



LCA Main Office:
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Agendas & Minutes Posted:
www.lehighcountyauthority.org

LEHIGH COUNTY AUTHORITY

Published: November 4, 2024

BOARD MEETING AGENDA – November 11, 2024 – 12:00 p.m.

In-Person or Virtual Meeting Attendance Options Available: Meetings of the LCA Board of Directors will be held at LCA's Main Office as well as online using the Zoom Meetings application, which includes a telephone option. Public participation is welcomed both in-person or virtually. Instructions for joining the meeting online or by phone are posted on the LCA website in the morning on the day of the meeting, prior to the start of each meeting. You may also issue comment to LCA via email to LCABoard@lehighcountyauthority.org in advance of any meeting or view the meeting at a later time by visiting the LCA website. Please visit <https://www.lehighcountyauthority.org/about/lca-board-meeting-videos/> for specific instructions to join the meeting if you are attending virtually. If attending in-person at LCA's Main Office, please follow all safety and sanitation protocols posted.

1. Call to Order

- **NOTICE OF MEETING RECORDINGS**

Meetings of Lehigh County Authority's Board of Directors that are held at LCA's Main Office at 1053 Spruce Road, Wescosville, PA, may be recorded for viewing online at lehighcountauthority.org. Recordings of LCA meetings are for public convenience and internal use only and are not considered as minutes for the meeting being recorded, nor are they part of public record. Recordings may be retained or destroyed at LCA's discretion.

- *Public Participation Sign-In Request*

2. Review of Agenda / Executive Sessions

- Additions to Agenda (vote required if action will be taken)

3. Approval of Minutes

- *October 28, 2024 Board Meeting minutes*

4. Public Comments

5. Action / Discussion Items:

FINANCE AND ADMINISTRATION

- *2025 Water & Wastewater Rate Schedules (Approval) (yellow) (digital Board packet, pages 8-29)*
- *2025 Board Meeting Schedule (Approval) (pink) (digital Board packet, page 30)*
- *Resolution 11-2024-1: Authorizing the Authority's Application for Grant Funding, Water Meter Replacement Project (Approval) (green) (digital Board packet, pages 31-32)*
- *2023 Audit & Financial Statements (Approval) (white) (digital Board packet, pages 33-116)*
- *Resolution 11-2024-2: Revised Borrowing Resolution, PENNVEST Financing – Lead Service Line Replacement Cycle 1 Project (Approval) (white) (digital Board packet, page 117-121)*

WATER

- *Suburban Division – Water Main Replacement Program Cycle 7 (Approval) (blue) (digital Board packet, pages 122-124)*

WASTEWATER

6. Monthly Project Updates / Information Items (1st Board meeting per month) (*digital Board packet, pages 125-133*) – **November report attached**
7. Monthly Financial Review (2nd Board meeting per month)
8. Monthly System Operations Overview (2nd Board meeting per month)
9. Staff Comments
10. Solicitor's Comments
11. Public Comments / Other Comments
12. Board Member Comments
13. Executive Sessions
14. Adjournment

UPCOMING BOARD MEETINGS		
November 25, 2024	December 9, 2024	January 13, 2025

PUBLIC PARTICIPATION POLICY

In accordance with Authority policy, members of the public shall record their name, address, and discussion item on the sign-in sheet at the start of each meeting; this information shall also be stated when addressing the meeting. During the Public Comment portions of the meeting, members of the public will be allowed 5 minutes to make comments/ask questions regarding non-agenda items, but time may be extended at the discretion of the Chair; comments/questions regarding agenda items may be addressed after the presentation of the agenda item. Members of the public may not request that specific items or language be included in the meeting minutes.

REGULAR MEETING MINUTES

October 28, 2024

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:02 p.m. on Monday, October 28, 2024, Chairman Brian Nagle presiding. The meeting was hybrid via in-person and video and audio advanced communication technology ("ACT"), using the Zoom internet application, including telephone option. Each Board member and other attendees of the meeting were able to hear each other attendee and be heard by each other attendee. The public could also participate in the meeting in-person or via ACT, using the Zoom internet application, including telephone option. A Roll Call of Board members present was taken. Brian Nagle, Amir Famili, Ted Lyons, Jeff Morgan, Norma Cusick, Linda Rosenfeld, and Marc Grammes were present for Roll Call, and remained for the duration of the meeting. Sean Ziller was present for Roll Call but left the meeting at 12:41 p.m.

Attorney Kevin Reid, the Authority's Solicitor, was present along with Authority Staff, Liesel Gross, Ed Klein, Andrew Moore, AJ Capuzzi, Chuck Volk, Phil DePoe, Susan Sampson, and Lisa Miller.

Chairman Nagle announced that the Board received their electronic and hard copies of the Board packet in advance. A copy of the packet is also available online.

REVIEW OF AGENDA

Liesel Gross announced that there are no changes, additions, or corrections to the agenda; however, there is an Executive Session after the regular meeting to discuss personnel.

APPROVAL OF MINUTES

October 14, 2024 Meeting Minutes

Jeff Morgan noted an error related in the statement of total cost for the Kline's Island Wastewater Treatment Plant Primary Sludge Improvements project. The correct total cost is \$2,439,355. On a motion by Jeff Morgan, seconded by Ted Lyons, the Board approved the minutes from the October 14, 2024 meeting as corrected (8-0).

PUBLIC COMMENTS

None.

2025 Budget – Final Review and Approval

Liesel Gross noted that today's presentation is a summary of 2025 Budget information previously provided to the Board, and the Board will be asked today to approve the Budget. Ms. Gross reviewed the highlights of the 2025 Budget, summarizing the impact of the strategic initiatives and staff changes. She also reviewed the proposed customer rates for 2025 and a rate comparison among other communities in the Lehigh Valley.

Amir Famili asked about the Inflow and Infiltration (I&I) Program Manager position and how that position would be coordinating with the previously approved Regional Sewer Program Manager position. Liesel Gross explained the two positions would be working together on the implementation of the Kline's Island Sewer System Act 537 Plan, and the staff is currently evaluating whether one of the positions may be filled via an internal transfer. Mr. Famili also asked about the two Community Canvasser positions and the length of the lead inventory program. He expressed concern about the addition of positions that may be considered for a temporary work assignment and whether there are alternatives to filling those positions in a different way. Ms. Gross explained the lead inventory program is likely to continue for five years, and skill sets for the new positions would be transferrable.

to other duties when the program concludes. However, additional options are still being evaluated such as the use of community partnerships and temporary staffing to complete this work.

