

NORTH PENN WATER AUTHORITY
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Years Ended December 31, 2023 and 2022

INTRODUCTORY SECTION

NORTH PENN WATER AUTHORITY
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FINANCIAL SECTION

Independent Auditors' Report

To the Members of the Board
North Penn Water Authority
Lansdale, Pennsylvania

Opinion

We have audited the financial statements of North Penn Water Authority, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise North Penn Water Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of North Penn Water Authority as of December 31, 2023 and 2022, 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 North Penn Water Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

To the Members of the Board
North Penn Water Authority
Lansdale, Pennsylvania

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 North Penn Water 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 North Penn Water 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 5 through 10 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.

To the Members of the Board
North Penn Water Authority
Lansdale, Pennsylvania

Supplementary Information

Our audits were conducted for the purpose of forming opinion on the financial statements that collectively comprise North Penn Water Authority's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maillie LLP

Limerick, Pennsylvania
May 15, 2024

NORTH PENN WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEARS ENDED DECEMBER 31, 2023 AND 2022

As management of the North Penn Water Authority, we are offering readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year ended December 31, 2023. Please read it in conjunction with the Authority's financial statements, which follow this section.

2023 FINANCIAL HIGHLIGHTS

- During the year, the Authority's net position increased by \$4,752,719 or 2.9%.
- During the year, the Authority's operating revenues were \$22,127,277, an increase from \$21,710,104 in 2022, while operating expenses increased to \$12,085,715, up from \$11,160,275 in 2022 or 8.3%.
- Capital Contributions to the Authority decreased by \$247,585 to \$1,700,893, down from \$1,948,478 in 2022 or -12.7%.
- During the year, the Authority issued \$12,195,000 of Water Revenue Bonds, Series of 2023 (the "2023 Bonds"). The Authority's total debt decreased by \$6,856,167.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic Financial Statements. The Financial Statements also include notes that provide additional information that is essential to the full understanding of the data provided in the 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 the short- and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities). It also provides the basis for computing rate 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. This statement measures the success 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, along with the profitability and creditworthiness. 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 and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting year.

NORTH PENN WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEARS ENDED DECEMBER 31, 2023 AND 2022

FINANCIAL ANALYSIS OF THE AUTHORITY

One of the most important questions asked about the Authority's finances is, "Is North Penn Water Authority as a whole better off or not as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority in a way that will help answer this question. These two statements report the net position of the Authority and changes in this net position. One can think of the Authority's net position (the difference between assets and liabilities) as one way to measure financial health or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other nonfinancial factors such as changes in economic conditions, population growth and new or changing governmental legislation.

Net Position

The following table summarizes the changes in net position between December 31, 2023, 2022 and 2021:

Condensed Statements of Net Position

	2023	2022	Variance		2021
			Dollar	%	
ASSETS					
Current assets	\$ 22,961,983	\$ 24,834,347	\$ (1,872,364)	-7.5%	\$ 20,115,343
Restricted assets	13,589,826	15,319,024	(1,729,198)	-11.3%	20,514,607
Utility plant	180,794,621	178,690,741	2,103,880	1.2%	178,728,699
Other assets	2,570,552	2,165,205	405,347	18.7%	16,003
TOTAL ASSETS	219,916,982	221,009,317	(1,092,335)	-0.5%	219,374,652
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated decrease in fair value of hedging derivative	36,293	143,058	(106,765)	-74.6%	970,660
LIABILITIES					
Current liabilities	10,576,758	10,494,993	81,765	0.8%	10,058,199
Long-term liabilities	36,462,452	43,564,297	(7,101,845)	-16.3%	50,452,592
TOTAL LIABILITIES	47,039,210	54,059,290	(7,020,080)	-13.0%	60,510,791
DEFERRED INFLOWS OF RESOURCES					
Deferred charge on refunding	2,388,348	1,674,407	713,941	42.6%	1,690,963
Deferred inflows of resources, leases	2,717,886	2,363,566	354,320	15.0%	-
TOTAL DEFERRED INFLOWS OF RESOURCES	5,106,234	4,037,973	1,068,261	26.5%	1,690,963
NET POSITION					
Net investment in capital assets	149,203,181	140,935,389	8,267,792	5.9%	135,341,098
Unrestricted assets	18,604,650	22,119,723	(3,515,073)	-15.9%	22,802,460
TOTAL NET POSITION	\$ 167,807,831	\$ 163,055,112	\$ 4,752,719	2.9%	\$ 158,143,558

NORTH PENN WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEARS ENDED DECEMBER 31, 2023 AND 2022

- Total assets decreased by \$1,092,335 in 2023 due primarily to the reduction in unrestricted and restricted cash stemming from the acquisition of capital assets and the repayment of long-term debt.
- Total liabilities decreased \$7,020,080 due primarily to the repayment of long-term debt.
- The net effect of these changes resulted in a \$4,752,719 increase in total net position.

Statements of Revenues, Expenses and Changes in Net Position

While the Statements of Net Position show the change in financial position on net assets, the Statements of Revenues, Expenses and Changes in Net Position provide answers as to the nature and source of these changes.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2023	2022	Variance		2021
			Dollar	%	
Operating revenues	\$ 22,127,277	\$ 21,710,104	\$ 417,173	1.9%	\$ 20,367,030
Operating expenses	12,085,715	11,160,275	925,440	8.3%	10,514,052
INCOME FROM OPERATIONS	10,041,562	10,549,829	(508,267)	-4.8%	9,852,978
Nonoperating revenues	2,260,675	1,909,588	351,087	18.4%	1,783,387
Nonoperating expenses	9,250,411	9,496,341	(245,930)	-2.6%	10,513,916
NONOPERATING EXPENSES, net	(6,989,736)	(7,586,753)	597,017	7.9%	(8,730,529)
INCOME BEFORE CONTRIBUTIONS	3,051,826	2,963,076	88,750	3.0%	1,122,449
Contributions in aid of construction	1,700,893	1,948,478	(247,585)	-12.7%	1,411,394
CHANGE IN NET POSITION	\$ 4,752,719	\$ 4,911,554	\$ (158,835)	-3.2%	\$ 2,533,843

Revenues

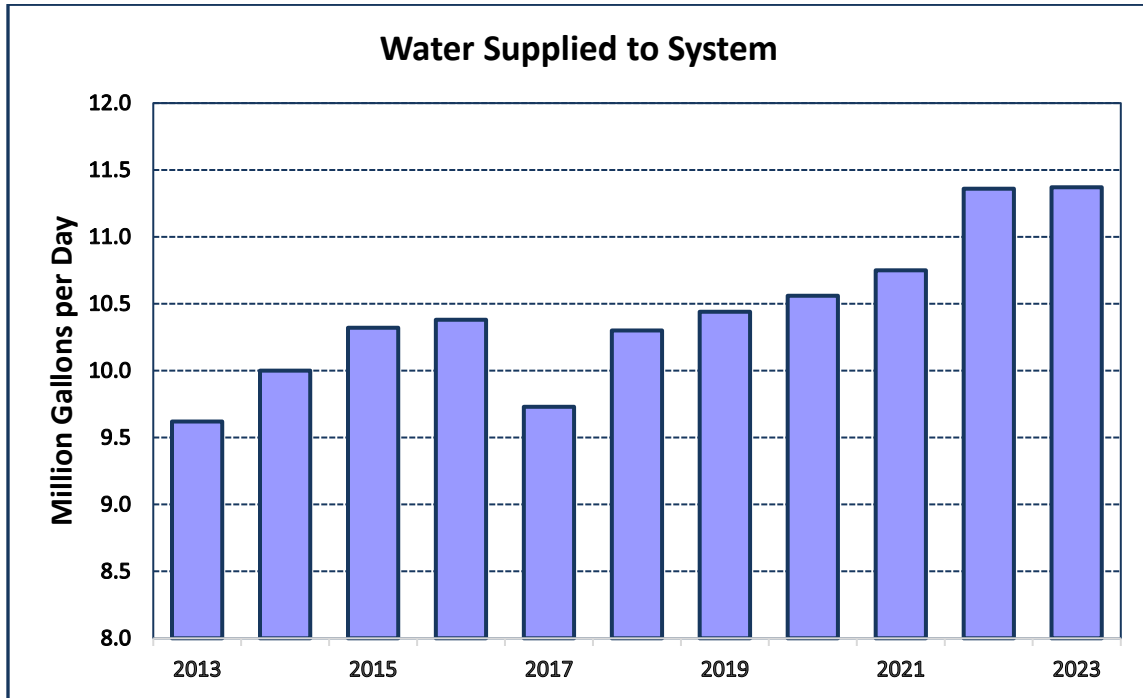
- Operating revenues increased \$417,173 to \$22,127,277 or 1.9% from 2022 to 2023.

