

**LOWER PROVIDENCE TOWNSHIP
SEWER AUTHORITY**
(A Component Unit of Lower Providence Township)

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2023

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936 Easton Rd., PO Box 754, Warrington, PA 18976 | 130 Almshouse Rd., Suite 201A, Richboro, PA 18954
215-343-2727 | www.bbco-cpa.com

Independent Auditors' Report

To the Board of Directors
Lower Providence Township Sewer Authority
Eagleville, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of Lower Providence Township Sewer Authority (a component unit of Lower Providence Township), Montgomery County, Pennsylvania, (the Authority) as of and for the year ended June 30, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Lower Providence Township Sewer Authority, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Lower Providence Township Sewer 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 substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lower Providence Township Sewer 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 the Lower Providence Township Sewer Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and schedule of changes in net pension liability and related ratios and the schedule of employer contributions 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.

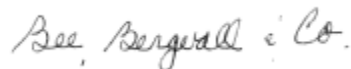
We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Lower Providence Township Sewer Authority's basic financial statements. The Schedules of Sewer System Expenses and Schedules of Administrative are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Period Financial Statements

We previously audited the Authority's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it is derived.



Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
October 12, 2023

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Management's Discussion and Analysis

June 30, 2023

Lower Providence Township Sewer Authority's (the "Authority") discussion and analysis offers readers of the Authority's financial statements a narrative overview and analysis of the Authority's financial activities for the fiscal years ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by \$19,746,029 as of June 30, 2023 and \$20,093,295 as of June 30, 2022. The Authority has restricted net position of \$750,000 as a result of the Guaranteed Sewer Revenues Notes, Series 2020.
- For the year ended June 30, 2023 the Authority's net position decreased by \$347,266 compared to a decrease of \$153,850 for the year ended June 30, 2022.

Using This Annual Report

The basic financial statements are comprised of the statement of net position, statement of revenues, expenses and changes in net position and the statement of cash flows, similar to a business in the private sector. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The financial statements are designed to provide readers with an overview of the Authority's financial position in a manner similar to a business in the private sector. The statement of net position presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. The statement of revenues, expenses and changes in net position presents information on the Authority's revenues and expenses, with the difference reported as the change in net position. The statement of cash flows presents information on the Authority's sources and uses of cash during the year. The cash flows are reported based on three types of activity: operating, financing and investing.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Authority's financial statements. The notes can be found immediately following the basic financial statements in this report.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Management's Discussion and Analysis

June 30, 2023

Other Information

In addition to the basic financial statements and accompanying notes, supplementary information presents a more detailed schedule of expenses as well as a schedule of changes in restricted funds.

Overview of the Financial Statements

A summarized version of the Authority's net position and changes in net position is as follows:

Net Position

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current Assets	\$ 7,451,356	\$ 10,752,779
Capital Assets, Net	<u>22,690,124</u>	<u>20,391,604</u>
Total Assets	<u>30,141,480</u>	<u>31,144,383</u>
Deferred Outflows	<u>211,153</u>	<u>281,537</u>
<u>Current and Other Liabilities</u>		
Current Liabilities	757,166	1,174,120
Long Term Debt	<u>9,775,078</u>	<u>10,158,505</u>
Total Liabilities	<u>10,532,244</u>	<u>11,332,625</u>
Deferred Inflows	<u>74,360</u>	<u>-</u>
<u>Net Position</u>		
Net Investment in Capital Assets	13,739,124	15,009,289
Restricted	750,000	4,615,685
Unrestricted	<u>5,256,905</u>	<u>468,321</u>
Total Net Position	<u>\$ 19,746,029</u>	<u>\$ 20,093,295</u>

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Management's Discussion and Analysis

June 30, 2023

Changes in Net Position

	<u>2023</u>	<u>2022</u>
<u>Operating Revenues</u>		
Sewer Rental Income	\$ 4,300,776	\$ 4,027,010
Other income	<u>10,282</u>	<u>63,211</u>
	<u>4,311,058</u>	<u>4,090,221</u>
<u>Operating Expenses</u>		
Sewer	3,282,863	2,948,062
Administration	548,315	598,427
Depreciation Expense	<u>1,077,023</u>	<u>807,855</u>
Total Operating Expenses	<u>4,908,201</u>	<u>4,354,344</u>
Operating Income (Loss)	(597,143)	(264,123)
Non Operating Revenues (Expenses), Net	<u>249,877</u>	<u>110,273</u>
Change in Net Position	(347,266)	(153,850)
Net Position, Beginning of the Year	<u>20,093,295</u>	<u>20,247,145</u>
Net Position, End of the Year	<u>\$ 19,746,029</u>	<u>\$ 20,093,295</u>

