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**CHADDS FORD TOWNSHIP SEWER AUTHORITY  
(A Component Unit of Chadds Ford Township)  
CHADDS FORD, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

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CHADDS FORD TOWNSHIP SEWER AUTHORITY  
(A Component Unit of Chadds Ford Township)  
CHADDS FORD, PENNSYLVANIA

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10



## INDEPENDENT AUDITOR'S REPORT

November 4, 2021

To the Board of Directors  
Chadds Ford Township Sewer Authority  
Chadds Ford, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of the Chadds Ford Township Sewer Authority ("the Authority"), a component unit of Chadds Ford Township, Chadds Ford, Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

To the Board of Directors  
Chadds Ford Township Sewer Authority

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chadds Ford Township Sewer Authority as of December 31, 2020, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

**CHADDS FORD TOWNSHIP SEWER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED  
DECEMBER 31, 2020**

The Chadds Ford Township Sewer Authority (“the Authority”) was established by Chadds Ford Township (“the Township”), Delaware County, Pennsylvania, as a separate operating entity to implement public sewer services in the areas designated by the Township’s Board of Supervisors as indicated in the Township’s Act 537 Plan.

The Authority is authorized to provide for the acquisition, ownership, management, operations, maintenance, inspection, and rehabilitation of community sewage disposal systems within the Township. The Authority is a component unit of the Township.

Since 1992, when the Authority acquired the Ridings of Chadds Ford Wastewater Treatment Plant (“Ridings Plant”), the Authority has completed four sewer projects; the Longview/Summit extension in 2002, the Ridge Road Phase I extension in 2003, the Ridge Road Phase 2 extension in 2006, and the acquisition of the Turners Mill Wastewater Treatment Plant (“Turners Mill Plant”) in 2008.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The accompanying financial statements are the representation of the Authority and were prepared in accordance with accounting principles generally accepted in the United States of America, as applied to the enterprise funds of governmental units prescribed by the Governmental Accounting Standards Board. In preparing the financial statements, the Authority has made reasonable estimates and assumptions of future events; however, actual results may differ.

As required by the Act, the Authority attempts to recover the cost of construction/extension projects from the assessment of tapping fees. The Authority also assesses user fees on a quarterly basis to recover operating, maintenance, and ongoing capital costs. The Authority’s approach to rates is to achieve a breakeven result; however, prior to acquiring the Ridings Plant, the previous owner sold certain capacity to third parties.

#### **FINANCIAL ANALYSIS**

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Authority’s activities for the past year. These two statements report the net position of the Authority and the changes in it. One can think of the Authority’s net position – the difference between assets and liabilities – as one way to measure the organization’s financial health or financial position. Over time, increases and decreases in the Authority’s net position are one indication of whether its financial health is improving or deteriorating.

##### **Net Position**

To begin our analysis, a summary of the Authority’s Statements of Net Position is presented in Table A-1.

**CHADDS FORD TOWNSHIP SEWER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2020**

**Table A-1**

**Condensed Statements of Net Position**

	December 31,	
	2020	2019
<b>ASSETS</b>		
Current and other assets	\$ 1,759,279	\$ 1,790,985
Capital assets	4,839,213	4,909,300
<b>TOTAL ASSETS</b>	<u>6,598,492</u>	<u>6,700,285</u>
<b>LIABILITIES</b>		
Current liabilities	261,233	243,983
Long-term liabilities	784,831	879,228
<b>TOTAL LIABILITIES</b>	<u>1,046,064</u>	<u>1,123,211</u>
<b>NET POSITION</b>		
Net investment in capital assets	3,742,050	4,035,674
Unrestricted	1,810,378	1,541,400
<b>TOTAL NET POSITION</b>	<u>\$ 5,552,428</u>	<u>\$ 5,577,074</u>

As of December 31, 2020, the Authority's working capital was \$1,420,046. Working capital decreased by \$37,956 from 2019 as a result of a decrease in cash and investments coupled with an increase in accounts payable.

