



Mt. Penn Borough

DRAFT Water Rate & Lease Payment Projection Study

January 20, 2026

Prepared by:

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Introduction

- The Borough engaged PFM Financial Advisors to prepare a water rate projection study to evaluate what future rates may be required to fund projected operating and capital needs.
- PFM received timely, detailed financial information from the Borough and the Authority and worked collaboratively with the administration to develop and refine the key assumptions used in the financial projections.
- The objective of this analysis is to illustrate the likely trajectory of water rates based on current expectations of revenues, expenses, and capital investment.
 - *These projections are estimates and rely on multiple assumptions; actual results may differ materially as conditions change.*
- **This first draft is for discussion purposes only and will likely be refined after further conversations with Borough/Authority leadership.**





Water System Highlights, Major Modeling Assumptions, & Initial Findings

Water System Highlights

- Mt. Penn Borough Municipal Authority provides water service to the communities of Mt. Penn, Lower Alsace, St. Lawrence and a portion of Exeter Township.
- The system serves a total of approximately **4,300 EDUs** (needs refined).
 - *EDU stands for Equivalent Dwelling Unit.*
 - Lower Alsace (37%), Mt. Penn (31%), St. Lawrence (23%), Others (9%).
- The **2026 Budget is essentially balanced** (projected \$2,393 surplus) and includes **\$700,000 in capital spending**.
- Projected **strong Water Fund Balance of \$3.7 million** on 12/31/2026.
 - **769 Days Cash on Hand**
- **2026 debt service is \$71,500.**
- **No customer growth** projected.

Major Modeling Assumptions

- Rate Structure Remains the Same – Customers pay a **fixed quarterly charge** based on meter size, plus a **volumetric fee per 1,000 gallons**.
- Operating Expense Inflation – assumed at **2.50%**.
- Capital – The capital plan is modeled at **\$800,000 per year to be conservative** (could be as low as \$500,000).
- Potential Lease Payment to Borough
 - PFM estimated a high-level Fair Annual Rental Payment, with a **maximum of approximately \$550,000** per year. While payments at this level are evaluated, the Borough has indicated a **more practical target of approximately \$320,000** annually (escalated for inflation) to help maintain a more **moderate long-term rate trajectory**.
- Scenarios
 - PFM evaluated **five scenarios** to illustrate the rate increases needed to support projected operating and capital needs under **varying lease payment and financing approaches**.
 - More scenarios can be developed.

Initial Findings

- Initial Findings – Overall, projected rate **increases appear manageable**. Even without a lease payment (Scenario 1), **rates must rise over time to keep pace with cost growth**. Scenarios 2–5 incorporate lease payments and demonstrate that financing a portion of capital can help support higher reserves (Days Cash on Hand) while keeping **overall customer impacts gradual and manageable**. With the Authority's **current rates below market**, there is capacity to absorb gradual increases.
- The estimates show a maximum potential lease payment of \$550,000, but **\$320,000 is viewed as the more practical target to help limit rate impacts**. Under the \$320,000 lease scenarios, average residential quarterly **bills increase from about \$112 in 2026 to roughly \$142–\$160 by 2036**, with financing a portion of capital helping keep increases toward the lower end of that range.
- Rates Compared to PA Market – The Authority's current water rates are **meaningfully below the peer system average**. Even under the highest modeled rate of approximately \$160 per quarter, rates would be **only slightly above the current peer average**, assuming peer systems do not raise rates, which is unlikely.



Current Water Rates

- Fixed quarterly charges rise with meter size and are shown here inclusive of the Meter Charge ranging from \$84 for 5/8" meters up to \$591 for 4" meters.

Quarterly Fixed Charge Per Meter Size Including Meter Charge



- Volumetric charge is \$2.63 per 1,000 gallons.
- Based on initial information, total of approximately 4,300 EDUs (need to refine).

EDUs Per Meter Size (Estimated)





Calculating Current Average Bills

Current Average **Quarterly** Residential Water Bill
(12,000 Gal)

= **\$112**



Average User Quarterly Bill Calculation	
	<u>2026</u>
Quarterly Fixed Fee	\$83.50
Volumetric Rate per 1,000 Gal	\$2.36
Quarterly Usage (Gal.)	12,000
Quarterly Volumetric Charges	\$28.32
Avg. Quarterly Bill	\$112



Water System 2026 Budget – Base Financials

- PFM used the Authority's **FY 2026 Water Budget** as its base financials for the rate projection model.
- The **2026 Budget is essentially balanced** (projected \$2,393 surplus) and includes **\$700,000 in capital spending**.
- Current Water **Fund balance totals \$3.7 million**, representing approximately **769 Days Cash on Hand**.

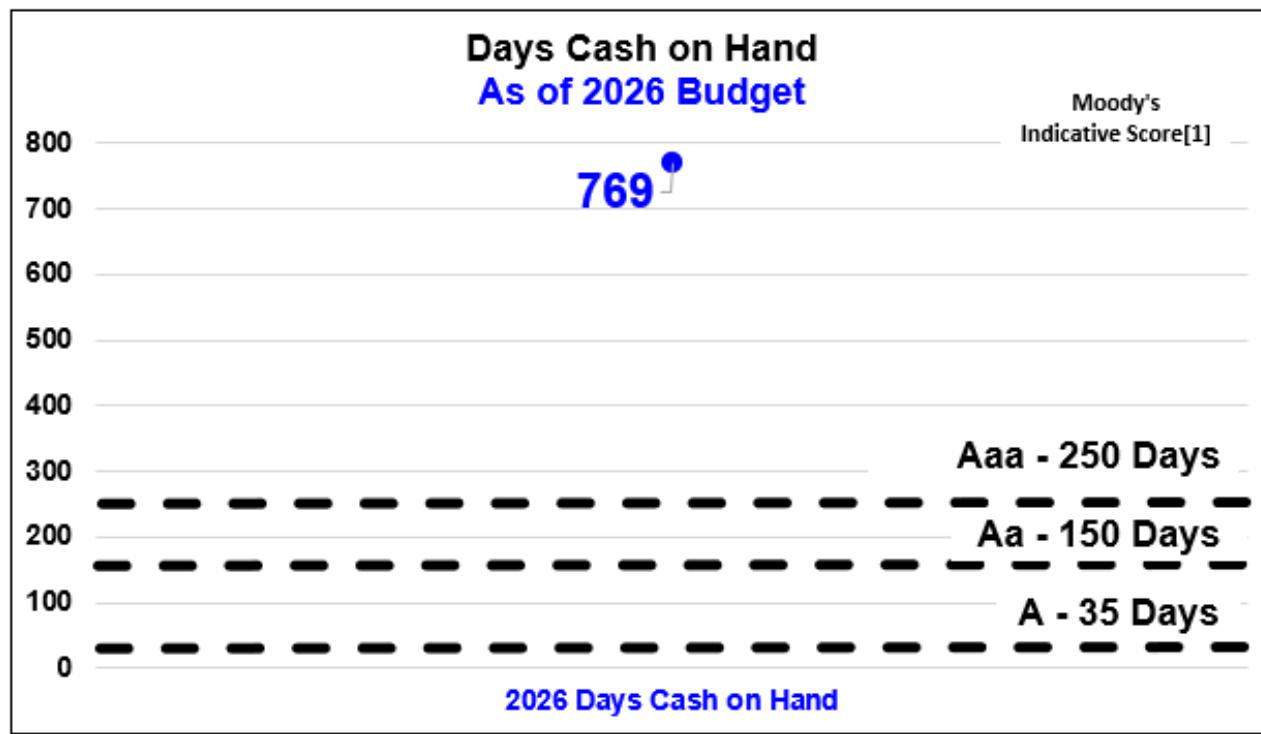
2026 WATER FUND BUDGET	
	No Rate Increase
Total Operating Revenues	\$2,490,491
Tapping Fees	\$0
Total Operating Expenses	\$1,716,598
Operating Surplus (Deficit)	\$773,893
Paygo Capital Projects	\$700,000
Total Debt Service	\$71,500
Surplus (Deficit)	\$2,393
Fund Balance	\$3,767,800
Days Cash on Hand	769

