

D'ANGELO & COMPANY, PC
Certified Public Accountants

UPPER SOUTHAMPTON MUNICIPAL
AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2021

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Members of the Authority Board
UPPER SOUTHAMPTON MUNICIPAL AUTHORITY

We have audited the accompanying Statement of Net Assets of the Upper Southampton Municipal Authority at June 30, 2021 and 2020, and the related Statements of Revenue, Expenses and Changes in Net Assets, and Cash Flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Upper Southampton Municipal Authority as of June 30, 2021 and 2020 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis are not required parts of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.


Certified Public Accountant

Feasterville, Pennsylvania
September 28, 2021

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
ENTERPRISE FUND
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(UNAUDITED)

As management of the UPPER SOUTHAMPTON MUNICIPAL AUTHORITY we offer readers of the authority's financial statements this narrative overview and analysis of the financial activities of the authority for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the attached financial statements and notes to the financial statements based on current standards. The authority has implemented Government Accounting Standards Board Statement 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments for the fiscal year 2021 and 2020.

FINANCIAL HIGHLIGHTS

The assets of the authority exceeded its liabilities at the close of the most recent fiscal year by \$15,544,455

The authority's total net assets increased by \$254,735

The authority invested an additional \$730,565 in fixed capital assets during the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

Proprietary Fund - The enclosed financial statements are presented in the format of an enterprise fund.

This format in concept resembles that of a business-type activity. The financial statements are prepared using generally accepted accounting principles. This format is consistent with the reporting requirements of GASB 34.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
ENTERPRISE FUND
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(UNAUDITED)

CONDENSED COMPARATIVE FINANCIAL INFORMATION

The largest portion of the authority's net assets reflects its investment in capital assets. This condensed statement of net assets is illustrative of the authority's net investment in capital assets.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 8,308,231	\$ 3,249,253	\$ 3,397,519
Capital Assets	20,943,529	21,628,041	21,837,136
Total Assets	<u>29,251,760</u>	<u>24,877,294</u>	<u>25,234,655</u>
Current Liabilities	1,561,009	1,612,860	2,036,442
Noncurrent Liabilities	12,146,296	7,974,714	8,566,440
Total Liabilities	<u>13,707,305</u>	<u>9,587,574</u>	<u>10,602,882</u>
Net Assets:			
Invested in capital assets	12,614,715	12,805,601	9,075,878
Unrestricted	<u>2,929,740</u>	<u>2,484,119</u>	<u>5,555,895</u>
Total net assets	<u>\$ 15,544,455</u>	<u>\$ 15,289,720</u>	<u>\$ 14,631,773</u>

**CONDENSED STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Operating Revenue	<u>\$ 6,897,906</u>	<u>\$ 6,535,979</u>	<u>\$ 6,205,814</u>
Operating Expenses:			
Production Expenses	3,657,506	3,659,381	3,577,847
Maintenance and Repairs	415,026	240,530	471,734
Administrative Expenses	1,070,409	977,756	931,510
Depreciation	1,529,451	1,483,318	1,409,122
	<u>6,672,392</u>	<u>6,360,985</u>	<u>6,390,213</u>
Operating Income (Loss)	225,514	174,994	(184,399)
Non Operating Revenue - Net	<u>5,221</u>	<u>42,953</u>	<u>110,677</u>
Income (Loss) before Contributions	230,735	217,947	(73,722)
Contributions in aid of Construction	<u>24,000</u>	<u>440,000</u>	<u>12,000</u>
Change in Net Assets	254,735	657,947	(61,722)
Total Net Assets - July 1	<u>15,289,720</u>	<u>14,631,773</u>	<u>14,693,495</u>
Total Net Assets - June 30	<u>\$ 15,544,455</u>	<u>\$ 15,289,720</u>	<u>\$ 14,631,773</u>

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
ENTERPRISE FUND
MANAGEMENT DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021
(UNAUDITED)

ANALYSIS OF THE AUTHORITY'S FINANCIAL POSITION

For the year ending June 30, 2021, the Authority showed a profit due to the reduction in expected Production Expenses.