Ed Klein reviewed the 2025 Budget summary, noting the Authority's metrics related to debt service coverage ratio and cash reserves, and he reviewed planned borrowing for 2025 capital expenses. There was some Board discussion about project reserves carrying over from prior years, as well as the strategy related to building cash reserves.

Liesel Gross reviewed the proposed 2025 rates in each division. The rates in the City of Allentown will increase 5.5 percent for water and sewer service, water rates in the Suburban Division will increase between 6 and 7.5 percent depending on each customer's usage, and there is no change to the wastewater rates in the Suburban Division for direct customers. Sewer rates to the wastewater signatories and Boston Beer will change as calculated by the terms of the agreements.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved the 2025 Budget as presented (8-0).

A roll call vote was taken with the following votes cast:

Brian Nagle – yes
Amir Famili – yes
Ted Lyons – yes
Jeff Morgan – yes
Norma Cusick – yes
Linda Rosenfeld – yes
Sean Ziller – yes
Marc Grammes – yes

2025-2029 Capital Plan

Liesel Gross provided a presentation summarizing the 2025-2029 Capital Plan noting that the plan is conceptual, and next year's costs are incorporated into the 2025 Budget. She reviewed the changes made to the project details since the prior presentations of the draft plan. She also reviewed four projects totaling \$67 million that were removed from the Capital Plan due to the shifting of project timelines within the Kline's Island Sewer System Act 537 Plan. The four projects removed from the 2025-2029 Capital Plan will be completed in future years.

There was some Board discussion about the Pretreatment Plant projects and the timing and sequence of the projects. Ms. Gross explained there are a series of critical near-term projects that must be completed as soon as possible to allow for continued operational performance of the facility, and the future project to replace the facility is still being discussed with the industrial customers. Therefore, the timing of the future project has been delayed until the Authority is more certain of the strategy for this facility.

Ms. Gross provided a total Plan summary, noting \$356 million in project costs is a significant increase from prior Capital Plans mainly due to increased regulatory regulations. She reviewed the drivers for the cost increases, including the lead service line program and the Kline's Island Sewer System.

Ed Klein provided an overview of the funding sources for the 2025-2029 Capital Plan projects. He reviewed the results of that analysis, which illustrates the need for rate increases and additional borrowing to complete all the listed projects in the Plan.

Chuck Volk reviewed the public comment process and the comments that were received from the City of Allentown and the Lehigh Valley Planning Commission. The comments from the City were addressed in a response letter from the Authority. The Lehigh Valley Planning Commission comments were positive and focused on the new projects added since the prior year's plan submission to the commission.

There was some Board discussion about the letter from the City of Allentown, and whether these projects could be reviewed in advance with the City prior to receiving the City's letter. Jennifer McKenna, City of Allentown Office of Compliance, commented that there is a lot of interaction and collaboration between the City and Authority staff regarding the capital planning process, and the City's letter would continue to be provided to document the City's position on key projects.

On a motion by Marc Grammes, seconded by Norma Cusick, the Board approved the 2025-2029 Capital Plan as presented (7-0).

Resolution No. 10-2024-1: Suburban Wastewater Borrowing

Ed Klein explained the need to borrow \$11 million for the Suburban Wastewater Division capital improvements including the critical upgrades needed at the Pretreatment Plant. In addition, the Authority seeks to refinance the 2011 Series A Sewer Revenue Bond to realize debt service savings. Chris Gibbons from Concord Public Finance provided the details of the borrowing process, which included a submission to many different banking institutions for competitive bids. He explained the bids received and the details of the recommended bank loan award to S&T Bank.

The Board discussed the upgrades to the Pretreatment Plant and how the loan will be recovered, considering the current uncertainty regarding future industrial customers' financial participation in the projects. Ed Klein explained the \$6 million included in the recommended borrowing is for critical near-term upgrades that are necessary to ensure the facility continues to operate and meet regional requirements for treatment of industrial waste. These projects are a high priority and must be completed as soon as possible. He noted that the funding is backed by current reserves, so there is financial security in place for this borrowing, and he explained his preference to borrow instead of depleting reserves. Chris Gibbons reviewed the terms of the recommended bank loan and explained how they provide as much flexibility as possible to change the debt structure in the future as the future of the Pretreatment Plant becomes more certain.

Kevin Reid reviewed Resolution 10-2024-1 to authorize the issuance of a Sewer Revenue Note, Suburban System 2024 series in an amount not to exceed \$12,450,000.00 for purposes of financing the capital projects outlined and also the refinancing of the Authority's Sewer Revenue Bond, 2011 Series A, and authorizing certain officers and officials to take action to complete the financing.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board approved Resolution 10-2024-1 (7-0).

A roll call vote was taken with the following votes cast:

Brian Nagle – yes
Amir Famili – yes
Ted Lyons – yes
Jeff Morgan – yes
Norma Cusick – yes
Linda Rosenfeld – yes
Marc Grammes – yes

LCA Main Office Parking Lot Expansion

Chuck Volk provided an overview of the project to construct a new parking lot to the south of the main parking area with up to 28 additional spaces to accommodate a growing staff along with the hosting of regular large meetings. He commented on the current parking challenges, which often results in guests parking in the grass or in another company's parking lot across the street. The plan has already been reviewed by Lower Macungie Township and includes storm drainage improvements and lighting.

On a motion by Norma Cusick, seconded by Jeff Morgan, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$365,262.50 which includes the Construction Contract to Gaver Industries, Inc. dba Barker and Barker Paving in the amount of \$320,262.50 and a Professional Services Authorization for Construction Phase Engineering Services to Arthur A. Swallow Associates, LLC in the amount of \$20,000.00 (7-0).

Allentown Division – Kline's Island WWTP – Final Settling Tanks 1-4 Upgrades

Amy Rohrbach provided an overview of the project to upgrade the existing clarifier rake mechanisms, structural repairs to the tanks, electrical upgrades including replacing the aging motor control centers, and upgrades to the leachate pumping system used in tank #3. Upgrades to the existing leachate system will improve operability and efficiency. Ms. Rohrbach explained the longer construction timeline on this project, including scheduled project completion in 2026, is due to the lead time on the mechanisms and electrical, and each tank must be taken offline individually to ensure continuity of operation during construction. She noted the tanks have been in service for nearly 100 years and the last major upgrade occurred in the 1960s.

