NEWTOWN TOWNSHIP, DELAWARE COUNTY, MUNICIPAL AUTHORITY

FINANCIAL STATEMENTS

Year Ended December 31, 2024

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ACCOUNTANTS • ADVISORS

INTRODUCTORY SECTION

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FINANCIAL SECTION

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Independent Auditors' Report

To the Board of Directors
Newtown Township, Delaware County,
Municipal Authority
Newtown Square, Pennsylvania

Opinion

We have audited the financial statements of the Newtown Township, Delaware County, Municipal Authority (a component unit of the Township of Newtown, Delaware County, Pennsylvania), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Newtown Township, Delaware County, 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 respective financial position of Newtown Township, Delaware County, Municipal Authority, as of December 31, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Newtown Township, Delaware County, Municipal 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 opinion.

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 Newtown Township, Delaware County, 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 Directors
Newtown Township, Delaware County,
Municipal Authority
Newtown Square, 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 opinion. 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 Newtown Township, Delaware County, 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 Newtown Township, Delaware County, 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 Directors
Newtown Township, Delaware County,
 Municipal Authority
Newtown Square, Pennsylvania

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 5 through 8 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.

Maillie LLP

Limerick, Pennsylvania
May 29, 2026

Newtown Township, Delaware County, Municipal 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 year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and notes to the financial statements (which immediately follow this discussion).

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by $14,517,243 (representing its net position). Operating revenues amounted to $6,634,133 including $4,841,577 in sewer fees, and $1,774,062 in tapping fees. Operating expenses were $3,982,699, including $2,374,545 in sewer authority treatment charges.

USING THESE FINANCIAL STATEMENTS

The Authority is a special-purpose government entity engaged in a single business-type activity of assisting the Township to acquire or facilitate ownership of land, buildings and equipment for any use approved by the Township, as well as sewer and industrial waste disposal. Therefore, it only maintains one fund, an Enterprise Fund (a component of proprietary funds). The accompanying financial statements of the Authority are the financial statements of its Enterprise Fund, as required by U.S. generally accepted accounting principles.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. These financial statements are comprised of the financial statements presented in the statement of net position, similar to businesses in the private sector. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority and about its activities in a way that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is paid or received.

These two statements report the Authority's net position and changes to the net position. You can think of the Authority's net position, the difference between assets, what the Authority owns, and liabilities, what the Authority owes, as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Authority's fee structure and the condition of the Authority's sewer system, to assess the overall health of the Authority.

The Statement of Cash Flows provides additional information about the Authority's sources and uses of cash (its "cash flows").

In the Statement of Revenues, Expenses and Changes in Net Position, we present the Authority's one kind of activity, a business-type activity. The Authority charges a fee to customers to help it cover all or most of the cost of the sewer wastewater treatment services it provides.

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.

Reporting the Authority's Single Business-Type Activity Financial Statements

The Authority only has one fund, which is an Enterprise Fund (a component of proprietary type funds).

Proprietary Fund: When the Authority charges customers for the services it provides, these services are reported in its Enterprise Fund (a proprietary type fund).

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's total net position increased $1,644,306 which represents a 12.77% increase from 2023. The analysis below focuses on net position and changes in net position of the Authority's business-type activities.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, changed from $12,144,594 at December 31, 2023, to $13,602,298 at the end of this year.

Condensed Statements of Net Position
December 31, 2024 and 2023

	December 31,		Variance	
	2024	2023	Amount Increase (Decrease)	%
ASSETS				
Cash and investments	$ 13,658,078	$ 11,815,296	$ 1,842,782	15.60%
Other current assets	1,886,744	2,617,760	(731,016)	-27.93%
Capital assets, net	33,322,334	33,952,790	(630,456)	-1.86%
TOTAL ASSETS	48,867,156	48,385,846	481,310	0.99%
LIABILITIES				
Other liabilities	1,244,766	1,778,969	(534,203)	-30.03%
Long-term debt	33,105,147	33,733,940	(628,793)	-1.86%
TOTAL LIABILITIES	34,349,913	35,512,909	(1,162,996)	-3.27%
NET POSITION				
Net investment in capital assets	914,945	728,343	186,602	25.62%
Unrestricted	13,602,298	12,144,594	1,457,704	12.00%
TOTAL NET POSITION	$ 14,517,243	$ 12,872,937	$ 1,644,306	12.77%

Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	December 31,		Variance	
	2024	2023	Amount Increase (Decrease)	%
OPERATING REVENUES				
Charges for services	$ 6,634,133	$ 6,115,255	$ 518,878	8.48%
OPERATING EXPENSES				
Sewage treatment charges	2,374,545	2,090,288	284,257	13.60%
Other operating expenses	715,663	859,321	(143,658)	-16.72%
Depreciation and amortization	892,491	776,910	115,581	14.88%
TOTAL OPERATING EXPENSES	3,982,699	3,726,519	256,180	6.87%
OPERATING INCOME	2,651,434	2,388,736	262,698	11.00%
NONOPERATING REVENUES (EXPENSES)				
Interest income	293,559	249,139	44,420	17.83%
Interest expense	(1,300,687)	(1,336,752)	(36,065)	-2.70%
NONOPERATING REVENUES (EXPENSES), net	(1,007,128)	(1,087,613)	80,485	7.40%
CHANGE IN NET POSITION	1,644,306	1,301,123	$ 343,183	26.38%
NET POSITION AT BEGINNING OF YEAR	12,872,937	11,571,814		
NET POSITION AT END OF YEAR	$ 14,517,243	$ 12,872,937		

