

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

**FINANCIAL STATEMENTS, REQUIRED
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITORS' REPORT
December 31, 2023 and 2022**

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fox Chapel Authority
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying financial statements of Fox Chapel Authority (Water Works System) (the "Authority") as of and for the years ended December 31, 2023 and 2022, 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 financial position of the Authority as of December 31, 2023 and 2022 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fox Chapel Authority (Water Works System) 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 opinion.

Prior Period Adjustment

As discussed in Note 9 to the financial statements, certain errors resulted in an understatement of amounts for accrued sick pay, were discovered during the current year. Accordingly, amounts reported for accrued sick pay have been restated in the 2023 financial statements now presented, and adjustment has been made to the Authority's net position as of December 31, 2022, to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and pension information 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 supplemental 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.

Louis Plurigi Company, LLP

Pittsburgh, Pennsylvania
July 26, 2024

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

This section of the Fox Chapel Authority's (the "Authority") comparative 2023 and 2022 year ended financial statements enclosed have been conformed to meet the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Authority's basic financial statements.

Our discussion and analysis of the Authority's financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2023. Please read it in conjunction with the Authority's financial statements.

GENERAL

The Fox Chapel Authority was created by Fox Chapel Borough and the Townships of Harmar, Indiana and O'Hara in accordance with the Pennsylvania Municipality Authorities Act of June 28, 1935 for a term of 50 years. The Authority was incorporated on September 23, 1938 and is authorized to operate water treatment, supply, and distributions systems. On June 30, 2012, the Authority's life was extended to December 31, 2050.

The Authority currently serves 5,532 accounts with the following breakdown: 5,291 residential, 214 commercial, 22 municipal, 1 industrial, and 4 bulk customers. The system consists of approximately 114 miles of pipe ranging in size from 2" to 16" diameter. The system has five storage facilities with a capacity of 3.63MG. The Authority is constantly upgrading its distribution system and storage facilities.

In July of 1995, the Authority entered into a 30-year water supply agreement with Pittsburgh Water and Sewer Authority to supply up to 10MG annually. The Fox Chapel Authority water treatment plant ceased operating in November 1997.

FINANCIAL HIGHLIGHTS

Management believes the Authority's financial condition is strong. The Authority is well within the policies and guidelines set by the Board. The following are key financial highlights:

- The Authority's net position increased by \$321,921 for 2023 as a result of operations.
- The Authority's operating revenues increased by \$392,053. The increase in operating revenues resulted principally from an increase in water sales.
- The increase in operating expenses of \$99,187 resulted primarily from general and administrative expenses.
- Capital expenditures totaled \$170,622 for 2023.

**FOX CHAPEL AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority's use of accounting methods 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* is the first required statement; it includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and nature and extent of obligations (liabilities). It also provides the basis for computing the rates of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

Next is the *Statement of Revenues, Expenses and Changes in Net Position*. This statement summarizes the Authority's revenues and expenses and can be used to determine whether the Authority has successfully recovered all its costs through its water rates and other fees.

The third required 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 flows from operating activities, capital and related financing activities, and investing activities, as well as net changes in cash during the year.

The Notes to Financial Statements provide required disclosures and other information essential to a full understanding of material data provided in the statements. The notes present information on the Authority's accounting policies, basis of accounting, cash and investments, capital assets, outstanding debt, and other significant activities, such as related party transactions, material risks, commitments, reimbursed income, and subsequent events, as applicable to the Authority.

The unmodified (i.e., clean) opinion of our independent external auditors, Louis Plung & Company, LLP, is included in this report.

FINANCIAL ANALYSIS

The *Statement of Net Position* and the *Statement of Revenues, Expenses and Change in Net Position* report information about the Authority's financial condition. The Authority's net position, i.e., the difference between assets and liabilities, is a measure of financial health or financial position. Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or declining. However, other non-financial factors such as changes in economic conditions, population growth, and new or changed legislation also need to be considered in assessing the Authority's financial condition.

**FOX CHAPEL AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Table 1 presents a condensed summary of the Authority's Statements of Net Position:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
ASSETS			
Current assets	\$ 3,914,940	\$ 3,570,730	\$ 344,210
Investment in facilities	26,446,510	26,824,520	(378,010)
Non-current assets	<u>434,139</u>	<u>405,469</u>	<u>28,670</u>
TOTAL ASSETS	<u>30,795,589</u>	<u>30,800,719</u>	<u>(5,130)</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>237,835</u>	<u>298,472</u>	<u>(60,637)</u>
LIABILITIES			
Current liabilities	1,386,836	1,415,089	(28,253)
Long-term debt	4,226,962	4,706,182	(479,220)
Pension liability	<u>229,593</u>	<u>108,645</u>	<u>120,948</u>
TOTAL LIABILITIES	<u>5,843,391</u>	<u>6,229,916</u>	<u>(507,473)</u>
DEFERRED INFLOWS OF RESOURCES	<u>561,797</u>	<u>562,960</u>	<u>(1,163)</u>
NET POSITION			
Invested in facilities, net of related debt	21,740,328	21,647,845	92,483
Unrestricted	<u>2,887,908</u>	<u>2,658,470</u>	<u>229,438</u>
TOTAL NET POSITION	<u>\$ 24,628,236</u>	<u>\$ 24,306,315</u>	<u>\$ 321,921</u>

