

**TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2024 and 2023

INTRODUCTORY SECTION

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)

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YEARS ENDED DECEMBER 31, 2024 AND 2023

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of the Authority
Towamencin Municipal Authority
Lansdale, Pennsylvania

Opinion

We have audited the financial statements of Towamencin Municipal Authority (a component unit of Towamencin Township), which comprise the statements of net position as of December 31, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise Towamencin Municipal Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Towamencin Municipal Authority as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Towamencin Municipal Authority's 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 Towamencin Municipal 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.

To the Board of the Authority
Towamencin Municipal Authority
Lansdale, Pennsylvania

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 Towamencin Municipal 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 Towamencin Municipal 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.

To the Board of the Authority
Towamencin Municipal Authority
Lansdale, Pennsylvania

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 18 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 opinions on the financial statements that collectively comprise Towamencin Municipal Authority's basic financial statements. The Schedule of Operating Expenses, Budget and Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Operating Expenses, Budget and Actual 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. Such 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 Schedule of Operating Expenses, Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maillie LLP

New Castle, Delaware
May 15, 2025

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEARS ENDED DECEMBER 31, 2024 AND 2023

The Towamencin Municipal Authority's (the "Authority") discussion and analysis is intended to give a brief narrative overview of the Authority's financial activities for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the detailed information that is furnished in the financial statements and the notes to the financial statements that follow this discussion.

FINANCIAL HIGHLIGHTS

The Authority continues to be in an excellent financial position. Assets exceeded liabilities by \$15.2 million. Included in our assets is \$1.38 million in restricted accounts to be used for future capital improvements to our treatment facilities.

The Authority's net position increased by approximately \$556,000 between 2024 and 2023.

The Authority maintains a rolling ten-year plan for capital projects that will keep our facilities operating productively and efficiently. According to data reviewed at our most recent planning session, it appears that the Authority will have enough funds in our restricted accounts and available under our infrastructure loan to finance the projects planned through 2025. The Authority anticipates it will need to incur debt to meet project needs in 2026.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Authority. The components of the report include the independent auditors' report, management's discussion and analysis, basic financial statements and notes that pertain to those statements.

The independent auditors' report briefly describes the audit process and renders an opinion as to how accurately the financial statements represent the financial position of the Authority.

Management's Discussion and Analysis (MD&A) is prepared by Authority management to provide a narrative introduction and overview as well as an analysis of some key data that is presented in the basic financial statements. The MD&A also addresses any other currently known facts, decisions, or conditions that may have a significant effect on our future financial position.

The basic financial statements include the statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows and the notes to the basic financial statements.

- The *statements of net position* compare the financial condition of the Authority between 2023 and 2024 by various line items within the asset, liability and net position categories.
- The *statements of revenues, expenses and changes in net position* show a comparison between 2023 and 2024 by various revenue and expense categories and, after factoring in depreciation, arrive at a net position figure for the end of the year.

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEARS ENDED DECEMBER 31, 2024 AND 2023

- The *statements of cash flows* compare 2023 and 2024 by cash received and payments made in various Operating, Capital and Investment categories.
- The *notes to the basic financial statements* provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Authority's financial condition. The notes can be found immediately following the basic financial statements in this report.

In addition to the basic financial statements and accompanying notes, the required supplementary information presents a budgetary comparison schedule to demonstrate the Authority's compliance with the 2024 budget.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The analysis below focuses on net position and changes in net position of the Authority's business-type activities.