The Authority's total operating revenues increased by 8.48% relative to an increase in operating expenditures of 7.40%. This resulted in the operating income increasing from $2,388,736 in 2023 to $2,651,434 in 2024. After considering the nonoperating revenues and expenditures, the Authority had an increase in net position of $1,644,306.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of 2024, the Authority had $33,322,334 invested in capital assets. This amount represents a net decrease (including additions and deductions) of $630,456 relative to the current year depreciation expense of $892,491.

Debt

The Authority has one bonds payable:

The Guaranteed Sewer Revenue Bond Series of 2018 was issued in the amount of $33,520,000. In 2024, $745,000 was paid in principal and $1,366,569 was paid in interest. The balance as of December 31, 2024 is $30,690,000.

ECONOMIC FACTORS

The Authority's operating revenues are anticipated to rise over the next year due to the increase in system users. The Authority's operating expenses are likely to increase over the next year in proportion with the overall rate of inflation in the southeastern Pennsylvania region.

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. Questions concerning any of the information provided in this report or additional requests for financial information should be addressed to the Board of Directors, Newtown Township, Delaware County, Municipal Authority, 209 Bishop Hollow Road, Newtown Square, Pennsylvania, 19073.

NEWTOWN TOWNSHIP, DELAWARE COUNTY, MUNICIPAL AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2024

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 13,658,078
Accounts receivable, less allowances for uncollectible accounts of $176,923	1,886,744
TOTAL CURRENT ASSETS	15,544,822
NONCURRENT ASSETS	
Land	1,234,825
Sewer system	39,193,174
Computer system	30,089
Less accumulated depreciation	(7,135,754)
TOTAL NONCURRENT ASSETS	33,322,334
TOTAL ASSETS	48,867,156
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	27,235
Escrow deposits	762,008
Accrued interest payable	455,523
Bonds payable, current	775,000
TOTAL CURRENT LIABILITIES	2,019,766
NONCURRENT LIABILITIES	
Bonds payable	31,632,389
Due to Newtown Township	697,758
TOTAL NONCURRENT LIABILITIES	32,330,147
TOTAL LIABILITIES	34,349,913
NET POSITION	
Net investment in capital assets	914,945
Unrestricted	13,602,298
TOTAL NET POSITION	$ 14,517,243

See accompanying notes to the basic financial statements.

NEWTOWN TOWNSHIP, DELAWARE COUNTY, MUNICIPAL AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2024

OPERATING REVENUES	
Charges for services - sewer fees	$ 4,841,577
Charges for services - tapping fees	1,774,062
Miscellaneous	18,494
TOTAL OPERATING REVENUES	6,634,133
OPERATING EXPENSES	
Treatment charges - sewer authorities	2,374,545
Sewer line maintenance	33,054
Pump station maintenance	225,486
Utilities	55,680
Other services and charges	91,570
Office expense	18,438
Professional fees	77,326
Management fee	182,126
Depreciation	892,491
Other	31,983
TOTAL OPERATING EXPENSES	3,982,699
OPERATING INCOME	2,651,434
NONOPERATING REVENUES (EXPENSES)	
Interest earned	293,559
Interest expense	(1,300,687)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,007,128)
CHANGE IN NET POSITION	1,644,306
NET POSITION AT BEGINNING OF YEAR	12,872,937
NET POSITION AT END OF YEAR	$ 14,517,243

See accompanying notes to the basic financial statements.

NEWTOWN TOWNSHIP, DELAWARE COUNTY, MUNICIPAL AUTHORITY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 7,319,110
Payments to suppliers for goods and services	(3,380,173)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,938,937
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(262,035)
Principal paid on debt	(745,000)
Interest paid on debt	(1,382,679)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,389,714)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	293,559
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,842,782
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,815,296
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 13,658,078
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 2,651,434
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	892,491
(Increase) decrease in	
Account receivable	684,977
Prepaid expenses	46,039
Increase (decrease) in	
Accounts payable	(199,631)
Escrow deposits	(324,639)
Due to Newtown Township	188,266
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,938,937

See accompanying notes to the basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of the Authority

The Newtown Township, Delaware County, Municipal Authority (the “Authority”) is a corporate body organized and existing under the laws of the Commonwealth of Pennsylvania. The Authority was incorporated on August 7, 1961, under the Municipal Authorities Act of 1945, as amended, pursuant to a resolution adopted by the Township of Newtown, Delaware County. The purpose of the Authority is to assist the Township to acquire or facilitate ownership of land, buildings and equipment for any use approved by the Township, as well as sewer and industrial waste disposal. The Authority will cease existence after 2050, unless terminated earlier by operation of law.

