



PERKASIE REGIONAL AUTHORITY

Financial Statements

As of and For the Years Ended
December 31, 2025 and 2024



PERKASIE REGIONAL AUTHORITY

December 31, 2025 and 2024

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Independent Auditors' Report

To the Members of the Board
Perkasie Regional Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Perkasie Regional 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 referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the schedule of changes in the net position liability and related ratios and schedules of contributions on pages 30 and 31 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of operating expenses and schedule of revenues and expenses – budget and actual on pages 33 through 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with GAAS. In our opinion, the schedule of operating expenses and schedule of revenues and expenses – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CBIZ CPAs P.C.

Philadelphia, Pennsylvania

May 21, 2026

PERKASIE REGIONAL AUTHORITY
Management's Discussion and Analysis (Unaudited)
December 31, 2025, 2024 and 2023

Management's Discussion and Analysis (MD&A) is an introduction to the basic financial statements. This section presents management's discussion of the financial activities of Perkasio Regional Authority's ("Authority") for the years ended December 31, 2025, 2024 and 2023. The Management Discussion and Analysis (MD&A) is only a component of the entire financial statement. Readers are encouraged to review all sections of the report, including the notes to the financial statements in addition to this MD&A.

FINANCIAL AND AUTHORITY HIGHLIGHTS

- Awarded a \$3.8 million PENNVEST grant for the updates to Well #4, which includes a loan up to approximately \$668,000. As of December 31, 2025, no amounts have been received.
- Received proceeds, in the amount of \$517,023, from 3M settlement's with various public water systems related to a per-and-polyfluoroalkyl substances (PFAS).
- Net position increased from \$36.4 million in 2024 to \$38.7 million in 2025, or an increase of \$2.3 million (7.2%).
- Liabilities decreased approximately \$1.5 million primarily due to principal payments on water and sewer revenue bonds and a decrease in the pension liability.
- Total operating revenues and expenses increased \$586,000 and \$489,000, respectively or 11%.
- Operating revenues were \$32,000 less than the budget and operating expenses were \$355,000 lower than budgeted, which nets to operating income being \$323,000 in excess of budget.

Overview of the Financial Statements

The Authority is considered a proprietary fund in accordance with governmental accounting standards. Proprietary funds report on business-type activities and the financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

The governing body of the Authority is a Board consisting of five members appointed by Borough Council. The terms of the members of the Board have been staggered so that the term of one member expires annually.

The Authority's basic financial statements comprise the statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and notes to the financial statements.

Statement of Net Position – This statement will provide information that will help the reader determine if the Authority is financially better or worse off because of the year's activity. These statements include all assets and liabilities using historical cost and the accrual method of accounting like that used by private sector companies.

Statement of Revenues, Expenses, and Changes in Net Position – This statement presents the results of business activities during the fiscal year and the amounts by which the net assets changed. All revenues and expenses are considered regardless of when the cash is received or paid.

Statement of Cash Flows – Reports changes in cash and cash equivalents resulting from operational, capital and financing, and investment activities.

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Notes to Financial Statements – The financial statement note disclosures provide the reader with additional information that is essential to a full understanding of the data presented in the financial statements.

Financial Analysis of the Authority

The Authority's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) is a measure of its financial position. Over time, increases or decreases in net position are indicators of whether the Authority's financial position has improved or declined. While this financial analysis is a strong indicator of the Authority's financial position, other non-financial factors need to also be considered, such as new legislation affecting operations, economic conditions and growth.

Condensed Financial Information

The following table is a summary of the Authority's December 31, 2025, Statement of Net Position with comparative information as of December 31, 2024 and 2023.

Summary of Net Position

	2025	2024	2023		2025	2024	2023
Current Assets	\$ 1,650,877	\$ 1,519,336	\$ 2,563,457	Current Liabilities	\$ 118,995	\$ 93,395	\$ 406,198
Property, Plant & Equipment - Net	36,810,207	37,458,902	37,545,046	Current Liabilities From Restr. Assets	1,485,677	1,451,594	1,446,396
Restricted Assets	11,473,610	9,853,305	8,768,002	Long Term Liabilities	10,095,039	11,616,250	13,347,244
Other Assets	273,105	362,806	459,762	Net Positions	38,737,275	36,367,577	34,545,098
Deferred Outflows	466,935	417,492	669,526	Deferred Inflows	237,748	83,025	260,857
Total	\$50,674,734	\$49,611,841	\$50,005,793	Total	\$50,674,734	\$49,611,841	\$50,005,793

Current assets primarily include cash and accounts receivable. The increase in current assets at December 31, 2025 compared to December 31, 2024 relates to the PENNVEST grant receivable of \$171,000. As of December 31, 2023, current assets included a grant receivable of \$1,240,580 which was received in 2024, and therefore no grant receivable as of December 31, 2024.

Property, plant and equipment, net includes the costs of the water and sewer infrastructure. During the year ended December 31, 2025, the Authority incurred costs of approximately \$865,000 related to several new projects to include Wells #4 and #14, and Highland Drive water lining project. During the year ended December 31, 2024, the Authority incurred costs of approximately \$1.7 million related to several new projects. During the year ended December 31, 2023, the Authority incurred costs of approximately \$7 million related to Old Bethlehem Pike water main extension, improvements to the reservoir, additional sewer capacity, and Highland Drive water lining.

Restricted assets include funds held by the Trustee for debt service, capital projects, and operations of the Authority. All amounts are held in money market accounts which are deemed to be cash equivalents. As part of the Authority's Trust Indenture related to its Bonds outstanding, all receipts are pledged to the trustee bank and deposited into these funds. The change year to year is based on the Authority's cash activity. For the year ended December 31, 2025, the Authority generated cash from operating and investing activities of \$3,146,000 and

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\$504,000, respectively, offset by cash used in capital and related financing activities of \$2,040,000. For the year ended December 31, 2024, the Authority generated cash from operating and investing activities of \$2,615,000 and \$549,000, respectively, offset by cash used in capital and related financing activities of \$2,018,000.

Other assets includes the water and sewer assessment receivables (i.e., tapping fees), the Authority's lease receivable and the net pension asset. The majority of the water and sewer assessment outstanding will be paid once the related property is sold. The assessment balance decreased \$136,000 as of December 31, 2025. The actuarial calculation of the pension activity created an asset of \$70,000 as of December 31, 2025 as opposed to a liability of \$77,000 at December 31, 2024. Based on amortization of the lease receivable, the lease receivable decreased \$24,000 as of December 31, 2025.

Deferred outflows of resources includes amounts related to the Authority's defined benefit pension plan and deferred amount from refunding of its 2011 bonds. The deferred amount is amortized ratably over the life of the 2019 Revenue Bonds (approximately \$29,000 per year). The change in the pension plan varies year to year based on the performance of the plan. As of December 31, 2025 and 2024, there was an increase of \$78,000 and a decrease of (\$226,000), respectively, in deferred outflows related to the pension of \$226,000 primarily due to differences between projected and actual earnings on pension plan investments plus contributions made subsequent to the valuation date of the pension plan.

Current liabilities primarily consist of accounts payable and accrued liabilities for capital projects. As of December 31, 2025, current liabilities increased due to costs for capital projects. As of December 31, 2024, current liabilities decreased \$301,000 due to a decrease in accrued liabilities on capital projects.

Long-term liabilities consist of the Authority's 2019 Water and Sewer Revenue Bonds and a 2023 Water and Sewer Revenue Note and the Authority's pension liability. Long-term liabilities decreased by \$1,471,000 and \$1,455,000 as of December 31, 2025 and 2024, respectively, due to the principal payments on our Revenue Bonds and Note. The pension liability decreased by \$77,000 and \$226,000 as of December 31, 2025 and 2024, respectively. In 2023, the Authority obtained a water and sewer revenue note of \$2,600,000.

Deferred inflows of resources includes amounts related to the Authority's defined benefit pension plan and lease receivable. The change as of December 31, 2025 and 2024 primarily relates to changes in the projected and actual earnings related to the pension plan.

Condensed Statement of Revenues, Expenses, and Changes in Net Position:

The following table is a summary of the Authority's Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2025 with comparative information for the years ended December 31, 2024 and 2023.

