

EBENSBURG MUNICIPAL AUTHORITY
EBENSBURG, PENNSYLVANIA

Financial Statements
December 31, 2023 and 2022

EBENSBURG MUNICIPAL AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

	Page
Independent Auditor's Report.....	1
Basic Financial Statements:	
Statements of Net Position.....	3
Statements of Revenues, Expenses, and Changes in Net Position.....	4
Statements of Cash Flows	5
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

The Members of the Board
Ebensburg Municipal Authority
Ebensburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Ebensburg Municipal Authority (the Authority), a component unit of Ebensburg Borough, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statement as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Ebensburg Municipal 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Ebensburg Municipal Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ebensburg Municipal 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 Ebensburg Municipal 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

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the financial statements is not affected by this missing information.

WESSEL & COMPANY
Certified Public Accountants

March 15, 2024

EBENSBURG MUNICIPAL AUTHORITY
 STATEMENTS OF NET POSITION
 DECEMBER 31, 2023 AND 2022

	<u>ASSETS</u>	<u>Business-Type Activities</u>	
		<u>2023</u>	<u>2022</u>
Current Assets			
Cash		\$ 188,159	\$ 248,659
Lease Receivable - current portion		6,829	7,171
Total Current Assets		<u>194,988</u>	<u>255,830</u>
Lease Receivable - long-term		<u>133,851</u>	<u>140,680</u>
Capital Assets -			
Net of accumulated depreciation		<u>22,189,367</u>	<u>22,687,746</u>
Total Assets		<u>\$ 22,518,206</u>	<u>\$ 23,084,256</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
Current Liabilities			
Current portion of notes payable		<u>\$ 1,217,910</u>	<u>\$ 1,052,348</u>
Total Current Liabilities		1,217,910	1,052,348
Long-term portion of notes payable		<u>11,998,769</u>	<u>12,450,389</u>
Total Liabilities		<u>13,216,679</u>	<u>13,502,737</u>
Deferred Inflows		<u>129,223</u>	<u>139,656</u>
Net Position			
Invested in capital assets, net of related debt		8,972,688	9,185,009
Unrestricted		<u>199,616</u>	<u>256,854</u>
Total Net Position		<u>9,172,304</u>	<u>9,441,863</u>
Total Liabilities, Deferred Inflows and Net Position		<u>\$ 22,518,206</u>	<u>\$ 23,084,256</u>

EBENSBURG MUNICIPAL AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, & CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Business-Type Activities	
	2023	2022
<u>Operating Revenues</u>		
Lease revenue	\$ 9,281	\$ 9,454
Operating income - Ebensburg Borough	1,240,919	1,167,645
Other income	-	96
	<u>1,250,200</u>	<u>1,177,195</u>
<u>Operating Expenses</u>		
Professional fees	38,254	13,863
Depreciation expense	855,101	843,087
Miscellaneous	831	18
	<u>894,186</u>	<u>856,968</u>
Total Operating Expenses	<u>894,186</u>	<u>856,968</u>
Operating Income	<u>356,014</u>	<u>320,227</u>
<u>Non-Operating (Expenses)/Revenues</u>		
Intergovernmental reimbursement	(612,116)	(671,478)
Interest income	5,432	5,733
Interest expense	(188,364)	(187,635)
	<u>(795,048)</u>	<u>(853,380)</u>
Total Non-Operating (Expenses)/Revenue	<u>(795,048)</u>	<u>(853,380)</u>
Capital grants and contributions	<u>169,475</u>	<u>871,029</u>
Change in Net Position	(269,559)	337,876
Net Position - Beginning of Year	<u>9,441,863</u>	<u>9,103,987</u>
Net Position - End of Year	<u>\$ 9,172,304</u>	<u>\$ 9,441,863</u>

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

EBENSBURG MUNICIPAL AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Payments received from Borough and other sources	\$ 1,250,200	\$ 1,177,195
Payments to suppliers for goods and services	(39,085)	(13,881)
Net Cash Provided By Operating Activities	1,211,115	1,163,314
Cash Flows From Capital and Related Financing Activities:		
Purchases of capital assets	(356,721)	(1,773,154)
Proceeds from capital grant	169,475	871,029
Intergovernmental reimbursement	(612,116)	(671,478)
Proceeds from notes payable	820,275	1,681,195
Payments on notes payable	(1,106,335)	(980,829)
Net Cash (Used In) Capital and Related Financing Activities	(1,085,422)	(873,237)
Cash Flows From Investing Activities:		
Interest received	2,171	2,316
Interest paid	(188,364)	(187,635)
Net Cash (Used In) Investing Activities	(186,193)	(185,319)
Net Change in Cash and Cash Equivalents	(60,500)	104,758
Cash and Cash Equivalents - Beginning of the Year	248,659	143,901
Cash and Cash Equivalents - End of the Year	\$ 188,159	\$ 248,659