The Authority had an operating loss of \$(597,143) in the current year, compared to an operating loss of \$(264,123) for the year ended June 30, 2022. Overall, sewer rental income increased by 7% in the most recent fiscal year, due to a rate increase. Operating expenses, exclusive of depreciation, increased 8% due to maintenance increases. Non-operating revenues (expenses), net increased in the current year due better interest rates for the years ended June 30, 2023 and 2022, respectively.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Management's Discussion and Analysis

June 30, 2023

Capital Assets

At the end of June 30, 2023, the Authority had \$22,690,124, net of accumulated depreciation, invested in capital assets as shown in Note 5 to the financial statements. The Authority is completing system upgrades and maintenance projects are performed on an ongoing basis.

Debt

At the end of June 30, 2023, the Authority had total long term debt outstanding as of June 30, 2023 was \$9,701,000 compared to \$9,998,000 in the previous year as shown in Note 7 to the financial statements.

Factors Bearing on the Authority's Future

The Authority continues work on a comprehensive Inflow/Infiltration Abatement Program designed to eliminate overflows in the sewer system that occur during periods of heavy rain but the total cost of the program has not been determined. At the end of year 2022, the Authority will have awarded another round of contracts in this program which have, thus far, proven to reduce flows during rain events.

Contacting the Authority's Management

This financial report is designed to provide citizens, taxpayers, customers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority at 20 Parklane Drive, Eagleville, Pennsylvania 19403.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Statements of Net Position

June 30, 2023 and 2022

	ASSETS	<u>2023</u>	<u>2022</u>
Current Assets			
Cash and Cash Equivalents	\$	1,449,003	\$ 2,129,169
Investments		4,750,253	7,488,965
Accounts Receivable-billed		134,529	142,311
Accounts Receivable-unbilled		1,113,834	988,597
Notes Receivable		<u>3,737</u>	<u>3,737</u>
Total Current Assets		<u>7,451,356</u>	<u>10,752,779</u>
Capital Assets			
Land		3,500	3,500
Construction In Progress		-	3,344,076
Sewer System		43,663,466	36,948,085
Garage Building		284,004	284,004
Equipment and Office Furniture		<u>458,884</u>	<u>454,646</u>
Total Capital Assets		44,409,854	41,034,311
Accumulated Depreciation		<u>(21,719,730)</u>	<u>(20,642,707)</u>
Capital Assets, Net		<u>22,690,124</u>	<u>20,391,604</u>
Total Assets		<u>30,141,480</u>	<u>31,144,383</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension Related		<u>211,153</u>	<u>281,537</u>
Total Deferred Outflows of Resources		<u>211,153</u>	<u>281,537</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$	<u>30,352,633</u>	\$ <u>31,425,920</u>

See accompanying notes to financial statements

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Statements of Net Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES		
Current Liabilities		
Sewer Revenue Notes, Current Portion	\$ 301,000	\$ 297,000
Accounts Payable and Accrued Expenses	<u>456,166</u>	<u>877,120</u>
Total Current Liabilities	<u>757,166</u>	<u>1,174,120</u>
Sewer Revenue Note, Net of Current Portion	9,400,000	9,701,000
Net Pension Liability	<u>375,078</u>	<u>457,505</u>
Total Non-Current Liabilities	<u>9,775,078</u>	<u>10,158,505</u>
Total Liabilities	<u>10,532,244</u>	<u>11,332,625</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension Related	<u>74,360</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	13,739,124	15,009,289
Restricted	750,000	4,615,685
Unrestricted	<u>5,256,905</u>	<u>468,321</u>
Total Net Position	<u>19,746,029</u>	<u>20,093,295</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 30,352,633</u>	<u>\$ 31,425,920</u>

See accompanying notes to financial statements

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Sewer Rental Income	\$ 4,300,776	\$ 4,027,010
Inspection and Service Fee Income	9,329	9,475
Miscellaneous Income	953	53,736
Total Operating Revenues	<u>4,311,058</u>	<u>4,090,221</u>
Operating Expenses		
Sewer Systems Expenses	3,282,863	2,948,062
Administrative Expenses	548,315	598,427
Total Operating Expenses before Depreciation	<u>3,831,178</u>	<u>3,546,489</u>
Operating Income before Depreciation	479,880	543,732
Depreciation	<u>1,077,023</u>	<u>807,855</u>
Operating Loss	<u>(597,143)</u>	<u>(264,123)</u>
Non-Operating Revenue (Expense)		
Connection Fees	56,616	242,208
Interest Income	336,118	68,608
Interest Expense	(142,857)	(141,468)
Amortization	-	(59,075)
Total Non-Operating Revenue (Expense)	<u>249,877</u>	<u>110,273</u>
Change in Net Position	(347,266)	(153,850)
Net Position, Beginning of Year	<u>20,093,295</u>	<u>20,247,145</u>
Net Position, End of Year	<u>\$ 19,746,029</u>	<u>\$ 20,093,295</u>

