Benner Township Water Authority

Financial Statements

December 31, 2025 and 2024

Independent Auditors' Report

To the Board of Directors of
Benner Township Water Authority

Opinion

We have audited the accompanying financial statements of Benner Township Water Authority (Authority), 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 referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2025 and 2024, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed on pages 3 through 5, 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.

Baker Tilly US, LLP

State College, Pennsylvania
July 17, 2026

The Benner Township Water Authority (the Authority) is presenting the following management's discussion and analysis to provide a detailed review of the Authority's financial condition and activities for the calendar years ended December 31, 2025 and 2024. The information presented should be reviewed in conjunction with the audit results following this section to gain a more complete understanding of the Authority's financial performance.

Overview of the Financial Statements

This annual report consists of several parts: the Independent Auditors' Report, the management's discussion and analysis, the financial statements and accompanying notes.

Required Financial Statements

The three financial statements contained in this annual report detail financial information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information on the activities of the Authority.

The **Statements of Net Position** of the Authority provide a comparative snapshot of the financial condition of the Authority on December 31, 2025 and 2024. This statement describes the total assets of the Authority, broken down into those that can be converted to cash easily (current assets), and those that cannot or are restricted in any way. These items are either "owned" by the Authority (net position) or "owed" as obligations to Authority creditors (liabilities).

The Change in Net Position of the Authority over the course of the fiscal year is reflected on the **Statements of Revenues, Expenses and Change in Net Position**. This statement provides the revenues and expenses of the Authority over the course of the year. Revenues and expenses are recorded as they occur (accrual method), rather than as they are received or disbursed, providing an accurate picture of the cost to operate the Authority during the time period given and whether or not the Authority is successfully recovering its costs through user fees and other charges. The difference between revenues, contributions and other forms of income and the costs to operate and administer the Authority results in the Change in Net Position, which accumulates on the Statements of Net Position as the difference between total assets and total liabilities.

The **Statements of Cash Flows** simply converts the Authority's financial results from the accrual method to cash. This statement indicates the change in cash balances from the previous fiscal year, and explains how that change occurred. The statement is broken into sections showing the cash inflows and outflows due to operations, capital and related financing and investing activities.

Financial Analysis of Authority

The following comparative condensed financial statements serve as key financial indicators for management, monitoring and planning. Comments follow each statement.

Comparative Condensed Statement of Net Position

	2025	2024	Variance	Percentage Change
Current assets	$ 297,389	$ 346,160	$ (48,771)	(14.09) %
Net property, plant and equipment	1,225,705	1,186,473	39,232	3.31
Total	$ 1,523,094	$ 1,532,633	$ (9,539)	(0.62) %
Current liabilities	$ 4,121	$ 2,404	$ 1,717	71.42 %
Net position:				
Net investments in capital assets	1,225,705	1,186,473	39,232	3.31
Unrestricted	293,268	343,756	(50,488)	(14.69)
Total	$ 1,523,094	$ 1,532,633	$ (9,539)	(0.62) %

Total assets were lower on December 31, 2025 as compared to the previous fiscal year-end. Property, plant and equipment increased by $39,232, which is related to the ongoing Grove Park Water System Project at the Authority. Current liabilities increased by $1,717 overall and unrestricted net position decreased by $50,488.

Comparative Statement of Revenues and Expenses to Prior Year

	2025	2024	Variance	Percentage Change
Operating revenues	$ 158,280	$ 152,018	$ 6,262	4.12 %
Operating expenses	176,429	195,826	(19,397)	(9.91)
Net operating loss	(18,149)	(43,808)	25,659	(58.57)
Nonoperating income (expense) and capital contributions, net	6,893	167,781	(160,888)	(95.89)
Change in net position	$ (11,256)	$ 123,973	$ (135,229)	109.08 %

Operating revenues for the year ended December 31, 2025 remained comparable from those of 2024.

Operating expenses for the year decreased by $19,397, which is related to the completion of the 2024 required PA Department of Environmental Protection inspection for every home service line that was contracted out by the Authority in 2024. Nonoperating income in 2025 decreased as a result of the grants received from the state for upgrades to the Grove Park Water and Hampton/Opequon Water System projects that were expended in 2024. The state grants received were also for the radio telemetry and variable frequency drive at the Hampton/Opequon Water System and radio telemetry and new high service pumps at the Grove Park Water System.

Capital Assets

The Authority's investment in capital assets as of December 31, 2025 and 2024 is summarized below.