	2025	2024	2023
Operating Revenues:			
Water and Sewer	\$ 5,153,288	\$ 4,931,259	\$ 4,657,170
Other	176,994	251,462	207,460
Tapping Fees	559,246	120,940	617,736
Total Operating Revenues	5,889,528	5,303,661	5,482,366

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	2025	2024	2023
Operating Expenses:			
Water and sewer	1,778,727	1,475,529	1,546,926
Professional Fees	117,502	152,939	123,725
General and Administrative	965,524	842,078	993,436
Depreciation	1,539,274	1,449,396	1,351,993
Total Operating Expenses	4,401,027	3,919,942	4,016,080
Operating income	1,488,501	1,383,719	1,466,286
Total Nonoperating Income (Expense)	881,197	438,760	4,012,530
Change in Net Position	\$ 2,369,698	\$ 1,822,479	\$ 5,478,816

For the years ended December 31, 2025 and 2024, water and sewer revenue have increased by approximately 5% and 6%, respectively. For the years ended December 31, 2025, 2024 and 2023, there were rate increases of 4.7%, 6.6%, and 1.4%, respectively.

The Authority's rate base has remained stable partly due to the mix of customers with the customer base being predominantly residential with only a small amount of commercial and industrial users. The breakdown is as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Residential, including multi-family	95.3%	94.5%	94.4%
Commercial, including mixed uses	3.6%	3.6%	3.7%
Industrial, Institutional, Public	1.1%	1.9%	1.9%

Other Revenues are derived from fees and charges not directly related to metered water and sewer sales. These include fees for account certifications and delinquent notification fees as well as the sewer truck services. For the year ended December 31, 2025, other revenue decreased by \$74,000 over the prior year. For the year ended December 31, 2024, other revenue increased by \$44,000 over the prior year.

Tapping fees are not budgeted and vary based on the amount of new construction and developments. For the years ended December 31, 2025 and 2024, tapping fees increased (decreased) by \$438,000 and (\$497,000), respectively.

For the year ended December 31, 2025, water and sewer expenses increased \$244,000 due to increases in maintenance and repairs (\$131,000), salaries (\$58,000), sewage treatment fees (\$35,000), and utility costs (\$20,000). For the year ended December 31, 2024, water and sewer expenses decreased \$71,000 primarily due to a decrease in maintenance and repairs (\$65,000), a decrease in materials and supplies (\$35,000), offset by an increase in sewage treatment expense (\$20,000).

Professional fees decreased \$35,000 for the year ended December 31, 2025 due to decreases in the hydrogeologist and consulting engineer. Professional fees increased by \$29,000 for the year ended December 31, 2024 due to the uniform guidance audit we were required to perform for our grant and due to increased hydrogeologist fees.

General and administrative costs represent administration employee compensation and benefits including medical benefits, billing supplies, communication, education, trustee's fees and insurance. For the year ended December

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31, 2025, general and administrative costs increased \$123,000 primarily due to an increase in pension expense of \$50,000 and increase in repairs and maintenance totaling \$62,000. For the year ended December 31, 2024, general and administrative costs decreased \$151,000 due to a decrease in pension expense of \$198,000, offset by an increase in office payroll of \$59,000.

Nonoperating income (expense) includes investment income, lease income, capital contributions, debt issue costs and interest expense on long-term debt.

Investment earnings decreased \$50,000 for the year ended December 31, 2025 and increased \$7,000 for the year ended December 31, 2024.

Lease income is generated from excess commercial, industrial and rental properties leased by the Authority. The Authority leases space on its water tank to cell phone companies as well as office space at the main office. Lease income remained relatively the same for the years ended December 31, 2025 and 2024.

Capital contributions include property dedications to the Authority where developers contribute the easements and water and sewer lines back to the Authority, which are recorded at fair value and for any capital related grants. During the years ended December 31, 2025 and 2024, the Authority recognized grant income of \$171,000 and \$255,000, respectively.

The Authority received settlement proceeds totaling \$517,000 from 3M's settlement with various public water systems related to a per-and-polyfluoroalkyl substances (PFAS).

Debt issue costs arise from costs incurred on new debt and are expensed when incurred. During the years ended December 31, 2025 and 2024, the Authority did not incur any debt issue costs. For the year ended December 31, 2023, the Authority incurred \$81,000 of costs in connection with its Water and Sewer Revenue Note, Series 2023.

Interest expense on long-term debt decreased by \$17,000 and \$20,000 for the years ended December 31, 2025 and 2024, respectively, due to principal payments on its debt.

Future Plans

The Authority realizes that in order to remain viable and keep rates stable it must grow and add to its customer base. To that end, the Board has initiated capital projects to extend facilities further into West Rockhill Township over the past couple of years with the hope of spurring development in the Township. The Authority has had several iterations of development proposals for this area over the last several years and it seems some development in this area is on the near horizon.

The primary growth in the Authority's service area is expected to be residential; however, both the agreements with East and West Rockhill contain both new areas and areas that can be redeveloped in commercially zoned areas.

In the ever-changing world of water regulations, the PFAS regulations will have the biggest impact to the Authority. While the Authority is below the current Pennsylvania thresholds for these chemicals, the Authority may not be so lucky with future regulations. The Authority will also be looking to apply for PENNVEST funding at another source (Well #7) in 2026 to install a PFAS treatment system. In addition, the Authority is also looking to develop a new water source that is anticipated to supply a significant amount of water and be operational by 2027 or 2028.

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Management's Discussion and Analysis (Unaudited)
December 31, 2025, 2024 and 2023

Contacting the Authority

We have prepared the MD&A in a manner we hope you find useful. Keep in mind, this entire report is a financial overview designed to give our customers and creditors a general understanding of how the Authority conducts business and accounts for the money it receives. Should you have questions regarding these statements, please contact our office by phone at (215) 257-3654, by e-mailing us at info@perkasieauthority.org, by visiting our website at www.perkasieauthority.org or by writing Perkasie Regional Authority, 150 Ridge Rd. Sellersville, PA 18960.

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Statements of Net Position

December 31, 2025 and 2024

	2025	2024
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 403,141	\$ 414,578
Accounts receivable	963,296	932,210
Grant receivable	170,990	-
Supply inventory	59,141	59,141
Due from Pennridge Wastewater Treatment Authority	54,309	113,407
Total current assets	1,650,877	1,519,336
Noncurrent assets:		
Restricted cash and cash equivalents	11,473,610	9,853,305
Net pension asset	70,319	-
Assessments receivable	148,610	284,484
Lease receivable	54,176	78,322
Capital Assets:		
Non-Depreciable		
Land	790,410	790,410
Construction in progress	1,253,164	1,174,781
Depreciable		
Property, plant and equipment	64,531,689	63,807,356
Purchased wastewater treatment capacity	3,698,892	3,611,029
Accumulated depreciation	(33,463,948)	(31,924,674)
Net Capital Assets	36,810,207	37,458,902
Total noncurrent assets	48,556,922	47,675,013
Total assets	50,207,799	49,194,349
Deferred outflows of resources:		
Deferred amounts from refunding, net of amortization of \$287,988 and \$259,388, respectively	173,977	202,577
Deferred outflows - pension	292,958	214,915
Total deferred outflows	466,935	417,492
Total assets and deferred outflows	\$ 50,674,734	\$ 49,611,841

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

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Statements of Net Position, Continued

December 31, 2025 and 2024

	2025	2024
<u>LIABILITIES & NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 118,995	\$ 93,395
Total current liabilities	118,995	93,395
Current liabilities (payable from restricted cash):		
Water and sewer revenue bonds - current portion	1,310,000	1,255,000
Water and sewer revenue note - current portion	5,000	5,000
Accrued interest	170,677	191,594
Total current liabilities (payable from restricted cash)	1,485,677	1,451,594
Total current liabilities	1,604,672	1,544,989
Long-term liabilities:		
Escrow liabilities	47,437	45,012
Net pension liability	-	76,702
Water and sewer revenue note, net of current portion	2,585,000	2,590,000
Water and sewer revenue bonds, net of current portion	7,462,602	8,904,536
Total long-term liabilities	10,095,039	11,616,250
Total liabilities	11,699,711	13,161,239
Deferred inflows of resources:		
Deferred inflows - pension	183,572	4,703
Deferred inflows - lease receivable	54,176	78,322
Total deferred inflows	237,748	83,025
Net position:		
Net investments in capital assets	25,618,595	24,704,366
Restricted for debt service	7,843,671	6,502,370
Restricted for capital projects	3,459,262	3,159,341
Unrestricted	1,815,747	2,001,500
Total net position	38,737,275	36,367,577
Total liabilities, deferred inflows and net position	\$ 50,674,734	\$ 49,611,841