See accompanying notes to financial statements

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 4,193,603	\$ 4,086,532
Payments to Suppliers	(3,687,912)	(2,272,686)
Payments to Employees	(501,903)	(518,991)
Net Cash Provided by (Used in) Operating Activities	<u>3,788</u>	<u>1,294,855</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(3,375,543)	(3,126,328)
Principal Payments on Sewer Revenue Notes	(297,000)	(733,000)
Connection fees	56,616	242,208
Interest Paid on Bonds	(142,857)	(148,737)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(3,758,784)</u>	<u>(3,765,857)</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	3,488,712	10,849,628
Purchase of Investments	(750,000)	(7,488,965)
Interest Income	336,118	68,608
Net Cash Provided by (Used in) Investing Activities	<u>3,074,830</u>	<u>3,429,271</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(680,166)	958,269
Cash and Cash Equivalents, Beginning	<u>2,129,169</u>	<u>1,170,900</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,449,003</u>	<u>\$ 2,129,169</u>

Reconciliation of Net Income (Loss) to Net Cash
Provided by (Used In) Operating Activities

Operating Income (Loss)	\$ (597,143)	\$ (264,123)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	1,077,023	807,855
(Increase) Decrease in Receivable	(117,455)	(3,689)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(420,954)	630,418
Increase (Decrease) in Pension Activity	62,317	124,394
Total Adjustments	<u>600,931</u>	<u>1,558,978</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3,788</u>	<u>\$ 1,294,855</u>

See accompanying notes to financial statements

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Statements of Net Position-Fiduciary Funds

June 30, 2023

	2023		2022	
	<u>Pension Trust</u>	<u>Custodial Escrow Fund</u>	<u>Pension Trust</u>	<u>Custodial Escrow Fund</u>
Assets				
Cash and Cash Equivalents	\$ -	\$ 313,226	\$ 80,743	\$ 320,911
Mutual Funds	<u>2,194,340</u>	<u>-</u>	<u>1,997,275</u>	<u>-</u>
Total Assets	<u>\$ 2,194,340</u>	<u>\$ 313,226</u>	<u>\$ 2,078,018</u>	<u>\$ 320,911</u>
Net Position Restricted for:				
Pension Benefits	\$ 2,194,340	\$ -	\$ 2,078,018	\$ -
Individuals, organizations and developers	<u>-</u>	<u>313,226</u>	<u>-</u>	<u>320,911</u>
Total Net Position	<u>\$ 2,194,340</u>	<u>\$ 313,226</u>	<u>\$ 2,078,018</u>	<u>\$ 320,911</u>

See accompanying notes to financial statements

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Statements of Revenues, Expenses, and Changes in Net Position-Fiduciary Funds

For the Year Ended June 30, 2023

	2023		2022	
	Pension Trust	Custodial Escrow Fund	Pension Trust	Custodial Escrow Fund
Additions				
Transfer from prior plan	\$ -	\$ -	\$ 2,412,217	\$ -
Employer contribution	73,173	-	62,102	-
Escrow contributions	-	104,696	-	60,809
Total Contributions	<u>73,173</u>	<u>104,696</u>	<u>2,474,319</u>	<u>60,809</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	154,583	-	(354,141)	-
Interest and dividends	46,082	-	17,973	-
	200,665	-	(336,168)	-
Less: investment expenses	(12,016)	-	(5,497)	-
	188,649	-	(341,665)	-
Total Additions	<u>261,822</u>	<u>104,696</u>	<u>2,132,654</u>	<u>60,809</u>
Deductions				
Benefits	145,500	-	54,636	-
Escrow deductions	-	112,381	-	67,540
Total Deductions	<u>145,500</u>	<u>112,381</u>	<u>54,636</u>	<u>67,540</u>
Change in Net Position	<u>116,322</u>	<u>(7,685)</u>	<u>2,078,018</u>	<u>(6,731)</u>
Net Position				
Beginning of the year	2,078,018	320,911	-	327,642
End of the year	<u>\$ 2,194,340</u>	<u>\$ 313,226</u>	<u>\$ 2,078,018</u>	<u>\$ 320,911</u>

See accompanying notes to financial statements

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies

Reporting Entity

Lower Providence Township Sewer Authority is a public corporation formed on January 30, 1962 under the Municipality Authorities Act of 1945. The Authority has constructed and operates a sewage collection system in the township that connects with a sewage treatment plant operated by the Lower Perkiomen Valley Regional Sewer Authority.

