

**West Mifflin Sanitary Sewer
Municipal Authority**

Financial Statements and
Required Supplementary Information and
Supplementary Information

Years Ended December 31, 2024 and 2023
with Independent Auditor's Report

MaherDuessel

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WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

YEARS ENDED DECEMBER 31, 2024 AND 2023

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Independent Auditor's Report

Board of Directors

West Mifflin Sanitary Sewer Municipal Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the West Mifflin Sanitary Sewer Municipal Authority (Authority), as of and for the years ended December 31, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority, as of December 31, 2024 and 2023, 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 Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
June 27, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

AUDIT ASSURANCE

The unmodified opinion of our independent auditors, Maher Duessel, Certified Public Accountants, is included in this report. The following section, Management’s Discussion and Analysis, has been prepared so that the West Mifflin Sanitary Sewer Municipal Authority (Authority) is in compliance with Statement No. 34 of the Governmental Accounting Standards Board (GASB).

FINANCIAL HIGHLIGHTS

The following are key financial highlights during 2024:

- In 2024, the flow billed increased by 2,273,388 gallons. This increase can be attributed to residents using more. When flow billed increases rain events also play into this as residents use more water for things like car washes and watering the lawn or garden.
- In 2024, the Authority treated 541,765,000 gallons for 8,250 customers at its two wastewater treatment plants. Of the gallons treated, only 488,241,930 gallons were billed. In 2023, the Authority treated 621,353,000 gallons for 8,252 customers at its two wastewater treatment plants. Of the gallons treated, only 485,518,542 gallons were billed. The difference between what is treated versus that which is billed is still attributed to direct inflow of storm water from groundwater infiltration into the system from old and deteriorating sewer lines and private laterals throughout the service area. The number of gallons treated is also decreasing and this can be attributed to repairs within the sewer system allowing less infiltration from storm and groundwater.
- During 2024, the Authority paid \$1,655,000 in principal on its outstanding Sewer Revenue Bonds, compared with principal payments made in 2023 of \$1,635,000.
- The Authority had an increase in the cost of operations (less depreciation and amortization expense) in 2024 by \$144,280 or 2.41% when compared to 2023.
- Operating revenues increased by \$1,367,250 or 17.77% in 2024 when compared to 2023.
- The Authority complies with the Governmental Accounting Standards Board (GASB) Statement No. 68. The standard pertains to the treatment of the net pension liability. The net pension liability is the difference between the total

pension liability and the plan assets at fair value. The Authority's Statement of Net Position now contains a net pension asset of \$19,984 at December 31, 2024, as compared to a non-current liability of \$37,582 at December 31, 2023.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority's use of accounting methods that are similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities.

The Statement of Net Position includes all of the Authority's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases and decreases to net position are one indicator of whether the financial position of the Authority is improving or deteriorating. It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's non-fiduciary revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its sewage disposal rates and other fees. The Authority's rate studies are updated periodically to reflect both the operating and long-term capital requirements of the Authority. The most recent rate evaluation was performed in late-2019. The Authority's Board of Directors (Board) increased sewer rates in December 2019 that went into effect beginning with January 2020 usage. When the Authority introduced stormwater in 2023, rates were determined by the Authority's Board. Those rates were not changed for 2024.

The final required non-fiduciary financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and the change in cash during the reporting period.

As a result of the implementation of GASB 84, "Fiduciary Activities," the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position are presented to report on the Authority's pension trust fund.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies,

significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

SUMMARY OF ORGANIZATION AND BUSINESS

The Authority was incorporated on May 9, 1996 under the Pennsylvania Municipality Authorities Act of 1945. Plant operations began on September 1, 1996. The Authority serves as the exclusive agency for the collection, transportation, and treatment of wastewater for the Borough of West Mifflin. In 2024 and 2023, the Authority charges users for processing of wastewater at a base rate of \$19.00 per residential and \$27.00 per commercial plus a graduated rate for usage by the hundred gallons. Additional charges are levied for excess Biochemical Oxygen Demand (BOD) and suspended solids (SS) from industrial waste discharges into the system in the portion of the sewer system using ALCOSAN for treatment.

The Thompson Run Treatment Plant and Authority Offices are located at 1302 Lower Bull Run Road, West Mifflin, PA. The Authority also operates an additional treatment facility at 2439 New England Hollow Road. The Authority operates and maintains over 100 miles of interceptor and collector sewers, and 14 pumping or lift stations throughout the service area. For stormwater, the Authority maintains 232,703 linear feet of stormwater lines, 1936 inlets, 426 manholes, 14 headwalls and 255 outfalls.

A small portion of the sewer system is connected to the Jefferson Hills sewage system that is treated at the Clairton Municipal Authority Treatment Plant. In 2024 and 2023, the number of customers in this service area is 37. The Authority is billed by Jefferson Hills Borough for these customers on a quarterly payment schedule for the wastewater treatment.

The Authority's service area covers over 14 square miles in Allegheny County.

The Authority's Articles of Incorporation (Articles), provide that the Authority's Board shall consist of five (5) members serving staggered five-year terms. Pursuant to the Articles, all members of the Board are appointed by West Mifflin Borough Council. The day-to-day operation of the Authority is the responsibility of the General Manager and Assistant General Manager, who are employed by the Board to carry out its policies.

FINANCIAL ANALYSIS

The following comparative condensed financial statements and other selected information provide key financial data and indicators for management, monitoring, and planning.

	Condensed Statements of Net Position			
	2024	2023	\$ Change	% Change
Assets and Deferred Outflows of Resources				
Assets:				
Current assets	\$ 3,790,868	\$ 3,631,500	\$ 159,368	4%
Restricted assets	3,884,238	5,762,393	(1,878,155)	-33%
Capital assets, net	23,906,202	22,123,340	1,782,862	8%
Other assets	132,246	132,214	32	0%
Total Assets	31,713,554	31,649,447	64,107	
Deferred Outflows of Resources	2,768,106	2,914,341	(146,235)	-5%
Total Assets and Deferred Outflows of Resources	\$ 34,481,660	\$ 34,563,788	\$ (82,128)	
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities:				
Current liabilities	\$ 2,666,498	\$ 2,772,663	\$ (106,165)	-4%
Long-term liabilities	28,730,220	30,551,167	(1,820,947)	-6%
Total Liabilities	31,396,718	33,323,830	(1,927,112)	
Deferred Inflows of Resources	295,607	108,964	186,643	171%
Net Position:				
Net investment in capital assets	(57,373)	(1,344,011)	1,286,638	96%
Restricted net position	399,243	337,134	62,109	18%
Unrestricted net position	2,447,465	2,137,871	309,594	14%
Total Net Position	2,789,335	1,130,994	1,658,341	
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 34,481,660	\$ 34,563,788	\$ (82,128)	

(Continued)

Condensed Statements of Net Position				
	2023	2022	\$ Change	% Change
Assets and Deferred Outflows of Resources				
Assets:				
Current assets	\$ 3,631,500	\$ 4,527,130	\$ (895,630)	-20%
Restricted assets	5,762,393	7,912,488	(2,150,095)	-27%
Capital assets, net	22,123,340	20,422,057	1,701,283	8%
Other assets	132,214	152,166	(19,952)	-13%
Total Assets	31,649,447	33,013,841	(1,364,394)	
Deferred Outflows of Resources	2,914,341	3,340,445	(426,104)	-13%
Total Assets and Deferred Outflows of Resources	\$ 34,563,788	\$ 36,354,286	\$ (1,790,498)	
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities:				
Current liabilities	\$ 2,772,663	\$ 2,440,205	\$ 332,458	14%
Long-term liabilities	30,551,167	32,511,898	(1,960,731)	-6%
Total Liabilities	33,323,830	34,952,103	(1,628,273)	
Deferred Inflows of Resources	108,964	85,069	23,895	28%
Net Position:				
Net investment in capital assets	(1,344,011)	(2,242,816)	898,805	40%
Restricted net position	337,134	300,321	36,813	12%
Unrestricted net position	2,137,871	3,259,609	(1,121,738)	-34%
Total Net Position	1,130,994	1,317,114	(186,120)	
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 34,563,788	\$ 36,354,286	\$ (1,790,498)	

(Concluded)