**FOX CHAPEL AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Table 2 presents a condensed summary of the Authority's Statements of Revenues, Expenses, and Changes in Net Position:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
REVENUE			
Water sales and fire protection	\$ 5,988,692	\$ 5,638,174	\$ 350,518
Other operating fees	289,772	248,237	41,535
Non-operating income	60,674	59,376	1,298
Total revenue	<u>6,339,138</u>	<u>5,945,787</u>	<u>393,351</u>
EXPENSES			
Operating expenses, net of depreciation	5,465,665	5,341,140	124,525
Depreciation	548,632	573,970	(25,338)
Non-operating expenses	93,764	102,704	(8,940)
Total expenses	<u>6,108,061</u>	<u>6,017,814</u>	<u>90,247</u>
CAPITAL CONTRIBUTIONS	<u>90,844</u>	<u>38,808</u>	<u>52,036</u>
CHANGE IN NET POSITION	321,921	(33,219)	303,104
NET POSITION - Beginning of year	<u>24,306,315</u>	<u>24,339,534</u>	<u>(33,219)</u>
NET POSITION - END OF YEAR	<u>\$ 24,628,236</u>	<u>\$ 24,306,315</u>	<u>\$ 321,921</u>

BUDGET HIGHLIGHTS

The Authority's Board annually approves an operating budget. This budget is considered a management tool and is not revised during the year. The budgetary amounts are presented here and are not shown in the financial statement section of this report.

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	Variance Positive (Negative)
OPERATING REVENUES			
Water sales	\$ 5,324,954	\$ 5,621,092	\$ 296,138
Fire protection	355,675	367,600	11,925
Other	<u>203,463</u>	<u>289,772</u>	<u>86,309</u>
Total operating revenue	5,884,092	6,278,464	394,372
OPERATING EXPENSES			
Distribution system	3,725,076	4,466,265	741,189
General and administrative	762,190	999,400	237,210
Depreciation	<u>560,000</u>	<u>548,632</u>	<u>(11,368)</u>
Total operating expenses	5,047,266	6,014,297	967,031
OPERATING INCOME	836,826	264,167	(572,659)
OTHER INCOME (EXPENSE)			
Lease income	50,000	60,674	10,674
Interest expense	<u>(93,763)</u>	<u>(93,764)</u>	<u>(1)</u>
Total other income (expense)	(43,763)	(33,090)	10,673
CAPITAL CONTRIBUTIONS	<u>20,500</u>	<u>90,844</u>	<u>70,344</u>
UNALLOCATED EARNINGS	<u>\$ 813,563</u>	<u>\$ 321,921</u>	<u>\$ (502,316)</u>

OVERALL GENERAL ECONOMIC CLIMATE AND 2024 BUDGET

Since 1994, the Authority has very actively pursued a program of capital renewal. As of the end of 2023, the Authority has invested in excess of \$30,000,000 both to replace its older and problem-prone facilities and to improve the level of public water supply and fire protection service it provides. The Authority facilities are generally in good repair.

The Authority's 2024 budget reflects an increase in operating revenues of approximately 2.3%. The budget also has operating expenses decreasing by approximately \$928,000 below their 2023 levels.

The revenue estimate for 2024 is based upon conservative assumptions regarding customer growth and water sales and includes a 3% increase in water rates effective January 1, 2024.

The expense estimate included provisions to accommodate inflation, a 5% increase in the water purchase rate from PWSA effective January 1, 2024, and to account for its system wide meter replacement capital plan started in 2023. The expense budget also includes the assumption that the rate of unaccounted-for water loss will be estimated at 18%, 2% lower than the rate of loss experienced over the twelve months ending December 31, 2023.

**FOX CHAPEL AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide our 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 questions regarding this report, please contact in writing the Authority's Manager at 255 Alpha Drive, Pittsburgh, Pennsylvania 15238.

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

STATEMENTS OF NET POSITION
December 31, 2023 and 2022 (Restated)

	<u>ASSETS</u>	
	<u>2023</u>	(Restated) <u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,884,165	\$ 1,843,479
Accounts receivable	1,196,568	1,292,141
Lease receivable	40,452	15,686
Inventory	699,104	327,090
Prepaid expenses	94,651	92,334
Total current assets	<u>3,914,940</u>	<u>3,570,730</u>
INVESTMENT IN FACILITIES, NET	26,446,510	26,824,520
LEASE RECEIVABLE, NON-CURRENT	<u>434,139</u>	<u>405,469</u>
TOTAL ASSETS	30,795,589	30,800,719
DEFERRED OUTFLOWS OF RESOURCES - PENSION	<u>237,835</u>	<u>298,472</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 31,033,424</u>	<u>\$ 31,099,191</u>

The accompanying notes are an integral part of these financial statements

**FOX CHAPEL AUTHORITY
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STATEMENTS OF NET POSITION (CONTINUED)
December 31, 2023 and 2022 (Restated)

	<u>LIABILITIES</u>	
	<u>2023</u>	(Restated) <u>2022</u>
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 479,220	\$ 470,493
Accounts payable	759,952	792,551
Accrued sick pay	146,644	151,025
Consumers' and developers' deposits	1,020	1,020
Total current liabilities	<u>1,386,836</u>	<u>1,415,089</u>
LONG-TERM DEBT, net of current portion	4,226,962	4,706,182
PENSION LIABILITY	<u>229,593</u>	<u>108,645</u>
TOTAL LIABILITIES	<u>5,843,391</u>	<u>6,229,916</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	105,416	151,258
Lease	456,381	411,702
Total deferred inflows of resources	<u>561,797</u>	<u>562,960</u>
	<u>NET POSITION</u>	
Invested in facilities, net of related debt	21,740,328	21,647,845
Unrestricted	<u>2,887,908</u>	<u>2,658,470</u>
TOTAL NET POSITION	<u>24,628,236</u>	<u>24,306,315</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 31,033,424</u>	<u>\$ 31,099,191</u>

