

**DOYLESTOWN TOWNSHIP
MUNICIPAL AUTHORITY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
YEARS ENDED DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Doylestown Township Municipal Authority
Doylestown, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Doylestown Township Municipal Authority (the "Authority"), a component unit of Doylestown Township, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of December 31, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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



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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 statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7 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.



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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedules of General and Administrative Expenses, Schedules of Water Treatment and Distribution, and Schedules of Facilities Management (the "supplementary schedules") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate 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 by us. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
June 19, 2026

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
MANAGEMENTS' DISCUSSION AND ANALYSIS (Unaudited)

This narrative overview and analysis of the financial activities of the Doylestown Township Municipal Authority, Bucks County Pennsylvania (the Authority) for the fiscal year ended December 31, 2025 has been prepared by the Authority's management. This information should be read in conjunction with the audited financial statements that follow this section..

The Authority was established by the Doylestown Township ("the Township") Board of Supervisors. The Authority's board members are appointed by the Township and operations are conducted by Township employees. Because of these factors, the Authority is considered to be a component unit of the Township.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$21,228,087 for 2025 and \$20,536,656 for 2024 (net position). Of this amount \$766,423 and \$589,088 for 2025 and 2024, respectively (unrestricted net position) may be used to meet the Authority's ongoing obligations to creditors.
- \$15,399,957 and \$12,507,301 for 2025 and 2024, respectively of net position is invested in capital assets, and \$5,061,707 and \$7,440,267 is restricted for capital improvements, for 2025 and 2024, respectively.
- The Authority's total net position increased by \$691,431 and \$216,359 in 2025 and 2024, respectively.
- Operating revenue decreased \$30,671 during the year 2025 and decreased \$315,925 during the year 2024. Operating expenses increased by \$90,710 during 2025 and increased by \$121,496 during 2024.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to basic financial statements of the Doylestown Township Municipal Authority. The financial statements are comprised of three components:

- Financial statements
- Notes to the financial statements
- Other supplementary information

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Proprietary Fund. The Authority is a special purpose government that engages in only a business-type activity. The Authority uses an enterprise fund to account for its water operations.

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
MANAGEMENTS' DISCUSSION AND ANALYSIS (Unaudited)

The Authority's proprietary fund financial statements include:

The Statement of Net Position presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of the Authority's operations over the course of the fiscal year and information as to how the net position changed during the year. This statement can be used as an indicator of the extent to which the Authority has successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as delayed collection of operating revenues.

The Statement of Cash Flows presents changes in cash and cash equivalents resulting from operational, capital, noncapital, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration to the timing of the event giving rise to the obligation or receipt and excludes noncash accounting measures of depreciation or amortization of assets.

The basic proprietary fund financial statements can be found on pages 8-10 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Other Supplementary Information. The supplementary schedules provide additional analysis and are presented immediately following the notes to the financial statements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Authority's assets exceeded liabilities by \$21,228,087 and \$20,536,656 for 2025 and 2024, respectively at the close of each year.

By far the largest portion of the Authority's net position (73% and 61% for 2025 and 2024, respectively) reflects its net investment in capital assets (e.g., land, buildings, plant systems and equipment, and vehicles). The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

	2025	2024	2023
Current & Restricted Assets	\$ 6,461,877	\$ 8,642,380	\$ 9,254,065
Capital Assets	15,399,957	12,507,301	11,387,615
Total Assets	<u>\$ 21,861,834</u>	<u>\$ 21,149,681</u>	<u>\$ 20,641,680</u>
Current Liabilities	\$ 633,747	\$ 613,025	\$ 321,383
Total Liabilities	<u>\$ 633,747</u>	<u>\$ 613,025</u>	<u>\$ 321,383</u>
Net Position:			
Invested in Capital Assets	\$ 15,399,957	\$ 12,507,301	\$ 11,387,615
Restricted	5,061,707	7,440,267	7,925,487
Unrestricted	766,423	589,088	1,007,195
Total Net Position	<u>\$ 21,228,087</u>	<u>\$ 20,536,656</u>	<u>\$ 20,320,297</u>

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
MANAGEMENTS' DISCUSSION AND ANALYSIS (Unaudited)

An additional portion of the Authority's net position represents resources that are subject to external restrictions on how they may be used. The remaining balances of unrestricted net position (\$766,423 and \$589,088, for 2025 and 2024, respectively) may be used to meet the Authority's ongoing capital projects.

At the end of the current fiscal year, the Authority is able to report a positive balance in the category of net position for the government as a whole. The same situation held true for the prior fiscal year.

