PERKASIE REGIONAL AUTHORITY

Financial Statements

As of and For the Years Ended
December 31, 2022 and 2021

PERKASIE REGIONAL AUTHORITY

December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board
Perkasie Regional Authority
Perkasie, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Perkasie Regional Authority ("Authority"), as of and for the years ended December 31, 2022 and 2021, 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 Perkasie Regional Authority, as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows 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 this standard is 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The Authority adopted Governmental Accounting Standards Board Statement No. 87, Leases, effective January 1, 2022 which requires retrospective application. As a result of implementing this standard, the Authority restated its assets and deferred inflows with no impact to its net position. See Note 8 for further information.

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.

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 Management's Discussion and Analysis on pages 4 through 13 and the schedule of changes in the net position liability and related ratios and schedules of contributions on page 33 and 34 to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of operating expenses and schedule of revenues and expenses – budget and actual on pages 35 through 38 are presented as supplementary information for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information of the schedule of operating expenses and schedule of revenues and expenses – budget and actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Marcum LLP

Philadelphia, Pennsylvania
June 27, 2023

Management's Discussion and Analysis

This section of Perkasie Regional Authority's (PRA or Authority) annual financial report presents management's analysis of the Authority's financial performance during the fiscal year ending December 31, 2022. The Management Discussion and Analysis (MD&A) should be read in conjunction with the Authority's basic financial statements beginning on page 14.

FINANCIAL HIGHLIGHTS

- The Authority's total assets remained relatively constant increasing slightly from $41.6 million in 2021 to $42.2 million in 2022, for a modest increase of about $600,000 (1.4%).

- The Authority's net position increased from $27.4 million in 2021 to $29.1 million in 2022, or an increase of roughly $1.75 million (6.4%).

- The Authorities liabilities decreased roughly $1.37 million due to planned repayments on the Authority's debt obligations.

- The Authority's total revenues increased roughly $544,000, which was mostly attributable to the $370,000 increase in tapping fees for new developments as the housing market has spiked again, post-pandemic.

- The operating expenses were roughly $519,000 below the budgeted amount of $2.69 million mostly attributable to lower than expected sewer treatment costs, less maintenance and repair costs for the water system, lower than anticipated costs for all of the professional expenses, and reductions in employee benefit expenses, office maintenance and repairs, and insurance expenses.

- The Authority signed two (2) bulk water customer agreements in 2021, and in 2022 those new customers helped the Authority realize new revenues in excess of $18,000.

- The Authority implemented a new accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases which required the Authority to record a lease receivable for its leases as lessor with an offsetting deferred inflow. This standard requires retroactive application, therefore, the Authority recorded a receivable and offsetting deferred inflow of approximately $343,000 on January 1, 2021.

AUTHORITY HIGHLIGHTS

- The Authority realized roughly 95 new customers in 2022 after adding about 185 new customers combined from 2018 through 2021. These additional customers have helped, and will continue to help, keep rates stable going forward. The Authority has averaged a less than 1% rate increase in each of the last eight (8) years.

- The Pennridge Airport is a privately owned airport in the PRA service area, bordering Perkasie Borough and East Rockhill Township. The owner has built and connected the second (2) of many industrial buildings with approximately 130,000 square feet in 2022. The Authority anticipates an additional three (3) buildings with the same square footage in addition to a restaurant and hotel in the coming years. The tapping fees for each industrial building will be roughly $40,000 with the hotel and restaurant both nearing $80,000 each in tapping fees.

- The Borough of Perkasie has been instrumental in promoting the development, and redevelopment, of vacant and blighted properties in the Borough. Many new developers have come to the area over the last several years and are in various stages of planning and development of new projects. A couple of those projects include an abandoned industrial building that is being converted to a 90+ unit apartment building and the Authority anticipates tapping fees of roughly $450,000 in 2023 for this project. Another project is the McClennen Tract subdivision which will include 197 new homes and the Authority anticipates roughly $315,000 of tapping fees being paid in phases over 2023 and 2024.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussion and Analysis; the Financial Statements; Required Supplementary Information and Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the Financial Statements.

Required Financial Statements

The Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position is the first required statement; it includes all of the Authority's assets, deferred outflows and liabilities and deferred inflows and provides information about the nature and amounts of investments in resources (assets) and nature and extent of obligations (liabilities). It also provides the basis for computing the rates of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position, which is the second required financial statement. This statement measures the profitability of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities. It also provides information regarding sources of cash, uses of cash, and the changes in the cash balance during the reporting period.

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 is an indicator 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.

The chart below titled "Summary of Net Position" provides a snapshot view of the Authority's financial condition at December 31, 2022, 2021 and 2020. The current ratio, which represents the proportion of current assets to current liabilities, is a measure of financial liquidity. The Authority's current ratio as of December 31, 2022 of 9.5:1 is an indicator of outstanding liquidity. The ratio of restricted assets to current liabilities payable from restricted assets represents the proportion of restricted assets to current liabilities from restricted assets. The ratio of 6.9:1 as of December 31, 2022 is also an indicator of strong liquidity. The ratio of liabilities to equity represents the proportion of total liabilities to net positions and is a financial leverage ratio which provides an indication of long-term solvency and measures the extent to which an entity's assets have been acquired using long-term debt. A liability to equity ratio 1:1 or less is a strong indicator of long-term solvency. The Authority's liability to equity ratio at December 31, 2022 was 0.45:1.

Summary of Net Position

	2022	2021	2020		2022	2021	2020
Current Assets	$ 1,205,745	$ 1,265,730	$ 1,241.602	Current Liabilities	$ 126,926	$ 197,959	$ 150,327
Property, Plant & Equipment - Net	31,097,992	31,465,463	30,629,202	Current Liabilities From Restr. Assets	1,373,167	1,333,278	1,346,278
Restricted Assets	9,388,067	8,851,846	8,966,974	Long Term Liabilities	11,684,609	13,004,407	14,435,767
Other Assets	664,472	318,904	79,466	Net Positions	29,066,282	27,378,988	25,303,533
Deferred Outflows	460,655	551,104	501,676	Deferred Inflows	585,947	538,415	183,015
Total	$42,816,931	$42,453,047	$41,418,920	Total	$42,816,931	$42,453,047	$41,418,920

Analysis of Net Position

PRA's total assets exceeded its liabilities by $29.1M, $27.4M, and $25.3M at the end of 2022, 2021 and 2020, respectively. Our net position includes an investment in the water and sewer infrastructure, buildings, trucks, property, etc. less the debt incurred to acquire these assets of $18.3M, $17.3M and $15.2M at the end of 2022, 2021 and 2020, respectively. These are the assets used by the Authority to provide service to our customers. While we report this number less the related debt, it must be realized that the resources to repay this debt must be obtained through other sources (i.e. rates) since these assets cannot be liquidated to retire the liability. The restricted portions of our net position ($9.2M, $8.6M and $8.7M at the end of 2022, 2021 and 2020, respectively) are subject to provisions under our bond indenture for future debt service requirements and on-going capital projects. The unrestricted balance totaled $1.6M, $1.4M and $1.4M at the end of 2022, 2021 and 2020, respectively.

Analysis of Changes in Net Position

The Authority's financial position remained stable for 2022. Our net position increased from $27.4 million in 2021 to $29.1 million in 2022, for an increase of roughly $1.75 million. Operating income increased about $235,000 mostly due to an increase in tapping fees of $370k, an increase of $129k for water and sewer revenue, an increase in other revenue of $46k, offset by an increase in operating expenses of $310k.

Total Revenues

Total Authority revenues for 2022, 2021 and 2020 amounted to $5.3M, $4.8M, and $5.6M, respectively. The Authority has had level rates for the last several years and 2022 was no different. The rates for 2022 were unchanged from 2021. The revenues have grown on average 1%-2% each year while the rate increases have averaged about 0.5%-1% the past 7 years and that is due to the increase in customers as the Authority has realized many new customers the last several years.

Detailed Analysis of Operating and Non-Operating Revenue Variances:

- Water and Sewer Service Charges have remained steady, increasing on average about 0.4% the last seven (7) years, with the Authority's rates in 2022 remaining unchanged from 2021.

- Water and Sewer Assessments were $524,000, $154,000, and $949,000 for 2022, 2021 and 2020, respectively. Assessments are received from the ratepayers as repayment of monies expended by the

Authority for installation of water or sewer facilities serving a customer's property, thereby creating property improvement. This income varies from year to year, depending on the retirement of outstanding assessments or the levying of new ones.