Days Cash on Hand is a financial metric that measures how many days a utility can cover its operating expenses using only its available cash. It's a way to assess liquidity and the ability to meet financial obligations.



Fund Balance (Days Cash) Rating Score Categories

- The 2026 Budget projects the Water Fund will have approximately **769 Days Cash on Hand** as of December 31, 2026, **well above the Moody's Aaa-category benchmark** of 250 days, reflecting the **Authority's forward-looking approach to building reserves** in anticipation of significant upcoming PFAS treatment / filtration investments that will require substantial capital spending.



Important Note

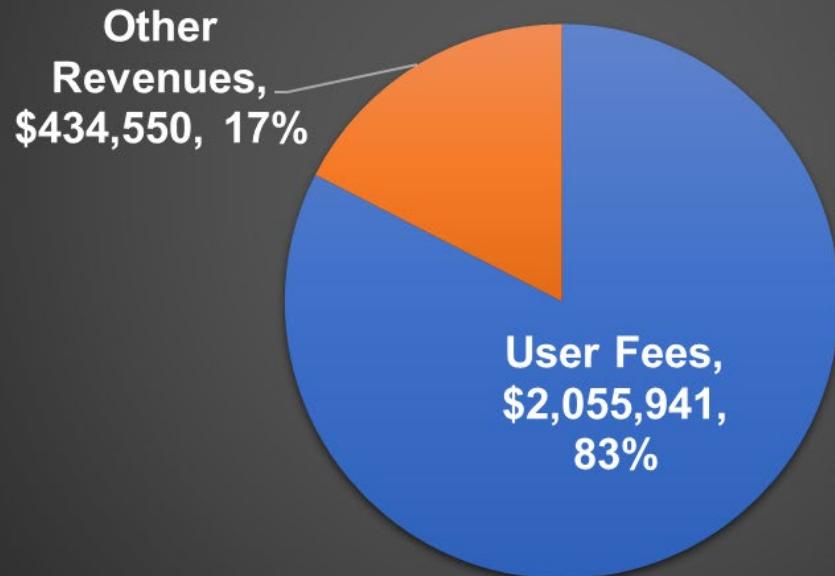
While the Authority's fund balance metrics are very strong and align with Moody's top-tier (Aaa) medians, this is only one input to the overall Moody's scorecard. A high liquidity score alone does not guarantee an Aaa rating, since the final rating also reflects other factors such as debt burden, rate flexibility/affordability, operating performance, service area trends, and governance/management.



2026 Budgeted Revenues

- The 2026 Budget is primarily funded by **user fees (83%)**.

How Are Expenses Funded? (2026 Budget)





Where Does a Customer's Dollar Go? (2026 Budget)

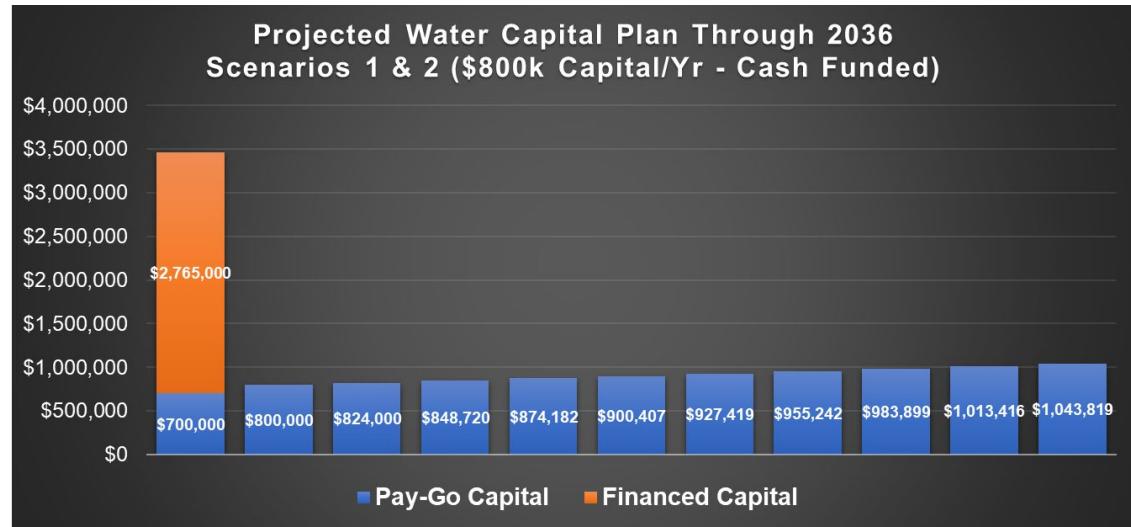
- 69% of each dollar goes to day-to-day operations.
 - **28% is used for current year capital** and 3% is used to pay debt service.



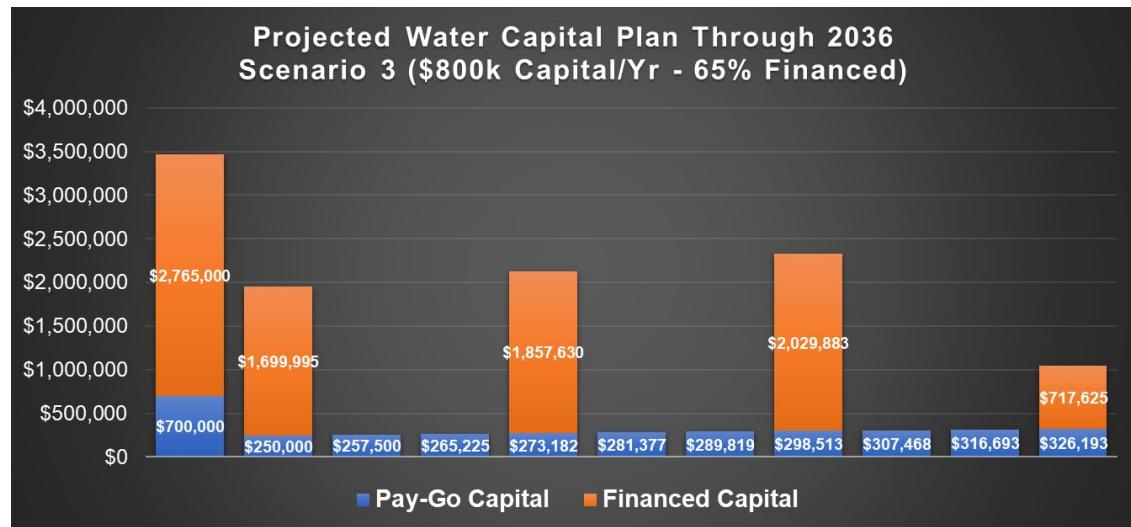


Water Capital Plan – Scenarios 1-4

- Capital spending is modeled at **\$800,000 per year (growing at 2.50% inflation)**, cash-funded in **Scenario 1 & 2**, with a one-time financed capital investment in 2026.