Operating revenues include the following:

	2023	2022	2021
Metered sales	\$ 21,436,888	\$ 21,055,596	\$ 19,722,497
Unmetered sales	634,034	606,980	596,475
Other revenues	56,355	47,528	48,058
	\$ 22,127,277	\$ 21,710,104	\$ 20,367,030

NORTH PENN WATER AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEARS ENDED DECEMBER 31, 2023 AND 2022

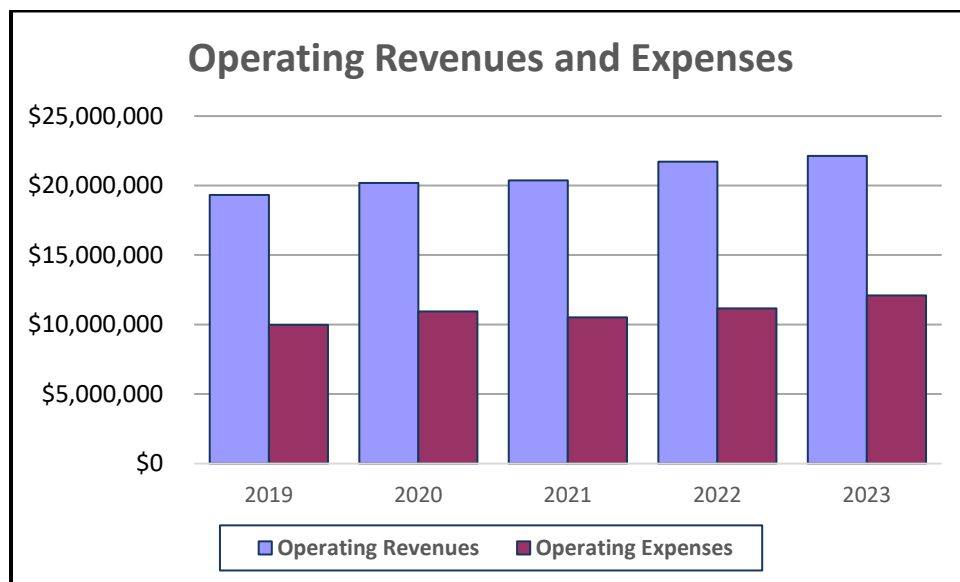
The chart below shows the historical average daily water supplied to the system for the years 2013 through 2023.



Operating Expenses

- Operating expenses increased by \$925,440 to \$12,85,715 or 8.3% from 2022 to 2023.

Historical Operating Revenues and Expenses



NORTH PENN WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEARS ENDED DECEMBER 31, 2023 AND 2022

Capital Assets

At the end of 2023, the Authority had invested \$238,126,339 in property, plant and equipment and also had invested \$93,998,429 in Forest Park Water. The greatest additions to the Authority's capital assets were additions to and replacements of the Authority's water distribution system.

	2023	2022	Variance		2021
			Dollar	%	
PROPERTY, PLANT AND EQUIPMENT					
Land	\$ 2,392,981	\$ 2,338,460	\$ 54,521	2.3%	\$ 2,296,067
Wells	1,024,381	1,024,369	12	0.0%	1,024,369
Storage and distribution system	209,644,145	202,702,394	6,941,751	3.4%	195,532,501
Plant and structures	12,018,843	11,740,909	277,934	2.4%	11,662,181
Equipment	12,744,480	12,588,655	155,825	1.2%	12,661,240
Organization expense	301,509	301,509	-	0.0%	301,509
TOTAL	238,126,339	230,696,296	7,430,043	3.2%	223,477,867
Accumulated depreciation	(93,710,446)	(88,682,077)	(5,028,369)	-5.7%	(83,459,680)
NET PROPERTY, PLANT AND EQUIPMENT	\$ 144,415,893	\$ 142,014,219	\$ 2,401,674	1.7%	\$ 140,018,187
INVESTMENT IN FOREST PARK WATER					
Forest Park Water Treatment Plant	\$ 78,229,229	\$ 75,987,482	\$ 2,241,747	3.0%	\$ 75,056,393
Point Pleasant Pumping Station	15,309,435	14,841,899	467,536	3.2%	14,801,129
PECO Contract	459,765	1,227,076	(767,311)	-62.5%	1,951,508
TOTAL	93,998,429	92,056,457	1,941,972	2.1%	91,809,030
Accumulated depreciation	(57,619,701)	(55,379,935)	(2,239,766)	-4.0%	(53,098,518)
NET INVESTMENT IN FOREST PARK WATER	\$ 36,378,728	\$ 36,676,522	\$ (297,794)	-0.8%	\$ 38,710,512

Capital Contributions

North Penn Water Authority has complied with GASB Statement No. 33, which requires that Contributions in Aid of Construction be shown as revenue. This is classified as Nonoperating Income. Contributions in Aid of Construction involve both assets contributions (water mains and other facilities) and cash contributions (tapping fees and assessments). Together, these contributions totaled \$1,700,893 in 2023, which is a decrease of \$247,585 from 2022.

	Year Ended December 31,		Variance		2021
	2023	2022	Dollar	%	
Contribution in assets	\$ 224,850	\$ 1,122,161	\$ (897,311)	-79.96%	\$ 98,857
Contribution in tapping fees	1,476,043	826,317	649,726	78.63%	1,312,537
TOTAL	\$ 1,700,893	\$ 1,948,478	\$ (247,585)	-12.71%	\$ 1,411,394

NORTH PENN WATER AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEARS ENDED DECEMBER 31, 2023 AND 2022

Long-Term Debt

At the end of 2023, the North Penn Water Authority had total debt outstanding of \$37,745,000. On January 24, 2023, the Authority issued \$12,195,00 of Water Revenue Bonds, Series of 2023 (the “2023 Bonds”). The Authority’s total debt decreased by \$6,856,167. All outstanding bonds carry an Aa3 rating from Moody’s Investors Service. The Authority’s long-term debt consists of the following Water Revenue Bonds:

	<u>Issue Amount</u>	<u>Debt Outstanding December 31, 2023</u>
2019 Bonds	\$ 22,785,000	\$ 5,225,000
2021 Bonds	21,310,000	21,310,000
2023 Bonds	<u>12,195,000</u>	<u>11,210,000</u>
 TOTAL	 <u>\$ 56,290,000</u>	 <u>\$ 37,745,000</u>