On a motion by Norma Cusick, seconded by Marc Grammes, the Board approved the Capital Project authorization for the Construction Phase in the amount of \$3,798,130.00 which includes the General Construction Contract Award to Eastern Environmental Contractors, Inc. in the amount of \$2,992,230.00, the Electrical Construction Contract Award to Orlando Diefenderfer Electrical Contractors in the amount of \$509,500.00, and the Professional Services Authorization for Construction Administration to GHD in the amount of \$171,400.00 (7-0).

MONTHLY FINANCIAL REVIEW

Ed Klein gave an overview of the September 2024 financial statements, highlighting variances between actual expenses and budgeted or forecasted expenses. Mr. Klein reported that net income and cash flows for Suburban Water and City Division funds were favorable for September with Suburban Wastewater being slightly negative as compared to forecast.

MONTHLY SYSTEM OPERATIONS OVERVIEW

Andrew Moore reviewed the September 2024 report and reported that there was one non-recordable safety incident that involved an employee being shocked by an electrical line improperly grounded to the water service line. Water production decreased in September, which is typical for this time of year. Schantz Spring was not used for four days because of a leak that occurred on the raw water line and needed to be repaired. The wastewater flows are also lower this month due to the lack of precipitation. Pennsylvania has not issued a drought declaration at this time despite the very low precipitation recently, and he noted the water level in the Little Lehigh Creek has dropped below normal conditions. He reviewed progress on the treatment upgrade at the Sand Spring WWTP and reviewed the September compliance performance report.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

BOARD MEMBER COMMENTS

None.

EXECUTIVE SESSION

There will be an Executive Session after the regular session to discuss personnel.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:57 p.m.

Jeffrey J. Morgan
Secretary

MEMORANDUM

TO: LCA Board of Directors
FROM: Liesel Gross, CEO
DATE: November 4, 2024
RE: 2025 Water & Sewer Rates

Attached: Sample Residential Bill Calculations for LCA Service Areas
Lehigh Valley Water & Sewer Rate Comparison
Proposed 2025 Water & Sewer Rate Schedules

Important Reminders

1. Lehigh County Authority is a non-profit, municipal authority. All revenues collected through our water and sewer rates are used for the sole benefit of the system to pay for current expenses or to fund future capital improvements.
2. Our Board of Directors are unpaid volunteers, and LCA has no shareholders to pay.
3. While LCA operates as a single organization, the water and sewer revenues collected from our customers in Suburban communities may not be used to pay for expenses associated with the Allentown Division lease agreement, or vice versa. This is specified in all LCA bond documents that prohibit the mixing of revenues.
4. Our nation's water and wastewater systems face staggering public investment needs over the next several decades. The U.S. Environmental Protection Agency estimates more than \$1.2 Trillion will be needed for drinking water and wastewater infrastructure improvements over the next 20 years. These investments are needed not only to replace aging systems that are 50 to 100 years old or older, but also to implement new public health initiatives such as the requirement to remove all lead pipes from water systems. In LCA's service area, local needs to address these challenges will place continued stress on the annual budget and rates to all customers for the foreseeable future.
5. These critical system improvements and associated rate increases are necessary for the protection of public health and the environment, and to support a vibrant economy. LCA takes this responsibility very seriously. The decision to raise rates is weighed carefully against the long-term needs of the system so that LCA can fulfill its mission.

Rate Setting & Review Process

Lehigh County Authority's 2025 water and sewer rates are presented in the attached schedules for the Board of Director's consideration for adoption on November 11, 2024. They have been posted on the LCA website in advance of their proposed adoption and shared with key customers directly in accordance with any existing service agreements. Should any customer or member of the general public

have questions or comments about these rates prior to their effective date of January 1, 2025, LCA staff will bring them back to the Board for consideration and to record them publicly for the record.

To assist the Board and the public with reviewing the proposed rates, a summary of the proposed rate changes is shown on the table below, and all changes are highlighted / shaded grey within the rate schedule documents attached. A calculation of the impact to a typical residential customer is also attached to this memo along with a comparison of how LCA's rates compare to other water/sewer utilities in the Lehigh Valley region and other major urban areas located in Pennsylvania.

It is important to note that these rates were discussed, reviewed, and preliminarily approved as part of the 2025 Budget process that began in July and was concluded in October. This submission represents formal adoption of the rates that were generated based on 2025 Budget calculations of revenue requirements as well as contractual requirements for rate-setting.

Water Rates

Rate	Page #	Description / Discussion
Suburban Water Fixed & Volume Charges	1	Proposed changes in the volume rates align with recommendations made by LCA's rate consultant in 2022 using a "cost of service" model designed to distribute actual system costs to customers in accordance with their water usage.
Public Fire Protection	2	Fire hydrant and system charges for public fire service provided by the Authority were also evaluated as part of the 2022 water rate study.
Fire Flow Testing	3	The fee LCA charges to conduct customer-requested fire flow testing was last updated in 2011. The updated fee reflects current wage rates and equipment costs as well as updated safety protocols required to conduct this work, which is reimbursable by the requesting customer or developer.
Allentown Water Rates	6	The 2025 rates reflect increases based on the terms of the Concession Lease Agreement with the City of Allentown, as amended in the summer of 2020. Such increases include an overall 5.5% increase, comprised of increases to general fixed and volume charges and updated calculations of the Capital Cost Recovery Charge and other fees per the methodology included in the Lease.

Wastewater Rates

Rate	Page #	Description / Discussion
Fats, Oils & Greases Analysis	5	This fee is applied to properties subject to Fats, Oils & Grease testing due to their specific commercial use, and reflects actual costs incurred by LCA to complete this analysis.
Suburban Exceptional Strength Charge	5	As calculated in the Western Lehigh Interceptor User Charge Report that was submitted to municipal signatories in October 2024. Rates are calculated by formula in compliance with municipal agreements.

Rate	Page #	Description / Discussion
Western Lehigh Interceptor & Little Lehigh Relief Interceptor User Charges	7	As calculated in the Western Lehigh Interceptor User Charge Report that was submitted to municipal signatories in October 2024. Rates are calculated by formula in compliance with municipal agreements.
Allentown Sewer Rates	8	The 2025 rates reflect increases based on the terms of the Concession Lease Agreement with the City of Allentown, as amended in the summer of 2020. Such increases include an overall 5.5% increase, comprised of increases to general fixed and volume charges and updated calculations of the Capital Cost Recovery Charge and other fees per the methodology included in the Lease.
Allentown Exceptional Strength Charge	9	As calculated by formula and applied to the City's municipal signatories and in-City customers with high-strength waste discharges.
Allentown Industrial Pretreatment Charges	9	Fees that may apply to individual customers depending on permit parameters, based on actual costs.

