

WEST MIFFLIN
SANITARY SEWER
MUNICIPAL
AUTHORITY

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY AND ADDITIONAL INFORMATION

YEAR ENDED DECEMBER 31, 2000

WITH

INDEPENDENT AUDITOR'S REPORT

MAHER DUESSEL

CERTIFIED PUBLIC ACCOUNTANTS

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

YEAR ENDED DECEMBER 31, 2000

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements:	
Balance Sheet	2
Statement of Revenues, Expenses, and Changes in Fund Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Supplementary Information:	
Schedule of Funding Progress	16
Schedule of Contributions From Employers and Other Contributing Entities	17
Notes to the Supplementary Pension Schedule	18
Additional Information:	
Analysis of Operating Revenues and Expenses	19

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Independent Auditor's Report

Members of the Board
West Mifflin Sanitary Sewer Municipal Authority

We have audited the financial statements of the West Mifflin Sanitary Sewer Municipal Authority (Authority) for the year ended December 31, 2000, as identified in the preceding table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain procurement documentation for disbursements aggregating in excess of \$400,000, nor were we able to satisfy ourselves that those items were properly procured in compliance with state laws and regulations by other means.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain the procurement documentation, or had we been able to satisfy ourselves as to whether those items were properly procured by other auditing procedures, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority at December 31, 2000, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

The pension information presented in the Supplementary Schedule and Notes to the Supplementary Schedule listed in the table of contents is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the above mentioned financial statements taken as a whole. The accompanying additional information found on page 19 is presented for additional analysis only and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain the procurement documentation, or had we been able to satisfy ourselves as to whether those items were properly procured by other auditing procedures, is fairly stated in all material respects in relation to the financial statements taken as a whole.



May 30, 2001

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

BALANCE SHEET

December 31, 2000

Assets		Liabilities and Fund Equity	
Current assets:		Liabilities:	
Cash and cash equivalents	\$ 1,761,951	Current liabilities:	
Accounts receivable	486,754	Accounts payable	\$ 51,172
Prepaid expenses	59,222	Accrued payroll	41,320
Interest receivable	27,159	Accrued compensated absences	108,853
Due from employees	1,647	Payroll taxes payable	5,412
	<u>2,336,733</u>	Current portion of long-term debt	<u>300,000</u>
Total current assets		Total current liabilities	<u>506,757</u>
Restricted assets:		Current liabilities (payable from restricted assets):	
Special accounts	8,064,104	Bond interest payable	719,156
Debt service accounts	<u>3,430,721</u>		
Total restricted assets	<u>11,494,825</u>	Long-term debt:	
Property, plant, and equipment (at cost):	12,637,403	Bonds payable (net of deferred loss on advance refunding of \$406,634)	<u>34,013,366</u>
Less: accumulated depreciation	(907,588)	Total Liabilities	<u>35,239,279</u>
Construction in progress	<u>8,382,535</u>		
Total property, plant, and equipment	<u>20,112,350</u>	Fund equity:	
Other assets:		Contributions in aid of construction (net of accumulated amortization of \$51,207)	644,651
Deferred charges (net of amortization of \$20,076)	113,765	Retained earnings, unrestricted	<u>(176,520)</u>
Bond issue costs (net of amortization of \$218,007)	1,632,176	Total Fund Equity	<u>468,131</u>
Other assets	<u>17,561</u>	Total Liabilities and Fund Equity	<u>\$ 35,707,410</u>
Total other assets	<u>1,763,502</u>		
Total Assets	<u>\$ 35,707,410</u>		

See accompanying notes to financial statements.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2000

Operating Revenues:		
Sewer rentals		\$ 3,234,781
Refunds		6,591
		3,241,372
Operating Expenses:		
Sewer system operation		3,184,478
Purchased sewer treatment		26,618
Depreciation		424,158
		3,635,254
		(393,882)
Operating Loss		
Nonoperating Revenues (Expenses):		
Commonwealth of Pennsylvania-Act 339 subsidy		184,558
Interest		68,542
Other revenue		220,275
Interest on Sewer Revenue Bonds		(773,822)
Amortization of bond issue costs and deferred charges		(88,232)
		(388,679)
		(782,561)
Retained Earnings:		
Beginning of year		606,041
End of year		(176,520)
Contributed Capital:		
Beginning of year		662,047
Amortization		(17,396)
End of year		644,651
		644,651
Fund Equity, End of Year		\$ 468,131

See accompanying notes to financial statements.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2000

Cash From Operating Activities:

Operating loss	\$ (393,882)
Adjustments to reconcile operating income to cash used in:	
Depreciation	424,158
(Increase) decrease in operating assets:	
Accounts receivable	47,537
Prepaid expenses	29,927
Other assets	(9,340)
Increase (decrease) in operating liabilities:	
Accounts payable	(209,716)
Accrued payroll and withholdings	1,921
Accrued compensated absences	19,704
Bond interest payable	(4,886)
Cash used in operating activities	<u>(94,577)</u>

Cash From Noncapital Financing Activities:

Commonwealth of Pennsylvania-Act 339 subsidy	184,558
Interest received	68,542
Other receipts	134,337
Cash provided by noncapital financing activities	<u>387,437</u>

Cash From Capital and Related Financing Activities:

Interest paid on debt	(1,732,816)
Interest received on restricted bond funds	815,202
Property, plant, and equipment and related purchases	(3,286,701)
Payment of bond principal	(255,000)
Cash used in capital and related financing activities	<u>(4,459,315)</u>

Cash From Investing Activities:

Sale of investments	4,184,346
Interest earned	68,542
Cash provided by investing activities	<u>4,252,888</u>

Increase in Cash 86,433

Cash

Beginning of year	<u>1,675,518</u>
End of year	<u>\$ 1,761,951</u>

See accompanying notes to financial statements.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

1. REPORTING ENTITY

The West Mifflin Sanitary Sewer Municipal Authority (Authority) was formed in accordance with the Pennsylvania Municipality Authorities Act of 1945. It commenced operation on August 21, 1996, and purchased the existing sanitary sewer system of the Borough of West Mifflin for the sum of \$800,000. The Authority operates the sewer system that serves approximately 7,800 customers, which comprises the entire Borough of West Mifflin.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Authority conform to U.S. generally accepted accounting principles for governmental enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing the service to the general public, including depreciation, be financed or recovered primarily through user charges.

The following is a summary of the significant accounting policies of the Authority:

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized. The accompanying financial statements are presented on an accrual basis whereby revenues are recognized when earned, irrespective of when they are billed or collected, and expenses are recognized when incurred. Investments are recorded at fair value. The Authority prepares a budget on the accrual basis at the beginning of each year. The Authority capitalizes eligible net interest costs as part of the cost of constructing various sewer projects when material.

Statement of Cash Flows

For purposes of the statements of cash flows, cash is defined as bank demand deposits and petty cash on hand. The Authority is authorized to invest in U.S. Treasury Bills and time deposits of insured institutions. The Authority considers all investments with a maturity date of three months or less to be cash equivalents.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

Restricted Assets

The Authority has established certain restricted asset accounts to satisfy the requirements of a bond trust indenture. In accordance with the terms of the indenture, the Authority is required to periodically set aside certain amounts to assure the availability of adequate moneys for servicing the Authority's long-term debt and completing capital additions. These restricted accounts are held by a Trustee.

Fixed Assets

Property, plant, and equipment are recorded at cost, including capitalized interest. Depreciation is provided on all fixed assets on a straight-line basis over the estimated useful lives. The cost of maintenance and repairs is charged to operations as incurred. Construction in progress will be depreciated when the project is complete. Depreciation on assets acquired or constructed through governmental capital grants and user assessments is closed to contributed capital.

Bond Issue Costs and Bond Discount

Bond issue costs and bond discounts are amortized over the life of the related bonds utilizing the interest method. Any unamortized portion is reflected on the balance sheet as a reduction of the related bond payable.

Contributed Capital

This fund equity account is used to accumulate the amount of permanent capital contributed to the Authority. These contributions include governmental capital grants and user assessments.

During the year ended December 31, 2000, the following transactions occurred in this account:

Balance, January 1, 2000	\$695,858
Additional contributions in aid of construction	-
Less: Accumulated amortization	<u>(51,207)</u>
Balance, December 31, 2000	<u><u>\$644,651</u></u>

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

The amount of contributions in aid of construction amortized during the year ended December 31, 2000 was \$17,396. Tap-in-fees for the year ended December 31, 2000 are presented as non-operating revenue whereby in the past, they had been included as contributed capital and amortized into income. The effect of this change in accounting method was not considered to be material.

Vacation and Sick Leave

Employees of the Authority earn and are entitled to accumulate vacation, sick, and personal days based on length of service. The Authority has established a liability of \$108,853 for compensated absences that are eligible for payment upon termination.

GAAP Hierarchy

The Authority has elected not to apply any Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, as permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting"*.