The Authority is considered a component unit of the Township of Newtown, Delaware County, Pennsylvania. The Authority's Board is officially appointed by the Township Board of Supervisors.

Fund Accounting

The Authority is considered an Enterprise Fund, which is a fund type used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The Authority’s financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when the underlying goods or services are received, regardless of when paid.

Revenue Recognition

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an Enterprise Fund’s principal ongoing operations. The principal operating revenues of the Authority charges for services directly associated with sewer treatment. Operating expense for Enterprise Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Property and Equipment

Capital assets, which include the property, sewer system and equipment are reported in the financial statements at cost net of accumulated depreciation. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The depreciation provision for the has been calculated primarily on the basis of depreciating the capital asset costs over the estimated useful life of the assets using the straight-line method with one half of one year's depreciation recorded in the year the assets are placed in service.

	Years
Sewer system	30-50
Computer system	20

Unamortized Bond Discounts and Premiums

Bond discounts and premiums are deferred and amortized over the term of the related bonds on a basis which approximates the interest method.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services directly associated with sewage conveyance. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities. Nonoperating revenues consist of capital grants, capital contributions and interest income. When an expense is incurred for purposes for which there is both restricted and unrestricted net position available, it is the Authority's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Receivables

All receivables are shown net of any allowances for uncollectibles. The allowance for uncollectibles was $176,923 as of December 31, 2024.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

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. As of December 31, 2024, $250,000 of the total bank balance of $14,193,124 was insured by the Federal Depository Insurance Corporation. The remaining bank balance of $13,943,124 was exposed to credit risk because it was uninsured, although these funds are collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Authority's name. This includes collateralization of securities on a pooled basis in accordance with Act No. 72 of the PA General Assembly. Under such Act, financial institutions have the responsibility to maintain sufficient assets in a pooled asset account to collateralize adequately all public deposits, including any interest accrued thereon, in excess of applicable deposit insurance coverage.

NOTE C - CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

Changes in capital asset activity for the year ended December 31, 2024 were as follows:

	January 1, 2024	Increases	Decreases	December 31, 2024
Capital assets, not being depreciated				
Land	$ 1,234,825	$ -	$ -	$ 1,234,825
Construction in progress	3,221,467	-	(3,221,467)	-
Total capital assets, not being depreciated	4,456,292	-	(3,221,467)	1,234,825
Capital assets, being depreciated				
Sewer system	35,739,761	3,453,413	-	39,193,174
Computer system	-	30,089	-	30,089
Less: Accumulated depreciation	(6,243,263)	(892,491)	-	(7,135,754)
Total capital assets, being depreciated, net	29,496,498	2,591,011	-	32,087,509
CAPITAL ASSETS, net	$ 33,952,790	$ 2,591,011	$ (3,221,467)	$ 33,322,334

Land is comprised of Drexel Lodge Park valuing $909,825 and an assortment of other smaller properties with a cumulative value of $325,000.

NOTE D - LONG-TERM LIABILITIES

Long-term liability for the year ended December 31, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
BONDS PAYABLE					
Guaranteed Sewer Revenue Bond, Series of 2018	$ 31,435,000	$ -	$ (745,000)	$ 30,690,000	$ 775,000
Bond premiums	1,789,448	-	(72,059)	1,717,389	-
TOTAL BONDS PAYABLE	$ 33,224,448	$ -	$ (817,059)	$ 32,407,389	$ 775,000

Bonds Payable

On November 5, 2018, Guaranteed Sewer Revenue Bonds, Series of 2018, were issued in the original amount of $33,520,000. Interest rates range from 3.0% to 5.0% with interest payable semi-annually and principal payable annually from September 2019 through September 2048. These bonds were issued to provide funds for the capital program, for payment of certain capitalized interest, and for payment of costs of issuing the Bonds.

Annual debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest
2025	$ 775,000	$ 1,396,369
2026	805,000	1,366,569
2027	840,000	1,335,569
2028	875,000	1,303,369
2029	910,000	1,234,769
2030 to 2034	5,110,000	5,599,045
2035 to 2039	6,140,000	4,577,895
2040 to 2044	7,635,000	3,082,750
2045 to 2048	7,600,000	973,000
	$ 30,690,000	$ 20,869,335

NOTE E - RELATED-PARTY TRANSACTIONS

At December 31, 2024, the Authority had a balance due to the primary government (Township of Newtown) of $697,758.

The balance of $697,758 due to the Township as of December 31, 2024 resulted from the advances from the Township to the Authority during the years 2011-2014 to fund their engineering costs and debt service payments. During 2015, the Township transferred the majority of the cash from the Townships' sewer funds prior to the transfer of operations effective January 1, 2016. There are no formal set terms of repayment to the Township.

The Township of Newtown provides management and support services for the Authority. The Authority pays a management fee to the Township for these services. Management fees were calculated at $182,126 for the year ended December 31, 2024, which were paid in full during 2024.