ANALYSIS OF SIGNIFICANT BUDGET VARIATIONS

	Budget	Actual	Variance
	<u>2021</u>	<u>2021</u>	<u>2021</u>
Total Operating Revenue	<u>\$ 6,925,037</u>	<u>\$ 6,897,906</u>	<u>\$ (27,131)</u>
Operating Expenses:			
Production Expenses	4,171,485	3,657,506	513,979
Maintenance and Repairs	316,000	415,026	(99,026)
Administrative Expenses	971,735	1,070,409	(98,674)
Depreciation	<u>1,500,000</u>	<u>1,529,451</u>	<u>(29,451)</u>
	<u>6,959,220</u>	<u>6,672,392</u>	<u>286,828</u>
Operating Income (Loss)	(34,183)	225,514	259,697
Non Operating Revenue	<u>22,460</u>	<u>5,221</u>	<u>(17,239)</u>
Net Income (Loss)	<u>\$ (11,723)</u>	<u>\$ 230,735</u>	<u>\$ 242,458</u>

ANALYSIS OF SIGNIFICANT BUDGET VARIATIONS

The Authority continues to extend water mains and connect additional customers while improving operations within the existing water and sanitary sewer system to reduce operational & maintenance, energy and treatment costs. This, in addition to improving the operation of the systems should generate additional revenue to fund the five-year Capital Improvement Program of approximately \$7,500,000.

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
STATEMENT OF NET ASSETS
ENTERPRISE FUND
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash	\$ 6,627,563	\$ 985,448
Accounts Receivable	885,809	1,418,892
Unbilled Revenue Receivable	649,566	723,019
Tapping Fees Receivable (Note 4)	34,563	30,276
Prepaid Expenses	110,730	91,618
	<hr/>	<hr/>
Total current assets	8,308,231	3,249,253
Non current assets:		
Construction escrow deposits	24,296	49,723
Tapping fees receivable (Note 4)	89,300	65,085
Construction in progress	317,218	201,632
Capital assets:		
Land	229,876	229,876
Building	2,249,520	2,231,310
Machinery and Equipment	934,433	862,641
Office equipment	123,496	106,858
Water Mains and sewer system	44,507,933	44,047,452
Less accumulated depreciation (Notes 1 and 2)	<u>(27,532,543)</u>	<u>(26,166,536)</u>
Total noncurrent assets	<u>20,943,529</u>	<u>21,628,041</u>
Total Assets	<u>29,251,760</u>	<u>24,877,294</u>
LIABILITIES		
Current liabilities:		
Note payable - DVRFA (Note 5)	49,000	97,000
Note payable - DVRFA (Note 6)	391,000	382,000
Note payable - DVRFA (Note 7)	132,000	129,000
Note payable - DVRFA (Note 8)	221,000	-
Accounts payable	665,940	909,109
Accrued expenses	102,069	95,751
	<hr/>	<hr/>
Total current liabilities	1,561,009	1,612,860
Noncurrent liabilities:		
Rental escrow deposit	17,000	26,991
Construction escrow deposits	24,296	49,723
Note payable - DVRFA (Note 5)	593,000	642,000
Note payable - DVRFA (Note 6)	4,480,000	4,871,000
Note payable - DVRFA (Note 7)	2,253,000	2,385,000
Note payable - DVRFA (Note 8)	4,779,000	-
	<hr/>	<hr/>
Total noncurrent liabilities	12,146,296	7,974,714
Total liabilities	<u>13,707,305</u>	<u>9,587,574</u>
NET ASSETS		
Invested in capital assets	12,614,715	12,805,601
Unrestricted	2,929,740	2,484,119
	<hr/>	<hr/>
Total net assets	<u>\$ 15,544,455</u>	<u>\$ 15,289,720</u>