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

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Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	2025	2024
Revenues:		
Sewer service charges	\$ 2,529,152	\$ 2,412,170
Water sales	2,624,136	2,519,089
Tapping fees and assessments	559,246	120,940
Other revenue	176,994	251,462
Total revenues	5,889,528	5,303,661
Expenses:		
Sewer service	1,005,927	859,608
Water service	772,800	615,921
Professional fees	117,502	152,939
General and administrative	965,524	842,078
Depreciation	1,539,274	1,449,396
Total expenses	4,401,027	3,919,942
Operating income	1,488,501	1,383,719
Nonoperating income (expense):		
Investment earnings	397,448	447,573
Lease income	106,123	101,246
Other income	517,023	-
Interest expense	(310,387)	(364,789)
Net nonoperating income (expense)	710,207	184,030
Income before capital contributions	2,198,708	1,567,749
Capital contributions - grant	170,990	254,730
Increase in net position	2,369,698	1,822,479
Net position at beginning of year	36,367,577	34,545,098
Net position at end of year	\$ 38,737,275	\$ 36,367,577

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

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Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash receipts from customers	\$ 5,229,776	\$ 4,968,495
Other operating cash receipts	764,540	280,713
Cash payments to employees for services	(1,095,981)	(1,008,669)
Cash payments to vendors for goods and services	(1,752,682)	(1,625,796)
Net cash provided by operating activities	3,145,653	2,614,743
Cash flows from capital and related financing activities:		
Additions to capital assets	(865,166)	(1,664,674)
Grant proceeds	-	1,495,310
Proceeds from 3M settlement	517,023	-
Developer escrow activity, net	2,425	(100,923)
Principal payments on long term debt	(1,260,000)	(1,210,000)
Principal payments on finance leases	-	(23,649)
Interest paid	(434,638)	(513,588)
Net cash used in capital and related financing activities	(2,040,356)	(2,017,524)
Cash flows from investing activities:		
Investment earnings	397,448	447,573
Proceeds from rental income	106,123	101,246
Net cash provided by investing activities	503,571	548,819
Net increase in cash and cash equivalents	1,608,868	1,146,038
Cash and cash equivalents - beginning	10,267,883	9,121,845
Cash and cash equivalents - ending	\$ 11,876,751	\$ 10,267,883
Reconciliation of cash and cash equivalents:		
Cash - unrestricted	\$ 403,141	\$ 414,578
Cash - restricted	11,473,610	9,853,305
	\$ 11,876,751	\$ 10,267,883
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,488,501	\$ 1,383,719
Adjustment for noncash charges to operations:		
Depreciation	1,539,274	1,449,396
Changes in assets and liabilities:		
Accounts receivable	(31,086)	(67,477)
Assessments receivable	135,874	13,024
Due from Pennridge Wastewater Treatment Authority	59,098	(68,247)
Net pension asset and liability and deferred inflows and outflows	(46,195)	(94,292)
Accounts payable and accrued payroll	187	(1,380)
Net cash provided by operating activities	\$ 3,145,653	\$ 2,614,743
Supplemental Disclosure of Noncash Investing and Financing Transactions		
Acquisition of property, plant and equipment included in accrued liabilities	\$ 43,204	\$ 17,791

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

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Notes to Financial Statements

December 31, 2025 and 2024

NOTE 1 - DESCRIPTION OF OPERATIONS

The Perkasio Regional Authority ("Authority") is a body, politic and corporate, created under the Pennsylvania Municipality Authorities Act 53 Pa.C.S. §§ 5601-5622, as amended ("Act") pursuant to an ordinance enacted by the Council of the Borough of Perkasio, Bucks County, Pennsylvania ("Borough"), for the purpose of owning, operating, and maintaining water and sewer systems within the Borough and surrounding areas for which it is authorized to serve. The certificate of incorporation of the Authority was issued by the Secretary of the Commonwealth of Pennsylvania on April 28, 1955.

The governing body of the Authority is a Board consisting of five members appointed by Borough Council. The terms of the members of the Board have been staggered so that the term of one member expires annually. The Board is authorized to exercise any and all powers conferred by the aforementioned Act necessary for the acquisition, construction, improvement, extension, maintenance and operation of the system facilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The financial reporting entity consists of the primary government and organizations for which it is financially accountable. In determining financial accountability, consideration is given to financial interdependency, selection of governing body, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Based on the foregoing criteria, the Authority is not a component unit of any primary government. In addition, there are no component units to be included in the Authority's financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they are earned. Expenses are recorded at the time liabilities are incurred regardless of the timing of the related cash flows.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

USE OF ESTIMATES

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

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TRUST INDENTURE AND RESTRICTED ASSETS

The Authority entered into a Trust Indenture, dated as of April 1, 1994 (the "Original Indenture"), as supplemented by ten Supplemental Trust Indentures, the most recent dated November 6, 2019, with U.S. Bank National Association as Trustee in connection with the issuance of its Water and Sewer Revenue Bonds, Series of 2019. The aforementioned Trust Indenture provides for the creation of the following funds:

- a) Revenue Fund for deposit of all revenues and receipts arising from the operation of the water and sewer system and any income derived from investments in any other Fund under the Indenture with the exception of the Construction Fund;
- b) Bond Fund into which revenues are to be transferred from the Revenue Fund for payment of interest and principal on the bonds as they become due;
- c) Construction Fund for the payment of costs of each project involving construction for which bonds are issued;
- d) Bond Redemption and Improvement Fund for funding (1) any deficiencies which may occur in the Bond or Bond Reserve Funds, (2) capital repairs, additions or contributions, and (3) bond redemptions.

The above-captioned funds are reported in the Statements of Net Position under the caption restricted cash and cash equivalents.

CASH AND CASH EQUIVALENTS

The Authority considers money market funds, including money market funds held in the Trust funds, and all highly liquid investments with an original maturity date of ninety days or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

REVENUE AND ACCOUNTS RECEIVABLE

Customers are billed for water and sewer in arrears based on actual water consumption. The Authority includes all customers in one of three cycles in which each cycle is billed on a staggered quarterly basis. As a result, revenues earned for services provided, but not billed, encompassing the period from October 1 through December 31, are accrued on a pro rata basis at the end of the calendar year and included in accounts receivable in the statements of net position. The Authority believes all accounts receivable are fully collectible. Accordingly, no provision for bad debt has been established. The Authority's policy is to either file a lien against the property or shut-off the water to the property for any uncollectible account which results in the collection of all accounts receivable.

SUPPLY INVENTORY

The Authority maintains an inventory of supplies in use for emergencies.

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Property, plant and equipment that have an estimated useful life in excess of one year are carried at historical cost if purchased or constructed. Donated assets are recorded at estimated fair value at the date of donation. Interest incurred during the construction phase of capital assets is included as part of the capitalized cost of constructed assets. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which range from 5 to 40 years. Normal maintenance and repairs are charged to expense as incurred, major renewals or betterments, which extend the life or increase the value of assets, are capitalized. Construction in Progress represents costs incurred by the Authority for in-process activities designed to expand, replace, or extend useful lives of existing property and equipment.

The Authority continually evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of its long-lived assets or whether the remaining balance of its long-lived assets should be evaluated for possible impairment. If and when such factors, events or circumstances indicate that long-lived assets should be evaluated for possible impairment, the Authority will determine the fair value of the asset by making an estimate of expected future cash flows over the remaining lives of the respective assets and compare that fair value with the carrying value of the assets in measuring their recoverability. There were no impairment losses recognized during the years ended December 31, 2025 and 2024.

DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

Deferred outflows of resources are defined as a consumption of net assets by the Authority that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the Authority that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities. The deferred outflows of resources in the Authority's financial statements include a deferred amount arising from the refunding of the 2011 and 2011A bond issues. The deferred refunding amount is being amortized over the life of the refunding bonds as part of interest expense. For the years ended December 31, 2025 and 2024, the Authority recorded amortization of \$28,600, which was reported as interest expense in the statement of revenues, expenses and changes in net position. Additionally, the Authority's reports deferred outflows of resources for contributions to its pension plan after the measurement date. The Authority's reports deferred inflows of resources related to its pension plan and related to its lease receivable (See Notes 8 and 9).

PENSION PLAN

GASB No. 68 requires the Authority to recognize a net pension liability for the difference between the present value of projected benefits for past services, known as the Total Pension Liability (TPL), and the restricted resources held in trust for the payment of pension benefits. For purposes of measuring the net position liability, deferred outflows or resources, deferred inflows of resources, and pension expense, information about the net pension liability and additions to and deductions from the net pension liability have been determined on the same basis as reported by Pennsylvania Municipal Retirement System ("PMRS"). See Note 9 for further information regarding the pension plan.

