Northeastern York County Sewer Authority

Financial Statements and Supplementary Information

December 31, 2025 and 2024

Northeastern York County Sewer Authority

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December 31, 2025 and 2024

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Northeastern York County Sewer Authority
PO Box 516
Mt. Wolf, PA 17347-0516

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Authority's annual financial report represent our analysis of the Authority's financial performance during the fiscal year ended December 31, 2025. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

* The Authority's net assets increased from $20,857,652 to $21,321,295 in 2025, an increase of $463,643 , or a 2.22 percent change from 2024.

* During the year the Authority's operating revenue increased from $3,396,199 to $3,401,065 in 2025, an increase of $4,866 or a .14 percent change from 2024.

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 balance sheets include all of the Authority's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). They also provide the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year's revenue and expenses are accounted for in the statements of revenue and expenses. These statements measure the success of the Authority's operations over the past years and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges. They also establish the Authority's credit worthiness. The final required financial statement is the statements of cash flows. The primary purpose of these statements is to provide information about the Authority's cash receipts and cash payments during the reported period. These statements report cash receipts, cash payments and net changes in cash resulting from operations, investing and financing activities. They also provide answers to such questions as where did cash come from, what was cash used for an what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE AUTHORITY

Our analysis of the Authority begins on page seven of the financial statements. The balance sheets and the statements of revenue and expenses report the net assets of the Authority and changes in them. You can think of the Authority's net assets, the difference between assets and liabilities, as one way to measure financial health of financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

NET ASSETS

To begin our analysis, a summary of the Authority's balance sheets are presented in Table A-1.

TABLE A-1
Condensed Statement of Net Assets (Balance Sheets)

	2025	2024	Dollar Change	Annual Percent Change
Unrestricted Assets	$ 3,027,493	$ 2,848,336	$ 179,157	6.29%
Restricted Assets	7,467,723	8,424,610	(956,887)	-11.36%
Property, Plant and Equipment, Net	26,078,513	26,010,135	68,378	0.26%
Other Assets	0	0	-	0.00%
Total Assets	**$ 36,573,729**	**$37,283,081**	**$ (709,352)**	**-1.9%**
Current Liabilities	$ 1,771,434	$ 1,677,429	$ 94,005	5.60%
Long-term Debt	13,481,000	14,748,000	(1,267,000)	-8.59%
Total Liabilities	**15,252,434**	**16,425,429**	**(1,172,995)**	**-7.1%**
Total Net Assets	**$ 21,321,295**	**$20,857,652**	**$ 463,643**	**2.2%**

As can be seen from the table above, net assets increased from $20,857,652 to $21,321,295 in 2025; an increase of $463,643 from 2024.

TABLE A-2
Condensed Statements of Revenue and Expenses

	2025	2024	Dollar Change	Annual Percent Change
Operating Revenue	$3,401,065	$3,396,199	$4,866	0.1%
Unrealized Holding Gains	0	0	-	0.0%
Other income, Net Gains	83,544	399,004	(315,460)	-79.1%
Total Revenue	**3,484,609**	**3,795,203**	**(310,594)**	**-8.2%**
Operating Expenses	1,746,708	1,742,339	4,369	0.3%
Depreciation and Amortization	1,008,155	946,967	61,188	6.5%
Interest and Bond Issue Cost Expense	266,103	276,261	(10,158)	-3.7%
Total Expenses	**3,020,966**	**2,965,567**	**55,399**	**1.9%**
Changes in Net Assets	**$463,643**	**$829,636**	**($365,993)**	**-44.1%**

While the balance sheets show changes in financial position of net assets, the statements of revenue and expenses provide answers as to the nature and source of these changes. As seen in Table A-2, total revenue decreased by $310,594 or 8.20% in 2025, while expenses increased by $55,399 or 1.90%.

CAPITAL ASSETS

At the end of 2025, the authority had invested $26,078,513 in a broad range of infrastructure including the wastewater treatment plant, various pump stations and its collection system and vehicles. More information on the Authority's capital assets is presented in Note 4 of the financial statements.

