BUCKS COUNTY WATER AND SEWER AUTHORITY
BUCKS COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 and 2024

BUCKS COUNTY WATER AND SEWER AUTHORITY
BUCKS COUNTY, PENNSYLVANIA
YEARS ENDED DECEMBER 31, 2025 and 2024

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Zelenkofske Axelrod LLC
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Bucks County Water and Sewer Authority
Warrington, 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 Bucks County Water and Sewer Authority (the "Authority") as of and for the years ended December 31, 2025 and 2024, 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 present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Bucks County Water and Sewer Authority, as of December 31, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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

The 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 the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 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 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 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 analysis on pages 4 through 9 and required supplemental information on pages 46 through 50 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.

Zelenkofske Axelrod LLC

Zelenkofske Axelrod LLC
Jamison, Pennsylvania

June 23, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority is a body corporate and politic organized January 22, 1962 by the Board of Commissioners of the County of Bucks, Pennsylvania, pursuant to the Commonwealth of Pennsylvania's Municipality Authorities Act of 1945. The Authority is authorized to exercise any and all powers conferred by the Act necessary to the acquisition, construction, improvement, extension, maintenance, and operation of water systems and/or sewer systems.

This report includes all activities which are "controlled by or are dependent on" the Authority, with such determination based upon that criterion contained in Governmental Accounting Standard Board ("GASB") codification Section 2600. These criteria deal with various manifestations of oversight, which include criteria such as selection of the governing body, designation of management, ability to influence operations, and fiscal accountability. This report does not include the financial activities of Bucks County, Pennsylvania, nor are the Authority's financial activities included in the County's reports, since each is considered a separate reporting entity under the GASB criteria. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the Authority's basic financial statements.

Information in this MDA is presented under the following headings:

- Authority Activities and Highlights
- Overview of the Annual Financial Report
- Financial Highlights
- Debt Administration
- Capital Assets
- Contacting the Authority's Financial Management

Authority Activities and Highlights:

Operating Revenue for 2025 for the Authority was $103,022,478, $192,665 below last year's performance of $103,215,143 or approximately 0.2%. The Authority's Sewer System contributed $82,875,541 in revenue, while the Water System added another $20,146,937. The Sewer System was $1,361,507 or 1.6% below the previous year, and the Water System was $1,164,842 over 2024, or 6.1%. The decrease in sewer service revenue was due to decreases in wholesale billable flow due to weather conditions. Treatment cost reductions offset the decreased flow revenue. The water revenue increase is due to rate adjustments for PFAS mitigation and large-scale infrastructure replacements.

The Authority's Rate Covenant Coverage, which is determined by dividing Income from Operations before Depreciation Plus Non-Operating Revenues by annual debt service, was 127% in 2025 as compared to 149% and 145% in 2024 and 2023, respectively. The past three years' coverages are well above the 110% required by the Revenue Bond Indenture.

Overview of the Annual Financial Report:

This section serves as an introduction to the basic financial statements and supplementary information. It represents management's examination and analysis of the Authority's financial condition and performance. Summary financial data, key financial and operational indicators used in the Authority's strategic plan, budget, bond resolutions and other management tools were used for this analysis.

The financial statements report information about the Authority using the full accrual accounting method as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities.

The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements.

Statement of Net Position: The Statement of Net Position presents the financial position of the Authority. It presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position: The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., accrued wages). This statement also provides certain information about the Authority's recovery of its costs.

The Authority's rates are based on a cost-of-service basis. Rate setting policies use different methods of cost recovery not fully provided for by U.S. generally accepted accounting principles.

Statement of Cash Flows: The Statement of Cash Flows presents information on the effects changes in assets, liabilities and operations have on cash during the course of the year. This statement differs from the Statements of Revenues, Expenses and Changes in Net Position in that it presents cash receipts and cash disbursements information, without consideration of an earnings event, when an obligation arises, or depreciation of capital assets.

Notes to the Financial Statements: The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits and other postemployment benefits (OPEB) for its employees.

The financial statements were prepared by the Authority's staff from detailed books and records of the Authority. The financial statements were audited and adjusted, if material, during the independent external audit process.

Financial Highlights:

Net Position:
A summary of the Authority's Statements of Net Position on December 31, is presented as follows:

	2025	2024	2023
Assets			
Current Assets	$ 40,169,820	$ 41,001,269	$ 39,872,479
Non-Current Assets			
Pension and OPEB Assets	7,983,498	4,292,187	1,552,496
Restricted	202,328,603	221,467,631	222,898,588
Capital Assets, Net	554,633,544	542,321,634	540,008,150
Total Assets	805,115,465	809,082,721	804,331,713
Deferred Outflows of Resources	8,265,696	10,433,937	15,418,330
Liabilities			
Current Liabilities	26,249,399	27,778,481	32,420,957
Non-Current Liabilities	411,096,260	425,086,880	427,305,694
Total Liabilities	437,345,659	452,865,361	459,726,651
Deferred Inflows of Resources	5,645,454	4,513,811	4,802,546
Net Position			
Net Investment in Capital Assets	308,529,849	292,222,337	286,795,709
Restricted for Capital Activity	5,459,048	9,480,877	17,151,231
Restricted for Debt service	31,415,966	30,743,694	33,949,869
Unrestricted (Deficit)	24,985,185	29,690,578	17,324,037
Total Net Position	$ 370,390,048	$ 362,137,486	$ 355,220,846

In accordance with GASB Statement No. 65, Deferred Outflows of Resources includes the loss on the refunding of certain bonds. In addition, Pension and OPEB Deferred Outflows and Inflows of Resources are reported.

Revenues in excess of Expenses are held in the Revenue Trust Fund (Cash & Investments). Liquidity position improved due to the increase in the number of days that operating expenses can be covered by unrestricted funds.

"Restricted Assets" includes unspent 2015A, 2022, 2023 and 2024 Bond Issue proceeds to be used for remediation of Inflow and Infiltration and water system improvements (anticipated completion by 2026) as well as other funds. The Authority continues its ongoing investment in the infrastructure without borrowing funds through the issuance of bonds, an action favorably received by Standards & Poor's rating services as it results in improving the Authority's liquidity position.

2025 and 2024 Net Investment in Capital Assets reflects ongoing discovery and remediation of inflow and infiltration, system upgrades, and capital contributions to third party wastewater service purveyors.

Changes in Net Position:

A condensed summary of the Authority's Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31 is presented below:

	2025	2024	2023
Operating Revenues			
Service Charges	$ 98,569,022	$ 98,716,321	$ 94,217,339
Tapping Fees	227,952	395,293	233,090
Other	4,225,504	4,103,529	4,333,498
Total Operating Revenues	103,022,478	103,215,143	98,783,927
Operating Expenses			
Sewage Treatment and Water Procurement	28,106,489	29,943,942	27,081,718
Plant Operations	9,055,318	8,424,596	7,668,028
Collection, Transmission and Distribution Service	19,228,744	16,963,444	13,975,818
Total Operating Expenses	56,390,551	55,331,982	48,725,564
General and Administrative Expenses	13,716,749	12,494,235	10,822,250
Total Expenses	70,107,300	67,826,217	59,547,814
Income from Operations before Depreciation	32,915,178	35,388,926	39,236,113
Depreciation	(20,624,526)	(22,698,590)	(22,634,752)
Operating Income	12,290,652	12,690,336	16,601,361
Nonoperating Revenue (Expense)			
Interest Expense, Net of Amounts Capitalized	(14,580,406)	(20,653,678)	(16,016,621)
Investment Income	8,737,845	11,794,267	11,742,363
Tapping Fees	1,804,471	1,585,373	4,422,162
Other	-	1,500,342	-
Total Nonoperating Revenue (Expense)	(4,038,090)	(5,773,696)	147,904
Increase in Net Position	$ 8,252,562	$ 6,916,640	$ 16,749,265

Operating Revenues: Revenues from operations fall into several categories. Retail Service Revenues are those service fees billed to individual homeowners or businesses. Wholesale Service Revenues are billed to townships, boroughs, and independent water companies based on metered bulk sales of water or wastewater flows. Retail Sewer Service Revenue is derived from the following:

- Central and Upper Bucks County Sewer Service Areas,
- Bensalem Township, Langhorne Borough, and Middletown Township in the Lower Bucks County Sewer Service Area,
- Upper Dublin and Springfield Townships in Montgomery County, and
- West Vincent and Birmingham Townships in Chester County.

Wholesale Sewer Service Revenue is generated by bulk wastewater service to the southwest region of the County. Retail Water Service Revenue is derived from Lower Southampton Township and Middletown Township in the southwest region of the County and the Solebury Township/New Hope Borough service area along the Delaware River in the east-central part of the County. Wholesale Water Service Revenue is generated by bulk water sales to the southwest region of the County.

The Authority collects water and wastewater capacity fees in order to ensure current customers do not bear the burden of growth. Improvement and Tapping Fees are assessed on any new connections to the Water or Sewer Systems. Most of these fees are paid in blocks of capacity purchased by residential and commercial real estate developers and wholesale customers. Prior to implementation of Government Accounting Standards Board Pronouncement No. 33 (GASB 33) these fees were recorded as contributions to equity. GASB 33 defines these fees as nonoperating revenues and requires reporting the amounts through the Statement of Revenues, Expenses and Changes in Net Position.

Operating Expenses: The Authority operates and maintains one water treatment plant and six active wells in the Solebury Township/New Hope Borough water service area and one active well in the West Vincent Township, Chester County water service area. The wells and treatment plant have a permitted production capacity of 625,000 GPD. The Authority provides water on a retail and wholesale basis to the southwest portion of the County. It has contractual arrangements to draw a maximum of 15 MG from the Forest Park Treatment Plan in Chalfont, PA, and a minimum of 0.5 MG from the Lower Bucks County Joint Municipal Authority, and storage capacity of 15.0 MG.

The Authority provides wastewater collection, transmission and/or treatment on a retail and wholesale basis to portions of central, upper, and southwest Bucks County as well as portions of Montgomery and Chester Counties. The Authority owns five wastewater treatment plants in the central part of the County and one in Upper Dublin Township. It also has capacity in six plants operated and owned by third parties. Treatment capacity ranges in size from 0.425 MG to 294 MG.

The total precipitation recorded in Philadelphia for the year 2025 was 36.34". This is under the historical average of 41.3" of total precipitation. Bucks County experienced a well below average precipitation year.

General and Administrative Expenses: 2025 General and Administrative Expenses are over 2024. In 2025, the Allowance for Doubtful Accounts increased by $382,877.

GASB Presentation of Income Statement: GASB requires the recognition of depreciation, amortization, interest expense, non-cash contributed capital, and the Changes in Net Position.

Debt Administration:

During 2025, the Authority did not issue any new debt.

The Budget and approved rates as well as the Bond Indenture requirements are met by adopting the "Modified Accrual" basis of accounting. This method ignores the three expense and income items cited above under GASB and replaces them with Debt Service and Debt Service Coverage and provides for restrictions on certain types of income such as Investment Income.

	2025	2024	2023
Operating Income Before Depreciation	$ 32,915,178	$ 35,388,926	$ 39,236,113
Budget Basis Nonoperating Revenue (Expense)			
Investment Income	8,737,845	11,794,267	11,742,363
Less Restricted Investment Income	(6,203,017)	(8,643,563)	(8,645,319)
Tapping Fees	1,804,471	1,585,373	4,655,252
Total Nonoperating Revenue	4,339,299	4,736,077	7,752,296
Available for Debt Service and Coverage	$ 37,254,477	$ 40,125,003	$ 46,988,409
Debt Service Requirement	$ 23,835,340	$ 26,968,241	$ 32,369,666
Rate Covenant Coverage Achieved	156%	149%	145%

In accordance with the Bond Indenture, the Authority is required to provide 110% coverage on Revenue Bond Debt Service in its rates. The rates adopted and income derived therefrom provided a coverage of 156%. The Authority has never failed to meet its rate covenant requirement in its 60 years of existence.

Capital Assets:

Capital Assets being depreciated increased by $2.7 million (net of depreciation) during 2025. This includes capital contributions to third party water and wastewater service purveyors, capitalization of interest, ongoing discovery and remediation of inflow and infiltration and system upgrades in progress. New projects include systemwide inflow and infiltration mitigation in sewer system, various treatment plant upgrades, PFAS mitigation on wells and water infrastructure replacement.