- Other Revenues are derived from fees and charges not directly related to metered water and sewer sales. These include payments for services provided to tenants of Authority rental properties, sale of excess equipment or property, fees for account certifications and delinquent notification fees as well as the sewer truck services.

- Investment Earnings is non-operating revenue, generated by returns on the Authority's investments. Interest income increased substantially for 2022 at $57,400 compared to 2021 at $2,800 due to significant increase in interest rates.

- Rental Income is non-operating revenue, which 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. Rental income remained relatively the same year over year. The rental income in 2022 was slightly higher than 2021 $126,600 vs $120,000.

Stability of Operating Revenues

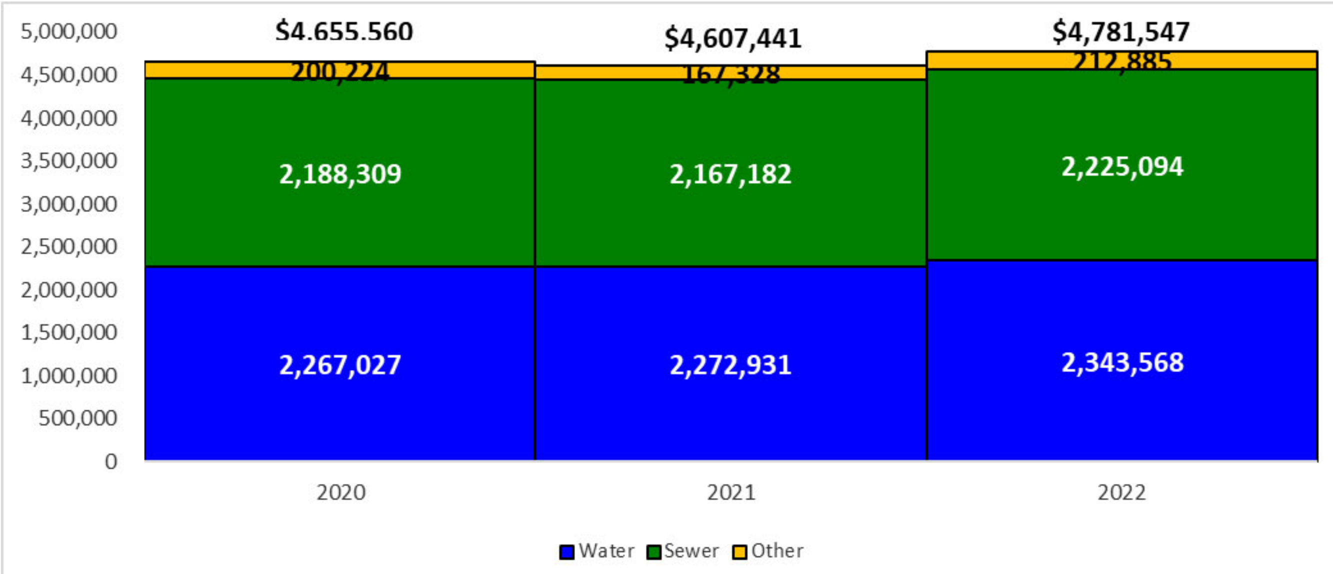
The Authority's rate base is mainly residential with a small amount of commercial and industrial users. The breakdown is as follows:

Residential, including multi-family	95.3%
Commercial, including mixed uses	3.2%
Industrial	0.6%
Institutional (schools & churches)	0.7%
Public	0.2%

Accordingly, the user base is extremely stable, which comprises 95.4% of the Authority's residential, institutional and public users. 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.

Therefore, we will also see significant growth in both commercial and institutional uses, as the new service area in West Rockhill would include a significant area around Grandview Hospital, and the area in East Rockhill is along the 313 Corridor leading from Doylestown to Quakertown as well as the Ridge Road area where the Pennridge Airport is located. The Borough of Perkasie is also currently marketing a redevelopment area in the middle of the downtown area. The redevelopment of downtown Perkasie started to show positive signs as several new businesses have opened in the last several of years.

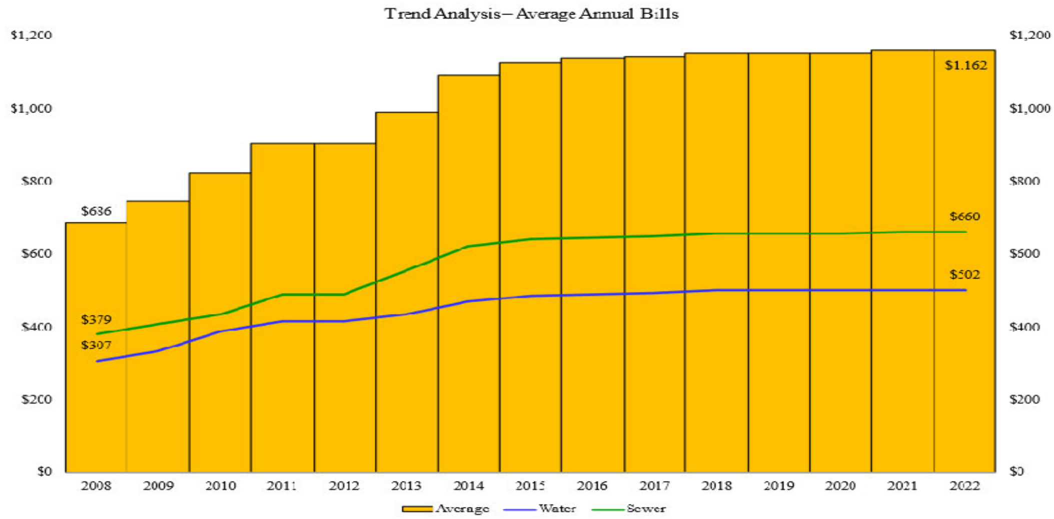
See the chart below for a review of the last three (3) years of operating revenue (exclusive of tapping fees).



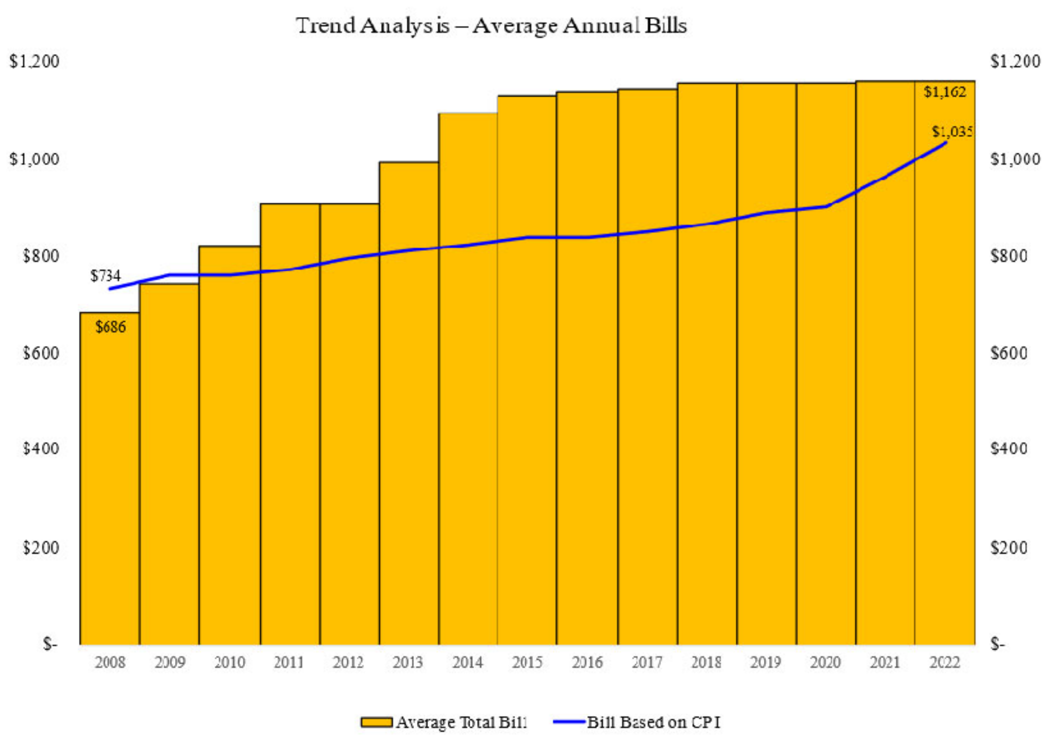
Rates

The Authority did not have any rate adjustments for 2022 and all rates remained unchanged from 2021. The base charges for water remained constant at $62.50 per quarter, and since operating expenses stayed relatively consistent the consumption charges remained unchanged from 2021. The base charge for sewer remained consistent at $50.50 for 2022 and the consumption charges also remained unchanged. The average customer bill (for both water and sewer) for 2022 remained the same at $290.50. The Authority is still obligated to continue their infrastructure replacement program for both water and sewer facilities and maintain a capital improvement fund that will one day help fund the construction of additional treatment facilities.

