| Engineering fees | 60,754 | 30,000 | 30,754 |
| Labor sales | 67 | 500 | (433) |
| Total reimbursed construction income | 61,962 | 32,100 | 29,862 |
| **Total operating revenue** | **2,594,389** | **2,593,145** | **1,244** |
| **Operating expenses:** | | | |
| Costs incurred for others: | | | |
| Purchases: | | | |
| Meters | 5,930 | 9,000 | (3,070) |
| Other materials | - | 200 | (200) |
| Legal costs | 1,102 | 1,500 | (398) |
| Engineering costs | 60,755 | 30,000 | 30,755 |
| Total costs incurred for others | 67,787 | 40,700 | 27,087 |

(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, 2024
(See independent auditor's report on supplementary information)

| | Actual | Budget | Over (under) budget |
|---|---|---|---|
| **Operating expenses (continued):** | | | |
| Operating and maintenance: | | | |
| Salaries and wages: | | | |
| Supervision | $ 67,152 | $ 68,765 | $ (1,613) |
| Other | 210,845 | 243,075 | (32,230) |
| Payroll taxes | 24,914 | 24,610 | 304 |
| Pension | 10,316 | 10,650 | (334) |
| Workers' compensation insurance | 6,883 | 4,920 | 1,963 |
| Insurance | 11,213 | 10,625 | 588 |
| Employee group insurance | 56,100 | 60,000 | (3,900) |
| Maintenance: | | | |
| Building | 284 | 2,000 | (1,716) |
| Contents | 28,100 | 20,000 | 8,100 |
| Field items | 15,569 | 16,000 | (431) |
| Permit fees | 100 | 100 | - |
| Repairs to machinery and equipment | 3,745 | 2,500 | 1,245 |
| Sewer treatment costs, Ephrata/Adamstown | 914,798 | 866,039 | 48,759 |
| Sewer interceptor costs, Ephrata | 17,136 | 24,742 | (7,606) |
| Sewer debt service costs, Ephrata | 349,268 | 354,201 | (4,933) |
| Contracted services | 661 | 660 | 1 |
| Electric | 18,727 | 20,000 | (1,273) |
| Laboratory testing | 3,440 | 4,000 | (560) |
| Certification | 1,747 | 700 | 1,047 |
| Telemetering | 7,740 | 7,200 | 540 |
| Auto allowance | 39 | 100 | (61) |
| Depreciation | 623,466 | 601,543 | 21,923 |
| Other operating expense | 5,546 | 6,000 | (454) |
| Total operating and maintenance | 2,377,789 | 2,348,430 | 29,359 |

(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, 2024
(See independent auditor's report on supplementary information)

| | Actual | Budget | Over (under) budget |
|---|---|---|---|
| **Operating expenses (continued):** | | | |
| Transportation expenses: | | | |
| Gasoline and motor oil | $ 7,170 | $ 8,750 | $ (1,580) |
| Repairs and service | 3,319 | 3,000 | 319 |
| Insurance | 3,476 | 3,450 | 26 |
| Depreciation | 10,048 | 13,367 | (3,319) |
| Total transportation expenses | 24,013 | 28,567 | (4,554) |
| General and administrative expenses: | | | |
| Salaries and wages, clerical | 172,617 | 170,440 | 2,177 |
| Payroll taxes | 10,404 | 13,330 | (2,926) |
| Pension | 9,063 | 8,520 | 543 |
| Insurance | 1,900 | 2,020 | (120) |
| Employee group insurance | 34,233 | 33,000 | 1,233 |
| Engineering fees | 40,897 | 30,000 | 10,897 |
| Legal fees | 3,368 | 10,000 | (6,632) |
| Audit fees | 17,638 | 17,715 | (77) |
| Bank fees | 1,940 | 1,000 | 940 |
| Officers expenses | 2,250 | 3,000 | (750) |
| Postage and office supplies | 5,779 | 7,750 | (1,971) |
| Dues and subscriptions | 2,918 | 3,300 | (382) |
| Advertising | 429 | 1,000 | (571) |
| Maintenance and repairs | 1,460 | 1,750 | (290) |
| Training and seminars | 2,731 | 3,000 | (269) |
| Telephone | 7,289 | 5,500 | 1,789 |
| Rent, building | 660 | 700 | (40) |
| Auto allowance | 612 | 550 | 62 |
| Water and sewer | 1,058 | 2,000 | (942) |
| Computer support | 28,761 | 27,000 | 1,761 |
| Depreciation | 3,511 | 3,436 | 75 |
| Amortization of computer software | 2,172 | 1,756 | 416 |
| Uncollectible accounts | - | 100 | (100) |
| ECT light/hydrant taxes | - | 350 | (350) |
| Other general expense | 3,456 | 3,250 | 206 |
| Total general and administrative expenses | 355,146 | 350,467 | 4,679 |
| **Total operating expenses** | **2,824,735** | **2,768,164** | **56,571** |