- **Scenario 3** assumes **65% of the capital plan is financed** for illustrative purposes, using 20-year, level debt service at an assumed 4.50% interest rate.





SCENARIOS

Scenario Analysis

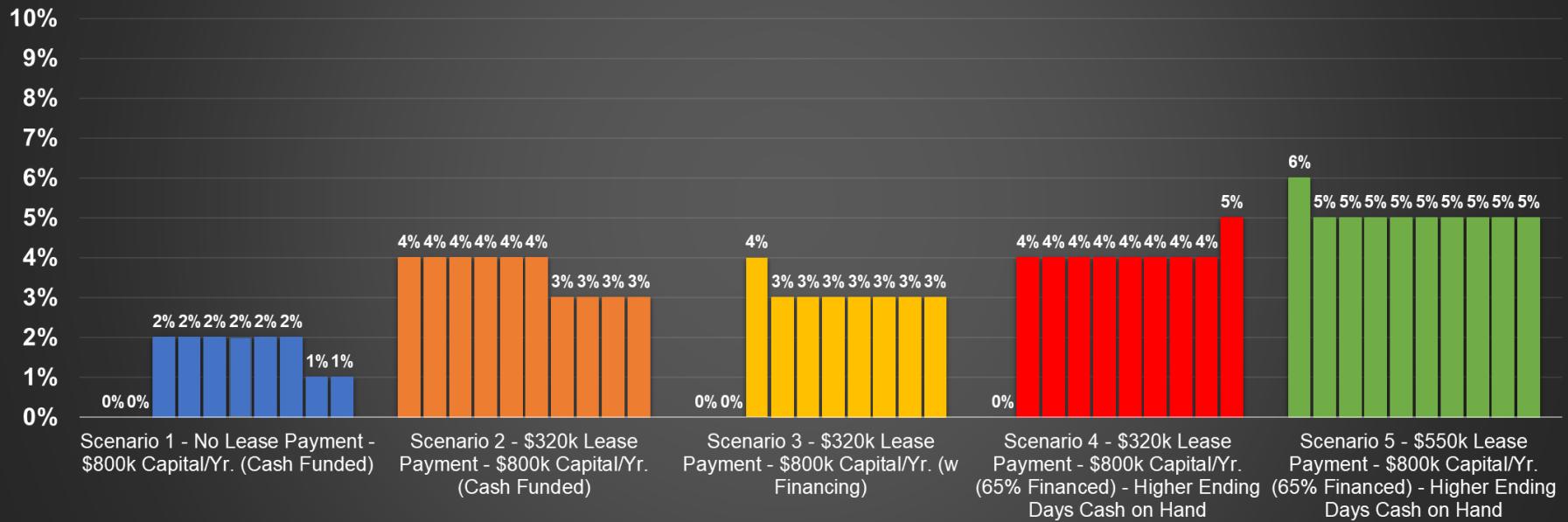
Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
<ul style="list-style-type: none">• No Lease Payment• \$800k Capital/Yr. (Cash Funded)	<ul style="list-style-type: none">• \$320k Lease Payment• \$800k Capital/Yr. (Cash Funded)	<ul style="list-style-type: none">• \$320k Lease Payment• \$800k Capital/Yr. (65% Financed)	<ul style="list-style-type: none">• \$320k Lease Payment• \$800k Capital/Yr. (65% Financed)• Higher Ending Days Cash on Hand	<ul style="list-style-type: none">• \$550k Lease Payment• \$800k Capital/Yr. (65% Financed)• Higher Ending Days Cash on Hand



Projected Annual Rate Increases

- Rates are projected to **increase even without a lease payment** due to ongoing capital needs and operating expense growth. Overall **increases remain moderate**, with lease payment scenarios requiring slightly higher adjustments, while the **financing scenarios help support the lease payment** and end with higher Days Cash on Hand.