LONG-TERM DEBT

At year-end, the Authority had $14,745,000 in long-term debt, down from $15,985,000 in 2024 by $1,240,000.

All outstanding bonds carry an Aaa and AAA rating from Moody's and Standard & Poor's, respectively, based upon a Municipal Bond Insurance Policy.

The Debt Service Coverage Ratio of 1.40 represents that the Authority has enough Net Operating Income to cover 140% of their debt service payments.

TABLE A-3
Debt Coverage Ratio

	2025	2024	Annual Percent Change
Total Operating Revenue	$ 3,401,065	$ 3,396,199	0.1%
Total Operating Expenses	1,746,708	1,742,339	0.3%
Operating Surplus before Depreciation and Amortization and Other Income	1,654,357	1,653,860	0.0%
Depreciation and Amortization	(1,008,155)	(946,967)	6.5%
Bond Issue Costs	0	0	
Interest Expense	(266,103)	(276,261)	-3.7%
Other Income (Net)	83,544	399,004	-79.1%
Net Surplus	$ 463,643	$ 829,636	-44.1%
Cash Flow Available For Debt Service 1)	$ 1,737,901	$ 2,052,864	-15.3%
Annual Debt Service	$ 1,240,000	$ 1,231,000	0.7%
Debt Service Coverage Ratio 2)	1.40	1.67	-16.0%
Rolling Coverage 3)	3.66	3.80	-3.7%

1) Cash Flow Available for Debt Service = Current period surplus + Interest + Depreciation

2) Debt Service Coverage Ratio = Cash Flow Available for Debt Service/Annual Debt Service

3) Rolling Coverage = (Cash Flow Available for Debt Service + Cash on hand from prior year end)/Annual Debt Service

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Authority and management considered many factors when setting the fiscal year 2025 budget. The 2025 budget was prepared with sensitivity to the economy.

CONTACTING THE AUTHORITY'S ADMINISTRATIVE MANAGER

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority at PO Box 516, Mt, Wolf, PA 17347.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northeastern York County Sewer Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northeastern York County Sewer Authority as of and for the year ended December 31, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northeastern York County Sewer Authority as of December 31, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America .
Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.
We are required to be independent of Northeastern York County Sewer Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Northeastern York County Sewer 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:
- Exercise professional judgement 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 including 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 Northeastern York County Sewer 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 Northeastern York County Sewer 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Northeastern York County Sewer Authority's basic financial statements. The supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Northeastern York County Sewer Authority.
Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
July 14, 2026

Northeastern York County Sewer Authority

Balance Sheet
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 2,969,855	$ 2,801,274
Accounts Receivable, net of allowance for doubtful accounts of $5,113 and $8,454, respectively	57,638	47,062
Grants receivable	0	0
Total current assets	3,027,493	2,848,336
Restricted Assets		
Certificates of deposit	0	0
Trust fund investments	7,467,723	8,424,610
Total restricted assets	7,467,723	8,424,610
Property, Plant and Equipment, Net	26,078,513	26,010,135
Total assets	$36,573,729	$ 37,283,081
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 1,264,000	$ 1,237,000
Accounts payable	43,041	25,698
Sewer rent received in advance	396,402	346,703
Security escrow	66,428	66,428
Payroll withholding	1,563	1,600
Interest payable	0	0
Total current liabilities	1,771,434	1,677,429
Long-Term Debt	13,481,000	14,748,000
Obligations under Capital Leases	0	0
Total liabilities	15,252,434	16,425,429
Net Assets		
Invested in capital assets, net of related debt	11,333,513	10,025,135
Restricted for capital activity and debt service	7,467,723	8,424,610
Unrestricted	2,520,059	2,407,907
Total net assets	21,321,295	20,857,652
Total liabilities and net assets	$36,573,729	$ 37,283,081