Listed below are two charts, the first indicating the rate increases since 2000 and the average water and sewer bills for residential customers using 15,000 gallons per quarter, and the second, compares the actual average total annual bill to the average annual bill adjusted for inflation using the Consumer Price Index.



The chart, which compares the actual average annual bill to the Consumer Price Index, illustrates that the Authority's rate increases since 2008 have mirrored US inflation.



Long-Term Authority Debt:

- In November 2019, the Authority issued $12,755,000 of Water and Sewer Revenue Bonds for the purpose of refunding the 2014 Series Bonds outstanding and to pay off $7,514,000 on the Univest loan (See below). As part of this refinancing, the Authority liquidated the Bond Reserve Fund and used those funds to pay down existing debt.

- In December of 2014, the Authority issued $9,150,000 of Water and Sewer Revenue Bonds for the purposed of refunding the 2011 Bonds, as well as to pay the costs of issuance. The 2014 bond issue was advanced refunded with the issuance of the 2019 Water and Sewer Revenue Bonds. The Bonds were fully retired in February 2020.

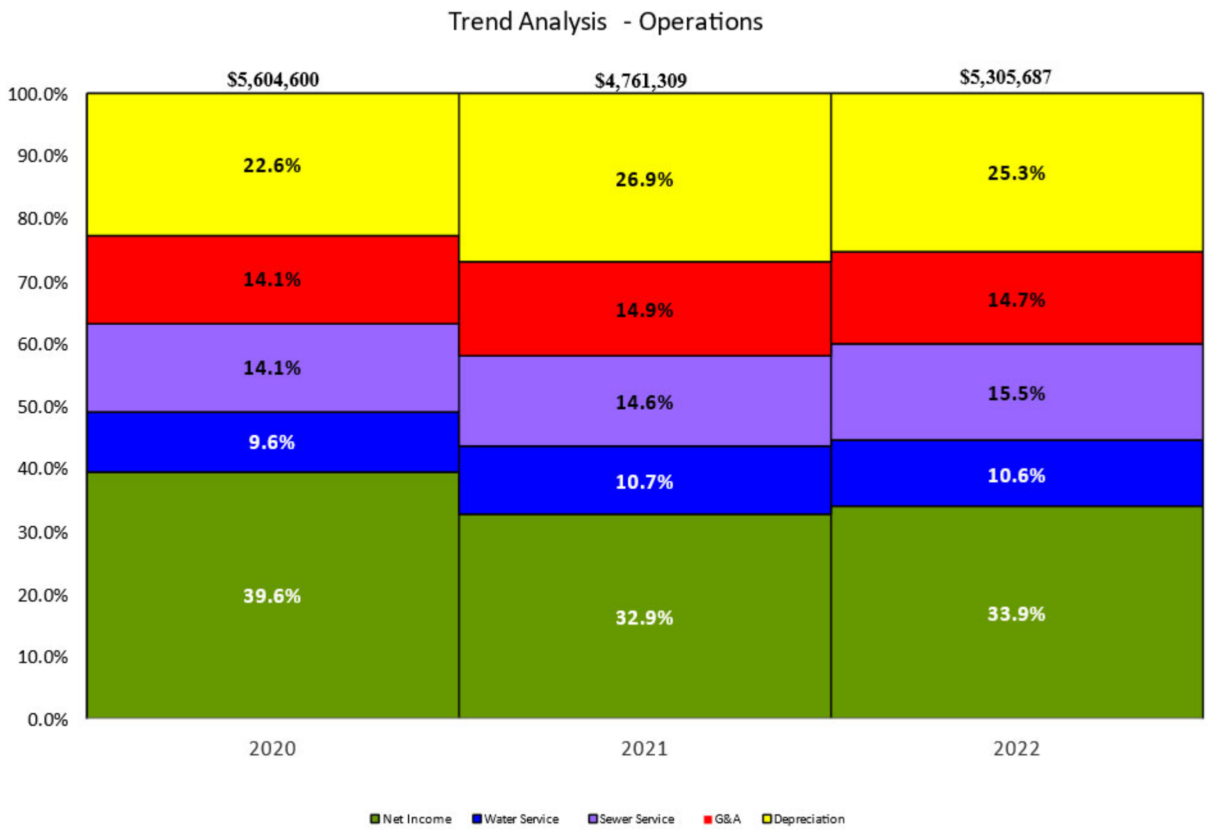
- In December of 2017, the Authority acquired the assets of the Ridge Run Development for a purchase price of $300,000 in exchange for a promissory note. The note does not bear interest and requires 20 quarterly installments of principal payments beginning in February 2018. The promissory note matured in November 2022.

- None of the Authority's bond issues pledge the taxing power of the Commonwealth of Pennsylvania, nor any political subdivision. The Authority is not a component unit of any entity (see Note 1, page 17 of the Financial Statements).

EXPENSES

Overall Operating Expenses for 2022 were higher than 2021 by approximately 9.7% due to higher expenses across the board, but mostly attributable to both the water and sewer system, professional fees and administrative expenses.

The "operations" chart on the next page shows a graphic history of the Authority's operations over the last three (3) years.



Detailed Analysis of Operating Expenses

- **Water Service**

Costs of providing water service in 2022 increased by about 10.6% or $54,000 primarily due to an increase in maintenance and repairs of the system, electric costs, water sampling and salaries.

Costs of providing water service in 2021 decreased by about 5% or $26,400 primarily due to a decrease in maintenance and repairs of the system.

- **Sewer Service**

The Authority contracts with the Pennridge Wastewater Treatment Authority for treatment of all its sewage wastes. Our costs for sewage treatment are broken down into two categories. The first is actual treatment costs, which increased 18.6% from $581,947 in 2021 to $690,460 in 2022 and decreased by $89,000 in 2021 compared to 2020.

The Authority is responsible for the repairs and maintenance of its own sewage collection system. Sewage collection costs increased by about 15.6% or $17,900 in 2022 mostly due to a substantial increase in maintenance and repairs needed. Sewage collection costs decreased by about 5% or $5,500 in 2021 mostly due to less maintenance and repairs needed.

- **Professional Fees**

Total professional fees increased by almost 50% or $40,500 from 2021 to 2022 primarily due to an increase in engineer and hydrogeological expenses. Total professional fees decreased by 21% or $22,000 from 2020 to 2021 primarily due to decrease in engineer expenses, legal and other professional fees.

- **General and Administrative**

These costs represent administration employee compensation and benefits including medical benefits, billing supplies, communication, education, trustee's fees and insurance. Overall, administrative costs increased by $29,000, or 4.6%, from last year. This is mainly attributed to the increases in payroll expenses, insurance expenses and miscellaneous expenses. Overall, administrative costs decreased by $57,000, or 8%, from last year. This is mainly attributed to the decrease in employee pension costs.