Contacting the Authority's Financial Management:

The financial report is designed to provide our customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bucks County Water and Sewer Authority's Chief Financial Officer, 1275 Almshouse Road, Warrington, PA 18976.

BUCKS COUNTY WATER AND SEWER AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 1,643,401	$ 6,443,509
Investments	11,717,104	7,014,854
Accounts Receivable, Net of Allowance for Doubtful Accounts	12,139,167	12,070,303
Unbilled Revenue Receivable	13,142,733	12,169,534
Prepaid Expenses	1,527,415	3,303,069
Total Current Assets	40,169,820	41,001,269
Non-Current Assets		
Restricted Assets		
Cash and Cash Equivalents	3,981,273	3,504,310
Investments	195,918,150	215,468,409
Interest Receivable	2,429,180	2,494,912
Total Restricted Assets	202,328,603	221,467,631
Net Pension Asset	5,655,232	2,449,290
Net OPEB Asset	2,328,266	1,842,897
Capital Assets		
Land, Rights-of-Way and Construction in Progress	169,993,861	160,409,346
Other Capital Assets, Net of Accumulated Depreciation	384,639,683	381,912,288
Total Capital Assets, Net	554,633,544	542,321,634
Total Non-Current Assets	759,290,413	765,632,162
Total Assets	805,115,465	809,082,721
Deferred Outflows of Resources		
Deferred Amount from Debt Refundings	4,020,273	4,611,680
Pension: Changes in Assumptions	90,869	181,738
Pension: Difference Between Expected and Actual Experience	1,300,112	2,079,860
Pension: Difference Between Projected and Actual Earnings on Investments	-	1,070,505
Pension: Contributions Made Subsequent to Measurement Date	2,609,400	2,099,524
OPEB: Difference Between Projected and Actual Earnings on Investments	45,711	269,036
OPEB: Difference Between Expected and Actual Experience	-	62,153
OPEB: Changes in Assumptions	199,331	59,441
Total Deferred Outflows of Resources	8,265,696	10,433,937
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts Payable and Accrued Expenses	13,379,838	14,161,482
Current Portion of Bonds Payable	11,354,677	12,640,034
Interest Payable	1,514,884	1,265,750
Total Current Liabilities	26,249,399	28,067,266
Non-Current Liabilities		
Customer and Developer Deposits	3,704,209	3,378,727
Bonds Payable, Net of Unamortized Bond Discount and Premium	406,928,256	421,419,368
Retainage Payable	463,795	-
Total Non-Current Liabilities	411,096,260	424,798,095
Total Liabilities	437,345,659	452,865,361
Deferred Inflows of Resources		
Pension: Changes in Assumptions	1,498,254	-
Pension: Difference Between Projected and Actual Earnings on Investments	21,100	-
Pension: Difference Between Expected and Actual Experience	81,569	748,053
OPEB: Changes in Assumptions	589,899	660,388
OPEB: Difference Between Expected and Actual Experience	371,540	
OPEB: Difference Between Expected and Actual Earnings	152,943	-
Proceeds from Sale of Future Revenues	2,930,149	3,105,370
Total Deferred Inflows of Resources	5,645,454	4,513,811
Net Position		
Net Investment in Capital Assets	308,529,849	292,222,337
Restricted for Capital Activity	5,459,048	9,480,877
Restricted for Debt Service	31,415,966	30,743,694
Unrestricted	24,985,185	29,690,578
Total Net Position	$ 370,390,048	$ 362,137,486

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2025 and 2024

	2025	2024
Operating Revenues		
Retail Sewer Service	$ 65,364,797	$ 63,796,625
Wholesale Sewer Service	14,214,130	17,466,733
Retail Water Service	14,118,157	12,504,811
Wholesale Water Service	4,871,938	4,948,152
Improvement and Tapping Fees	227,952	395,293
Other Revenues	4,225,504	4,103,529
Total Operating Revenues	103,022,478	103,215,143
Expenses		
Operating Expenses		
Sewage Treatment and Water Procurement		
Sewage Treatment	22,329,027	24,181,149
Water Procurement	5,777,462	5,762,793
Total Sewage Treatment and Water Procurement	28,106,489	29,943,942
Plant Operations		
Payroll and Related Costs	3,959,271	4,059,268
Repairs and Maintenance	4,395,808	3,719,891
Electricity	405,657	383,193
Water and Sewage Testing	294,582	262,244
Total Plant Operations	9,055,318	8,424,596
Collection, Transmission and Distribution Service		
Payroll and Related Costs	11,086,833	10,317,830
Repairs and Maintenance	5,628,306	4,790,179
Electricity	1,555,720	1,404,893
Other Related Costs	957,885	450,542
Total Collection, Transmission and Distribution Service	19,228,744	16,963,444
Total Operating Expenses	56,390,551	55,331,982
General and Administrative Expenses		
Payroll and Related Costs	5,535,180	4,751,641
Professional Fees	1,895,035	2,048,621
Insurance	1,257,403	1,092,613
Other	5,029,131	4,601,360
Total General and Administrative Expense	13,716,749	12,494,235
Total Expenses	70,107,300	67,826,217
Income From Operations Before Depreciation	32,915,178	35,388,926
Depreciation	(20,624,526)	(23,143,388)
Operating Income	12,290,652	12,245,538
Nonoperating Revenue (Expense)		
Interest Expense, Net of Amounts Capitalized	(14,580,406)	(20,208,880)
Investment Income	8,737,845	11,794,267
Improvement and Tapping Fees	1,804,471	1,585,373
Other	-	1,500,342
Total Nonoperating Expense	(4,038,090)	(5,328,898)
Increase In Net Position	8,252,562	6,916,640
Net Position - Beginning of Year	362,137,486	355,220,846
Net Position - End of Year	$ 370,390,048	$ 362,137,486

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Cash Received from Customers	$ 101,752,464	$ 99,239,326
Payments to Suppliers	(47,665,893)	(45,919,425)
Payroll and Related Payments	(17,238,487)	(19,128,739)
Other Operating (Payments) / Transactions	(1,299,911)	(2,094,790)
Net Cash Provided from Operations	35,548,173	32,096,372
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(33,151,940)	(25,299,972)
Improvement and Tapping Fees	1,804,471	1,585,373
Bond and Note Principal Repayments	(14,755,567)	(45,708,000)
Bond Issuance Proceeds	-	37,376,060
Interest Paid	(17,394,782)	(18,544,483)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(63,497,818)	(50,591,022)
Cash Flows from Investing Activities		
Sale (Purchase) of Investments, Net	14,845,619	11,105,634
Interest Received	8,780,881	11,767,218
Net Cash Provided by (Used In) Investing Activities	23,626,500	22,872,852
Net Increase (Decrease) in Cash and Cash Equivalents	(4,323,145)	4,378,202
Cash and Cash Equivalents - Beginning of Year	9,947,819	5,569,617
Cash and Cash Equivalents - End of Year	$ 5,624,674	$ 9,947,819
Displayed as:		
Cash and Cash Equivalents	$ 1,643,401	$ 6,443,509
Restricted Cash and Cash Equivalents	3,981,273	3,504,310
	$ 5,624,674	$ 9,947,819
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$ 12,290,652	$ 12,245,538
Adjustments to Reconcile Operating Income to Net Cash Provided by / (Used in) Operating Activities:		
Depreciation	20,624,526	23,143,388
Changes in Assets and Liabilities:		
Receivables and Unbilled Revenue, Net	(1,330,794)	(4,665,813)
Prepaid Expenses	2,858,854	(922,097)
Accounts Payable and Accrued Expenses	(1,438,025)	2,061,789
Interest Payable	249,135	215,432
Customer and Developers Deposits	325,481	516,411
OPEB and Pension Changes	1,968,344	(498,276)
	$ 35,548,173	$ 32,096,372

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION - OPEB TRUST
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Assets		
Investments at Fair Value	7,762,331	6,813,441
Total Assets	$ 7,762,331	$ 6,813,441
Net Position		
Restricted for:		
Postemployment Benefit Plan	7,762,331	6,813,441
Total Net Position	$ 7,762,331	$ 6,813,441

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – OPEB TRUST
YEARS ENDED DECEMBER 31, 2025 and 2024

	2025	2024
Additions		
Contributions:		
Employer	$ 493,111	$ 479,833
Total Contributions	493,111	479,833
Investment Earnings:		
Net Investment Income	697,122	388,139
Total Investment Earnings	697,122	388,139
Total Additions	1,190,233	867,972
Deductions		
Benefits Paid	210,011	172,433
Administrative Expenses	31,332	22,085
Total Deductions	241,343	194,518
Change in Net Position	948,890	673,454
Net Position - Beginning	6,813,441	6,139,987
Net Position - Ending	$ 7,762,331	$ 6,813,441

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Operations

The Bucks County Water and Sewer Authority (the "Authority") was organized for the purpose of acquiring, holding, constructing, improving, maintaining, operating, and leasing sewers, sewer systems, treatment plants, water supply works, and water distribution systems for the County of Bucks (the "County") and for such other territories as it may be authorized to serve, as set forth in the Municipality Authorities Act of 1945, as amended.

The operations of each activity are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. The activities of the Authority are grouped in the combined financial statements in this report into the broad category referred to as an Enterprise Fund. Such activities are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The activities of the Authority are segregated as follows:

Sewer System

A retail sewer system which provides services to residential and nonresidential customers in the Boroughs of New Britain, Doylestown, New Hope, and Richlandtown, and the Townships of Buckingham, Doylestown, Plumstead, Richland, Solebury, Springfield, Upper Dublin, Warrington, West Vincent, and Birmingham. Sewage is transmitted to the Chalfont-New Britain, Quakertown, Lambertville, Kings Plaza, Green Street, Harvey Avenue (Doylestown Borough), Warminster, Warrington, and Upper Dublin treatment plants.

A sewer interceptor line services municipalities along the Neshaminy Creek Basin. Sewage is transmitted to treatment facilities in Philadelphia.

Water System

The System serves retail, residential, and nonresidential customers in Lower Southampton, Solebury and Middletown Townships, Warrington Township, and the Boroughs of New Hope, Langhorne, Langhorne Manor, and Penndel. The System also provides wholesale water transmission services to the Townships of Northampton and Upper Southampton, and the Newtown Artesian Water Company.

Administrative Account

The Authority maintains an administrative account to purchase assets and incur expenses as necessary for operations. Expenses directly identifiable with a specific system are allocated to that fund. Administrative expenses common to all systems are allocated to the different systems based upon a percentage of total flows of water and sewage.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The accompanying financial statements include the accounts of the Sewer System, the Water System, and Administrative Accounts. All significant inter-segment transactions and balances have been eliminated in the financial statements.

The accompanying financial statements do not include the financial activities of the County, nor are the Authority's financial activities included in the County's financial statements since each is considered a separate reporting entity. The criteria used in determining the scope of the reporting entity for financial reporting purposes are consistent with the guidance contained in Governmental Accounting Standards Board ("GASB") Statement No. 61, *"Determining Whether Certain Organizations Are Component Units*," are as follows:

- Selection of the Governing Authority

  The Board of Directors of the Authority is appointed to five-year terms by the County Commissioners. While there is continuing communication with the County, there is little linkage to the elected County officials after appointment.

- Designation of Management

  The management and employees of the Authority responsible for the operations of the Authority are appointed by and are held accountable to the Authority's Board of Directors.

- Ability to Significantly Influence Operations

  The Authority reviews and approves all budgetary actions, signs contracts as the contracting agency, hires and controls key management personnel, and exercises control over facilities, property, and policies relating to the services provided by the Authority. The County assumes no responsibility for the Authority's day-to-day operations.

- Accountability for Fiscal Matters

  Budgetary authority and control over collection and disbursement of funds, fiscal management, and funding deficits rest with the Authority.

Basis of Accounting

The Authority's activities are accounted for using the economic resource measurement focus and accrual basis of accounting. The reported net position (total net position) is segregated into "net investment in capital assets;" "restricted for capital activity;" "restricted for debt service;" and "unrestricted" components. The operating statements present increases (revenues) and decreases (expenses) in total net position.