Change in Net Position: The Authority's net position increased by \$691,431 in 2025 and increased by \$216,359 in 2024. Key elements of these increases are:

Revenues	2025	2024	2023
Program Revenues			
Charges for Services	\$ 2,367,716	\$ 2,483,824	\$ 2,539,027
Investment Earnings	428,202	321,730	297,213
Other	690,395	114,977	533,530
Total Revenues	<u>3,486,313</u>	<u>2,920,531</u>	<u>3,369,770</u>
Expenses			
Depreciation and Amortization of Capital Assets	564,617	547,359	563,896
General and Administrative	481,873	538,419	561,151
Water Treatment and Distribution	658,520	613,418	525,149
Facilities Management	1,089,872	1,004,976	932,480
Total Expenses	<u>2,794,882</u>	<u>2,704,172</u>	<u>2,582,676</u>
Change in Net Position	691,431	216,359	787,094
Net Position, Beginning	<u>20,536,656</u>	<u>20,320,297</u>	<u>19,533,203</u>
Ending Net Position	<u>\$ 21,228,087</u>	<u>\$ 20,536,656</u>	<u>\$ 20,320,297</u>

Capital Asset and Debt Administration

Capital Assets: The Authority's capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not known. The Authority's investment in capital assets net of accumulated depreciation as of December 31, 2025 is \$15,399,957 and \$12,507,301 for 2024. This amount includes land, land improvements, buildings, plant, systems and equipment, infrastructure, construction in progress and vehicles. Capital asset additions during the year consisted mainly of construction related to infrastructure.

	2025	2024	2023
Land	\$ 144,586	\$ 144,586	\$ 144,586
Construction in Progress	3,951,990	1,818,405	665,695
Land Improvements	5,148	5,812	6,475
Buildings	470,308	495,850	522,598
Plant, Systems and Equipment	420,592	385,996	420,457
Infrastructure	<u>10,407,333</u>	<u>9,656,652</u>	<u>9,627,804</u>
	<u>\$ 15,399,957</u>	<u>\$ 12,507,301</u>	<u>\$ 11,387,615</u>

Additional information on the Authority's capital assets can be found in the footnotes.

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
MANAGEMENTS' DISCUSSION AND ANALYSIS (Unaudited)

Economic Factors and the 2025 Budgets

Economic conditions for the Authority remain stable. The Authority's water rates remained unchanged in 2025 for the ninth year in a row. The rates are comparable to other neighboring water providers located in Bucks and Montgomery Counties.

At the end of 2025, the Authority had 2,982 water customers, which represents approximately 43% of the occupied building units in the Township.

The 2025 budget provides the necessary resources for the Authority to achieve its goals and priorities. The Authority strives to produce water of the highest quality while maintaining an economic price point. It maintains accustomed service levels and represents an accurate estimate in dollar terms of the Authority's commitment to deliver quality water services to their customers.

The authority budgeted a capital project improvement plan in the amount of \$9.2 million. Due to newly promulgated PA Department of Environmental Protection and Environmental Protection Agency regulations, \$4.5 million is budgeted for construction of PFAS treatment facilities. The Authority received \$4.3 million in PENNVEST funding at the end of 2025 for the design and construction of these facilities. Completion of this project will allow the Authority to meet and/or exceed regulatory requirements.

The Northern Tank Transmission Loop is a budgeted \$2.5 million dollar project that is a key piece of the DTMA Master Plan. The project will bolster distribution system redundancy by connecting two previously dead-ended water mains. Pipe will be installed along Pine Run Road and Limekiln Road and provide access to public water for properties along the proposed route. In 2023, the Authority was favored with a Covid-19 ARPA H2O PA grant in the amount of \$1.431 million to help fund this project.

Request for information

The financial report is designed to provide a general overview of the Authority's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Doylestown Township Municipal Authority, 425 Wells Road, Doylestown, PA 18901.