NORTH PENN WATER AUTHORITY

STATEMENTS OF NET POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,790,727	\$ 17,250,837
Investments	517,192	491,107
Accounts receivable		
Customers	2,168,310	2,182,694
PECO	375,000	400,000
Other	540,660	30,492
Lease receivable, current portion	306,893	290,346
Assessments receivable, current portion	6,207	6,207
Unbilled revenues	2,502,712	2,771,496
Materials inventory, net	1,503,633	1,167,083
Other	250,649	244,085
TOTAL CURRENT ASSETS	<u>22,961,983</u>	<u>24,834,347</u>
RESTRICTED ASSETS		
Cash and equivalents	<u>13,589,826</u>	<u>15,319,024</u>
UTILITY PLANT		
Property, plant and equipment, net	144,415,893	142,014,219
Investment in Forest Park Water, net	<u>36,378,728</u>	<u>36,676,522</u>
TOTAL UTILITY PLANT	<u>180,794,621</u>	<u>178,690,741</u>
OTHER ASSETS		
Lease receivable, noncurrent portion	2,557,576	2,152,229
Assessments receivable, noncurrent portion	<u>12,976</u>	<u>12,976</u>
TOTAL OTHER ASSETS	<u>2,570,552</u>	<u>2,165,205</u>
TOTAL FORWARD	<u>219,916,982</u>	<u>221,009,317</u>
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivative	<u>36,293</u>	<u>143,058</u>
TOTAL FORWARD	<u>\$ 36,293</u>	<u>\$ 143,058</u>

NORTH PENN WATER AUTHORITY

STATEMENTS OF NET POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
TOTAL FORWARDED	\$ <u>219,916,982</u>	\$ <u>221,009,317</u>
DEFERRED OUTFLOWS OF RESOURCES		
TOTAL FORWARDED	<u>36,293</u>	<u>143,058</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,037,877	723,423
Main extension deposits	2,721,430	3,022,905
Other	824,064	793,161
Current liabilities payable from restricted assets		
Accrued interest on bonds	312,393	325,504
Bonds payable	5,225,000	5,630,000
Unamortized bond premium, net	455,994	430,693
TOTAL CURRENT LIABILITIES	<u>10,576,758</u>	<u>10,925,686</u>
NONCURRENT LIABILITIES		
Derivative instrument, rate swap	36,293	143,058
Long-term debt, bonds payable	32,520,000	38,955,000
Unamortized bond premium, net	3,906,159	4,035,546
TOTAL NONCURRENT LIABILITIES	<u>36,462,452</u>	<u>43,133,604</u>
TOTAL LIABILITIES	<u>47,039,210</u>	<u>54,059,290</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred charge on refunding	2,388,348	1,674,407
Deferred inflows of resources, leases	2,717,886	2,363,566
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,106,234</u>	<u>4,037,973</u>
NET POSITION		
Net investment in capital assets	149,203,181	140,935,389
Unrestricted assets	<u>18,604,650</u>	<u>22,119,723</u>
TOTAL NET POSITION	\$ <u><u>167,807,831</u></u>	\$ <u><u>163,055,112</u></u>

See accompanying notes to the basic financial statements.

NORTH PENN WATER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Metered sales	\$ 21,436,888	\$ 21,055,596
Unmetered sales	634,034	606,980
Other revenues	56,355	47,528
TOTAL OPERATING REVENUES	<u>22,127,277</u>	<u>21,710,104</u>
OPERATING EXPENSES		
Water collection system	2,540,209	2,559,093
Purification system	89,513	84,475
Laboratory costs	455,512	422,842
Pumping system	575,022	507,832
Metering and customer service	360,639	383,474
Distribution system	1,075,621	935,429
Information technology	957,002	920,390
Administrative and engineering	2,179,792	2,039,825
General expenses	3,852,405	3,306,915
TOTAL OPERATING EXPENSES	<u>12,085,715</u>	<u>11,160,275</u>
OPERATING INCOME	10,041,562	10,549,829
NONOPERATING INCOME	2,260,675	1,909,588
CAPITAL CONTRIBUTIONS	<u>1,700,893</u>	<u>1,948,478</u>
INCOME BEFORE DEBT SERVICE COSTS AND DEPRECIATION AND AMORTIZATION	<u>14,003,130</u>	<u>14,407,895</u>
DEBT SERVICE COSTS		
Interest on bonds	1,598,547	2,072,654
Bond issuance costs	228,255	-
Amortization of bond discount and premium	(455,994)	(430,693)
TOTAL DEBT SERVICE COSTS	<u>1,370,808</u>	<u>1,641,961</u>
INCOME EXCLUSIVE OF DEPRECIATION AND AMORTIZATION	<u>12,632,322</u>	<u>12,765,934</u>
DEPRECIATION AND AMORTIZATION		
Property, plant and equipment	5,639,837	5,572,963
Forest Park Water	2,239,766	2,281,417
TOTAL DEPRECIATION AND AMORTIZATION	<u>7,879,603</u>	<u>7,854,380</u>
CHANGE IN NET POSITION	4,752,719	4,911,554
NET POSITION AT BEGINNING OF YEAR	<u>163,055,112</u>	<u>158,143,558</u>
NET POSITION AT END OF YEAR	<u>\$ 167,807,831</u>	<u>\$ 163,055,112</u>

See accompanying notes to the basic financial statements.

NORTH PENN WATER AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 22,735,087	\$ 22,560,122
Cash paid to suppliers	(7,536,891)	(7,128,735)
Cash paid to employees	(4,841,492)	(4,471,702)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>10,356,704</u>	<u>10,959,685</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Overhead and equipment usage charged to fixed capital assets	5,203	19,910
Contributions and assessments for main extensions	1,700,893	1,948,478
Acquisition and construction of capital assets	(8,479,203)	(7,707,285)
Additions to Forest Park Water	(1,941,972)	(247,427)
Proceeds from rental of fixed assets	402,102	439,101
Debt service reserve fund transfer for refunded bonds	(1,437,165)	-
Debt service reserve fund requirement for 2023 bonds	1,352,904	-
Principal paid on Water Revenue Bonds	(5,845,000)	(5,185,000)
Interest paid on Water Revenue Bonds	(1,684,802)	(2,079,558)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(15,927,040)</u>	<u>(12,811,781)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,407,113	347,138
Sales of investments	491,107	731,595
Purchases of investments	(517,192)	(491,107)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,381,028</u>	<u>587,626</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(4,189,308)	(1,264,470)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	<u>32,569,861</u>	<u>33,834,331</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		
	<u>\$ 28,380,553</u>	<u>\$ 32,569,861</u>
CASH AND CASH EQUIVALENTS COMPRISED OF		
Current	\$ 14,790,727	\$ 17,250,837
Restricted	<u>13,589,826</u>	<u>15,319,024</u>
	<u>\$ 28,380,553</u>	<u>\$ 32,569,861</u>

NORTH PENN WATER AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 10,041,562	\$ 10,549,829
Penalties, service connection fees, miscellaneous sales, other nonoperating reimbursements and revenues from PECO	816,374	1,162,720
Adjustments to reconcile operating income to net cash provided by operating activities		
(Increase) decrease in		
Accounts receivable		
Customers	14,384	(98,150)
PECO	25,000	32,000
Other	(510,168)	81,307
Assessments receivable	-	539
Unbilled revenues	268,784	(279,900)
Materials inventory	(336,550)	(422,304)
Other current assets	(6,564)	(48,498)
Increase (decrease) in		
Accounts payable	314,454	(281,807)
Main extension deposits	(301,475)	253,804
Other current liabilities	30,903	10,145
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 10,356,704</u>	<u>\$ 10,959,685</u>

See accompanying notes to the basic financial statements.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - THE AUTHORITY

North Penn Water Authority (the "Authority") was incorporated on August 10, 1964, under the Municipality Authorities Act of 1945. The Authority provides water service to approximately 35,000 customers in all or part of 20 municipalities in Montgomery and Bucks Counties in Pennsylvania. The Authority is governed by a Board of Directors consisting of one representative from each of the ten member municipalities. Board members are appointed for a term of five years with the exception of the newest member, whose term may be for less than five years to ensure that subsequent reappointments are equally distributed among the ten existing members. Two members of the Board are appointed, or their memberships renewed, in each year.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements maintained on the accrual basis of accounting 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 disclosures 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 these estimates.