See notes to financial statements

Northeastern York County Sewer Authority

Statement of Revenue and Expenses
Years Ended December 31, 2025 and 2024

	2025	%	2024	%
Operating Revenue	$ 3,401,065	100.00	$ 3,396,199	100.00
Operating Expenses	1,746,708	51.36	1,742,339	51.30
Operating income before depreciation and amortization	1,654,357	48.64	1,653,860	48.70
Depreciation	1,008,155	29.64	946,967	27.88
Amortization of Bond Discount	0	0.00	0	0.00
Operating income	646,202	19.00	706,893	20.81
Other Income (Expenses)				
Other income, net	83,544	2.46	399,004	11.75
Unrealized holding loss on trust fund investments	0	0.00	0	0.00
Bond issue costs	0	0.00	0	0.00
Debt Service / Interest expense	(266,103)	(7.82)	(276,261)	(8.13)
Total other expenses, net	(182,559)	(5.37)	122,743	3.61
Changes in net assets	$ 463,643	13.63	$ 829,636	24.43

See notes to financial statements

Northeastern York County Sewer Authority

Statement of Changes in Net Assets
Years Ended December 31, 2025 and 2024

	2025	2024
Net Assets, Beginning	$ 20,857,652	$ 20,028,016
Changes in net assets	463,643	829,636
Net Assets, Ending	$ 21,321,295	$ 20,857,652

See notes to financial statements

Northeastern York County Sewer Authority

Statement of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Cash received from customers	$ 3,440,188	$ 3,422,026
Cash paid to suppliers and employees	(1,729,402)	(1,740,601)
Net cash provided by operating activities	1,710,786	1,681,425
Cash Flows from Investing Activities		
Investment income received	71,763	398,404
Other income received	11,781	600
Purchase of trust fund investments	956,887	350,030
Net cash provided by investing activities	1,040,431	749,034
Cash Flows from Capital and Related Financing Activities		
Capital expenditures	(1,076,533)	(749,743)
Principal repayments of long-term debt	(1,240,000)	(1,231,000)
Bond issue costs	0	0
Proceeds from long-term debt	0	0
Interest paid	(266,103)	(276,261)
Net cash used in capital and related financing activities	(2,582,636)	(2,257,004)
Net increase in cash	168,581	173,455
Cash, Beginning	2,801,274	2,627,819
Cash, Ending	$ 2,969,855	$ 2,801,274

See notes to financial statements

Northeastern York County Sewer Authority

Statement of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 646,202	$ 706,893
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,008,155	946,967
Amortization of bond issuance costs	0	0
Provision for doubtful accounts	0	0
(Increase) decrease in assets:		
Accounts receivable	(10,576)	(21,772)
Grants receivable	0	0
Increase (decrease) in liabilities:		
Accounts payable	17,343	1,101
Sewer rent received in advance	49,699	47,599
Security escrow	0	0
Payroll withholdings	(37)	637
Miscellaneous income	0	0
Net cash provided by operating activities	$ 1,710,786	$ 1,681,425

See notes to financial statements

1. Nature of Operations

Northeastern York County Sewer Authority (a Pennsylvania municipal authority) (Authority) was incorporated on April 1, 1987 for the purpose of expanding and operating a sanitary sewer collection system and treatment plant. The Authority was created by the municipalities of East Manchester Township, Manchester Borough and Mt. Wolf Borough. The Authority derives substantially all of its revenue from sewer rental, tapping fees, reservation fees and grant revenue.

2. Estimates and Summary of Significant Accounting Policies

The preparation on financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reports amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Presentation

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to local governments. In addition to complying with all applicable Governmental Accounting Standards Board (GASB) pronouncements, the Authority's financial statements comply with the guidance provided by the Financial Accounting Standards Board (FASB) *Statements and Interpretations, Accounting Principles Board Opinions, Emerging Issue Task Force Opinions (*EITF) and the Committee on Accounting Procedure issued on or before November 30, 1989. GASB pronouncements take precedence when there is a conflict or contradiction between pronouncements. The Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

Accounts Receivable

Accounts receivable are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivable, adverse situations that may affect a client's ability to pay, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due.