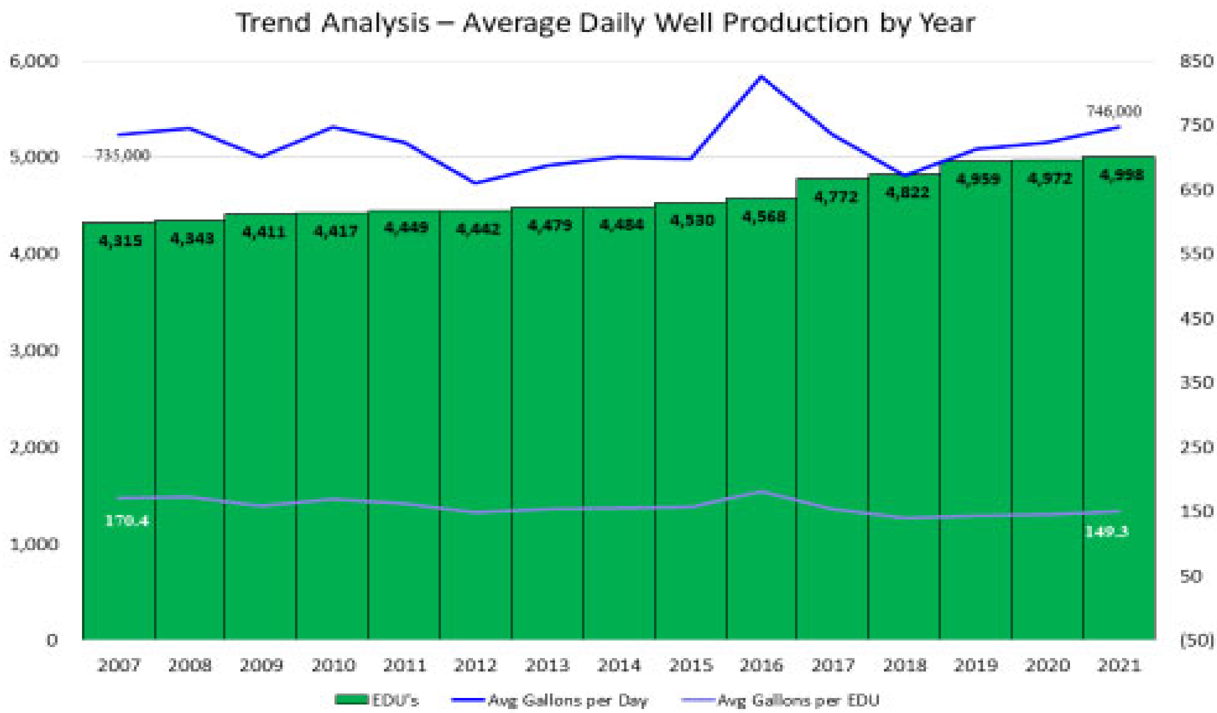
- **Bond Interest**

Interest expense for 2022 was $360,535, compared to $438,786 for 2021, a decrease of $78,251. Interest expense for 2021 was $438,786, compared to $491,365 for 2020, a decrease of $52,579. These decreases are attributable to a reduction in debt principal.

- **Water Production**

The Authority's water production has remained relatively stable although the number of units served has increased. During the last ten years, while production has remained the same (roughly 715,000 gallons produced per day), the average per equivalent dwelling unit has decreased from 177 gallons per day to 145 gallons per day. In 2016, the Authority saw an increase to just over 180 gallons per day, but that can be attributed to a few leaks that were detected in the system. The Authority has a 10-year rolling average of 152 gallons per day per EDU and in 2022, the average production per EDU decreased slightly from 149 gallons per day in 2021 to 147 gallons per day.

The following graph shows the results of the Authority's infrastructure replacement program, as well as its meter replacement and meter reading upgrades, which were completed in 2004. In 2016, usage slightly increased to 180 gallons per day, up from 156 gallons per day in 2014. The average consumption in 2017 returned to normal after the Authority located and fixed a few water leaks. In 2018, the average consumption dropped even further, to the all-time low of about 139 gallons per day. The consumption in 2022 decreased slightly with the average customer using 147 gallons per day. It is believed that newer water fixtures and low flow machines (washing machines, dishwashers, etc.) have led to less water being used by residential customers over the last few years and those changes seemed to have flattened out.



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 also been looking at different revenue sources over the past few years and in 2021 signed contracts with two (2) bulk water companies. The Authority sells bulk water to these companies via special metered "hydrants" in the distribution system which allows for increased revenues as well as ensuring the water in the system is getting turned over. The Authority did see substantial revenue increases in 2022 due to this new revenue stream, it anticipates this potentially being a large source of revenue moving forward.

The Authority applied for, and was awarded, a grant to extend water further into both East and West Rockhill Townships to help alleviate a known PFAS contamination issue. The Authority anticipates construction of this new water main along Old Bethlehem Pike, Tabor Road and Bethlehem Pike to take place in 2023-2024 and the Authority will realize roughly 60 new customers.

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.

PERKASIE REGIONAL AUTHORITY

Statements of Net Position

December 31, 2022 and 2021

		2022		Restated 2021
ASSETS				
Current assets:				
Cash and cash equivalents	$	344,569	$	348,778
Accounts receivable		58,862		64,665
Unbilled revenue receivable		736,092		725,355
Supply inventory		59,141		59,141
Due from Pennridge Wastewater Treatment Authority		7,081		67,791
Total current assets		1,205,745		1,265,730
Noncurrent assets:				
Restricted cash and cash equivalents		9,388,067		8,851,846
Net pension asset		342,789		-
Assessments receivable		137,636		53,905
Lease receivable		184,047		264,999
Capital Assets:				
Non-Depreciable				
Construction in progress		901,337		1,107,757
Land		790,410		790,410
Depreciable				
Property, plant and equipment		55,301,796		54,201,247
Purchased wastewater treatment capacity		3,227,734		3,149,501
Accumulated depreciation		(29,123,285)		(27,783,452)
Net Capital Assets		31,097,992		31,465,463
Total noncurrent assets		41,150,531		40,636,213
Total assets		42,356,276		41,901,943
Deferred outflows of resources:				
Deferred amounts from refunding, net of amortization of $202,188 and $171,356, respectively		259,777		290,609
Deferred outflows - pension		200,878		260,495
Total deferred outflows		460,655		551,104
Total assets and deferred outflows	$	42,816,931	$	42,453,047

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

Statements of Net Position, Continued

December 31, 2022 and 2021

	2022	Restated 2021
LIABILITIES & NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	$ 116,309	$ 107,342
Finance lease, current	10,617	10,617
Note payable, current	-	80,000
Total current liabilities	126,926	197,959
Current liabilities (payable from restricted cash):		
Water and sewer revenue bonds - current portion	1,160,000	1,020,000
Notes payable - current portion	-	95,000
Accrued interest	193,167	218,278
Total current liabilities (payable from restricted cash)	1,353,167	1,333,278
Total current liabilities	1,480,093	1,531,237
Long-term liabilities:		
Escrow liabilities	32,090	47,877
Net pension liability	-	1,460
Finance lease, net of current portion	24,115	34,732
Water and sewer revenue bonds, net of current portion	11,628,404	12,920,338
Total long-term liabilities	11,684,609	13,004,407
Total liabilities	13,164,702	14,535,644
Deferred inflows of resources:		
Deferred inflows - pension	401,900	273,416
Deferred inflows - lease receivable	184,047	264,999
Total deferred inflows	585,947	538,415
Net position:		
Net investments in capital assets	18,274,856	17,304,776
Restricted for debt service	5,454,534	5,628,014
Restricted for capital projects	3,740,366	3,005,554
Unrestricted	1,596,526	1,440,644
Total net position	29,066,282	27,378,988
Total liabilities, deferred inflows and net positions	$ 42,816,931	$ 42,453,047

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

PERKASIE REGIONAL AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2022 and 2021

	2022	2021
Revenues:		
Sewer service charges	$ 2,225,094	$ 2,167,182
Water sales	2,343,568	2,272,931
Tapping fees and assessments	524,140	153,868
Other revenue	212,885	167,328
Total revenues	5,305,687	4,761,309
Expenses:		
Sewer service	822,967	696,557
Water service	563,560	509,518
Professional fees	122,297	81,839
General and administrative	658,727	629,646
Depreciation	1,339,833	1,280,245
Total expenses	3,507,384	3,197,805
Operating income	1,798,303	1,563,504
Non-operating income (expense) and capital contributions:		
Investment earnings	57,442	2,824
Rental income	126,603	119,993
Property dedications	-	693,401
Capital contributions	65,481	134,519
Interest expense	(360,535)	(438,786)
Net non-operating (expense) income	(111,009)	511,951
Increase in net position	1,687,294	2,075,455
Net position at beginning of year	27,378,988	25,303,533
Net positions at end of year	$ 29,066,282	$ 27,378,988

