

CHALFONT-NEW BRITAIN TOWNSHIP JOINT SEWAGE AUTHORITY

BOARD MEETING MINUTES

October 6, 2025

A special meeting of the Chalfont-New Britain Township Joint Sewage Authority was held on October 6, 2025 in the Authority's meeting room.

Present: Donald Cameron, Vice Chairman; Timothy Hagey, Treasurer, Lawrence Nuesch, Secretary, Preston Campbell, Assistant Secretary (via Teams®); and Michael Sullivan, Assistant Treasurer. Also present: John Larson, Executive Director; Joseph Bagley, Solicitor; and Sophia Vitoroulis, Director of Finance. Willam Evans, Chairman, was absent.

The Vice Chairman opened the meeting at 5:00 p.m.

PLEDGE OF ALLEGIANCE

Mr. Cameron led the meeting in reciting the Pledge of Allegiance.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE DIRECTOR'S REPORT- John Larson

Mr. Larson presented the audit for the 2024-25 Fiscal Year. He noted one correction regarding a date column.

Mr. Larson referred to Page 9 of the Audit. Revenues remained relatively flat while operating expenses saw a small increase of about 3%. This increase in operating expenses was much lower than the increase in operating expenses seen in previous years. A 2.2% increase in revenues was noted by Mr. Hagey. Mr. Larson stated that last year's rate increase will take on a larger effect since there is about a six month billing delay in actually receiving those revenues. The increase in operational expenses in the recent past (2021—2023) was discussed.

The majority of discussion was about the entry "Depreciation Expense on Assets Reimbursed Previously by BCWSA - \$755, 947". CNBTJSA's depreciation was about 2 Million Dollars, which is shown in Schedule A of the audit. While the expectation may be that it would be a 47/52 split (approximately) between CNBTJSA and BCWSA, Ms. Vitoroulis explained that such ratio applies to the Plant expenses only while a certain portion of the Net Operating Expenses include some of the administrative expenses which receive a different split ratio since the Operating Agreement provides that a certain portion of CNBTJSA's administrative expenses are paid for by CNBTJSA exclusively, and all expenses related to the collection system are solely born by CNBTJSA.

There was a general discussion about depreciation, including previous discussions by the Board about depreciation and the life expectancy of certain equipment in general. The \$755,947 figure was labelled a "non-cash depreciation expense".

Mr. Sullivan expressed satisfaction with the existing system of categorizing depreciation. He recommended an asset management plan.

Mr. Hagey stated that he believes asset management plans are a good idea, but not as a substitute for accounting for depreciation.

In response to a question, Mr. Larson answered that total investments right now are 6 Million Dollars. Mr. Campbell stated that such cash should only amount to what is needed for unexpected expenses because of the ability to borrow.

Mr. Hagey acknowledged the line item under discussion but questioned how to include that in operating income. In other words, how is it accounted for. Net operating income or loss.

The past meeting with the Auditor was discussed wherein it was categorized as a noncash operating expense. There was a discussion that if this expense is left in when assessing net operating income (or loss) each year, the Authority is "taxing" its ratepayers for an expense of BCW&SA. It would mean passing the depreciation cost along to Chalfont and NBT ratepayers for the portion reimbursed by BCW&SA. Further discussion ensued.

A consensus was reached, that the amount "Reimbursed Previously by BCW&SA" should be subtracted when evaluating the annual operating income (or loss) to determine sewer rates. A note in the General Notes of the audit should explain the "Reimbursed Previously by BCW&SA" figure in the context of the Audit.

Mr. Larson stated that he would ask to reevaluate rates at the December Meeting.

There was a discussion about bulk customers in general.

There will be no special account to hold funds for BCW&SA.

There was a general discussion about the length of life of depreciation assets.

It was announced that the Auditor will be present for the October 14 Board meeting.

Mr. Hagey noted that the "Total Operating Revenues" were \$5,208,217 while the "Cash received from Customers" was \$4,946,689. He asked why the two items differed. The answer given was "timing related to billing cycles". Ms. Vitoroulis will obtain the answer about the variance between the two line items from the Auditor.

OTHER BUSINESS

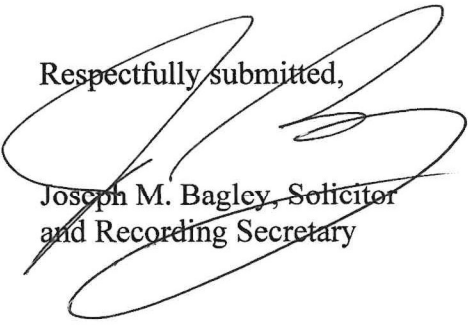
The Vice Chairman asked about other business. It was noted that the November Meeting falls on Veteran's Day and some attendees will have that day off. The possibility of changing that date was discussed but not resolved. There was some discussion about changing the date, possibly, to November 12.

ADJOURNMENT

MOTION: It was **MOVED** by Mr. Hagey and **SECONDED** by Mr. Sullivan to adjourn the meeting. The Motion was unanimously adopted.

The meeting was adjourned at approximately 5:36 PM

Respectfully submitted,

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and curves, positioned over the typed name.

Joseph M. Bagley, Solicitor
and Recording Secretary