2. Estimates and Summary of Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable are stated at outstanding balances. The authority considers grant receivables to be fully collectible. If collection becomes doubtful, an allowance of doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Trust Fund Investments

Trust Fund investments in debt securities are stated at fair value. Realized and unrealized gains and losses are reported as increases or decreases in income. Realizes gains and losses, if any, on the sale or disposal of Trust Fund investments are computed on a specific identification basis.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated on the straight-line method over the estimated average useful lives of the assets as follows: Sewer system, twenty years; new sewer system, forty years; building, forty years; pump station, twenty years; collection system, forty years; and equipment, five to seven years.

Maintenance, repairs or minor renewals which do not significantly improve or extend the lives of the respective assets are charged against operations when incurred. Additions, improvements and major renewals are capitalized.

Bond Issuance Costs

Costs related to the issuance of bonds payable are expensed when incurred.

Bond Discount

Bond discount is amortized to interest expense over the life of the bonds.

Revenue Recognition

Certain grant revenue is deemed to be in respect of exchange transactions classified as unrestricted revenue when received or receivable. Such grant revenue is not deemed to be a contribution, since the proceeds thereof are used to pursue objectives of the grantor.

3. Cash and Trust Fund Investments

The Authority has a checking account and money market account at Truist Bank. The book balance of the Authority's accounts is $2,969,802 at December 31, 2025 and the bank balance is $2,975,760. The accounts at Truist are FDIC insured up to $250,000 and the remainder is collaterallized by Truist. These amounts are presented as unrestricted.

The restricted accounts are held at BNY Mellon the Bank of New York Mellon Trust Company, N. A. They are invested in Goldman Sachs Financial Treasury Obligations Funds. These funds have a Standard and Poors rating of AAAm and a Moodys Investor Services rating of Aaa.

	2025			
		Gross Unrealized		
	Cost	Gains	Losses	Fair Value
Unrestricted Cash:				
Checking account	$ 1,452,567	$ 0	$ 0	$ 1,452,567
Pennsylvania Local Government Investment Trust	1,517,235	0	0	1,517,235
Money market	0	0	0	0
	2,969,802	0	0	2,969,802
Restricted assets:				
Trust fund investments:				
Goldman Fincl Sq Treasury Oblig # 468	43,658			43,658
Goldman Fincl FS Treasury Oblig # 468	193,610			193,610
US Treasury Bond Slug Serv	7,230,455			7,230,455
	7,467,723	-	-	7,467,723
	$ 10,437,525	$ 0	$ 0	$ 10,437,525

3. Cash and Trust Fund Investments (Continued)

	2024			
		Gross Unrealized		
	Cost	Gains	Losses	Fair Value
Unrestricted Cash:				
Checking account				
Pennsylvania Local Government	$ 1,239,192	$ 0	$ 0	$ 1,239,192
Investment Trust				
Money market	1,562,082	0	0	1,562,082
	0	0	0	0
Restricted assets:				
	2,801,274	0	0	2,801,274
Trust fund investments:				
Trust fund investments:				
Goldman Fincl Sq Treasury				
Oblig # 468	33,862			33,862
Goldman Fincl FS Treasury				
Oblig # 468	174,533			174,533
US Treasury Bond Slug Serv	8,216,215			8,216,215
	8,424,610	-	-	8,424,610
	$11,225,884	$ 0	$ 0	$11,225,884

Interest Rate Risk

The Authority's investments consist of the following as of:

	December 31, 2025			
	Fair Value of Investment Maturities (in Years)			
	Less Than 1	1 - 5	6 - 10	More Than 10
Trust fund investments:				
Goldman Fincl Sq Treasury				
Oblig # 468	43,658	$ 0	$ 0	$ 0
Goldman Fincl FS Treasury				
Oblig # 468	193,610	$ 0	$ 0	$ 0
US Treasury Bond Slug Serv	$ 0	$ 0	$ 0	$ 7,230,455
	$ 237,268	$ 0	$ 0	$ 7,230,455

3. Cash and Trust Fund Investments (Continued)

	December 31, 2024			
	Fair Value of Investment Maturities (in Years)			
	Less Than 1	1 - 5	6 - 10	More Than 10
Trust fund investments:				
Goldman Fincl Sq Treasury Oblig # 468	$ 33,862	$ 0	$ 0	$ 0
Goldman Fincl FS Treasury Oblig # 468 obligations	174,533	0	0	0
US Treasury obligations		0	0	8,216,215
	$ 208,395	$ 0	$ 0	$ 8,216,215

Credit Risk

As of December 31, 2025 and 2024, all of the Authority's rated investments in U.S. Treasury securities were rated Aaa by Moody's and AAAm by Standard & Poor's.