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

PERKASIE REGIONAL AUTHORITY

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Cash receipts from customers	$ 4,662,653	$ 4,584,855
Other operating cash receipts	615,079	191,094
Cash payments to employees for services	(964,012)	(893,476)
Cash payments to vendors for goods and services	(1,276,270)	(1,154,445)
Net cash provided by operating activities	3,037,450	2,728,028
Cash flows from capital and related financing activities:		
Additions to capital assets	(1,046,811)	(1,330,269)
DCED grant proceeds	65,481	134,519
Developer escrow activity, net	(15,787)	(31,519)
Principal payments on long term debt	(1,195,000)	(1,198,000)
Principal payments on finance leases	(10,617)	(12,166)
Interest paid	(486,748)	(515,331)
Net cash used in capital and related financing activities	(2,689,482)	(2,952,766)
Cash flows from investing activities:		
Investment earnings	57,442	2,824
Proceeds from rental income	126,602	119,993
Net cash provided by investing activities	184,044	122,817
Net increase (decrease) in cash and cash equivalents	532,012	(101,921)
Cash and cash equivalents - beginning	9,200,624	9,302,545
Cash and cash equivalents - ending	$ 9,732,636	$ 9,200,624
Reconciliation of cash and cash equivalents:		
Cash - unrestricted	$ 344,569	$ 348,778
Cash - restricted	9,388,067	8,851,846
	$ 9,732,636	$ 9,200,624
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,798,303	$ 1,563,504
Adjustment for noncash charges to operations:		
Depreciation	1,339,833	1,280,245
Changes in assets and liabilities:		
Billed and unbilled accounts receivable	(4,934)	49,061
Assessments receivable	(83,731)	25,561
Due from Pennridge Wastewater Treatment Authority	60,710	(59,982)
Net pension asset and liability and deferred inflows and outflows	(156,148)	(122,055)
Accounts payable and accrued payroll and severance	83,417	(8,306)
Net cash provided by operating activities	$ 3,037,450	$ 2,728,028
Supplemental Disclosure of Noncash Capital and Related Financing Activities:		
Equipment purchased via capital leases	$ -	$ 57,515
Property, plant and equipment additions included in accounts payable	$ -	$ 74,450

The accompanying notes are an integral part of these financial statements

NOTE 1 - DESCRIPTION OF OPERATIONS

The Perkasie 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 Perkasie, 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.

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 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.

ACCOUNTS RECEIVABLE

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.

ESTIMATED UNBILLED REVENUE 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.

SUPPLY INVENTORY

The Authority maintains an inventory of supplies in use for emergencies which are valued at the lower of cost (first-in, first-out) or net realizable value.

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, 2022 and 2021.

DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

The Authority reports decreases in net assets that relate to future periods as deferred outflows in a separate section of the statement of net position. 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, 2022 and 2021, the Authority recorded amortization of $30,832 and $55,389 respectively, which was reported as interest expense in the statement of revenues, expenses and changes in net position. Additionally, the Authority also reports its 2022 and 2021 contributions to the Pennsylvania Municipal Retirement System ("PMRS") after the measurement date as deferred outflows. The net pension liability associated with the Authority's financial statements was measured as of December 31, 2021. The amounts paid by the Authority in 2022 to the PMRS plan will be reflected within the Authority's pension expense and related liability when the net pension liability is measured for the next fiscal year.

In addition to decreases in net assets, the Authority also reports a separate section of deferred inflows of resources. This separate financial statement element represents the net difference between differences between expected and actual results, changes in assumptions and projected, and actual earnings of its PMRS plan. The amount will be amortized over a five year closed period beginning in the year in which the difference occurred. Additionally, the Authority has recorded a deferred inflow related to its lease receivable (See Note 9).

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITIONS

Net positions 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 Positions consist of net assets that do not meet the definition of "restricted" or "net investments in capital assets".

BUDGET

As required by the terms of the Trust Indenture, the Authority prepares an annual budget which details anticipated revenues and the Authority's plans to expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the year. A comparison of actual and budgeted revenues and expenses is presented in the Supplementary Information section of the financial statements.

IMPLEMENTATION OF NEW ACCOUNTING STANDARD

Effective January 1, 2022, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases (GASB 87) which establishes a uniform approach for lease accounting based on the principle that leases are financings of the right-to use an underlying asset. In accordance with GASB 87, parties to a lease agreement, the lessee and lessor, are required to recognize a lease liability and an intangible right-to-use lease asset (a capital asset with respect to the Authority), and a lease receivable and deferred inflow of resources, respectively. GASB 87 also requires enhanced disclosure which includes a general description of the leasing arrangement, the aggregate amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable, and the disclosure of the long-term effect of lease arrangements of the Authority's resources. See Note 8.

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, 2022 and 2021, 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 $9,388,067 and $8,851,846 at December 31, 2022 and 2021, 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 equivalent.

As of December 31, 2022 and 2021, all amounts held in the Trust funds were considered cash and cash equivalents.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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 $137,636 and $53,905 as of December 31, 2022 and 2021, respectively. As of December 31, 2022, the entire remaining balance is expected to be paid when the related property is sold.

NOTE 5 - CAPITAL ASSETS

Property, plant, and equipment at December 31, 2022 and 2021 and related accumulated depreciation and depreciation expense for the years then ended follow:

2022

	Beginning	Increases	Decreases	Ending
Depreciable				
Building	$ 6,279,355	$ 21,063	$ -	$ 6,300,418
Water System	30,423,141	1,079,070	-	31,502,211
Sewer System	16,794,769	416	-	16,795,185
Furniture and Equipment	365,310	-	-	365,310
Leased auto	57,515	-	-	57,515
Vehicles	281,157	-	-	281,157
Purchased Wastewater Treatment Capacity	3,149,501	78,233	-	3,227,734
Subtotal	57,350,748	1,178,782	-	58,529,530

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Beginning	Increases	Decreases	Ending
Total from previous page	57,350,748	1,178,782	-	58,529,530
Non-Depreciable				
Land	790,410	-	-	790,410
Construction in Progress	1,107,757	285,312	491,732	901,337
Total	**$ 59,248,915**	**$ 1,464,094**	**$ 491,733**	**$ 60,221,277**

Accumulated Depreciation	Beginning	Increases	Decreases	Ending
Building	$ 1,268,802	$ 159,234	$ -	$ 1,428,036
Water System	14,195,460	724,088	-	14,919,548
Sewer System	10,370,878	338,469	-	10,709,347
Furniture and Equipment	318,507	5,779	-	324,286
Leased auto	5,752	11,503	-	17,255
Vehicles	215,132	21,072	-	236,204
Purchased Wastewater Treatment Capacity	1,408,921	79,688	-	1,488,609
Total	**$ 27,783,452**	**$1,339,833**	**$ -**	**$ 29,123,285**
Net	**$ 31,465,463**			**$ 31,097,992**

2021

	Beginning	Increases	Decreases	Ending
Depreciable				
Building	$ 6,279,355	$ -	$ -	$ 6,279,355
Water System	28,255,176	2,167,965	-	30,423,141
Sewer System	16,488,068	346,701	-	16,794,769
Furniture and Equipment	365,310	-	-	365,310
Leased auto	-	57,515	-	57,515
Vehicles	281,157	-	-	281,157
Purchased Wastewater Treatment Capacity	3,093,585	55,916	-	3,149,501
Subtotal	54,722,651	2,628,097	-	57,350,748
Non-Depreciable			-	
Land	790,410	-	-	790,410
Construction in Progress	1,619,348	567,371	1,078,962	1,107,757
Total	**$ 57,132,409**	**$ 3,195,468**	**$ 1,078,962**	**$ 59,248,915**

Accumulated Depreciation	Beginning	Increases	Decreases	Ending
Building	$ 1,110,621	$ 158,181	$ -	$ 1,268,802
Water System	13,512,760	682,700	-	14,195,460
Sewer System	10,035,721	335,157	-	10,370,878
Furniture and Equipment	312,708	5,799	-	318,507
Leased Auto	-	5,752	-	5,752
Vehicles	194,060	21,072	-	215,132
Purchased Wastewater Treatment Capacity	1,337,337	71,584	-	1,408,921
Total	**$ 26,503,207**	**$ 1,280,245**	**$ -**	**$ 27,783,452**
Net	**$ 30,629,202**			**$ 31,465,463**

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 $690,460 and $581,947 for the years ended December 31, 2022 and 2021, respectively. Amounts due from PWTA for advances in excess of actual expenses totaled $7,081 and $67,791 at December 31, 2022 and 2021, 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 payoff the outstanding balance of $7,514,000 on the Univest 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. As part of the issuance, the Authority received a bond premium of $1,616,195. 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 9 for the explanation and calculation of the rate covenant.

On November 8, 2017, the Authority obtained a $4,466,000 term loan from TD Bank with an interest rate of 1.59% to advance refund $4,355,000 of outstanding Water and Sewer Revenue Bonds, Series 2011A. The term loan matured on February 1, 2022 and was fully repaid.