	2025	2024
Land and rights-of-way	$ 50,000	$ 50,000
Construction in progress	89,802	35,091
Water system	1,755,925	1,710,337
Total	1,895,727	1,795,428
Less accumulated depreciation	(670,022)	(608,955)
Property, plant and equipment, net	$ 1,225,705	$ 1,186,473

Current Economic Outlook

On January 1, 2026, Benner Township Water Authority (Water Authority) merged into the Spring-Benner-Walker Joint Authority (collectively, the participating governments). Pursuant to Governmental Accounting Standards Board Statement, No. 69, *Government Merges and Disposals of Government Operations*, the participating governments intend to account for this transaction as a government merger, with the Joint Authority as the continuing government, and the Water Authority ceasing to exist.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Benner Township Water Authority, 170 Irish Hollow Road, Bellefonte, PA 16823.

Benner Township Water Authority

Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 252,619	$ 197,927
Accounts receivable, trade	36,920	29,915
Grants receivable	-	110,456
Inventory	7,850	7,862
Total current assets	297,389	346,160
Noncurrent Assets		
Capital assets, net	1,225,705	1,186,473
Total assets	$ 1,523,094	$ 1,532,633
Liability and Net Position		
Current Liabilities		
Accounts payable	$ 2,647	$ 2,404
Due to Spring-Benner-Walker Joint Authority	1,474	-
Total current liabilities	4,121	2,404
Net Position		
Net investment in capital assets	1,225,705	1,186,473
Unrestricted	293,268	343,756
Total net position	1,518,973	1,530,229
Total liabilities and net position	$ 1,523,094	$ 1,532,633

See notes to financial statements

Benner Township Water Authority

Statements of Revenues, Expenses and Change in Net Position
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Water charges	$ 157,287	$ 149,007
Penalties for late payments	993	1,031
Connection fees	-	1,980
Total operating revenues	158,280	152,018
Operating Expenses		
Purchased services	73,920	100,003
Depreciation expense	61,067	44,784
Other operating expense	29,797	41,876
Professional fees	11,645	9,163
Total operating expenses	176,429	195,826
Operating loss	(18,149)	(43,808)
Nonoperating Revenues		
Interest income	6,893	8,977
Loss before capital contributions	(11,256)	(34,831)
Capital Contributions	-	158,804
Change in net position	(11,256)	123,973
Net Position, Beginning	1,530,229	1,406,256
Net Position, Ending	$ 1,518,973	$ 1,530,229

See notes to financial statements

Benner Township Water Authority

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

	2025	2024
Cash Flows From Operating Activities		
Cash received from customers	$ 151,275	$ 159,522
Cash paid to vendors	(113,633)	(154,358)
Net cash provided by operating activities	37,642	5,164
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	(100,299)	(131,539)
Grants used for capital	110,456	57,115
Net cash provided by (used in) capital and related financing activities	10,157	(74,424)
Cash Flows Provided by Investing Activities		
Interest received	6,893	8,977
Change in cash and cash equivalents	54,692	(60,283)
Cash and Cash Equivalents, Beginning	197,927	258,210
Cash and Cash Equivalents, Ending	$ 252,619	$ 197,927
Reconciliation of Operating Loss Income to Net Cash Provided by Operating Activities		
Operating loss	$ (18,149)	$ (43,808)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	61,067	44,784
Changes in assets and liabilities:		
Accounts receivable, trade	(7,005)	7,504
Inventory	12	(1,581)
Accounts payable and due to Sewer Authority	1,717	(1,735)
Net cash provided by operating activities	$ 37,642	$ 5,164

See notes to financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Benner Township Water Authority (the Authority) was organized under the Pennsylvania Municipality Authorities Act of 1945, as amended, to form a water system serving the residents of Benner Township, Pennsylvania.

The Authority evaluated subsequent events for recognition or disclosure through July 17, 2026, the date the financial statements were available to be issued.

Reporting Entity

The reporting entity has been defined in accordance with the criteria established in Governmental Accounting Standards Board (GASB) Statement 14, as amended. The specific criteria used in determining whether other organizations should be included in the Authority's financial reporting entity are financial accountability, fiscal dependency and legal separation.

The Authority is a basic level of government that has oversight responsibility and control of a water system. The Authority receives funding from customer fees. Members of the Authority's board of directors are appointed by the Township of Benner, Pennsylvania (Township); the Township's involvement does not extend beyond making the Authority board appointments. The Authority is not included in any other governmental reporting entity as a component unit, as defined in GASB pronouncements, since board members have decision making authority, the authority to establish fees, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. No other entities are included in these financial statements.

Basis of Presentation, Fund Accounting

Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The following is the Authority's proprietary fund:

Enterprise Fund

Enterprise funds are used for activities that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs of providing services to the public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are also used in situations where the governing body has determined that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes. The Authority's enterprise fund type consists of its water operations.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurement made, regardless of the measurement focus being applied.