The accompanying notes are an integral part of these financial statements

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Years Ended December 31, 2023 and 2022 (Restated)

	<u>2023</u>	(Restated) <u>2022</u>
OPERATING REVENUES		
Water sales	\$ 5,621,092	\$ 5,287,381
Fire protection	367,600	350,793
Other	<u>289,772</u>	<u>248,237</u>
Total operating revenues	<u>6,278,464</u>	<u>5,886,411</u>
OPERATING EXPENSES		
Distribution system	4,466,265	4,582,097
General and administrative	999,400	759,043
Depreciation	<u>548,632</u>	<u>573,970</u>
Total operating expenses	<u>6,014,297</u>	<u>5,915,110</u>
OPERATING INCOME (LOSS)	264,167	(28,699)
OTHER INCOME (EXPENSE)		
Lease income	60,674	59,376
Interest expense	<u>(93,764)</u>	<u>(102,704)</u>
Total other income (expense)	<u>(33,090)</u>	<u>(43,328)</u>
CAPITAL CONTRIBUTIONS	<u>90,844</u>	<u>38,808</u>
CHANGE IN NET POSITION	321,921	(33,219)
Net Position at Beginning of Year	<u>24,306,315</u>	<u>24,339,534</u>
NET POSITION AT END OF YEAR	<u>\$ 24,628,236</u>	<u>\$ 24,306,315</u>

The accompanying notes are an integral part of these financial statements

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022 (Restated)

	<u>2023</u>	(Restated) <u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 6,320,601	\$ 5,415,607
Payments for operating expenses	<u>(5,696,554)</u>	<u>(4,737,645)</u>
Net cash provided by operating activities	<u>624,047</u>	<u>677,962</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	90,844	38,808
Acquisition and construction of capital assets	(170,622)	(350,533)
Principal payments on long-term debt	(470,493)	(338,921)
Interest paid on long-term debt	(93,764)	(102,704)
Lease income	<u>60,674</u>	<u>59,376</u>
Net cash used in capital and related financing activities	<u>(583,361)</u>	<u>(693,974)</u>
Net increase (decrease) in cash and cash equivalents	40,686	(16,012)
Cash and cash equivalents - beginning of year	<u>1,843,479</u>	<u>1,859,491</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u>1,884,165</u>	\$ <u>1,843,479</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 264,167	\$ (28,699)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	548,632	573,970
Amortization of deferred outflows and deferred inflows	119,748	191,008
Changes in operating and liabilities:		
(Increase) decrease in accounts receivables	102,811	(470,804)
Increase in inventory	(372,014)	(78,171)
(Increase) decrease in prepaid expenses	(2,317)	266,313
Increase (decrease) in accounts payable	(32,599)	231,883
Decrease in accrued sick pay	<u>(4,381)</u>	<u>(7,538)</u>
Net cash provided by operating activities	<u>\$ 624,047</u>	<u>\$ 677,962</u>
Supplemental schedule of noncash capital and related financing activities:		
Borrowings on long-term debt	<u>\$ -</u>	<u>\$ 5,600,000</u>

The accompanying notes are an integral part of these financial statements

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

General Statement - Fox Chapel Authority (the "Authority") is a public corporation existing under the laws of the Commonwealth of Pennsylvania, pursuant to Act 22 of 2001 which governs municipal authorities. The Authority provides water service to commercial and residential customers for four municipalities in Western Pennsylvania. The Authority has no stockholders, and revenue is disbursed for specific purposes in accordance with the provisions of the Security Agreement dated January 12, 2022 securing the Water Revenue Note Series of 2022 (See Note 6).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Authority's financial statements are presented using the accrual method of accounting, under which revenues are recorded in the period that they are earned, and expenses are recorded when the liability is incurred. The Authority follows the accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB).

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations are included on the statement of net position.

Reporting Entity - The report includes all of the services provided by the Authority to residents and businesses within its boundaries. Authority services include providing water for consumption and fire protection and maintenance of water lines. The basic criterion for including a potential component unit within the Authority's reporting entity is the ability of the Authority to exercise oversight responsibly. In addition, criteria used in this determination includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, factors other than oversight which may significantly influence the entity relationship include the scope of public service and special financing relationships. Therefore, based upon these criteria, the Authority has no component units.

Use of Estimates - The preparation of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Authority considers all investments purchased with an original maturity date of three months or less to be cash equivalents. The Authority maintains cash balances with financial institutions which, at times, exceed federally insured limits (See Note 3).

Tap-In Fees - Tap-in fees are a one-time charge billed to customers who are connecting to the existing system. Tap-in fees are imposed non-exchange transactions that are recorded as a capital contribution.