The Authority is administered by a five-member board appointed by the Lower Providence Township (the “Township”) Board of Supervisors. The Authority is considered a component unit within the financial reporting entity of the Township. This financial statement is the separate component unit financial statement of the Authority.

For purposes of defining the scope of the financial reporting entity, the Authority is considered a component unit of the Township. This determination is consistent with the Township’s exercise of “oversight responsibility” as set forth in Governmental Accounting Standards Board. Specific criteria evaluated in determining the extent of oversight responsibility include the financial interdependency and the selection of a governing body. The accompanying financial statements represent discreet component unit financial statements of the Authority.

Basis of Accounting

The Authority’s financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. The Authority is considered an enterprise fund, which is a proprietary fund-type used to account for operations that are financed and operated in a manner similar to private business enterprises.

Revenues and expenses are recognized on the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred and become measurable.

The Authority receives revenues annually, comprised principally of sewer rents and tapping fees for the collections and treatment of wastewater and supplying water to pay all operating and administrative expenses of the Authority.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority’s principal ongoing operations. Revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

The Authority maintains 2 fiduciary funds - Pension Trust Fund and Custodial Fund.

The *pension trust fund* accounts for activities of the pension plan, which accumulates resources for pension benefit payments to qualified employees.

The *custodial fund* is used to account for developer and construction escrows held by the Authority in a custodial capacity.

Budgetary Data

The following procedures are used by the Authority in establishing the budgetary data which is reflected in the accompanying supplementary information included in the financial statements.

- The budget is formally adopted by the Authority's Board of Directors prior to June 30th.
- The budget is prepared and adopted using the cash basis of accounting.
- Amendments may be approved by the Board of Directors during the year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets separately held) with a maturity of three months or less when purchased to be cash equivalents.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

The Authority provides continuous service to its customers. Customers are billed on a quarterly basis in January, April, July and October of each year, for the quarters ending December, March, June and September, respectively. The Authority's policy of placing a lien against all delinquent customer (over 90 days past due) accounts results in the collection of substantially all accounts receivable balances. The Authority recognizes any uncollectible amounts at the time that they are deemed uncollectible. As a result, no allowance for uncollectible accounts has been provided.

Capital Assets

Capital assets are stated at cost if purchased or fair market value at the time of contribution to the Authority if donated. Construction in progress is not depreciated. When the construction project is complete, the related cost is transferred to the plant and equipment account. Additions and improvements are capitalized and depreciated. Expenditures for maintenance, repairs and minor replacements are expensed as incurred. Replacements and betterments which increase the service capacity or prolong the service life beyond that originally contemplated are capitalized. Upon retirement or disposal, the cost of the asset and the related allowance for depreciation are removed from the respective accounts, and any gain or loss is included in the statement of revenues, expenses and changes in the net position in the accompanying financial statements.

Depreciation is computed using the straight-line and double declining balance methods over the estimated useful lives of the respective assets as follows:

Sewer system	15-40 years
Garage building	10-30 years
Furniture and equipment	5-10 years

The minimum capitalization threshold is an individual item with a cost in excess of \$5,000 and a useful life in excess of one year.

Capital Contributions

Upon completion of a development by a developer, the sewer infrastructures are dedicated to the Authority and recorded as dedication of infrastructure and depreciated over their estimated useful lives. Contributed capital is recorded as income in the year of dedication to the Authority.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

Net Position

Net position comprises the various net earnings from operating and nonoperating revenues, expenses and contributions of capital. Net position is classified in the following components: net investment in capital assets; restricted for capital activity; and unrestricted.

Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets.

Net position restricted for capital activity consists of cash and cash equivalents restricted to fund capital improvements.

Unrestricted net position consists of all other assets not included in the above categories.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes 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 a future period or periods and so will not be recognized as an outflow of resource (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenues) until that time.

Revenue Recognition

The Authority distinguishes between operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services in connection with the Authority's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For expenses that could be paid by either restricted or unrestricted resources, it is the Authority's policy to use restricted revenues first, and then unrestricted resources as they are needed.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

Revenues and Rate Structure

Revenues from services are recognized on the accrual basis as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, and debt coverage.

Subsequent Events

Management had evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Comparative Information

The financial statements include certain prior period summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting policies generally accepted in the United States of America, because the management discussion and analysis presented for two years only. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

New Accounting Pronouncements

Governmental Accounting Standards Board (GASB) has issued statements that will become effective in future years including Nos. 94 (Public-Private Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 2. Budgets and Budgetary Accounting

Annual budgets are adopted on the cash basis of accounting.