The proprietary fund type is accounted for on an economic resources management focus, using the accrual basis of accounting. Revenues are recorded when earned, including unbilled water services, which are accrued. Expenses are recorded at the time liabilities are incurred.

Accounts Receivable, Trade

Accounts receivable, trade are reported at amounts management expects to collect on balances outstanding at year-end. Accounts are charged to bad debt expense when deemed uncollectible based upon a periodic review of individual accounts. Accounts receivable at December 31, 2025 and 2024 are considered fully collectible by management and, accordingly, no allowance for doubtful accounts is considered necessary.

Capital Assets, Net

Capital assets are stated at cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed in the period when incurred.

Purchased Services

The Authority contracts with the Spring Benner Walker Joint Authority (SBWJA) to perform certain administrative, operational and maintenances services for the Authority's public water system. The SBWJA has properly licensed water operators and administrative personnel on staff to complete this work on behalf of the Authority in a cost-effective manner.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

Inventory

Parts and supplies are stated at the lower of cost or market (net realizable value).

Operating Revenues and Expenses

Operating revenues of the Authority consist of usage charges, connection fees, penalties and other operating income. Interest income and capital grants are considered nonoperating revenue or contributed capital. All expenses, with the exception of losses on disposal of capital assets, are recorded as operating expenses.

New Accounting Pronouncements

The Authority adopted GASB Statement No. 102, *Certain Risk Disclosures,* for the year ended December 31, 2025. GASB Statement No. 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The implementation of GASB Statement No. 102 did not have a significant impact on the Authority's 2025 financial statements.

Cash Equivalents

The Authority considers all highly liquid investments, such as money market accounts, purchased with a maturity of three months or less to be cash equivalents.

2. Custodial Credit Risk-Deposits

Under the Municipality Authorities Act, the Authority can invest in U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations or their agencies or instrumentalities and insured or collateralized time deposits and certificates of deposit.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a formal deposit policy for custodial credit risk. As of December 31, 2025 and 2024, the Authority's total bank deposits were $252,619 and $224,324, respectively, all of which were insured by the Federal Deposit Insurance Corporation (FDIC).

3. Capital Assets, Net

The useful lives of capital assets are as follows:

	Useful Lives
Water system and related components	5-50 years

Capital assets activity for the years ended December 31, 2025 and 2024 is as follows:

	January 1, 2025	Additions/ (Disposals)	Transfers	December 31, 2025
Capital assets, not being depreciated:				
Land	$ 50,000	$ -	$ -	$ 50,000
Construction in progress	35,091	54,711	-	89,802
Total capital assets, not being depreciated	85,091	54,711	-	139,802
Capital assets, being depreciated:				
Water system	1,710,337	45,588	-	1,755,925
Less accumulated depreciation	(608,955)	(61,067)	-	(670,022)
Total capital assets being depreciated, net	1,101,382	(15,479)	-	1,085,903
Total	$ 1,186,473	$ 39,232	$ -	$ 1,225,705

	January 1, 2024	Additions/ (Disposals)	Transfers	December 31, 2024
Capital assets, not being depreciated:				
Land	$ 50,000	$ -	$ -	$ 50,000
Construction in progress	-	35,091	-	35,091
Total capital assets, not being depreciated	50,000	35,091	-	85,091
Capital assets, being depreciated:				
Water system	1,613,889	96,448	-	1,710,337
Less accumulated depreciation	(564,171)	(44,784)	-	(608,955)
Total capital assets being depreciated, net	1,049,718	51,664	-	1,101,382
Total	$ 1,099,718	$ 86,755	$ -	$ 1,186,473

4. Line of Credit

The Authority has a $300,000 line of credit secured by water revenue with a local financial institution, with a fixed interest rate of 1.450%, as of December 31, 2024. There were no drawdowns on this line of credit during 2024 and it was closed as of December 31, 2024.

There was no interest expense on this line for 2024.

5. Effect of New Accounting Standards on Future Financial Statements

The GASB has approved the following:

Statement 103, *Financial Reporting Model Improvements*

Statement 104*, Disclosure of Certain Capital Assets*

Statement 105*, Subsequent Events*

Authority management is in the process of analyzing these pending changes in accounting principles and the impact they may have on the financial reporting process.

6. Subsequent Events

On January 1, 2026, Benner Township Water Authority (Water Authority) merged into the Spring-Benner-Walker Joint Authority (collectively, the participating governments). Pursuant to GASB Statement, No. 69, *Government Merges and Disposals of Government Operations*, the participating governments intend to account for this transaction as a government merger, with the Joint Authority as the continuing government, and the Water Authority ceasing to exist.