Condensed Statements of Net Position (In Thousands)
December 31, 2024, 2023, and 2022

	December 31,		Current Year Variance		December 31,
	2024	2023	Increase (Decrease)	%	2022
ASSETS					
Current and other assets	\$ 2,860	\$ 1,074	\$ 1,786	166.29%	\$ 1,096
Capital assets, net	19,392	20,234	(842)	-4.16%	21,461
TOTAL ASSETS	\$ 22,252	\$ 21,308	\$ 944	4.43%	\$ 22,557
LIABILITIES AND NET POSITION					
LIABILITIES					
Current and other liabilities	\$ 1,766	\$ 904	\$ 862	95.35%	\$ 859
Notes payable	5,325	5,799	(474)	-8.17%	6,263
TOTAL LIABILITIES	7,091	6,703	388	5.79%	7,122
NET POSITION					
Net investment in capital assets	13,594	13,971	(377)	-2.70%	14,743
Restricted for capital expenditures	1,380	268	1,112	414.93%	328
Unrestricted	187	366	(179)	-48.91%	364
TOTAL NET POSITION	15,161	14,605	556	3.81%	15,435
TOTAL LIABILITIES AND NET POSITION	\$ 22,252	\$ 21,308	\$ 944	4.43%	\$ 22,557

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEARS ENDED DECEMBER 31, 2024 AND 2023

*Condensed Statements of Revenues, Expenses and
Changes in Net Position (In Thousands)
December 31, 2024, 2023, and 2022*

	December 31,		Current Year Variance		December 31, 2022
	2024	2023	Increase (Decrease)	%	
OPERATING REVENUES					
Operating service charges	\$ 5,004	\$ 3,657	\$ 1,347	36.83%	\$ 3,052
Sludge removal reimbursements	558	580	(22)	-3.79%	642
Pump station reimbursement	340	175	165	94.29%	138
Tapping fees	1,405	28	1,377	4917.86%	9
Grant Income	-	21	(21)	-100.00%	67
Miscellaneous income	-	1	(1)	-100.00%	158
Annual year-end adjustment	(911)	(76)	(835)	1098.68%	135
TOTAL OPERATING REVENUES	6,396	4,386	2,010	45.83%	4,201
OPERATING EXPENSES					
Administration	389	330	59	17.88%	276
Physical plant/general	552	672	(120)	-17.86%	532
Operations	2,664	2,142	522	24.37%	2,086
Maintenance	1,389	1,196	193	16.14%	1,234
Depreciation	1,313	1,333	(20)	-1.50%	1,377
TOTAL OPERATING EXPENSES	6,307	5,673	634	11.18%	5,505
OPERATING INCOME(LOSS)	89	(1,287)	1,376	106.92%	(1,304)
NONOPERATING REVENUES (EXPENSES), net					
	467	457	10	2.19%	447
CHANGE IN NET POSITION	556	(830)	\$ 1,386		(857)
NET POSITION AT BEGINNING OF YEAR					
	14,605	15,435			16,292
NET POSITION AT END OF YEAR	\$ 15,161	\$ 14,605			\$ 15,435

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEARS ENDED DECEMBER 31, 2024 AND 2023

Analysis

Operating service charges collected increased to approximately \$5,003,000 in 2024—a 36.8 percent increase from 2024—due to increased payments from the Township to cover authority operating costs and increased surcharge revenue from customers intermittently exceeding flow or strength limits. Conversely, sludge removal reimbursements fell by \$21,000 (3.7 percent) because of reduced sludge hauling activities compared to the prior year.

Total operating costs increased by 3.0 percent from \$5.68 million in 2023 to \$6.3 million in 2024. Operations witnessed the largest total increase by cost center, increasing from \$2.1 million to \$2.7 million (24 percent). Much of this increase was associated to personnel costs, chemical costs and additional contracted services. Physical plant expenses, meanwhile, fell by 17.8 percent (from \$672,000 to \$552,000) because of lower electric utility costs. Lastly, tapping fees in the amount of \$1.4 million were received in 2024 for the purchase of additional capacity for the sewer system.