Accounts receivable includes unpaid user fees. All amounts are subject to a lien on the related property.

The Authority acquired the newly constructed Turners Mill Plant in August 2008. The Turners Mill Plant was acquired by the Township from a local developer and simultaneously sold to the Authority at cost, which approximated \$3.7 million. The Authority received a \$1.6 million loan from the Pennsylvania Infrastructure Investment Authority ("PennVest") in April 2009. A portion of the proceeds from the loan was used to repay advances from the Township which were incurred in connection with the acquisition of the Turners Mill Plant. The loan will mature in 2029, and there is a \$790,229 balance as of December 31, 2020.

The Authority borrowed \$200,000 from the Delaware Valley Regional Finance Authority ("DVRFA") in 2007 and used the proceeds to fund a "back-to-back" loan to Painters Crossing Condominium Association ("PCCA") for installation of a pump station. PCCA previously operated an on-site wastewater treatment plant and was required to decommission that aging facility and connect to the Turners Mill Plant by the Commonwealth of Pennsylvania. The loan will mature in 2027, and there is a \$89,000 balance as of December 31, 2020. The loan is offset by a note receivable from PCCA, the balance of which was \$89,000 at December 31, 2020.

**CHADDS FORD TOWNSHIP SEWER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2020**

Table A-2 presents an overview of the Authority's operations.

**Table A-2**

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	For the Year Ended December 31,	
	2020	2019
OPERATING REVENUES	\$ 671,642	\$ 676,877
OPERATING EXPENSES	692,781	698,516
OPERATING LOSS	(21,139)	(21,639)
NONOPERATING REVENUE (EXPENSES)		
Interest income	22,093	48,398
Interest expense	(25,600)	(29,032)
TOTAL NONOPERATING REVENUES (EXPENSES)	(3,507)	19,366
CHANGE IN NET POSITION	(24,646)	(2,273)
NET POSITION, BEGINNING OF YEAR	5,577,074	5,579,347
NET POSITION, END OF YEAR	\$ 5,552,428	\$ 5,577,074

Net position decreased by \$24,646 in 2020. Operating revenues decreased by \$5,235 from 2019 to 2020 primarily due to a decrease in nonresidential service fees.

While the Township guaranteed all of the Authority's outstanding debt, the Authority has been self-sufficient over the years.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Authority's investment in capital assets as of December 31, 2020 amounts to \$4,839,213, net of accumulated depreciation. The investment in capital assets includes construction-in-progress, buildings and plant, collection system, and equipment.

**CHADDS FORD TOWNSHIP SEWER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2020**

**Table A-3  
Capital Assets**

	2020	2019
Buildings and plant	\$ 3,866,813	\$ 3,866,813
Collection system	2,665,922	2,665,922
Equipment	174,535	174,535
Less accumulated depreciation:		
Buildings and plant	(1,189,730)	(1,090,573)
Collection system	(814,941)	(761,623)
Equipment	(170,320)	(142,972)
Capital assets, net of depreciation	4,532,279	4,712,102
Construction-in-progress	306,934	197,198
Total Capital Assets, Net of Depreciation	\$ 4,839,213	\$ 4,909,300

**Long-term Debt**

At December 31, 2020, the Authority had \$879,229 in outstanding notes payable, a decrease of \$94,397 from the prior year.

Additional information about the Authority's debt can be found in Note 7 on pages 14 and 15 of this report.

**FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS**

In March 2020, the world became a very different place as the coronavirus disease 2020 ("COVID-19") evolved from an isolated disease in a region of China to a global pandemic. As a result of the spread of the COVID-19 virus in 2020, economic uncertainties have arisen which may negatively impact the Authority's income. Other financial impact could occur though such potential impact is unknown at this time.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of the Authority's finances to the residents of the Township and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report, and requests for additional financial information should be addressed to Valerie Hoxter, Sewer Authority Manager, Chadds Ford Township, P.O. Box 816, Chadds Ford, PA 19317.