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPERATING REVENUES AND EXPENSES

Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations, which is the sale of water and treatment of wastewater for its customers. Operating expenses include the cost of services, professional and administrative expenses, and depreciation on capital assets. All other revenues and expenses not meeting the aforementioned criteria are reported as non-operating revenues and expenses and are included under capital and related financing and investing activities in the Statement of Cash Flows.

NET POSITION

Net position represent the difference between the Authority's assets and deferred outflows and liabilities and deferred inflows. Net Investments in Capital Assets represent capital assets, reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted for Debt Service is comprised of certain funds restricted under the Trust Indenture for payment of debt service on bonds. Restricted for Capital Projects represents funds restricted for future capital projects in accordance with the Trust Indenture. Unrestricted Net Position consist of net assets that do not meet the definition of "restricted" or "net investments in capital assets."

NOTE 3 - DEPOSITS AND INVESTMENTS

DEPOSITS

The Authority maintains its cash balances at one financial institution. The cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor per institution. State law requires that all public deposits in financial institutions in excess of federal insurance limits be fully collateralized by obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Pennsylvania Act 72 of 1971, as amended, permits banking institutions to satisfy this collateralization requirement by pooling securities pledged as collateral for public funds on deposit. At December 31, 2025 and 2024, cash balances maintained at the financial institution were fully covered by the FDIC. Restricted cash is held by the trustee in money market accounts which are not covered by the FDIC or Pennsylvania Act 72. Amounts maintained in money market accounts totaled \$11,175,396 and \$9,577,630 at December 31, 2025 and 2024, respectively, and were not insured. The Authority has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

INVESTMENTS

State statutes and the Trust Indenture authorize the Authority to invest in (1) obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; (2) obligations of the Commonwealth of Pennsylvania or its political subdivisions; (3) accounts insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund; (4) shares of an investment company whose shares are registered under the Securities Act of 1933 which invests only in obligations described in (1) through (3) above; and (5) obligations of certain nonguaranteed federal agencies.

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

CUSTODIAL CREDIT RISK

Deposit custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. Investment custodial credit is the risk that the counterparty to an investment transaction will fail and the Authority will not recover the value of the investment or collateral securities that are in the possession of an outside party. The Authority does not have a formal investment policy that addresses interest rate, credit, and custodial credit risk. All investment accounts are maintained by one institution.

NOTE 4 - ASSESSMENTS RECEIVABLE

The Authority currently pays one-third of the project cost of extending water and sewer systems to furnish service to customers and assesses the remaining balance to the property owners. The assessments are payable over five years, with a 20% down payment in year one, and 20% due in each of the next four years plus an interest rate of 5% per annum on the outstanding balance. Some of the residents who owe the Authority for water and sewer assessments have financial hardships and cannot pay in accordance with the Authority's terms. In those instances, the Authority secures its interest by filing a lien on the property. Amounts due from property owners for water and sewer assessments totaled \$148,610 and \$284,484 as of December 31, 2025 and 2024, respectively. As of December 31, 2025, \$55,142 of the remaining balance is expected to be paid when the related property is sold.

NOTE 5 - CAPITAL ASSETS

Property, plant, and equipment at December 31, 2025 and 2024 and related accumulated depreciation and depreciation expense for the years then ended follow:

<u>2025</u>	Beginning	Increases	Decreases	Ending
Non-Depreciable				
Land	\$ 790,410	\$ -	\$ -	\$ 790,410
Construction in Progress	1,174,781	852,592	(774,209)	1,253,164
Subtotal	1,965,191	852,592	(774,209)	2,043,574
Depreciable				
Building	6,312,821	37,987	-	6,350,808
Water System	39,148,386	598,416	-	39,746,802
Sewer System	17,647,970	87,930	-	17,735,900
Furniture and Equipment	359,507	-	-	359,507
Vehicles	338,672	-	-	338,672
Purchased Wastewater Treatment Capacity	3,611,029	87,863	-	3,698,892
Subtotal	67,418,385	812,196	-	68,230,581
Total	\$ 69,383,576	\$ 1,664,788	\$ (774,209)	\$ 70,274,155

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Accumulated Depreciation

	Beginning	Increases	Decreases	Ending
Building	\$ 1,749,391	\$ 162,187	\$ -	\$ 1,911,578
Water System	16,463,219	919,094	-	17,382,313
Sewer System	11,412,088	346,877	-	11,758,965
Furniture and Equipment	315,843	5,320	-	321,163
Vehicles	321,418	14,718	-	336,136
Purchased Wastewater Treatment Capacity	1,662,715	91,078	-	1,753,793
Total	\$ 31,924,674	\$ 1,539,274	\$ -	\$ 33,463,948
Net	\$ 37,458,902			\$ 36,810,207

2024

	Beginning	Increases	Decreases	Ending
Non-Depreciable				
Land	\$ 790,410	\$ -	\$ -	\$ 790,410
Construction in Progress	6,835,476	402,069	(6,062,764)	1,174,781
Subtotal	7,625,886	402,069	(6,062,764)	1,965,191
Depreciable				
Building	6,312,821	-	-	6,312,821
Water System	32,439,518	6,708,868	-	39,148,386
Sewer System	17,647,970	-	-	17,647,970
Furniture and Equipment	352,907	6,600	-	359,507
Vehicles	338,672	-	-	338,672
Purchased Wastewater Treatment Capacity	3,302,550	308,479	-	3,611,029
Subtotal	60,394,438	7,023,947	-	67,418,385
Total	\$ 68,020,324	\$ 7,426,016	\$ (6,062,764)	\$ 69,383,576

Accumulated Depreciation

	Beginning	Increases	Decreases	Ending
Building	\$ 1,588,323	\$ 161,068	\$ -	\$ 1,749,391
Water System	15,659,047	804,172	-	16,463,219
Sewer System	11,047,008	365,080	-	11,412,088
Furniture and Equipment	310,630	5,213	-	315,843
Vehicles	300,105	21,313	-	321,418
Purchased Wastewater Treatment Capacity	1,570,165	92,550	-	1,662,715
Total	\$ 30,475,278	\$ 1,449,396	\$ -	\$ 31,924,674
Net	\$ 37,545,046			\$ 37,458,902

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 6 - SEWAGE TREATMENT SERVICES

The Authority joined with several other municipalities in 1973 to form the Pennridge Wastewater Treatment Authority (“PWTA”). PWTA provides sewage treatment services to all or portions of the member municipalities and the area served by the Authority. PWTA’s normal operating costs are assessed among the participants based upon their proportionate share of equivalent dwelling units. PWTA’s charges to the Authority for treatment operating costs are expensed as incurred and totaled \$810,394 and \$775,376 for the years ended December 31, 2025 and 2024, respectively. Amounts due from PWTA for advances in excess of actual expenses totaled \$54,309 and \$113,407 at December 31, 2025 and 2024, respectively.

Capital construction and plant upgrade costs are assessed based upon the percentages of plant capacity attributed to each member. The Authority’s payments to PWTA for capital construction and plant upgrades, as summarized in Note 5, are capitalized as purchased wastewater treatment capacity and depreciated over a period of 40 years.

NOTE 7 - LONG-TERM DEBT

On November 6, 2019, the Authority issued Water and Sewer Revenue Bonds, Series 2019, in the amount of \$12,755,000 with an average interest rate of 3.69% to advance refund \$8,460,000 of outstanding Water and Sewer Revenue Bonds, Series 2014 and to pay off the outstanding balance of \$7,514,000 on a term loan. Principal payments on bond issues are made annually on February 1st. Interest is paid semiannually on February 1st and August 1st of each year. The bonds are secured by all revenues of the Authority.

As part of the issuance, the Authority received a bond premium of \$1,616,195 which is being amortized on a straight-line basis over the life of the bond issue and recorded to interest expense. The straight-line method is not materially difference from the effective interest method.

The Amended and Restated Trust Indenture related to the bond issue contains a default provision that requires the Authority to meet a certain rate covenant. See Note 10 for the explanation and calculation of the rate covenant.

On April 4, 2023, the Authority entered into a ten-year Water and Sewer Revenue Note, Series of 2023, in the amount of \$2,600,000 with a fixed interest rate of 3.5% to finance the costs of a reservoir project and other capital projects. Principal payments on the Note are made annually on February 1st. Interest is paid semiannually on February 1st and August 1st of each year. The note is secured by all revenues of the Authority.