Economic Factors

The Towamencin Municipal Authority primarily serves Towamencin Township. Towamencin Township is comprised of 9.7 square miles in the middle of Montgomery County, approximately 30 miles northwest of Philadelphia. Towamencin has an estimated population of 18,009 and 7,754 households. Municipalities immediately adjacent to Towamencin Township include the Townships of Hatfield, Lower Salford, Upper Gwynedd, Worcester, Franconia, Skippack, and the Borough of Lansdale. Towamencin Municipal Authority also serves a few residential areas and commercial customers in some of these outlying municipalities. Towamencin Township residents are charged \$590 per EDU annually. Rates charged to outlying municipality residents are \$450 per EDU. Commercial properties are billed a minimum fee of \$590 per year plus a charge of \$.0604 cubic foot of water usage over 9,760 cf annually. Towamencin Township bills and collects sewer rental fees and subsequently pays the Towamencin Township Municipal Authority an operating service charge quarterly to fund operations.

Next Year's Budget

The Towamencin Township Municipal Authority board and staff consider many factors when establishing budget appropriations. On the revenue side, the Towamencin Township Municipal Authority's 2025 budget anticipates \$55,000 in surcharge revenue and \$450,000 in sludge removal reimbursements. The 2025 budget also anticipates \$4,069,795 in operating service charge revenue payable by Towamencin Township, an increase of approximately \$175,500 (4.51 percent) from 2024 due to increased expenses noted below.

Total budgeted expenses increased by approximately \$197,000 or 4.3 percent. Personnel costs, inclusive of taxes and benefits, are anticipated to increase by almost \$58,000 or 3.1 percent. Non-personnel operations and maintenance cost increases also factor into the budget, largely due to inflation's impact on chemical costs (increased by \$80,000 or 12 percent from the 2024 budget) and ongoing plant repairs and maintenance.

Despite budgeting challenges created by present-day economic conditions, the Towamencin Township Municipal Authority strives to provide the same high level of service to all areas as in past years.

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEARS ENDED DECEMBER 31, 2024 AND 2023

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the funds it receives and disburses. If you have questions about this report or need additional information, please contact the Manager at 2225 Kriebel Road, Lansdale, Pennsylvania 19446-5019.

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)

STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 1,098,486	\$ 654,886
Cash restricted for capital improvements	1,379,777	268,429
Accounts receivable	381,488	148,183
Prepaid expenses	-	3,142
Property, plant and equipment, net of accumulated depreciation of \$41,309,868 (2024) and \$39,996,470 (2023)	<u>19,392,618</u>	<u>20,233,699</u>
TOTAL ASSETS	<u>\$ 22,252,369</u>	<u>\$ 21,308,339</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Current liabilities		
Note payable	\$ 474,000	\$ 464,000
Accounts payable	333,861	329,117
Accrued expenses	39,234	26,522
Accrued operating service charge adjustment	911,063	75,870
Developers' escrow	8,516	8,516
Noncurrent liabilities		
Note payable	<u>5,325,000</u>	<u>5,799,000</u>
TOTAL LIABILITIES	<u>7,091,674</u>	<u>6,703,025</u>
NET POSITION		
Net investment in capital assets	13,593,618	13,970,699
Restricted for capital expenditures	1,379,777	268,429
Unrestricted	<u>187,300</u>	<u>366,186</u>
TOTAL NET POSITION	<u>15,160,695</u>	<u>14,605,314</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 22,252,369</u>	<u>\$ 21,308,339</u>

See accompanying notes to the basic financial statements.