4. Property, Plant and Equipment

Property, plant and equipment consist of the following as of December 31:

	2024	Additions	Disposals and Reclassification	2025
*CIP - Chesapeake	$ 0	$ 0	$ 0	$ 0
Pump station and collection system	25,411,588	1,069,529	0	26,481,117
Sewer system and building	15,770,256	3,780	0	15,774,036
Equipment	1,010,785	3,224	0	1,014,009
*Land	3,326,105	0	0	3,326,105
	45,518,734	1,076,533	0	46,595,267
Accumulated depreciation	(19,508,599)	(1,008,155)	0	(20,516,754)
	$ 26,010,135	$ 68,378	$ 0	$ 26,078,513

	2023	Additions	Disposals and Reclassification	2024
*CIP - Chesapeake	$ 0	$ 0	$ 0	$ 0
Pump station and collection system	24,760,176	651,412	0	25,411,588
Sewer system and building	15,761,796	8,460	0	15,770,256
Equipment	920,913	89,872	0	1,010,785
*Land	3,326,105	0	0	3,326,105
	44,768,990	749,744	0	45,518,734
Accumulated depreciation	(18,561,632)	(946,967)	0	(19,508,599)
	$ 26,207,358	$ (197,223)	$ 0	$ 26,010,135

5. In-Kind Contributions

Contributed property is reported in the accompanying financial statements at its fair market value as of the date the assets were received.

In-kind contributions consist of the following for the years ended December 31:

	2025	2024
	$ 0	$ 0

6. Bond Issuance Costs

Bond issuance costs consist of the following as of December 31:

	2025	2024
Bond issuance costs - Series of 2021 - expensed	$ 0	$ 0

7. Long-term Debt (Continued)

In September 2013, Northeastern York County Sewer Authority issued Sewer Revenue Bonds, Series of 2013 A & B ,for the amount $4,700,000. The purpose of these bonds is to refund the Series of 2009, Sewer Revenue Bonds; provide for capital additions for the sewer system; and pay for the costs of the bonds.

The Series of 2013 Sewer Revenue Bonds mature as follows:

Year ended:					
	2026	$ 197,000	2035	$ 130,000
	2027	203,000	2036	134,000
	2028	209,000	2037	138,000
	2029	215,000	2038	143,000
	2030	222,000	2039	147,000
	2031	230,000	2040	151,000
	2032	119,000	2041	156,000
	2033	123,000	2042	4,000
	2034	127,000		
				$ 2,648,000

The Authority has negotiated the sale of the 2013 Bonds to the Delaware Valley Regional Finance Authority ("Del Val"). Del Val is a public authority that has issued Local Government Revenue Bonds (Del Val Bonds) to provide funds for loans to be made to local government units. Del Val has entered into interest rate swap agreements related to the Del Val Bonds in order to provide a cost effective Loan Program for local government units. Del Val created a loan program which enables funding to local government units for capitol projects. Northeastern York County Sewer Authority has decided to participate in this loan program related to the 2013 Bond Issue.

The Authority expects to fix the interest rate on the Series B of 2013 for a period of 3 years or more prior to closing. The Authority expects to set the interest rate on the Series A of 2013 at a variable rate until the proceeds have been the expended on the capital additions. Under the terms of the Loan Agreement the Authority may request a conversion of the Series A 2013 Bonds and the Series B 2013 Bonds to a fixed rate at any time.

Participants in the Loan Program have the option to pay a variable rate of interest, a fixed rate of interest, or a combination of variable or fixed rates. Fixed rates can be set for any period of time on all or a portion of the loan. At the end of the scheduled term for the fixed rate, the participant can set the loan to a new fixed rate or can allow the loan to revert to a variable rate. The variable loan rate, based upon the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA Index), adjusts weekly. The maximum rate of interest is 15%. The fixed loan rate is based upon a new, offsetting interest rate swap transaction under the Del Val Swap Agreement, tailored to satisfy the terms requested by the participant.