A summary of long term debt activity for the year ended December 31, 2025 and amounts due at December 31, 2025 follow:

	December 31, 2024	Additions	Reductions	December 31, 2025	Amounts Due Within One Year
Bonds, Series 2019	\$ 9,225,000	\$ -	\$ (1,255,000)	\$ 7,970,000	\$ 1,310,000
Note, Series 2023	2,595,000	-	(5,000)	2,590,000	5,000
Bond Premium	934,536	-	(131,934)	802,602	-
Grand Total	\$ 12,754,536	\$ -	\$ (1,391,934)	\$ 11,362,602	\$ 1,315,000

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Interest expense on long term debt amounted to \$413,721 and \$470,355 for the years ended December 31, 2025 and 2024, respectively. Amortization of the bond premium amounted to \$131,934 for each of the years ended December 31, 2025 and 2024, which was reported as interest expense in the statement of revenues, expenses and changes in net position.

Scheduled future principal and interest maturities with respect to long-term debt at December 31, 2025, follow:

Year	Bond Principal	Notes Payable	Total Long- Term Debt	Interest	Total Debt Service Requirement
2026	1,310,000	5,000	1,315,000	383,163	1,698,163
2027	1,360,000	5,000	1,365,000	329,588	1,694,588
2028	1,415,000	5,000	1,420,000	273,913	1,693,913
2029	1,475,000	5,000	1,480,000	215,938	1,695,938
2030	1,060,000	479,000	1,539,000	156,768	1,695,768
2031-2033	1,350,000	2,091,000	3,441,000	137,988	3,578,988
Total	<u>\$ 7,970,000</u>	<u>\$ 2,590,000</u>	<u>\$ 10,560,000</u>	<u>\$ 1,497,358</u>	<u>\$ 12,057,358</u>

NOTE 8 - LEASES

The Authority has entered into a sublease of its office space as well a lease of its tank site for cell service, as a lessor. The leases have various terms expiring between May 31, 2026 and December 3, 2027. The lessees are required to make monthly fixed payments ranging from \$2,274 to \$5,710 with minimal escalation clauses and options to extend the lease term. The lease receivable was discounted using the Authority's effective borrowing rate of 3.5%. For the years ended December 31, 2025 and 2024, the Authority recognized lease revenue of \$106,123 and \$101,246, respectively.

As of December 31, 2025 and 2024, the lease receivable and deferred inflows amounted to \$54,176 and \$78,322, respectively.

A summary of the future expected lease rental payments and interest for the next two years follows:

Year Ending December 31	Future Rents
2026	55,834
2027	25,009
Subtotal	<u>80,843</u>
Interest	<u>(26,667)</u>
Net Lease Receivable	<u>\$ 54,176</u>

NOTE 9 - RETIREMENT PLAN

The Authority offers a defined benefit to its employees by participating in PMRS, an agent multiple-employer public employees' retirement system administered by the Pennsylvania Municipal Retirement Board. PMRS acts as a common investment and administrative agent for participating municipal pension plans. The agent maintains each municipality's accounts separately with that municipality's contributions and related employees' contributions.

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 9 - RETIREMENT PLAN (CONTINUED)

The assets may only be used for payment of benefits to members of the plan. PMRS issues a separate publicly available Comprehensive Annual Financial Report, which can be obtained by contacting the PMRS accounting office at 1010 N 7th Street, Suite 301, Harrisburg, PA 17102-1400. The plan's coverage and benefit provisions are summarized below:

CONTRIBUTIONS

An Actuarially Determined Contribution is a contribution amount determined in accordance with Actuarial Standards of Practice. The Actuarially Determined Contribution provided is based upon the plan's minimum municipal obligation (MMO) as defined in Pennsylvania Act 205 of 1984 ("Act 205"). The MMO is based upon the plan's biennial actuarial valuation. Any funding requirements established by the MMO in excess of required employee contributions must be paid by the municipality in accordance with Act 205.

The MMO for the years ended December 31, 2025 and 2024 amounted to \$117,988 and \$115,625, respectively. Authority employees are required to contribute 3% of compensation. Any member who terminates service prior to eligibility for vesting or retirement benefits shall receive all amounts contributed in a lump-sum amount, plus interest which is credited at an annual rate of 6.0%.

BENEFITS

All full time employees are covered under the retirement plan. Employees are 100 % vested in their contributions immediately and fully vest in employer contributions after five years of service. Normal retirement age is 60 years old and five years of service. The Retirement benefit is equal to 2% of final salary multiplied by total years of credited service, not to exceed 40% of final salary. Final salary is the average annual compensation paid during the member's highest five consecutive years of employment, not to exceed 75% of the participant's final salary. Members who separate from employment upon attainment of age 55 and with 15 years of credited service are entitled to a reduced benefit.

PLAN MEMBERS COVERED BY BENEFIT TERMS

The agent maintains each municipality's accounts separately with that municipality's contributions and related employees' contributions. The assets may only be used for payment of benefits to members of the plan. As of January 1, 2025 (the last actuarial valuation date), the number of active participants, deferred vested participants, and participants currently receiving a benefit from the plan is summarized below:

For the year ending December 31,	2025	2024
Inactive employees or beneficiaries currently receiving benefits	12	11
Inactive employees entitled to, but not yet receiving benefits	2	3
Active employees	9	8
Total participant count	23	22

The net pension liability (asset) at December 31, 2025 and 2024 was measured as of December 31, 2024 and 2023, respectively, and the total pension liability (asset) used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2025 and 2023, respectively. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating component units, actuarially determined.

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 9 - RETIREMENT PLAN (CONTINUED)

EXPECTED RATE OF RETURN

The PMRS System's long-term expected rate of return was determined using a building block method in which best estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole and at different levels of probability or confidence. There are four steps to the method:

- 1) Expected future real rates of return are based primarily on the 20 year historic nominal rates of return as reflected by applicable return indexes and may be adjusted for specific asset classes if, in the Board's opinion, any such asset classes are expected in the future to significantly vary from its 20 year historical returns. These nominal rates of return further assume that investment expenses will be offset by the additional return performance derived from active investment management.
- 2) The nominal rates of return by asset class are adjusted by a constant rate of expected future annual inflation rate of 2.8% to produce real rates of return.
- 3) The real rates of return are further adjusted by weighting each asset class using the PMRS portfolio target asset allocations. The results from steps 1 through 3 are shown in the chart below labeled "System Nominal and Real Rates of Return by Asset Class."
- 4) These weighted real rates of return are then subjected to a probability simulation to understand the likelihood of success in achieving various portfolio return levels. Based on the most recent asset allocation study conducted by Dahab Associates, the minimum acceptable confidence level for the Board has been determined to be 70%. The chart below identifies simulated portfolio returns at various confidence levels.

For the years ended December 31, 2025 and 2024, the target allocation and best estimates of real rates of return for each asset class are summarized in the following table:

<u>2025</u>		Nominal	Long-term	
	Asset Class	Target Allocation	Rate of Return	Expected Real Rate of Return
	Domestic Equities (large, capitalized firms)	24.5%	7.4%	4.9%
	Domestic Equities (small, capitalized firms)	8%	8.3%	5.8%
	International Equities (internationally developed markets)	14.5%	8.0%	5.5%
	International Equities (emerging markets)	3%	8.4%	5.9%
	Global Equities	5%	6.4%	4.0%
	Real Estate	10%	6.4%	3.9%
	Timber	5%	5.6%	3.1%
	Fixed Income (Core Investment Grade)	24%	5.0%	2.5%
	Fixed Income (Opportunistic Credit)	5%	6.9%	4.4%
	Cash	1%	3.1%	0.6%
	Total Portfolio	100%	7.3%	4.8%

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 9 - RETIREMENT PLAN (CONTINUED)

EXPECTED RATE OF RETURN (CONTINUED)

<u>2024</u>	Target	Nominal	Long-term
Asset Class	Allocation	Rate of	Expected Real
		Return	Rate of Return
Domestic Equities (large, capitalized firms)	24.5%	7.4%	4.9%
Domestic Equities (small, capitalized firms)	8%	8.3%	5.8%
International Equities (internationally developed markets)	14.5%	7.7%	5.2%
International Equities (emerging markets)	3%	8.4%	5.9%
Global Equities	5%	6.6%	4.1%
Real Estate	10%	6.4%	3.9%
Timber	5%	5.8%	3.3%
Fixed Income (Core Investment Grade)	24%	5.0%	2.5%
Fixed Income (Opportunistic Credit)	5%	7.0%	4.5%
Cash	1%	3.4%	0.9%
Total Portfolio	100%	7.3%	4.8%

ACTUARIAL ASSUMPTIONS

For the years ended December 31, 2025 and 2024, the Authority’s total pension liability was determined by an actuarial valuation, using the following actuarial assumptions applied to the period included in the measurement:

Actuarial Cost Method:	Entry Age
Amortization Period:	Level dollar based upon the amortization periods in Act 205
Asset Valuation Method:	Based upon municipal reserves
Discount Rate:	5.25%
Inflation Rate:	2.2%
Salary Increases:	Age related scale with merit and inflation component
COLA Increases:	2.2% for those eligible for a COLA
Pre-Retirement Mortality:	Males – PUB-2010 General Employees male table Females – PUB-2010 General Employees female table
Post-Retirement Mortality:	Males – RP-2006 annuitant male table Females – RP-2006 annuitant female table

DISCOUNT RATE

The discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used to determine the discount rate assumes that the employees will continue to contribute at the current rates and the employers will continue the historical and legally required practice of contributing to the Plan based on an Actuarially Determined Contribution, reflecting a payment equal to annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level dollar amount over a closed period.