See accompanying notes and accountant's opinion

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUND
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUE		
Revenue	\$ 6,766,997	\$ 6,549,115
Less discounts	-	(76,096)
Connection and tapping fees	130,909	62,960
Total operating revenues	<u>6,897,906</u>	<u>6,535,979</u>
 OPERATING EXPENSES		
Production and Connection expenses	3,657,506	3,659,381
Maintenance and Repair Expenses	415,026	240,530
Administrative expenses	1,070,409	977,756
Depreciation	1,529,451	1,483,318
Total operating expenses	<u>6,672,392</u>	<u>6,360,985</u>
OPERATING INCOME (LOSS)	<u>225,514</u>	<u>174,994</u>
 NONOPERATING REVENUES (EXPENSES)		
Interest income	18,795	35,330
Fee income	46,006	23,189
Penalties	273	32,772
Rental income	152,291	154,942
Sale of assets	75,274	-
Miscellaneous	12,791	22,934
Litigation settlement	(50,000)	-
Interest Expense	(250,209)	(226,214)
Total nonoperating revenue	<u>5,221</u>	<u>42,953</u>
Income (Loss) before contributions	230,735	217,947
Contributions in aid of construction	24,000	440,000
Change in net assets	254,735	657,947
Total net assets - July 1	<u>15,289,720</u>	<u>14,631,773</u>
Total net assets - June 30	<u>\$ 15,544,455</u>	<u>\$ 15,289,720</u>

See accompanying notes and accountant's opinion

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers - net	\$ 7,373,533	\$ 6,408,502
Receipts from fees	102,406	42,199
Payments for production expenses	(3,744,915)	(3,688,025)
Payments for maintenance and repairs	(564,985)	(239,724)
Payments for administrative expenses	(1,059,597)	(1,063,053)
Net cash provided by operating activities	<u>2,106,442</u>	<u>1,459,899</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets - Net	(885,548)	(1,263,666)
Contributions and grants in aid of construction	24,000	440,000
Sale of equipment	75,274	-
Net cash provided (used) by capital and related financing activities	<u>(786,274)</u>	<u>(823,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	18,795	35,330
Interest expense	(250,209)	(226,214)
Increase (Decrease) in Demand Loan	-	(405,000)
Increase of notes payable	5,000,000	-
Repayment of notes payable	(608,000)	(593,000)
Penalties collected	-	32,772
Litigation settlement	(50,000)	-
Rental income	152,291	154,942
Fee Income	46,006	23,189
Miscellaneous income	13,064	22,934
Net Cash Provided (used) by investing activities	<u>4,321,947</u>	<u>(955,047)</u>
NET INCREASE (DECREASE) IN CASH	5,642,115	(318,814)
BALANCE - JULY 1	985,448	1,304,262
BALANCE - JUNE 30	<u>\$ 6,627,563</u>	<u>\$ 985,448</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 230,735	\$ 217,947
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	1,529,451	1,483,318
Change in assets and liabilities:		
Receivables - net	602,249	(175,231)
Prepaid expenses	(19,112)	(13,317)
Accounts payable	(243,199)	(43,200)
Accrued expenses	6,318	(9,618)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,106,442</u>	<u>\$ 1,459,899</u>

See accompanying notes and accountant's opinion

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Upper Southampton Municipal Authority (USMA) is an enterprise fund of the Township of Upper Southampton. The fund complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) Pronouncements, Financial Accounting Standards Board (FASB) Pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the fund the option of electing to apply FASB pronouncements. The Board of Directors of USMA has elected to implement the financial reporting requirements of GASB Statement No. 34.

To conform with the recommendations of the industry audit guide, Audit of State and Local Government Units issued by the American Institutes of Certified Public Accountants in 1974, the financial statements have been prepared on the accrual basis of accounting and conform with generally accepted accounting principles.

Depreciation

Depreciation of property and equipment is provided by using the straight-line method over the estimated useful lives of the assets.

Assets	Useful Lives
Building	50 years
Machinery & Equipment	5 years
Office Equipment	5-10 years
Mains, Pumphouses, Wells	10-50 years
Sanitary Sewer System	10-50 years

COMMITMENTS

The Authority entered into an agreement with Lower Southampton Township dated December 14, 1988 in which the Authority agrees to pay its pro-rata share of the expense relating to the sewage treatment agreement between Lower Southampton Township and the City of Philadelphia. A portion of these pro-rata expenses included debt service costs incurred by Lower Southampton Township related to a \$ 5.7 million bond issue for a capital contribution option exercised in the agreement with Philadelphia to reserve capacity in Philadelphia's Northeast Water Pollution Control Plant. The pro-rata allocation is based on metered flows. As of June 30, 2010 the capital contribution cost has been paid in full.