Revenues are recognized in the period earned and expenses are recognized when they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The accounting and reporting policies of the Authority conform with the accounting rules prescribed by the GASB. The Authority has elected under GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements, as well as all applicable Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the Authority's policy to apply those expenses to restricted net position to the extent that such are available and then to unrestricted net position.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value based on quoted prices.

In establishing the fair value of investments, the Authority uses the following hierarchy. The lowest available level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets that the Authority has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Accounts Receivable

Accounts receivable consist of billed retail and wholesale water and sewer charges that have not been collected at December 31. The Authority evaluates the collectability of individual receivables and, if necessary, records an allowance for doubtful accounts. The Authority's policy is to file a lien against the respective property for delinquent sewer customers; however, the Authority is required to provide continuous service to these customers. The Authority's policy regarding its water customers is to discontinue services when payments are two months' delinquent. As of December 31, 2025 and 2024 the allowance for doubtful accounts was $5,184,403 and $4,801,526 respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unbilled Revenue Receivable

The Authority bills retail water and sewer customers on a quarterly and monthly basis. Wholesale water and sewer customers are billed monthly. Revenue earned for services provided through December 31 but unbilled is recorded in the accompanying financial statements as Unbilled Revenue Receivable.

Capital Assets

Capital Assets are stated at acquisition cost or fair value at the time of purchase or contribution to the Authority. The minimum capitalization threshold is an individual item with a cost of more than $5,000 and a useful life exceeding one year.

Depreciation of utility plant in service is provided on the straight-line method over the estimated useful lives of the related assets as follows:

Buildings, Sewage Treatment Plants, and Pump Stations	25 - 50 Years
Mains, Laterals, and Storage Tanks	50 Years
Machinery and Equipment	5 - 10 Years

Capitalization of Interest

Interest expense net of interest income that relates to the cost of acquiring or constructing fixed assets by the Authority was capitalized through December 31, 2000. The Authority adopted Government Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, on January 1, 2021. Previously, interest expense incurred in connection with construction of capital assets was reduced by interest earned on the investment of funds borrowed for construction in accordance with FASB Statement No. 62, "*Capitalization of Interest Costs in Situations Involving Certain Tax-exempt Borrowings and Certain Gifts and Grants."*

Unamortized Bond Discounts and Premiums

Bond discounts and premiums are deferred and amortized over the term of the related bonds using the bonds outstanding method, which approximates the interest method. For financial reporting purposes, bond discounts and premiums are offset against bonds payable.

Deferred Refunding (Gains) Losses

The accounting (gains) losses incurred by the Authority related to the refunding of certain bonds is deferred and amortized using the straight-line method over the life of the original refunded bonds or refunding bonds, whichever is shorter. For financial reporting purposes, deferred refunding (gains) losses are included in deferred outflows of resources.

Restricted Assets

Restricted assets represent cash and investments established for specific purposes and uses under the terms of the Trust Indentures as described below and the Loan Agreements.

Restricted assets also include developer deposits held by the Authority to be used to pay costs of certain engineering, legal and inspection work required by the Authority, and deferred compensation plan assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets (Continued)

In accordance with requirements of the Authority's Trust Indentures, trust accounts have been established at financial institutions as follows:

Debt Service Funds

Funds established from periodic withdrawals made by the Trustee, from the Revenue Funds. Amounts deposited in the Debt Service Funds are used for making required debt service payments.

Debt Service Reserve Funds

Funds established from proceeds of sales of 2010 through 2020 Series Current Interest Bonds in amounts which will equal the respective maximum annual debt service reserve requirements in the aggregate on all series of bonds.

Bond Redemption and Improvement Funds

Funds established to make up deficiencies in Debt Service Funds or to pay costs of additions or deficiencies in Construction Funds.

Construction Funds

Funds provided from bond proceeds. The Construction Funds are established to make disbursements for land, easements, labor, supplies, equipment, and any costs associated with construction or reconstruction of related projects.

Maintenance Reserve Funds

Funds established to provide for extraordinary repairs, renewals, and replacements of capital additions.

Revenue Fund

The Revenue Fund is comprised of receipts for services provided by the Authority and restricted for necessary operating expenses.

Budgets and Budgetary Accounting

The Authority, while not required by statute, prepares an annual budget for each system. The budgets are filed with the Trustee at least fifteen days prior to the beginning of each fiscal year and serve as the financial plan for the ensuing year and may be amended or supplemented at any time with approval by the consulting engineer.

The budget is used as a management control device during the year, and it presents estimated expenses of operating, maintaining, and repairing the systems, administrative expenses, required transfers, and debt service requirements. The major differences between the budgetary basis and financial statement (U.S. Generally Accepted Accounting Principles - GAAP) reporting of the results of operations include the following:

- Depreciation expense, which is not a budgeted item.
- Debt service and coverage (10% of debt service requirements), which are budgeted; and

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

- Adjustments for restricted income, and capitalized interest, which are not budgeted.

Use of Estimates

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

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance to cover risks of loss including general liability, excess liability, workers' compensation, property insurance, employee health, life, and accident insurance. Settled claims have not exceeded the commercial coverage insurance in any of the past three fiscal years; and there have been no significant changes in insurance coverage in those years.

Adopted GASB Statements

The Authority adopted the following GASB Statements in 2025 with no effect on the financial statements:

- Statement No. 102, *Certain Risk Disclosures*

Pending Governmental Accounting Standards Board (GASB) Statements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, and is effective for the Authority's 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets.* The Statement is effective for the Authority's 2026 financial statements.

In Dedember 2025, the GASB issued Statement No. 105, *Subsequent Events.* The Statement is effective for the Authority's 2027 financial statements.

The Authority has not yet completed the various analyses required to estimate the financial statements impacts of these new pronouncements.

NOTE 2: DEPOSITS AND INVESTMENTS

Cash and investments as of December 31, are classified in the accompanying financial statements as follows:

	2025	2024
Statement of Net Position:		
Cash and Cash Equivalents	$ 5,624,674	$ 9,947,819
Investments	207,635,254	222,483,263
Total Cash and Investments	$ 213,259,928	$ 232,431,082

Cash and investments as of December 31, consist of the following:

	2025	2024
Cash on Hand	$ 3,900	$ 3,900
Deposits and Investments with Bond Trustee	213,256,028	232,427,182
Total Cash and Investments	$ 213,259,928	$ 232,431,082

Custodial Credit Risk – Deposits and Investments

The Authority has a policy that requires all deposits and investments, other than U.S. government obligations, to be covered by the Federal Deposit Insurance Corporation (FDIC), or be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not insured by the Federal Deposit Insurance Corporation are collateralized using the pooled asset method to 100% of value as required by Pennsylvania law.

Investments of debt proceeds held by bond trustee are governed by provisions of the Consolidated and Restated Trust Indenture dated as of June 1, 1995 and as amended thereafter. Investment securities include any of the following: U.S. Government obligations, notes, debentures, or other evidences of indebtedness issued by U.S. Government agencies, direct and general obligations of any state of the United States (with rating restrictions), negotiable or non-negotiable certificates of deposit issued by any bank or trust company, or savings and loan association, the deposits of which are insured by the Federal Deposit Insurance Company (FDIC), provided such issuing institution in any case has combined capital, surplus and undivided profits of not less than $3 million and that such deposits are fully insured by the FDIC, or to the extent not so insured, are secured by certain collateral, repurchase agreements collateralized by U.S. Government obligations, investments in a money market and/or escrow certificates.

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles.

Investment Type	Fair Value	Level 1
Money Market Funds	$ 24,549,929	$ 24,549,929
Mutual Funds	1,605,144	1,605,144
U.S. Treasury Bills	181,480,181	181,480,181
	$ 207,635,254	$ 207,635,254

As of December 31, 2025 and 2024 the Authority had the following investments, maturities and Moody's ratings:

	2025				
Investment Type	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Rating as of Year End
Held by Bond Trustee					
Money Market Funds	$ 24,549,929	$ 24,549,929	$ -	$ -	Aaa
Mutual Funds	1,605,144	1,605,144	-	-	N/A
U.S. Treasury Bills	181,480,181	181,480,181	-	-	Aaa
	$ 207,635,254	$ 207,635,254	$ -	$ -	

	2024				
Investment Type	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Rating as of Year End
Held by Bond Trustee					
Money Market Funds	$ 34,094,351	$ 34,094,351	$ -	$ -	Aaa
Mutual Funds	117,185	117,185	-	-	N/A
U.S. Treasury Bills	188,271,727	188,271,727	-	-	Aaa
	$ 222,483,263	$ 222,483,263	$ -	$ -	

Interest Rate Risk

"All investments are subject to the discretion of the Trustee, and moneys in all funds, when held by the Trustee, are to be continuously invested and reinvested and deposited and redeposited by the Trustee in the highest yield investment securities that may be reasonably known to the Trustee, with a view to maximizing yield and minimizing the instances of uninvested funds." (Restated Trust Indenture dated as of June 1, 1995 and as amended thereafter).

Deposit and Investment Risk

Concentration of Credit Risk – The Authority's policy is to invest in U.S. Government or Federal Agency securities for which there is no limit to the investment amount.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2025 and 2024 was as follows:

	2025				
	January 1	Additions	Disposals	Transfers	December 31
Capital Assets Not Being Depreciated:					
Land	$ 28,317,315	$ -	$ -	$ -	$ 28,317,315
Construction in Progress	132,092,031	31,831,834	(2,222,814)	(20,024,505)	141,676,546
Total Capital Assets Not Being Depreciated	$ 160,409,346	$ 31,831,834	$ (2,222,814)	$ (20,024,505)	$ 169,993,861
Capital Assets Being Depreciated:					
Buildings, Sewage Plants, and Pump Stations	$ 258,994,623	2,701,684	$ (209,598)	$ 16,887,258	$ 278,373,967
Mains, Laterals, and Storage Tanks	487,419,866	111,110	-	416,013	487,946,989
Machinery and Equipment	28,144,198	332,661	(49,534)	2,721,234	31,148,559
Total Capital Assets Being Depreciated	774,558,687	3,145,455	(259,132)	20,024,505	797,469,515
Accumulated Depreciation	(392,646,399)	(20,442,565)	259,132	-	(412,829,832)
Total Capital Assets Being Depreciated, Net	$ 381,912,288	$ (17,297,110)	$ -	$ 20,024,505	$ 384,639,683

	2024				
	January 1	Additions	Disposals	Transfers	December 31
Capital Assets Not Being Depreciated:					
Land	$ 28,317,315	$ -	$ -	$ -	$ 28,317,315
Construction in Progress	108,472,425	23,619,606	-	-	132,092,031
Total Capital Assets Not Being Depreciated	$ 136,789,740	$ 23,619,606	$ -	$ -	$ 160,409,346
Capital Assets Being Depreciated:					
Buildings, Sewage Plants, and Pump Stations	$ 257,252,684	2,727,722	$ (985,783)	$ -	$ 258,994,623
Mains, Laterals, and Storage Tanks	481,494,205	7,567,525	(1,641,864)	-	487,419,866
Machinery and Equipment	34,422,313	413,899	(6,692,014)	-	28,144,198
Total Capital Assets Being Depreciated	773,169,202	10,709,146	(9,319,661)	-	774,558,687
Accumulated Depreciation	(369,947,809)	(22,698,590)	-	-	(392,646,399)
Total Capital Assets Being Depreciated, Net	$ 403,221,393	$ (11,989,444)	$ (9,319,661)	$ -	$ 381,912,288

Depreciation expense was $20,442,565 and $22,698,590 for the years ended December 31, 2025 and 2024, respectively.

On December 21, 2023 BCWSA board of directors signed the Lake Galena restrictive covenant water storage and Dam lease and operating agreement and the transaction was completed in early 2024. The agreement includes all easements surrounding the Lake Galena watershed and operation and maintenance of the dam itself. The total payment for the lease of the Dam and Restrictive Covenants is Twenty-Four Million Seven Hundred Thousand and 00/100 Dollars ($24,700,000) (the "Payment"). The Payment shall be allocated Thirteen Million Three Hundred Thousand and 00/100 Dollars ($13,300,000) to the Dam Lease Agreement and Eleven Million Four Hundred Thousand and 00/100 Dollars ($11,400,000) to the Restrictive Covenants.