Condensed Statements of Revenues and Expenses and Changes in Net Position				
	2024	2023	\$ Change	% Change
Operating Revenues:				
Sewer rentals	\$ 7,100,997	\$ 6,869,237	\$ 231,760	3%
Storm water	1,961,496	826,006	1,135,490	137%
Total Revenues	9,062,493	7,695,243	1,367,250	
Operating Expenses:				
Sewer system operation	5,002,750	4,748,546	254,204	5%
Stormwater system operation	132,036	186,322	(54,286)	-29%
Purchased sewer treatment	999,871	1,055,509	(55,638)	-5%
Depreciation and amortization	1,459,923	1,405,678	54,245	4%
Total Expenses	7,594,580	7,396,055	198,525	
Nonoperating Activity:				
Revenues	381,438	412,050	(30,612)	-7%
Expenses	(888,650)	(905,158)	16,508	-2%
Total Nonoperating Activity	(507,212)	(493,108)	(14,104)	
Capital Contributions:				
Tap-in fees	7,800	7,800	-	0%
Developer capital contribution	689,840	-	689,840	100%
Total Capital Contributions	697,640	7,800	689,840	
Change in Net Position	1,658,341	(186,120)	1,844,461	
Net Position:				
Beginning of year	1,130,994	1,317,114	(186,120)	
End of year	\$ 2,789,335	\$ 1,130,994	\$ 1,658,341	

(Continued)

Condensed Statements of Revenues and Expenses and Changes in Net Position				
	2023	2022	\$ Change	% Change
Operating Revenues:				
Sewer rentals	\$ 6,869,237	\$ 7,150,824	\$ (281,587)	-4%
Storm water	826,006	-	826,006	100%
Total Revenues	7,695,243	7,150,824	544,419	
Operating Expenses:				
Sewer system operation	4,748,546	4,322,514	426,032	10%
Stormwater system operation	186,322	-	186,322	100%
Purchased sewer treatment	1,055,509	1,005,062	50,447	5%
Depreciation and amortization	1,405,678	1,398,625	7,053	1%
Total Expenses	7,396,055	6,726,201	669,854	
Nonoperating Activity:				
Revenues	412,050	246,525	165,525	67%
Expenses	(905,158)	(1,061,976)	156,818	-15%
Total Nonoperating Activity	(493,108)	(815,451)	322,343	
Capital Contributions:				
Tap-in fees	7,800	93,600	(85,800)	-92%
Total Capital Contributions	7,800	93,600	(85,800)	
Change in Net Position	(186,120)	(297,228)	111,108	
Net Position:				
Beginning of year	1,317,114	1,614,342	(297,228)	
End of year	\$ 1,130,994	\$ 1,317,114	\$ (186,120)	

(Concluded)

OTHER SELECTED INFORMATION

	2024	2023	Difference
Selected Data:			
Authorized Employees	29	23	6
Actual Employees at year-end	25	29	-4
Wastewater Treated (billions of gallons)	0.541765	0.621353	-0.079588
Wastewater Billed (billions of gallons)	0.488242	0.485513	0.002729
Percentage of Billed/Treated Wastewater	90.12%	78.14%	11.98%
Rates:			
Residential Fee	\$19.00	\$19.00	\$0.00
0-10,000 gallons/thousand	\$8.58	\$8.58	\$0.00
15,001-100,000 gallons/thousand	\$12.74	\$12.74	\$0.00
over 100,000 gallons/thousand	\$15.00	\$15.00	\$0.00
Commercial Fee	\$27.00	\$27.00	\$0.00
First 2,000 gallons/thousand	\$9.58	\$9.58	\$0.00
next 13,000 gallons/thousand	\$9.58	\$9.58	\$0.00
15,001-100,000 gallons/thousand	\$13.74	\$13.74	\$0.00
over 100,000 gallons/thousand	\$16.00	\$16.00	\$0.00
Residential Stormwater Fee			
Flat rate \$7.00/ERU	\$7.00	\$7.00	\$0.00
Commercial Stormwater Fee			
0 - 200 ERU	\$7.00	\$7.00	\$0.00
201 - 500 ERU	\$5.00	\$5.00	\$0.00
501 - 1,000 ERU	\$3.00	\$3.00	\$0.00
1,001 - 5,000	\$1.00	\$1.00	\$0.00
Average Residential Customer Bill:			
Per year	\$929.76	\$929.76	\$0.00
Per Month	\$77.48	\$77.48	\$0.00

	2023	2022	Difference
<u>Selected Data:</u>			
Authorized Employees	23	23	0
Actual Employees at year-end	29	28	1
Wastewater Treated (billions of gallons)	0.621353	0.850105	-0.228752
Wastewater Billed (billions of gallons)	0.485513	0.487268	-0.001755
Percentage of Billed/Treated Wastewater	78.14%	57.32%	20.82%
<u>Rates:</u>			
Residential Fee	\$19.00	\$19.00	\$0.00
0-10,000 gallons/thousand	\$8.58	\$8.58	\$0.00
15,001-100,000 gallons/thousand	\$12.74	\$12.74	\$0.00
over 100,000 gallons/thousand	\$15.00	\$15.00	\$0.00
Commercial Fee	\$27.00	\$27.00	\$0.00
First 2,000 gallons/thousand	\$9.58	\$9.58	\$0.00
next 13,000 gallons/thousand	\$9.58	\$9.58	\$0.00
15,001-100,000 gallons/thousand	\$13.74	\$13.74	\$0.00
over 100,000 gallons/thousand	\$16.00	\$16.00	\$0.00
Residential Stormwater Fee			
Flat rate \$7.00/ERU	\$7.00	\$0.00	\$7.00
<u>Average Residential Customer Bill:</u>			
Per year	\$929.76	\$845.76	\$84.00
Per Month	\$77.48	\$70.48	\$7.00
* Based on 6,000 Gallons per month	\$77.48	\$70.48	

GENERAL TRENDS AND SIGNIFICANT EVENTS

Proceeds from the Authority's bond issue in 2020, Sewer Revenue Bonds, Refunding Series of 2020 A & B, were used to refund Sewer Revenue Bonds, Series 2016 and 2014 along with upgrades to the Authority's plants, pump stations, and operating systems. These upgrades will create savings to the Authority's rate payers and make the community safer.

Continued upgrades to pump stations will help eliminate some infiltration issues. Force main pipe will be replaced at some pumping stations and pump and shaft upgrades will be made to make the stations run more efficiently. These changes will allow for utility savings to the Authority, as well as a savings in the treatment.

Constant maintenance and upgrades to the current stormwater systems will continue to eliminate sediments and other pollutants from entering into the watersheds.

RESULTS OF OPERATIONS

Operating Revenue

In 2024 and 2023, 100% of operating revenue was derived from customer billing for sewage and stormwater treatment service. This includes residential, commercial, and industrial customers. In 2024, operating revenue increased significantly due to stormwater treatment services being collected for the full year compared to only three months collected in 2023.

Operating Expenses

Total operating expense, before depreciation and bad debt expense was \$6,134,657 in 2024 vs. \$5,990,377 in 2023. The increase in operating expense is primarily due to an early retirement payout offered to employees in 2024.

Total operating expense, before depreciation and bad debt expense was \$5,990,377 in 2023. vs. \$5,327,576 in 2022. In 2023, operating expenses increased mainly in sewage treatment plant expenses, wages and utilities. Increases in wages occurred due to additional employees being hired. Sewer charges are on the rise due to rate increases issued by ALCOSAN.

Non-Operating Revenues and Non-Operating Expenses

The Authority experienced an increase of \$675,736 in Non-operating Revenue (Expense) between 2024 and 2023 primarily caused by a reimbursement from the PA Turnpike for work done by the Authority.

Non-operating Revenue (Expense) between 2023 and 2022 experienced a decrease of \$322,343 primarily caused by a gain on investments in 2023.

Depreciation

The Authority had depreciation expense of \$1,459,923 and \$1,405,678 on plants and equipment in 2024 and 2023, respectively. In 2024 and 2023, respectively, the Authority completed approximately \$338,000 and \$229,000 in various capital projects throughout the sewer system and treatment plants.

CAPITAL ASSETS

Capital asset additions were \$3,584,562 and deletions were \$23,423 during 2024, with the majority of the expenditures relating to sewer system and treatment plant improvements.

DEBT

At December 31, 2024, the Authority had \$29,655,000 in bond debt.

In 2024, the Authority was in compliance with the rate covenant, as its operating surplus was more than 110% of the debt service requirements. A rate increase is scheduled for 2025 and the stormwater fee to cover costs of new stormwater take over will continue to ensure the Authority will maintain compliance.

At December 31, 2023, the Authority had \$31,310,000 in bond debt.

In 2023, the Authority was not in compliance with the rate covenant, as its operating surplus was less than 110% of the debt service requirements. A rate increase was scheduled for 2024 to correct this as well as introducing a stormwater fee to cover costs of new stormwater take over. The stormwater fees did not begin until late 2023.