Rate-Regulated Entity

In accordance with current accounting standards, which require a rate-regulated entity to reflect the effects of regulatory decisions in its financial statements, the Authority has deferred certain credits, which it expects to pass on to its customers through the adjustment of water rates.

Trust Indenture

Trust Indenture stipulated accounts (accounts relating to restricted monetary assets and the liabilities pertinent thereto) are maintained as restricted funds in accordance with the provisions of the Trust Indenture dated as of December 1, 1992, as amended.

Utility Plant

Utility plant, consisting of property, plant and equipment, and investments in Forest Park Water are recorded at cost, and depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. Authority organization expenses (feasibility studies, planning studies, valuation of systems to be acquired, etc.) are considered to be a component of property, plant and equipment and are also being amortized on the straight-line basis.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments of the Authority are generally represented by certificates of deposit, U.S. Government securities (including U.S. Government agencies) and commercial paper. The Authority's investments are carried at fair value or at cost, which approximates fair value. For purposes of reporting cash flows, all highly liquid short-term investments with original maturities of three months or less are considered cash equivalents.

In accordance with GASB Statements No. 72 *Fair Value Measurement and Application* and No. 79 *Certain External Investment Pools and Pool Participants*, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

Inventory

Inventories consist primarily of materials and supplies and are stated at the lower of cost or net realizable value, with cost being determined on the average cost basis. The Authority reduces inventory cost by an allowance for obsolescence.

Bond Discounts and Premiums

Bond discounts and premiums are amortized on the straight-line basis over the life of the bond issue.

Accounts Receivable

Accounts receivable are stated at their gross value. Based on historical experience, no allowance for doubtful accounts has been deemed necessary.

Revenue Recognition

Revenues are recognized when services are rendered and include estimates for amounts unbilled at the end of the year for water consumed subsequent to the last billing cycle.

Operating Revenues and Expenses

The Authority's operating accounts are maintained on the accrual basis of accounting.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Authority has one item that qualifies for reporting in this category. It is the accumulated decrease in fair value of hedging derivative as reported in the statements of net position. Deferred outflows from a derivative instrument, rate swap result from accumulating decreases in fair value of the hedging derivative.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The Authority has two items, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. They are the deferred inflows of resources, leases and the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Leases

North Penn Water Authority is the lessor for noncancellable leases of space on water tanks. North Penn Water Authority recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At commencement of a lease, North Penn Water Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates and judgments include how the North Penn Water Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and 3) lease receipts.

- The North Penn Water Authority uses the implicit rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus renewal options that are reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

North Penn Water Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE C - BASIS OF PRESENTATION

The focus measurement is upon determination of net income and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

The Authority establishes water rates, collects water revenues, operates the water system, employs personnel to operate the water system and sends water bills and handles fiscal management for the water system.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE D - PROPERTY, PLANT AND EQUIPMENT

The major components of property, plant and equipment of the Authority are as follows:

	Estimated Useful Life (Years)	Balance January 1, 2022	Additions
CAPITAL ASSETS BEING DEPRECIATED			
Wells	33-50	\$ 1,024,369	\$ -
Storage and distribution system	10-50	195,532,501	12,070,472
Plant and structures	5-10	11,662,181	78,728
Equipment	40	12,661,240	228,361
Organization expense		301,509	-
TOTAL DEPRECIABLE COMPONENTS		<u>221,181,800</u>	<u>12,377,561</u>
CAPITAL ASSETS NOT BEING DEPRECIATED			
Land	40	2,296,067	42,393
		<u>223,477,867</u>	<u>12,419,954</u>
Accumulated depreciation			
Wells		(683,088)	(16,152)
Storage and distribution system		(65,165,656)	(4,503,551)
Plant and structures		(7,110,017)	(471,607)
Equipment		(10,264,935)	(574,263)
Organization expense		(235,984)	(7,390)
TOTAL ACCUMULATED DEPRECIATION		<u>(83,459,680)</u>	<u>(5,572,963)</u>
PROPERTY, PLANT AND EQUIPMENT, net		<u>\$ 140,018,187</u>	<u>\$ 6,846,991</u>

NOTE E - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk.

As of December 31, 2023 and 2022, \$28,079,452 and \$32,049,552, respectively, of the Authority's bank balance was exposed to custodial credit risk as follows:

	<u>2023</u>	<u>2022</u>
Uninsured and collateralized with securities held by the pledging bank's trust department not in the Authority's name	<u>\$ 28,079,452</u>	<u>\$ 32,049,552</u>

<u>Disposals</u>	<u>Balance December 31, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2023</u>
\$ -	\$ 1,024,369	\$ 12	\$ -	\$ 1,024,381
(4,900,579)	202,702,394	14,291,589	(7,349,838)	209,644,145
-	11,740,909	277,934	-	12,018,843
(300,946)	12,588,655	405,803	(249,978)	12,744,480
-	301,509	-	-	301,509
<u>(5,201,525)</u>	<u>228,357,836</u>	<u>14,975,338</u>	<u>(7,599,816)</u>	<u>235,733,358</u>
-	2,338,460	54,521	-	2,392,981
<u>(5,201,525)</u>	<u>230,696,296</u>	<u>15,029,859</u>	<u>(7,599,816)</u>	<u>238,126,339</u>
-	(699,240)	(15,952)	-	(715,192)
55,782	(69,613,425)	(4,609,246)	370,426	(73,852,245)
-	(7,581,624)	(471,856)	-	(8,053,480)
294,784	(10,544,414)	(535,394)	241,042	(10,838,766)
-	(243,374)	(7,389)	-	(250,763)
<u>350,566</u>	<u>(88,682,077)</u>	<u>(5,639,837)</u>	<u>611,468</u>	<u>(93,710,446)</u>
\$ <u>(4,850,959)</u>	\$ <u>142,014,219</u>	\$ <u>9,390,022</u>	\$ <u>(6,988,348)</u>	\$ <u>144,415,893</u>

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE E - DEPOSITS AND INVESTMENTS (Continued)

Investments

The Authority had the following investments and maturities:

<u>Investment Type</u>	<u>2023</u>			
	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Investment Maturities</u>	
			<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
State investment pools	\$ -	\$ 517,192	\$ 517,192	\$ -
<u>Investment Type</u>	<u>2022</u>			
	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Investment Maturities</u>	
			<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
State investment pools	\$ -	\$ 491,107	\$ 491,107	\$ -

A portion of the Authority's investments is in the Pennsylvania Local Government Investment Trust ("PLGIT") program, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2023 and 2022 is \$517,192 and \$491,107, respectively. These assets maintain a stable net asset value of \$1 per share.

All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79.

Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The Authority did not have any recurring fair value measurements as of December 31, 2023 and December 31, 2022 except for its Interest Rate Hedge Swap (See Note I).

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE E - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk - The Authority meets with its advisors on a regular basis as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Municipal Authorities Act allows the Authority to invest in the following instruments:

1. United States Treasury bills.
2. Short-term obligations of the United States Government or its agencies or instrumentalities.
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by federal deposit insurance to the extent that such accounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
4. Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

The Authority’s investment policy limits its investment choices to credit ratings of A- and above. As of December 31, 2023 and 2022, the Authority’s investments were rated as:

<u>Investment</u>	<u>Standard & Poor’s</u>
PLGIT	AAAm

Concentration of Credit Risk - In 2023 and 2022, all of the Authority’s investments were in state investment pools.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE F - NONEXCHANGE TRANSACTIONS

The Authority receives contributions to fund construction necessary to extend service to new areas and improve service to existing areas. Contributions received during the years ended December 31, 2023 and 2022, are recorded as nonoperating income in the statements of revenues, expenses and changes in net position.