Projected Annual Rate Increases Under Each Scenario 2027 - 2036

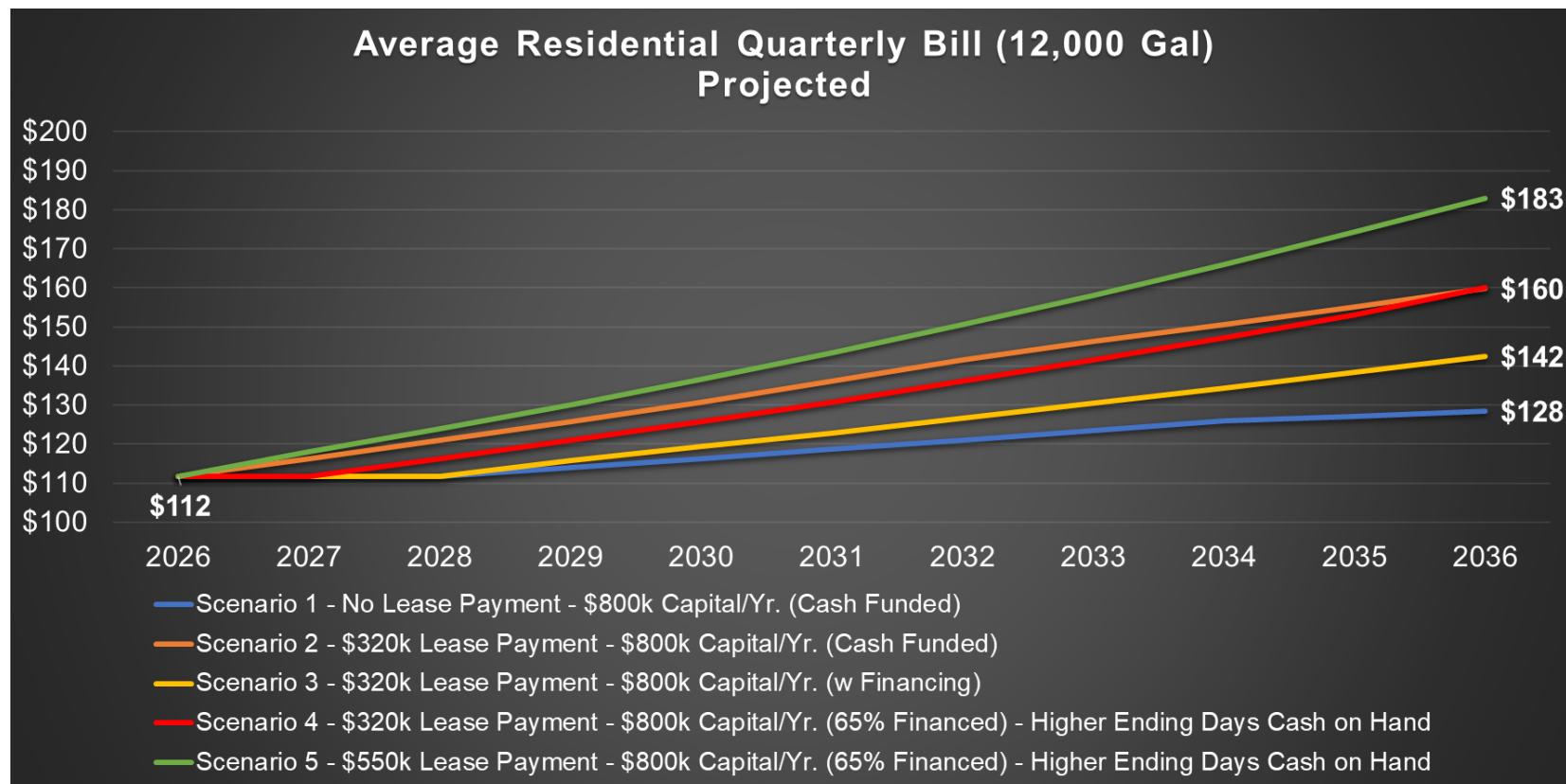


Note - Projections shown are estimated for illustrative purposes only and contain a variety of assumptions that are subject to material change. The projections shown are not indicative of future results.



Projected Avg. Residential Quarterly Bill (12,000 Gal)

- Scenario 5 (\$550,000 lease payment) is included as a high-end benchmark for illustrative purposes, with average residential bills reaching approximately \$183 per quarter by 2036. Under the **more likely \$320,000 lease payment scenarios**, projected bills remain more moderate, ending around **\$142–\$160 per quarter by 2036**.

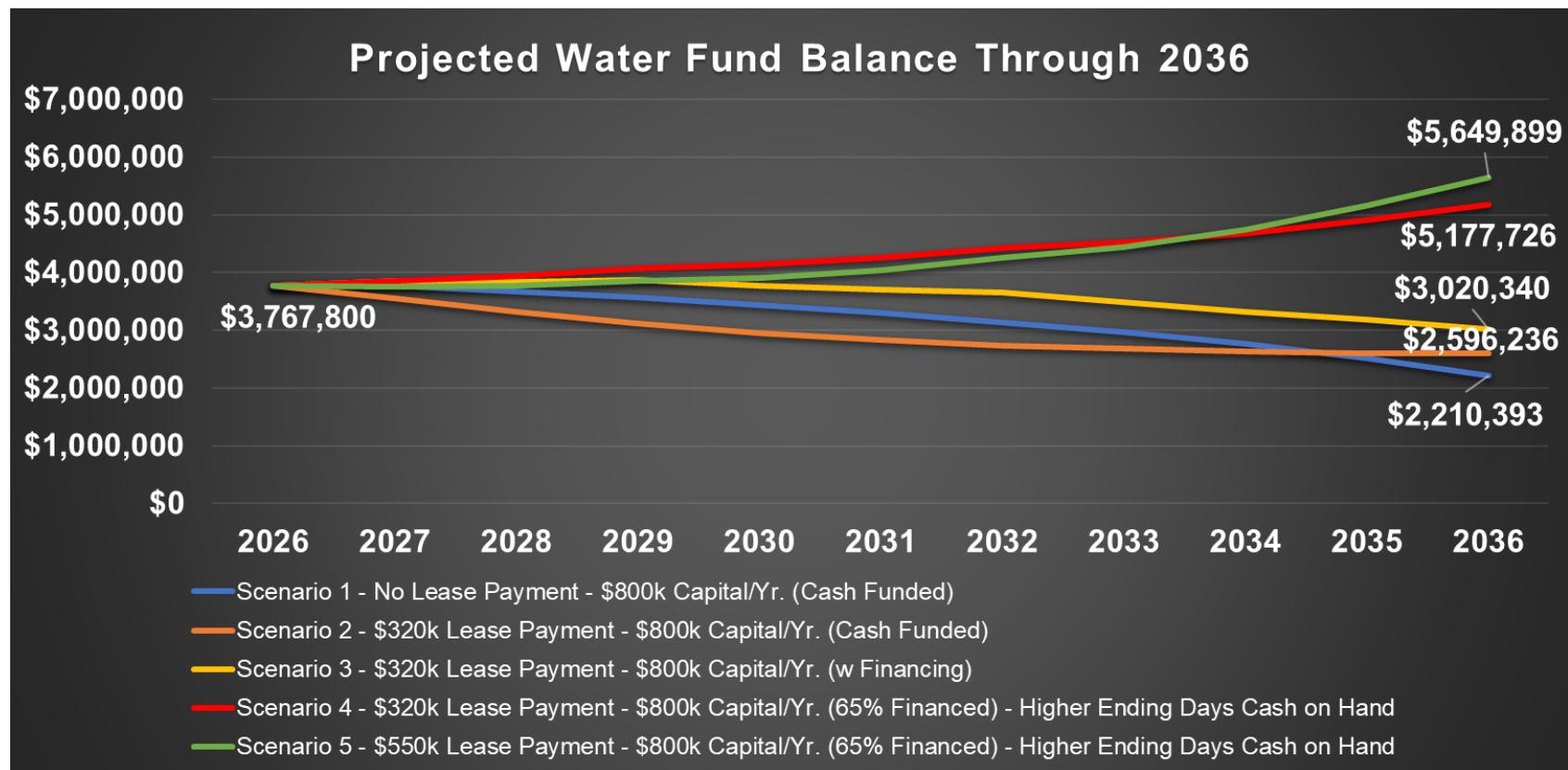


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Projected Fund Balance Under Various Scenarios

- The Water Fund **balance remains stable to growing** across most scenarios, ending between approximately **\$2.2 million and \$5.6 million by 2036**. Differences between scenarios primarily reflect the timing and level of rate adjustments, resulting in different ending reserve levels **depending on the Authority's preferred target fund balance**.