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 9 - RETIREMENT PLAN (CONTINUED)

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension (asset) / liability of the Authority, calculated using the discount rate of 5.25%, as well as what the Authority's net pension (asset) / 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:

2025	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Net pension liability / (asset)	\$ 413,087	\$ (70,319)	\$ (477,714)
2024	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Net pension liability / (asset)	\$ 531,559	\$ 76,702	\$ (306,912)

CHANGES IN NET PENSION ASSET

Changes in the net pension liability for the years ended December 31, 2025 and 2024 are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) – (b)
Balance at December 31, 2024	\$3,709,234	\$3,632,532	\$76,702
Changes for the year:			
Service cost	127,887	-	127,887
Interest	196,541	-	196,541
Changes of assumptions	(113,173)	-	(113,173)
Differences between expected and actual experience	218,712	-	218,712
Employer contributions	-	115,185	(115,185)
Employee contributions	-	64,449	(64,449)
Contributions – PMRS assessment	-	460	(460)
Net investment income	-	407,506	(407,506)
Benefit payments	(144,432)	(144,432)	-
Administrative expense	-	(10,612)	10,612
Net change	285,535	(432,556)	(147,021)
Balance at December 31, 2025	\$3,994,769	\$4,065,088	\$(70,319)

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 9 - RETIREMENT PLAN (CONTINUED)

CHANGES IN NET PENSION ASSET (CONTINUED)

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) – (b)
Balance at December 31, 2023	\$3,998,931	\$3,696,171	\$302,760
Changes for the year:			
Service cost	124,487	-	124,487
Interest	199,352	-	199,352
Employer contributions	-	116,341	(116,341)
Employee contributions	-	65,392	(65,392)
Contributions – PMRS assessment	-	460	(460)
Net investment income	-	378,845	(378,845)
Benefit payments	(613,536)	(613,536)	-
Administrative expense	-	(11,141)	11,141
Net change	(289,697)	(63,639)	(226,058)
Balance at December 31, 2024	\$3,709,234	\$3,632,532	\$76,702

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSION

At December 31, 2025 and 2024, the Authority reported deferred outflows and inflows of resources related to its pension plan from the following sources:

December 31, 2025

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 3,136	\$ 174,970
Change in assumptions	90,538	-
Net difference between projected and actual earnings on pension plan investments	89,898	-
	183,572	174,970
Contributions subsequent to measurement date	-	117,988
Total	\$ 183,572	\$ 292,958

December 31, 2024

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 4,703	\$ 32,745
Change in assumptions	-	16,177
Net difference between projected and actual earnings on pension plan investments	-	50,368
	4,703	99,290
Contributions subsequent to measurement date	-	115,625
Total	\$ 4,703	\$ 214,915

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 9 - RETIREMENT PLAN (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSION (CONTINUED)

Deferred inflows and outflows are amortizable over a five-year period, beginning in the year in which the differences occurred and will be recognized annually in pension expense as follows:

Year ending December 31	
2026	4,795
2027	70,877
2028	(60,952)
2029	(23,322)
Total	<u>\$ (8,602)</u>

For the years ended December 31, 2025 and 2024, the Authority's pension expense consisted of the following:

	<u>2025</u>	<u>2024</u>
Change in pension liability	\$ (147,021)	\$ (226,058)
Change in deferred outflows	(75,680)	224,490
Change in deferred inflows	178,869	(93,900)
Employer contributions	115,625	116,821
Pension expense	<u>\$ 71,793</u>	<u>\$ 21,353</u>

NOTE 10 - RATE COVENANT COMPLIANCE

Section 6.02 of the Original and Amended and Restated Trust Indenture requires the Authority to establish water and sewer rates and other charges which, together with any investment income earned on Funds under the Trust Indenture will be sufficient to pay (1) the administrative expenses of the Authority, (2) the expenses of operating, maintaining and repairing the Water and Sewer System, and (3) 110% of the average annual debt service requirements on Water and Sewer Revenue Bonds (but in no event less than the actual debt service requirements of the current fiscal year).

A calculation of the Authority's compliance with the requirement for the years ended December 31, 2025 and 2024 are as follows:

Description	2025	2024
Total pledged revenues	\$ 7,081,112	\$ 6,107,210
Total operating expense (net of depreciation)	<u>2,861,753</u>	<u>2,470,546</u>
Amount available for debt service	4,219,359	3,636,664
Average annual debt service @110%	<u>1,865,156</u>	<u>1,675,856</u>
Pass	<u>\$ 2,354,203</u>	<u>\$ 1,960,808</u>

PERKASIE REGIONAL AUTHORITY

Notes to Financial Statements

December 31, 2025 and 2024

NOTE 11 – PENNVEST GRANT

In March 2025, the Authority obtained a \$3.8M PENNVEST Grant and Loan for treatment related to Well #4. Of the \$3,841,000 to be received, \$3,173,000 is a grant from PENNVEST in which the proceeds do not have to be repaid and the remaining \$668,000 requires 240 monthly payments of approximately \$3,300 consisting of principal and interest of 1.74%. The Authority can make interest only payments up to thirty-months. The loan is secured by the water and sewer revenue of the Authority. The Authority did not submit any reimbursement requests and has not received any funds as of December 31, 2025. Through December 31, 2025, the Authority has incurred \$170,990 of expenses related to this project which are subject to reimbursement under the grant, and accordingly, has recorded a receivable for \$170,990 as of December 31, 2025.

NOTE 12 – RISK MANAGEMENT AND COMMITMENTS

LITIGATION

In the normal course of its activities, the Authority is a party to various legal actions and subject to certain asserted and unasserted claims and assessments. The Authority is of the opinion that the outcome of any pending actions will not have a material effect on the Authority's financial position or results of operations.

RISK MANAGEMENT

The Authority is subject to various risks of losses arising from torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Authority purchases commercial insurance. No settlements have exceeded coverage during the years ended December 31, 2025, 2024 and 2023.

NOTE 13 – SUBSEQUENT EVENTS

In April 2026, the Authority obtained approval of a \$6.0 million PENNVEST Grant and Loan for PFAS Remediation related to Well #7. The \$6.0 million approval includes approximately a \$2.3 million grant from PENNVEST in which the proceeds do not have to be repaid and the remaining \$3.7 million requires 240 monthly payments of approximately \$18,333 in years 1 through 5 consisting of principal and interest of 1.74% and \$18,914 in years 6 through maturity consisting of principal and interest of 2.18%. The Authority can make interest only payments up to thirty-months. The loan is secured by the water and sewer revenue of the Authority.

Subsequent events have been evaluated through May 21, 2026, which is the date the financial statements were available to be issued. Other than the grant and loan mentioned above, there were no other subsequent events requiring recognition or disclosure in these financial statements as a result of this evaluation.