2025 Tapping Fees / Customer Facilities Fees

Any updates to these fees that may be required will be brought to the Board at a later date with required documentation and Resolution.

Lehigh County Authority - Proposed 2025 Rates

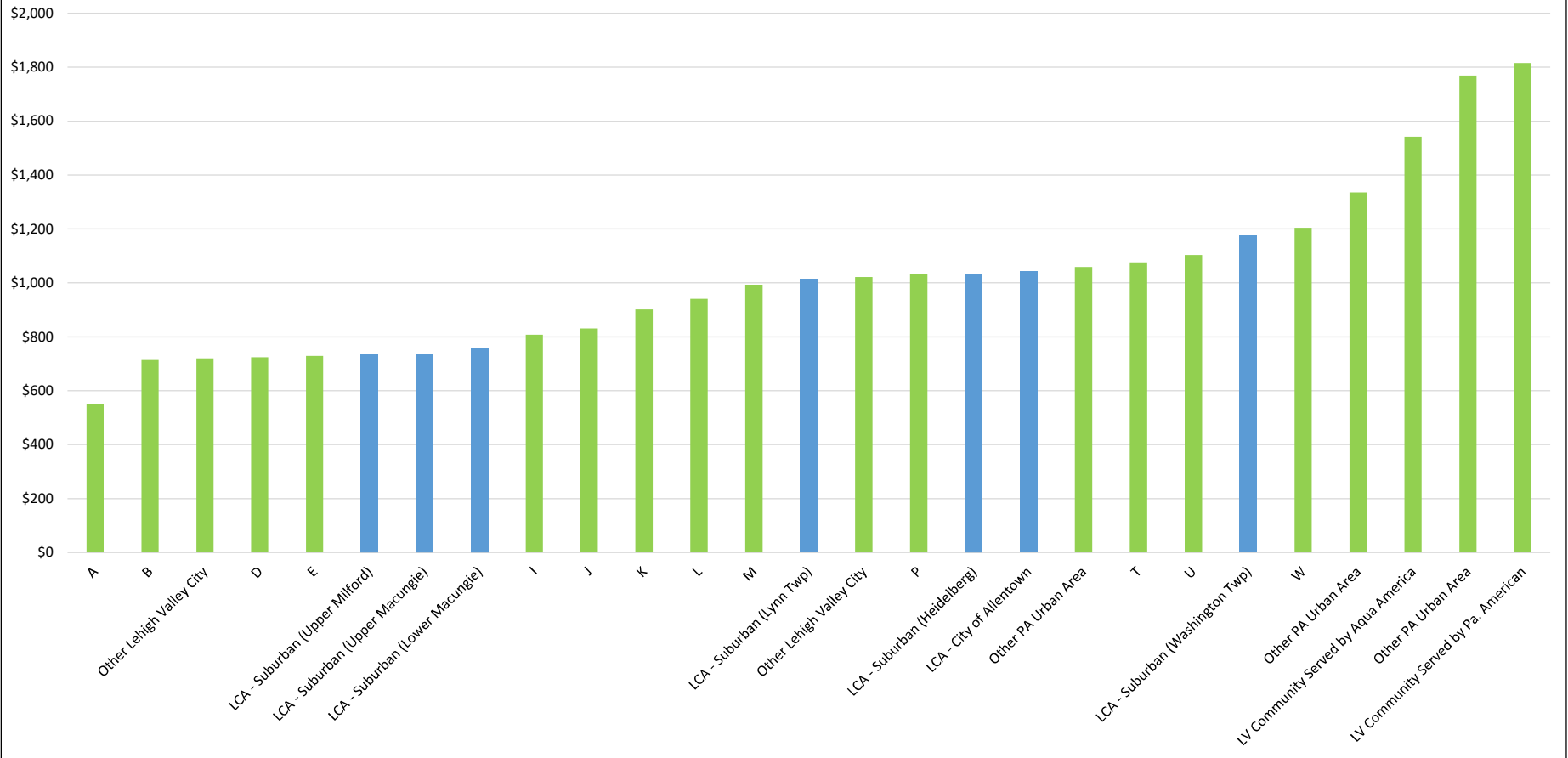
Bill Sample: Average Residential Customer, 15,000 gallons per quarter

	Upper Milford Twp**	Upper Macungie Twp*	Lower Macungie Twp*	Allentown Division	Lynn Twp**	Heidelberg Heights **	Washington Twp **
Water Fixed Charge	\$34.50	\$34.50	\$34.50	\$85.57	\$34.50	\$34.50	\$34.50
Water Volume Charge	\$60.30	\$60.30	\$60.30	\$82.89	\$60.30	\$60.30	\$60.30
Quarterly Water Bill	\$94.80	\$94.80	\$94.80	\$168.46	\$94.80	\$94.80	\$94.80
Sewer Fixed Charge	\$21.00	\$89.00	\$70.00	\$29.75	\$158.98	\$21.00	\$124.00
Sewer Flow Charge	\$67.95	n/a	\$25.50	\$62.33	n/a	\$142.95	\$75.00
Quarterly Sewer Bill	\$88.95	\$89.00	\$95.50	\$92.08	\$158.98	\$163.95	\$199.00
TOTAL QUATERLY BILL	\$183.75	\$183.80	\$190.30	\$260.54	\$253.78	\$258.75	\$293.80
ANNUAL WATER & SEWER BILL	\$735.00	\$735.20	\$761.20	\$1,042.16	\$1,015.12	\$1,035.00	\$1,175.20

* LCA customers in Lower Macungie and Upper Macungie townships receive sewer service and sewer bills directly from the township.
Rate information reflects the townships' most recently published rate schedule.

** No rate changes are proposed for sewer service in Upper Milford, Lynn, Heidelberg or Washington townships at this time.
A rate study for these areas may be conducted in 2025.