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2: PROPERTY AND EQUIPMENT

Capital asset activity for the year ending June 30, 2021 was as follows:

Assets	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Land	\$ 229,876	\$ -	\$ -	\$ 229,876
Building	2,231,310	18,211	-	2,249,521
Machinery & Equipment	862,641	235,236	163,444	934,433
Office & Equipment	106,858	16,638	-	123,496
Mains, Pumphouses, Wells	25,620,842	225,502	-	25,846,344
Sanitary Sewer System	18,426,610	234,978	-	18,661,588
	<u>\$ 47,478,137</u>	<u>\$ 730,565</u>	<u>\$ 163,444</u>	<u>\$ 48,045,258</u>

Accumulated Depreciation	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Building	\$ 722,105	\$ 54,839	\$ -	\$ 776,944
Machinery & Equipment	676,548	34,357	163,444	547,461
Office Equipment	101,151	5,821	-	106,972
Mains, Pumphouses, Wells	11,536,383	805,749	-	12,342,132
Sanitary Sewer System	13,130,349	628,685	-	13,759,034
	<u>\$ 26,166,536</u>	<u>\$ 1,529,451</u>	<u>\$ 163,444</u>	<u>\$ 27,532,543</u>

NOTE 3: PENSION PLAN COST:

The Authority participates in the Pennsylvania Municipal Retirement System ("System"), a contributory, multi-employer pension plan administered by the Pennsylvania Municipal Retirement Board covering all eligible employees. The annual contribution (pension expense) is based on a specific formula. The total pension expense for the years ending June 30, 2021 and 2020 was \$84,030 and \$78,034 respectively.

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

NOTE 4: TAPPING FEES RECEIVABLE

Tapping fees receivable represents the unpaid portion of the contracts with the new customers who connect to the water or sewer systems of the Authority. New customers in the Southwest Quadrant pay \$2,300 upon execution of the contract and \$4,000 deferred over 5 years. New customers on Bristol Road pay \$2,000 upon execution of the contract and \$12,000 deferred over 5 years. New customers who connect to existing mains pay \$500 upon execution of the contract and \$3,352 over 5 years. New customers who connect to the sewer system pay \$1,125 upon execution of the contract and \$4,000 deferred over 5 years.

The summary is as follows:

Water Balance	@ June 30, 2020	\$	89,760
Sewer Balance	@ June 30, 2020		5,601

New connections

12,500	@ 1 customer		12,500
5,400	@ 7 customers		37,800
9,500	@ 5 customers		47,500
5,125	@ 1 customer		5,125
			198,286

Payments Water

5,600	@ 1 customer		5,600
5,400	@ 4 customers		21,600
900	@ 15 customers		13,500
800	@ 2 customers		1,600
1,400	@ 4 customers		5,600
1,600	@ 2 customers		3,200
2,500	@ 6 customers		15,000
Various payments			6,398

Payments Sewer

800	@ 1 customer		800
1,125	@ 1 customers		1,125
			74,423

Total Receivable June 30, 2021			123,863
Less current portion			34,563
Non current portion		\$	89,300

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

NOTE 5: NOTE PAYABLE - LONG TERM

On August 25, 2006 the authority borrowed \$1,700,000 from the Delaware Valley Regional Financial Authority. The purpose of the note was to fund capital improvement projects including expansion and renovation of the water system. The note payable was divided into three fixed rate notes and one variable rate note, with interest to be paid monthly and one principal payment annually on the anniversary date of the loan. The note has been approved and guaranteed by the Board of Supervisors of the Township of Upper Southampton. On August 25, 2009 Note a converted to a variable rate note and was combined with the original variable rate note. On May 28, 2020 Note v was converted to a fixed rate and designated as Note d.

The note is also guaranteed by the pledge of water revenues from the operation of the Municipal Water System. The revenues together with other unrestricted funds, shall be sufficient to provide for the following:

- 1) The cost to operate and maintain the water system.
- 2) 115% of the payments required under the loan agreement.
- 3) 115% of any other debt service obligations.