The Authority follows these procedures in establishing the budget:

1. During May, a preliminary budget is presented.
2. In June, the final budget is adopted.
3. All budget revisions require the approval of the Authority Board.
4. Budgetary control is maintained at the account level.
5. The budget is adopted on the cash basis of accounting. All appropriations lapse at year end.

NOTE 3. Cash and Investments

For investments of governmental fund types, state law allows the Authority to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Authority to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loans or savings bank's assets, net of its liabilities. The Authority may also invest in shares of registered investment companies, provided that investments of the Authority are authorized investments, as noted above.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 3. Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Deposits are insured under Act 72 of the 1971 Session of the Pennsylvania General Assembly, whereby financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of NCUA limits. The Authority does not have a deposit policy for custodial credit risk.

As of June 30, 2023, the carrying amount of the Authority's bank balance was \$1,006,133. Of the bank balance, all was covered by depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Authority's name.

Investments

Fair Value Measurements: The Authority categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs that include quoted prices for similar assets in active markets and inputs that are observable for the asset, either directly, or indirectly, for substantially the full term of the financial instrument. Fair values of these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discounted cash flows; Level 3 inputs are significant unobservable inputs, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. The Authority has the following recurring fair value measurements as of June 30, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Governmental Funds</u>				
Certificates of Deposits	\$ 750,000	\$ 750,000	\$ -	\$ -
Money Market	4,000,253	4,000,253	-	-
	<u>\$ 4,750,253</u>	<u>\$ 4,750,253</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Fiduciary Funds</u>				
Mutual Funds-Bonds	\$ 876,841	\$ 876,841	\$ -	\$ -
Mutual Funds-Equities	1,317,499	1,317,499	-	-
	<u>\$ 2,194,340</u>	<u>\$ 2,194,340</u>	<u>\$ -</u>	<u>\$ -</u>

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 4. Escrow Developer Accounts-Fiduciary Fund

The Authority enters into professional service agreements with various real estate owners whereby each owner deposits funds with the Authority, the proceeds of which would be used to pay engineering, legal, and other administrative costs incurred relating to the owner's request to be connected to the Authority's sewage collection system. Unused deposits from real estate owners totaled \$185,933 at June 30, 2023.

In addition, the Authority has received deposits from certain property owners for the future purchase of additional sewer capacity. Capacity escrow deposits totaled \$127,293 at June 30, 2023.

NOTE 5. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance June 30, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2023</u>
Capital Assets Not Being Depreciated				
Land	\$ 3,500	\$ -	\$ -	\$ 3,500
Construction in Progress	<u>3,344,076</u>	<u>3,217,617</u>	<u>(6,561,693)</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>3,347,576</u>	<u>3,217,617</u>	<u>(6,561,693)</u>	<u>3,500</u>
Capital Assets Being Depreciated				
Sewer System	36,948,085	6,715,381	-	43,663,466
Garage Building	284,004	-	-	284,004
Equipment and Office Furniture	<u>454,646</u>	<u>4,238</u>	<u>-</u>	<u>458,884</u>
Total Capital Assets Being Depreciated	<u>37,686,735</u>	<u>6,719,619</u>	<u>-</u>	<u>44,406,354</u>
Less Accumulated Depreciation				
Sewer System	(20,033,623)	(1,043,509)	-	(21,077,132)
Garage Building	(238,770)	(5,565)	-	(244,335)
Equipment and Office Furniture	<u>(370,314)</u>	<u>(27,949)</u>	<u>-</u>	<u>(398,263)</u>
Total Accumulated Depreciation	<u>(20,642,707)</u>	<u>(1,077,023)</u>	<u>-</u>	<u>(21,719,730)</u>
Capital Assets Being Depreciated, net	<u>17,044,028</u>	<u>5,642,596</u>	<u>-</u>	<u>22,686,624</u>
Total Capital Assets, net	<u>\$ 20,391,604</u>	<u>\$ 8,860,213</u>	<u>\$ (6,561,693)</u>	<u>\$ 22,690,124</u>

NOTE 6. Notes Receivable

Notes receivable consists of non-interest bearing notes related to connection fees due from property owners. The notes call for quarterly installments. No payments were received during the year ended June 30, 2023.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 7. Long-Term Debt

Guaranteed Sewer Revenue Notes, Series of 2020

In June of 2020, the Authority authorized the issuance of Guaranteed Sewer Revenue Notes, Series of 2020, totaling \$10,000,000. The purpose of the issue was to finance future capital projects.