On December 21, 2017, the Authority acquired the assets of the Ridge Run Development for a purchase price of $300,000 in exchange for a promissory note. The note does not bear interest and requires 20 quarterly installments of principal payments only beginning February 1, 2018. The promissory note matured on November 1, 2022.

A summary of long term debt activity for the year ended December 31, 2022 and amounts due at December 31, 2022 follow:

	December 31, 2021	Additions	Reductions	December 31, 2022	Amounts Due Within One Year
TD Bank Note	$ 95,000	$ -	$ (95,000)	$ -	$ -
Bond Series 2019	12,610,000	-	(1,020,000)	11,590,000	1,160,000
Bond Premium	1,330,338	-	(131,934)	1,198,404	
	13,940,338	-	(1,151,934)	12,788,404	1,160,000
	14,035,338	-	(1,246,934)	12,788,404	1,160,000
Ridge Run Note	80,000	-	(80,000)	-	-
Grand Total	$ 14,115,338	$ -	$ (1,326,934)	$ 12,788,404	$ 1,160,000

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Interest expense on long term debt amounted to $486,748 and $515,331 for the years ended December 31, 2022 and 2021, respectively.

Scheduled future principal and interest maturities with respect to long-term debt at December 31, 2022, follow:

Year	Bond Principal	Notes Payable	Total Long-Term Debt	Interest	Total Debt Service Requirement
2023	1,160,000	-	1,160,000	440,400	1,600,400
2024	1,205,000	-	1,205,000	393,100	1,598,100
2025	1,255,000	-	1,255,000	343,900	1,598,900
2026	1,310,000	-	1,310,000	292,600	1,602,600
2027	1,360,000	-	1,360,000	239,200	1,599,200
2028-2032	5,300,000	-	5,300,000	439,400	5,739,400
Total	$ 11,590,000	$ -	$ 11,590,000	$ 2,148,600	$ 13,738,600

NOTE 8 – LEASES

FINANCE LEASE

The Authority leases an automobile totaling $57,515 under a finance lease requiring five annual payments of $12,609, including interest of 6.0%, expiring July 2026. The leased automobile is included in property, plant and equipment in the accompanying statements of financial position. Accumulated amortization of the leased equipment was $17,255 and $5,752 at December 31, 2022 and 2021, respectively. Amortization of the equipment under finance leases totaled $11,503 and $5,752 for the years ended December 31, 2022 and 2021, respectively, and is included in depreciation expense.

The leased automobile is included depreciable capital assets and lease liability is reported in current and long-term liabilities on the statement of net position. The cost and accumulated depreciation for the leased is reported as a separate line item in Note 5.

The future minimum lease payments required under the finance leases and the present value of the net minimum lease payments as of December 31, 2022, are as follows:

For the Year Ending December 31,	Amount
2023	$ 12,609
2024	12,609
2025	12,609
Total minimum lease payments	37,827
Less: amounts representing interest	3,096
Present value of minimum lease payments	34,731
Less: current maturities of capital lease obligations	11,083
Capital lease obligations, net of current maturities	23,648

NOTE 8 – LEASES (CONTINUED)

LEASE RECEIVABLE

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, 2024 and December 3, 2027. The lessees are required to make monthly fixed payments ranging from $2,274 to $5,435 with minimal escalation clauses and stated extension options. The leases have an interest rate 3.5% which is the Authority's effective borrowing rate.

Effective January 1, 2021, due to the implementation of GASB 87, the Authority recorded a lease receivable and a deferred inflow in the amount of $343,248. As of December 31, 2022 and 2021, the lease receivable and deferred inflows amounted to $184,047 and $264,999, respectively. The lease receivable was offset by the deferred inflow, therefore, there was no impact to beginning net position.

For the years ended December 31, 2022 and 2021, the Authority recognized lease revenue of $86,715 and $85,257, respectively.

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

Year Ending December 31	Future Rents
2023	$ 89,067
2024	54,463
2025	27,288
2026	25,014
Subtotal	$195,832
Interest	(11,785)
Net Lease Receivable	184,047

NOTE 9 - RETIREMENT PLAN

The Authority offers a defined benefit pension plan to its employees by participating in the Pennsylvania Municipal Retirement System ("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. 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:

Coverage and Benefit Provisions	
Covered employees	All active full-time employees are required to participate.
Benefit vesting	100% after 5 years of service
Normal retirement date	Employee is eligible upon attaining age 60.
Early retirement provision	Involuntary termination and 8 years of credited service or voluntary termination and 20 years of credited service.

NOTE 9 - RETIREMENT PLAN (CONTINUED)

Coverage and Benefit Provisions	
Retirement benefit	Upon normal retirement, employees shall receive a benefit equal to 2% of Final Average Salary ("FAS"), i.e. average of the highest consecutive five years' salary, multiplied by all years of credited service, not to exceed 75% of the participant's FAS. For employees eligible for early retirement, the benefits are actuarially reduced for each year prior to age 60 that early retirement takes place. There is no Social Security offset.
Death benefit	Other than a refund of member contributions plus interest, death benefits are not provided if an active member dies prior to having met the eligibility for voluntary early retirement or normal retirement. Once a member has reached the required service for a voluntary early retirement or normal retirement age, and dies prior to retiring, the beneficiary will be entitled to benefits stipulated by law.
Disability benefit	Any member who has 10 or more years of service and becomes physically or mentally incapacitated to such a degree that he is not able to engage in any gainful employment, or sustains a service-related disability, regardless of the number of years of service, is eligible to receive a benefit of 50% of the highest five years' average salary. The benefit is reduced by any payments that an employee can receive from the Pennsylvania Workers' Compensation Act or the Pennsylvania Occupational Disease Act. A member who sustains a non-service related disability and has ten years of service shall receive a benefit of 30% of the highest five years' average salary.

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, 2021 (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:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to, but not yet receiving benefits	3
Active employees	8
Total participant count	21

METHOD OF ACCOUNTING

Due to the implementation of GASB No. 68, the Authority must report its proportionate share of the net pension liability, which is as of the December 31, 2021 measurement date. The Authority's proportionate share of the net pension (asset) / liability as of December 31, 2022 and 2021 was ($342,789) and $1,460, respectively.

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, known as the Fiduciary Net Position (FNP). For purposes of measuring the net position liability, deferred outflows or resources, deferred inflows of resources, and pension expense, information about the FNP of PMRS and additions to and deductions from PMRS FNP have been determined on the same basis as reported by PMRS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

NOTE 9 - RETIREMENT PLAN (CONTINUED)

METHOD OF ACCOUNTING (CONTINUED)

The net pension (asset) / liability at December 31, 2022 was measured as of December 31, 2021, and the TPL used to calculate the net pension (asset) / liability was determined by actuarial valuations as of that date. The Authority's proportion of the net pension (asset) / 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.

FUNDING

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%.

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, 2022 and 2021 amounted to $101,117 and $98,819, respectively.

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the years ended December 31, 2022 and 2021, the Authority's pension expense amounted to ($39,546) and ($23,236), respectively. At December 31, 2022 and 2021, the Authority reported $101,117 and $98,819, respectively, included in deferred outflows of resources for its contributions subsequent to the December 31, 2021 and 2020 measurement dates and through December 31, 2022 and 2021, respectively.

The Authority also recorded deferred outflows of resources of ($75,102) for changes in assumptions of ($30,389), differences between expected and actual experience of ($47,012), differences between projected and actual earnings on investments of $0, and 2022 contributions to the Plan of $101,117, less 2022 amortization expense of ($98,818). Deferred outflows related to the pension plan amounted to $200,878 and $260,495 as of December 31, 2022 and 2021, respectively.

The Authority also recorded deferred inflows of resources of ($128,484) for the difference between expected and actual experience of $93,034, and differences between projected and actual earnings on investments of ($219,449) less 2022 amortization expense ($2,069). Deferred inflows related to the pension plan amounted to $401,900 and $273,416 as of December 31, 2022 and 2021, respectively.