The changes in contributions in aid of construction of the Authority are as follows:

	Main Extensions	Assessments	Distribution and Capacity Charges	Totals
BALANCE, DECEMBER 31, 2021	\$ 99,650,130	\$ 758,472	\$ 14,425,014	\$ 114,833,616
Additions	1,122,161	-	826,317	1,948,478
BALANCE, DECEMBER 31, 2022	<u>100,772,291</u>	<u>758,472</u>	<u>15,251,331</u>	<u>116,782,094</u>
Additions	224,850	-	1,476,043	1,700,893
BALANCE, DECEMBER 31, 2023	<u>\$ 100,997,141</u>	<u>\$ 758,472</u>	<u>\$ 16,727,374</u>	<u>\$ 118,482,987</u>

NOTE G - EMPLOYEE BENEFIT PLANS

Through June 1995, the Authority provided pension benefits for all of its employees through a defined benefit pension plan (the "Retirement Plan") and a 401(k) benefit plan. Effective June 1995, the Authority terminated the Retirement Plan and replaced it with a defined contribution pension plan (the "Contribution Plan"). The trustee of the Contribution Plan and 401(k) benefit plan is Securian Retirement Services.

Following are descriptions of the Authority's employee benefit plans which were in effect during 2023 and 2022:

Defined Contribution Pension Plan

The Authority sponsors a Contribution Plan for substantially all its full-time employees. Employees are eligible to participate after three full months of employment. The Contribution Plan provides for contributions by the Authority of 7% of eligible employee salaries. Authority contributions are fully vested after five years of service. Authority contributions for salaries in 2023 and 2022 were \$310,484 and 283,445, respectively.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE G - EMPLOYEE BENEFIT PLANS (Continued)

401(k) Benefit Plan

The Authority also has a 401(k) benefit plan which is available to all full-time employees with ninety or more days of service. The Authority matches 50% of employee contributions up to 6% of employee salaries contributed to the 401(k) benefit plan. The Authority's contribution to the 401(k) benefit plan for 2023 and 2022 was \$127,932 and \$111,882, respectively.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE H - LONG-TERM OBLIGATIONS

The following changes occurred in long-term obligations:

	Balance January 1, 2022	Additions	Principal Retirements
Bonds Payable			
Series of 2023	\$ -	\$ -	\$ -
Series of 2021	21,310,000	-	-
Series of 2019	14,520,000	-	(4,435,000)
Series of 2015	13,940,000	-	(750,000)
Bond premium	4,896,932	-	(430,693)
	<u>\$ 54,666,932</u>	<u>\$ -</u>	<u>\$ (5,615,693)</u>

Series of 2023 Bonds

On January 24, 2023, the Authority issued \$12,195,00 of Water Revenue Bonds, Series of 2023 (the "2023 Bonds"). The bond proceeds were used to:

1. Currently refund all the Authority's outstanding 2015 Water Revenue Bonds,
2. Fund a deposit to the Debt Service Reserve Fund and
3. Pay the costs of issuing and insuring the 2023 Bonds.

Details of scheduled future annual maturities of the 2023 Bonds payable at December 31, 2023, are as follows:

Maturing November 1,	Annual Interest Rate	Principal	Interest
2024	4.00%	\$ -	\$ 519,650
2025	4.00%	810,000	519,650
2026	4.00%	845,000	487,250
2027	4.00%	875,000	453,450
2028	4.00%	920,000	409,700
2029 to 2033	4.00%	5,330,000	1,311,000
2034 to 2035	4.00%	2,430,000	145,200
		<u>\$ 11,210,000</u>	<u>\$ 3,845,900</u>

Balance December 31, 2022	Additions	Principal Retirements	Refunding	Balance December 31, 2023	Current Portion
\$ -	\$ 12,195,000	\$ (985,000)	\$ -	\$ 11,210,000	\$ -
21,310,000	-	-	-	21,310,000	-
10,085,000	-	(4,860,000)	-	5,225,000	5,225,000
13,190,000	-	-	(13,190,000)	-	-
<u>4,466,239</u>	<u>1,334,041</u>	<u>(368,075)</u>	<u>(982,133)</u>	<u>4,450,072</u>	<u>-</u>
<u>\$ 49,051,239</u>	<u>\$ 13,529,041</u>	<u>\$ (6,213,075)</u>	<u>\$ (14,172,133)</u>	<u>\$ 42,195,072</u>	<u>\$ 5,225,000</u>

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE H - LONG-TERM OBLIGATIONS (Continued)

The new issue will decrease debt service payments for the Authority by \$1,357,332 and results in an economic gain of \$1,297,295.

Series of 2021 Bonds

On August 4, 2021, the Authority issued \$21,310,000 of Water Revenue Bonds, Series of 2021 (the “2021 Bonds”). The bond proceeds were used to:

1. Currently refund all the Authority’s outstanding 2012 Water Revenue Bonds,
2. Fund a deposit to the Debt Service Reserve Fund and
3. Pay the costs of issuing and insuring the 2021 Bonds.

Details of scheduled future annual maturities of the 2021 Bonds payable at December 31, 2023, are as follows:

<u>Maturing November 1,</u>	<u>Annual Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2024	4.00%	\$ -	\$ 852,400
2025	4.00%	2,110,000	852,400
2026	4.00%	2,195,000	768,000
2027	4.00%	2,285,000	680,200
2028	4.00%	2,375,000	588,800
2029 to 2032	4.00%	<u>12,345,000</u>	<u>1,367,800</u>
		<u>\$ 21,310,000</u>	<u>\$ 5,109,600</u>

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE H - LONG-TERM OBLIGATIONS (Continued)

Series of 2019 Bonds

On October 3, 2019, the Authority issued \$22,785,000 of Water Revenue Bonds, Series of 2019 (the “2019 Bonds”). The bond proceeds were used to:

1. Currently refund all the Authority’s outstanding 2014 Water Revenue Bonds,
2. Fund a deposit to the Debt Service Reserve Fund and
3. Pay the costs of issuing and insuring the 2019 Bonds.

Details of scheduled future annual maturities of the 2019 Bonds payable at December 31, 2023, are as follows:

<u>Maturing November 1,</u>	<u>Annual Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2024	3.50%	\$ <u>5,225,000</u>	\$ <u>247,534</u>
		\$ <u><u>5,225,000</u></u>	\$ <u><u>247,534</u></u>

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE I - DERIVATIVE INSTRUMENTS - INTEREST RATE HEDGE SWAP

GASB Statement No. 53

The Authority has adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement requires the Authority to record the derivative instrument in the government-wide financial statements.

In order to follow this statement, the Authority has to evaluate the derivative to determine if the financial instruments effectively hedge risks utilizing the methods defined under GASB Statement No. 53. The accounting for recording these derivative instruments is different for derivative instruments that are determined to be effective versus those that are determined to be ineffective.

For those derivative instruments that are determined to be effective, the derivative asset or liability is recorded in the statement of net position, and a corresponding deferred inflow or outflow will be recorded in the statement of net position as well. For those derivative instruments that are determined to be ineffective, the derivative asset or liability is recorded in the statement of net position; however, the change in fair value of the instrument will be reported in the investment revenue (expense) classification in the statement of revenues, expenses and changes in net position.

Hedge accounting under GASB Statement No. 53 terminates if the hedge is no longer effective based on the qualitative and quantitative methods. If the hedged asset or liability is sold or retired, or if the government entity is re-exposed to the hedged financial risk, hedge accounting will no longer apply. Once the hedge no longer qualifies for hedge accounting, the fair value changes are recorded as investment gain or loss.