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

EBENSBURG MUNICIPAL AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE 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	<u>\$ 356,014</u>	<u>\$ 320,227</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	<u>855,101</u>	<u>843,087</u>
Total Adjustments	<u>855,101</u>	<u>843,087</u>
Net Cash Provided By Operating Activities	<u><u>\$ 1,211,115</u></u>	<u><u>\$ 1,163,314</u></u>

Disclosure of Accounting Policy:

The Authority considers all unrestricted, highly liquid investments with a maturity of three (3) months or less when purchased to be "cash equivalents."

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

EBENSBURG MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ebensburg Municipal Authority (the Authority) was created by the Borough of Ebensburg, Cambria County, State of Pennsylvania under the Municipal Authorities Act of 1945 of the Commonwealth of Pennsylvania. The Authority is exercised by a governing body of five (5) members with varying terms.

The Authority is an enterprise operating entity whereby the costs to acquire its assets and run its operations are obtained from rental fees and capital grants.

The life of the Authority expires in 2040 under the present charter.

Basis of Accounting

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's policies are described below.

A. Basic Financial Statements

The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses. Enterprise Funds account for activities that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The basic financial statements provide information about the Authority's business type activities. The financial statements for the business-type activities are also often referred to as enterprise fund financial statements.

"Measurement Focus" is an accounting term used to describe which transactions and types of balances are recorded within the various financial statements. The expression, "Basis of Accounting", refers to when transactions or events are recorded regardless of the measurement focus applied.

Because of the “businesslike” characteristics of the Authority’s operations, the accompanying financial statements for business-type activities reflect the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of the “economic resources” measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Under full accrual accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority reports the following funds:

Proprietary Funds

Enterprise Fund – the Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through rental fees; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes.

Reporting Entity

The Authority follows the Statement of Governmental Accounting Standards Board No. 61, “The Financial Reporting Entity.” The criteria for including organizations as component units with the Authority’s reporting entity include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Authority holds the corporate powers of the organization
- The Authority appoints a voting majority of the organization’ board
- The Authority is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Authority
- There is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria, no entity has been included as a component unit of the Authority’s reporting entity. The Authority is considered a component unit of Ebensburg Borough.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable business-type activities column in the financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair market value on the date of the donation.

Expenditures that increase the life or extend the productivity of the asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of exhaustible assets is provided on the straight-line basis over the following estimated useful lives:

Construction In Progress	Not Depreciated
Land, Building and Rights of Way	Not Depreciated
Equipment	10 - 15 years
Sewage Treatment Plant, Upgrades and Improvements	40 years
Water Treatment Plant, Upgrades and Improvements	40 - 50 years

Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or other regulations of other governments.

The Authority's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Significant Estimates

The Authority uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported carrying amounts of assets and liabilities, the disclosure of assets and liabilities, and reported revenues and expenses. Actual results could vary from estimates that management uses.

Implementation of New Accounting Pronouncements

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for periods beginning after December 15, 2022. The adoption of this Statement had no effect on previously reported amounts.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for periods beginning after June 15, 2022. The adoption of this Statement had no effect on previously reported amounts.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for periods beginning after June 15, 2022. The adoption of this Statement had no effect on previously reported amounts.

GASB Statement No. 99, *Omnibus 2022*, is effective for periods beginning after June 15, 2022. The adoption of this Statement had no effect on previously reported amounts.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, is effective for periods beginning after December 15, 2022. The adoption of this Statement had no effect on previously reported amounts.

Pending Changes in Accounting Principles

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Authority is required to adopt Statement No. 101 for its 2024 financial statements.

In June 2022, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The Authority is required to adopt Statement No. 102 for its 2024 financial statements.

The Authority has not completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2 CASH AND INVESTMENTS

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

The securities pledged as collateral are held by the trust department of a financial institution or by its agents in the financial institution's name. When certificates of deposit are purchased, the Authority or its agent either holds the actual certificate of deposit or receives a safekeeping certificate as its proof of ownership.

Pennsylvania Law limits investment and deposit types the Authority may purchase as follows:

- (a) U.S. Treasury bills.

- (b) Short-term obligations of the U.S. government or its agencies.
- (c) Demand, savings and time deposits with institutions insured by the FDIC or the National Credit Union Share Funds or collateralized with securities as provided by law.
- (d) Obligations of the United States or any of its agencies, the Commonwealth of Pennsylvania or any of its agencies or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies providing the obligations are backed by the full faith and credit of the political subdivision.