Lehigh Valley / PA Urban Areas - Water & Sewer Rate Comparison (Data from 2024, LCA Proposed 2025 Rates)
 27 Communities in the Lehigh Valley & PA - Average Annual Residential Water & Sewer Bill (5000 gallons per month)



**LEHIGH COUNTY AUTHORITY
SCHEDULE OF WATER RATES AND CHARGES**

**CENTRAL LEHIGH, NORTH WHITEHALL, WASHINGTON TOWNSHIP,
HEIDELBERG HEIGHTS, ARCADIA, PINE LAKES, MILL CREEK, BEVERLY HILLS,
CLEARVIEW FARM ESTATES, UPPER MILFORD CENTRAL, EMMAUS CONSECUTIVE,
AND MADISON PARK NORTH DIVISIONS**

I. Schedule of Water Rates

A. Metered Water Use

**Central Lehigh, North Whitehall, Washington Township, Heidelberg Heights,
Arcadia, Pine Lakes, Mill Creek, Beverly Hills, Emmaus Consecutive,
Madison Park North, Upper Milford Central & Clearview Farm Estates
Divisions**

(adopted 11/11/2024; effective 1/1/2025)

Current Fixed Charges		2025
Meter Size	Fixed Charge	Fixed Charge
<u>Quarterly</u>		
5/8" & 3/4" *	\$31.30	\$34.50
1"	55.48	61.25
<u>Monthly</u>		
1-1/2"	42.04	46.25
2"	58.18	64.00
3"	105.05	115.75
4"	154.00	169.50
6"	288.54	317.50
8"	448.27	493.25
10"	631.04	694.25

*Typical residential.

Current Volume Charges			2025
Quarterly Usage (gal.)	Monthly Usage (gal.)	Rate per 1,000 Gal.	Rate per 1,000 Gal.
First 120,000	First 0 - 40,000	\$3.80	\$4.02
Next 2,880,000	Next 960,000	\$3.43	\$3.63
Next 24,000,000	Next 8,000,000	\$3.00	\$3.18
Next 147,000,000	Next 49,000,000	\$2.75	\$2.92
Over 174,000,000	Over 58,000,000	\$2.55	\$2.72

Welshtown Road (Washington Township Division)

(adopted 9/19/95; effective 10/1/95)

Volume	Rate per 1,000 Gal.
First 8,000 gal./qtr.	*Minimum Charge/Quarter
All over 8,000 gal./qtr.	\$ 5.50
Meter Size	*Minimum Charge/Quarter
5/8" & 3/4"	\$ 60.00
1"	72.00
1-1/4"	84.00
1-1/2"	108.00
2"	133.00
3"	169.00
4"	266.00
6"	459.00

LEHIGH COUNTY AUTHORITY
SCHEDULE OF WATER RATES AND CHARGES (cont'd)

B. Public Fire Protection

(adopted 11/11/2024; effective 1/1/2025)

Each Public Fire Hydrant (O&M Charge)	\$10.83/month
Each Inch-Squared Foot (System Charge)	\$0.00181/year

2025 Rates:

\$11.26/month

\$0.00188/year

C. Private Fire Protection

(adopted 7/12/10; effective 7/12/10)

Fire Line Size	Charge per Month
Single Family Residential	\$ 5.00
2"	13.61
2-1/2"	21.26
3"	30.62
4"	54.43
6"	122.47
8"	217.72
10"	340.18
12"	489.87

Arcadia West Division – Direct Fire Protection Service

(adopted 5/12/03; effective 5/12/03)

	Charge per Sq. Ft. of Building Space
Monthly	\$.00321
Quarterly	.00963

II. Meter Test Fee

(adopted 12/15/14; effective 1/1/15)

Meter Size	Fee
5/8", 3/4", 1"	\$50.00
Larger than 1"	Actual Cost if >\$50

III. Meter Inspection Fee

(adopted 12/15/14; effective 1/1/15)

\$50.00**IV. Service Order / Site Visit Fees**

(adopted 12/15/14; effective 1/1/15)

Business Hours – 7:00 a.m. and 4:45 p.m., Monday through Friday (except holidays)	\$50.00
After Hours	\$150.00
Service Termination & Restoration Charge	\$100.00

V. Site Revisitation Charge

(adopted 12/15/14; effective 1/1/15)

\$100.00

LEHIGH COUNTY AUTHORITY
SCHEDULE OF WATER RATES AND CHARGES (cont'd)

VI. Lien Administration Fee

(adopted 12/13/04; effective 01/1/05)

\$56.50 + Current Lehigh County Clerk of Court's Filing Fee**VII. Hydrant Security Device Fee****Central Lehigh Division**

(adopted 11/28/16; effective 1/1/17)

\$140.00**VIII. Fire Flow Test Charge**

(adopted 11/11/2024; effective 1/1/2025)

\$180.00**2025 Rate: \$300****IX. Use of Easement Preparation Fee**

(adopted 12/07/11; effective 01/01/12)

\$90.00**X. Backflow Prevention Non-compliance Charge**

(adopted 12/07/11; effective 01/01/12)

\$50.00

LEHIGH COUNTY AUTHORITY
SCHEDULE OF WATER RATES AND CHARGES (cont'd)

IX. Tapping, Connection and Customer Facilities Fees

(adopted 7/8/2024; effective 8/1/2024)

**Central Lehigh, North Whitehall, Washington Township, Heidelberg Heights,
Pine Lakes, Mill Creek, Beverly Hills, Madison Park North, Upper Milford
Central & Clearview Farm Estates Divisions**

Size of Service Line	Tapping Fee		Connection Fee	Customer Facilities Fee
	Distribution	Capacity		
MFR*	\$ 170.67	\$ 523.17	Actual Cost See fee schedule	
3/4"	256.00	784.76		
1"	426.67	1,307.94		
1-1/2"	853.34	2,615.87		
2"	1,365.35	4,185.39		
3"	2,560.03	7,847.61		
4"	4,266.71	13,079.36		
6"	8,533.43	26,158.71		
8"	13,653.49	41,853.94		
10"	19,626.88	60,165.04		
12"	36,693.74	112,482.46		

Emmaus Consecutive Division

Inquire with Lehigh County Authority. Tapping fee subject to intermunicipal agreement for water capacity provided by Borough of Emmaus.

Arcadia Division

Size of Service Line	Tapping Fee		Connection Fee	Customer Facilities Fee
	Distribution	Capacity		
MFR*	\$ 190.01	\$ 1,777.51	Actual Cost	
3/4"	285.01	2,666.27	See fee schedule	
1"	475.02	4,443.78		
1-1/2"	950.05	8,887.55		
2"	1,520.08	14,220.08		
3"	2,850.14	26,662.66		
4"	4,750.24	44,437.76		
6"	9,500.48	88,875.52		
8"	15,200.76	142,200.83		
10"	21,851.09	204,413.70		
12"	40,852.04	382,164.74		

Special Purpose Fee		
Fire Service System	\$ 0.17	Per Square Foot of Building Space

Notes:

MFR - Applicable to each dwelling unit in a mobile home park or multi-family dwelling with individual service and individually metered.