Interest Rate Hedge Swap

Interest Rate Hedge Swap, Series of 2019 - On December 18, 2001, the Authority entered into an interest rate swap agreement (the "2005 Bonds Swap") with Morgan Stanley Capital Services Inc. (the "Swap Provider"), having a future commencement date of November 1, 2005, to coincide with the redemption of the 1995 Bonds and the issuance of the 2005 Bonds and having a term ending on November 1, 2024, which was the final maturity date of the 2005 Bonds.

In connection with refunding the 2005 Bonds, the Authority had determined to reallocate the 2005 Bonds Swap to the 2008 Bonds; however, the Authority continued to be subject to the inherent risks associated with the 2005 Bonds Swap.

In connection with refunding the 2008 Bonds, the Authority has determined to reallocate the 2005 Bonds Swap to the 2014 Bonds; however, the Authority will continue to be subject to the inherent risks associated with the 2005 Bonds Swap.

In connection with refunding the 2014 Bonds, the Authority has determined to reallocate the 2005 Bonds Swap to the 2019 Bonds; however, the Authority will continue to be subject to the inherent risks associated with the 2005 Bonds Swap.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE I - DERIVATIVE INSTRUMENTS - INTEREST RATE HEDGE SWAP (Continued)

The Authority has entered into the Swap for the purpose of creating a synthetic fixing of the interest rate obligation on a portion of the 2019 Bonds, subject to the inherent risks associated with the 2005 Bonds Swap, including a payment to the Swap Provider in the event the 2005 Bonds Swap is terminated early.

As of December 31, 2023, the Series of 2019 Interest Rate Hedge Swap was active as disclosed in the following paragraphs.

The Interest Rate Hedge Swap on the Series of 2019 Bonds became active on December 1, 2019, previously hedging the 2014 Bonds, 2008 Bonds and 2005 Bonds. Under this agreement, the Authority will pay a fixed rate of interest equal to 4.165% under the 2005 Bonds Swap and receive in exchange a variable rate of interest equal to 67% of the USD-LIBOR-BBA, both on the initial notional amount of \$33,815,000, which will be reduced annually. The variable rate received by the Authority will be used by the Authority to offset the variable rate interest on its 2019 Bonds, thereby making the interest rate on the 2019 Bonds “synthetically” fixed on a “net basis” through the 2019 Swap.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE I - DERIVATIVE INSTRUMENTS - INTEREST RATE HEDGE SWAP (Continued)

As of December 31, 2023, the counterparty was rated A+ by Standard & Poor's, Aa3 by Moody's Investors Service and AA- by Fitch Ratings.

The objectives, terms and values of the hedging derivative outstanding at the end of the period are summarized as follows:

Type	Objective	Fair Market Value of Derivative at December 31, 2022 Positive (Negative)	Notional Amount as of December 31, 2023
2019 pay-fixed interest rate swap	Hedge changes in cash flows on Series of 2019 bonds	\$ (36,293)	\$ 5,225,000

The derivative instrument activity during the reporting period and balances at the end of the period are summarized below:

Change in Fair Value for the Period Ended December 31, 2023

	Classification	Amount
Cash flow hedges, 2019 pay-fixed interest rate swap	Deferred outflow	\$ (106,766)

Fair Value at December 31, 2023

	Classification	Fair Value Positive (Negative)	Notional Amount
Cash flow hedges, 2019 pay fixed interest rate swap	Debt	\$ (36,293)	\$ 5,225,000

Fair Market Value Determination - The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Bonds Outstanding at December 31, 2023	Effective Date	Termination Date	Terms
\$ <u>5,225,000</u>	October 3, 2019	November 1, 2024	Pay 4.165%; receive variable rate equal to 67% of USD-LIBOR

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE I - DERIVATIVE INSTRUMENTS - INTEREST RATE HEDGE SWAP (Continued)

Evaluation of Effectiveness and Recording of Derivative - The Authority evaluated the hedge effectiveness for the interest rate swap described previously under the methods as defined by GASB Statement No. 53. The interest rate swap for the Series of 2019 was determined to be effective under the dollar-offset method. Under the dollar-offset method, the governmental entity divides the changes in the fair value of the derivative by the changes in fair value of the hedgeable item. This evaluation may be made using changes in the current period or on a life-to-date basis. The result of the calculation must fall within 80% to 125% in order for the derivative to be considered effective.

The derivative described above was determined to be effective and the fair market value of the interest rate swap was a negative (\$36,263) as of December 31, 2023. Therefore, pursuant to GASB Statement No. 53, the instrument was recorded in the statement of net position as a noncurrent liability and a corresponding deferred outflow was recorded.

Swap Payments and Associated Debt - As of December 31, 2023, debt service requirements of the Series of 2019 Bonds were as follows:

<u>Maturing November 1,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2024	3.50%	\$ <u>5,225,000</u>	\$ <u>247,534</u>

Assumptions:

(1) Bond interest based on a rate of 3.50% as of December 31, 2023.

Risks Associated With Interest Rate Hedge Swaps

Credit Risk - As of December 31, 2023, the Authority is not exposed to credit risk since each of the interest rate hedge swaps have negative values and therefore are liabilities. However, should interest rates change and the net fair market value of the interest rate hedge swaps become positive, the Authority would be subject to credit risk in the amount of the net fair market value. As of December 31, 2023, the swap counterparty was rated AA- by Fitch Ratings, A+ by Standard & Poor's and Aa3 by Moody's Investor Service.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE I - DERIVATIVE INSTRUMENTS - INTEREST RATE HEDGE SWAP (Continued)

Interest Rate Risk - As of December 31, 2023, the Authority is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swap. As the LIBOR index decreases, the Authority's net payment on the swap increases.

Basis Risk - The Authority is exposed to basis risk on its pay-fixed interest rate swap hedging instruments because the variable-rate payments received by the Authority on these hedging derivative instruments are based on the LIBOR index, and the Authority pays on its hedged variable-rate debt a tax-exempt rate based on the weekly SIFMA Municipal Swap Index. If the relationship between the LIBOR and the variable rate on the associated bonds converge, then the overall synthetic fixed rate would change.

Termination Risk - The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If, at the time of termination, the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

NOTE J - INVESTMENT IN FOREST PARK WATER

The Authority's investment in Forest Park Water ("Forest Park") represents amounts invested in a joint venture with North Wales Water Authority. The Authority and North Wales Water Authority (collectively, the "Authorities") originally entered into the venture to design, construct, own and operate a water treatment plant (the "Treatment Plant") to receive water diverted from the Delaware River via the Point Pleasant Water Diversion Project (the "Water Diversion Project") and to treat the water for transmission to retail public water agencies, including the Authorities.

In 2007, Forest Park completed a plant expansion, which increased capacity from 30 million gallons per day ("MGD") of treated water to 40 MGD. In 2019, a subsequent plant expansion was completed increasing capacity from 40 MGD to the current capacity of 43 MGD. The Treatment Plant also includes a sludge handling facility and a dewatering facility. All costs incurred in constructing the Treatment Plant were shared equally by the Authorities.

The scope of the Forest Park joint venture also includes a share of the outstanding assets of Phase I of the Water Diversion Project from Bucks County, Pennsylvania, and contribution of certain of these assets to Forest Park. Forest Park is responsible for operating the Water Diversion Project, which supplies water to the Treatment Plant and to PECO Energy Company's (PECO) Limerick nuclear generating facility.

Forest Park will receive annual "capital contributions" from PECO related to the Water Diversion Project. The present value of these amounts has been recorded as a note receivable, which is being realized over 30 years, the period of the PECO capital contribution agreement. The interest portion of these capital contributions is recorded as nonoperating income.