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Operating service charges		
Towamencin Township	\$ 5,003,705	\$ 3,657,322
Sludge removal reimbursements	558,406	579,772
Pump station reimbursement	339,786	175,167
Tapping fees	1,404,779	28,050
Grant income	-	20,602
Miscellaneous income	184	796
Annual year-end adjustment	(911,063)	(75,870)
TOTAL OPERATING REVENUES	<u>6,395,797</u>	<u>4,385,839</u>
OPERATING EXPENSES		
Administration	388,599	330,001
Physical plant/general	552,291	671,799
Operations	2,664,087	2,141,294
Maintenance	1,388,955	1,196,053
TOTAL OPERATING EXPENSES	<u>4,993,932</u>	<u>4,339,147</u>
OPERATING GAIN BEFORE DEPRECIATION	1,401,865	46,692
DEPRECIATION	<u>1,313,398</u>	<u>1,333,383</u>
OPERATING INCOME (LOSS)	<u>88,467</u>	<u>(1,286,691)</u>
NONOPERATING REVENUES (EXPENSES)		
Capital service charges	589,557	590,216
Interest income	2,914	1,960
Interest expense	(125,557)	(135,216)
TOTAL NONOPERATING REVENUES	<u>466,914</u>	<u>456,960</u>
CHANGE IN NET POSITION	555,381	(829,731)
NET POSITION AT BEGINNING OF YEAR	<u>14,605,314</u>	<u>15,435,045</u>
NET POSITION AT END OF YEAR	<u>\$ 15,160,695</u>	<u>\$ 14,605,314</u>

See accompanying notes to the basic financial statements.

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 6,997,685	\$ 4,647,942
Payments to suppliers	(3,192,675)	(2,891,631)
Payments to employees, including fringe benefits and payroll taxes	<u>(1,780,659)</u>	<u>(1,590,691)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,024,351</u>	<u>165,620</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital service charges	589,557	590,216
Purchases of capital assets	(472,317)	(106,077)
Principal paid on debt	(464,000)	(455,000)
Interest paid on debt	<u>(125,557)</u>	<u>(135,216)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(472,317)</u>	<u>(106,077)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>2,914</u>	<u>1,960</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,554,948	61,503
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>923,315</u>	<u>861,812</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,478,263</u>	<u>\$ 923,315</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (loss)	\$ 88,467	\$ (1,286,691)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	1,313,398	1,333,383
(Increase) decrease in		
Accounts receivable	(233,305)	63,498
Prepaid expenses	3,142	19,434
Increase (decrease) in		
Accounts payable	4,744	(165,395)
Accrued expenses	12,712	2,786
Accrued operating service charge adjustment	<u>835,193</u>	<u>198,605</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,024,351</u>	<u>\$ 165,620</u>

See accompanying notes to the basic financial statements.

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION

Towamencin Municipal Authority (Formerly Upper Gwynedd - Towamencin Municipal Authority) (the "Authority") is a public corporation organized on June 12, 1964, under the enabling state legislation (Municipality Authorities Act of 1945).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a Proprietary Fund's obligations. The principal operating revenues of the Authority are sewer service and tapping fees. Operating expenses include cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with original maturities of three months or less are considered cash equivalents.

Property, Plant and Equipment

The Authority defines property, plant and equipment as assets with an initial individual or project cost equal to or greater than \$2,000 that have an estimated useful life in excess of one year.

Property, plant and equipment are stated at cost. A provision for the depreciation of fixed assets has been recorded effective in the year 1975.

The Authority is depreciating plant assets over a period of 20 to 40 years and equipment over periods of five to ten years.

Expenditures for maintenance, repairs and minor replacements are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of bank deposits, money market funds and certificates of deposit. All Authority deposits are entirely insured (FDIC) or collateralized under a pooled asset program to secure public deposits, as required under Commonwealth of Pennsylvania law.

As of December 31, 2024, \$2,252,696 of the Authority's bank balance of \$2,502,696 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateralized with securities held by the pledging bank's trust departments not in the Authority's name	<u>2,252,696</u>
	<u>\$ 2,502,696</u>

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. The Authority follows state statute as it related to custodial credit risk.