7. Long-term Debt (Continued)

Termination Risk: - The Authority is obligated to pay any termination payment associated with the termination of the swap transactions under the Del Val Swap Agreement allocable to the 2013 Bonds. All or a portion of the swap transactions allocable to the 2013 Bonds may be terminated with the mutual consent of the Authority and the related Counterparties to the swap transaction. A termination could also be triggered in the event of a payment default by the Authority or a payment default by the counterparties to the transaction. A termination could also be triggered by the downgrade of credit ratings for debt of Del Val or the counterparties. The most likely causes for a termination are under control of the Authority. They are: the Authority elects to prepay a fixed rate portion of the 2013 Bonds before the end of its scheduled term or option date or the Authority defaults on payments under the 2013 Bonds.

As long as the aggregate market value of the swap transactions subject to termination is positive, no participant in the Loan Program would be assessed a termination charge.

Market Value of the Swap Transactions related to the 2013 and 2015 Bonds

Authority Bonds	Outstanding Principal Amount	Fixed Loan Rate Swap	Allocable Bond Swap	Net Value
Guaranteed Sewer Revenue Bonds, 2013 A Series	$ 2,061,000	$ 55,719	$ 12,009	$ 67,728
Guaranteed Sewer Revenue Bonds, 2013 B Series	587,000	15,870	31,585	47,455
Guaranteed Sewer Revenue Bonds, 2015 Series A	1,938,000	52,394	29,685	82,079
Guaranteed Sewer Revenue Bonds, 2015 Series B	163,000	4,407	2,501	6,908
	$ 4,749,000	$ 128,390	$ 75,780	$ 204,170

The above is the most recent information available.

7. Long-term Debt (Continued)

In August 12 2015, Northeastern York County Sewer Authority issued Sewer Revenue Bonds, Series of 2015 A & B ,for the amount $10,370,000. The purpose of these bonds is to refund the Series of 2005, Sewer Revenue Bonds; provide for capital additions for the sewer system; and pay for the costs of the bonds.

The Series of 2015 Sewer Revenue Bonds mature as follows:

		Series A	Series B	Total
Year ended:	2026	985,000	81,000	1,066,000
	2027	951,000	84,000	1,035,000
		$ 1,936,000	$ 165,000	$ 2,101,000

The Authority has negotiated the sale of the 2015 Bonds to the Delaware Valley Regional Finance Authority ("Del Val"). Del Val is a public authority that has issued Local Government Revenue Bonds (Del Val Bonds) to provide funds for loans to be made to local government units. Del Val has entered into interest rate swap agreements related to the Del Val Bonds in order to provide a cost effective Loan Program for local government units. Del Val created a loan program which enables funding to local government units for capitol projects. Northeastern York County Sewer Authority has decided to participate in this loan program related to the 2015 Bond Issue.

Participants in the Loan Program have the option to pay a variable rate of interest, a fixed rate of interest, or a combination of variable or fixed rates. Fixed rates can be set for any period of time on all or a portion of the loan. At the end of the scheduled term for the fixed rate, the participant can set the loan to a new fixed rate or can allow the loan to revert to a variable rate. The variable loan rate, based upon the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA Index), adjusts weekly. The maximum rate of interest is 15%. The fixed loan rate is based upon a new, offsetting interest rate swap transaction under the Del Val Swap Agreement, tailored to satisfy the terms requested by the participant.

Termination Risk: - The Authority is obligated to pay any termination payment associated with the termination of the swap transactions under the Del Val Swap Agreement allocable to the 2015 Bonds. All or a portion of the swap transactions allocable to the 2015 Bonds may be terminated with the mutual consent of the Authority and the related Counterparties to the swap transaction. A termination could also be triggered in the event of a payment default by the Authority or a payment default by the counterparties to the transaction. A termination could also be triggered by the downgrade of credit ratings for debt of Del Val or the counterparties. The most likely causes for a termination are under control of the Authority. They are: the Authority elects to prepay a fixed rate portion of the 2015 Bonds before the end of its scheduled term or option date or the Authority defaults on payments under the 2015 Bonds.