In accordance with the provisions of GASB Statement No. 42 the Authority has reviewed the status of its long lived assets. It is the opinion of management that the Authority has no significant impairment of any active assets and that any long lived assets not used or impaired at this time have been fully depreciated.

NOTE 4: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At December 31 accounts payable and accrued expenses consisted of:

	2025	2024
Payable to Vendors	$ 4,899,410	$ 3,200,540
Accrued Payroll and Related Expenses	899,611	1,195,947
Retainage Payable	-	324,769
Accrued Sewage Treatment Expenses	7,089,997	8,624,997
Accrued Water Purchase	490,820	526,444
	$ 13,379,838	$ 13,872,697

NOTE 5: BONDS AND NOTE PAYABLE

BONDS PAYABLE

Changes in bonds payable for the years ended December 31, 2025 and 2024 are as follows:

	2025				
	January 1	Increase	Decrease	December 31	Due Within One Year
Sewer System	$ 307,272,364	$ -	$ (7,079,632)	$ 300,192,732	$ 9,734,677
Water System	122,592,038	-	(4,501,847)	118,090,191	1,620,000
	$ 429,864,402	$ -	$ (11,581,479)	$ 418,282,923	$ 11,354,677

	2024				
	January 1	Increase	Decrease	December 31	Due Within One Year
Sewer System	$ 318,622,925	$ 25,679,586	$ (37,030,147)	$ 307,272,364	$ 8,470,034
Water System	114,140,607	11,696,474	(3,245,043)	122,592,038	4,170,000
	$ 432,763,532	$ 37,376,060	$ (40,275,190)	$ 429,864,402	$ 12,640,034

Sewer System

Bonds payable as of December 31, 2025, are as follows:

NOTE 5: BONDS AND NOTE PAYABLE (CONTINUED)

Sewer System (Continued)

Revenue Bonds	Final Maturity	Interest Rates	Principal Balance
Series			
2013 Revenue Bonds	2028	2.75% to 4.00%	$ 3,650,000
2017 Revenue Bonds	2035	3.25% to 5.00%	23,330,000
2018 Revenue Bonds	2035	3.25% to 5.00%	6,549,305
2019 Revenue Bonds	2039	3.00% to 4.00%	14,615,000
2020 Revenue Bonds	2045	2.00% to 3.00%	6,070,001
2021 Revenue Bonds	2046	2.25% to 2.50%	17,700,000
2022 Revenue Bonds	2047	3.89%	48,341,000
2022A Revenue Bonds	2040	5.00%	141,475,000
2024 Revenue Bonds	2040	5.00%	25,275,000
			287,005,306
Add: Unamortized Bond Premium			13,187,426
			300,192,732
Less: Current Portion			9,734,667
			$ 290,458,065

On December 19, 2024, the Authority issued $25,275,000 of Sewer System Revenue Bonds, Series of 2024. Proceeds of the Bonds will be used for and towards: 1) refunding the Authority's Sewer System Revenue Bonds, Series of A of 2015, 2) paying the cost related to issuance of the 2024 Sewer Bonds. The cash savings and economic gain as a result of the refunding were $4,688,508 and $3,580,264, respectively.

On August 9, 2022, the Authority issued Sewer System Revenue Bonds for $51,660,000. The proceeds were used for the acquisition of the Bristol Borough sewer system and for extending the bridge to the treatment plant.

On December 21, 2022, the Authority issued the Sewer System Revenue bonds, Series A of 2022 for $144,325,000. The proceeds were used to fund three construction funds for plant upgrades, vehicles, machinery, building improvements, software upgrades and the replacement of the Neshaminy interceptor, and for the payment of costs incurred by the Authority to issue the bonds.

On December 14, 2021, the Authority issued Sewer System Revenue Bonds, Series of 2021, in the amount of $19,365,000. The Sewer Bonds will be used for and towards: 1) permanent financing in acquiring the Birmingham Township, Chester County Sewer System and plant, 2) constructing and equipping a project involving diversion of flow from the Upper Dublin treatment plant to the Ambler treatment plants, 3) increasing capacity at the Ambler treatment plant, 4) capitalizing interest on the 2021 Sewer Bonds, and 5) paying the costs related to the issuance of the 2021 Sewer Bonds.

On December 22, 2020, the Authority issued Sewer System Revenue Bonds, Series of 2020, in the amount of $6,775,000. The proceeds of the bonds were used to acquire the Neshaminy Manor Center Sewer System and for the planning, designing, and constructing of improvements.

NOTE 5: BONDS AND NOTE PAYABLE (CONTINUED)

Sewer System (Continued)

On November 13, 2019, the Authority issued Sewer System Revenue Bonds, Series of 2019, in the amount of $16,195,000. The proceeds of the bonds were used to finance the acquisition of the Warrington Township Sewer System, which includes the purchase of the Warrington system, easements, legal costs, pension costs and capacity for future Equivalent Dwelling Units (EDUs), and for the payment of costs incurred by the Authority to issue the bonds.

On November 28, 2017, the Authority issued Sewer System Revenue Bonds, Series of 2017, in the amount of $31,625,000. The proceeds of the bonds were used to advance refund a portion of the Series of 2010 and Series of 2011 outstanding, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of $1,859,201 (Net Present Value ("NPV")) or 5.70% of refunded principal. The refunding resulted in a $2,140,288 accounting loss on defeasance.

On December 22, 2015, the Authority issued Sewer System Sewer Revenue Bonds, Series of 2015A, in the amount of $34,800,000. The proceeds of the bonds were used to finance the acquisition of the existing Springfield Township Sewer System and undertake other capital improvements, and for the payment of costs incurred by the Authority to issue the bonds.

On May 30, 2013, the Authority issued Sewer System Revenue Bonds, Series of 2013, in the amount of $17,675,000. The proceeds of the bonds were used to refund all of the Series of 2003 Collection Sewer System Revenue Bonds, Sewer System Series of 2008A and 2008B, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of $458,437 (NPV) or 8.67% of refunded principal. The refunding resulted in a $781,189 accounting loss on defeasance.

Debt service requirements for the Sewer System bonds (payable semiannually on June 1 and December 1) at December 31, 2025, are as follows:

Years Ending December 31,	Principal	Interest
2026	$ 9,734,677	$ 11,878,372
2027	10,134,069	11,460,351
2028	10,583,643	11,023,114
2029	11,036,406	10,571,708
2030	9,682,358	10,079,870
2031-2035	52,270,073	44,679,942
2036-2040	63,234,571	33,232,363
2041-2045	79,274,000	18,663,268
2046-2047	41,055,509	1,246,071
	$ 287,005,306	$ 152,835,059

NOTE 5: BONDS AND NOTE PAYABLE (CONTINUED)

Water System

Bonds payable as of December 31, 2025, are as follows:

Revenue Bonds	Final Maturity	Interest Rates	Principal Balance
Series			
2013 Revenue Bonds	2028	2.25% to 3.00%	780,000
2017 Revenue Bonds	2041	2.25% to 5.00%	70,195,000
2020 Revenue Bonds	2045	2.00% to 3.00%	6,395,000
2021 Revenue Bonds	2046	2.25% to 2.50%	25,970,000
2024 Revenue Bonds	2046	4.00% to 5.00%	10,985,000
			114,325,000
Add: Unamortized Bond Premium			3,765,191
			118,090,191
Less: Current Portion			1,620,000
			$ 116,470,191

On December 19, 2024, the Authority issued $10,985,000 of Water System Revenue Bonds, Series of 2024. Proceeds of the Bonds will be used for and towards: 1) funding capital projects of the Authority 2) capitalizing interest on the 2024 Bonds, and 3) paying the cost related to issuance of the 2024 Water Bonds.

On December 14, 2021, the Authority issued $26,805,000 Water System Revenue Bonds, Series of 2021. Proceeds of the Bonds will be used for and towards: 1) making an up front payment for the lease of the dam and purchase conservation access easements at Lake Galena, 2) funding a deposit to the Debt Service Reserve Fund, 3) capitalizing interest on the 2021 Water Bonds, and 4) paying the cost related to issuance of the 2021 Water Bonds.

On December 22, 2020, the Authority issued Water System Revenue Bonds, Series of 2020, in the amount of $7,130,000. The proceeds of the bonds were used to acquire the Neshaminy Manor Water System and for the planning, designing, and constructing of improvements.

On November 28, 2017, the Authority issued Water System Revenue Bonds, Series of 2017, in the amount of $79,195,000. The proceeds of the bonds were used to advance refund the Series of 2011 outstanding, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of $6,437,992 (NPV) or 7.35% of refunded principal. The refunding resulted in a $6,628,350 accounting loss on defeasance.

On May 30, 2013, the Authority issued Water System Revenue Bonds, Series of 2013, in the amount of $4,785,000. The proceeds of the bonds were used to refund all of the Series of 2003 and Series of 2008, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of $229,431 (NPV) or 8.63% of refunded principal. The refunding resulted in a $170,950 accounting loss on defeasance.

Debt service requirements for the Water System bonds (payable semiannually on June 1 and December 1) at December 31, 2025, are as follows:

NOTE 5: BONDS AND NOTE PAYABLE (CONTINUED)

Water System (Continued)

Years Ending December 31,	Principal	Interest
2026	$ 4,370,000	$ 4,161,520
2027	4,590,000	3,998,621
2028	5,160,000	3,800,346
2029	5,410,000	3,591,627
2030	5,670,000	3,352,712
2031-2035	31,215,000	13,595,698
2036-2040	36,750,000	8,290,755
2041-2045	18,720,000	2,428,933
2046	2,440,000	220,496
	$ 114,325,000	$ 43,440,708

Rate Covenant

The Authority's Trust Indentures require that the Authority comply with certain debt covenants, including among others, that the Authority establish rates sufficient to pay operating expenses and provide an additional amount equal to 10% of the annual debt service requirements. The Authority complies, in all material respects, with the debt covenants.

Defeasance of Debt

As of December 31, 2025, $77,960,000 of sewer revenue bonds and $5,810,000 of water revenue bonds outstanding are considered defeased.