NOTE 9 - RETIREMENT PLAN (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Deferred inflows and outflows are amortizable over a four year period and will be recognized annually in pension expense as follows:

Year ending December 31	
2023	$ 101,117
2024	(84,306)
2025	(66,082)
2026	-
2027	-
Total	$ (49,271)

ACTUARIAL ASSUMPTIONS

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:	2.8%
Salary Increases:	Age related scale with merit and inflation component
COLA Increases:	2.8% for those eligible for a COLA
Pre-Retirement Mortality:	Males – RP2000 Non-Annuitant Table projected 15 years with Scale AA, Females – same as males except with 5 year setback
Post-Retirement Mortality:	Males – RP2000 Male Annuitant Table projected 5 years with Scale AA, Females – Female Annuitant Table projected 10 years with Scale AA

DISCOUNT RATE

The discount rate used to measure the total pension liability was 5.25% for the December 31, 2021 and 2020 valuations. 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.

NOTE 9 - RETIREMENT PLAN (CONTINUED)

LONG-TERM EXPECTED RATE OF RETURN

The PMRS System's long-term expected rate of return on pension plan investments 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.
2) The nominal rates of return by asset class are adjusted by the investment expenses and an expected future annual inflation rate of 2.25% to produce the long-term expected real rates of return.
3) The long-term expected 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. The minimum acceptable confidence level for the Board for achieving the Regular Interest Rate has been determined to be 60%.

The target allocation and best estimates of real rates of return for each asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Nominal Rate of Return	Long-Term Expected Rate of Return
Domestic Equities (large capitalized firms)	24.5%	7.5%	5.0%
Domestic Equities (small capitalized firms)	8%	8.2%	5.7%
International Equities (international developed markets)	14.5%	8.1%	5.6%
International Equities (emerging markets)	3%	8.2%	5.7%
Global Equities	5%	7.3%	4.8%
Real Estate	10%	7.4%	4.9%
Timber	5%	6.2%	3.7%
Fixed Income (Core Investment Grade)	24%	4.3%	1.8%
Fixed Income (Opportunistic Credit)	5%	7.9%	5.4%
Cash	1%	1.2%	-1.3%
Total Portfolio	100%	7.4%	4.9%

Based on the four part analysis, the Board established the System's long-term expected rate of return at 4.9%.

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:

	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Net pension liability / (asset)	$145,666	$(342,789)	$(754,476)

The following is a schedule of the changes in net pension liability / (asset):

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) – (b)
Balance at December 31, 2020	$3,643,022	$3,641,562	$1,460
Changes for the year:			
Service cost	127,584	-	127,584
Interest	192,873	-	192,873
Employer contributions	-	98,399	(98,399)
Employee contributions	-	72,446	(72,446)
Contributions – PMRS assessment	-	420	(420)
Net investment income	-	503,674	(503,674)
Benefit payments	(140,164)	(140,164)	-
Administrative expense	-	(10,233)	10,233
Net change	180,293	524,542	(344,249)
Balance at December 31, 2021	$3,823,315	$4,166,104	(342,789)

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 year ended December 31, 2022 follows:

Description	Amount
Total pledged revenues	$5,555,212
Total operating expense (net of depreciation)	2,167,551
Amount available for debt service	3,387,662
Average annual debt service @110%	1,556,614
Excess over required funding	$1,831,048

NOTE 11 - 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, 2022, 2021 and 2020.

COMMITMENTS

The Authority leases its water tanks to cell tower companies. During the years ended December 31, 2022 and 2021, rental income amounted to $126,603 and $119,993, respectively. The Authority expects rental income of approximately $100,000 per year through 2025.

Our operations have not experienced any significant impact as a result of the COVID-19 pandemic. The Authority continues to monitor the impact of COVID-19 throughout the United States and the world.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 27, 2023, which is the date the financial statements were available to be issued. On April 4, 2023 the Authority obtained a water and sewer revenue note, Series 2023 in the amount of $2,600,000 at an interest rate of 3.50% maturing on February 1, 2033 to be used for short term purposes to assist with funding for the development of Well #14 for which a reimbursement grant was received. There were no other subsequent events requiring recognition or disclosure in these financial statements as a result of this evaluation.

REQUIRED SUPPLEMENTARY INFORMATION

PERKASIE REGIONAL AUTHORITY

Schedule of Changes in Net Pension Liability and Related Ratios

Last Eight Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability - Authority's Portion								
Service cost	$ 127,584	$ 127,412	$ 99,302	$ 92,941	$ 89,435	$ 83,496	$ 95,533	$ 106,864
Interest	192,873	171,414	163,318	184,607	178,155	171,007	164,836	165,220
Differences between expected and actual experience	-	163,725	-	(553,998)	-	99,868	(4,901)	(168,060)
Changes of assumptions	-	80,893	-	-	-	95,600	3,889	-
Benefit payments	(140,164)	(125,920)	(123,610)	(135,749)	(155,161)	(185,664)	(98,088)	(91,780)
Net change in total pension liability - Authority's portion	180,293	417,524	139,010	(412,199)	112,429	264,307	161,269	12,244
Total pension liability - beginning	3,643,022	3,225,498	3,086,488	3,498,687	3,386,258	3,121,951	2,960,682	2,948,438
Total pension liability - ending - Authority's portion	$ 3,823,315	$ 3,643,022	$ 3,225,498	$ 3,086,488	$ 3,498,687	$ 3,386,258	$ 3,121,951	$ 2,960,682
Plan Fiduciary Net Position - Authority's portion								
Contributions - employer	$ 98,399	$ 95,527	$ 99,132	$ 86,277	$ 86,207	$ 85,336	$ 82,722	$ 44,964
Contributions - PMRS assessment	420	400	420	440	460	460	460	-
Contributions - employee	72,446	65,916	44,410	34,542	29,744	27,655	31,878	32,854
PMRS investment income	173,264	160,917	174,719	163,819	154,667	135,686	147,816	139,919
Market value investment income	330,410	335,734	(124,439)	(327,654)	340,759	81,114	(154,434)	18,558
Benefits payments	(140,164)	(125,920)	(123,610)	(135,749)	(155,161)	(185,664)	(98,088)	(91,780)
PMRS administrative expense	(420)	(400)	(420)	(440)	(460)	(460)	(460)	(480)
Additional administrative expense	(9,813)	(7,011)	(6,039)	(7,311)	(7,113)	(6,647)	(6,162)	(5,336)
Net change in plan fiduciary net position	524,542	525,163	64,173	(186,076)	449,103	137,480	3,732	138,669
Plan fiduciary net position - beginning	3,641,562	3,116,399	3,052,226	3,238,302	2,789,199	2,651,719	2,647,987	2,509,318
Plan fiduciary net position - ending - Authority's Portion	$ 4,166,104	$ 3,641,562	$ 3,116,399	$ 3,052,226	$ 3,238,302	$ 2,789,199	$ 2,651,719	$ 2,647,987
Net position liability - ending - Authority's Portion	$ (342,789)	$ 1,460	$ 109,099	$ 34,262	$ 260,385	$ 597,059	$ 470,232	$ 312,695
Plan fiduciary net position as a percentage of total pension liability	109.0%	100.0%	96.6%	98.9%	92.6%	82.4%	84.9%	89.4%
Covered employee payroll	594,972	599,762	561,760	604,614	617,991	617,133	673,946	757,952
Net pension liability as a percentage of covered employee payroll	-57.6%	0.2%	19.4%	5.7%	42.1%	96.7%	69.8%	41.3%

The requirement for this schedule is to present 10 years of information. However, until a full 10 year trend is complete, only available information is presented.

PERKASIE REGIONAL AUTHORITY

Schedule of Contributions

Last Eight Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 98,819	$ 95,927	$ 99,532	$ 86,717	$ 86,667	$ 85,796	$ 83,182	$ 44,197
Contributions in relation to the Actuarially determined contribution	98,819	95,927	99,552	86,717	86,667	85,796	83,182	44,964
Contribution excess	$ -	$ -	$ (20)	$ -	$ -	$ -	$ -	$ (767)
Covered payroll	$ 594,972	$ 599,762	$ 561,760	$ 604,614	$ 617,991	$ 617,133	$ 673,946	$ 757,952
Contributions as a percentage of covered payroll	16.61%	15.99%	17.72%	14.34%	14.02%	13.90%	12.34%	5.93%

The requirement for this schedule is to present 10 years of information. However, until a full 10 year trend is complete, only available information is presented.