FINAL COMMENTS

While fiscal year 2024 presented financial challenges, the Board and the Authority staff worked hard to position the Authority for the future. The Authority continues stormwater rehabilitation, which will continue to provide revenue and offer a safer environment for the Authority and the residents it serves.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the West Mifflin Sanitary Sewer Municipal Authority's General Manager and Administration at 1302 Lower Bull Run Road, West Mifflin, PA 15122. (412-466-6070).

**WEST MIFFLIN SANITARY SEWER
MUNICIPAL AUTHORITY**

STATEMENTS OF NET POSITION

DECEMBER 31, 2024 AND 2023

Assets and Deferred Outflows of Resources			Liabilities, Deferred Inflows of Resources, and Net Position		
	2024	2023		2024	2023
Assets:			Liabilities:		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 1,731,143	\$ 1,544,513	Accounts payable	\$ 536,523	\$ 619,059
Accounts receivable - user fees	2,011,146	1,890,126	Accrued payroll	15,678	88,724
Accounts receivable - nonuser fees	42,984	26,909	Current portion of notes payable	62,707	31,334
Prepaid expenses	5,095	169,452	Current portion of financed purchase/debt	63,943	62,086
Interest receivable	500	500	Unearned revenue	27,445	27,445
Total current assets	3,790,868	3,631,500	Total current liabilities	706,296	828,648
Restricted investments:			Current liabilities (payable from restricted assets):		
Construction fund	3,224,777	5,136,244	Current portion of bonds payable	1,680,000	1,655,000
Debt service accounts	659,461	626,149	Bond interest payable	280,202	289,015
Total restricted investments	3,884,238	5,762,393	Total current liabilities (payable from restricted assets)	1,960,202	1,944,015
Capital assets, not being depreciated	5,475,626	2,984,389	Long-term liabilities:		
Capital assets, net of accumulated depreciation	18,430,576	19,138,951	Accrued compensated absences	244,636	365,773
Total capital assets	23,906,202	22,123,340	Notes payable	193,960	114,746
Other assets:			Financed purchase/debt	65,854	129,797
Cost of sewer capacity improvements (net of amortization of \$410,260 and \$390,308 for 2024 and 2023, respectively)	112,262	132,214	Bonds payable	27,975,000	29,655,000
Net pension asset	19,984	-	Unamortized bond premium (discount)	(114,088)	(121,219)
Total other assets	132,246	132,214	Total OPEB liability	364,858	369,488
Total Assets	31,713,554	31,649,447	Net pension liability	-	37,582
Deferred Outflows of Resources:			Total long-term liabilities	28,730,220	30,551,167
Deferred charge on refunding	2,626,762	2,790,935	Total Liabilities	31,396,718	33,323,830
Deferred outflows of resources for pension	20	83,477	Deferred Inflows of Resources:		
Deferred outflows of resources for OPEB	141,324	39,929	Deferred inflows of resources for pension	186,210	1,665
Total Deferred Outflows of Resources	2,768,106	2,914,341	Deferred inflows of resources for OPEB	109,397	107,299
Total Assets and Deferred Outflows of Resources	\$ 34,481,660	\$ 34,563,788	Total Deferred Inflows of Resources	295,607	108,964
			Net Position:		
			Net investment in capital assets	(57,373)	(1,344,011)
			Restricted net position	399,243	337,134
			Unrestricted net position	2,447,465	2,137,871
			Total Net Position	2,789,335	1,130,994
			Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 34,481,660	\$ 34,563,788

See accompanying notes to financial statements.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Operating Revenues:		
Sewer rentals	\$ 7,100,997	\$ 6,869,237
Storm water	1,961,496	826,006
Total operating revenues	9,062,493	7,695,243
Operating Expenses:		
Sewer system operation	5,002,750	4,748,546
Stormwater system operation	132,036	186,322
Purchased sewer treatment	999,871	1,055,509
Depreciation and amortization	1,459,923	1,405,678
Total operating expenses	7,594,580	7,396,055
Operating Income	1,467,913	299,188
Nonoperating Revenues (Expenses):		
Interest income	262,203	216,287
Other revenue	76,865	67,812
Interest on sewer revenue bonds and notes payable	(876,695)	(887,812)
Amortization of bond premium	(11,955)	(17,346)
Unrealized gain (loss) on investments	42,370	127,951
Total nonoperating revenues (expenses)	(507,212)	(493,108)
Income (Loss) Before Capital Contribution Revenues	960,701	(193,920)
Capital Contribution Revenues:		
Tap-in fees	7,800	7,800
Developer capital contribution	689,840	-
Total capital contribution revenues	697,640	7,800
Change in Net Position	1,658,341	(186,120)
Net Position:		
Beginning of year	1,130,994	1,317,114
End of year	\$ 2,789,335	\$ 1,130,994

See accompanying notes to financial statements.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Cash received from customers	\$ 8,941,473	\$ 7,550,764
Cash payments to suppliers	(3,855,513)	(3,584,924)
Cash payments to employees	(2,284,997)	(2,192,700)
Net cash provided by (used in) operating activities	2,800,963	1,773,140
Cash Flows From Noncapital Financing Activities:		
Other	758,430	70,978
Cash Flows From Capital and Related Financing Activities:		
Interest paid on debt	(726,159)	(741,020)
Interest received on restricted bond funds	262,203	215,787
Capital assets and related purchases	(3,222,833)	(3,087,009)
Proceeds from loan issuance	166,496	161,806
Payment of financed purchase/notes payable	(117,995)	(95,326)
Payment of bond principal	(1,655,000)	(1,635,000)
Net cash provided by (used in) capital and related financing activities	(5,293,288)	(5,180,762)
Cash Flows From Investing Activities:		
(Purchase) sale of investments	1,920,525	2,278,046
Net cash provided by (used in) investing activities	1,920,525	2,278,046
Increase (Decrease) in Cash and Cash Equivalents	186,630	(1,058,598)
Cash and Cash Equivalents:		
Beginning of year	1,544,513	2,603,111
End of year	\$ 1,731,143	\$ 1,544,513
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Operating income	\$ 1,467,913	\$ 299,188
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,459,923	1,405,678
Accounts receivable	(121,020)	(144,479)
Prepaid expenses	164,357	(13,355)
Net pension asset	(19,984)	-
Deferred outflows of resources related to pension	83,457	257,769
Deferred outflows of resources related to OPEB	(101,395)	4,162
Accounts payable	(82,536)	303,626
Accrued payroll	(73,046)	628
Accrued compensated absences	(121,137)	(4,918)
Net pension liability	(37,582)	(349,403)
Total OPEB liability	(4,630)	(9,651)
Deferred inflows of resources related to pension	184,545	(20,698)
Deferred inflows of resources related to OPEB	2,098	44,593
Net cash provided by (used in) operating activities	\$ 2,800,963	\$ 1,773,140

See accompanying notes to financial statements.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

STATEMENTS OF FIDUCIARY NET POSITION PENSION TRUST FUND

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Assets and Deferred Outflows of Resources		
Dividends and interest receivable	\$ 1,996	\$ 1,531
Cash and cash equivalents	111,722	48,673
Employer contribution receivable	23,299	-
Investments at fair value:		
Mutual funds	1,616,718	1,633,111
Common stocks	1,903,580	1,795,908
Fixed Income	122,720	-
Total investments at fair value	3,643,018	3,429,019
Total Assets	\$ 3,780,035	\$ 3,479,223
Liabilities and Net Position		
Liabilities:	\$ -	\$ -
Net Position:		
Restricted for pension benefits	3,780,035	3,479,223
Total Liabilities and Net Position	\$ 3,780,035	\$ 3,479,223

See accompanying notes to financial statements.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUND

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Additions:		
Contributions:		
Employer	\$ 93,196	\$ 93,109
Employee	4,140	5,280
Total contributions	97,336	98,389
Investment income:		
Net appreciation (depreciation) in fair value of investments	431,817	467,548
Investment income	52,734	44,580
Investment expenses	(37,019)	(30,245)
Total investment income	447,532	481,883
Total additions	544,868	580,272
Deductions:		
Benefits	244,056	187,586
Administrative expense	-	8,400
Total deductions	244,056	195,986
Change in Fiduciary Plan Net Position	300,812	384,286
Net Position:		
Beginning of year	3,479,223	3,094,937
End of year	\$ 3,780,035	\$ 3,479,223

See accompanying notes to financial statements.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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 operations 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 8,300 customers, which comprises the entire Borough of West Mifflin.