Connection Fee is based on actual cost of connecting to the Authority water line, extending the service line to the property line, and inspecting the Customer Service Line.

LEHIGH COUNTY AUTHORITY
SCHEDULE OF WATER RATES AND CHARGES (cont'd)

Customer Facilities Fee

(adopted 12/11/2023; effective 1/1/2024)

This fee includes the supply and installation of a water meter and a backflow protection device for residential facilities (meter component). The fee can also include, at the customer's option and based on actual cost, installation of a service line from the property line to the customer's facility by the Authority.

All service lines must have an approved backflow protection device installed. The Authority will furnish a DC (dual check) device for residential facilities.

Meter Size	Meter Fee - With DC Backflow	Meter Fee - With No Backflow
5/8"	\$486	\$452
5/8" Pit	\$508	\$474
3/4"	\$505	\$471
3/4" Pit	\$524	\$490
1"		\$576
1" Pit		\$553
1 1/2" Displacement *		\$863
1 1/2" Turbine *		\$1,328
1 1/2" Compound *		\$1,820
2" Displacement *		\$1,128
2" Turbine *		\$1,409
2" Compound *		\$2,081

* LCA will install all meters 1" or smaller. Larger meters may be purchased from LCA at the prices listed above, which includes a \$50 inspection fee. If LCA installation of a larger meter is requested, the customer will pay actual costs, on a time and materials basis.

Notes:

Backflow protection devices for commercial/industrial facilities or other facilities with a 1" or larger meter shall be approved by the Authority, and supplied, installed and tested by the applicant. Meters larger than 2" shall be approved by the Authority, supplied and installed by the applicant, and inspected by the Authority at the applicant's expense.

X. Non-Sufficient Funds (NSF) Fee

All Divisions

(adopted 9/24/01, effective 1/1/02)

\$25.00

XI. Service Initiation Fee

All Divisions

(adopted 9/24/01, effective 1/1/02)

\$15.00

LEHIGH COUNTY AUTHORITY
SCHEDULE OF WATER RATES AND CHARGES (cont'd)

CITY OF ALLENTOWN

Adopted 11/11/2024; Effective 1/1/2025

NOTE: Unless expressed specifically in this Schedule of Rates and Charges, customers of the City of Allentown water system are subject to any and all additional charges, fees, penalties and policies stated in Lehigh County Authority's Rules & Regulations for Water Service and its Schedule of Water Rates and Charges duly adopted for its non-City systems.

A. Metered Water Use

Meter Size	2024 Monthly Charge	2025 Monthly Charge	2024 Quarterly Charge	2025 Quarterly Charge
5/8"	n/a	n/a	\$80.50	\$85.57
3/4"	n/a	n/a	\$89.30	\$94.93
1"	n/a	n/a	\$107.34	\$114.11
1 1/2"	\$50.59	\$53.77	n/a	n/a
2"	\$68.32	\$72.63	n/a	n/a
3"	\$115.51	\$122.79	n/a	n/a
4"	\$168.87	\$179.51	n/a	n/a
6"	\$316.63	\$336.58	n/a	n/a
8"	\$494.15	\$525.28	n/a	n/a

Volume	2024 Rate per 1,000 Gallons*	2025 Rate per 1,000 Gallons*
All Volume	\$4.87604	\$5.11851

* Volume charge includes cost recovery for any Change of Law and cost passed through from the Delaware River Basin Commission as allowed under the Lease Agreement with the City of Allentown.

B. Capital Cost Recovery Charge

\$0.38958 per 1000 gallons

2025 Rate: \$0.40753

C. Private Fire Protection

Each Hydrant	\$476.32 per year (may be billed monthly or quarterly)
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2025 Rate:
\$506.33

D. Tapping Fees

Part 1 – Pre-Concession Rate for Pre-Concession Capital Cost Recovery

\$7.81 per gallon

2025 Rate: \$8.30

Part 2 – Post-Concession Rate for LCA Capital Cost Recovery

Capacity Part	\$0.00851 per gallon
Distribution Part	\$0.02551 per gallon

LEHIGH COUNTY AUTHORITY
SCHEDULE OF WATER RATES AND CHARGES (cont'd)

E. Customer Facilities Fees

Adopted 12/11/2023; Effective 1/1/2024

Fees includes the supply and installation of a water meter and associated components.

Meter Size	With LCA Installation*	Without LCA Installation*
5/8"	\$388	
3/4"	\$457	
1"	\$442	
1 1/2"	\$778	
2"	\$982	
3" Compound		\$2,421
3" Turbine		\$1,740
4" Compound		\$4,048
4" Turbine		\$3,188
6" Compound		\$6,839
6" Turbine		\$5,570
6" Fireline		\$12,306
8" Compound		\$10,917
8" Turbine		\$9,324
8" Fireline		\$19,423
* LCA will install all meters 2" or smaller. Larger meters may be purchased from LCA at the prices listed above, which includes a \$50 inspection fee. If LCA installation of a larger meter is requested, the customer will pay actual costs, on a time and materials basis.		

Other Components	Price
5/8" Meter Horn	\$65.51
3/4" Meter Horn	\$76.69
Curb Box	\$115.00

LEHIGH COUNTY AUTHORITY
SCHEDULE OF WATER RATES AND CHARGES (cont'd)

F. Connection Fee

Adopted 12/11/2023; Effective 1/1/2024

Actual cost of connecting to the Authority water line, completed by Authority personnel. Additional fees may apply for service line inspection, plan review, construction permits and/or capital recovery charges. Please contact the Authority's Capital Works department for more information.

Tap Size	Connection Fee
3/4"	\$485
1"	\$517
1 1/2"	\$765
2"	\$953
4" x 4"	\$3,104
6" x 4"	\$3,146
6" x 6"	\$3,637
8" x 4"	\$3,205
8" x 6"	\$3,706
8" x 8"	\$4,661
12" x 4"	\$3,324
12" x 6"	\$3,830
12" x 8"	\$4,771
12" x 12"	\$8,237

**LEHIGH COUNTY AUTHORITY
SCHEDULE OF WASTEWATER RATES AND CHARGES**

**UPPER MILFORD TOWNSHIP, WEISENBERG TOWNSHIP,
HEIDELBERG HEIGHTS, WYNNEWOOD, SAND SPRING, WASHINGTON
TOWNSHIP, LOWHILL TOWNSHIP, LYNN TOWNSHIP, WESTERN LEHIGH
INTERCEPTOR & LITTLE LEHIGH RELIEF INTERCEPTOR SYSTEMS**

I. Schedule of Wastewater Rates

NOTE: For Subsections A – F of this schedule, the following shall apply:

- All residential properties shall be billed based on the first-quarter usage based on water meter readings. If no first-quarter usage data is available, or the property is unmetered, residential properties shall be billed based on an assumed usage of 180 gallons per day.
- All commercial properties shall be billed based on actual usage based on water meter readings.
- Where a per-EDU fixed charge is applied to commercial properties, the assumed value of an Equivalent Dwelling Unit is 235 gallons per day.