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

NOTES TO FINANCIAL STATEMENTS

Allowance for Doubtful Accounts - The Authority's management considers whether accounts receivable are fully collectible. If any accounts become uncollectible, they will be charged to general and administrative in the statements of revenues, expenses and changes in net position when that determination is made. The Authority considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Lease Receivable - The Authority recognizes and measures its leases in accordance with GASB Statement No. 87, Leases. The Authority assesses at contract inception, or when the terms of an existing contract are changed, whether the contract is, or contains, a lease. The Authority's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

The Authority adopted the new accounting standard using a modified retrospective transition method and applied the transition provisions at the beginning of the period of adoption. The prior period financial statements were not restated. The adoption of the new lease accounting standard did not have a material impact on the change in net position.

Fund Accounting - The accounts of the Authority are organized on the basis of a fund, which is considered a separate accounting entity. The operation of this fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The fund is classified as a Proprietary Fund.

Enterprise Fund - The only fund of the Authority that is used to account for the operations of the Authority. Enterprise funds are to account for operations (a) which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Investment in Facilities and Depreciation - Investment in facilities is recorded at cost. Donated capital assets are recorded at fair value which equated to developers cost when contributed. Repair and maintenance that does not extend the lives of the applicable assets are charged to expense as incurred. Gain or loss resulting from the retirement or other disposition of assets is included in income. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the total of the expected future undiscounted cash flows become less than the carrying amount of the asset a loss would be recognized for the difference between the fair value and the carrying value of the asset. There were no impaired assets as of December 31, 2023 and 2022. Depreciation expense amounted to \$548,632 and \$573,970 for the years ended December 31, 2023 and 2022, respectively.

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

NOTES TO FINANCIAL STATEMENTS

Investments in facilities are principally depreciated under the straight-line method over the estimated useful lives as follows:

Buildings	20 - 50	years
Pumping facilities and equipment	25 - 50	years
Storage facilities	25 - 50	years
Distribution system	100	years
Other	5	years

Receivables and Revenue Recognition - A significant portion of the Authority's revenue is derived from user fees charged to the municipalities. The basis for the user fees is the volume of water consumed by individual residents and commercial enterprises within each municipality multiplied by the usage charge for transport through the Authority's sewer lines. Meter readings are conducted on a cyclical basis (typically quarterly) by the respective water companies.

Receivables and domestic revenue included estimated unbilled services rendered through the end of the year in the amount of \$585,031 and \$552,641 at December 31, 2023 and 2022, respectively.

Inventory - Supplies inventory is valued at average cost on a first-in, first-out basis and is not in excess of fair market value.

Accrued Sick Pay - The Authority's policy for compensated sick pay is as follows. Sick leave is based on accumulated services and employment status. An employee accumulates 10 working days sick leave without loss of pay for absence from work due to personal illness each year. If an employee does not use their sick pay they have accumulated they can receive compensatory pay for the days they have not used after the calendar year or bank them to be used or paid out at a later date. Each day of sick pay used is compensated at the employee's usual wage for each day. As of December 31, 2023 and 2022, eligible employees accumulated compensatory hours for which management computed an obligation of \$146,644 and \$151,025, respectively.

Deferred Outflows and Inflows of Resources - In addition to assets and liabilities, the Statements of Net Position reports a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements represent a consumption (acquisition) of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until then. The Authority's deferred outflows and inflows of resources are related to the leases (see Note 5) and the pension plan (see Note 8).

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 and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of

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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 of 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 constraints placed on net position use through external restrictions.
- Unrestricted - This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

New Accounting Pronouncements - GASB has issued statements that will become effective in future years including 100 (Accounting Changes and Error Corrections), 101 (Compensated Absences), and 102 (Certain Risk Disclosures). Management has not yet determined the impact of these statements on the financial statements.

Reclassification - Certain prior year amounts have been reclassified to conform to the current year presentation.

3. CASH AND CASH EQUIVALENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. Deposits of the Authority are maintained in demand deposits. The deposit and investment policies of the Authority adhere to state statutes and all debt instruments. There were no deposit or investment transactions noted during the year that were in violation of either the state statutes or the policy of the Authority.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a policy for custodial credit risk on deposits. At December 31, 2023 and 2022 the carrying amount of the Authority's bank deposits was \$1,884,165 and \$1,843,479, respectively. The bank balance as of December 31, 2023 and 2022 was \$2,173,581 and \$2,744,179, respectively, of which \$1,923,581 and \$2,494,179, respectively, was not covered by federal depository insurance at year end but is collateralized with securities held by the bank that are not in the Authority's name, but rather in the bank's name.

The difference between the carrying amount of cash and the cash bank balance at December 31, 2023 and 2022 is due to outstanding checks.

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4. INVESTMENT IN FACILITIES

Activity in investment in facilities for the years ended December 31, 2023 and 2022 are as follows:

	December 31, 2022		Transfers/ Decreases	December 31, 2023
	<u>Balance</u>	<u>Increases</u>		<u>Balance</u>
Investments in facilities, not being depreciated:				
Land	\$ <u>309,418</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>309,418</u>
Total investments in facilities, not being depreciated	<u>309,418</u>	<u>-</u>	<u>-</u>	<u>309,418</u>
Investments in facilities, being depreciated:				
Buildings	1,188,360	-	12,085	1,200,445
Pumping facilities and equipment	3,681,207	-	-	3,681,207
Storage facilities	5,695,238	-	-	5,695,238
Distribution system	31,052,858	107,904	-	31,160,762
Other	<u>1,804,394</u>	<u>62,718</u>	<u>(12,085)</u>	<u>1,855,027</u>
Total investments in facilities, being depreciated	43,422,057	170,622	-	43,592,679
Accumulated depreciation	<u>16,906,955</u>	<u>548,632</u>	<u>-</u>	<u>17,455,587</u>
Total investments in facilities, being depreciated, net	<u>26,515,102</u>	<u>(378,010)</u>	<u>-</u>	<u>26,137,092</u>
Total investments in facilities, net	\$ <u>26,824,520</u>	\$ <u>(378,010)</u>	\$ <u>-</u>	\$ <u>26,446,510</u>
	December 31, 2021		Transfers/ Decreases	December 31, 2022
	<u>Balance</u>	<u>Increases</u>		<u>Balance</u>
Investments in facilities, not being depreciated:				
Land	\$ <u>309,418</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>309,418</u>
Total investments in facilities, not being depreciated	<u>309,418</u>	<u>-</u>	<u>-</u>	<u>309,418</u>
Investments in facilities, being depreciated:				
Buildings	1,174,457	13,903	-	1,188,360
Pumping facilities and equipment	3,681,207	-	-	3,681,207
Storage facilities	5,695,238	-	-	5,695,238
Distribution system	30,825,333	227,525	-	31,052,858
Other	<u>1,695,288</u>	<u>109,106</u>	<u>-</u>	<u>1,804,394</u>
Total investments in facilities, being depreciated	43,071,523	350,534	-	43,422,057
Accumulated depreciation	<u>16,332,985</u>	<u>573,970</u>	<u>-</u>	<u>16,906,955</u>
Total investments in facilities, being depreciated, net	<u>26,738,538</u>	<u>(223,436)</u>	<u>-</u>	<u>26,515,102</u>
Total investments in facilities, net	\$ <u>27,047,956</u>	\$ <u>(223,436)</u>	\$ <u>-</u>	\$ <u>26,824,520</u>

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5. LEASES

The Authority's leasing activity consists of the leasing of antenna space. The space was leased beginning in December 2019 for a term of 20 years at a variable interest rate increasing 2% each year. The Authority also leases additional space whose lease term began in November 2006 for a term of 20 years at a variable interest rate increasing 7.5% every 5 years.

As of December 31, 2023, the amount reported on the statement of revenues, expenses, and changes in net position for these leases is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 40,452	\$ 11,997	\$ 52,449
2025	42,077	10,914	52,991
2026	39,528	9,791	49,320
2027	19,729	9,036	28,765
2028	20,837	8,503	29,340
2029-2033	122,283	33,459	155,742
2034-2038	156,734	15,218	171,951
2039	<u>32,950</u>	<u>435</u>	<u>33,385</u>
Total	<u>\$ 474,591</u>	<u>\$ 99,352</u>	<u>\$ 573,943</u>

6. LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Water Revenue Note Series of 2022 in the original amount of \$5,600,000 payable in monthly installments of \$47,021, which includes interest at 1.89%, and matures January 12, 2033 and is insured by the revenues of the Authority.	<u>4,706,182</u>	<u>5,176,675</u>
Less current portion	<u>(479,220)</u>	<u>(470,493)</u>
Total long-term debt	<u>\$ 4,226,962</u>	<u>\$ 4,706,182</u>

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Long-term debt activity for the years ended December 31, 2023 and 2022 was as follows:

<u>Balance December 31, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance December 31, 2023</u>	<u>Amounts Due Withing One Year</u>
\$ 5,176,675	\$ -	\$ 470,493	\$ 4,706,182	\$ (479,220)
<u>Balance December 31, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance December 31, 2022</u>	<u>Amounts Due Withing One Year</u>
\$ 5,515,596	\$ 5,600,000	\$ 5,938,921	\$ 5,176,675	\$ (470,493)

The annual requirements to retire long-term debt as of December 31, 2023 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 479,220	\$ 85,037	\$ 564,257
2025	488,599	75,658	564,257
2025	497,914	66,343	564,257
2026	507,407	56,850	564,257
2027	516,941	47,316	564,257
2028-2033	<u>2,216,101</u>	<u>88,345</u>	<u>2,304,446</u>
	<u>\$ 4,706,182</u>	<u>\$ 419,549</u>	<u>\$ 5,125,731</u>

The Authority is required to maintain certain covenants including ratio and reporting covenants for the Water Revenue Note Series of 2022 held with First National Bank of Pennsylvania as defined in the loan agreements. For the years ended December 31, 2023 and 2022, the Authority was in compliance with its covenants.

7. WATER PURCHASE AGREEMENT

The Authority has an agreement with the Pittsburgh Water and Sewer Authority (PWSA), under which, the Authority will purchase all of its water from the PWSA at rates which can increase over the term of the agreement. This agreement expires in July 2025 but can automatically continue beyond until terminated in accordance with the termination provisions of the agreement. The Authority takes all of its water supply from PWSA. Water purchased under this agreement amounted to \$2,270,054 and \$2,163,364 for the years ended December 31, 2023 and 2022, respectively.

8. PENSION PLANS

The Authority has two defined benefit pension plans and a defined contribution plan covering substantially all eligible employees. The union plan, which is a multi-employer defined benefit plan covering the hourly-rated employees, requires the Authority to make contributions based upon a set amount per week for each covered employee. Contributions to the union plan

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amounted to approximately \$105,000 and \$121,000 for the years ended December 31, 2023 and 2022, respectively.