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash	\$ 834,522	\$ 584,450
Accounts Receivable	524,524	577,765
Notes Receivable	8,000	8,000
Prepaid Expenses	<u>33,124</u>	<u>31,898</u>
Total Current Assets	<u>1,400,170</u>	<u>1,202,113</u>
Restricted Assets		
Cash	712,881	460,305
Investments	<u>4,348,826</u>	<u>6,979,962</u>
Total Restricted Assets	<u>5,061,707</u>	<u>7,440,267</u>
Noncurrent Assets		
Capital Assets		
Land	144,586	144,586
Land Improvements	28,012	28,012
Buildings	1,860,696	1,860,696
Plant, Systems and Equipment	1,742,143	1,742,143
Vehicles	670,098	573,963
Construction in Progress	3,951,990	1,818,405
Infrastructure	23,946,395	22,718,842
Accumulated Depreciation	<u>(16,943,963)</u>	<u>(16,379,346)</u>
Total Noncurrent Assets	<u>15,399,957</u>	<u>12,507,301</u>
 TOTAL ASSETS	 <u>21,861,834</u>	 <u>21,149,681</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	289,750	288,660
Developers' Escrows	159,371	139,739
Unearned Revenue	<u>184,626</u>	<u>184,626</u>
Total Current Liabilities	<u>633,747</u>	<u>613,025</u>
 TOTAL LIABILITIES	 <u>633,747</u>	 <u>613,025</u>
NET POSITION		
Net Investment in Capital Assets	15,399,957	12,507,301
Restricted for		
Capital Improvements	5,061,707	7,440,267
Unrestricted	<u>766,423</u>	<u>589,088</u>
 TOTAL NET POSITION	 <u><u>\$ 21,228,087</u></u>	 <u><u>\$ 20,536,656</u></u>

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

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Operating Revenue		
Private Fire Protection	\$ 40,334	\$ 40,931
Water Meter Sales	2,327,382	2,442,893
Other Revenue	<u>200,414</u>	<u>114,977</u>
Total Operating Revenue	<u>2,568,130</u>	<u>2,598,801</u>
Operating Expenses		
Depreciation and Amortization on Capital Assets	564,617	547,359
General and Administrative	481,873	538,419
Water Treatment and Distribution	658,520	613,418
Facilities Management	<u>1,089,872</u>	<u>1,004,976</u>
Total Operating Expenses	<u>2,794,882</u>	<u>2,704,172</u>
Net Operating Income	<u>(226,752)</u>	<u>(105,371)</u>
Nonoperating Revenue (Expenses)		
Investment Income	428,202	321,730
Grant Revenue	<u>489,981</u>	<u>-</u>
Total Nonoperating Revenue (Expenses)	<u>918,183</u>	<u>321,730</u>
Change in Net Position	691,431	216,359
Total Net Position, Beginning	<u>20,536,656</u>	<u>20,320,297</u>
Total Net Position, Ending	<u>\$ 21,228,087</u>	<u>\$ 20,536,656</u>

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

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 2,620,145	\$ 2,591,372
Cash Payments to Suppliers for Good and Services	(1,423,820)	(1,150,980)
Cash Payments Paid to Affiliate Government for Employee Services	<u>(785,723)</u>	<u>(714,191)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>410,602</u>	<u>726,201</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant Revenue Received	489,981	-
Proceeds From Sale of Capital Assets	-	570
Acquisition of Capital Assets	<u>(3,457,273)</u>	<u>(1,667,615)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,967,292)</u>	<u>(1,667,045)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/ Sale of Investments	2,631,136	(313,209)
Interest Earnings	<u>428,202</u>	<u>321,730</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACITIVITES	<u>3,059,338</u>	<u>8,521</u>
NET INCREASE (DECREASE) IN CASH	502,648	(932,323)
CASH AT BEGINNING OF YEAR	<u>1,044,755</u>	<u>1,977,078</u>
CASH AT END OF YEAR	<u>\$ 1,547,403</u>	<u>\$ 1,044,755</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income	\$ (226,752)	\$ (105,371)
Adjustments to reconcile Operating Income to Net Cash		
Used by Operating Activities		
Depreciation and Amortization	564,617	547,359
(Increase) Decrease in Assets		
Accounts Receivable	53,241	(5,704)
Prepaid Expenses	(1,226)	(1,725)
Increase (Decrease) in Liabilities		
Accounts Payable	1,090	169,741
Developers' Escrows	19,632	(62,725)
Unearned Revenue	<u>-</u>	<u>184,626</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 410,602</u>	<u>\$ 726,201</u>

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

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Doylestown Township Municipal Authority (the Authority) was incorporated in 1978 under the Commonwealth of Pennsylvania's Municipal Authorities Act of 1945. The Authority owned and operated sewage treatment and water facilities throughout Doylestown Township through 1992 and water facilities only from 1993. In 1992, the Authority sold the sewer operations to Bucks County Water and Sewer Authority.

The Authority was established by the Doylestown Township Board of Supervisors. The Authority's board members are appointed by the Township and operations are conducted by Township employees. Because of these factors, the Authority is considered to be a component unit of the Township. These component unit financial statements solely reflect the activity of the Authority and do not include the results of operations of Doylestown Township.

Basis of Accounting

The Authority is a special purpose government that engages in only a business-type activity. The Authority uses an enterprise fund to account for its water operations.