Deposits include items described in (c).

A. Deposits

As of December 31, 2023 and 2022, the carrying amount of the Authority deposits totaled \$188,159 and \$248,799, respectively, at one (1) financial institution. At the financial institution, \$250,000 of the bank balances are covered by federal depository insurance and \$-0- and \$-0- is collateralized using the pooled asset method at December 31, 2023 and 2022; however, because funds are not collateralized with securities registered in the Authority's name, they are considered uncollateralized. The amounts are included on the statements of net position as cash.

NOTE 3 LEASE RECEIVABLE

The Authority leases property to a tenant that expires in 2037 after all renewal options. Monthly payments are \$913 through April 2027, \$1,049 through April 2032 and \$1,207 through April 2037. The following is a schedule of lease receivable as of December 31, 2023:

Year Ending December 31,	Revenue	Interest	Total
2024	\$ 6,829	\$ 4,127	\$ 10,956
2025	7,037	3,919	10,956
2026	7,251	3,705	10,956
2027	8,569	3,475	12,044
2028	9,387	3,201	12,588
Thereafter	101,607	13,979	115,586
Lease receivable	\$ 140,680	\$ 32,406	\$ 173,086

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment assets consist of the following major classifications:

	Balance Dec. 31, 2022	Additions	Disposals	Balance Dec. 31, 2023
Capital Assets Not Being Depreciated:				
Land, building and rights of way	\$ 158,588	\$ ---	\$ ---	\$ 158,588
Construction in Progress	1,773,156	356,229	(2,129,385)	---
Total Capital Assets Not Being Depreciated	<u>1,931,744</u>	<u>356,229</u>	<u>(2,129,385)</u>	<u>158,588</u>
Capital Assets Being Depreciated:				
Equipment	49,499	---	---	49,499
Sewage treatment plant, upgrades and improvements	23,001,813	493	---	23,002,305
Water treatment plant, upgrades and improvements	13,136,955	2,129,385	---	15,266,340
Total Capital Assets Being Depreciated	<u>36,188,267</u>	<u>2,129,878</u>	<u>---</u>	<u>38,318,145</u>
Less Accumulated Depreciation for:				
Equipment	(49,499)	---	---	(49,499)
Sewage treatment plant, upgrades and improvements	(8,388,709)	(539,305)	---	(8,928,014)
Water treatment plant, upgrades and improvements	(6,994,057)	(315,796)	---	(7,309,853)
Total Accumulated Depreciation	<u>(15,432,264)</u>	<u>(855,101)</u>	<u>---</u>	<u>(16,287,366)</u>
Total Capital Assets Being Depreciated, Net	<u>20,756,002</u>	<u>1,274,777</u>	<u>---</u>	<u>22,030,779</u>
Total Capital Assets, Net	<u>\$ 22,687,746</u>	<u>\$ 1,631,006</u>	<u>\$ (2,129,385)</u>	<u>\$ 22,189,367</u>

The depreciation expense amounted to \$855,101 and \$843,087 for the years ended December 31, 2023 and 2022, respectively.

NOTE 5 NOTES PAYABLE

Changes during 2023 and balances at December 31, 2023, of long-term debt, including current portions of the Authority are as follows:

	Balance Dec. 31, 2022	Additions	Payments	Balance Dec. 31, 2023	Amounts Due Within One (1) Year
Pennvest (2004) - Community water system	\$ 720,530	\$ ---	\$ (240,624)	\$ 479,906	\$ 247,212
Pennvest (2007) - Sewer system and sludge	617,843	---	(115,296)	502,547	118,276
Pennvest (2008) - WWTP upgrade	183,690	---	(30,735)	152,955	31,043
Pennvest (2012) - Water Construction	2,794,786	---	(229,849)	2,564,937	234,113
Pennvest (2018) - Waste Water Project	7,908,120	---	(334,240)	7,573,880	337,598
Pennworks (2007) - WWTP upgrade	242,175	---	(47,355)	194,820	48,395
Pennvest (2022) – Main Street Water Project	1,036,193	198,275	(53,924)	1,180,544	70,932
Ameriserv (2023) - General Obligation Note	---	622,000	(54,910)	567,090	130,341
Long-term obligations	<u>\$ 13,503,337</u>	<u>\$ 820,275</u>	<u>\$ (1,106,933)</u>	<u>\$ 13,216,679</u>	<u>\$ 1,217,910</u>

On December 8, 2004, the Authority entered into an agreement with PENNVEST to borrow funds in order to construct additions and improvements to its community water system located in the Borough of Ebensburg and the Townships of Cambria, East Taylor and Jackson. Principal and interest are payable monthly through November 1, 2025. The loan bears interest at 1.38% per year for the first seventy-one (71) months and 2.72% per year for the remainder of the loan.