**CHADDS FORD TOWNSHIP SEWER AUTHORITY**  
**(A Component Unit of Chadds Ford Township)**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,075,082
Investments	325,000
Accounts receivable	122,284
Note receivable	11,000
Prepaid expense	4,127
Total Current Assets	<u>1,537,493</u>
Restricted Assets:	
Cash and cash equivalents - restricted	<u>143,786</u>
Total Restricted Assets	<u>143,786</u>
Noncurrent Assets:	
Construction-in-progress	306,934
Capital assets, net of depreciation	4,532,279
Note receivable	78,000
Total Noncurrent Assets	<u>4,917,213</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,598,492</u></b>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 21,042
Accrued interest	2,007
Notes payable	94,398
Total Current Liabilities	<u>117,447</u>
Current Liabilities Payable from Restricted Assets:	
Developers' escrow	<u>143,786</u>
Total Current Liabilities Payable from Restricted Assets	<u>143,786</u>
Noncurrent Liabilities:	
Notes payable	<u>784,831</u>
Total Noncurrent Liabilities	<u>784,831</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,046,064</u></b>
<b>NET POSITION</b>	
Net investment in capital assets	3,742,050
Unrestricted	1,810,378
<b>TOTAL NET POSITION</b>	<b><u>5,552,428</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 6,598,492</u></b>

The accompanying notes are an integral part of these financial statements.

**CHADDS FORD TOWNSHIP SEWER AUTHORITY**  
**(A Component Unit of Chadds Ford Township)**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

OPERATING REVENUES	
Sewer user fees	\$ 669,717
Inspection and certification fees	1,910
Other income	15
TOTAL OPERATING REVENUES	<u>671,642</u>
OPERATING EXPENSES	
Plant operating expenses	324,621
Administrative and general expenses	188,337
Depreciation	179,823
TOTAL OPERATING EXPENSES	<u>692,781</u>
OPERATING LOSS	<u>(21,139)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	22,093
Interest expense	<u>(25,600)</u>
TOTAL NONOPERATING EXPENSES	<u>(3,507)</u>
CHANGE IN NET POSITION	(24,646)
NET POSITION, BEGINNING OF YEAR	<u>5,577,074</u>
NET POSITION, END OF YEAR	<u><u>\$ 5,552,428</u></u>

The accompanying notes are an integral part of these financial statements.

**CHADDS FORD TOWNSHIP SEWER AUTHORITY**  
**(A Component Unit of Chadds Ford Township)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash receipts from customers	\$ 691,683
Cash paid to suppliers	(500,484)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>191,199</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(109,736)
Principal payment on notes payable	(94,397)
Interest paid	(25,882)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(230,015)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Redemption of investments	1,009,000
Purchase of investments	(325,000)
Principal received on note receivable	11,000
Interest income	22,093
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>717,093</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	678,277
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>540,591</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,218,868</u>
Cash and cash equivalents	\$ 1,075,082
Restricted cash and cash equivalents	143,786
	<u>\$ 1,218,868</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (21,139)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	179,823
(Increase) decrease in:	
Accounts receivable	15,041
Prepaid expenses	(58)
Increase (decrease) in:	
Accounts payable	12,532
Developers' escrow	5,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 191,199</u>

The accompanying notes are an integral part of these financial statements.

CHADDS FORD TOWNSHIP SEWER AUTHORITY  
(A Component Unit of Chadds Ford Township)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 THE AUTHORITY

The Chadds Ford Township Sewer Authority ("the Authority"), formerly known as the Birmingham Township Sewer Authority, was established in 1988 under the provisions of the Municipality Authorities Act of 1945, as amended. The Authority was established as a separate operating entity by Chadds Ford Township ("the Township"), Delaware County, Pennsylvania, to assist in the implementation and management of a Sewer Facilities Plant as prescribed under the Pennsylvania Sewage Facilities Act, as amended, and regulations of the Pennsylvania Department of Environmental Resources. The Authority is authorized to provide for the acquisition, ownership, management, operations, maintenance, inspection, and rehabilitation of community sewage disposal systems within the Township. The Authority is a component unit of Chadds Ford Township.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to enterprise funds of government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted cash contains developers' escrow deposits pledged to the payment of costs incurred by the Authority on behalf of the developers.