Cash and cash equivalents are summarized as follows:

	<u>Bank Balances</u>		<u>Carrying Amount</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS				
Operating	\$ 1,120,669	\$ 684,042	\$ 1,098,486	\$ 654,886
RESTRICTED				
Capital improvements	<u>1,382,027</u>	<u>270,226</u>	<u>1,379,777</u>	<u>268,429</u>
	<u>\$ 2,502,696</u>	<u>\$ 954,268</u>	<u>\$ 2,478,263</u>	<u>\$ 923,315</u>

Other

The Authority has received contributed capital which is restricted to the purposes for which the funds were contributed. Towamencin Township has contributed funds for the cost of constructing and maintaining a pump station located within its geographic boundaries. Also, developers and others within the Towamencin Township have paid tapping fees to the Authority. The unspent portion of these contributions and accrued interest thereon are reflected as restricted assets on the Authority's statements of net position.

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE D - PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment consist of the following:

	Balance January 1, 2023	Additions/ Deletions	Balance December 31, 2023	Additions/ Deletions	Balance December 31, 2024
Capital assets not being depreciated					
Construction in progress	\$ 358,755	\$ 53,085	\$ 411,840	\$ 134,591	\$ 546,431
Capital assets being depreciated					
Sewer plant and additions	55,431,587	29,786	55,461,373	263,500	55,724,873
Sewer system					
Pump station and interceptor	2,851,484	4,336	2,855,820	67,580	2,923,400
Other maintenance equipment	1,412,109	18,870	1,430,979	6,646	1,437,625
Office equipment	70,157	-	70,157	-	70,157
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>59,765,337</u>	<u>52,992</u>	<u>59,818,329</u>	<u>337,726</u>	<u>60,156,055</u>
Accumulated depreciation					
Sewer plant and additions	(35,151,995)	(1,194,472)	(36,346,467)	(1,201,059)	(37,547,526)
Sewer system					
Pump station and interceptor	(2,357,549)	(62,176)	(2,419,725)	(68,933)	(2,488,658)
Other maintenance equipment	(1,083,386)	(76,735)	(1,160,121)	(43,406)	(1,203,527)
Office equipment	(70,157)	-	(70,157)	-	(70,157)
TOTAL ACCUMULATED DEPRECIATION	<u>(38,663,087)</u>	<u>(1,333,383)</u>	<u>(39,996,470)</u>	<u>(1,313,398)</u>	<u>(41,309,868)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>21,102,250</u>	<u>(1,280,391)</u>	<u>19,821,859</u>	<u>(975,672)</u>	<u>18,846,187</u>
CAPITAL ASSETS, net	<u>\$ 21,461,005</u>	<u>\$ (1,227,306)</u>	<u>\$ 20,233,699</u>	<u>\$ (841,081)</u>	<u>\$ 19,392,618</u>

NOTE E - DEFERRED COMPENSATION PLAN

The Authority has a deferred compensation plan for its employees. The plan, which is designed under the provisions of Section 457 of the Internal Revenue Code, permits employees to make voluntary contributions from their salaries which are excluded from federal taxable income. A maximum contribution of up to \$23,000 can be contributed and deferred under the plan. The contributions are invested with an outside trustee.

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE F - EMPLOYEE PENSION PLAN

The Authority provides pension benefits for its full-time employees through a defined contribution money purchase pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus earnings on plan investments.

The Authority contributes 5.5% of each eligible employee’s compensation to the plan. Each eligible employee may also contribute up to 21.5% of their compensation. The contributions made by the Authority on behalf of each employee and the earnings allocated to their accounts become 100% vested upon eligibility after two years of service. Authority contributions may not be distributed to the employee until age 65, except for death or disability.

The Authority’s contributions in 2024 and 2023 were \$69,644 and \$58,751, respectively. Retirement benefits may be obtained at age 59 1/2.

NOTE G - SERVICE AGREEMENT

An operating service charge based on the Authority’s operating budget is payable in quarterly installments by Towamencin Township to the Authority’s operating account.