The next annual loan payment is as follows:

	Total Principal	Interest Rate	Payment Due August 25, 2021	Interest Due August 25, 2021	Total Payment
2006 Note d	\$ 331,000	1.257%	\$ -	\$ 347	\$ 347
2006 Note b	153,000	1.825%	24,000	233	24,233
2006 Note c	158,000	1.506%	25,000	198	25,198
	<u>\$ 642,000</u>		<u>\$ 49,000</u>	<u>\$ 778</u>	<u>\$ 49,778</u>

Future loan payments are as follows:

2021	\$ 49,000
2022	79,000
2023	106,000
2024	108,000
2025	141,000
2026-2027	159,000
	<u>\$ 642,000</u>

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

NOTE 6: NOTE PAYABLE - LONG TERM

On March 26, 2012 the authority borrowed \$8,000,000 from the Delaware Valley Regional Financial Authority. The purpose of the note was to fund capital improvement projects including expansion and renovation of the water system. The note payable is divided into three fixed rate notes with interest to be paid monthly and one principal payment annually on the anniversary date of the loan. The note has been approved and guaranteed by the Board of Supervisors of the Township of Upper Southampton.

The note is also guaranteed by the pledge of water revenues from the operation of the Municipal Water System. The revenues together with other unrestricted funds, shall be sufficient to provide for the following:

- 1) The cost to operate and maintain the water system.
- 2) 115% of the payments required under the loan agreement.
- 3) 115% of any other debt service obligations.

The next annual loan payment is as follows:

	Total Principal	Interest Rate	Payment Due June 25, 2022	Interest Due June 25, 2022	Total Payment
2012 Note	\$ 4,871,000	2.485%	\$ 391,000	\$ 10,087	\$ 401,087

Future loan payments are as follows:

	Principal	Interest
2022	\$ 391,000	\$ 121,044
2023	401,000	111,328
2024	411,000	101,363
2025	421,000	91,150
2026	431,000	80,688
2027-2031	2,318,000	237,441
2032	498,000	12,357
	<u>\$ 4,871,000</u>	<u>\$ 755,371</u>

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

NOTE 7: NOTE PAYABLE - LONG TERM

On October 1, 2015 the authority borrowed \$3,000,000 from the Delaware Valley Regional Financial Authority. The purpose of the note was to fund capital improvement projects including expansion and renovation of the water system. Interest is to be paid monthly and one principal payment annually on the anniversary date of the loan. The note has been approved and guaranteed by the Board of Supervisors of the Township of Upper Southampton.

The note is also guaranteed by the pledge of water revenues from the operation of the Municipal Water System. The revenues together with other unrestricted funds, shall be sufficient to provide for the following:

- 1) The cost to operate and maintain the water system.
- 2) 115% of the authorities debt service obligations.
- 3) 115% of any other debt service obligations.

The next annual loan payment is as follows:

	<u>Total Principal</u>	<u>Interest Rate</u>	<u>Payment Due Sept. 26, 2021</u>	<u>Interest Due Sept. 26, 2021</u>	<u>Total Payment</u>
2015 Note	<u>\$ 2,385,000</u>	2.455%	<u>\$ 132,000</u>	<u>\$ 4,879</u>	<u>\$ 136,879</u>

Future Note Payments are as follows:

	<u>Principal</u>	<u>Interest</u>
2021	\$ 132,000	\$ 58,552
2022	136,000	55,311
2023	139,000	51,000
2024	143,000	48,560
2025	147,000	45,049
2026-2030	790,000	103,600
2031-2035	898,000	55,115
	<u>\$ 2,385,000</u>	<u>\$ 417,187</u>

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

NOTE 8: NOTE PAYABLE - LONG TERM

On January 25, 2021 the authority borrowed \$5,000,000 from the Delaware Valley Regional Financial Authority. The purpose of the note was to fund capital improvement projects including expansion and renovation of the water system. Interest is to be paid monthly and one principal payment annually on the anniversary date of the loan. The note has been approved and guaranteed by the Board of Supervisors of the Township of Upper Southampton.