Investments

Investments consist of nonnegotiable certificates of deposit. The investments are recorded at amortized cost. Nonnegotiable certificates of deposit are nonparticipating interest earning investment contracts which are exempt from measurement at fair value.

Accounts Receivable

Accounts receivable are stated at the amount the Authority expects to collect. No provision has been made for uncollectible accounts since the Authority has the ability to lien customer properties for unpaid fees.

CHADDS FORD TOWNSHIP SEWER AUTHORITY  
(A Component Unit of Chadds Ford Township)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capital Assets

Capital assets, which include buildings and plant, collection system, and equipment, are reported in the financial statements net of accumulated depreciation. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant, collection system, and equipment (net of salvage value) of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Buildings and plant	15 - 50 years
Collection system	50 years
Equipment	5 years

Revenues and Expenses

Revenues and expenses are distinguished between operating and nonoperating items. Operating revenues generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are user fees.

Operating expenses include the costs associated with the engineering, administrative expenses, professional fees, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The Authority classifies its net position into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets.
- **Restricted** – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

CHADDS FORD TOWNSHIP SEWER AUTHORITY  
(A Component Unit of Chadds Ford Township)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- **Unrestricted** – This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." Administrative expenses are paid with the use of unrestricted resources.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority's policy is to apply restricted net position first.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 DEPOSITS AND INVESTMENTS

***Deposits***

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank's failure, the Authority's deposits may not be returned. As of December 31, 2020, the carrying amount of the Authority's deposits was \$1,218,868, and the bank balance was \$1,287,263. Of the bank balance, \$336,099 was fully covered by federal depository insurance.

The remaining \$951,164 is invested in the Pennsylvania Local Government Investment Trust ("PLGIT"), a 2a7-like pool, and is recorded at amortized cost. The amortized cost, which approximates the fair value of the pool, is determined by the pool's share price. The Authority has no regulatory oversight for the pool, which is governed by a Board of Trustees. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization (Standard & Poor's rating of AAAM as of December 31, 2020), and is subject to an independent annual audit.

***Investments***

The Authority's investments are in nonnegotiable certificates of deposit. As of December 31, 2020, the carrying value of the Authority's investments was \$325,000, which consisted of two nonnegotiable certificates of deposit with maturities of less than one year.

CHADDS FORD TOWNSHIP SEWER AUTHORITY  
(A Component Unit of Chadds Ford Township)

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Custodial Credit Risk

For an investment, 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 investments or collateral security that are in the possession of an outside party. As of December 31, 2020, none of the Authority's investments were subject to custodial credit risk.

NOTE 4 NOTE RECEIVABLE

The Authority has an outstanding note receivable totaling \$89,000 at December 31, 2020 due from Painters Crossing Condominium Association for the construction of a pumping station required for connection to the Turners Mill Plant. This loan was acquired from the proceeds of the Delaware Valley Regional Finance Authority and is repayable over 20 years at a graduated interest rate expected to average 4.27 percent.