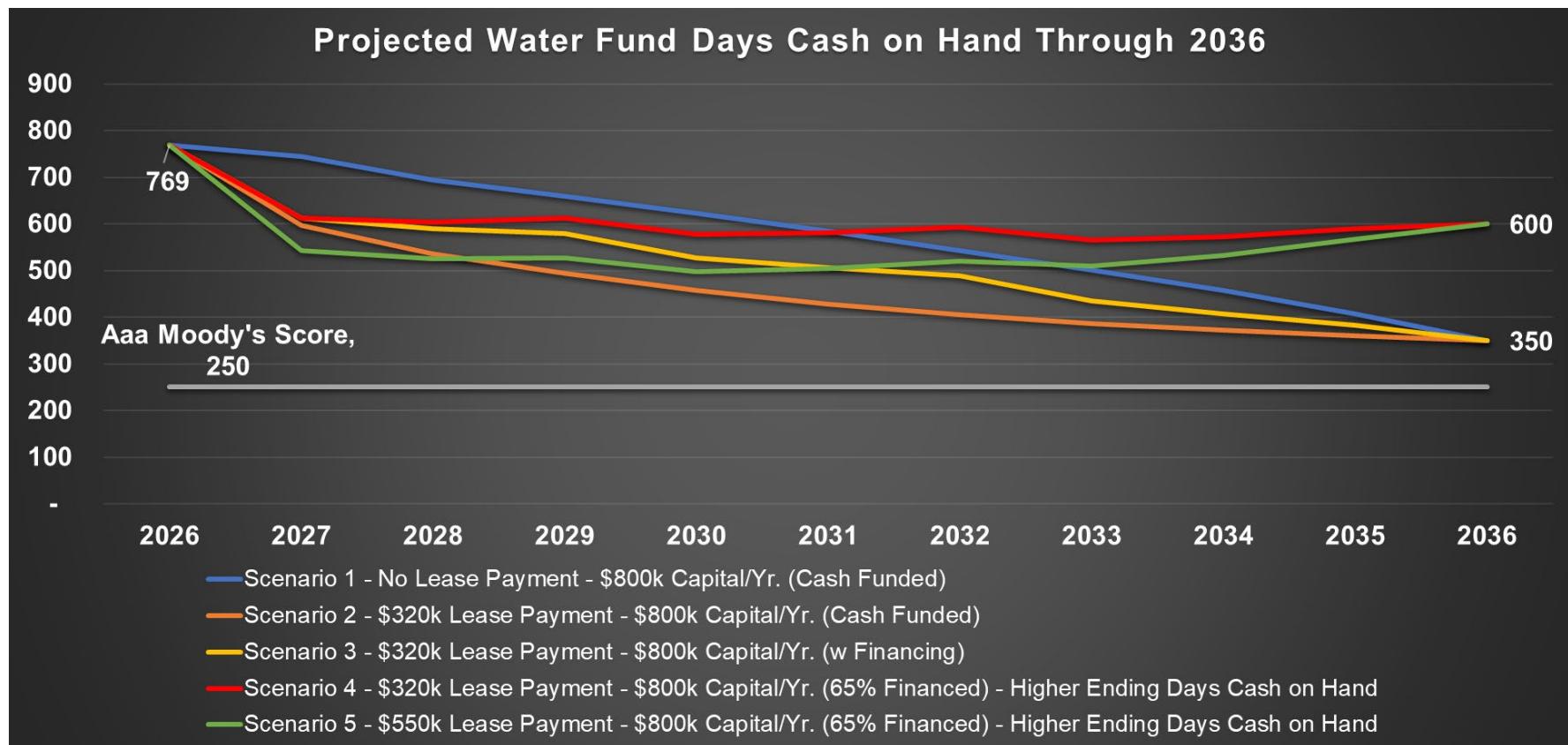


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Projected Days Cash on Hand Under Various Scenarios

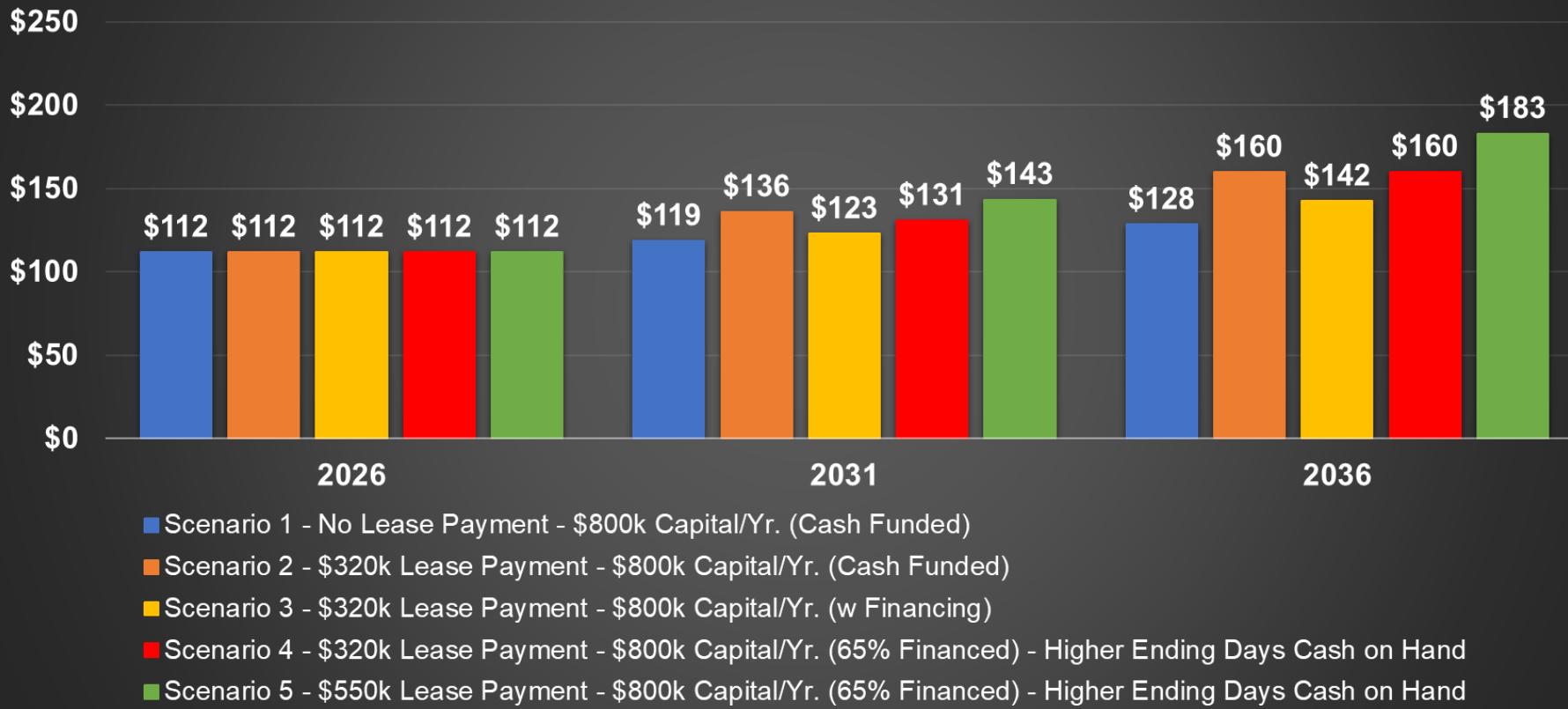
- Days Cash on Hand declines from the current ~769 days as capital spending and operating costs grow, but **remains well above the Moody's Aaa benchmark** of 250 days in all scenarios. By 2036, **liquidity ranges from roughly 350 to 600 days**, depending on the lease payment level and financing approach.