NORTH PENN WATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE J - INVESTMENT IN FOREST PARK WATER (Continued)

At December 31, 2023 and 2022, the Authority had capitalized \$93,998,429 and \$92,056,457, respectively, related to its investment in Forest Park, which consisted of the following amounts:

	<u>2023</u>	<u>2022</u>
Treatment Plant	\$ 78,229,229	\$ 75,987,482
Water Diversion Project	15,309,435	14,841,899
PECO Contract	<u>459,765</u>	<u>1,227,076</u>
	93,998,429	92,056,457
Accumulated depreciation	<u>(57,619,701)</u>	<u>(55,379,935)</u>
	<u>\$ 36,378,728</u>	<u>\$ 36,676,522</u>

The total cost of the project as of September 30, 2023 and 2022 (Forest Park's year-end) was \$177,094,559 and \$174,359,898, respectively. Depreciation of the plant facilities and Water Diversion Project assets has not been recognized as a component of the cost of water provided to the Authorities.

All costs incurred in constructing the Treatment Plant were shared by the Authorities. Total operating costs of the Treatment Plant are shared based on the relative amounts of water used by each Authority. The operating costs of the Water Diversion Project are shared among PECO and the Authorities, based on the ratio of the Authorities' combined historical maximum daily utilization of the Project (water withdrawn in million gallons per day) to PECO's fixed daily utilization of 46 million gallons per day. As of December 31, 2023, the Authorities have reimbursed Forest Park for all of the operating costs incurred to date with respect to the Water Diversion Project, including PECO's share of operating costs. Accordingly, the Authority has recorded a receivable from PECO for amounts paid to Forest Park by the Authority on PECO's behalf.

NOTE K - LEASES

Lease Receivable

The Authority leases space on their water tanks. The leases range from monthly payments of \$872-\$5,391 through 2039. The North Penn Water Authority recognized \$356,186 in lease revenue and \$102,562 in interest revenue during 2023 related to these leases. As of December 31, 2023, North Penn Water Authority's receivable for lease payments was \$2,864,469. Also, North Penn Water Authority has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$2,717,886.

SUPPLEMENTARY INFORMATION SECTION

NORTH PENN WATER AUTHORITY
SCHEDULE OF CORPORATE ENTITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

The North Penn Water Authority was incorporated on August 10, 1964, under the Municipality Authorities Act of 1945, P.L. 382, as amended, of the Commonwealth of Pennsylvania.

The Authority was incorporated pursuant to actions taken by the municipal authorities of the Boroughs of Lansdale and Souderton and the Townships of Franconia, Hatfield, Lower Salford, Towamencin and Worcester and all of Montgomery County, Pennsylvania (the "Member Municipalities"). The Authority's purpose, as designated by the Member Municipalities, is to acquire, hold, construct, improve, interconnect, maintain, operate, own and lease (either in the capacity of lessor or lessee), water works, sources of water supply, water rights and allocations, water supply works and water distribution systems in the above-mentioned Member Municipalities or any of them, or anywhere else, and for such Member Municipalities or any of them and for such other territories as it may be authorized to serve. The Townships of Skippack and New Britain became members during 1986 and 1987, respectively. The Borough of Hatfield became a member during 1988.

The powers of the Authority are exercised by a Board comprised of ten members, one appointed by each of the governing bodies of the Member Municipalities (appointed for five-year terms). Members of the Board at December 31, 2023, were as follows:

<u>Member</u>	<u>Office Held</u>	<u>Appointed By</u>	<u>Term Expires December 31,</u>
George E. Witmayer	Vice Chair	Franconia Township	2025
William K. Dingman	Chair	Towamencin Township	2025
Arthur C. Bustard	Member	Worcester Township	2026
Robert J. Rodgers	Member	Hatfield Township	2026
Richard C. Mast	Treasurer	Lower Salford Township	2027
Kenneth V. Farrall	Secretary	Hatfield Borough	2027
Jeffrey H. Simcox	Member	Lansdale Borough	2023
Helen B. Haun	Assistant Secretary	New Britain Township	2023
David W. Dedman	Assistant Treasurer	Skippack Township	2024
Amy J. Cummings-Leight	Member	Souderton Borough	2024

NORTH PENN WATER AUTHORITY
SCHEDULES OF OPERATING REVENUES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		Actual 2022
	Budget	Actual	
OPERATING REVENUES			
Metered sales			
Domestic	\$ 12,740,000	\$ 12,762,870	\$ 12,740,569
Commercial	2,308,000	2,556,193	2,320,755
Industrial	3,717,000	3,803,842	3,718,448
Public	668,000	562,351	547,239
FPW metered sales to BCWSA	1,510,000	1,504,888	1,543,177
Other	157,000	246,744	185,408
TOTAL METERED SALES	<u>21,100,000</u>	<u>21,436,888</u>	<u>21,055,596</u>
Unmetered sales			
Private fire protection	270,000	282,464	271,277
Public fire protection	220,000	226,084	223,637
Bulk sales	75,000	125,486	112,066
TOTAL UNMETERED SALES	<u>565,000</u>	<u>634,034</u>	<u>606,980</u>
Other revenues	49,000	56,355	47,528
TOTAL OPERATING REVENUES	<u>\$ 21,714,000</u>	<u>\$ 22,127,277</u>	<u>\$ 21,710,104</u>

NORTH PENN WATER AUTHORITY
SCHEDULES OF OPERATING EXPENSES, EXCLUSIVE OF
DEPRECIATION AND AMORTIZATION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		Actual 2022
	Budget	Actual	
OPERATING EXPENSES			
Water collection system			
Water purchased, general	\$ 144,000	\$ 101,458	\$ 132,499
Forest Park Water operating expenses	2,261,000	2,438,751	2,426,594
TOTAL WATER COLLECTION SYSTEM	2,405,000	2,540,209	2,559,093
Purification system			
Supplies and expenses	39,000	50,215	38,969
Maintenance of equipment	54,000	39,298	45,506
TOTAL PURIFICATION SYSTEM	93,000	89,513	84,475
Laboratory costs			
Labor	316,000	301,197	289,211
Chemicals and supplies	69,000	47,524	48,103
Maintenance of equipment	44,000	33,362	27,498
Utilities	6,000	5,160	5,160
Regulated sampling	97,000	68,269	52,870
TOTAL LABORATORY COSTS	532,000	455,512	422,842
Pumping system			
Labor	220,000	214,192	192,021
Regional well monitoring	2,000	1,925	1,678
SCADA system	35,000	29,608	23,229
Supplies	12,000	9,058	4,946
Power purchased	236,000	201,257	200,476
Maintenance of equipment	118,000	118,982	85,482
TOTAL PUMPING SYSTEM	623,000	575,022	507,832
Metering and customer service			
Maintenance of meters and boxes	380,000	305,919	369,736
General meter supplies	50,000	54,720	13,738
TOTAL METERING AND CUSTOMER SERVICE	430,000	360,639	383,474
SUBTOTAL OPERATING EXPENSES FORWARD	\$ 4,083,000	\$ 4,020,895	\$ 3,957,716