In September of 2023, the Authority onboarded Stormwater Management from West Mifflin Borough. As a Joint Permittee, the Authority developed a pollution reduction plan in accordance with the requirements of the National Pollutant Discharge Elimination System (NPDES) Stormwater Discharges from Small Municipal Separate Storm Sewer Systems Permit MS4. This will result in a pollution reduction in the following watersheds: Streets Run, Homestead Run and the UNT to Monongahela River. These watersheds are located in the Borough of West Mifflin, and impacts the surrounding areas. The installation of best management practices, as indicated in the approved Pollution Reduction Plan for the Joint Permittee, will reduce the impact of sources of pollution, therefor benefiting the residents of West Mifflin, along with the surrounding communities.

2. Summary of Significant Accounting Policies

The accompanying financial statements of the Authority conform to accounting principles generally accepted in the United States of America for governmental enterprise funds and fiduciary 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, are financed or recovered primarily through user charges.

Fiduciary funds are used to account for assets that are controlled by the government but for which the government is not a beneficiary. The Authority reports the Pension Trust Funds as a fiduciary fund and the fund is used to account for employee retirement systems.

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

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Basis of Accounting and Measurement Focus

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.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operation of the Authority. Operating revenues consist primarily of sewer user charges and stormwater fees. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities.

Statements 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.

Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables

In general, no provision is made for uncollectible accounts receivables as these charges are lienable charges to the property served and service can be shut off. Charges that become uncollectible are charged to expense in the year. The Authority charged bad debt expense of \$0 during 2024 and 2023.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Unamortized Premiums (Discounts)

Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has three items that qualify for reporting in this category:

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statement of net position and amortized as a component of interest expense over the term of the refunding issue.

In conjunction with pension accounting requirements, certain elements are recorded as deferred outflows of resources related to pensions on the statement of net position. These amounts are determined based on the actuarial valuation performed for the plan. Note 6 presents additional information about the pension plan.

In conjunction with other post-employment benefit (OPEB) accounting requirements, certain elements are recorded as deferred outflows of resources related to OPEB on the statement of net position. These amounts are determined based on the actuarial valuation performed for the plan. Note 7 presents additional information about the OPEB plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category:

In conjunction with pension accounting requirements, certain elements are recorded as a deferred inflow of resources related to pensions on the statement of net position.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

This amount is determined based on the actuarial valuation performed for the pension plan. Note 6 presents additional information about the pension plan.

In conjunction with other post-employment benefit (OPEB) accounting requirements, certain elements are recorded as deferred inflows of resources related to OPEB on the statement of net position. These amounts are determined based on the actuarial valuation performed for the plan. Note 7 presents additional information about the OPEB plan.

Restricted Investments

The Authority has established certain restricted asset accounts to satisfy the requirements of a bond trust indenture (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 monies for servicing the Authority's long-term debt and completing capital additions. These restricted accounts are held by a Trustee. Note 3 presents additional information about the restricted investments.

Capital Assets

Capital assets, which include property, plant, and equipment, are recorded at cost, including capitalized interest. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated acquisition value at the date of donation. Depreciation is provided on all capital 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 begin to be depreciated when the project is completed.

Depreciation is calculated using the following estimated useful lives:

	Years
Land improvement	10-20
Buildings and improvement	20-40
Vehicles	5-15
Software/computers	5
Office furniture and equipment	5-10
Machinery and equipment	10-20

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Compensated Absences

The Authority recognizes a liability for compensated absences for leave that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or paid in cash to the employee during or upon separation from employment. Employees of the Authority earn and are entitled to accumulate sick days based on length of service and therefore qualify for liability recognition for compensated absences. The Authority has established a liability of \$244,636 and \$365,773 for 2024 and 2023, respectively, for compensated absences that are eligible for payment upon termination.

Net Position

Accounting standards require the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows or resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets. These amounts are restricted for the debt covenants and the net pension asset. For the fiduciary fund, these amounts are restricted for pension benefits.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

- Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the Authority's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, employer contributions are recognized as a reduction of the net pension liability (asset) upon payment into the pension trust. Investments are reported at fair value.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, and disclosures of contingent liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences may be material.

Adopted Pronouncements

The following GASB Statements were adopted for the year ended December 31, 2024: Statement Nos. 100 (Accounting Changes and Error Corrections) and 101 (Compensated Absences). These statements had no significant impact on the Authority's financial statements for the year ended December 31, 2024.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 102 (Certain Risk Disclosures), 103 (Financial Reporting Model Improvements), and 104 (Disclosure of Certain Capital Assets). Management has not yet determined the impact of these statements on the financial statements.

3. Cash and Investments

The Authority is authorized to invest in: obligations of the U.S. Government and government-sponsored agencies and instrumentalities; fully insured or collateralized certificates of deposits; commercial paper of the highest rating; repurchase agreements collateralized by government obligations or securities; highly rated bank promissory notes or investment funds or trusts; and, as to trustee assets, as otherwise permitted by the trust indenture of 2009. Throughout the years ended December 31, 2024 and 2023, the Authority invested its funds in such authorized investments.

GASB Statement No. 40, *"Deposit and Investment Risk Disclosures,"* requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentration of credit risk), interest rate risk, and foreign currency risk. The following is a description of the Authority's deposit and investment risks:

Custodial Credit Risk – 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 does not have a formal deposit policy for custodial credit risk. As of December 31, 2024 and 2023, respectively, \$1,222,208 and \$1,211,493 of the Authority's bank balance of \$1,472,208 and \$1,461,493 was exposed to custodial credit risk. Any exposed amount is 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. These deposits have a carrying amount of \$1,504,913 and \$1,329,716 of December 31, 2024 and 2023, respectively, all of which is reported as current assets in the statements of net position.

In addition to the deposits noted above, cash and cash equivalents on the statements of net position also include the following:

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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- Investments with the Pennsylvania Local Government Investment Trust (PLGIT) of \$225,037 and \$213,664 for 2024 and 2023, respectively. The fair value of the Authority's investments with PLGIT (an external investment pool) is the same as the value of pool shares. All investments in the investment pool that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The Authority's investments in PLGIT-Class of \$516 and \$141,203 for 2024 and 2023, respectively, have no minimum initial investment requirement and have a minimum investment period of one day. The Authority's investments in PLGIT-Prime of \$224,521 and \$72,461 for 2024 and 2023, respectively, have no minimum initial investment requirement, a minimum investment period of one day, and penalty for more than two withdrawals in a calendar month.
 - Short-term investments with the external investment pool (INVEST) of \$1,193 and \$1,133 in 2024 and 2023, respectively. The fair value of the Authority's investments in INVEST is the same as the value of the pool shares. All investments in the investment pool that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The Authority can withdraw funds from the external investment pool without limitations or fees upon adequate notice. Otherwise, breakage fees may be charged.

At December 31, 2024, the Authority held the following investment balances:

	Fair Market Value	Maturity in Years			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 years
Money markets	\$ 2,084,621	\$ 2,084,621	\$ -	\$ -	\$ -
U.S. agencies	1,799,617	1,367,401	363,200	-	69,015
Total	<u>\$ 3,884,238</u>	<u>\$ 3,452,022</u>	<u>\$ 363,200</u>	<u>\$ -</u>	<u>\$ 69,015</u>

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

At December 31, 2023, the Authority held the following investment balances:

	Fair Market Value	Maturity in Years			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 years
Money markets	\$ 2,448,970	\$ 2,448,970	\$ -	\$ -	\$ -
U.S. agencies	3,313,423	2,711,417	400,121	104,566	97,319
Total	<u>\$ 5,762,393</u>	<u>\$ 5,160,387</u>	<u>\$ 400,121</u>	<u>\$ 104,566</u>	<u>\$ 97,319</u>

Investments of \$3,884,238 at December 31, 2024 and \$5,762,393 at December 31, 2023 are included as restricted investments on the statements of net position.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing rates. Interest rate risk is the risk that changes in the interest rates will adversely affect the fair market value of the Authority's investments.

Credit Risk – The Authority has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Authority's First American Government Obligation Fund money market funds of \$2,084,621 were rated AAAM. The Authority's US Agency investments of \$1,799,617 were rated Aaa at December 31, 2024.

As of December 31, 2023, the Authority's First American Government Obligation Fund money market funds of \$2,448,970 were rated AAAM. The Authority's US Agency investments of \$3,313,423 were rated Aaa at December 31, 2023.