Projected Average Quarterly Bill in 2026, 2031, & 2036

Projected Average Quarterly Residential Bill (12,000 Gal) 2026, 2031, 2036



Note - Projections shown are estimated for illustrative purposes only and contain a variety of assumptions that are subject to material change. The projections shown are not indicative of future results.



Water Rate Comparison

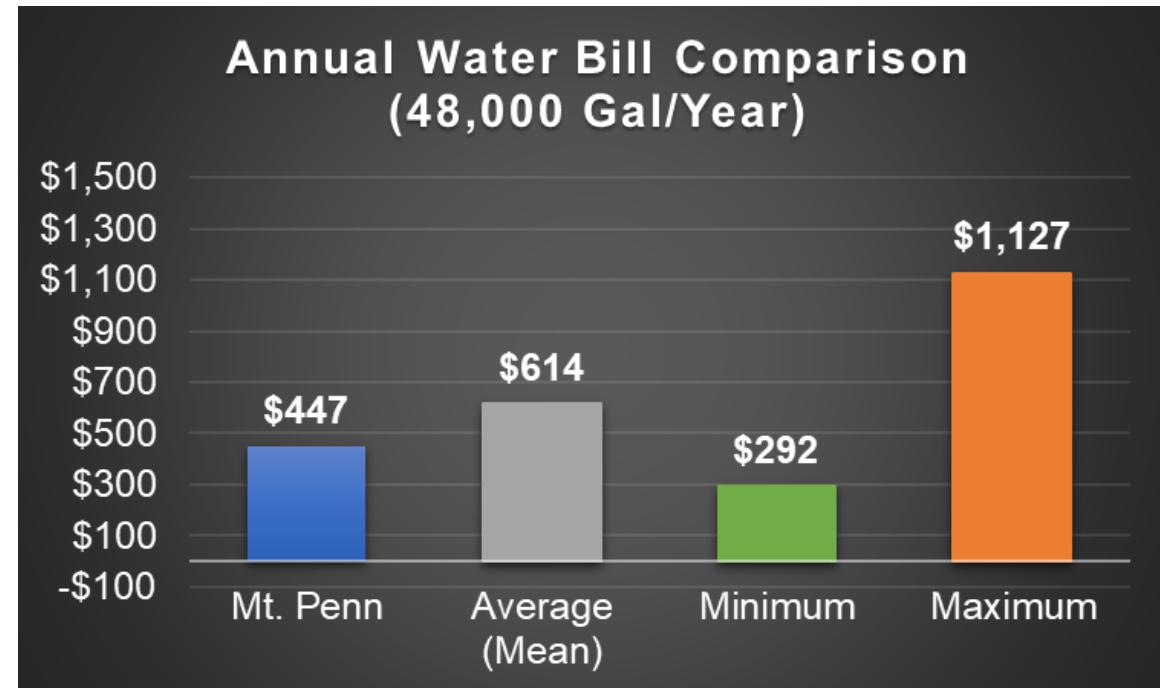




Comparison of Authority's Water Rates to Others in PA

- PFM compared the Authority's current water rates and average annual bill to 50 different water rate zones across Pennsylvania.

- Municipal water providers, authorities, & investor-owned utilities.



- The Authority's rates are **below the average** of the comparison group.





Closing Thoughts

- Overall, **projected rate increases appear manageable** even with a \$320,000 annual lease payment to the Borough, and with the Authority's **current rates below market**, there is **capacity to absorb gradual increases** while maintaining system stability.
- Thoughts on Capital - Funding **\$800,000 of capital** on a **cash basis places upward pressure on rates** for a system of this size. By **financing a portion of larger**, long-term capital projects, **rate increases can be moderated** while maintaining the Authority's financial stability and its ability to make a fair lease payment to the Borough.
- Any other scenarios you'd like us to evaluate at this point?





Backup Summary of Financial/Rate Projections



SCENARIO 1

No Lease Payment - \$800k Capital/Yr. Cash Funded Capital

	Budget 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031	Proj. 2032	Proj. 2033	Proj. 2034	Proj. 2035	Proj. 2036
Beginning Total EDU Count	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
New EDUs Assumed	0	0	0	0	0	0	0	0	0	0	0
Ending Total EDU Count	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Qtr. 5/8" Customer - Qtr. Fixed Charge	\$83.50	\$83.50	\$83.50	\$85.17	\$86.87	\$88.61	\$90.38	\$92.19	\$94.03	\$94.97	\$95.92
Volumetric Charge Per 1,000 Gal	\$2.36	\$2.36	\$2.36	\$2.41	\$2.46	\$2.50	\$2.55	\$2.61	\$2.66	\$2.68	\$2.71
Quarterly 5/8" Bill (12,000 Gal)	\$112	\$112	\$112	\$114	\$116	\$119	\$121	\$123	\$126	\$127	\$128
Est. Annual Rate Increase(Decrease)	0%	0%	2%	2%	2%	2%	2%	2%	1%	1%	1%
Total Capital Funded (2026-2036)	<u>New Debt for Capital</u> \$2,765,000	<u>Cash</u> \$9,662,705		<u>Total Capital Funded</u> \$12,427,705							
	22%	78%									
Revenues											
User Charges	2,355,941	2,456,018	2,456,018	2,505,138	2,555,241	2,606,346	2,658,473	2,711,642	2,765,875	2,793,534	2,821,469
Tapping Fee Revenues	0	0	0	0	0	0	0	0	0	0	0
Other Revenues	134,550	199,698	202,000	201,396	200,398	198,977	197,104	194,746	191,871	188,445	183,600
Total Revenues	2,490,491	2,655,716	2,658,018	2,706,534	2,755,639	2,805,323	2,855,577	2,906,389	2,957,747	2,981,979	3,005,069
Expenses											
Operating Expenses	1,716,598	1,678,263	1,720,220	1,763,225	1,807,306	1,852,489	1,898,801	1,946,271	1,994,928	2,044,801	2,095,921
Lease Payment to Borough	0	0	0	0	0	0	0	0	0	0	0
Debt Service - Existing	71,500	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947
Debt Service - New Capital	0	117,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000
Pay-Go Capital	700,000	800,000	820,000	840,500	861,513	883,050	905,127	927,755	950,949	974,722	999,090
Total Expenses	2,488,098	2,651,210	2,752,167	2,815,672	2,880,765	2,947,486	3,015,874	3,085,972	3,157,823	3,231,470	3,306,958
Surplus (Deficit)	2,393	4,506	(94,149)	(109,138)	(125,126)	(142,162)	(160,297)	(179,584)	(200,076)	(249,491)	(301,889)
Fund Balance	3,767,800	3,772,306	3,678,157	3,569,019	3,443,893	3,301,730	3,141,433	2,961,850	2,761,773	2,512,282	2,210,393
Days Cash on Hand	769	744	695	660	623	584	543	501	457	406	350
Indicative Moody's Score[1]	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Debt Service Coverage	10.82	5.65	4.42	4.45	4.47	4.50	4.51	4.53	4.54	4.42	4.29
Indicative Moody's Score[1]	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa

Note - Projections shown are estimated for illustrative purposes only and contain a variety of assumptions that are subject to material change. The projections shown are not indicative of future results. [1] Per Moody's, Financial Strength Category listed above equal approximately 15% of the total credit rating. Rating Scale from best to worst is AAA, Aa, A, Baa, Ba, B and below. Source: Moody's Rating Methodology.