The operating service charge adjustment for the years ended December 31, 2024 and 2023, applying the accrual basis, is computed as follows:

	<u>2024</u>	<u>2023</u>
ALLOCATION CALCULATION		
Current year’s operating service charge payments	\$ 5,003,705	\$ 3,657,322
Sludge removal reimbursements	558,406	579,772
Pump station reimbursement	339,786	175,167
Miscellaneous income	184	796
TOTAL OPERATING REVENUE	<u>5,902,081</u>	<u>4,413,057</u>
Current year’s total operating costs	4,993,932	4,339,147
Less earnings on investments	2,914	1,960
NET OPERATING COSTS ALLOCATED	<u>4,991,018</u>	<u>4,337,187</u>
CURRENT OPERATING SERVICE CHARGE ADJUSTMENT	911,063	75,870
Beginning cumulative operating service charge adjustment balance, as previously reported	75,510	(122,735)
Repayment from/(to) Towamencin Township	<u>(75,510)</u>	<u>122,375</u>
ENDING CUMULATIVE OPERATING SERVICE CHARGE ADJUSTMENT BALANCE AVAILABLE	<u>\$ 911,063</u>	<u>\$ 75,510</u>

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE H - NOTE PAYABLE

On May 13, 2015, the Authority issued Guaranteed Revenue Note, Series of 2015, in the maximum aggregate principal amount of \$9,300,000. On July 26, 2019, The Authority refunded the Series of 2015 Note by the issuance of the Guaranteed Sewer Revenue Notes, 2019 series in the aggregate par amount of \$8,026,000.

The issue is to (1) refinance the current refunding of the 2015 Notes and (2) pay the costs of issuance and fund the 2019 Project which will benefit and contribute to the health and general welfare of the Township’s residents.

As a continued part of this agreement, Towamencin Township entered into a Guaranty Agreement for the timely payment of the principal and interest due on this note. Principal payments are due annually ranging from \$427,000 to \$584,000 through May 2035 at an interest rate of 2.098%.

Note payable activity for the year ended December 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Note payable	\$ 6,263,000	\$ -	\$ (464,000)	\$ 5,799,000	\$ 474,000

Note payable activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Note payable	\$ 6,718,000	\$ -	\$ (455,000)	\$ 6,263,000	\$ 464,000

The future annual payments required are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 474,000	\$ 115,862
2026	484,000	105,795
2027	494,000	95,518
2028	505,000	85,020
2029	515,000	74,302
2030-2034	2,743,000	202,748
2035	<u>584,000</u>	<u>5,105</u>
	<u>\$ 5,799,000</u>	<u>\$ 684,350</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)

BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)
OPERATING REVENUES			
Operating service charges			
Towamencin Township	\$ 3,949,300	\$ 5,003,705	\$ 1,054,405
Sludge removal reimbursements	450,000	558,406	108,406
Pump station reimbursement	140,941	339,786	198,845
Tapping fees	-	1,404,779	1,404,779
Miscellaneous income	-	184	184
Annual year-end adjustment	-	(911,063)	(911,063)
TOTAL OPERATING REVENUES	<u>4,540,241</u>	<u>6,395,797</u>	<u>1,855,556</u>
OPERATING EXPENSES			
Administration	388,808	388,599	209
Physical plant/general	645,200	552,291	92,909
Operations	2,179,101	2,664,087	(484,986)
Maintenance	1,329,132	1,388,955	(59,823)
TOTAL OPERATING EXPENSES	<u>4,542,241</u>	<u>4,993,932</u>	<u>(451,691)</u>
OPERATING GAIN BEFORE DEPRECIATION	(2,000)	1,401,865	1,403,865
DEPRECIATION	<u>-</u>	<u>1,313,398</u>	<u>(1,313,398)</u>
OPERATING INCOME(LOSS)	<u>(2,000)</u>	<u>88,467</u>	<u>90,467</u>
NONOPERATING REVENUES (EXPENSES)			
Capital service charges	-	589,557	589,557
Interest income	2,000	2,914	914
Interest expense	<u>-</u>	<u>(125,557)</u>	<u>(125,557)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,000</u>	<u>466,914</u>	<u>464,914</u>
CHANGE IN NET POSITION	<u>\$ -</u>	<u>555,381</u>	<u>\$ 555,381</u>
NET POSITION AT BEGINNING OF YEAR		<u>14,605,314</u>	
NET POSITION AT END OF YEAR		<u>\$ 15,160,695</u>	