Future cash flows for the note receivable are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 11,000
2022	12,000
2023	12,000
2024	13,000
2025	13,000
2026 - 2027	<u>28,000</u>
	<u>\$ 89,000</u>

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Balance at</u> <u>01/01/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/20</u>
Capital assets not being depreciated:				
Construction-in-progress	\$ 197,198	\$ 109,736	\$ -	\$ 306,934
Capital assets being depreciated:				
Buildings and plant	3,866,813	-	-	3,866,813
Collection system	2,665,922	-	-	2,665,922
Equipment	174,535	-	-	174,535
	<u>6,707,270</u>	<u>-</u>	<u>-</u>	<u>6,707,270</u>

CHADDS FORD TOWNSHIP SEWER AUTHORITY  
(A Component Unit of Chadds Ford Township)

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	Balance at 01/01/20	Additions	Deletions	Balance at 12/31/20
Accumulated depreciation:				
Buildings and plant	1,090,573	99,157	-	1,189,730
Collection system	761,623	53,318	-	814,941
Equipment	142,972	27,348	-	170,320
	<u>1,995,168</u>	<u>179,823</u>	<u>-</u>	<u>2,174,991</u>
Capital assets being depreciated, net	<u>4,712,102</u>	<u>(179,823)</u>	<u>-</u>	<u>4,532,279</u>
Capital assets, net of depreciation	<u>\$ 4,909,300</u>	<u>\$ (70,087)</u>	<u>\$ -</u>	<u>\$ 4,839,213</u>

NOTE 6 COMMITMENTS

As of December 31, 2020, the Authority received engineering services to design and prepare permit plans and specifications for future improvements associated with the approved Act 537 Sewage Facilities Plan. The Authority has incurred costs in the amount of \$306,934 for projects that were not under a formal commitment as of December 31, 2020.

NOTE 7 LONG-TERM DEBT

A schedule of changes in the Authority's long-term debt is as follows:

	Balance at 01/01/20	Additions	Deletions	Balance at 12/31/20
Notes payable	<u>\$ 973,626</u>	<u>\$ -</u>	<u>\$ 94,397</u>	<u>\$ 879,229</u>

The Authority's long-term debt consisted of the following:

Note payable, Delaware Valley Regional Finance Authority; due in annual principal payments beginning in March 2008, interest is payable monthly at variable rates, 2.19% at December 31, 2020; the note matures in March 2027 and is guaranteed by the Township.	\$ 89,000
Note payable, Pennsylvania Infrastructure Investment Authority; interest only at 2.072% per annum through March 2010; beginning April 2010, monthly principal and interest installments of \$8,495; interest at 2.946%; the note matures in March 2029 and is guaranteed by the Township.	790,229
	<u>879,229</u>
Less current portion	<u>94,398</u>
Long-term portion	<u>\$ 784,831</u>

CHADDS FORD TOWNSHIP SEWER AUTHORITY  
(A Component Unit of Chadds Ford Township)

NOTES TO FINANCIAL STATEMENTS

NOTE 7 LONG-TERM DEBT (cont'd)

The Authority's debt service requirements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 94,398	\$ 22,872	\$ 117,270
2022	100,453	20,198	120,651
2023	103,094	17,446	120,540
2024	106,814	14,610	121,424
2025	109,615	11,687	121,302
2025 - 2029	<u>364,865</u>	<u>16,866</u>	<u>381,731</u>
	<u>\$ 879,229</u>	<u>\$ 103,679</u>	<u>\$ 982,918</u>

NOTE 8 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; natural disasters; and claims in the normal course of business. The Authority manages these various risks by purchasing commercial insurance policies.

NOTE 9 UNCERTAINTY

As a result of the spread of the COVID-19 coronavirus in 2020, economic uncertainties have arisen which may negatively impact the Authority's income. Other financial impact could occur though such potential impact is unknown at this time.

NOTE 10 SUBSEQUENT EVENTS

In February 2021 the Authority paid off the note payable through the Pennsylvania Infrastructure Investment Authority. The note was originally scheduled to mature in March of 2029.

On March 8, 2021, the Authority entered into a loan agreement for \$1,750,000 Guaranteed Sewer Revenue Notes, 2021 Series with the Delaware Valley Regional Finance Authority to be used for capital projects.

The Authority has evaluated all subsequent events through November 4, 2021, the date the financial statements were available to be issued.