SCENARIO 2

\$320k Lease Payment - \$800k Capital/Yr. (Cash Funded)

	Budget 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031	Proj. 2032	Proj. 2033	Proj. 2034	Proj. 2035	Proj. 2036
Beginning Total EDU Count	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
New EDUs Assumed	0	0	0	0	0	0	0	0	0	0	0
Ending Total EDU Count	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Qtr. 5/8" Customer - Qtr. Fixed Charge	\$83.50	\$86.84	\$90.31	\$93.93	\$97.68	\$101.59	\$105.65	\$109.21	\$112.49	\$115.86	\$119.34
Volumetric Charge Per 1,000 Gal	\$2.36	\$2.45	\$2.55	\$2.65	\$2.76	\$2.87	\$2.99	\$3.09	\$3.18	\$3.27	\$3.37
Quarterly 5/8" Bill (12,000 Gal)	\$112	\$116	\$121	\$126	\$131	\$136	\$141	\$146	\$151	\$155	\$160
Est. Annual Rate Increase(Decrease)		4%	4%	4%	4%	4%	4%	3%	3%	3%	3%
Total Capital Funded (2026-2036)		<u>New Debt for Capital</u> \$2,765,000	<u>Cash</u> \$9,662,705		<u>Total Capital Funded</u> \$12,427,705						
		22%		78%							
Revenues											
User Charges	2,355,941	2,554,259	2,656,429	2,762,686	2,873,194	2,988,121	3,107,646	3,212,308	3,308,677	3,407,937	3,510,175
Tapping Fee Revenues	0	0	0	0	0	0	0	0	0	0	0
Other Revenues	134,550	199,698	195,347	190,716	187,038	184,417	182,963	182,795	183,449	184,642	186,418
Total Revenues	2,490,491	2,753,957	2,851,776	2,953,402	3,060,232	3,172,538	3,290,610	3,395,103	3,492,126	3,592,579	3,696,593
Expenses											
Operating Expenses	1,716,598	1,678,263	1,720,220	1,763,225	1,807,306	1,852,489	1,898,801	1,946,271	1,994,928	2,044,801	2,095,921
Lease Payment to Borough	0	320,000	328,000	336,200	344,605	353,220	362,051	371,102	380,379	389,889	399,636
Debt Service - Existing	71,500	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947
Debt Service - New Capital	0	117,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000	156,000
Pay-Go Capital	700,000	800,000	820,000	840,500	861,513	883,050	905,127	927,755	950,949	974,722	999,090
Total Expenses	2,488,098	2,971,210	3,080,167	3,151,872	3,225,370	3,300,706	3,377,925	3,457,074	3,538,202	3,621,359	3,706,594
Surplus (Deficit)	2,393	(217,253)	(228,391)	(198,470)	(165,139)	(128,167)	(87,315)	(61,971)	(46,077)	(28,780)	(10,001)
Fund Balance	3,767,800	3,550,546	3,322,156	3,123,686	2,958,547	2,830,380	2,743,065	2,681,094	2,635,017	2,606,237	2,596,236
Days Cash on Hand											
Indicative Moody's Score[1]	769	597	537	493	457	427	405	387	372	359	350
	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Debt Service Coverage											
Indicative Moody's Score[1]	10.82	4.37	3.79	4.03	4.29	4.56	4.86	5.08	5.27	5.46	5.67
	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa

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SCENARIO 3

\$320k Lease Payment - \$800k Capital/Yr. (65% Financed)

	Budget 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031	Proj. 2032	Proj. 2033	Proj. 2034	Proj. 2035	Proj. 2036
Beginning Total EDU Count	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
New EDUs Assumed	0	0	0	0	0	0	0	0	0	0	0
Ending Total EDU Count	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Qtr. 5/8" Customer - Qtr. Fixed Charge	\$83.50	\$83.50	\$83.50	\$86.49	\$89.09	\$91.76	\$94.51	\$97.35	\$100.27	\$103.28	\$106.37
Volumetric Charge Per 1,000 Gal	\$2.36	\$2.36	\$2.36	\$2.44	\$2.52	\$2.59	\$2.67	\$2.75	\$2.83	\$2.92	\$3.01
Quarterly 5/8" Bill (12,000 Gal)	\$112	\$112	\$112	\$116	\$119	\$123	\$127	\$130	\$134	\$138	\$142
Est. Annual Rate Increase(Decrease)	0%	0%	4%	3%	3%	3%	3%	3%	3%	3%	3%
Total Capital Funded (2026-2036)	<u>New Debt for Capital</u> \$8,590,758	<u>Cash</u> \$3,836,947	<u>Total Capital Funded</u> \$12,427,705								
	69%	31%									
Revenues											
User Charges	2,355,941	2,456,018	2,456,018	2,544,039	2,620,360	2,698,971	2,779,940	2,863,338	2,949,239	3,037,716	3,128,847
Tapping Fee Revenues	0	0	0	0	0	0	0	0	0	0	0
Other Revenues	134,550	199,698	204,357	206,331	209,310	209,006	209,271	210,145	207,452	205,336	203,845
Total Revenues	2,490,491	2,655,716	2,660,375	2,750,371	2,829,670	2,907,978	2,989,211	3,073,484	3,156,691	3,243,052	3,332,692
Expenses											
Operating Expenses	1,716,598	1,678,263	1,720,220	1,763,225	1,807,306	1,852,489	1,898,801	1,946,271	1,994,928	2,044,801	2,095,921
Lease Payment to Borough	0	320,000	328,000	336,200	344,605	353,220	362,051	371,102	380,379	389,889	399,636
Debt Service - Existing	71,500	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947
Debt Service - New Capital	0	238,417	277,417	277,417	408,171	408,171	408,171	548,978	548,978	548,978	598,279
Pay-Go Capital	700,000	280,000	287,000	294,175	301,529	309,068	316,794	324,714	332,832	341,153	349,682
Total Expenses	2,488,098	2,572,627	2,668,584	2,726,964	2,917,558	2,978,894	3,041,763	3,247,011	3,313,064	3,380,767	3,499,465
Surplus (Deficit)	2,393	83,088	(8,209)	23,406	(87,888)	(70,916)	(52,553)	(173,528)	(156,373)	(137,715)	(166,773)
Fund Balance	3,767,800	3,850,888	3,842,679	3,866,085	3,778,198	3,707,282	3,654,729	3,481,201	3,324,828	3,187,113	3,020,340
Days Cash on Hand	769	613	589	580	527	507	490	435	407	383	350
Indicative Moody's Score[1]	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Debt Service Coverage	10.82	2.23	1.84	1.95	1.46	1.51	1.57	1.25	1.29	1.34	1.28
Indicative Moody's Score[1]	Aaa	Aaa	Aa	Aa	A	A	A	Baa	A	A	A

Note - Projections shown are estimated for illustrative purposes only and contain a variety of assumptions that are subject to material change. The projections shown are not indicative of future results. [1] Per Moody's, Financial Strength Category listed above equal approximately 15% of the total credit rating. Rating Scale from best to worst is AAA, Aa, A, Baa, Ba, B and below. Source: Moody's Rating Methodology.