A. Lowhill Township System

(adopted 06/13/16; effective 06/08/16)

Flow Charge	<u>\$/1,000 gals</u>
All Flow	4.53
Fixed Charge per Quarter	<u>\$ per Equivalent Dwelling Unit (EDU)</u>
- Multi-Family Residential	10.50
- All Other Accounts	21.00

B. Upper Milford Township System

(adopted 12/10/12; effective 01/01/13)

Flow Charge	<u>\$/1,000 gals</u>
All Flow	4.53
Fixed Charge per Quarter	<u>\$ per Equivalent Dwelling Unit (EDU)</u>
- Multi-Family Residential	10.50
- All Other Accounts	21.00

C. Weisenberg Township System

(adopted 12/10/12; effective 01/01/13)

Flow Charge	<u>\$/1,000 gals</u>
All Flow	4.53
Fixed Charge per Quarter	<u>\$ per Equivalent Dwelling Unit (EDU)</u>
- Multi-Family Residential	10.50
- All Other Accounts	21.00

**LEHIGH COUNTY AUTHORITY
SCHEDULE OF WASTEWATER RATES AND CHARGES**

Western Weisenberg Township System (Arcadia West)

(adopted 12/11/06; effective 01/01/07)

Quarterly Flow Charge	<u>\$/1,000 gals</u> 58.00
Quarterly Fixed Charge	<u>\$/1000 gals of Allocation</u> <u>per day</u> 7.55

C. Heidelberg Heights System

(adopted 12/10/12; effective 01/01/13)

Flow Charge	<u>\$/1,000 gals</u>
All Flow	9.53
Fixed Charge per Quarter	<u>\$ per Equivalent Dwelling Unit (EDU)</u>
- Multi-Family Residential	10.50
- All Other Accounts	21.00

D. Wynnewood System

(adopted 12/10/12; effective 01/01/13)

Flow Charge	<u>\$/1,000 gals</u>
All Flow	9.53
Fixed Charge per Quarter	<u>\$ per Equivalent Dwelling Unit (EDU)</u>
- Multi-Family Residential	10.50
- All Other Accounts	21.00

E. Sand Spring System

(adopted 12/10/12; effective 01/01/13)

Flow Charge	<u>\$/1,000 gals</u>
All Flow	9.53
Fixed Charge per Quarter	<u>\$ per Equivalent Dwelling Unit (EDU)</u>
- Multi-Family Residential	10.50
- All Other Accounts	21.00

**LEHIGH COUNTY AUTHORITY
SCHEDULE OF WASTEWATER RATES AND CHARGES**

F. Wastewater Treatment Plant Direct Customer

(adopted 12/10/12; effective 01/01/13)

Flow Charge	<u>\$/1,000 gals</u>
All Flow	4.53
Fixed Charge per Quarter	<u>\$ per Equivalent Dwelling Unit (EDU)</u>
- Multi-Family Residential	10.50
- All Other Accounts	21.00

G. Washington Township System

(adopted by resolution of Washington Township Board of Supervisors 12/2/08; effective 1/1/09 – Administered by Lehigh County Authority per agreement, as operator, approved 4/13/09; effective 1/1/09. Current rate adopted by LCA 12/10/12; effective 01/01/13). All other Authority administrative fees shall apply to these customers, including those set forth in the Metering Fees and Other Charges categories of this schedule.

Fixed Charge	<u>\$/qtr</u>
All customers	\$124.00
Flow Charge	<u>\$/1,000 gals</u>
All flow	\$5.00

H. Lynn Township

(adopted 12/07/11; effective 01/01/12)

Flow Charge	<u>\$/1,000 gals</u>
Commercial accounts, flow in excess of 15,000 gallons per quarter	7.20
Fixed Charge per EDU per Quarter	\$158.98

**LEHIGH COUNTY AUTHORITY
SCHEDULE OF WASTEWATER RATES AND CHARGES**

II. Metering Fees

A. Meter Purchase/Installation Fee

(adopted 12/11/2023; effective 1/1/2024)

Meter Size	Purchase & Inspection *
5/8"	\$388
5/8" Pit	\$410
3/4"	\$407
3/4" Pit	\$426
1"	\$512
1" Pit	\$489
1-1/2" Displacement	\$863
1-1/2" Turbine	\$1,328
1-1/2" Compound	\$1,820
2" Displacement	\$1,128
2" Turbine	\$1,409
2" Compound	\$2,081

* Prices include ECR meter with touchpad, radio read unit and installation wire, plus \$50 inspection fee. Plumber shall install all components and call for meter inspection by LCA personnel.

B. Meter Inspection Fee

\$50.00

(adopted 12/15/14; effective 1/1/15)

C. Meter Test Fee

(adopted 12/15/14; effective 1/1/15)

Meter Size	Fee
5/8", 3/4", 1"	\$50.00
Larger than 1"	Actual Cost if >\$50

III. Other Charges

A. Service Order / Site Visit Fee

(adopted 12/15/14; effective 1/1/15)

Business Hours – 7:00 a.m. and 4:45 p.m.,
Monday through Friday (except holidays) **\$50.00**

After Hours **\$150.00**

B. Site Revisitation Charge

\$100.00

(adopted 12/15/14; effective 1/1/15)

LEHIGH COUNTY AUTHORITY SCHEDULE OF WASTEWATER RATES AND CHARGES

- C. Lien Administration Fee**
(adopted 12/13/04; effective 01/01/05)

\$56.50 + Current Lehigh County Clerk of Court's Filing Fee

- D. Non-Sufficient Funds (NSF) Fee** **\$25.00**
(adopted 9/24/01, effective 1/01/02)

- E. Service Initiation Fee** **\$15.00**
(adopted 9/24/01, effective 1/01/02)

- F. Sampling and Testing Charges** **\$182.00/day**
(adopted 11/11/19; effective 1/1/20)
(Commercial & Industrial)