Emerging Standard

GASB Statement No. 34, *"Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments"*, was issued in June 1999. The Statement establishes accounting and financial reporting standards for general purpose external financial reporting by state and local governments as well as specific standards for the basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information (RSI) other than MD&A.

The requirements of this Statement are effective in three phases based on total revenues in the first fiscal year ending after June 15, 1999. Earlier application is permitted. It is anticipated that the Authority would be required to implement the Statement for the year ended December 31, 2004.

The most significant changes involve presenting a Management Discussion and Analysis section and accounting for contributed capital.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

3. CASH AND INVESTMENTS

The trust indenture authorizes the Authority to invest in obligations of the U.S. Government and government-sponsored agencies and instrumentalities; certificates of deposits, fully insured or collateralized; certain commercial paper and repurchase agreements; and highly rated bank promissory notes or investment funds or trusts. Throughout the year ended December 31, 2000, the Authority invested its funds in only one or more of the above-authorized investments.

Cash and Deposits

The following is a summary of the Authority's cash deposits and time deposits which are insured by the Federal Depository Insurance Company (Category 1) or were not insured or collateralized in the Authority's name, but were collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name (Category 3).

	<u>Total</u> <u>Category 1</u>	<u>Total</u> <u>Category 3</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>
Deposits	<u>\$ 100,000</u>	<u>\$ 419,113</u>	<u>\$ 519,113</u>	<u>\$ 514,143</u>

Investments

Throughout the year ended December 31, 2000, the Authority invested through its Trustee, National City Bank, in accordance with an investment agreement (repurchase agreement) with TMG Financial Products, Inc., dated August 21, 1996, and later Morgan Guaranty Trust Company. The investments include monies invested in the Armada family of mutual funds (Armada Government Money Market Fund), the total of which at December 31, 2000 is \$3,367,301.

Shares of Armada Funds are not bank deposits or obligations of, or guaranteed or endorsed or otherwise supported by National City Bank or its parent company or any of its affiliates. Share of Armada Funds are not insured or guaranteed by the U.S. Government, FDIC, or any governmental agency or state. An investment in Armada Funds involves investment risk including the possible loss of principal amounts invested.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

Deposits with the Pennsylvania Treasurer's INVEST Program are not pledged with collateral either on an individual or pooled basis to secure the deposits of the participants. Instead, INVEST Daily Pool Investments are themselves secure: Treasuries and Federal Agencies, repurchase agreements (collateralized at 102 percent) and Certificates of Deposit (collateralized at 120 percent).

Category 1 investments are those investments which are insured and registered or are held by the Authority or its agent in the Authority's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Authority's name.

The Treasury-backed money market funds held by the Trustee are deposits in highly liquid money market funds related to Treasury-backed repurchase agreements. The Authority's collective pooled investments are held in the Pennsylvania Local Government Investment Trust (PLGIT) and Pennsylvania Municipal Investment Program (PMIP). The money market funds and pooled investments cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form.

	<u>Category</u>	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. Government Securities held by: Trustee	2	\$ 3,816,886	\$ 3,816,886
Armada Government Money Market Fund	Uncategorized	3,367,301	3,367,301
Collective Pooled Investments	Uncategorized	<u>5,558,446</u>	<u>5,558,446</u>
		<u>\$ 12,742,633</u>	<u>\$ 12,742,633</u>

Of the collective pooled investments shown above, \$1,247,808 are presented on the balance sheet, along with deposits of \$514,143, as aggregate cash and cash equivalents of \$1,761,951.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

4. FIXED ASSETS

A summary of changes in fixed assets is as follows:

	Balance at December 31, 1999	Additions	Transfers/ Deletions	Balance at December 31, 2000
Plant and system	\$ 7,651,703	\$ 4,300,070	\$ -	\$ 11,951,773
Vehicles and equipment	265,363	66,520	-	331,883
Other capital improvements	-	353,745	-	353,745
Construction in progress	11,554,649	3,488,424	(6,660,536)	8,382,537
Total	19,471,715	8,208,759	(6,660,536)	21,019,938
Less accumulated depreciation	(483,430)	(424,158)	-	(907,588)
Net property, plant and equipment	\$ 18,988,285	\$ 7,784,601	\$ (6,660,536)	\$ 20,112,350

For the year ended December 31, 2000, interest costs incurred are as follows:

Net amount of interest charged to expense	\$773,822
Net amount of interest capitalized during construction	\$195,234

Interest paid on debt for the year amounted to \$1,732,816; interest received on the restricted bond funds amounted to \$815,202.