(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, 2024
(See independent auditor's report on supplementary information)

| | Actual | Budget | Over (under) budget |
|---|---|---|---|
| **Operating loss** | **$ (230,346)** | **$ (175,019)** | **$ (55,327)** |
| **Other income:** | | | |
| Interest income | 287,608 | 200,000 | 87,608 |
| Health insurance rebate | 8,740 | 5,000 | 3,740 |
| Refund of prior year expenditures | 41,828 | - | 41,828 |
| **Total other income** | **338,176** | **205,000** | **133,176** |
| **Other deductions, interest expense** | **29,747** | **45,000** | **(15,253)** |
| Income (loss) before tapping fees and developer contributions | 78,083 | (15,019) | 93,102 |
| **Tapping fees and developer contributions:** | | | |
| Tapping fees | 208,055 | 143,144 | 64,911 |
| Developer contributions | 242,014 | - | 242,014 |
| **Total tapping fees and developer contributions** | **450,069** | **143,144** | **306,925** |
| **Change in net position** | **528,152** | **$ 128,125** | **$ 400,027** |
| **Net position:** | | | |
| January 1 | 12,729,782 | | |
| **December 31** | **$ 13,257,934** | | |

See notes to financial statements.

# *EAST COCALICO TOWNSHIP AUTHORITY*

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## YEAR ENDED DECEMBER 31, 2024
## (See independent auditor's report)

| Federal grantor/ pass-through grantor/program title | Source code | Federal assistance listing number | Pass-through grantor's number | Grant period beginning/ ending date | Program or award amount | Total received (refunded) for the year | Accrued (unearned) revenue at January 1, 2024 | Revenue recognized | Expenses incurred | Accrued (unearned) revenue at December 31, 2024 | Passed through to subrecipients |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **U.S. Department of Treasury** | | | | | | | | | | | |
| Passed through the County of Lancaster: | | | | | | | | | | | |
| "COVID-19" Coronavirus State and Local Fiscal Recovery Fund | I | 21.027 | 45068-001 | 4/1/2022 - 12/31/2026 | $ 1,332,000 | $ - | $ (1,096,776) | $ 1,096,776 | $ 1,096,776 | $ - | $ - |
| **Total U.S. Department of Treasury** | | | | | **1,332,000** | **-** | **(1,096,776)** | **1,096,776** | **1,096,776** | **-** | **-** |
| **Environmental Protection Agency** | | | | | | | | | | | |
| Passed through Pennsylvania Infrastructure Investment Authority: | | | | | | | | | | | |
| Drinking Water State Revolving Fund | I | 66.468 | 80220 | 3/1/2024 - 3/1/2025 | 1,840,242 | 1,437,722 | - | - | 1,437,722 | - | - |
| **Total Environmental Protection Agency** | | | | | **1,840,242** | **1,437,722** | **-** | **-** | **1,437,722** | **-** | **-** |
| **Total expenditures of federal awards** | | | | | **$ 3,172,242** | **$ 1,437,722** | **$ (1,096,776)** | **$ 1,096,776** | **$ 2,534,498** | **$ -** | **$ -** |