PERKASIE REGIONAL AUTHORITY

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios (Unaudited)

December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability - Authority's Portion										
Service cost	\$ 127,887	\$ 124,487	\$ 123,798	\$ 127,584	\$ 127,412	\$ 99,302	\$ 92,941	\$ 89,435	\$ 83,496	\$ 95,533
Interest	196,541	199,352	202,320	192,873	171,414	163,318	184,607	178,155	171,007	164,836
Differences between expected and actual experience	218,712	-	(7,837)	-	163,725	-	(553,998)	-	99,868	(4,901)
Changes of assumptions	(113,173)	-	-	-	80,893	-	-	-	95,600	3,889
Benefit payments	(144,432)	(613,536)	(142,665)	(140,164)	(125,920)	(123,610)	(135,749)	(155,161)	(185,664)	(98,088)
Net change in total pension liability - Authority's portion	285,535	(289,697)	175,616	180,293	417,524	139,010	(412,199)	112,429	264,307	161,269
Total pension liability - beginning	3,709,234	3,998,931	3,823,315	3,643,022	3,225,498	3,086,488	3,498,687	3,386,258	3,121,951	2,960,682
Total pension liability - ending - Authority's portion	<u>\$ 3,994,769</u>	<u>\$ 3,709,234</u>	<u>\$ 3,998,931</u>	<u>\$ 3,823,315</u>	<u>\$ 3,643,022</u>	<u>\$ 3,225,498</u>	<u>\$ 3,086,488</u>	<u>\$ 3,498,687</u>	<u>\$ 3,386,258</u>	<u>\$ 3,121,951</u>
Plan Fiduciary Net Position - Authority's portion										
Contributions - employer	\$ 115,185	\$ 116,341	\$ 100,697	\$ 98,399	\$ 95,527	\$ 99,132	\$ 86,277	\$ 86,207	\$ 85,336	\$ 82,722
Contributions - PMRS assessment	460	460	440	420	400	420	440	440	440	460
Contributions - employee	64,449	65,392	64,555	72,446	65,916	44,410	34,542	29,744	27,655	31,878
PMRS investment income	185,349	190,705	184,194	173,264	160,917	174,719	163,819	154,667	135,686	147,816
Market value investment income	222,157	188,140	(666,982)	330,410	335,734	(124,439)	(327,654)	340,759	81,114	(154,434)
Benefits payments	(144,432)	(613,536)	(142,665)	(140,164)	(125,920)	(123,610)	(135,749)	(155,161)	(185,664)	(98,088)
PMRS administrative expense	(460)	(460)	(440)	(420)	(400)	(420)	(440)	(440)	(440)	(460)
Additional administrative expense	(10,152)	(10,681)	(9,732)	(9,813)	(7,011)	(6,039)	(7,311)	(7,113)	(6,647)	(6,162)
Net change in plan fiduciary net position	432,556	(63,639)	(469,933)	524,542	525,163	64,173	(186,076)	449,103	137,480	3,732
Plan fiduciary net position - beginning	3,632,532	3,696,171	4,166,104	3,641,562	3,116,399	3,052,226	3,238,302	2,789,199	2,651,719	2,647,987
Plan fiduciary net position - ending - Authority's Portion	<u>\$ 4,065,088</u>	<u>\$ 3,632,532</u>	<u>\$ 3,696,171</u>	<u>\$ 4,166,104</u>	<u>\$ 3,641,562</u>	<u>\$ 3,116,399</u>	<u>\$ 3,052,226</u>	<u>\$ 3,238,302</u>	<u>\$ 2,789,199</u>	<u>\$ 2,651,719</u>
Net pension liability (asset) - ending - Authority's Portion	<u>\$ (70,319)</u>	<u>\$ 76,702</u>	<u>\$ 302,760</u>	<u>\$ (342,789)</u>	<u>\$ 1,460</u>	<u>\$ 109,099</u>	<u>\$ 34,262</u>	<u>\$ 260,385</u>	<u>\$ 597,059</u>	<u>\$ 470,232</u>
Plan fiduciary net position as a percentage of total pension liability	101.8%	97.9%	92.4%	109.0%	100.0%	96.6%	98.9%	92.6%	82.4%	84.9%
Covered employee payroll	687,445	640,388	639,258	594,972	599,762	561,760	604,614	617,991	617,133	673,946
Net pension liability as a percentage of covered employee payroll	-10.2%	12.0%	47.4%	-57.6%	0.2%	19.4%	5.7%	42.1%	96.7%	69.8%

PERKASIE REGIONAL AUTHORITY

Schedule of Employer Contributions (Unaudited)

December 31, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 115,625	\$ 116,781	\$ 101,117	\$ 98,819	\$ 95,927	\$ 99,532	\$ 86,717	\$ 86,667	\$ 85,796	\$ 83,182
Contributions in relation to the Actuarially determined contribution	<u>115,645</u>	<u>116,801</u>	<u>101,137</u>	<u>98,819</u>	<u>95,927</u>	<u>99,552</u>	<u>86,717</u>	<u>86,667</u>	<u>85,796</u>	<u>83,182</u>
Contribution excess	<u>\$ (20)</u>	<u>\$ (20)</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 687,445	\$ 640,388	\$ 639,258	\$ 594,972	\$ 599,762	\$ 561,760	\$ 604,614	\$ 617,991	\$ 617,133	\$ 673,946
Contributions as a percentage of covered payroll	16.82%	18.24%	15.82%	16.61%	15.99%	17.72%	14.34%	14.02%	13.90%	12.34%

PERKASIE REGIONAL AUTHORITY

Notes to Required Supplementary Information (Unaudited)

December 31, 2025

(1) Significant methods and assumptions used in calculating the actuarially determined contributions

The methods and assumptions used in calculating the actuarially determined contributions are as follows:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Valuation date	January 1, 2025	January 1, 2023	January 1, 2023	January 1, 2021	January 1, 2021	January 1, 2019	January 1, 2019	January 1, 2017	January 1, 2017	January 1, 2015
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205	Level dollar based on the amortization periods in Act 205
Asset valuation method	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves	Based on the municipal reserves
Actuarial assumptions:										
Discount rate	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.50%	5.50%	5.50%	5.50%
Inflation	2.20%	2.20%	2.80%	2.80%	2.80%	2.80%	3.00%	3.00%	3.00%	3.00%
Salary increases	Age-related scale with merit and inflation component 2.2% for those eligible for a COLA	Age-related scale with merit and inflation component 2.2% for those eligible for a COLA	Age-related scale with merit and inflation component 2.8% for those eligible for a COLA	Age-related scale with merit and inflation component 2.8% for those eligible for a COLA	Age-related scale with merit and inflation component 2.8% for those eligible for a COLA	Age-related scale with merit and inflation component 2.8% for those eligible for a COLA	Age-related scale with merit and inflation component 3.0% for those eligible for a COLA	Age-related scale with merit and inflation component 3.0% for those eligible for a COLA	Age-related scale with merit and inflation component 3.0% for those eligible for a COLA	Age-related scale with merit and inflation component 3.0% for those eligible for a COLA
COLA increases										
Pre-retirement mortality	Males: PUB-2010 General Employees male table	Males: PUB-2010 General Employees male table	Males: RP 2000 non-annuitant male table projected 15 years with scale AA Females: RP 2000 non-annuitant female table projected 15 years with scale AA, setback five years	Males: RP 2000 non-annuitant male table projected 15 years with scale AA Females: RP 2000 non-annuitant female table projected 15 years with scale AA, setback five years	Males: RP 2000 non-annuitant male table projected 15 years with scale AA Females: RP 2000 non-annuitant female table projected 15 years with scale AA, setback five years	Males: RP 2000 non-annuitant male table projected 15 years with scale AA Females: RP 2000 non-annuitant female table projected 15 years with scale AA, setback five years	Males: RP 2000 with one year set back Females: RP 2000 with five year set back	Males: RP 2000 with one year set back Females: RP 2000 with five year set back	Males: RP 2000 with one year set back Females: RP 2000 with five year set back	Males: RP 2000 with one year set back Females: RP 2000 with five year set back
Post-retirement mortality	Males: RP 2006 non-annuitant male table	Males: RP 2006 non-annuitant male table	Males: RP 2000 non-annuitant male table projected 5 years with scale AA Females: RP 2000 non-annuitant female table projected 10 years with scale AA	Males: RP 2000 non-annuitant male table projected 5 years with scale AA Females: RP 2000 non-annuitant female table projected 10 years with scale AA	Males: RP 2000 non-annuitant male table projected 5 years with scale AA Females: RP 2000 non-annuitant female table projected 10 years with scale AA	Males: RP 2000 non-annuitant male table projected 5 years with scale AA Females: RP 2000 non-annuitant female table projected 10 years with scale AA	Males: RP 2000 combined healthy mortality Females: RP 2000 combined healthy mortality	Males: RP 2000 combined healthy mortality Females: RP 2000 combined healthy mortality	Males: RP 2000 combined healthy mortality Females: RP 2000 combined healthy mortality	Males: RP 2000 combined healthy mortality Females: RP 2000 combined healthy mortality