Concentration of Credit Risk – Concentrations of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Authority places no limit on the amount it may invest in any one issuer.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

The Authority has the following recurring fair value measurements as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Money markets	\$ 2,084,621	\$ -	\$ -	\$ 2,084,621
U.S. agencies	-	1,799,617	-	1,799,617
	<u>\$ 2,084,621</u>	<u>\$ 1,799,617</u>	<u>\$ -</u>	<u>\$ 3,884,238</u>

The Authority has the following fair value measurements as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Money markets	\$ 2,448,970	\$ -	\$ -	\$ 2,448,970
U.S. agencies	-	3,313,423	-	3,313,423
	<u>\$ 2,448,970</u>	<u>\$ 3,313,423</u>	<u>\$ -</u>	<u>\$ 5,762,393</u>

Money markets classified in Level 1 of the fair value hierarchy at December 31, 2024 and 2023 are valued using prices quoted in active markets for those securities. Municipal bonds and U.S. agencies classified in Level 2 of the fair value hierarchy December 31, 2024 and 2023 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Pension Trust Fund

At December 31, 2024 and 2023, the Authority did not hold any investments in the pension trust fund with a designated maturity date.

Interest Rate Risk – The Authority's investment policy does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing rates. Interest rate risk is the risk that changes in the interest rates will adversely affect the fair market value of the Authority's investments.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Authority's investment policy requires the average fixed income quality to be maintained at an "A" or better and no more than 15% of the fixed income portion to be invested in "BBB" rated bonds. As of December 31, 2024, the Authority's

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

money market funds of \$111,722 were rated Aaa-mf. As of December 31, 2023, the Authority's money market funds of \$48,673 were rated Aaa-mf.

Concentration of Credit Risk – The investment policies of the Pension Trust Funds limits the range of allocation of the investment portfolio as follows:

Investment Type	% Range of Allocation	
	Minimum	Maximum
Equities	40%	70%
Fixed income	40%	70%
Cash equivalents	0%	20%
Alternative investments	0%	10%

At December 31, 2024 and 2023, all assets are allocated within the accepted ranges.

The Authority has the following recurring fair value measurements as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 111,722	\$ -	\$ -	\$ 111,722
Mutual funds	1,616,718	-	-	1,616,718
Common stocks	1,903,580	-	-	1,903,580
Municipal Bonds		122,750	-	122,750
	<u>\$ 3,632,020</u>	<u>\$ 122,750</u>	<u>\$ -</u>	<u>\$ 3,754,770</u>

The Authority has the following fair value measurements as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 48,673	\$ -	\$ -	\$ 48,673
Mutual funds	1,633,111	-	-	1,633,111
Common stocks	1,795,908	-	-	1,795,908
Municipal Bonds	-	-	-	-
	<u>\$ 3,477,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,477,692</u>

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Cash and cash equivalents, mutual funds, and common stocks classified in Level 1 of the fair value hierarchy at December 31, 2024 and 2023 are valued using prices quoted in active markets for those securities. Municipal Bonds in Level 2 of the fair value hierarchy December 31, 2024 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

4. Capital Assets

A summary of changes in capital assets is as follows:

	Balance at December 31, 2023	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2024
<u>Capital assets, not being depreciated:</u>				
Construction in progress	\$ 2,984,389	\$ 2,829,543	\$ (338,306)	\$ 5,475,626
<u>Capital assets, being depreciated:</u>				
Plant and system	38,627,412	399,477	(23,423)	39,003,466
Vehicles and equipment	1,954,493	326,907	-	2,281,400
Other capital improvements	1,838,617	28,635	-	1,867,252
Total capital assets, being depreciated	42,420,522	755,019	(23,423)	43,152,118
Less accumulated depreciation	(23,281,571)	(1,439,971)	-	(24,721,542)
Total capital assets, being depreciated, net	19,138,951	(684,952)	(23,423)	18,430,576
Total capital assets, net	<u>\$ 22,123,340</u>	<u>\$ 2,144,591</u>	<u>\$ (361,729)</u>	<u>\$ 23,906,202</u>

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	Balance at December 31, 2022	Additions	Transfers/ Deletions	Balance at December 31, 2023
Capital assets, not being depreciated:				
Construction in progress	\$ 464,494	\$ 2,749,080	\$ (229,185)	\$ 2,984,389
Capital assets, being depreciated:				
Plant and system	38,281,978	146,628	198,806	38,627,412
Vehicles and equipment	1,732,814	221,679	-	1,954,493
Other capital improvements	1,838,617	-	-	1,838,617
Total capital assets, being depreciated	41,853,409	368,307	198,806	42,420,522
Less accumulated depreciation	(21,895,846)	(1,385,725)	-	(23,281,571)
Total capital assets, being depreciated, net	19,957,563	(1,017,418)	198,806	19,138,951
Total capital assets, net	\$ 20,422,057	\$ 1,731,662	\$ (30,379)	\$ 22,123,340

5. Long-Term Debt

Current interest bonds payable at December 31, 2024 and 2023 are composed of the following individual issues:

	Balance December 31, 2023	New Issues	Payments	Refunded	Balance December 31, 2024	Due Within One Year
Bonds Payable	\$ 31,310,000	\$ -	\$ 1,655,000	\$ -	\$ 29,655,000	\$ 1,680,000

	Balance December 31, 2022	New Issues	Payments	Refunded	Balance December 31, 2023	Due Within One Year
Bonds Payable	\$ 32,945,000	\$ -	\$ 1,635,000	\$ -	\$ 31,310,000	\$ 1,655,000

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	At December 31st	
	2024	2023
Sewer Revenue Bonds, Refunding Series of 2020A, due in annual principal installments or mandatory sinking fund payments through August 1, 2035.	\$ 19,655,000	\$ 21,310,000
Sewer Revenue Bonds, Refunding Series of 2020B, due in annual principal installments or mandatory sinking fund payments through August 1, 2040.	10,000,000	10,000,000
	29,655,000	31,310,000
Less: current portion	(1,680,000)	(1,655,000)
Total bonds payable - long-term	<u>\$ 27,975,000</u>	<u>\$ 29,655,000</u>

Sewer Revenue Bonds, Refunding Series of 2020

On December 15, 2020, the Authority issued Sewer Revenue Bonds, Series A and B of 2020 (2020 Bonds), in the amount of \$36,360,000 to currently refund \$25,295,000 of the outstanding Sewer Revenue Bonds, Series of 2014 (2014 Bonds) and Series of 2016 (2016 Bonds), to pay the costs of certain capital projects of the Authority, and to pay all the costs and expenses incident to the issuance of the 2020 Bonds. The 2020 Bonds bear interest semi-annually at rates ranging from 0.795% to 2.851%. A second supplemental indenture amending the original indenture dated November 12, 2020 was made and entered into as of December 15, 2020, between the Authority and the Trustee, U.S Bank, N.A.

2020 Bond Indenture

A supplemental indenture (2020 Bond Indenture) was made and entered into as of December 15, 2020, between the Authority and the Trustee, U.S. Bank, N.A. The 2020 Bond Indenture includes rate covenants that the Authority must meet on an annual basis. The Authority must generate operating surplus annually equal to 110% of the debt service requirements with respect to all outstanding bonds during the current fiscal year of the Authority. This calculation can only include operating revenues of the Authority and is not permitted to include the surplus of the revenue fund. If this condition is not met, the Authority has 60 days following written notice of such failure to commence actions necessary to correct such failure before it is considered in default. In 2024 the Authority was in compliance with the rate covenant, as its operating surplus was greater than 110% of

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the debt service requirements. In 2023, the Authority was not in compliance with the rate covenant, as its operating surplus was less than 110% of the debt service requirements.

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

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,680,000	\$ 672,484	\$ 2,352,484
2026	1,705,000	648,662	2,353,662
2027	1,735,000	619,302	2,354,302
2028	1,765,000	586,822	2,351,822
2029	1,805,000	549,387	2,354,387
2030-2034	9,675,000	2,084,468	11,759,468
2035-2039	10,955,000	806,084	11,761,084
2040	335,000	7,956	342,956
	<u>\$ 29,655,000</u>	<u>\$ 5,975,165</u>	<u>\$ 35,630,165</u>

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Vactor – Financed Purchase

Current financed purchases at December 31, 2024 and 2023 are composed of the following:

	Balance December 31, 2023	New Loans	Payments	Balance December 31, 2024	Due Within One Year
Vactor	\$ 191,883	\$ -	\$ 62,086	\$ 129,797	\$ 63,943

	Balance December 31, 2022	New Loans	Payments	Balance December 31, 2023	Due Within One Year
Vactor	\$ 252,167	\$ -	\$ 60,284	\$ 191,883	\$ 62,086

In August 2020, The Authority entered into a financing agreement with KS StateBank to finance the purchase of a Vactor truck, bearing interest at 2.9%. Payments are to be made to KS StateBank annually through fiscal year 2026. The outstanding balance of the loan is \$129,797 and \$191,883 at December 31, 2024 and 2023, respectively.