SUPPLEMENTARY INFORMATION

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)

SCHEDULE OF OPERATING EXPENSES
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2024

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
OPERATING EXPENSES			
Administration			
Salaries and wages	\$ 106,141	\$ 105,000	\$ (1,141)
Employer benefits	41,321	25,808	(15,513)
Office supplies	2,655	6,500	3,845
Professional fees	178,961	180,000	1,039
Telephone	9,700	9,000	(700)
Postage	503	500	(3)
Advertising and printing	3,205	2,000	(1,205)
Contracted services	6,615	20,000	13,385
Administrative expenses	39,498	40,000	502
TOTAL ADMINISTRATION	<u>388,599</u>	<u>388,808</u>	<u>209</u>
Physical plant/general			
Fuel	5,500	9,500	4,000
Safety equipment	5,547	10,000	4,453
Security	708	700	(8)
General insurance	166,785	168,000	1,215
Electricity	338,884	400,000	61,116
Natural gas	15,770	15,000	(770)
Trash removal	7,395	6,000	(1,395)
Water	1,031	1,000	(31)
Cleaning and uniform services	10,671	10,000	(671)
Equipment replacement	-	25,000	25,000
TOTAL PHYSICAL PLANT/ GENERAL	<u>552,291</u>	<u>645,200</u>	<u>92,909</u>
SUBTOTAL OPERATING EXPENSES FORWARD	<u>\$ 940,890</u>	<u>\$ 1,034,008</u>	<u>\$ 93,118</u>

TOWAMENCIN MUNICIPAL AUTHORITY
(A Component Unit of Towamencin Township)

SCHEDULE OF OPERATING EXPENSES
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2024

	<u>Actual</u>	<u>Original and Final Budget</u>	Variance With Final Budget Positive (Negative)
OPERATING EXPENSES			
SUBTOTAL FORWARDED	\$ 940,890	\$ 1,034,008	\$ 93,118
Operations			
Salaries and wages	665,304	675,920	10,616
Employer benefits	183,581	183,771	190
Chemicals	925,130	695,000	(230,130)
Lab supplies	19,719	15,000	(4,719)
Computer services	74	5,000	4,926
Lab services	112,930	85,000	(27,930)
Sludge removal	486,600	375,000	(111,600)
Education/training expenses	6,624	6,000	(624)
Repairs and maintenance	49,752	20,000	(29,752)
Miscellaneous	59,092	33,000	(26,092)
Equipment replacement	-	25,000	25,000
Fuel	841	1,650	809
Telephone	1,625	1,260	(365)
Electricity	36,292	43,800	7,508
Water	205	200	(5)
Contracted services	116,318	13,500	(102,818)
TOTAL OPERATIONS	<u>2,664,087</u>	<u>2,179,101</u>	<u>(484,986)</u>
Maintenance			
Salaries and wages	605,719	655,000	49,281
Employer	194,447	196,132	1,685
Grounds	21,160	3,000	(18,160)
Cleaning supplies	509	2,000	1,491
Repair and maintenance supplies	323,967	300,000	(23,967)
Vehicle maintenance	11,544	5,000	(6,544)
Small tools/minor equipment	30	1,000	970
Major repairs	26,210	10,000	(16,210)
Contracted services	151,813	100,000	(51,813)
Education/training expenses	3,190	4,000	810
Equipment replacement	46,417	50,000	3,583
Miscellaneous	3,949	3,000	(949)
TOTAL MAINTENANCE	<u>1,388,955</u>	<u>1,329,132</u>	<u>(59,823)</u>
TOTAL OPERATING EXPENSES	<u>\$ 4,993,932</u>	<u>\$ 4,542,241</u>	<u>\$ (451,691)</u>