NOTE 6: SEGMENT INFORMATION – 2025 and 2024

	2025			
	Administrative	Sewer System	Water System	Totals
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 1,010,979	621,143	11,279	$ 1,643,401
Investments	-	7,570,041	4,147,063	11,717,104
Accounts Receivable, Net of Allowance for Doubtful Accounts	-	11,017,100	1,122,067	12,139,167
Unbilled Revenue Receivable	-	10,971,033	2,171,700	13,142,733
Intercompany Transfers	(10,781,546)	(10,074,178)	20,855,724	-
Prepaid Expenses	1,083,201	418,231	25,983	1,527,415
Total Current Assets	(8,687,366)	20,523,370	28,333,816	40,169,820
Non-Current Assets				
Restricted Assets				
Cash and Cash Equivalents	3,981,273	-	-	3,981,273
Investments	-	174,625,079	21,293,071	195,918,150
Interest Receivable	-	19,660	2,409,520	2,429,180
Total Restricted Assets	3,981,273	174,644,739	23,702,591	202,328,603
Net Pension Asset	-	4,806,947	848,285	5,655,232
Net OPEB Asset	-	1,979,026	349,240	2,328,266
Capital Assets				
Land, Rights-of-Way and CIP	-	130,567,800	39,426,061	169,993,861
Other Capital Assets, Net of Accumulated Depreciation	8,410,302	251,767,813	124,461,568	384,639,683
Total Capital Assets, Net	8,410,302	382,335,613	163,887,629	554,633,544
Total Non-Current Assets	12,391,575	563,766,325	188,787,745	764,945,645
Total Assets	3,704,209	584,289,695	217,121,561	805,115,465
Deferred Outflows of Resources				
Deferred Amount from Debt Refundings	-	716,641	3,303,632	4,020,273
Pension: Changes in Assumptions	-	77,239	13,630	90,869
Pension: Difference Between Expected and Actual Experience	-	1,105,095	195,017	1,300,112
Pension: Contributions Made Subsequent to Measurement Date	-	2,217,990	391,410	2,609,400
OPEB: Difference Between Expected and Actual Earnings on Investment	-	38,854	6,857	45,711
OPEB: Changes in Assumptions	-	169,431	29,900	199,331
Total Deferred Outflows of Resources	-	4,325,250	3,940,446	8,265,696
LIABILITIES AND NET POSITION				
Current Liabilities				
Accounts Payable and Accrued Expenses	-	12,441,107	938,731	13,379,838
Current Portion of Bonds/Note Payable	-	9,734,677	1,620,000	11,354,677
Interest Payable	-	1,181,666	333,218	1,514,884
Total Current Liabilities	-	23,357,450	2,891,949	26,249,399
Non-Current Liabilities				
Retainage Payable	-	463,795	-	463,795
Customer and Developer Deposits	3,704,209	-	-	3,704,209
Bonds/Note Payable, Net of Unamortized Bond Discount and Premium	-	290,458,065	116,470,191	406,928,256
Total Non-Current Liabilities	3,704,209	290,921,860	116,470,191	411,096,260
Total Liabilities	3,704,209	314,279,310	119,362,140	437,345,659
Deferred Inflows of Resources				
Pension: Changes in Assumptions	-	1,273,516	224,738	1,498,254
Pension: Difference Between Projected and Actual Earnings on Investments	-	17,935	3,165	21,100
Pension: Difference Between Expected and Actual Experience	-	69,334	12,235	81,569
OPEB: Changes in Assumptions	-	501,414	88,485	589,899
OPEB: Difference Between Expected and Actual Experience	-	315,809	55,731	371,540
OPEB: Difference Between Expected and Actual Earnings	-	130,002	22,941	152,943
Total Deferred Inflows of Resources	-	2,308,010	3,337,444	5,645,454
Net Position				
Net Investment in Capital Assets	8,410,302	243,406,190	56,713,357	308,529,849
Restricted for Capital Activity	277,064	(175,512)	5,357,496	5,459,048
Restricted for Debt Service	-	22,264,511	9,151,455	31,415,966
Unrestricted	(8,687,366)	6,532,436	27,140,115	24,985,185
Total Net Position	$ -	$ 272,027,625	$ 98,362,423	$ 370,390,048

NOTE 6: SEGMENT INFORMATION - 2025 and 2024 (CONTINUED)

	2024			
	Administrative	Sewer System	Water System	Totals
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 1,287,783	4,422,693	733,033	$ 6,443,509
Investments	-	2,884,818	4,130,036	7,014,854
Accounts Receivable, Net of Allowance for Doubtful Accounts	-	10,846,719	1,223,584	12,070,303
Unbilled Revenue Receivable	-	10,110,034	2,059,500	12,169,534
Intercompany Transfers	(12,020,244)	(6,877,067)	18,897,311	-
Prepaid Expenses	2,744,341	521,734	36,994	3,303,069
Total Current Assets	(7,988,120)	21,908,931	27,080,458	41,001,269
Non-Current Assets				
Restricted Assets				
Cash and Cash Equivalents	3,504,310	-	-	3,504,310
Investments	-	190,175,554	25,292,855	215,468,409
Interest Receivable	-	62,695	2,432,217	2,494,912
Total Restricted Assets	3,504,310	190,238,249	27,725,072	221,467,631
Net Pension Asset	-	2,081,897	367,394	2,449,290
Net OPEB Asset	-	1,566,462	276,435	1,842,897
Capital Assets				
Land, Rights-of-Way and CIP	-	113,321,525	47,087,821	160,409,346
Other Capital Assets, Net of Accumulated Depreciation	8,098,553	256,851,618	116,962,117	381,912,288
Total Capital Assets, Net	8,098,553	370,173,143	164,049,938	542,321,634
Total Non-Current Assets	11,602,863	564,059,751	192,418,839	768,081,452
Total Assets	3,614,743	585,968,682	219,499,297	809,082,721
Deferred Outflows of Resources				
Deferred Amount from Debt Refundings	-	899,071	3,712,609	4,611,680
Pension: Changes in Assumptions	-	154,477	27,261	181,738
Pension: Difference Between Expected and Actual Experience	-	1,767,881	311,979	2,079,860
Pension: Difference Between Projected and Actual Earnings on Investments	-	909,929	160,576	1,070,505
Pension: Contributions Made Subsequent to Measurement Date	-	1,784,595	314,929	2,099,524
OPEB: Difference Between Expected and Actual Earnings on Investment	-	228,681	40,355	269,036
OPEB: Difference Between Expected and Actual Experience	-	52,830	9,323	62,153
OPEB: Changes in Assumptions	-	50,525	8,916	59,441
Total Deferred Outflows of Resources	-	5,847,990	4,585,947	10,433,937
LIABILITIES AND NET POSITION				
Current Liabilities				
Accounts Payable and Accrued Expenses	236,016	12,757,113	1,168,353	14,161,482
Current Portion of Bonds/Note Payable	-	8,470,034	4,170,000	12,640,034
Interest Payable	-	921,056	344,694	1,265,750
Total Current Liabilities	236,016	22,148,203	5,683,047	28,067,266
Non-Current Liabilities				
Customer and Developer Deposits	3,378,727	-	-	3,378,727
Bonds/Note Payable, Net of Unamortized Bond Discount and Premium	-	302,997,330	118,422,038	421,419,368
Total Non-Current Liabilities	3,378,727	302,997,330	118,422,038	424,798,095
Total Liabilities	3,614,743	325,145,533	124,105,085	452,865,361
Deferred Inflows of Resources				
Pension: Changes in Assumptions	-	-	-	-
Pension: Difference Between Projected and Actual Earnings on Investments	-	-	-	-
OPEB: Changes in Assumptions	-	635,845	112,208	748,053
OPEB: Difference Between Expected and Actual Earnings	-	561,330	99,058	660,388
Proceeds from Sale of Future Revenues	-	-	3,105,370	3,105,370
Total Deferred Inflows of Resources	-	1,197,175	3,316,636	4,513,811
Net Position				
Net Investment in Capital Assets	8,098,553	228,944,847	55,178,937	292,222,337
Restricted for Capital Activity	125,583	1,767,409	7,587,885	9,480,877
Restricted for Debt Service	-	21,866,109	8,877,585	30,743,694
Unrestricted	(8,224,136)	12,895,598	25,019,116	29,690,578
Total Net Position	$ -	$ 265,473,963	$ 96,663,523	$ 362,137,486

NOTE 6: SEGMENT INFORMATION - 2025 and 2024 (CONTINUED)

	2025		
	Sewer System	Water System	Totals
Operating Revenues			
Retail Sewer Service	$ 65,364,797	$ -	$ 65,364,797
Wholesale Sewer Service	14,214,130	-	14,214,130
Retail Water Service	-	14,118,157	14,118,157
Wholesale Water Service	-	4,871,938	4,871,938
Improvement and Tapping Fees	-	227,952	227,952
Other Revenues	3,296,614	928,890	4,225,504
Total Operating Revenues	82,875,541	20,146,937	103,022,478
Expenses			
Operating Expenses			
Sewage Treatment and Water Procurement			
Sewage Treatment	22,329,027	-	22,329,027
Water Procurement	-	5,777,462	5,777,462
Total Sewage and Water Procurement	22,329,027	5,777,462	28,106,489
Plant Operations			
Payroll and Related Costs	3,959,271	-	3,959,271
Repairs and Maintenance	4,395,808	-	4,395,808
Electricity	405,657	-	405,657
Water and Sewage Testing	294,582	-	294,582
Total Plant Operations	9,055,318	-	9,055,318
Collection, Transmission and Distribution Service			
Payroll and related costs	8,952,566	2,134,267	11,086,833
Repairs and maintenance	4,661,044	967,262	5,628,306
Electricity	1,353,569	202,151	1,555,720
Other related costs	567,463	390,422	957,885
Total Collection, Transmission and Distribution Service Expense	15,534,642	3,694,102	19,228,744
Total Operating Expense	46,918,987	9,471,564	56,390,551
General and Administrative Expenses			
Payroll and related costs	5,049,642	485,538	5,535,180
Professional fees	1,721,393	173,642	1,895,035
Insurance	1,054,440	202,963	1,257,403
Other	4,702,483	326,648	5,029,131
Total General and Administrative Expenses	12,527,958	1,188,791	13,716,749
Income from Operations Before Depreciation	23,428,596	9,486,582	32,915,178
Depreciation	(15,546,927)	(5,077,599)	(20,624,526)
Operating Income	7,881,669	4,408,983	12,290,652
Nonoperating Revenue (Expense)			
Interest Expense	(10,802,072)	(3,778,334)	(14,580,406)
Investment Income	7,669,594	1,068,251	8,737,845
Improvement and Tapping Fees	1,804,471	-	1,804,471
Other	-	-	-
Total Nonoperating Expense	(1,328,007)	(2,710,083)	(4,038,090)
Increase in Net Position	6,553,662	1,698,900	8,252,562
Net Position - Beginning of Year	265,473,963	96,663,523	362,137,486
Net Position, End of Year	$ 272,027,625	$ 98,362,423	$ 370,390,048

NOTE 6: SEGMENT INFORMATION - 2025 and 2024 (CONTINUED)

	2024		
	Sewer System	Water System	Totals
Operating Revenues			
Retail Sewer Service	$ 63,796,625	$ -	$ 63,796,625
Wholesale Sewer Service	17,466,733	-	17,466,733
Retail Water Service	-	12,504,811	12,504,811
Wholesale Water Service	-	4,948,152	4,948,152
Improvement and Tapping Fees	-	395,293	395,293
Other Revenues	2,969,690	1,133,839	4,103,529
Total Operating Revenues	84,233,048	18,982,095	103,215,143
Expenses			
Operating Expenses			
Sewage Treatment and Water Procurement			
Sewage Treatment	24,181,149	-	24,181,149
Water Procurement	-	5,762,793	5,762,793
Total Sewage and Water Procurement	24,181,149	5,762,793	29,943,942
Plant Operations			
Payroll and Related Costs	4,059,268	-	4,059,268
Repairs and Maintenance	3,719,891	-	3,719,891
Electricity	383,193	-	383,193
Water and Sewage Testing	262,244	-	262,244
Total Plant Operations	8,424,596	-	8,424,596
Collection, Transmission and Distribution Service			
Payroll and related costs	7,331,771	2,986,059	10,317,830
Repairs and maintenance	4,246,586	543,593	4,790,179
Electricity	1,234,153	170,740	1,404,893
Other related costs	352,318	98,224	450,542
Total Collection, Transmission and Distribution Service Expense	13,164,828	3,798,616	16,963,444
Total Operating Expense	45,770,573	9,561,409	55,331,982
General and Administrative Expenses			
Payroll and related costs	3,727,260	1,024,381	4,751,641
Professional fees	1,735,664	312,957	2,048,621
Insurance	930,190	162,423	1,092,613
Other	4,259,068	342,292	4,601,360
Total General and Administrative Expenses	10,652,182	1,842,053	12,494,235
Income from Operations Before Depreciation	27,810,293	7,578,633	35,388,926
Depreciation	(17,927,382)	(5,216,006)	(23,143,388)
Operating Income	9,882,911	2,362,627	12,245,538
Nonoperating Revenue (Expense)			
Interest Expense	(16,309,489)	(3,899,391)	(20,208,880)
Investment Income	10,779,976	1,014,291	11,794,267
Improvement and Tapping Fees	1,585,373	-	1,585,373
Other	1,500,342	-	1,500,342
Total Nonoperating Expense	(2,443,798)	(2,885,100)	(5,328,898)
Increase in Net Position	7,439,113	(522,473)	6,916,640
Net Position - Beginning of Year	258,034,850	97,185,996	355,220,846
Net Position, End of Year	$ 265,473,963	$ 96,663,523	$ 362,137,486

NOTE 6: SEGMENT INFORMATION - 2025 and 2024 (CONTINUED)