The following summarizes the required payments for the Vactor Financed Purchase:

December 31,	Principal	Interest	Total
2025	63,943	3,881	67,824
2026	65,854	1,969	67,823
	129,797	\$ 5,850	\$ 135,647
Current portion	63,943		
Financed purchased/debt	\$ 65,854		

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Direct Borrowings

Current direct borrowings at December 31, 2024 and 2023 are composed of the following:

	Balance December 31, 2023	New Loans	Payments	Balance December 31, 2024	Due Within One Year
Direct borrowings	\$ 146,080	\$ 166,496	\$ 55,909	\$ 256,667	\$ 62,707

	Balance December 31, 2022	New Loans	Payments	Balance December 31, 2023	Due Within One Year
Direct borrowings	\$ 19,316	\$ 161,806	\$ 35,042	\$ 146,080	\$ 31,334

In July 2001, PennVest approved a loan for the Pittsburgh Water and Sewer Authority (PWSA) to fund a rehabilitation project in the Streets Run Interceptor Sewer, bearing interest at 1%. As described in Note 9 below, the Authority has agreed to share in the costs related to this project. Accordingly, the Authority is also responsible for a share of the PennVest loan. Payments are to be paid to PWSA through fiscal year 2024. The outstanding balance of the loan is \$46 and \$1,550 at December 31, 2024 and 2023, respectively.

In January 2023, FNB approved a \$83,225 loan at an interest rate of 5.75%. Principal and interest payments of \$1,602 are due monthly until the maturity date of January 4, 2028. The outstanding balance of the loan is \$53,854 and \$69,423 at December 31, 2024 and 2023, respectively.

In May 2023, FNB approved a \$30,818 loan at a interest rate of 5.25%. Principal and interest payments of \$586 are due monthly until the maturity date of May 5, 2028. The outstanding balance of the loan is \$21,783 and \$27,482 at December 31, 2024 and 2023, respectively.

In December 2023, FNB approved a \$47,763 loan at an interest rate of 5.58%. Principal and interest payments of \$916 are due monthly until the maturity date of December 27, 2028. The outstanding balance of the loan is \$39,126 and \$47,625 at December 31, 2024 and 2023, respectively..

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In February 2024, FNB approved a \$166,496 loan at an interest rate of 5.61%. Principal and interest payments of \$3,197.78 are due monthly until the maturity date of February 27, 2029. The outstanding balance of the loan is \$141,858 at December 31, 2024.

The following summarizes the required future payments for above PWSA and FNB loans:

December 31,	Principal	Interest	Total
2025	\$ 62,707	\$ 12,967	\$ 75,674
2026	66,309	9,320	75,629
2027	70,168	5,460	75,628
2028	51,183	1,878	53,061
2029	6,300	46	6,346
	256,667	\$ 29,671	\$ 286,338
Current portion	62,707		
Notes Payable	\$ 193,960		

6. Pension Plan

Plan Description

The Authority's Pension Plan (plan) is a single employer defined benefit pension plan established under the provisions of Act 205 of 1984 of the Commonwealth of Pennsylvania (Act). The plan was established on August 21, 1996 and is governed by the Board of Directors (Board) of the Authority, which may amend plan provisions, and which is responsible for the management of plan assets. The Board has delegated the authority to manage certain plan assets to US Asset Management. The plan does not issue separate stand-alone financial statements.

The plan is available to any person employed on a full-time, permanent basis by the Authority, hired prior to December 31, 2006. Participation in the plan was frozen to new entrants effective December 31, 2006. Pension benefits become 100 percent vested after the completion of five years of credited service. Eligibility for the normal retirement benefit is after the attainment of age 65 and completion of 15 years of credited service or attainment of age 62 and completion of 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.

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

As of December 31, 2024, plan membership consisted of the following:

Active	6
Retirees and beneficiaries currently receiving benefits	19
Terminated plan members entitled to, but not yet receiving benefits	<u>5</u>
Total	<u><u>30</u></u>

As of December 31, 2023, plan membership consisted of the following:

Active	11
Retirees and beneficiaries currently receiving benefits	15
Terminated plan members entitled to, but not yet receiving benefits	<u>5</u>
Total	<u><u>31</u></u>

Benefits Provided

Retirement Benefit – For normal retirement, a participant is entitled to begin receiving benefits at the age of 65 and completion of 15 years of credited service. The scheduled monthly retirement benefit is payable monthly during the participant's lifetime, with 120 payments guaranteed. The amount of monthly pension is equal to \$40 times years of continuous service. For special retirement, a participant is eligible after attainment of age 62 and 25 years of service, at which time the participant may commence receiving the unreduced accrued benefit.

Disability Benefit – A participant is eligible for disability benefits if there is total and permanent disablement that qualifies the participant for Social Security disability benefits. The participant is then eligible for immediate monthly payment of the accrued benefit.

Death Benefit – If a participant's death occurs after vesting but before retirement, and is vested, 100% of the contributions plus interest will be refunded to the designated beneficiary.

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Cost-of-Living Adjustments – Benefit terms do not provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date.

Contributions

The Authority is required to contribute an actuarially determined amount necessary to fund the plan using the actuarial basis specified by statute. The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation.

Under the terms of the plan, all participating employees are required to contribute \$40 per month of their compensation under the plan.

During 2024, the Authority paid the calculated MMO of \$93,196 into the plan. During 2023, the Authority paid the calculated MMO of \$93,109 into the plan.

Net Pension Liability (Asset)

Measurement Date – The Authority's net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2023. The Authority's net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2023.

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Actuarial Assumptions – The total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases	3.50%
Underlying inflation rate	2.50%

Pub-2010 (General, MP-2021) Mortality Table

Changes in Actuarial Assumptions – For the January 1, 2023 actuarial valuation, there was an update to the underlying inflation rate from 2.00% to 2.50%.

There were no changes of benefit terms.

Investment Policy – The plan's policies in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that balances asset growth with risk tolerance achieving an average annual return of 6.25% over a 10-year period, maintain the liquidity to have the ability to pay all benefits and expense obligations when due in accordance with the plan provision, diversify the assets to experience a positive total investment return preserving capital and purchase power against economic inflation, and continue to grow assets at a rate above and beyond that of the actuarial assumption of 5.25% per year.

Long-Term Expected Rate of Return – The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The following were the asset allocation policy and best estimates of geometric real rates of return for each major asset class included in the plan's target asset allocations as of December 31, 2024 and 2023:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equities	45%	8.49%
International Equities	5%	3.21%
Fixed Income	45%	2.41%
Cash & Cash Equivalents	5%	0.37%
	<u>100%</u>	

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ended December 31, 2024 and 2023, the annual money-weighted rate of return on the plan investments, net of investment expense, was 13.17% and 15.87% respectively.

Concentrations – The plan had no investment concentrations at December 31, 2024 and 2023.

Discount Rate – The discount rate used to measure the total pension liability for the plan was 5.25%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that the Authority's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Net Pension Liability (Asset) – Changes in the Authority’s net pension liability (asset) are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances at 12/31/23	\$ 3,516,805	\$ 3,479,223	\$ 37,582
Changes for the year:			
Service cost	43,297	-	43,297
Interest	180,663	-	180,663
Employer contributions	-	93,196	(93,196)
Member contributions	-	4,140	(4,140)
Net investment income (loss)	-	447,532	(447,532)
Change of assumptions	366,833	-	366,833
Benefits payments, including refunds of employee contributions	(244,056)	(244,056)	-
Differences between expected and actual experience	(103,491)	-	(103,491)
Other changes	-	-	-
Administrative expenses	-	-	-
Balances 12/31/24	<u>\$ 3,760,051</u>	<u>\$ 3,780,035</u>	<u>\$ (19,984)</u>
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances at 12/31/22	\$ 3,481,922	\$ 3,094,937	\$ 386,985
Changes for the year:			
Service cost	42,558	-	42,558
Interest	179,695	-	179,695
Employer contributions	-	93,109	(93,109)
Member contributions	-	5,280	(5,280)
Net investment income (loss)	-	481,883	(481,883)
Change of assumptions	-	-	-
Benefits payments, including refunds of employee contributions	(187,586)	(187,586)	-
Differences between expected and actual experience	216	-	216
Other changes	-	-	-
Administrative expenses	-	(8,400)	8,400
Balances 12/31/23	<u>\$ 3,516,805</u>	<u>\$ 3,479,223</u>	<u>\$ 37,582</u>

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The plan fiduciary net position as a percentage of total pension liability for the years ended December 31, 2024 and 2023 were 100.53% and 98.93% respectively.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the plan calculated using the discount rates described above, as well as what the plan's net pension liabilities (assets) would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate at December 31, 2024 and 2023:

	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Net Pension Liability - 2024	\$ 389,509	\$ (19,984)	\$ (366,828)
	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Net Pension Liability (Asset) - 2023	\$ 435,524	\$ 37,582	\$ (299,536)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the years ended December 31, 2024 and 2023, the Authority recognized pension expense of \$303,632 and (\$19,223) respectively.