Proprietary funds are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include charges for sales and services. Operating expenses include costs of services as well as, administrative expenses and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

Cash and Cash Equivalents

The Authority considers all certificates of deposit, including those classified as restricted assets, with a maturity of three months or less to be cash equivalents.

Net Position

Net position is divided into three components:

Net investment in capital assets — consist of the historical costs of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position — consist of assets that are restricted by the Authority's creditors, by the state enabling legislation, by grantors, and by other contributors.

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted — all other net position is reported in this category.

Accounts Receivable

The Authority's management expects that all accounts receivable are collectible, therefore, no allowance for doubtful accounts has been established.

Capital Assets

Capital assets which include, property, plant and equipment is stated at historical cost or estimated historical cost if actual historical cost is not known. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Donated property, plant and equipment are accounted for at their estimated fair value on the date received. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Water System and buildings	30-50 years
Equipment	5-10 years
Vehicles	8 years

Estimates

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

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS

Under Section 7.1 of the Municipal Authorities Act, as amended, the Authority is permitted to invest funds in the following types of investments:

1. U.S. Treasury bills
2. Short term obligations of the U.S. Government and federal agencies .
3. Savings, checking accounts, and certificates of deposit in banks, savings and loan associations, and credit unions where such funds are insured by the FDIC and National Credit Union Share Insurance Fund.
4. General Obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.

The deposit and investment policy of the Authority adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the Authority.

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Under Act No. 72 enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the depository are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit in excess of the Federal Depository Insurance Corporation (FDIC) limit. These may be bonds of the United States, any State of the United States, or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk — Deposits. 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 manages its custodial credit risk by requiring financial institutions to secure any deposits over the \$250,000 FDIC limit with the bank's assets in accordance with Act 72. As of December 31, 2025, \$1,321,176 of the Authority's bank balance of \$1,577,430 and as of December 31, 2024, \$865,494 of the Authority's bank balance of \$1,122,537 were exposed to custodial credit risk as the funds were collateralized by collateral held by the pledging financial institution's trust department not in the Authority's name.

The Authority's cash equivalents of \$1,962 were not subject to custodial credit risk as they were invested with the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT issues separately audited financial statements that are available to the public. The fair value of the Authority's position in the external investment pool is equivalent to the value of the pool shares. PLGIT does not place any limitations or restrictions on withdrawals from the program. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pools.

The Authority's investment of \$2,822,143 with PLGIT is a fixed term investment with a 60-day minimum investment period and has a premature withdrawal penalty.

Credit Risk. The Authority does not have a policy limiting credit risk. As of December 31, 2025, the Authority's investments in PLGIT were rated AAAm by Standard & Poor's.

The Authority's investments are certificate of deposit are measured at fair value and categorized within Level 1 of the fair value hierarchy established by generally accepted accounting principles. Fair value was based on quoted market prices for identical assets in active markets

NOTE 3: NOTES RECEIVABLE

The Authority issued notes receivable to Township residents to pay for sewer connection fees. These notes totaling \$71,500 were to be repaid in aggregate annual installments with the balance due in November 1997. As of 2025 and 2024 the Authority has a remaining balance of \$8,000 in outstanding notes receivable. The Authority expects to collect the remaining balance.

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

NOTE 4: CAPITAL ASSETS

	Balance 1/1/2025	Increases	Decreases	Balance 12/31/2025
Capital Assets Not Being Depreciated				
Land	\$ 144,586	\$ -	\$ -	\$ 144,586
Construction in Progress	1,818,405	3,231,259	(1,097,674)	3,951,990
Total Capital Assets Not Being Depreciated	<u>1,962,991</u>	<u>3,231,259</u>	<u>(1,097,674)</u>	<u>4,096,576</u>
Capital Assets Being Depreciated				
Land Improvements	28,012	-	-	28,012
Buildings	1,860,696	-	-	1,860,696
Plant, Systems and Equipment	1,742,143	-	-	1,742,143
Infrastructure	22,718,842	1,227,553	-	23,946,395
Vehicles	573,963	96,135	-	670,098
Total Capital Assets Being Depreciated at Historical Cost	26,923,656	1,323,688	-	28,247,344
Less Accumulated Depreciation	<u>(16,379,346)</u>	<u>(564,617)</u>	<u>-</u>	<u>(16,943,963)</u>
Total Capital Assets Being Depreciated, Net	<u>10,544,310</u>	<u>759,071</u>	<u>-</u>	<u>11,303,381</u>
Capital Assets, Net	<u>\$ 12,507,301</u>	<u>\$ 3,990,330</u>	<u>\$ (1,097,674)</u>	<u>\$ 15,399,957</u>
	Balance 1/2/2024	Increases	Decreases	Balance 12/31/2024
Capital Assets Not Being Depreciated				
Land	\$ 144,586	\$ -	\$ -	\$ 144,586
Construction in Progress	665,695	1,206,238	(53,528)	1,818,405
Total Capital Assets Not Being Depreciated	<u>810,281</u>	<u>1,206,238</u>	<u>(53,528)</u>	<u>1,962,991</u>
Capital Assets Being Depreciated				
Land Improvements	28,012	-	-	28,012
Buildings	1,860,696	-	-	1,860,696
Plant, Systems and Equipment	1,759,243	-	(17,100)	1,742,143
Infrastructure	22,234,636	484,206	-	22,718,842
Vehicles	606,799	30,699	(63,535)	573,963
Total Capital Assets Being Depreciated at Historical Cost	26,489,386	514,905	(80,635)	26,923,656
Less Accumulated Depreciation	<u>(15,912,052)</u>	<u>(547,359)</u>	<u>80,065</u>	<u>(16,379,346)</u>
Total Capital Assets Being Depreciated, Net	<u>10,577,334</u>	<u>(32,454)</u>	<u>(570)</u>	<u>10,544,310</u>
Capital Assets, Net	<u>\$ 11,387,615</u>	<u>\$ 1,173,784</u>	<u>\$ (54,098)</u>	<u>\$ 12,507,301</u>