The Series of 2020 notes are dated June 12, 2020, and pay interest semi-annually at the rate of 1.325% per annum until maturity or redemption. They mature on various dates between June 2020 and May 2050.

Changes in long term debt for 2023 are as follows:

	Balance			Balance	
	June 30, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
Sewer Revenue Notes	\$ 9,998,000	\$ -	\$ (297,000)	\$ 9,701,000	\$ 301,000
Premium on Issuance	-	-	-	-	-
Total Notes Payable	9,998,000	-	(297,000)	9,701,000	301,000
Net Pension Liability	457,505	371,993	(454,420)	375,078	-
	<u>\$ 10,455,505</u>	<u>\$ 371,993</u>	<u>\$ (751,420)</u>	<u>\$ 10,076,078</u>	<u>\$ 301,000</u>

Aggregate maturities on long term debt as of June 30, 2023 are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 301,000	\$ 128,206	\$ 429,206
2025	305,000	124,213	429,213
2026	309,000	120,168	429,168
2027	313,000	116,069	429,069
2028	317,000	111,917	428,917
2029-2033	1,650,000	495,372	2,145,372
2034-2038	1,763,000	382,980	2,145,980
2039-2043	1,885,000	265,552	2,150,552
2044-2048	2,014,000	134,476	2,148,476
2049-2050	844,000	15,882	859,882
	<u>\$ 9,701,000</u>	<u>\$ 1,894,835</u>	<u>\$ 11,595,835</u>

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 8. Commitments and Contingencies

The Authority is exposed to various kinds of loss related to limited torts, theft of and damage to and destruction of assets, errors and omissions; and natural disasters for which it is covered by insurance.

The Authority is party to various legal proceedings which occur in the ordinary course of operations. While the outcome of these cannot be predicted, the Authority is covered by insurance for these matters.

NOTE 9. Pension Plan

Plan Description

General: The Lower Providence Township Sewer Authority pension plan is a single-employer contributory defined benefit pension plan established by the Authority to provide pension benefits for employees who meet the age and service requirements. The pension plan does not issue separate stand-alone financial statements. The plan is administered by the trustees of Authority. The most recent actuarial valuation is July 1, 2022. Details below are from the valuation.

The Plan is a contributory, single employer defined benefit plan that covers all regular, full-time employees.

The following table provides information concerning types of covered employees:

Inactive employees (or their beneficiaries) currently receiving benefits	7
Inactive employees entitled to benefits but not yet receiving them	-
Active employees	<u>6</u>
Total members	<u>13</u>

Benefit Provisions: The Plan provides retirement, disability and death benefits to Plan members and their beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 60. Early retirement is available to members with 15 years of credited service with reduced benefits. The death benefit is if the member is eligible for retirement, a monthly death benefit is payable to the surviving spouse, or eligible child, equal to in the form of a single sum as of the first of the month following the date of death.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 9. Pension Plan (Continued)

Summary of Significant Accounting Policies

Basis of Accounting: Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of plan administration is charged against the earnings of the plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

Method Used to Value Investments: Investments are reported at fair value.

Contributions: Act 205 requires that annual contributions be based upon the plan's Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

In accordance with the plan's governing Resolution, members are not required to contribute to the plan. Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the plan and funded through investment earnings.

Member contributions are currently suspended.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 9. Pension Plan (Continued)

Net Pension Liability

The Authority's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

The components of the net pension liability is as follows:

Total pension liability	\$ 2,569,418
Plan fiduciary net position	<u>(2,194,340)</u>
Net pension liability	<u>\$ 375,078</u>

Plan fiduciary net position as a percentage of the total pension liability	85%
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Actuarial Assumptions: The total pension liabilities in the actuarial valuations were determined using the following actuarial assumptions:

The Plan uses the entry age, normal actuarial cost method. The actuarial assumptions included (a) 7.0 percent investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.0% percent per year, inflation rate of 3.0%. Mortality rates were based on the PubG-2010 mortality table, including rates for disabled and contingent survivors. Incorporated into the table are rates projected generationally using the Scale MP-2020 to reflect mortality improvement.

Long-term Expected Rate of Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return, by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
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Notes to Financial Statements

June 30, 2023

NOTE 9. Pension Plan (Continued)

Long-term Expected Rate of Return on Plan Assets (continued)

	Target	Long- Term Expected
<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Domestic Equity	60.0%	5.50%-7.50%
Fixed Income	40.0%	1.00%-3.00%

The discount rate used to measure the total pension liability was 7% for the Plan. The Plan's fiduciary net position was projected to be available to make all future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of the projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost-plus plan expenses, as well as amortization of the unfunded liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost-plus plan expenses, as well as amortization of the unfunded liability.