The Fox Chapel Authority Salaried Employees Pension Plan (the Plan) is a single employer defined benefit plan administered by the Authority covering the salaried employees. This Plan is covered under Pennsylvania’s Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, PL1005 No 205 (Act 205) which permits the Authority to establish and amend benefit provisions of the Plan. The Plan provides retirement, disability and death benefits to the Plan members and beneficiaries based on a formula using compensation and years of service. The Authority accounts for the Salaried Employees Pension Plan under GASB 68, *Accounting and Financial Reporting for Pensions*. The Authority contributed \$38,786 and \$26,016 to the Plan for the years ended December 31, 2023 and 2022, respectively,

Effective January 1, 2017, the Plan was closed to new participants. All new participants must enter the Fox Chapel Authority Money Purchase Pension Plan (Money Purchase Plan), which is a defined contribution plan. The Authority will contribute 10% of base salary of newly hired salaried employees participating in the Money Purchase Plan. The Authority contributed \$31,666 and \$19,062 to the Money Purchase Plan for the years ended December 31, 2023 and 2022, respectively.

At December 31, 2023 and 2022, the following employees were covered by the Plan:

	2023	2022
Active employees	2	3
Retirees and beneficiaries currently receiving benefits	9	9
Terminated employees entitled to benefits but not yet receiving them	1	1
	12	13

Funding Policy - The Authority’s salaried employees are not required to make contributions to the defined benefit portion of the Plan, nor are they permitted to make voluntary contributions. The Authority contributes to the Plan in amounts determined by an independent actuary to satisfy the funding requirements of Act 205.

The components of the net pension liability (asset) at December 31, 2023 are as follows:

Total pension liability	\$ 2,472,318
Plan fiduciary net position	(2,242,725)
Net pension liability	\$ 229,593

Plan fiduciary net position as a percentage of the total pension liability	90.7 %
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The components of the net pension liability (asset) at December 31, 2022 are as follows:

Total pension liability	\$	2,327,301
Plan fiduciary net position		(2,218,656)
Net pension liability (asset)	\$	<u>108,645</u>

Plan fiduciary net position as a percentage of the total pension liability		95.3 %
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Expected long-term rate of return: 6.75% applied for all periods.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) 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. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Long Term Expected Real ROR
U.S. equity - large cap	4.25% - 7.31%
U.S. equity - small/mid cap	4.70% - 8.42%
Non- U.S. equity - developed	4.54% - 7.92%
Non- U.S. equity - emerging	5.22% - 9.27%
U.S. corporate bond - core	0.97% - 1.94%
U.S. corporate bond - high yield	2.62% - 4.32%
Non- U.S. debt - developed	0.88% - 2.14%
Non- U.S. debt - emerging	2.34% - 4.06%
U.S. treasuries/cash	0.47% - 1.07%

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan continue to be funded based on the Minimum Municipal Obligation as determined in accordance with Act 205. Based on that assumption, the pension 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 payment to determine the total pension liability.

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NOTES TO FINANCIAL STATEMENTS

Changes in net pension liability (asset) for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 18,648	\$ 15,957
Interest	162,429	153,259
Changes of benefit terms	-	-
Differences between expected and actual experience	153,786	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(189,846)</u>	<u>(189,846)</u>
NET CHANGES IN TOTAL PENSION LIABILITY	<u>145,017</u>	<u>(20,630)</u>
TOTAL PENSION LIABILITY - BEGINNING	<u>2,327,301</u>	<u>2,347,931</u>
	<u>\$ 2,472,318</u>	<u>\$ 2,327,301</u>
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 38,786	\$ 26,016
Contributions - employee	-	-
Net investment income (loss)	194,977	(203,230)
Benefit payments, including refunds of employee contributions	(189,846)	(189,846)
Administrative expense	(19,848)	(21,045)
Other	<u>-</u>	<u>-</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	24,069	(388,105)
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>2,218,656</u>	<u>2,606,761</u>
PLAN FIDUCIARY NET POSITION - ENDING (B)	<u>\$ 2,242,725</u>	<u>\$ 2,218,656</u>
NET PENSION LIABILITY (ASSET) - ENDING (A) - (B)	<u>\$ 229,593</u>	<u>\$ 108,645</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOATAL PENSION LIABILITY	90.7%	95.3%
COVERED EMPLOYEE PAYROLL	\$ 164,468	\$ 184,231
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	139.6%	59.0%

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1%-point lower (5.75%) or 1%-point higher (7.75%) than the current rate:

	<u>Discount rate</u>		<u>Net pension liability (asset)</u>
1% decrease	5.75%	\$	432,323
Current discount rate	6.75%	\$	229,593
1% increase	7.75%	\$	52,895

Payable to Plan. At December 31, 2023 the authority owed nothing to the Plan.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources.

Components of pension expense for the year ended December 31, 2023 are as follows:

Service cost	\$	18,648
Interest on the total pension liability		162,429
Recognition of differences between expected and actual experience		139,805
Changes in benefit terms		-
Amortization of changes in assumptions		-
Employee contributions		-
Projected earnings on pension plan investments		(144,164)
Recognition of differences between projected and actual earnings on plan investments		(22,037)
Pension plan administrative expense		19,848
Other changes in fiduciary net position		-
Total Pension Expense	\$	<u><u>174,529</u></u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,981	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	<u>223,854</u>	<u>105,416</u>
Total	<u><u>\$ 237,835</u></u>	<u><u>\$ 105,416</u></u>

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Amounts reported as deferred outflows of resources (+) and deferred inflows (-) of resources related to pension will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2024	\$ 42,357
2025	35,768
2026	64,455
2027	<u>(10,161)</u>
Total	<u>\$ 132,419</u>

9. ACCRUED SICK PAY RESTATEMENT

The balance of accrued sick pay and unrestricted net position as of January 1, 2022 has been restated for the effects of the prior period adjustments. According to GASB 62, adjustment of prior period financial statements should be made for an accounting change and correction of an error in the financial statements of a prior period.