SUPPLEMENTARY INFORMATION

PERKASIE REGIONAL AUTHORITY

Schedule of Operating Expenses

Years Ended December 31, 2022 and 2021

	2022	%	2021	%	Variance Increase (Decrease)
SEWER SERVICE					
Salaries	$ 88,972	**1.7**	$ 84,672	1.8	$ 4,300
Payroll Taxes	7,144	**0.1**	6,786	0.1	358
Materials and Supplies	3,843	**0.1**	2,660	0.1	1,183
Electric	337	**0.0**	345	0.0	(8)
Maintenance and Repairs	17,365	**0.3**	3,127	0.1	14,238
Vehicle	14,127	**0.3**	13,387	0.3	740
Uniforms	719	**0.0**	3,633	0.1	(2,914)
Treatment Fees - Operating	690,460	**13.0**	581,947	12.2	108,513
Total Sewer Service	822,967	**15.5**	696,557	14.7	126,410
WATER SERVICE					
Salaries	273,926	**5.2**	257,540	5.4	16,386
Payroll Taxes	21,995	**0.4**	20,642	0.4	1,353
Materials and Supplies	11,940	**0.2**	42,157	0.9	(30,217)
Electric	100,879	**1.9**	78,596	1.7	22,283
Maintenance and Repairs	94,686	**1.8**	78,343	1.6	16,343
Vehicle	19,850	**0.4**	16,543	0.3	3,307
Uniforms	2,609	**0.0**	1,812	0.0	797
Testing	18,828	**0.4**	12,745	0.3	6,083
Meters	18,847	**0.4**	1,140	0.0	17,707
Total Water Service	563,560	**10.7**	509,518	10.6	54,042
PROFESSIONAL FEES					
Consulting Engineer	36,165	**0.7**	11,598	0.2	24,567
Accounting and Audit	40,595	**0.8**	36,462	0.8	4,133
Legal	13,112	**0.2**	11,404	0.2	1,708
Other	-	**0.0**	-	0.0	-
Hydrogeologist	32,425	**0.6**	22,375	0.5	10,050
Total Professional Fees	122,297	**2.3**	81,839	1.7	40,458
GENERAL AND ADMINISTRATIVE					
Office Payroll	254,422	**4.8**	228,675	4.8	25,747
Employee Insurance	194,333	**3.7**	176,483	3.7	17,850
Payroll Taxes	22,103	**0.4**	19,859	0.4	2,244
Pension	(55,031)	**(1.0)**	(23,236)	(0.5)	(31,795)
Office Equipment	36,776	**0.7**	38,120	0.8	(1,344)
General Business Insurance	56,843	**1.1**	53,670	1.1	3,173
Communications	13,088	**0.2**	13,670	0.3	(582)
Postage	11,224	**0.2**	8,183	0.2	3,041
Education	5,534	**0.1**	4,900	0.1	634
Utilities	13,531	**0.3**	12,462	0.3	1,069
Maintenance and Repairs - Office	28,378	**0.5**	28,712	0.6	(334)
Office Supplies	2,977	**0.1**	2,656	0.1	321
Newsletter	1,264	**0.0**	1,164	0.0	100
Trustee Fees	4,655	**0.1**	4,655	0.1	-
Dues and Subscriptions	43,802	**0.8**	40,553	0.9	3,249
Miscellaneous	22,056	**0.4**	16,654	0.3	5,402
Vehicles	2,219	**0.0**	1,527	0.0	692
Billing	511	**0.0**	440	0.0	71
Website	42	**0.0**	499	0.0	(457)
Total General and Administrative Expenses	658,727	**12.4**	629,646	13.2	29,081
Total Operating Expenses	$ 2,167,551	**40.9**	$ 1,917,560	40.2	$ 249,991

PERKASIE REGIONAL AUTHORITY

Schedule of Revenues and Expenses - Budget and Actual

Year Ended December 31, 2022

	Actual	Budget	Variance
OPERATING REVENUES			
Sewer Service Charges:			
Single Family	$ 1,623,324	$ 1,625,800	$ (2,476)
Multi-Family	301,855	312,400	(10,545)
Commercial	105,976	164,400	(58,424)
Industrial	29,102	34,900	(5,798)
School	52,270	63,400	(11,130)
Church	7,284	6,800	484
Public	37,574	28,200	9,374
Mixed	22,725	26,900	(4,175)
Miscellaneous	44,984	42,100	2,884
Total Sewer Service Charges	2,225,094	2,304,900	(79,806)
Water Sales:			
Single Family	1,738,364	1,749,100	(10,736)
Multi-Family	260,037	250,100	9,937
Commercial	143,316	145,200	(1,884)
Industrial	27,320	24,000	3,320
School	62,116	69,400	(7,284)
Church	12,511	12,200	311
Public	23,360	25,900	(2,540)
Mixed	22,695	27,400	(4,705)
Miscellaneous	53,849	44,100	9,749
Total Water Sales	2,343,568	2,347,400	(3,832)
Other Revenue:			
Fire Charges	98,925	89,900	9,025
Other	113,960	61,070	52,890
Total Other Revenue	212,885	150,970	61,915
Total Operating Revenues	$ 4,781,547	$ 4,803,270	$ (21,723)
OPERATING EXPENSES			
Sewer Service:			
Salaries	$ 88,972	$ 98,900	$ (9,928)
Materials and Supplies	3,843	13,000	(9,157)
Electric	337	600	(263)
Maintenance and Repairs	17,365	31,500	(14,135)
Vehicle	14,127	19,530	(5,403)
Uniforms	719	1,200	(481)
Treatment Fees	690,460	805,000	(114,540)
Total Sewer Service	815,823	969,730	(153,907)

PERKASIE REGIONAL AUTHORITY

Schedule of Revenues and Expenses - Budget and Actual, Continued

Year Ended December 31, 2022

	Actual	Budget	Variance
Water Service:			
Salaries	273,926	290,000	(16,074)
Materials and Supplies	11,940	48,600	(36,660)
Electric	100,879	122,970	(22,091)
Maintenance and Repairs	94,686	136,800	(42,114)
Vehicle	19,850	16,060	3,790
Uniforms	2,609	3,500	(891)
Testing	18,828	19,100	(272)
Meters	18,847	5,700	13,147
Total Water Service	541,565	642,730	(101,165)
Professional Fees:			
Consulting Engineer	36,165	46,400	(10,235)
Auditor	40,595	40,600	(5)
Legal	13,112	24,500	(11,388)
Hydrogeologist	32,425	35,900	(3,475)
Total Professional Fees	122,297	147,400	(25,103)
General and Administrative:			
Salaries	254,422	245,600	8,822
Employee Benefits	190,544	363,800	(173,256)
Materials and Supplies	65,312	100,400	(35,088)
Utilities	13,531	22,500	(8,969)
Communications	13,130	16,200	(3,070)
Maintenance and Repairs - Office	36,776	56,080	(19,304)
Vehicles	2,219	2,050	169
Maintenance and Repairs - Building	28,378	19,800	8,578
Lease of Vehicles	-	17,000	(17,000)
Trustee Fees	4,655	5,100	(445)
Insurance	56,843	75,800	(18,957)
Miscellaneous	22,056	2,400	19,656
Total General and Administrative	687,866	926,730	(238,864)
Total Operating Expenses	2,167,551	2,686,590	(519,039)
Operating Revenues Over Expenses	$ 2,613,996	$ 2,116,680	$ 497,316

PERKASIE REGIONAL AUTHORITY

Schedule of Revenues and Expenses - Budget and Actual, Continued

Year Ended December 31, 2022

	Actual	Budget	Variance
Operating Revenues Over Expenses	$ 2,613,996	$ 2,116,680	$ 497,316
Nonoperating Revenues (Expenses):			
Investment Income	57,442	-	57,442
Rental Income	126,603	117,700	8,903
Interest Expense	(360,535)	-	(360,535)
Principal Payments on Debt	(1,115,000)	(1,599,755)	484,755
NPWA Agreement Principal Payment	(80,000)	(80,000)	-
Transfer for Debt Coverage	-	(554,625)	554,625
Total Nonoperating Revenues (Expenses) - Net	(1,371,490)	(2,116,680)	745,190
Total Revenues Over Expenses	$ 1,242,506	$ -	$ 1,242,506

Reconciliation of Budget Reporting to Financial Statements:

Revenues Over Expenses	$ 1,242,506
Principal Payments on Debt	1,115,000
NPWA Agreement principal payment	80,000
Property Dedication	-
DCED Grant	65,481
Tapping Fees	524,140
Depreciation and Amortization	(1,339,833)
Increase in Net Position per Statement of Revenues, Expenses, and Changes in Net Position	$ 1,687,294