	2025			
	Administrative Account	Sewer System	Water System	Totals
Cash Flows from Operating Activities				
Cash Received from Customers	$ -	$ 81,844,162	$ 19,908,302	$ 101,752,464
Payments to Suppliers	-	(35,972,666)	(11,693,227)	(47,665,893)
Payroll and Related Payments	-	(15,754,477)	(1,484,010)	(17,238,487)
Other Operating (Payments) / Transactions	511,908	(1,811,548)	(271)	(1,299,911)
Net Cash Provided from Operations	511,908	28,305,471	6,730,794	35,548,173
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(311,749)	(27,918,994)	(4,921,197)	(33,151,940)
Improvement and Tapping Fees	-	1,804,471	-	1,804,471
Bond/Note Principal Repayments	-	(10,585,567)	(4,170,000)	(14,755,567)
Interest Paid	-	(13,984,814)	(3,409,968)	(17,394,782)
Net Cash Used in Capital and Related Financing Activities	(311,749)	(50,684,904)	(12,501,165)	(63,497,818)
Cash Flows from Investing Activities				
Sale (Purchase) of Investments, Net	-	10,865,253	3,980,366	14,845,619
Interest Received	-	7,712,630	1,068,251	8,780,881
Net Cash Provided by (Used in) Investing Activities	-	18,577,883	5,048,617	23,626,500
Net Increase in Cash and Cash Equivalents	200,159	(3,801,550)	(721,754)	(4,323,145)
Cash and Cash Equivalents - Beginning of Year	4,792,093	4,422,693	733,033	9,947,819
Cash and Cash Equivalents - End of Year	$ 4,992,252	$ 621,143	$ 11,279	$ 5,624,674
Displayed as:				
Cash and Cash Equivalents	$ 1,010,979	$ 621,143	$ 11,279	$ 1,643,401
Restricted Cash and Cash Equivalents	3,981,273	-	-	3,981,273
	$ 4,992,252	$ 621,143	$ 11,279	$ 5,624,674
Reconciliation of Operating Income to Net Cash Provided from (Used in) Operations:				
Operating Income	$ -	$ 7,881,669	$ 4,408,983	$ 12,290,652
Adjustments to Reconcile Operating Income to Net Cash Provided from Operating Activities				
Depreciation	-	15,546,927	5,077,599	20,624,526
Changes in Assets and Liabilities:				
Receivables and Unbilled Revenue, Net	-	(1,320,110)	(10,684)	(1,330,794)
Prepaid Expenses	2,744,341	103,504	11,009	2,858,854
Intercompany Receivables (Payables)	(1,238,698)	3,197,111	(1,958,413)	-
Accounts Payable and Accrued Expenses	(1,319,216)	(176,982)	58,173	(1,438,025)
Interest Payable	-	260,610	(11,475)	249,135
Customer and Developer Deposits	325,481	-	-	325,481
OPEB and Pension Changes	-	2,812,742	(844,398)	1,968,344
Net Cash Provided from Operations	$ 511,908	$ 28,305,471	$ 6,730,794	$ 35,548,173

NOTE 6: SEGMENT INFORMATION - 2025 and 2024 (CONTINUED)

	2024			
	Administrative Account	Sewer System	Water System	Totals
Cash Flows from Operating Activities				
Cash Received from Customers	$ -	$ 80,048,101	$ 19,191,225	$ 99,239,326
Payments to Suppliers	-	(38,765,851)	(7,153,574)	(45,919,425)
Payroll and Related Payments	-	(15,782,333)	(3,346,406)	(19,128,739)
Other Operating (Payments) / Transactions	251,395	(1,587,403)	(758,782)	(2,094,790)
Net Cash Provided from Operations	251,395	23,912,514	7,932,463	32,096,372
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(39,545)	(20,981,237)	(4,279,190)	(25,299,972)
Improvement and Tapping Fees	-	1,585,373	-	1,585,373
Bond/Note Principal Repayments	-	(42,483,000)	(3,225,000)	(45,708,000)
Bond Issuance Proceeds	-	25,679,585	11,696,475	37,376,060
Interest Paid	-	(14,409,547)	(4,134,936)	(18,544,483)
Net Cash Used in Capital and Related Financing Activities	(39,545)	(50,608,826)	57,349	(50,591,022)
Cash Flows from Investing Activities				
Sale (Purchase) of Investments, Net	447,206	19,651,251	(8,992,823)	11,105,634
Interest Received	-	10,752,926	1,014,292	11,767,218
Net Cash Provided by (Used in) Investing Activities	447,206	30,404,177	(7,978,531)	22,872,852
Net Increase in Cash and Cash Equivalents	659,056	3,707,865	11,281	4,378,202
Cash and Cash Equivalents - Beginning of Year	4,133,037	714,828	721,752	5,569,617
Cash and Cash Equivalents - End of Year	$ 4,792,093	$ 4,422,693	$ 733,033	$ 9,947,819
			-	
Displayed as:				
Cash and Cash Equivalents	$ 1,287,783	$ 4,422,693	$ 733,033	$ 6,443,509
Restricted Cash and Cash Equivalents	3,504,310	-	-	3,504,310
	$ 4,792,093	$ 4,422,693	$ 733,033	$ 9,947,819
Reconciliation of Operating Income to Net Cash Provided from (Used in) Operations:				
Operating Income	$ -	$ 9,882,911	$ 2,362,627	$ 12,245,538
Adjustments to Reconcile Operating Income to Net Cash Provided from Operating Activities				
Depreciation	-	17,927,382	5,216,006	23,143,388
Changes in Assets and Liabilities:				
Receivables and Unbilled Revenue, Net	-	(3,970,808)	(695,005)	(4,665,813)
Prepaid Expenses	(911,689)	(11,821)	1,413	(922,097)
Intercompany Receivables (Payables)	313,551	(491,844)	178,293	-
Accounts Payable and Accrued Expenses	333,122	1,550,182	178,485	2,061,789
Interest Payable	-	188,308	27,124	215,432
Customer and Developer Deposits	516,411	-	-	516,411
OPEB and Pension Changes	-	(1,161,796)	663,520	(498,276)
Net Cash Provided from Operations	$ 251,395	$ 23,912,514	$ 7,932,463	$ 32,096,372

NOTE 7: PENSION PLAN

Pennsylvania Municipal Retirement System

Plan Description

The Authority, through a January 2014 agreement, provides employee pension benefits through participation in the Pennsylvania Municipal Retirement System (PMRS). The PMRS was created by the Pennsylvania General Assembly in 1974 with the passage of the Pennsylvania Municipal Retirement Law 1974, P.L. 34, No. 15. PMRS administers pension plans on a contracted basis for any municipality or institution supported and maintained by a Pennsylvania municipality. This agent multiple-employer public employee retirement system maintains each municipality's account separately with that municipality's contributions and related employee contributions, and earnings segregated into separate accounts. PMRS issues a separate Comprehensive Annual Financial Report, which can be obtained by contacting the PMRS accounting office at P.O. Box 1165, Harrisburg, PA 17108-1165.

Benefits Provided

Benefit terms were established under the 1993 agreement between PMRS and the Authority; changes to benefit terms can only occur by modification of this agreement. Major provisions of the 1993 agreement include the following:

All full-time and permanent part-time Authority employees are required to participate in the System. Benefits vest after five years of service (for employees hired prior to October 1, 2018) and ten years of service (for employees hired on or after October 1, 2018). Employees can retire with an annual retirement benefit after 20 years of service provided age 55 has been attained.

The normal form of payment of retirement benefits is an annual calculation available for the life of the retired employee. One and two-thirds percent of the employee’s average salary for the three consecutive years of greatest compensation multiplied by the number of years of service, and any fraction thereof, is used to calculate the normal retirement benefit funded solely by the Authority’s contributions. Supplemental benefits are derived from employee contributions and interest earnings of the fund. A retiree may elect to receive a reduced amount of benefit and provide a death benefit in the form of annuity or lump sum to the designated beneficiary. The plan also provides death and disability benefits for an active employee.

Depending upon the annual investment return, the plan may award excess interest earnings to participating municipalities. The municipalities have the option of either retaining such excess earnings or sharing the additional earnings with active employees and retirees. In all years when excess interest earnings have been awarded, the Authority has elected to pro-ratably share excess earnings resulting in a postretirement increase to retirees. Sharing of excess earnings is the only method available for increasing postretirement benefits.

The plan does not allow for any cost-of-living adjustments to an employee’s retirement allowance subsequent to the employee’s retirement date.

NOTE 7: PENSION PLAN (CONTINUED)

Pennsylvania Municipal Retirement System (Continued)

Employees Covered by Benefit Terms

At January 1, 2025 the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	69
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	79
Total	163

Funding Policy and Contributions

Authority employees are not required to contribute to the System. The Authority's contributions to the System are governed by Act 205, Municipal Pension Plan Funding Standard and Recovery Act, which mandates minimum actuarial funding based upon the System's biennial actuarial valuation. For the year ended December 31, 2024, the Authority's average contribution rate was 19.52% of covered annual payroll.

Net Pension Liability (Asset)

The Authority's net pension liability (asset) at December 31, 2025 was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025.

The following methods and assumptions were used to prepare the valuation:

Investment Rate of Return	5.50%, Net of investment income withheld to cover certain administrative and investment expenses
Inflation	2.2%
Projected Salary Increases	Age related scale with merit and inflation component. For 2021 and 2022, merit based increases are assumed to be 0%
Post-Retirement Benefit Increases	2.2%

Mortality rates were as follows: Pre-Retirement were based on the PUB-2010 General Employees male table and PUB-2010 General Employees female table. Post-Retirement were based on the RP-2006 Annuitant tables. Based on the information provided by PMRS and review of the actual mortality experience over a five-year period, these mortality assumptions provide projected mortality improvements for the future. The experience analysis is required to be performed every five years and is required by State statute.

The actuarial assumptions used in the January 1, 2025 valuation were based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 as well as subsequent Board approved assumption changes. Effective with the December 31, 2024 measurement date, the Investment Return Assumption for municipal assets decreased from 5.25% to 5.50%.

NOTE 7: PENSION PLAN (CONTINUED)

Pennsylvania Municipal Retirement System (Continued)

Net Pension Liability (Asset) (Continued)

The PMRS system's long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future nominal rates of return (net of investment expenses and inflation) are developed for each asset class. These returns are combined to produce the System's Long-Term Expected Real Rate of Return, by calculating the weighted average return for each asset class using each respective target assets allocation percentage and multiplying by the expected future nominal rate of return, while also factoring in covariance across asset classes, then deducting expected inflation (2.5%). Best estimates of geometric real rates of return for each utilized asset class are included in the pension plan's target asset allocation as of December 31, 2024 and summarized in the table below labeled "System Nominal Net and Real Rates of Return by Asset Class."

Asset Class	Target Asset Allocation	Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities (large capitalized firms)	24.50%	7.50%	5.00%
Domestic Equities (small capitalized firms)	8.00%	8.20%	5.70%
International Equities (international developed markets)	14.50%	7.60%	5.10%
International Equities (emerging markets)	3.00%	8.01%	5.51%
Global Equities	5.00%	7.03%	4.53%
Real Estate	10.00%	7.42%	4.92%
Timber	5.00%	6.50%	4.00%
Fixed Income (Core Investment Grade)	24.00%	4.60%	2.10%
Fixed Income (Opportunistic Credit)	5.00%	8.00%	5.50%
Cash	1.00%	2.20%	-0.30%
Total Portfolio	100.00%	7.43%	4.93%

Based on the aforementioned methodology, the Board established the system's Long-Term Expected Rate of Return at 7.43%.

In addition to determining the System's Long-Term Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2025, this rate is equal to 5.50%.

The Board has determined the minimum acceptable confidence level for achieving the Regular Interest Rate to be 60%. The table below labeled "Confidence Levels for System Nominal Net and Real Rates of Return" identifies simulated portfolio returns at various levels based on the most recent asset allocation study conducted by the Board's investment consultant, Marquette Associates.