During 2023, Management identified an error that the Authority was not accruing sick pay that was contractually owed to their employees. The error has been corrected by recording accrued sick pay of \$158,563 as of January 1, 2022 and by restating each of the affected financial statement line items for the year ended December 31, 2022. The following summarizes the impacts on the Authority's financial statements.

STATEMENT OF NET POSITION

	<u>Impact of Correction of Error</u>		
	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
<u>December 31, 2022</u>			
Accrued sick pay	\$ <u> -</u>	\$ <u> 151,025</u>	\$ <u> 151,025</u>
Total current liabilities	\$ <u> 1,264,064</u>	\$ <u> 151,025</u>	\$ <u> 1,415,089</u>
TOTAL LIABILITIES	\$ <u> 6,078,891</u>	\$ <u> 151,025</u>	\$ <u> 6,229,916</u>
Unrestricted net position	\$ <u> 2,809,495</u>	\$ <u> (151,025)</u>	\$ <u> 2,658,470</u>
TOTAL NET POSITION	\$ <u> 24,457,340</u>	\$ <u> (151,025)</u>	\$ <u> 24,306,315</u>

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Impact of Correction of Error		
	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
<u>For the Year Ended December 31, 2022</u>			
General and administrative	\$ <u>766,581</u>	\$ <u>(7,538)</u>	\$ <u>759,043</u>
Total operating expenses	\$ <u>5,922,648</u>	\$ <u>(7,538)</u>	\$ <u>5,915,110</u>
OPERATING LOSS	\$ <u>(36,237)</u>	\$ <u>7,538</u>	\$ <u>(28,699)</u>
CHANGE IN NET POSITION	\$ <u>(40,757)</u>	\$ <u>7,538</u>	\$ <u>(33,219)</u>

10. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through July 26, 2024, which is the date the financial statements were available to be issued. There were no subsequent events identified.

SUPPLEMENTAL INFORMATION

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SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
For The Year Ended December 31, 2023

LAST 10 YEARS (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY									
Service cost	\$ 18,648	\$ 15,957	\$ 15,343	\$ 23,365	\$ 22,359	\$ 23,426	\$ 22,310	\$ 33,600	\$ 32,000
Interest	162,429	153,259	154,564	160,904	159,166	157,550	153,600	145,474	138,369
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	153,786	-	(23,998)	-	(40,732)	-	(58,654)	-	-
Changes of assumptions	-	-	20,934	-	19,333	-	101,463	-	-
Benefit payments, including refunds of employee contributions	(189,846)	(189,846)	(189,846)	(174,241)	(141,712)	(129,384)	(112,088)	(77,497)	(63,691)
NET CHANGES IN TOTAL PENSION LIABILITY	<u>145,017</u>	<u>(20,630)</u>	<u>(23,003)</u>	<u>10,028</u>	<u>18,414</u>	<u>51,592</u>	<u>106,631</u>	<u>101,577</u>	<u>106,678</u>
TOTAL PENSION LIABILITY - BEGINNING	<u>2,327,301</u>	<u>2,347,931</u>	<u>2,370,934</u>	<u>2,360,906</u>	<u>2,342,492</u>	<u>2,290,900</u>	<u>2,184,269</u>	<u>2,082,692</u>	<u>1,976,014</u>
TOTAL PENSION LIABILITY - ENDING (A)	<u>\$ 2,472,318</u>	<u>\$ 2,327,301</u>	<u>\$ 2,347,931</u>	<u>\$ 2,370,934</u>	<u>\$ 2,360,906</u>	<u>\$ 2,342,492</u>	<u>\$ 2,290,900</u>	<u>\$ 2,184,269</u>	<u>\$ 2,082,692</u>
PLAN FIDUCIARY NET POSITION									
Contributions - employer	\$ 38,786	\$ 26,016	\$ 25,236	\$ 43,476	\$ 17,692	\$ 8,126	\$ 18,420	\$ 27,962	\$ 84,168
Contributions - employee	-	-	-	-	-	-	-	-	-
Net investment income (loss)	194,977	(203,230)	305,287	202,520	399,934	(116,484)	285,629	142,262	(4,757)
Benefit payments, including refunds of employee contributions	(189,846)	(189,846)	(189,846)	(174,241)	(141,712)	(129,384)	(112,088)	(77,497)	(63,691)
Administrative expense	(19,848)	(21,045)	(22,763)	(20,669)	(20,842)	(21,237)	(22,218)	(16,701)	(16,612)
Other	-	-	-	-	-	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>24,069</u>	<u>(388,105)</u>	<u>117,914</u>	<u>51,086</u>	<u>255,072</u>	<u>(258,979)</u>	<u>169,743</u>	<u>76,026</u>	<u>(892)</u>
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>2,218,656</u>	<u>2,606,761</u>	<u>2,488,847</u>	<u>2,437,761</u>	<u>2,182,689</u>	<u>2,441,668</u>	<u>2,271,925</u>	<u>2,195,899</u>	<u>2,196,791</u>
PLAN FIDUCIARY NET POSITION - ENDING (B)	<u>\$ 2,242,725</u>	<u>\$ 2,218,656</u>	<u>\$ 2,606,761</u>	<u>\$ 2,488,847</u>	<u>\$ 2,437,761</u>	<u>\$ 2,182,689</u>	<u>\$ 2,441,668</u>	<u>\$ 2,271,925</u>	<u>\$ 2,195,899</u>
NET PENSION LIABILITY (ASSET) - ENDING (A) - (B)	<u>\$ 229,593</u>	<u>\$ 108,645</u>	<u>\$ (258,830)</u>	<u>\$ (117,913)</u>	<u>\$ (76,855)</u>	<u>\$ 159,803</u>	<u>\$ (150,768)</u>	<u>\$ (87,656)</u>	<u>\$ (113,207)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOATAL PENSION LIABILITY	90.7%	95.3%	111.0%	105.0%	103.3%	93.2%	106.6%	104.0%	105.4%
COVERED EMPLOYEE PAYROLL	\$ 164,468	\$ 184,231	\$ 170,324	\$ 152,414	\$ 269,636	\$ 283,606	\$ 277,757	\$ 352,485	\$ 343,906
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	139.6%	59.0%	-152.0%	-77.4%	-28.5%	56.3%	-54.3%	-24.9%	-32.9%