PERKASIE REGIONAL AUTHORITY

Schedule of Operating Expenses

Years Ended December 31, 2025 and 2024

	<u>2025</u>	%	<u>2024</u>	%	Variance Increase (Decrease)
SEWER SERVICE					
Salaries	\$ 62,984	1.1	\$ 60,601	1.1	\$ 2,383
Payroll Taxes	5,020	0.1	4,850	0.1	170
Materials and Supplies	1,078	0.0	2,148	0.0	(1,070)
Electric	366	0.0	380	0.0	(14)
Maintenance and Repairs	46,102	0.8	2,629	0.0	43,473
Vehicle	18,510	0.3	11,179	0.2	7,331
Uniforms	2,375	0.0	2,445	0.0	(70)
Treatment Fees - Operating	869,492	14.8	775,376	14.6	94,116
Total Sewer Service	<u>1,005,927</u>	<u>17.1</u>	<u>859,608</u>	<u>16.0</u>	<u>146,319</u>
WATER SERVICE					
Salaries	335,107	5.7	279,540	5.3	55,567
Payroll Taxes	26,712	0.5	22,373	0.4	4,339
Materials and Supplies	17,062	0.3	12,665	0.2	4,397
Electric	133,264	2.3	113,560	2.1	19,704
Maintenance and Repairs	202,927	3.4	115,451	2.2	87,476
Vehicle	18,498	0.3	16,990	0.3	1,508
Uniforms	2,514	0.0	1,596	0.0	918
Testing	36,716	0.6	53,746	1.0	(17,030)
Total Water Service	<u>772,800</u>	<u>13.1</u>	<u>615,921</u>	<u>11.5</u>	<u>156,879</u>
PROFESSIONAL FEES					
Consulting Engineer	23,783	0.4	36,660	0.7	(12,877)
Accounting and Audit	56,650	1.0	61,800	1.2	(5,150)
Legal	12,961	0.2	12,524	0.2	437
Hydrogeologist	24,108	0.4	41,955	0.8	(17,847)
Total Professional Fees	<u>117,502</u>	<u>2.0</u>	<u>152,939</u>	<u>2.9</u>	<u>(35,437)</u>
GENERAL AND ADMINISTRATIVE					
Office Payroll	336,822	5.7	325,366	6.1	11,456
Employee Insurance	183,608	3.1	172,552	3.3	11,056
Payroll Taxes	27,740	0.5	27,742	0.5	(2)
Pension	71,793	1.2	21,353	0.4	50,440
Office Equipment	57,691	1.0	39,920	0.8	17,771
General Business Insurance	45,445	0.8	62,985	1.2	(17,540)
Communications	24,565	0.4	22,139	0.4	2,426
Postage	10,959	0.2	15,879	0.3	(4,920)
Education	9,109	0.2	5,010	0.1	4,099
Utilities	20,472	0.3	20,362	0.4	110
Maintenance and Repairs - Office	94,712	1.6	32,498	0.6	62,214
Office Supplies	3,497	0.1	3,239	0.1	258
Newsletter	737	0.0	737	0.0	-
Trustee Fees	6,884	0.1	9,465	0.2	(2,581)
Dues and Subscriptions	41,886	0.7	51,846	1.0	(9,960)
Miscellaneous	27,252	0.5	27,933	0.5	(681)
Vehicles	1,817	0.0	2,057	0.0	(240)
Billing	535	0.0	995	0.0	(460)
Total General and Administrative Expenses	<u>965,524</u>	<u>16.4</u>	<u>842,078</u>	<u>15.9</u>	<u>123,446</u>
Total Operating Expenses	<u>\$ 2,861,753</u>	<u>48.6</u>	<u>\$ 2,470,546</u>	<u>46.3</u>	<u>\$ 391,207</u>

PERKASIE REGIONAL AUTHORITY

Schedule of Revenues and Expenses - Budget and Actual

Year Ended December 31, 2025

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
OPERATING REVENUES			
Sewer Service Charges:			
Single Family	\$ 1,845,497	\$ 1,876,400	\$ (30,903)
Multi-Family	340,293	351,900	(11,607)
Commercial	143,368	199,800	(56,432)
Industrial	29,152	37,500	(8,348)
School	53,826	72,000	(18,174)
Church	8,759	7,400	1,359
Public	29,705	34,300	(4,595)
Mixed	27,086	30,200	(3,114)
Miscellaneous	<u>51,466</u>	<u>48,500</u>	<u>2,966</u>
Total Sewer Service Charges	2,529,152	2,658,000	(128,848)
Water Sales:			
Single Family	1,948,000	1,919,400	28,600
Multi-Family	281,097	270,600	10,497
Commercial	191,851	166,400	25,451
Industrial	30,288	25,300	4,988
School	63,355	74,700	(11,345)
Church	14,880	13,100	1,780
Public	21,056	28,200	(7,144)
Mixed	26,218	29,600	(3,382)
Miscellaneous	<u>47,391</u>	<u>48,300</u>	<u>(909)</u>
Total Water Sales	2,624,136	2,575,600	48,536
Other Revenue:			
Fire Charges	107,574	91,500	16,074
Other	<u>69,420</u>	<u>37,040</u>	<u>32,380</u>
Total Other Revenue	<u>176,994</u>	<u>128,540</u>	<u>48,454</u>
Total Operating Revenues	<u>\$ 5,330,282</u>	<u>\$ 5,362,140</u>	<u>\$ (31,858)</u>
OPERATING EXPENSES			
Sewer Service:			
Salaries	\$ 62,984	\$ 110,700	\$ (47,716)
Materials and Supplies	1,078	8,000	(6,922)
Electric	366	900	(534)
Maintenance and Repairs	46,102	39,600	6,502
Vehicle	18,510	17,640	870
Uniforms	2,375	1,300	1,075
Treatment Fees	<u>869,492</u>	<u>1,030,000</u>	<u>(160,508)</u>
Total Sewer Service	1,000,907	1,208,140	(207,233)

PERKASIE REGIONAL AUTHORITY

Schedule of Revenues and Expenses - Budget and Actual, Continued

Year Ended December 31, 2025

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Water Service:			
Salaries	335,107	418,700	(83,593)
Materials and Supplies	17,062	43,400	(26,338)
Electric	133,264	107,650	25,614
Maintenance and Repairs	202,927	170,300	32,627
Vehicle	18,498	17,560	938
Uniforms	2,514	3,770	(1,256)
Testing	36,716	35,500	1,216
Meters	-	7,200	(7,200)
	<hr/>	<hr/>	<hr/>
Total Water Service	746,088	804,080	(57,992)
Professional Fees:			
Consulting Engineer	23,783	32,000	(8,217)
Auditor	56,650	76,700	(20,050)
Legal	12,961	18,000	(5,039)
Hydrogeologist	24,108	30,500	(6,392)
	<hr/>	<hr/>	<hr/>
Total Professional Fees	117,502	157,200	(39,698)
General and Administrative:			
Salaries	336,822	279,900	56,922
Employee Benefits	314,873	420,900	(106,027)
Materials and Supplies	66,723	110,600	(43,877)
Utilities	20,472	26,100	(5,628)
Communications	24,565	25,200	(635)
Maintenance and Repairs - Office	57,691	54,280	3,411
Vehicles	1,817	2,240	(423)
Maintenance and Repairs - Building	94,712	24,900	69,812
Lease of Vehicles	-	17,000	(17,000)
Trustee Fees	6,884	6,200	684
Insurance	45,445	77,800	(32,355)
Miscellaneous	27,252	2,700	24,552
	<hr/>	<hr/>	<hr/>
Total General and Administrative	997,256	1,047,820	(50,564)
Total Operating Expenses	<hr/>	<hr/>	<hr/>
	2,861,753	3,217,240	(355,487)
Operating Revenues Over Expenses	<u>\$ 2,468,529</u>	<u>\$ 2,144,900</u>	<u>\$ 323,629</u>

PERKASIE REGIONAL AUTHORITY

Schedule of Revenues and Expenses - Budget and Actual, Continued

Year Ended December 31, 2025

	Actual	Budget	Variance
Operating Revenues Over Expenses	\$ 2,468,529	\$ 2,144,900	\$ 323,629
Nonoperating Revenues (Expenses):			
Investment Income	397,448	12,300	385,148
Lease Income	106,123	94,500	11,623
Tapping Fees	559,246	-	559,246
Capital contributions	170,990	-	170,990
Other income	517,023	-	517,023
Interest Expense	(310,387)	-	(310,387)
Principal Payments on Debt	(1,260,000)	(1,694,638)	434,638
Transfer for Debt Coverage	-	(557,062)	557,062
	180,443	(2,144,900)	2,325,343
Total Nonoperating Revenues (Expenses) - Net			
Total Revenues Over Expenses	\$ 2,648,972	\$ -	\$ 2,648,972
Reconciliation of Budget Reporting to Financial Statements:			
Revenues Over Expenses	\$ 2,648,972		
Principal Payments on Debt	1,260,000		
Depreciation and Amortization	(1,539,274)		
Increase in Net Position per Statement of Revenues, Expenses, and Changes in Net Position	\$ 2,369,698		