At December 31, 2024, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20	\$ (49,022)
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(137,188)
	\$ 20	\$ (186,210)

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At December 31, 2023, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 118	\$ 1,665
Change of assumptions	1,126	-
Net difference between projected and actual earnings on pension plan investments	82,233	-
	<u>\$ 83,477</u>	<u>\$ 1,665</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:

2025	\$ (57,980)
2026	43,960
2027	(118,335)
2028	(53,835)
	<u>\$ (186,190)</u>

7. Postemployment Benefits Other Than Pension Benefits (OPEBs)

Plan Description

In addition to the benefits described in Note 6, the Authority provides postemployment healthcare benefits and post-retirement life insurance to all of its retiring employees (Union and Non-Union). The OPEB plan is a single employer defined benefit OPEB plan administered by the Authority. The Authority has not accumulated assets for the retiree

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plan in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75; benefits are paid on a pay-as-you-go basis. This plan does not issue stand-alone financial statements.

All employees, union and non-union, are eligible to receive the postemployment benefits. The Authority does not have a specific age at which employees are eligible to receive postemployment benefits; rather, the only requirement is that the employee must retire and not be terminated.

As of December 31, 2024, the following employees were covered by the benefit terms:

Current retired participants receiving OPEB benefits	3
Active participants	<u>25</u>
	<u>28</u>

As of December 31, 2023, the following employees were covered by the benefit terms:

Current retired participants receiving OPEB benefits	0
Active participants	<u>27</u>
	<u>27</u>

Benefits Provided

At retirement, the retiree receives a fully paid premium life insurance policy, with \$8,000 death benefit. The Authority purchases the policy while the employee is in service; at retirement, the Authority assigns the policy to the retiree. Policies held for employees who terminate for reasons other than retirement are cashed in, with the proceeds returning to the Authority.

The Authority also provides postemployment medical benefits, applicable to retirees who retire at less than age 65. The Authority pays 100% of COBRA composite rate of Western Pennsylvania Teamsters Plan 9a for earlier of 18 months or the date the retiree reaches age 65. If the retiree wishes to continue coverage, the Authority will pay 100% of the premium for a retiree selected plan that provides health benefits comparable to Plan 9a, until the retiree reaches age 65.

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There are no postemployment benefits provided to spouses.

Total OPEB Liability

Measurement Date – The Authority’s total OPEB liability of \$364,858 was measured as of December 31, 2024 and was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024.

The Authority’s total OPEB liability of \$369,488 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2023.

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial funding method	Entry Age Normal, level % of pay
Amortization of unfunded accrued liability	30 year open from valuation date level dollar using valuation discount rate
Salary increases	3.75%
Discount rate	3.26% per year
Healthcare cost trend rates	5.00% for 2024; Based on actual experience Projections for years after 2024 based on Getzen Model (v 2024_1b)
Mortality Table	Pub-2010 Public Retirement Plans General Employee Male and Female Tables at valuation year 2024 with generational improvement using full 2D Mortality Improvement Rates MP-2021

The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study as of January 1, 2024.

Changes in Actuarial Assumptions – For the January 1, 2024 actuarial valuation, the discount rate was updated to 3.26% from 3.72% and results from the last valuation date of 1/1/24 were rolled forward to 12/31/24 with liabilities adjusted for the updated discount rate.

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There were no changes of benefit terms.

Discount Rate – The discount rate used to measure the total OPEB liability was based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total OPEB Liability – Changes in the Authority’s total OPEB liability are as follows:

	Total OPEB Liability	
	2024	2023
Balance at January 1,	\$ 369,488	\$ 379,139
Changes for the year:		
Service cost	31,128	37,311
Interest	13,745	7,810
Changes of benefit terms	(149,431)	
Actual and expected differences	113,081	(6,481)
Changes of assumptions	(13,153)	(48,291)
Benefit payments	-	-
Net changes	(4,630)	(9,651)
Balance at December 31,	<u>\$ 364,858</u>	<u>\$ 369,488</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Authority, calculated using the discount rates described above, as well as what the Authority’s total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate as of December 31, 2024 and 2023:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB liability - 2024	\$ 385,444	\$ 364,858	\$ 346,408

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	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability - 2023	\$ 397,674	\$ 369,488	\$ 343,802

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates as of December 31, 2024 and 2023:

	1% Decrease (4.00%)	Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability - 2024	\$ 348,721	\$ 364,858	\$ 384,409

	1% Decrease (4.00%)	Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability - 2023	\$ 333,380	\$ 369,488	\$ 421,468

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the years ended December 31, 2024 and 2023, the Authority recognized OPEB expense of (\$103,927) and \$39,104, respectively.

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At December 31, 2024 and 2023, the Authority reported deferred outflows and inflows of resources related to OPEB as follows:

	December 31, 2024		December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,164	\$ 33,671	\$ 6,154	\$ 37,613
Change of assumptions	30,160	75,726	33,775	69,686
Employer payments for OPEB subsequent to measurement date and before fiscal year end	-	-	-	-
Total	<u>\$ 141,324</u>	<u>\$ 109,397</u>	<u>\$ 39,929</u>	<u>\$ 107,299</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2025	\$ 631
2026	631
2027	631
2028	631
2029	631
2030 and after	<u>28,772</u>
	<u>\$ 31,927</u>

8. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan (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

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available to the employees until termination, retirement, death, or unforeseeable emergency.

At December 31, 2024, all amounts of compensation deferred under the plan, 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. Deferred compensation plan contributions totaled \$289,084 and \$126,041 at December 31, 2024 and 2023, respectively. Under the provisions of GASB Statement No. 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.

9. Intermunicipal Agreement

On July 18, 2000, Baldwin Borough, Whitehall Borough, Brentwood Borough, and the Authority entered into an intermunicipal agreement to participate in the construction of the Streets Run Trunk Sewer Rehabilitation Project. As part of this agreement, the Authority will be responsible for maintaining an allocated portion of the Interceptor sewer lines based on an Allegheny County Board of Viewers allocation dated September 18, 1950. The costs incurred to rehabilitate the lines are being amortized over their useful life. The net unamortized balance is reported as cost of sewer capacity improvements on the statements of net position.

Pursuant to various inter-municipal agreements and resolutions adopted by Baldwin Borough, Whitehall Borough, Brentwood Borough, and the Authority, the PWSA performed a rehabilitation project in the Streets Run Interceptor Sewer, provided that the City of Pittsburgh and the other municipalities named above would share in the cost of maintaining and repairing the Streets Run Interceptor Sewer. PWSA and the Authority have agreed that the Authority will be responsible for 18% of the costs of such maintenance repairs for purposes of this specific project. The costs incurred to rehabilitate the lines are being amortized over their useful life. The net unamortized balance is reported as cost of sewer capacity improvements on the statements of net position. The related debt is recorded in Notes Payable in the statement of net position.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

10. Commitments and Contingencies

The Authority is party to a number of actual and possible matters of litigation. The ultimate outcome of such matters is not expected to be material to the Authority's financial statements.

The Authority had approximately \$936,000 of construction commitments related to Pump station improvements at December 31, 2024.

11. 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.