NOTE 7: PENSION PLAN (CONTINUED)

Pennsylvania Municipal Retirement System (Continued)

Net Pension Liability (Asset) (Continued)

Confidence Levels for System Nominal Net and Real Rates of Return follow:

Confidence Interval	Nominal Net Rate of Return	Long-Term Expected Real Rate of Return
95%	4.18%	1.68%
90%	4.87%	2.37%
85%	5.51%	3.01%
80%	5.86%	3.36%
75%	6.10%	3.60%
70%	6.45%	3.95%
60%	6.99%	4.49%

Discount Rate

While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate (Regular Interest Rate / Discount Rate). The PMRS Board establishes the Regular Interest Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the PMRS Board considers the following five quantitative factors in reviewing the Regular Interest Rate / Discount Rate:

1.) Retiree Plan liability as a percentage of total Plan liability,
2.) Active Plan participant liability as a percentage of total Plan liability,
3.) Smoothed Pension Benefit Guarantee Corporation (PBGC) annuity rates as a proxy for annuity purchase rates,
4.) PMRS System Long-Term Expected Rate of Return, and
5.) PMRS investment expenses

The PMRS Board then adjust the Regular Interest Rate / Discount Rate derived from the formula by a variety of qualitative factors such as the desire to minimize Regular Interest Rate / Discount Rate volatility, varying levels of assets allocation and liquidity, trending of PBGC annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Regular Interest Rate / Discount Rate adopted by the PMRS Board and used to measure the individual participating municipalities' total pension liability was 5.50% as of December 31, 2025.

The Regular Interest Rate / Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate / Discount Rate, the PMRS Board is authorized to allocate any applicable portion of any such excess in accordance with PMRS Board policies in the form of Excess Interest as provided for in the law.

NOTE 7: PENSION PLAN (CONTINUED)

Pennsylvania Municipal Retirement System (Continued)

Net Pension Liability (Asset) (Continued)

Discount Rate

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Regular Interest Rate / Discount Rate was required ("depletion testing"), used the following assumptions: 1.) member contributions will be made at the current contribution rate, 2.) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3.) the System's Long-Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2023	$ 70,898,076	$ 73,347,366	$ (2,449,290)
Changes for the year:			
Service Cost	1,744,413	-	1,744,413
Interest	3,741,047	-	3,741,047
Benefit payments	(2,804,776)	(2,804,776)	-
Changes in benefit terms	1,126,149	-	1,126,149
Changes in assumptions	(1,872,817)	-	(1,872,817)
Differences between expected and actual experience	(101,961)	-	(101,961)
Contributions - employer	-	2,207,652	(2,207,652)
Contributions - member	-	-	-
PMRS investment income		3,695,439	(3,695,439)
Market value investment income	-	2,145,443	13,092,534
Administrative expenses	-	(205,761)	205,761
Balance at December 31, 2024	$ 72,730,131	$ 78,385,363	$ (5,655,232)

The net pension liability at December 31, 2025 for measurement date December 31, 2024 is reported as $(5,655,232) with the expense amount for 2024 of $2,543,755. $2,207,652 was contributed to PMRS during 2024. Contributions made subsequent to Measurement Date totaled $2,609,400.

Sensitivity of Net Pension Liability to Changes in Discount Rate

The following presents the net pension liability of the Authority, calculated using the discount rate of 5.25% as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Authority's Net Pension Liability (Asset)	$ 2,300,633	$ (5,655,232)	$ (12,458,285)

NOTE 7: PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PMRS financial report.

Pennsylvania Municipal Retirement System (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2024, the Authority recognized pension expense of $2,543,755. At December 31, 2024, the Authority reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outlfows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 90,869	$ 1,498,254
Difference Between Expected and Actual Experience	1,300,112	81,569
Difference Between Projected and Actual Earnings on Investments	-	21,100
Contributions Made Subsequent to Measurement Date	2,609,400	-
	$ 4,000,381	$ 1,600,923

The $2,609,400 reported as deferred outflows of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025 financial statements. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	
2025	$ 616,675
2026	1,568,149
2027	(1,570,721)
2028	(824,045)
2029	-

NOTE 8: POSTEMPLOYMENT BENEFIT PLAN

Plan Description

The Bucks County Water and Sewer Authority Postretirement Benefits Plan is a noncontributory, single-employer postretirement benefits plan that covers all full-time employees of the Authority. The plan provides postretirement medical benefits upon retirement to plan members and their beneficiaries, pursuant to Authority Resolutions and the collective bargaining agreement between the Authority and its union employees. The plan can be amended by the Authority through its Resolutions and union contracts. The plan is administered by a plan administrator appointed by the governing body of the Authority.

As of January 1, 2025, the following members were covered by the benefit terms:

Retirees and Covered Spouses	8
Active Plan Members	114
Total	122

NOTE 8: POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Plan Description (Continued)

The plan is governed by the ordinances and resolutions adopted by the Authority, as well as the collective bargaining agreements between the Authority and its employees' bargaining units, American Federation of State, County and Municipal Employees Local No. 2939 and the International Union of Operating Engineers Local 835.

The following is a summary of the collective bargaining agreements and Authority rules and regulations; actual benefits are determined by the bargaining agreements and Authority actions.

Benefit Eligibility

Employees who retire on or after age 55 and completion of 10 years of service and their spouses will receive employer-paid medical coverage until the employee turns age 65.

Medical Coverage

Medical coverage under the plan for eligible retirees and their spouses will be provided through continuation of coverage under the Authority's medical plans covering active employees:

- Medical coverage, including hospitalization, doctor's services, and prescription drugs, is provided through a group medical insurance policy with Aetna.
- Funding of a healthcare reimbursement account of up to $4,500 per year for single coverage and $9,000 per year for other coverages to fund out-of-pocket medical expenses.
- Vision expense reimbursement is provided through the Aetna Policy with additional reimbursement from the Authority.
- Dental expense reimbursement is provided by the Authority.
- Reimbursement is also available for orthodontia and fitness benefits.

Retiree Contributions

The Authority will pay entire premium to cover eligible retired members. Retired members pay only the deductible and copayments for the medical policies, plus any out-of-pocket expenses for amounts not covered by insurance and not reimbursed by the Authority.

Funding Policy and Contributions

The contribution requirements of the Authority are established and may be amended by resolution of the Bucks County Water and Sewer Authority Board of Directors. The employer will cover 100% of premium cost for retired employees who retire on or after 10/1/2018, between ages 55 up to age 65.

NOTE 8: POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of December 31, 2025, and total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024 and by rolling forward the liabilities from the December 31, 2024 actuarial valuation through the measurement date. No other significant events occurred between the valuation date and the fiscal year end.

Actuarial Methods and Assumptions

The net OPEB liability (asset) as of December 31, 2025 was determined using the following methods and assumptions, applied to all periods included in the measurement.

- Actuarial Cost Method: Individual Entry Age Normal as a level percentage of payroll.
- Amortization Method: Level Dollar, Closed
- Remaining Amortization Period: 24 years
- Annual Healthcare Trend: Based on the SOA Gentzen Model of Long-Run Medical Cost Trends
- Inflation: 3%
- Salary Increases: 5%
- Investment Rate of Return: 5.50% (including inflation)
- Mortality rates were based on General Headcount-Weighted Mortality Tables, with generational projection from 2010 using Scale MP-21.
- Discount Rate: The discount rate used to measure the total OPEB liability was 5.50%, based upon the expected long-term rate of return on the OPEB fund, as specified in GASB 74 & 75.

Changes in Actuarial Assumptions

The following assumption changes were made for 2025:

- The healthcare cost trend assumption was updated based on the most recent SOA Getzen Model and using actual premium rates for 2025 and 2026.

Determination of Long-Term Expected Rate of Return

The target allocation and best estimates of arithmetic real rates of return for each major asset class is summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Contribution to Rate of Return
Domestic Equity, Core	19.1%	6.00%	1.15%
International Equity	4.9%	5.50%	0.27%
Emerging Markets	1.5%	5.50%	0.08%
Fixed Income, Core	70.5%	1.50%	1.06%
Short-Term Treasury/Cash	4.0%	0.95%	0.04%
Total	100.0%		2.59%
Inflation			2.50%
Long-Term Expected Rate of Return			5.09%

NOTE 8: POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at 1/1/2025	$ 4,970,544	$ 6,813,441	$ (1,842,897)
Changes during 2025:			
Service Cost	303,972	-	303,972
Interest	275,964	-	275,964
Differences between expected and actual experience	(82,893)	-	(82,893)
Net Difference Between Projected and Actual Earings	-	315,459	
Change in Actuarial Assumptions	176,489	-	176,489
Changes in Benefit Terms	-	-	-
Employer Contributions (including premium subsidies)	-	493,111	(493,111)
Employee Contributions	-	-	-
Net Investment Income (Loss)	-	381,663	(381,663)
Benefit Payments (including premium subsidies)	(210,011)	(210,011)	-
Administrative Expenses	-	(31,332)	31,332
Other Changes	-	-	-
Net Changes	463,521	948,890	(485,369)
Balances at 12/31/2025	$ 5,434,065	$ 7,762,331	$ (2,328,266)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Medical Trend Rates

The following schedule presents the impact on the Net OPEB Liability if it were calculated using a discount rate that is 1% lower and higher than the current discount rate:

	1% Decrease in Discount Rate (4.50%)	Current Discount Rate (5.50%)	1% Increase in Discount Rate (6.50%)
Authority's Net OPEB (Asset)	$ (1,962,015)	$ (2,328,266)	$ (2,668,670)

The following schedule presents the impact on the Net OPEB Liability if it were calculated using a medical inflation (trend) rate that is 1% lower and higher than the current medical trend rate:

	1% Decrease in Healthcare Trend Rate	Current Medical Trend Rate	1% Increase in Healthcare Trend Rate
Authority's Net OPEB (Asset)	$ (2,841,019)	$ (2,328,266)	$ (1,731,934)

NOTE 8: POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Postretirement Benefit Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2025, the actuarially determined credit to expense is $321,150. The Authority has deferred outflows and inflows of resources related to the OPEB plan from the following sources at December 31, 2025:

	Deferred Outlfows of Resources	Deferred Inflows of Resources
Difference in Projected and Actual Experience	$ 45,711	$ 371,540
Net Difference in Projected and Actual Earnings on Plan Investments	-	152,943
Changes in Actuarial Assumptions	199,331	589,899
	$ 245,042	$ 1,114,382

Actuarially determined deferred outflows and (inflows) of resources related to the OPEB Plan will be recognized in OPEB expense as follows:

Year Ending December 31:	
2026	$ (97,043)
2027	(296,469)
2028	(252,555)
2029	(219,464)
2030	(13,957)
Thereafter	10,148

NOTE 9: CASH BALANCE PLAN

During 2018, the Authority implemented the Bucks County Water and Sewer Authority Cash Balance Plan through the Pennsylvania Municipal Retirement System (PMRS). The plan is effective for employees hired or rehired on and after October 1, 2018.

Employees are eligible and the vesting service is based on the Elapsed Time Method. Plan entry date is the employee's employment commencement date. Eligible employees are (1) full-time employees not subject to a collective bargaining agreement scheduled to perform at least 35 hours of service per week or (2) full-time employees subject to a collective bargaining agreement authorized with the Authority scheduled to perform at least 40 hours of service per week.

Authority contributions are required in the amount of 12.5% of each member's specified compensation. Benefits are based on contributions made into an account and increases in value by the employer and/or employee making additional, regular contributions along with credited earnings or interest on the account balance. The plan offers superannuation retirement pensions to members who have attained age 55 and completed ten years of vesting service. Involuntary lump sum payments of amounts less than $5,000 are required. Under the Deferred Vested Pension, voluntary lump sum payments of amounts less than $5,000 are permitted.

Members are 100% vested in equal to or greater than ten years of vesting service. Members are eligible for an early retirement pension on the date the member completes 20 years of vesting service. The plan also offers Disability and Service-Connected Disability Pensions. As of December 31, 2025, and 2024 the Authority contributed $443,015 and $339,606 to the plan, respectively.

NOTE 10: COMMITMENTS

The Authority had several outstanding or planned construction projects as of December 31, 2025. These projects are evidenced by contractual commitments aggregating approximately $24,000,000.

NOTE 11: LITIGATION

In the normal course of business there are various claims and suits pending against the Authority. In the opinion of counsel, the amount of such losses that might result from these claims and suits, if any, would not materially affect the financial condition of the Authority.