Investments

Investment Policy: The pensions plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. The policy is to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return: For the year ended June 30, 2023, the annual money-weighted rate of return on Plan investments, net of investment expense was 9.6 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 9. Pension Plan (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
Balance at June 30, 2022	\$ 2,535,523	\$ 2,078,018	\$ 457,505
Changes for the year:			
Service cost	49,841	-	49,841
Interest	172,852	-	172,852
Change of benefit terms	-	-	-
Differences between expected and actual experience	(43,298)	-	(43,298)
Change of assumptions	-	-	-
Contributions - employer	-	73,173	(73,173)
Contributions - employee	-	-	-
Net investment income	-	192,449	(192,449)
Benefit payments, including refunds of employee contributions	(145,500)	(145,500)	-
Administrative expense	-	(3,800)	3,800
Other changes	-	-	-
Net Changes	33,895	116,322	(82,427)
Balance at June 30, 2022	\$ 2,569,418	\$ 2,194,340	\$ 375,078

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate as well as what the net pension liability would be if it were calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1%	Current	1%
	Decrease	Discount	Increase
	<u>(6.0%)</u>	<u>Rate (7.0%)</u>	<u>(8.0%)</u>
Net pension liability	\$ 633,610	\$ 375,078	\$ 154,288

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

Notes to Financial Statements

June 30, 2023

NOTE 9. Pension Plan (Continued)

Deferred Outflows and Inflows of Resources: For the year ended June 30, 2023, the Authority recognized pension expense \$135,490. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ -	\$ 34,638
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	171,431	-
Contribution after the measurement date	-	-
Total	\$ 171,431	\$ 34,638

The remaining amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended		
<u>June 30:</u>		
2024	\$	51,794
2025		51,794
2026		51,795
2027		(18,590)
2028		-
Thereafter		-
Total	\$	136,793

REQUIRED SUPPLEMENTARY INFORMATION

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Measurement date **			
	<u>June 30,</u>	<u>June 30,</u>	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2020</u>	<u>2019</u>
Total pension liability				
Service cost	\$ 49,841	\$ 48,523	\$ 54,357	\$ 49,943
Interest	172,852	169,214	117,476	114,146
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(43,298)	-	58,257	-
Changes of assumptions	-	-	98,404	-
Benefit payments, including refunds of employee contributions	<u>(145,500)</u>	<u>(102,063)</u>	<u>(104,468)</u>	<u>(105,689)</u>
Net change in total pension liability	33,895	115,674	224,026	58,400
Total pension liability - beginning	<u>2,535,523</u>	<u>2,419,849</u>	<u>2,234,842</u>	<u>2,176,442</u>
Total pension liability - ending (a)	<u>\$ 2,569,418</u>	<u>\$ 2,535,523</u>	<u>\$ 2,458,868</u>	<u>\$ 2,234,842</u>
Plan fiduciary net position				
Contributions - employer	\$ 73,173	\$ 62,102	\$ 55,223	\$ 49,393
Contributions - employee	-	-	-	-
Net investment income	192,449	(191,531)	358,714	415,930
Benefit payments, including refunds of employee contributions	(145,500)	(102,063)	(104,468)	(105,689)
Administrative expense	(3,800)	(3,500)	(5,196)	(3,784)
Other	-	-	-	-
Net change in plan fiduciary net position	116,322	(234,992)	304,273	355,850
Plan fiduciary net position - beginning	<u>2,078,018</u>	<u>2,313,010</u>	<u>2,302,733</u>	<u>1,946,883</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,194,340</u>	<u>\$ 2,078,018</u>	<u>\$ 2,607,006</u>	<u>\$ 2,302,733</u>
Authority's net pension liability - ending (a)-(b)	<u>\$ 375,078</u>	<u>\$ 457,505</u>	<u>\$ (148,138)</u>	<u>\$ (67,891)</u>
Plan fiduciary net position as a percentage of the total pension liability	85.4%	82.0%	106.0%	103.0%
Covered payroll	\$ 450,059	\$ 339,132	\$ 414,885	\$ 381,197
Authority's net pension liability as a percentage of Annual money-weighted rate of return, net of investment expense	9.60%	16.20%	13.80%	20.90%

Notes to Schedule:

Change in benefit terms: None

** New plan design adopted for fiscal year beginning July 1, 2021. No longer with PMRS.

Measurement year ending

December 31,

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 45,528	\$ 46,342	\$ 47,006	\$ 42,764	\$ 42,186
103,004	100,378	97,494	90,929	87,704
-	-	-	-	-
164,972	-	26,494	-	(4,859)
-	-	45,580	48,405	-
<u>(105,689)</u>	<u>(86,335)</u>	<u>(66,981)</u>	<u>(66,981)</u>	<u>(66,981)</u>
207,815	60,385	149,593	115,117	58,050
<u>1,968,627</u>	<u>1,908,242</u>	<u>1,758,649</u>	<u>1,643,532</u>	<u>1,585,482</u>
<u>\$ 2,176,442</u>	<u>\$ 1,968,627</u>	<u>\$ 1,908,242</u>	<u>\$ 1,758,649</u>	<u>\$ 1,643,532</u>
\$ 73,598	\$ 82,379	\$ 83,837	\$ 82,639	\$ 77,280
-	-	-	-	-
(47,121)	289,120	147,232	7,640	91,890
(105,689)	(86,335)	(66,981)	(66,981)	(66,981)
(4,755)	(4,757)	(4,963)	(3,978)	(3,444)
-	-	-	-	-
<u>(83,967)</u>	<u>280,407</u>	<u>159,125</u>	<u>19,320</u>	<u>98,745</u>
<u>2,030,850</u>	<u>1,750,443</u>	<u>1,591,318</u>	<u>1,571,998</u>	<u>1,473,253</u>
<u>\$ 1,946,883</u>	<u>\$ 2,030,850</u>	<u>\$ 1,750,443</u>	<u>\$ 1,591,318</u>	<u>\$ 1,571,998</u>
<u>\$ 229,559</u>	<u>\$ (62,223)</u>	<u>\$ 157,799</u>	<u>\$ 167,331</u>	<u>\$ 71,534</u>
89.5%	103.2%	91.7%	90.5%	95.6%
\$ 342,547	\$ 348,674	\$ 372,201	\$ 343,960	\$ 338,833
-4.57%	17.84%	8.23%	-0.27%	5.20%

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions

Fiscal Year	Actuarially determined Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Payroll	Contributions as a % of Covered Payroll
2014	\$ 77,280	\$ 77,280	\$ -	\$ 338,833	22.8%
2015	82,639	82,639	-	343,960	24.0%
2016	83,837	83,837	-	372,201	22.5%
2017	82,379	82,379	-	348,674	23.6%
2018	35,291	73,598	(38,307)	342,547	21.5%
2019	49,633	49,633	-	381,197	13.0%
2020	55,223	55,223	-	414,885	13.3%
2021	60,304	60,304	-	453,755	13.3%
2022	62,102	62,102	-	339,132	18.3%
2023	73,173	73,173	-	450,059	16.3%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of July 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	7/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar closed
Remaining amortization period	11 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value
Inflation	3.0%
Salary increases	4.0%
Investment rate of return	7.0%
Retirement age	Normal Retirement Age
Mortality	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Change in benefit terms: None

New plan design adopted for fiscal year beginning July 1, 2021

SUPPLEMENTARY INFORMATION

LOWER PROVIDENCE TOWNSHIP SEWER AUTHORITY
(A Component Unit of Lower Providence Township, Pennsylvania)

SUPPLEMENTARY INFORMATION

Schedules of Sewer System Expenses

	<u>2023</u>	<u>2022</u>
Consulting Fee - Engineer	\$ 18,251	\$ 13,308
Electric and Water - Pumping Stations	56,815	49,832
Employee Benefits	67,565	66,815
Miscellaneous Operating Expenses	50,657	12,046
Payroll Taxes	23,191	26,569
Salaries - Operators	288,389	329,948
Sewer Maintenance and Repairs	253,235	102,721
Treatment Charges	2,508,716	2,324,820
Truck Expenses	16,044	22,003
Total Sewer System Expenses	<u>\$ 3,282,863</u>	<u>\$ 2,948,062</u>

Schedules of Administrative Expenses

	<u>2023</u>	<u>2022</u>
Auditing and Accounting	\$ 10,100	\$ 9,800
Authority Board Members' Compensation	10,400	10,400
Billing and Collections Service	34,440	33,822
Building Operations and Maintenance	30,905	103,518
Employees' Benefits	36,641	24,010
Employees' Pension Plan	135,490	186,496
Health and Safety	3,833	5,179
Insurance	43,843	37,131
Legal	46,070	44,059
Office Supplies	14,521	8,617
Operator Training	1,350	500
Payroll Taxes	12,944	9,547
Salaries - Office	150,564	108,074
Telephone	17,214	17,274
Total Administrative Expenses	<u>\$ 548,315</u>	<u>\$ 598,427</u>