On May 3, 2007, the Authority entered into an agreement with PENNVEST to borrow funds for the purpose of constructing Sanitary Sewer System Improvements and the Sludge Dewatering Improvements project. Principal and interest are payable monthly through January 1, 2028. The loan bears interest at 1.28% per year for the first sixty-eight (68) months and 2.55% per year for the remainder of the loan.

On February 26, 2008, the Authority entered into an agreement with PENNVEST to borrow funds for the purpose of constructing a Waste Water Treatment Upgrade Project. Principal and interest are payable monthly through October 1, 2028. The loan bears interest at the rate of 1.00% per year.

On August 27, 2007, the Authority entered into an agreement with the Water Supply and Wastewater Infrastructure Capitalization Program, otherwise known as Pennworks, to borrow funds for the purpose of expanding and upgrading the wastewater treatment facilities owned and operated by the Authority. Principal and interest are payable monthly through October 1, 2027. The loan bears interest at the rate of 2.00% per year.

On August 20, 2012, the Authority entered into an agreement with PENNVEST to borrow funds for the purpose of the Water Improvement project. Principal and interest are payable monthly through December 1, 2033. The loan bears interest at 1.01% per year for the first five (5) years and 2.01% per year for the remainder of the loan.

On April 19, 2018, the Authority entered into an agreement with PENNVEST to borrow funds for the purpose of the Waste Water project. Principal and interest are payable monthly through April 1, 2044. The loan bears interest at the rate of 1.00% per year.

On June 21, 2022, the Authority entered into an agreement with PENNVEST to borrow funds for the purpose of the Main Street Waterline project. Principal and interest are payable monthly through March 1, 2043. The loan bears interest at the rate of 1.00% per year. An additional allocation of funds is provided to the Authority as principal forgiveness through state grant funds. A total of \$871,029 was received and recognized as capital grants and contributions in 2022.

On July 20, 2023, the Authority entered into an agreement with Ameriserv Financial Bank to borrow funds for the purpose of the Water Improvement project. Principal and interest are payable monthly through January 1, 2028. The loan bears interest at 4.75% per year.

All loans are guaranteed by the Borough of Ebensburg.

Maturities of long-term debt for each of the next five (5) years and thereafter are as follows:

	Principal	Interest	Total
2024	\$ 1,217,910	\$ 183,837	\$ 1,401,747
2025	1,223,067	157,354	1,380,421
2026	1,009,786	134,766	1,144,552
2027	1,025,003	114,855	1,139,858
2028	726,254	103,588	829,842
2029-2033	3,540,042	372,533	3,912,575
2034-2038	2,321,827	175,713	2,497,540
2039-2043	2,015,813	58,151	2,073,964
2044	136,977	285	137,262
Total	<u>\$ 13,216,679</u>	<u>\$ 1,301,082</u>	<u>\$ 14,517,761</u>

NOTE 6 RELATED PARTY TRANSACTIONS

In December 2017, the Authority entered into a new, five (5) year term, Operating Agreement, replacing a prior agreement dated November 2012, with the Borough of Ebensburg, whereby the Borough is authorized to manage and operate the day-to-day operations of the sewer and water systems and to employ Borough Personnel in connection with all routine procedures. Under the terms of the agreement, the Authority will compensate the Borough for administrative management services provided in the amount of \$201,000 annually, payable on a quarterly basis. As described in Note 1, the Authority is a component unit of the Borough.

In April 2022, the Authority amended their Operating Agreement with the Borough of Ebensburg to provide an increase in the annual lease payment prior to the initiation of principal and interest payments on a 2022 PENNVEST water construction loan. As of the date of the financial statements, the loan and related increase has not occurred.

The Borough remits both principal and interest costs to the Authority related to all Municipal Authority loans, in addition to payments for certain other Authority obligations. In 2023 and 2022, payments made by the Borough amounted to \$1,240,919 and \$1,167,645, respectively, for debt service payments on the Authority's loans. In 2023 and 2022, the Borough also made payments of \$26,492 and \$161,018, respectively, to support the Waste Water Project and other expenses.

In connection with the Pennsylvania Municipal Authorities' Act, the Borough appoints all members of the Authority board. However, the Authority retains all powers regarding the establishment of rates, regulations and major policies.

NOTE 7 COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of operations, the Authority is involved in various disputes and grievances. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the Authority's financial position.

NOTE 8 SUBSEQUENT EVENTS

Subsequent events were considered through March 15, 2024, the date the financial statements were available to be issued. The Authority is not aware of any subsequent events which would require recognition or disclosure in the financial statements.