REQUIRED SUPPLEMENTARY INFORMATION

**WEST MIFFLIN SANITARY SEWER
MUNICIPAL AUTHORITY**

SCHEDULE OF CHANGES IN THE AUTHORITY'S NET
PENSION LIABILITY (ASSET) AND RELATED RATIOS

LAST 10 FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability (Asset):										
Service cost	\$ 43,297	\$ 42,558	\$ 39,410	\$ 43,048	\$ 48,725	\$ 38,115	\$ 38,869	\$ 27,752	\$ 27,787	\$ 27,835
Interest	180,663	179,695	178,123	179,474	179,206	180,269	184,353	191,399	188,551	189,475
Changes of benefit terms	366,833	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(103,491)	216	(9,989)	(50,848)	1,071	14,325	(119,411)	(126,698)	(5,953)	(70,439)
Changes of assumptions	-	-	6,756	-	(20,718)	469,739	-	71,010	-	-
Benefit payments, including refunds of member contributions	(244,056)	(187,586)	(187,586)	(198,378)	(195,372)	(171,225)	(167,702)	(172,829)	(158,756)	(168,826)
Net Changes in Total Pension Liability (Asset)	243,246	34,883	26,714	(26,704)	12,912	531,223	(63,891)	(9,366)	51,629	(21,955)
Total Pension Liability (Asset) - Beginning	3,516,805	3,481,922	3,455,208	3,481,912	3,469,000	2,937,777	3,001,668	3,011,034	2,959,405	2,981,360
Total Pension Liability (Asset) - Ending (a)	\$ 3,760,051	\$ 3,516,805	\$ 3,481,922	\$ 3,455,208	\$ 3,481,912	\$ 3,469,000	\$ 2,937,777	\$ 3,001,668	\$ 3,011,034	\$ 2,959,405
Plan Fiduciary Net Position:										
Contributions - employer	\$ 93,196	\$ 93,109	\$ 145,142	\$ 146,000	\$ 148,369	\$ 138,334	\$ 168,085	\$ 168,634	\$ 194,661	\$ 188,271
Contributions - member	4,140	5,280	5,280	5,060	6,380	7,200	7,340	6,720	9,120	9,120
Net investment income (loss)	447,532	481,883	(615,781)	439,552	362,618	516,001	(73,492)	301,267	136,462	(15,918)
Benefit payments, including refunds of member contributions	(244,056)	(187,586)	(187,586)	(198,378)	(195,372)	(171,225)	(167,702)	(172,829)	(158,756)	(168,826)
Administrative expense	-	(8,400)	(8,950)	(7,750)	-	-	(8,900)	(3,575)	(12,462)	-
Other	-	-	-	-	-	-	-	772	-	-
Net Change in Plan Fiduciary Net Position	300,812	384,286	(661,895)	384,484	321,995	490,310	(74,669)	300,989	169,025	12,647
Plan Fiduciary Net Position - Beginning	3,479,223	3,094,937	3,756,832	3,372,348	3,050,353	2,560,043	2,634,712	2,333,723	2,164,698	2,152,051
Plan Fiduciary Net Position - Ending (b)	\$ 3,780,035	\$ 3,479,223	\$ 3,094,937	\$ 3,756,832	\$ 3,372,348	\$ 3,050,353	\$ 2,560,043	\$ 2,634,712	\$ 2,333,723	\$ 2,164,698
Net Pension Liability (Asset) - Ending (a-b)	\$ (19,984)	\$ 37,582	\$ 386,985	\$ (301,624)	\$ 109,564	\$ 418,647	\$ 377,734	\$ 366,956	\$ 677,311	\$ 794,707
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.5%	98.9%	88.9%	108.7%	96.9%	87.9%	87.1%	87.8%	77.5%	73.1%
Covered Payroll	\$ 527,652	\$ 925,115	\$ 917,417	\$ 882,776	\$ 954,028	\$ 1,043,355	\$ 1,096,668	\$ 1,159,896	\$ 1,253,376	\$ 1,211,986
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-3.79%	4.06%	42.18%	-34.17%	11.48%	40.13%	34.44%	31.64%	54.04%	65.57%

See accompanying notes to required supplementary information.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS

LAST 10 FISCAL YEARS

Schedule of Authority's Contributions	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 93,196	\$ 93,109	\$ 145,142	\$ 146,000	\$ 148,369
Contributions in relation to the actuarially determined contribution	93,196	93,109	145,142	146,000	148,369
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 920,383</u>	<u>\$ 921,962</u>	<u>\$ 895,245</u>	<u>\$ 948,148</u>	<u>\$ 972,676</u>
Contributions as a percentage of covered payroll	10.13%	10.10%	16.21%	15.40%	15.25%
Schedule of Authority's Contributions	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 138,334	\$ 168,085	\$ 168,634	\$ 194,661	\$ 188,271
Contributions in relation to the actuarially determined contribution	138,334	168,085	168,634	194,661	188,271
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 1,119,900</u>	<u>\$ 1,155,407</u>	<u>\$ 1,347,313</u>	<u>\$ 1,666,172</u>	<u>\$ 1,496,897</u>
Contributions as a percentage of covered payroll	12.35%	14.55%	12.52%	11.68%	12.58%

See accompanying notes to required supplementary information.

**WEST MIFFLIN SANITARY SEWER
MUNICIPAL AUTHORITY**

SCHEDULE OF AUTHORITY'S INVESTMENT RETURNS

LAST 10 FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Investment Returns										
Annual money-weighted rate of return, net of investment expense	13.17%	15.87%	-16.52%	13.20%	11.99%	20.38%	-2.82%	13.05%	6.72%	-0.75%

See accompanying notes to required supplementary information.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service cost	\$ 31,128	\$ 37,311	\$ 28,377	\$ 25,405	\$ 21,986	\$ 23,080	\$ 22,312
Interest	13,745	7,810	7,721	9,097	13,693	11,552	10,711
Changes of benefit terms	(149,431)	-	-	-	-	-	-
Differences between expected and actual experiences	113,081	(6,481)	6,335	992	(45,461)	-	-
Changes of assumptions	(13,153)	(48,291)	(18,199)	17,392	29,473	(16,031)	-
Benefit payments	-	-	(18,550)	(22,847)	(22,136)	(17,110)	-
Net Change in Total OPEB Liability	(4,630)	(9,651)	5,684	30,039	(2,445)	1,491	33,023
Total OPEB Liability - Beginning	369,488	379,139	373,455	343,416	345,861	344,370	311,347
Total OPEB Liability - Ending	\$ 364,858	\$ 369,488	\$ 379,139	\$ 373,455	\$ 343,416	\$ 345,861	\$ 344,370

* Until a full 10-year trend is compiled, the required information for the plan is presented only for those years for which information is available.

See accompanying notes to required supplementary information.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

Actuarial Methods and Assumptions – Pension

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

Actuarial valuation date	1/1/2023
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	7 years
Asset valuation method	3-Year Smoothing
Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases	3.50%
Underlying inflation rate	2.50%
Pre- and Post-Mortality Assumptions:	
Assumptions:	Pub-10, General
Retirement age	Normal Retirement Age

Benefit Changes - Pension

No benefit terms were modified.

Changes in Actuarial Assumptions - Pension

The long-term rate of return assumption net of inflation was increased from 2.00% to 2.50%.

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

Actuarial Methods and Assumptions - OPEB

The information presented in the required supplementary OPEB 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	1/1/2024
Actuarial funding method	Entry Age Normal, level % of pay
Amortization of unfunded accrued liability	30 year open from valuation date level dollar using valuation discount rate
Salary increases	3.75%
Discount rate	3.26% per year
Healthcare cost trend rates	5.00% for 2024; Based on actual experience Projections for years after 2024 based on Getzen Model (v 2024_1b)
Mortality Table	Pub-2010 Public Retirement Plans General Employee Male and Female Tables at valuation year 2024 with generational improvement using full 2D Mortality improvement Rates MP-2021

The discount rate was based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Benefit Changes - OPEB

No benefit terms were modified.

Changes in Actuarial Assumptions - OPEB

Changes were made to the actuarial assumptions used in the December 31, 2024 measurement rolled forward from the previous measurement date of December 31, 2023. These changes include a decrease in discount rate from 3.72% to 3.26%.

Changes were made to the actuarial assumptions used in the December 31, 2023 measurement rolled forward from the previous measurement date of December 31, 2022. These changes include a increase in discount rate from 2.06% to 3.72%.

SUPPLEMENTARY INFORMATION

WEST MIFFLIN SANITARY SEWER MUNICIPAL AUTHORITY

ANALYSIS OF OPERATING REVENUES AND EXPENSES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Operating Revenues:		
Sewage rentals	\$ 7,100,997	\$ 6,869,237
Storm water	1,961,496	826,006
Total operating revenues	<u>\$ 9,062,493</u>	<u>\$ 7,695,243</u>
Operating Expenses:		
Sewer system operation:		
Sewage treatment plants	\$ 457,956	\$ 496,296
Utilities	484,763	573,233
Sewer crew expenses	54,920	90,051
Pretreatment expenses	10,127	15,717
Payroll	2,284,997	2,192,700
Payroll taxes	192,787	176,343
Benefits	816,532	593,615
Office supplies	23,506	24,145
Communications	20,166	15,422
Postage	1,063	2,133
Advertisements	105	2,524
Fee collection costs	235,632	220,244
Engineering fees	100,405	26,430
Insurance	224,804	209,212
Seminars	-	1,574
Professional services	50,132	53,683
Miscellaneous expenses	44,855	55,224
Stormwater system operation:		
Stormwater treatment plants	22,509	24,318
Stormwater crew expense	9,076	306
Office supplies	-	120
Advertisements	125	323
Fee Collection costs	53,315	15,723
Engineering fees	32,755	119,495
Professional services	14,256	26,037
Purchased sewer treatment	999,871	1,055,509
Depreciation and amortization	1,459,923	1,405,678
Total operating expenses	<u>\$ 7,594,580</u>	<u>\$ 7,396,055</u>