As long as the aggregate market value of the swap transactions subject to termination is positive, no participant in the Loan Program would be assessed a termination charge.

7. Long-term Debt (Continued)

On April 1, 2021, Northeastern York County Sewer Authority issued Sewer Revenue Bonds, Series of 2021 for the amount $10,000,000. The purpose of these bonds is to pay the costs and expenses of the 2021 capital additions for the sewer system; and pay for the costs of the bonds.

The Series of 2021 Sewer Revenue Bonds mature as follows:

		Principal
Year ended:	2026	1,000
	2027	1,000
	2028	960,000
	2029	981,000
	2030	1,003,000
	2031	1,027,000
	2032	1,152,000
	2033	1,178,000
	2034	1,204,000
	2035	1,231,000
	2036	1,258,000
		$ 9,996,000

8. Subsequent Events

Management of the Authority has evaluated subsequent events through the date of the audit report. No subsequent events were noted.

9. Retirement Plan

The Authority sponsors a 457(b) retirement saving plan for all full-time employees. The Authority matches up to 30% to 70% of employees' contributions based on years of service to a maximum of $3,900 per year. Retirement plan expense amounted to $15,044 and $14,822 for the years ended December 31, 2025 and 2024, respectively.

10. Contingencies

The Authority is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Each of these matters is subject to various uncertainties, and some of these matters may be resolved unfavorably to the Authority. Management does not believe that there would be a materially adverse effect on the company's financial statements for any of these claims.

Supplementary Information

Northeastern York County Sewer Authority

Operating Revenue and Operating Expenses
Years Ended December 31, 2025 and 2024

	2025	%	2024	%
Operating Revenue				
Grant revenue	$ 0	0.00	$ 121,236	3.57
Sewer rentals	3,166,252	93.10	3,047,329	89.73
Rental income	117,068	3.44	95,996	2.83
Tapping fees	116,470	3.42	129,350	3.81
Reservation fees	0	0.00	0	0.00
Inspections	1,275	0.38	2,288	0.68
	$ 3,401,065	100.00	$ 3,396,199	100.00
Operating Expenses				
Salaries and benefits	$ 447,162	13.15	$ 509,568	15.00
Insurance expense	323,616	9.52	279,714	8.24
Electricity	231,082	6.79	226,224	6.66
Repairs and maintenance	371,983	10.94	318,012	9.36
Provision for doubtful accounts	0	0.00	0	0.00
Collection expenses	725	0.02	248	0.01
Office expenses	59,247	1.74	64,487	1.90
Engineering fees	33,870	1.00	29,804	0.88
Payroll taxes	35,085	1.03	38,477	1.13
Chemical analysis	115,218	3.39	112,433	3.31
Lab expenses	44,009	1.29	41,020	1.21
Accounting fees	10,150	0.30	15,100	0.44
Legal fees	25,566	0.75	27,083	0.80
Retirement expenses	15,044	0.44	14,822	0.44
Farm expenses	1,830	0.05	9,990	0.29
Billing expenses	6,693	0.20	6,561	0.19
Miscellaneous expenses	7,647	0.22	7,469	0.22
Authority members' fees	3,270	0.10	3,570	0.11
Trustee fees	14,500	0.43	37,746	1.11
Right-of-way rentals	11	0.00	11	0.00
	$ 1,746,708	51.36	$ 1,742,339	51.30

Northeastern York County Sewer Authority

Other Income (Loss)

Years Ended December 31, 2025 and 2024

	2025	%	2024	%
Interest and dividends	$ 71,763	2.11	$ 398,404	11.73
Miscellaneous income	6,206	0.18	600	0.02
FEMA/PEMA Flood Payments	0	0.00	0	0.00
Sale of Fixed Assets	5,575	0.00	0	0.00
Gain on sale of trust fund investments	0	0.00	0	0.00
	$ 83,544	2.29	$ 399,004	11.75