NOTE 12: SUBSEQUENT EVENTS

In preparing the financial statements, the Authority has evaluated the need for disclosures and/or adjustments resulting from subsequent events through report issue date of June 23, 2026, the date the financial statements were available to be issued, in accordance with GASB Statement No. 102, Certain Risk Disclosures. Management evaluated whether any events occurring after year-end presented significant risks that (1) existed at the date of the financial statements or (2) arose after year-end but before the financial statements were available to be issued. Management has determined that no events occurring subsequent to December 31, 2025, required adjustment of, or disclosure in, the financial statements, and no significant risks were identified that met the criteria for disclosure under GASB 102.

BUCKS COUNTY WATER AND SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS
PMRS DEFINED BENEFIT

Last 10 Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 1,744,413	$ 1,692,792	$ 1,650,173	$ 1,642,402	$ 1,314,430	$ 1,254,436	$ 1,266,400	$ 1,163,241	$ 1,031,228	$ 1,207,851
Interest	3,741,047	3,596,474	3,334,786	3,209,432	2,741,154	2,627,941	2,488,038	2,386,946	2,310,737	2,208,052
Changes of Benefit Terms	1,126,149	-	-	-	4,404,525	-	-	-	-	-
Differences Between Expected and Actual Experience	(101,961)	-	2,601,838	-	1,556,278	-	792,090	-	174,483	-
Changes of Assumptions	(1,872,817)	-	-	-	545,214	-	-	-	1,182,211	(74,946)
Benefit Payments, Including Refunds of Member Contributions	(2,804,776)	(2,374,947)	(2,908,016)	(2,046,811)	(1,895,103)	(1,679,512)	(2,055,199)	(1,408,613)	(1,348,245)	(1,247,772)
Net Change in Total Pension Liability	1,832,055	2,914,319	4,678,781	2,805,023	8,666,498	2,202,865	2,491,329	2,141,574	3,350,414	2,093,185
Total Pension Liability - beginning	70,898,076	67,983,757	63,304,976	60,499,953	51,833,455	49,630,590	47,139,261	44,997,687	41,647,273	39,554,088
Total Pension Liability - ending (a)	$ 72,730,131	$ 70,898,076	$ 67,983,757	$ 63,304,976	$ 60,499,953	$ 51,833,455	$49,630,590	$47,139,261	$44,997,687	$41,647,273
Plan Fiduciary Net Position										
Contributions - Employer	$ 2,207,652	$ 1,832,712	$ 1,342,657	$ 1,404,507	$ 2,274,701	$ 4,326,752	$ 8,035,425	$ 1,953,165	$ 1,754,753	$ 1,714,677
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Market Value Investment Income	2,145,443	3,733,393	(13,092,534)	6,508,620	5,974,265	7,054,033	(5,270,527)	4,520,510	494,644	(1,925,635)
PMRS Investment Income	3,695,439	3,531,118	3,391,949	3,236,114	3,032,533	2,751,895	2,303,856	2,152,944	2,084,874	1,950,395
Benefit Payments, Including Refunds of Member Contributions	(2,804,776)	(2,374,947)	(2,908,016)	(2,046,811)	(1,895,103)	(1,679,512)	(2,055,199)	(1,408,613)	(1,348,245)	(1,247,772)
Administrative Expense	(205,761)	(201,198)	(182,641)	(186,707)	(132,126)	(98,622)	(106,131)	(102,292)	(105,440)	(84,708)
Net Change in Plan Fiduciary Net Position	5,037,997	6,521,078	(11,448,585)	8,915,723	9,254,270	12,354,546	2,907,424	7,115,714	2,880,586	406,957
Plan Fiduciary Net Position - beginning	73,347,366	66,826,288	78,274,873	69,359,150	60,104,880	47,750,334	44,842,910	37,727,196	34,846,610	34,439,653
Plan Fiduciary Net Position - ending (b)	$ 78,385,363	$ 73,347,366	$ 66,826,288	$ 78,274,873	$ 69,359,150	$ 60,104,880	$47,750,334	$44,842,910	$37,727,196	$34,846,610
Authority's Net Pension Liability (Asset) - ending (a) - (b)	$ (5,655,232)	$ (2,449,290)	$ 1,157,469	$ (14,969,897)	$ (8,859,197)	$ (8,271,425)	$ 1,880,256	$ 2,296,351	$ 7,270,491	$ 6,800,663
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.78%	103.45%	98.30%	123.65%	114.64%	115.96%	96.21%	95.13%	83.84%	83.67%
Covered Payroll	$ 11,309,949	$ 10,975,262	$ 10,736,745	$ 10,686,185	$ 11,088,848	$ 10,582,720	$10,656,053	$ 9,788,022	$ 9,278,595	$ 8,811,364
Authority's Net Pension Liability (Asset) as a Percentage of Covered Payroll	-50.00%	-22.32%	10.78%	-140.09%	-79.89%	-78.16%	17.64%	23.46%	78.36%	77.18%

BUCKS COUNTY WATER AND SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY CONTRIBUTIONS – PENSION PLAN
PMRS DEFINED BENEFIT

Last 10 Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 1,832,652	$ 1,832,712	$ 1,342,657	$ 1,404,507	$ 2,278,121	$ 2,035,285	$ 1,952,985	$1,754,573	$ 1,714,497	$ 1,383,265
Contribution in Relation to the Actuarially Determined Contribution	2,207,652	1,342,657	1,342,657	1,404,507	2,278,121	8,035,425	1,953,165	1,754,753	1,714,677	1,383,445
Contribution Deficiency/(Excess)	$ (375,000)	$ 490,055	$ -	$ -	$ -	$ (6,000,140)	$ (180)	$ (180)	$ (180)	$ (180)
Covered Payroll	$ 11,309,949	$ 10,975,262	$ 10,736,745	$ 10,686,105	$ 11,088,848	$ 10,582,720	$ 10,656,053	$9,788,022	$ 9,278,596	$ 8,811,364
Contribution as a Percentage of Covered Payroll	19.52%	12.23%	12.51%	13.14%	20.54%	75.93%	18.33%	17.93%	18.48%	15.70%

Notes to Schedule:

Actuarial Valuation Date: December 31, 2025
Methods and Assumptions Used to Determine Contribution Rates:
Actuarial Cost Method: Entry Age Normal
Amortization Method: Level Dollar based on the amortization periods in Act 205
Inflation: 2.2%
Salary Increases: Age-related scale with merit and inflation component. For 2021 and 2022, merit based increases are assumed to be zero.
Actuarial Value of Assets: Based on municipal reserves
Mortality Rates based on the Pub-2010 General Employees Mortality Tables from the applicabe table's base year to 2023 using Mortality Improvement Scale MP-2018.
Discount Rate: 5.25% based on the expected long-term rate of return on the OPEB fund, as specified in GASB 74 and 75.

BUCKS COUNTY WATER AND SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability, Beginning of Year	$ 4,970,544	$ 4,587,491	$ 5,390,233	$ 4,938,879	$ 6,229,147	$ 5,954,895	$ 5,857,086	$ 3,252,239
Service Cost	303,972	246,687	314,900	299,905	303,066	335,252	360,266	184,266
Interest	275,964	218,579	271,473	254,649	242,744	305,349	288,149	132,380
Changes in Benefit Terms	-	343,787	-	-	-	-	-	2,542,211
Differences between expected and actual experience	(82,893)	(323,382)	(94,820)	111,479	(1,507,759)	-	43,574	-
Change in Actuarial Assumptions	176,489	69,815	(1,057,802)	-	(10,831)	-	(401,707)	-
Benefit Payments (including premium subsidies)	(210,011)	(172,433)	(236,493)	(214,679)	(317,488)	(366,349)	(192,473)	(254,010)
Other Changes	-	-	-	-	-	-	-	-
Net Changes	463,521	383,053	(802,742)	451,354	(1,290,268)	274,252	97,809	2,604,847
Total OPEB Liability, End of Year	$ 5,434,065	$ 4,970,544	$ 4,587,491	$ 5,390,233	$ 4,938,879	$ 6,229,147	$ 5,954,895	$ 5,857,086
Plan Fiduciary Net Position, Beginning of Year	$ 6,813,441	$ 6,139,987	$ 5,513,615	$ 6,319,741	$ 2,203,136	$ 2,001,097	$ -	$ -
Employer Contributions	493,111	479,833	368,793	214,679	4,343,499	366,349	2,192,473	254,010
Employee Contributions	-	-	-	-	-	-	-	-
Net Investment Income (Loss)	381,663	345,545	516,087	(784,746)	98,801	209,747	1,097	-
Differences between projected and actual earnings	315,459	42,594	-	-	-	-	-	-
Benefit Payments (including contribution refunds)	(210,011)	(172,433)	(236,493)	(214,679)	(317,488)	(366,349)	(192,473)	(254,010)
Administrative Expenses	(31,332)	(22,085)	(22,015)	(21,380)	(8,207)	(7,708)	-	-
Other Changes	-	-	-	-	-	-	-	-
Net Changes	948,890	673,454	626,372	(806,126)	4,116,605	202,039	2,001,097	-
Plan Fiduciary Net Position, End of Year	$ 7,762,331	$ 6,813,441	$ 6,139,987	$ 5,513,615	$ 6,319,741	$ 2,203,136	$ 2,001,097	$ -
Net OPEB Liability (Asset), End of Year	$ (2,328,266)	$ (1,842,897)	$ (1,552,496)	$ (123,382)	$ (1,380,862)	$ 4,026,011	$ 3,953,798	$ 5,857,086
Plan Fiduciary Net Position (Percentage of Total OPEB Libility)	142.85%	137.08%	133.84%	102.29%	127.96%	35.37%	33.60%	0.00%
Covered Payroll	$ 13,455,135	$ 12,814,433	$ 12,674,227	$ 11,594,027	$ 10,326,330	$11,024,371	$10,175,591	$ 9,900,575
Net OPEB Liability, End of Year (Percentage of Payroll)	-17.30%	-14.38%	-12.25%	-1.06%	-13.37%	36.52%	38.86%	59.16%

NOTE: This schedule will show ten years of information once the full ten years is available.

*In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

BUCKS COUNTY WATER AND SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY CONTRIBUTIONS - OPEB

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Employer Contribution (ADEC)	$ 253,471	$ 253,471	$ 322,722	$ 307,402	$ 514,424	$ 699,648	$ 699,648	$ 397,911	$ 397,911	$ 452,893
Contributions Towards the ADEC	493,111	479,833	368,793	214,679	4,343,499	366,349	2,192,473	254,010	160,030	263,313
Contribution Deficiency (Excess)	$ (239,640)	$ (226,362)	$ (46,071)	$ 92,723	$ (3,829,075)	$ 333,299	$ (1,492,825)	$ 143,901	$ 237,881	$ 189,580
Covered Payroll	$ 13,198,866	$ 12,814,433	$ 12,674,227	$ 11,594,027	$ 10,326,330	$ 11,024,371	$ 10,175,591	$ 9,900,575	$ 9,263,162	$ 9,102,930
Contributions as a Percentage of Covered Payroll	3.74%	3.74%	2.91%	1.85%	42.06%	3.32%	21.55%	2.57%	1.73%	2.89%

Notes to Schedule:

Actuarial Valuation Date: December 31, 2024
Methods and Assumptions Used to Determine Contribution Rates:
Actuarial Cost Method: Individual Entry Age Normal as a level percentage of payroll
Amortization Method: Level Dollar Closed
Medical Inflation: Based on the SOA Gentzen Model of Long-Run Medical Cost Trends
Inflation: 3%
Salary Increases: 5%
Investment Rate of Return: 5.5% (including inflation)
Actuarial Value of Assets: Market Value
Mortality Rates based on the Pub-2010 General Headcount-Weighted Mortality Tables with generational projection from 2010 using Scale MP-2021.
Discount Rate: 5.5% based on the expected long-term rate of return on the OPEB fund, as specified in GASB 74 and 75.
Changes in Actuarial Assumptions:
- Participant data was updated as of January 1, 2025.
- Aged claim costs were updated using current data and premium rates.
- The healthcare cost trend assumption was updated based on the most recent SOA Getzen Model and using actual premium rates for 2025.

BUCKS COUNTY WATER AND SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY CONTRIBUTIONS - OPEB

	2025	2024	2023	2022	2021	2020	2019
Money-Weighted Rate of Return	10.07%	6.20%	9.34%	-12.44%	2.20%	10.10%	1.32%

* These schedules are intended to show information for ten years; all applicable information is displayed.