5. LONG-TERM DEBT

On July 15, 1996, the Authority issued \$14,915,000 of Guaranteed Sewer Revenue Bonds, Series of 1996 (current interest bonds). These bonds were issued to provide funds to purchase the sanitary sewer system from the Borough of West Mifflin, to provide funds to be applied to the Authority's capital program, to fund a Debt Service Reserve Fund and capitalized interest and to pay the costs of issuing the 1996 bonds.

The first supplemental indenture was made and entered into as of August 6, 1998, between the West Mifflin Sanitary Sewer Municipal Authority and the Trustee, National City Bank of Pennsylvania. The Authority issued \$31,370,000 of Sewer Revenue Bonds, Series of 1998, to undertake a project (the "1998 Project") consisting

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

of (1) the refunding portion of the Guaranteed Sewer Revenue Bonds, Series of 1996 (the "Refunded Bonds") in the amount of \$11,310,000; (2) the undertaking of various capital improvements to the Authority's sewer system; and (3) payment of costs incurred in connection with the issuance of the 1998 Bonds.

In order to advance refund the \$11,310,000 of 1996 Bonds, the Trustee, acting as escrow agent, used \$11,772,084 of the Series of 1998 Bond proceeds to purchase certain State and Local Government Series Securities, and hold these in an irrevocable escrow fund. The Authority irrevocably directs payment of the Guaranteed Sewer Revenue Bonds, Series of 1996 originally scheduled to mature on April 1 of the years 2015, 2020, 2024, and 2026, principal totaling \$11,310,000, together with interest thereon when due, and irrevocably calls such Series of 1996 Bonds for redemption on April 1, 2006 at par plus accrued interest. The advance refunding met the requirements of an in-substance defeasance and the bonds were removed from the Authority's long-term debt.

The advance refunding resulted in an economic (net present value) saving of \$228,836 and an accounting deferred loss of \$462,084. In accordance with GASB 23, the deferred loss on refunding of \$462,084 is being amortized over the life of the bond issue and is netted as a contra account against the bonds payable on the financial statements.

Current interest bonds payable at December 31, 2000 are comprised of the following individual issues:

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

Guaranteed Sewer Revenue Bonds, Series of 1996 due in annual principal installments ranging from \$255,000 to \$1,555,000 through August 1, 2010, with no principal payments during the years 2007, 2008 2009, interest rates 4.60 percent to 6.25 percent. First principal payment due August 1, 2000.	\$ 3,350,000
Sewer Revenues Bonds, Series of 1998 due in annual principal installments ranging from \$35,000 to \$10,175,000 through August 1, 2028, with no principal payments during the years 2011, 2018, 2019, 2021, 2022, 2024, 2025, 2026, and 2027, interest rates 4.05 percent to 5.00 percent. First principal payments due August 1, 2001.	<u>31,370,000</u>
	34,720,000
Less: deferred loss on advance refunding	(406,634)
Current portion	<u>(300,000)</u>
Total current interest bonds	<u><u>\$34,013,366</u></u>

The following schedule summarizes the debt service requirements for bonds outstanding:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 300,000	\$ 1,725,973	\$ 2,025,973
2002	640,000	1,712,100	2,352,100
2003	665,000	1,683,720	2,348,720
2004	695,000	1,653,760	2,348,760
2005	730,000	1,622,130	2,352,130
Thereafter	<u>31,690,000</u>	<u>22,362,725</u>	<u>54,052,725</u>
	<u><u>\$34,720,000</u></u>	<u><u>\$ 30,760,408</u></u>	<u><u>\$ 65,480,408</u></u>

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

6. PENSION PLAN

Description of Plan

The Authority's Pension Plan (Plan) is a single-employer defined benefit pension plan. The Plan was established on August 21, 1996. The Plan is governed by the Board of Directors of the Authority which may amend plan provisions, and which is responsible for the management of Plan assets. The Board of Directors has delegated the Authority to manage certain plan assets to National City Bank. The Plan issues a separate stand-alone financial report that includes financial statements and required supplementary information that is available for public inspection at the Authority's offices.

The Plan is available to any person employed on a full-time, permanent basis by the Authority. Pension benefits became 100 percent vested after the completion of 5 years of credited service. Eligibility for the normal retirement benefit is after the attainment of age 65 and completion for 15 years of credited service or attains age 62 and completes 25 years of credited service. The accrued benefit is equal to \$40 times years of credited service at determination. The normal form of payment is a monthly pension benefit payable for life with 120 payments guaranteed.