NORTH PENN WATER AUTHORITY
SCHEDULES OF OPERATING EXPENSES, EXCLUSIVE OF
DEPRECIATION AND AMORTIZATION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		Actual
	Budget	Actual	2022
OPERATING EXPENSES			
SUBTOTAL FORWARDED	\$ 4,083,000	\$ 4,020,895	\$ 3,957,716
Distribution system			
Operating labor	464,000	302,399	346,241
Supplies and expense	35,000	41,387	34,836
Gratuitous service	10,000	135	-
One call - location	96,000	83,994	86,057
Maintenance of service lines	128,000	188,761	117,926
Maintenance of mains	230,000	288,362	206,812
Maintenance of valves	45,000	30,124	39,736
Maintenance of fire hydrants	120,000	99,314	74,794
Maintenance of easements	32,000	-	-
Leak surveys	30,000	40,011	29,027
Reservoirs, general maintenance	3,000	1,134	-
TOTAL DISTRIBUTION SYSTEM	<u>1,193,000</u>	<u>1,075,621</u>	<u>935,429</u>
Information technology			
Salaries	307,000	303,482	259,418
Data and communication	82,000	83,141	74,972
IT consulting/software updates	171,000	104,237	147,419
IT maintenance and support contacts	242,000	270,244	242,962
IT software services	229,000	186,470	187,260
IT equipment and supplies	9,000	9,428	8,359
TOTAL INFORMATION TECHNOLOGY	<u>1,040,000</u>	<u>957,002</u>	<u>920,390</u>
Administrative and engineering			
Salaries			
General officers	1,346,000	1,337,736	1,254,472
Customer service and accounting	435,000	421,974	383,509
Engineering	158,000	135,507	104,845
Administration and public relations	243,000	254,521	217,210
Maps and records	5,000	4,695	8,432
Personnel expenses	23,000	25,359	71,357
TOTAL ADMINISTRATIVE AND ENGINEERING	<u>2,210,000</u>	<u>2,179,792</u>	<u>2,039,825</u>
SUBTOTAL OPERATING EXPENSES FORWARD	\$ <u>8,526,000</u>	\$ <u>8,233,310</u>	\$ <u>7,853,360</u>

NORTH PENN WATER AUTHORITY
SCHEDULES OF OPERATING EXPENSES, EXCLUSIVE OF
DEPRECIATION AND AMORTIZATION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		Actual
	Budget	Actual	2022
OPERATING EXPENSES			
SUBTOTAL FORWARDED	\$ 8,526,000	\$ 8,233,310	\$ 7,853,360
General expenses			
General office supplies	25,000	15,783	10,120
Copy machine	14,000	13,209	11,818
Postage	110,000	139,502	96,819
Officers' general expenses	90,000	120,226	109,031
Education, training	75,000	58,195	91,492
Payment processing fees	140,000	115,135	177,044
Other general office expenses	24,000	22,823	22,071
On call expense labor and miscellaneous cost	33,000	46,916	34,262
Maintenance of vehicles	232,000	-	-
Taxes			
Employee payroll	373,000	346,304	336,337
Unemployment compensation	6,000	-	4,279
Uncollected consumer accounts	-	-	498
General law expenses	100,000	89,836	86,737
Engineering consultation	215,000	225,803	31,658
Audit expenses	30,000	42,250	35,000
Insurance			
Corporate	280,000	366,632	234,929
Employee	1,385,000	1,297,927	1,177,036
Trustee fee	20,000	21,960	21,460
Pensions	342,000	314,455	287,882
Personnel department			
Safety program	3,000	1,266	-
Public information	120,000	113,975	105,311
Maintenance of general properties	134,000	392,890	327,796
Cost-sell Lansdale properties	-	540	-
Utilities expense	45,000	28,678	38,921
Trash/ recycling expenses	20,000	16,794	15,775
Landscape maintenance	60,000	61,306	50,639
TOTAL GENERAL EXPENSES	<u>3,876,000</u>	<u>3,852,405</u>	<u>3,306,915</u>
TOTAL OPERATING EXPENSES	\$ <u>12,402,000</u>	\$ <u>12,085,715</u>	\$ <u>11,160,275</u>

NORTH PENN WATER AUTHORITY
SCHEDULES OF NONOPERATING INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
NONOPERATING INCOME		
Interest on investments		
Revenue Fund	\$ 275,521	\$ 45,647
Operation and Maintenance Fund	38,725	3,265
Debt Service and Sinking Fund	236,102	58,252
Bond Redemption and Improvement Fund	475,658	169,244
Consumer Deposit Fund	307	145
Main Extension Fund	64,536	644
Debt Service Reserve Fund	182,444	38,151
Other funds	133,820	31,790
TOTAL INTEREST ON INVESTMENTS	<u>1,407,113</u>	<u>347,138</u>
Other nonoperating income		
Overhead reimbursement, developers	5,203	19,910
Penalties on assessments and customer bills	245,861	250,401
Equipment rental	469,676	518,110
Service connection fees	413,820	539,573
Miscellaneous income	10,805	79,153
Net loss on disposal of fixed assets	(432,488)	(118,380)
Interest income on the PECO Contract	140,685	273,683
TOTAL OTHER NONOPERATING INCOME	<u>853,562</u>	<u>1,562,450</u>
TOTAL NONOPERATING INCOME	<u>\$ 2,260,675</u>	<u>\$ 1,909,588</u>

NORTH PENN WATER AUTHORITY
SCHEDULES OF PROPERTY, PLANT AND EQUIPMENT
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		
	Cost	Accumulated Depreciation and Amortization	Net
PROPERTY, PLANT AND EQUIPMENT			
Land	\$ 2,392,981	\$ -	\$ 2,392,981
Wells	1,024,381	715,193	309,188
Chemical treatment plant	590,034	542,536	47,498
Pumping station structures	4,062,944	2,953,532	1,109,412
Pumps and pumping station	2,986,115	2,561,921	424,194
Electrical equipment	2,286,870	1,880,336	406,534
Storage reservoirs and sandpipes	17,872,837	5,817,551	12,055,286
Distribution mains	146,039,440	50,061,799	95,977,641
Service pipes	29,610,737	12,015,347	17,595,390
Meters and remote readers	9,760,324	3,606,607	6,153,717
Fire hydrants	6,360,807	2,350,943	4,009,864
General office structure	7,365,865	4,557,413	2,808,452
General office equipment	2,655,879	2,416,447	239,432
Radio equipment	104,260	92,397	11,863
Automobile vehicle equipment	138,530	138,530	-
Truck vehicle equipment	2,000,242	1,634,388	365,854
Backhoe equipment	350,891	344,789	6,102
Compressor equipment	27,114	27,114	-
Distribution department equipment	627,658	580,936	46,722
Pump department equipment	7,846	7,846	-
Meter department equipment	866,428	512,844	353,584
Grounds maintenance equipment	37,133	36,943	190
Vehicle maintenance equipment	54,005	52,699	1,306
Engineering equipment	16,589	15,819	770
General in-house equipment	104,811	104,811	-
Organization expense, capitalized	301,509	250,762	50,747
Laboratory equipment	480,109	430,943	49,166
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ 238,126,339	\$ 93,710,446	\$ 144,415,893

2022		
Cost	Accumulated Depreciation and Amortization	Net
\$ 2,338,460	\$ -	\$ 2,338,460
1,024,369	699,241	325,128
583,910	530,759	53,151
3,964,124	2,689,772	1,274,352
2,983,444	2,453,854	529,590
2,269,608	1,774,546	495,062
17,861,531	5,404,011	12,457,520
140,332,189	47,377,308	92,954,881
28,550,016	11,178,766	17,371,250
9,811,279	3,448,080	6,363,199
6,147,379	2,205,224	3,942,155
7,192,875	4,361,094	2,831,781
2,612,532	2,369,059	243,473
104,260	91,826	12,434
158,023	155,629	2,394
1,924,257	1,661,849	262,408
350,891	344,129	6,762
27,114	27,114	-
607,997	565,712	42,285
7,846	7,846	-
866,428	464,082	402,346
37,133	36,943	190
54,005	52,174	1,831
16,589	15,530	1,059
104,811	102,754	2,057
301,509	243,372	58,137
463,717	421,403	42,314
<u>\$ 230,696,296</u>	<u>\$ 88,682,077</u>	<u>\$ 142,014,219</u>