(1) - This schedule is intended to illustrate information for 10 years. However until a full 10-year trend is compiled, Authority is presenting information for those years only for which information is available.

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

**SCHEDULE OF AUTHORITY CONTRIBUTIONS AND INVESTMENT RETURNS
For The Year Ended December 31, 2023**

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Last 10 Years		Contributions As A Percentage of Covered-Employee Payroll	Investment Returns (1)
			Contribution Deficiency (Excess)	Covered- Employee Payroll		
2014	\$ 84,963	84,963	-	415,750	20.4%	N/A
2015	84,167	84,168	(1)	343,906	24.5%	-0.22%
2016	27,962	27,962	-	352,485	7.9%	6.55%
2017	18,801	18,427	374	277,757	6.6%	12.84%
2018	7,745	7,745	-	283,606	2.7%	-4.91%
2019	17,682	17,688	(6)	269,636	6.6%	18.90%
2020	43,469	43,476	(7)	152,414	28.5%	8.51%
2021	25,228	25,236	(8)	170,234	14.8%	12.70%
2022	26,015	26,016	(1)	184,231	14.1%	-8.09%
2023	38,786	38,786	-	164,468	23.6%	9.10%

(1) - Annual money-weighted rate of return, net of investment expense not funded through the MMO.

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

**SCHEDULE OF FUNDING PROGRESS
For The Year Ended December 31, 2023**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	2013-2023		Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll [(b-a)/c]
			Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		
01-01-13*	1,645,037	1,899,537	254,500	86.6 %	400,345	63.6 %
01-01-15*	2,075,295	1,976,014	(99,281)	105.0 %	415,750	N/A
01-01-17*	2,356,977	2,227,078	(129,899)	105.8 %	352,485	N/A
01-01-19*	2,331,572	2,321,093	(10,479)	100.5 %	283,606	N/A
01-01-21*	2,405,722	2,367,870	(37,852)	101.6 %	152,414	N/A
01-01-23	2,417,518	2,481,087	63,569	97.4 %	184,231	34.5 %

*Assumption change pursuant to experience review

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Unless otherwise specified, the following actuarial methods and assumptions were used in the calculation of actuarially determined contributions reported in the supplemental schedules:

Actuarial valuation date	January 1, 2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	16 years
Asset valuation method	4-year smoothing
Inflation	2.50%
Salary increases	4.0% including inflation
Investment rate of return	6.75% net of investment expenses not funded through the MMO and including inflation.
Mortality	2010 Public Retirement Plan – General employees mortality tables (PubG-2010). Mortality improvement projected from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 SSA's Trustee Report.
Retirement Age	Latest of age 63 with 5 years of service, or attained age if currently eligible to retire.

Changes to Benefits: None

Changes to Assumptions:

Effective 1-1-11: Pre-retirement death benefit is valued directly.

Effective 1-1-13: The mortality assumption was updated to the RP-2000 Combined Healthy Mortality Table, with rates projected to improve at 75% of scale AA.

Effective 1-1-15: The assumed interest rate was reduced from 7.5% to 7.0%, and the salary increase assumption was reduced from 5.5% to 5%.

Effective 1-1-17: The mortality assumption was updated to the RP 2014 Mortality Table. Mortality improvement projected with rates derived from long-range demographic assumptions for the 2015 SSA's trustee report.

Effective 1-1-19: Salary increase assumption was reduced from 5% to 4.5% and the retirement assumption was extended to deferred vested employees. Participants terminating with a deferred vested benefit will be assumed to commence payment at age 63 rather than age 65.

**FOX CHAPEL AUTHORITY
(WATER WORKS SYSTEM)**

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Effective 1/1/21: Interest rate was lowered from 7.00 to 6.75%, salary increase reduced from 4.50% to 4.00%, mortality table updated from RP-2014 Mortality Table with rates set forward 5 years for disabled lives with mortality improvement projected with rates derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report to 2010 Public Retirement Plan – General employees mortality tables (PubG-2010) with mortality improvement projected from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.