The note is also guaranteed by the pledge of water revenues from the operation of the Municipal Water System. The revenues together with other unrestricted funds, shall be sufficient to provide for the following:

- 1) The cost to operate and maintain the water system.
- 2) 115% of the authorities debt service obligations.
- 3) 115% of any other debt service obligations.

The next annual loan payment is as follows:

	Total Principal	Interest Rate	Payment Due Jan. 25, 2022	Interest Due Sept. 26, 2021	Total Payment
2020 Note	<u>\$ 5,000,000</u>	1.257%	<u>\$ 221,000</u>	<u>\$ 5,238</u>	<u>\$ 226,238</u>

Future Note Payments are as follows:

	Principal	Interest
2022	\$ 221,000	\$ 62,850
2023	224,000	60,072
2024	227,000	57,256
2025	230,000	54,403
2026	233,000	51,512
2027-2031	1,210,000	219,535
2032-2036	1,287,000	179,090
2037-2041	1,368,000	136,100
	<u>\$ 5,000,000</u>	<u>\$ 820,818</u>

SUPPLEMENTAL INFORMATION

D'ANGELO & COMPANY, PC
Certified Public Accountant

963 Street Road, Ste 101
Southampton, PA 18966
(215) 355-1940

Members of the Authority Board
UPPER SOUTHAMPTON MUNICIPAL AUTHORITY

The audited financial statements of the UPPER SOUTHAMPTON MUNICIPAL AUTHORITY for the year ended June 30, 2021 and our opinion thereon are presented in the preceding section of this report.

Our examination was made primarily for the purpose of rendering an opinion on the basic financial statements taken as a whole. The following supplemental schedules, although not necessary for a fair presentation of the financial position, results of activity, and changes in cash flows, is presented for additional analysis purposes. The supplemental schedules have been subjected to the tests and other auditing procedures applied in the examination of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountant

Feasterville, Pennsylvania
September 28, 2020

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
SCHEDULE OF PRODUCTION AND COLLECTION EXPENSES AND
MAINTENANCE AND REPAIR EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Production and Collection Expenses		
Payroll	\$ 325,002	\$ 372,350
Payroll taxes	27,668	29,900
Employee Benefits	127,938	126,955
Laboratory	28,100	21,953
Payments to Philadelphia	1,982,191	1,959,841
Power	196,974	190,655
Treatment chemicals	35,999	38,471
Truck expenses	23,358	23,688
Water purchased	910,276	895,568
	<u>\$ 3,657,506</u>	<u>\$ 3,659,381</u>
 Maintenance and Repair Expenses		
Clean Water Fund	\$ 21,071	\$ 25,403
Electrical maintenance	2,750	14,665
Equipment maintenance	28,086	13,209
Fuel Oil	3,883	-
Maintenance other	65,303	48,653
Meter maintenance	116,702	107,234
Pump maintenance	73,543	4,333
Station Security	7,218	7,305
Supplies and line maintenance	89,356	12,911
Uniforms	4,654	4,871
Wells and storage maintenance	2,460	1,946
	<u>\$ 415,026</u>	<u>\$ 240,530</u>

See accompanying notes and accountant's opinion.

UPPER SOUTHAMPTON MUNICIPAL AUTHORITY
 SCHEDULE OF ADMINISTRATIVE EXPENSES
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Administrative Expenses		
Payroll	\$ 306,740	\$ 288,717
Payroll taxes	24,320	22,095
Accounting	19,000	19,000
Board fees	7,200	7,200
Dues & subscription:	5,139	5,010
Electricity	8,242	7,126
Employee benefits	132,514	164,141
Engineering fees	81,965	54,399
Insurance	115,150	93,377
Legal	139,919	104,202
Maintenance	11,259	12,725
Merchant fees	24,676	21,279
Miscellaneous	9,486	7,270
Office supplies	58,624	55,806
Pension plan	84,030	78,034
Postage	11,807	11,053
Public notices	3,165	3,722
Seminars & conferences	10,613	8,641
Telephone	16,560	13,959
	<u>\$ 1,070,409</u>	<u>\$ 977,756</u>

See accompanying notes and accountant's opinion.