NOTE 5: RESTRICTED NET POSITION

Net Position has been restricted by the Authority to be used for the following:

	2025	2024
Capital Improvement	\$ 5,061,707	\$ 7,440,267

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

NOTE 6: MAJOR CUSTOMERS

During 2025 and 2024 respectively, the Authority generated \$2,327,382 and \$2,442,893 in water revenues. Of this amount, \$273,404 and \$249,855, for 2025 and 2024, respectively, represents amounts billed to Neshaminy Manor. This is the Authority's major customer that exceeded 12% of the total water revenues.

NOTE 7: SUBSEQUENT EVENTS

Subsequent events for the Doylestown Township Municipal Authority as of and for the year ended December 31, 2025, were evaluated through June 19, 2026. In April 2026, the Authority received a PENNVEST grant totaling \$4,440,800 to support the construction of facilities designed to remove PFAS ("forever chemicals") from the drinking water supply. The project includes the construction of a treatment facility, installation of granular activated carbon filtration systems to remove PFAS contaminants, greensand filtration systems to address naturally occurring iron and manganese, a new 30,000-gallon above-ground wastewater storage tank, and backup power generator to maintain water service during electrical outages. This project will benefit residents of Doylestown Township, Plumstead Township, and portions of New Britain Borough.

SUPPLEMENTARY INFORMATION

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

	<u>2025</u>	<u>2024</u>
General and Administrative Expenses		
Accounting and Legal	\$ 16,850	\$ 31,044
Advertising	858	1,805
Annual Fee	30,555	10,500
Dues and Subscriptions	8,642	15,104
Insurance	55,558	52,957
Fringes	293,683	353,342
Office Supplies	3,425	2,876
Office Equipment	2,090	2,280
Other Services	6,508	6,420
Permits	500	-
Postage	5,592	5,172
Printing	1,392	1,416
Rent	49,933	49,668
Reporting	1,738	1,770
Travel	4,549	4,065
	<u>4,549</u>	<u>4,065</u>
Total General and Administrative Expenses	<u>\$ 481,873</u>	<u>\$ 538,419</u>

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
SCHEDULES OF WATER TREATMENT AND DISTRIBUTION
FOR THE YEARS ENDED DECEMBER 31,

	<u>2025</u>	<u>2024</u>
Water Treatment and Distribution		
Chemicals	\$ 55,576	\$ 67,866
Laboratory Expenses	10,860	19,030
Maintenance and Repairs	229,676	279,953
Operating Supplies	7,843	9,024
Water Purchases	<u>354,565</u>	<u>237,545</u>
Total Water Treatment and Distribution	<u>\$ 658,520</u>	<u>\$ 613,418</u>

DOYLESTOWN TOWNSHIP MUNICIPAL AUTHORITY
SCHEDULES OF FACILITIES MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31,

	<u>2025</u>	<u>2024</u>
Facilities Management		
Operations Contract	\$ 77,383	\$ 70,547
Engineering	26,745	36,844
Labor	785,723	714,191
Phone, Alarms and Software	38,541	43,810
Uniforms	3,373	2,164
Equipment Rental	-	810
Utilities	<u>158,107</u>	<u>136,610</u>
Total Facilities Management	<u>\$ 1,089,872</u>	<u>\$ 1,004,976</u>