At January 1, 1999, participants in the Plan were as follows:

Active	21
In payment status:	
Retirement benefits	2
Disability benefits	1
Deferred	<u>1</u>
Total	<u><u>25</u></u>

The Plan also has specific provisions for early and late retirement, disability, and death benefits.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

Funding Status and Progress

The Authority's funding policy is to comply with Pennsylvania Act 205 of 1984 (Act 205). Under Act 205, the Authority is to contribute the sum of each plan's normal cost, administrative expenses, and amortization of the unfunded actuarial accrued liability (if any), less the amount contributed by employees and the Commonwealth of Pennsylvania. The normal cost and amortization of unfunded actuarial accrued liability are determined by an actuary, using guidelines established in Act 205. The actuarial cost method used is the Entry Age Normal Cost Method

For the plan year ended December 31, 2000, the annual pension cost was determined to be \$83,316, all of which was contributed by the Authority. No pension obligation (asset) exists for the plan years.

7. DEFERRED COMPENSATION PLANS

The Authority offers its employees a deferred compensation plan created in accordance with the Internal Revenue Service Code Section 457. The plan, available to all eligible, full-time Authority employees, permits them to defer a portion of their salaries until future years. Participation in the plan is optional. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

At December 31, 2000, all amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, were held in trust solely for the benefit of the participants. Investments are managed by the plan's trustee under several investment options selected by the participant. The total assets held in the deferred compensation plan as of December 31, 2000 were \$140,574. Under the provisions of GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the deferred compensation plan is not required to be included in the Authority's financial statements.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

8. COMMITMENTS AND CONTINGENCIES

Contingencies

The Authority is party to a number of actual and possible matters of litigation. Other than as described below, the ultimate outcome of such matters are not expected to be material to the Authority's financial statements.

In addition, former officials of the Authority are under investigation for a variety of matters relating to activities that occurred during 2000 and prior years. The impact on the financial position of the Authority as a result of the investigation can not presently be determined but is not expected to be significant.

Lastly, management acknowledges that the Authority was unable to provide procurement documentation for disbursements during 2000 and therefore, these disbursements may have violated the Commonwealth of Pennsylvania laws and regulations. The possible outcome of these matters is uncertain at this time. Accordingly, the impact of the financial position of the Authority and its operations can not presently be determined and no estimate of the impact is reflected in these financial statements.

Commitments

The Authority is involved in various contracts related to the construction of the sewer system. Construction commitments related to this project at December 31, 2000 amounted to approximately \$5,800,000.

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors or omissions; and injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not significantly exceeded commercial insurance coverage in the past. There were no significant changes in insurance coverage during the year.

SUPPLEMENTARY INFORMATION

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
1/1/97	\$ 666,537	\$ 956,384	\$ (289,847)	69.69%	\$ 648,050	-44.73%
1/1/99	829,170	1,357,220	(528,050)	61.09%	1,053,447	-50.13%

Source: Actuarial reports

Note: State law requires biennial valuations on the odd numbered years.

See accompanying notes to the supplementary pension schedule.

**WEST MIFFLIN SANITARY SEWER
MUNICIPAL AUTHORITY**

**SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER
CONTRIBUTING ENTITIES**

FOR THE YEAR ENDED DECEMBER 31, 2000

<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1998	\$ 41,688	101%
1999	46,821	293%
2000	82,051	102%

Note: The First Minimum Municipal Obligation (MMO) for this Plan was adopted in 1998.

See accompanying notes to supplementary pension schedules.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO THE SUPPLEMENTARY PENSION SCHEDULE

DECEMBER 31, 2000

The information presented in the required supplementary pension schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	1/1/99
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	n/a
Asset valuation method	Fair Value
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	N/A

n/a = not applicable

ADDITIONAL INFORMATION

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

ANALYSIS OF OPERATING REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>2000</u>
Operating Revenues:	
Sewage rentals	\$ 3,234,781
Refunds	6,591
Total operating revenues	<u>\$ 3,241,372</u>
Operating Expenses:	
Sewer system operation:	
Sewage treatment plants	\$ 560,606
Utilities	365,792
Sewer crew expenses	94,674
Pretreatment expenses	9,022
Payroll	1,269,913
Payroll taxes	96,580
Benefits	248,761
Office supplies	11,787
Communications	31,758
Postage	6,499
Advertisements	7,117
Printing	2,684
Fee collection costs	150,167
Engineering fees	60,296
Insurance	80,112
Seminars	19,416
Professional services	79,982
Refunds	79,756
Miscellaneous expenses	9,556
Purchased sewer treatment	26,618
Depreciation	424,158
Total operating expenses	<u>\$ 3,635,254</u>