SCENARIO 4

\$320k Lease Payment - \$800k Capital/Yr. (65% Financed) Higher Ending Days Cash on Hand

	Budget 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031	Proj. 2032	Proj. 2033	Proj. 2034	Proj. 2035	Proj. 2036
Beginning Total EDU Count	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
New EDUs Assumed	0	0	0	0	0	0	0	0	0	0	0
Ending Total EDU Count	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Qtr. 5/8" Customer - Qtr. Fixed Charge	\$83.50	\$83.50	\$86.84	\$90.31	\$93.93	\$97.68	\$101.59	\$105.65	\$109.88	\$114.28	\$119.58
Volumetric Charge Per 1,000 Gal	\$2.36	\$2.36	\$2.45	\$2.55	\$2.65	\$2.76	\$2.87	\$2.99	\$3.11	\$3.23	\$3.38
Quarterly 5/8" Bill (12,000 Gal)	\$112	\$112	\$116	\$121	\$126	\$131	\$136	\$141	\$147	\$153	\$160
Est. Annual Rate Increase(Decrease)		0%	4%	4%	4%	4%	4%	4%	4%	4%	5%
Total Capital Funded (2026-2036)		<u>New Debt for Capital</u> \$8,590,758		<u>Cash</u> \$3,836,947		<u>Total Capital Funded</u> \$12,427,705					
		69%		31%							
Revenues											
User Charges	2,355,941	2,456,018	2,554,259	2,656,429	2,762,686	2,873,194	2,988,121	3,107,646	3,231,952	3,361,230	3,517,220
Tapping Fee Revenues	0	0	0	0	0	0	0	0	0	0	0
Other Revenues	134,550	199,698	204,357	209,279	215,717	219,876	225,693	233,305	238,636	245,937	255,369
Total Revenues	2,490,491	2,655,716	2,758,616	2,865,708	2,978,404	3,093,070	3,213,814	3,340,952	3,470,588	3,607,168	3,772,589
Expenses											
Operating Expenses	1,716,598	1,678,263	1,720,220	1,763,225	1,807,306	1,852,489	1,898,801	1,946,271	1,994,928	2,044,801	2,095,921
Lease Payment to Borough	0	320,000	328,000	336,200	344,605	353,220	362,051	371,102	380,379	389,889	399,636
Debt Service - Existing	71,500	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947
Debt Service - New Capital	0	238,417	277,417	277,417	408,171	408,171	548,978	548,978	548,978	548,978	598,279
Pay-Go Capital	700,000	280,000	287,000	294,175	301,529	309,068	316,794	324,714	332,832	341,153	349,682
Total Expenses	2,488,098	2,572,627	2,668,584	2,726,964	2,917,558	2,978,894	3,041,763	3,247,011	3,313,064	3,380,767	3,499,465
Surplus (Deficit)	2,393	83,088	90,032	138,743	60,846	114,176	172,051	93,940	157,525	226,401	273,124
Fund Balance	3,767,800	3,850,888	3,940,920	4,079,663	4,140,509	4,254,685	4,426,736	4,520,676	4,678,201	4,904,602	5,177,726
Days Cash on Hand	769	613	604	612	578	582	593	565	573	589	600
Indicative Moody's Score[1]	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Debt Service Coverage	10.82	2.23	2.13	2.30	1.78	1.91	2.05	1.69	1.81	1.94	1.95
Indicative Moody's Score[1]	Aaa	Aaa	Aaa	Aaa	Aa	Aa	Aaa	A	Aa	Aa	Aa

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SCENARIO 5

\$550k Lease Payment - \$800k Capital/Yr. (65% Financed) Higher Ending Days Cash on Hand

	Budget 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031	Proj. 2032	Proj. 2033	Proj. 2034	Proj. 2035	Proj. 2036
Beginning Total EDU Count	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
New EDUs Assumed	0	0	0	0	0	0	0	0	0	0	0
Ending Total EDU Count	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Qtr. 5/8" Customer - Qtr. Fixed Charge	\$83.50	\$88.07	\$92.48	\$97.10	\$101.96	\$107.05	\$112.41	\$118.03	\$123.93	\$130.12	\$136.63
Volumetric Charge Per 1,000 Gal	\$2.36	\$2.49	\$2.61	\$2.74	\$2.88	\$3.03	\$3.18	\$3.34	\$3.50	\$3.68	\$3.86
Quarterly 5/8" Bill (12,000 Gal)	\$112	\$118	\$124	\$130	\$137	\$143	\$151	\$158	\$166	\$174	\$183
Est. Annual Rate Increase(Decrease)	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Total Capital Funded (2026-2036)	New Debt for Capital \$8,590,758		Cash \$3,836,947		Total Capital Funded \$12,427,705						
		69%		31%							
Revenues											
User Charges	2,355,941	2,590,539	2,720,065	2,856,069	2,998,872	3,148,816	3,306,257	3,471,569	3,645,148	3,827,405	4,018,776
Tapping Fee Revenues	0	0	0	0	0	0	0	0	0	0	0
Other Revenues	134,550	199,698	201,493	204,230	209,257	212,877	219,136	228,290	236,386	247,813	262,880
Total Revenues	2,490,491	2,790,236	2,921,558	3,060,299	3,208,129	3,361,693	3,525,393	3,699,859	3,881,534	4,075,219	4,281,655
Expenses											
Operating Expenses	1,716,598	1,678,263	1,720,220	1,763,225	1,807,306	1,852,489	1,898,801	1,946,271	1,994,928	2,044,801	2,095,921
Lease Payment to Borough	0	550,000	563,750	577,844	592,290	607,097	622,275	637,831	653,777	670,122	686,875
Debt Service - Existing	71,500	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947	55,947
Debt Service - New Capital	0	238,417	277,417	277,417	408,171	408,171	408,171	548,978	548,978	548,978	598,279
Pay-Go Capital	700,000	280,000	287,000	294,175	301,529	309,068	316,794	324,714	332,832	341,153	349,682
Total Expenses	2,488,098	2,802,627	2,904,334	2,968,608	3,165,243	3,232,771	3,301,987	3,513,741	3,586,461	3,661,000	3,786,703
Surplus (Deficit)	2,393	(12,391)	17,224	91,691	42,887	128,922	223,406	186,118	295,072	414,219	494,952
Fund Balance	3,767,800	3,755,409	3,772,633	3,864,324	3,907,210	4,036,132	4,259,538	4,445,656	4,740,728	5,154,947	5,649,899
Days Cash on Hand	769	543	526	527	498	504	521	509	532	567	600
Indicative Moody's Score[1]	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Debt Service Coverage	10.82	1.91	1.91	2.16	1.74	1.94	2.16	1.84	2.04	2.25	2.29
Indicative Moody's Score[1]	Aaa	Aa	Aa	Aaa	Aa	Aa	Aaa	Aa	Aaa	Aaa	Aaa

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