(continued)

# *EAST COCALICO TOWNSHIP AUTHORITY*

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
## YEAR ENDED DECEMBER 31, 2024
## (See independent auditor's report)

Source codes:

I = Indirect funding

| | | |
|---|---|---|
| 21.027 | "COVID-19" Coronavirus State and Local Fiscal Recovery Fund | $ 1,096,776 |
| 66.468 | Drinking Water State Revolving Fund | 1,437,722 |
| | | $ 2,534,498 |

Total expenditures per above 2,534,498 = 100% Programs meet the 40% requirement

Notes to schedule of expenditures of federal awards:

Note 1 Significant accounting policies:

The schedule of expenditures of federal awards presents the activity of all federal award programs for the Authority for the year ended December 31, 2024. Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position or changes in net position of the Authority.

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 Drinking Water State Revolving Fund information:

On March 27, 2024, the Authority obtained a Drinking Water State Revolving Fund Loan from Pennvest in the 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, 2024, the Authority had drawn $1,437,722 of the total amount of the debt and is in the process of drawing down the remaining available funds. The total outstanding and due to the Pennsylvania Infrastructure Investment Authority at December 31, 2024 was $1,437,722. The amount of federal expenditures for the program listed on the schedule represent the expenditures incurred under the loan during the year ended December 31, 2024. The United States Environmental Protection Agency requires that the current year expenditures incurred under the loan be reported on the schedule rather than the beginning balance of the loan. Therefore, the Authority has no ongoing compliance requirements other than those relating to the year in which the expenditures are incurred. The outstanding debt is shown as liabiltities on the Authority's Statement on Net Positon and for this reason is not shown as revenue on the Schedule of Expenditures of Federal Awards.

Brown Plus
ACCOUNTANTS + ADVISORS

# Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

*Independent Auditor's Report*

Members of the Board
East Cocalico Township Authority
Denver, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of East Cocalico Township Authority (the Authority), as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 24, 2025.

## Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown Plus

Camp Hill, Pennsylvania
July 24, 2025

Brown Plus
ACCOUNTANTS + ADVISORS

Report on Compliance for each
Major Federal Program and Report on Internal Control
Over Compliance in Accordance with the Uniform Guidance

*Independent Auditor's Report*

Members of the Board
East Cocalico Township Authority
Denver, Pennsylvania

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited East Cocalico Township Authority's (the Authority), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown Plus

Camp Hill, Pennsylvania
July 24, 2025

# *EAST COCALICO TOWNSHIP AUTHORITY*

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

## I. SUMMARY OF AUDITOR'S RESULTS:

*Financial statements*

| | | |
|---|---|---|
| Type of auditor's report issued: | Unmodified | |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | ____ yes | __X__ no |
| Significant deficiencies identified that are not considered to be material weakness(es)? | ____ yes | __X__ none reported |
| Noncompliance material to financial statements noted? | ____ yes | __X__ no |

*Federal awards*

| | | |
|---|---|---|
| Internal control over major programs: | | |
| Material weakness(es) identified? | ____ yes | __X__ no |
| Significant deficiencies identified that are not considered to be material weakness(es)? | ____ yes | __X__ none reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified | |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | ____ yes | __X__ no |

*Federal awards*

Identification of major programs:

| Federal assistance listing numbers | Name of federal program or cluster |
|---|---|
| 21.027 | "COVID-19" Coronavirus State and Local Fiscal Recovery Fund |
| 66.468 | Drinking Water State Revolving Fund |

| | | |
|---|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $ 750,000 | |
| Auditee qualified as low-risk auditee? | ____ yes | ___X_ no |

## II. FINANCIAL STATEMENT FINDINGS:

None

## III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

None

## *EAST COCALICO TOWNSHIP AUTHORITY*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2024

There were no prior year audit findings.