Fats-Oils-Greases Analysis **\$43.75/sample**
(adopted 11/11/2024; effective 1/1/2025)

<u>2025 Rate:</u> \$68.50

- G. Exceptional Strength Charges**
(adopted 11/11/2024; effective 1/1/2025)

(Commercial & Industrial)	2024 Rates \$ / pound	2025 Rates \$ / pound
BOD	0.37	0.34
TSS	0.31	0.28
TKN	0.51	0.42

- H. Use of Easement Preparation Fee** **\$90.00**
(adopted 12/07/11; effective 01/01/12)

LEHIGH COUNTY AUTHORITY
SCHEDULE OF WASTEWATER RATES AND CHARGES

IV. Capital Recovery Charges

(adopted 7/8/2024; effective 8/1/2024)

System	Tapping Fee \$/gallon/day	Tapping Fee \$/EDU	Connection Fee	Customer Facilities Fee
Upper Milford System			Actual Cost Trended*	Actual Cost Trended*
Route 29 Service Area				
Contributed Area (includes Western Lehigh fees plus UMiT Capacity & Planning Parts)	\$ 23.02	\$ 5,289.16		
LCA-Installed Area (includes Contributed Area fees plus UMiT Collection Part)	35.98	8,439.99		
Lower Macungie Twp. Customer	3.20	749.69		
Other Service Areas				
Contributed Area (includes Western Lehigh fees plus UMiT Capacity Part-Other)	15.91	3,562.95		
Non-Contributed Area (includes Contributed Area fees plus UMiT Collection Part)	28.88	6,713.78		
Western Weisenberg Twp System				
LCA Planning Fee	3.30	865.37	Historical Cost plus Financing	
LCA Land Fee	5.85	1,536.92	Actual Cost Trended	
Wastewater Treatment Plant	50.46	13,246.82	Actual Cost Trended	
Wynnewood System				
Capacity	93.13	21,791.54	Actual Cost	Actual Cost
Collection	22.31	5,220.79		
Heidelberg Heights System				
Capacity	42.99	10,060.08	Actual Cost	Actual Cost
Collection	4.46	1,043.07		
Sand Spring System				
Capacity	164.18	38,416.96	Actual Cost	Actual Cost
Collection	4.40	1,030.19		

*If constructed by Authority; if constructed by property owner, a \$90 inspection fee applies.

The capital recovery fees set forth in this schedule do not apply to the Washington Township sewer system since the Washington Township Board of Supervisors establishes such fees and administers capital recovery fees directly.

**LEHIGH COUNTY AUTHORITY
SCHEDULE OF WASTEWATER RATES AND CHARGES**

WESTERN LEHIGH INTERCEPTOR SYSTEM

I. Schedule of Wastewater Rates

(adopted 11/11/2024; effective 1/1/2025)

LCA Signatories	<u>2024 Rate (\$)</u>	<u>2025 Rate (\$)</u>
Flow (per 1,000 gallons)	1.36	1.55
BOD (per pound)	0.37	0.34
TSS (per pound)	0.31	0.28
TKN (per pound)	0.50	0.42
Allocation (per 1,000 gallons per day)	0.27	0.31
Emmaus		
Flow (per 1,000 gallons)	0.40	0.46

II. Tapping Fee

(adopted 7/8/2024; effective 8/1/2024)

<u>System</u>	<u>Tapping Fee \$/gal/day</u>	<u>Tapping Fee \$/EDU</u>	<u>Costing Method</u>
Treatment Allocation	7.64	1,703.87	Historical Trended Cost
Western Lehigh Interceptor	5.53	1,232.54	

LITTLE LEHIGH RELIEF INTERCEPTOR SYSTEM

I. Schedule of Wastewater Rates

(adopted 11/11/2024; effective 1/1/2025)

	<u>2024 Rates (\$)</u>	<u>2025 Rates (\$)</u>
LCA Signatories – Phase 1	0.18	0.33
Flow (per 1,000 gallons)		
Other Users – Lower Macungie Phase 2 & Brookside Road, Salisbury, and So. Whitehall Townships		
Flow (per 1,000 gallons)	0.21	0.31
LCA Signatories – Phase 2 Flow (per 1,000 gallons)	.017	.018

II. Tapping Fee

(adopted 7/8/2024; effective 8/1/2024)

<u>System</u>	<u>Tapping Fee \$/gal/day</u>	<u>Tapping Fee \$/EDU</u>	<u>Costing Method</u>
Little Lehigh Relief Interceptor	2.03	451.58	Historical Trended Cost

LEHIGH COUNTY AUTHORITY SCHEDULE OF WASTEWATER RATES AND CHARGES

CITY OF ALLENTOWN

Adopted 11/11/2024; Effective 1/1/2025

NOTE: Unless expressed specifically in this Schedule of Rates and Charges, customers of the City of Allentown wastewater system are subject to any and all additional charges, fees, penalties and policies stated in Lehigh County Authority's Rules & Regulations for Sewerage Service and its Schedule of Wastewater Rates and Charges duly adopted for its non-City systems.

A. Sewer Usage Charges

Meter Size	2024 Monthly Charge	2025 Monthly Charge	2024 Quarterly Charge	2025 Quarterly Charge
5/8"	n/a	n/a	\$27.98	\$29.75
3/4"	n/a	n/a	\$31.01	\$32.97
1"	n/a	n/a	\$37.09	\$39.42
1 1/2"	\$17.42	\$18.52	n/a	n/a
2"	\$23.49	\$24.97	n/a	n/a
3"	\$39.78	\$42.29	n/a	n/a
4"	\$57.99	\$61.64	n/a	n/a
6"	\$108.67	\$115.52	n/a	n/a
8"	\$199.36	\$211.92	n/a	n/a

Flow Charge	2024 Rate per 1,000 Gallons*	2025 Rate per 1,000 Gallons*
All flow based on metered water usage**	\$3.43916	\$3.65502

* Flow charge includes cost recovery for any Change of Law and cost passed through from the Delaware River Basin Commission as allowed under the Lease Agreement with the City of Allentown.

** Unmetered residential accounts will be charged for flow based on an average usage of 180 gallons per day.

B. Capital Cost Recovery Charge

\$0.32742 per 1000 gallons

2025 Rate:
\$0.29680

C. Administrative Order Fee

\$0.20419 per 1000 gallons

2025 Rate:
\$0.20363

Administrative Order Fee is collected to reimburse the City of Allentown for expenses associated with complying with the USEPA Administrative Order to correct / eliminate sanitary sewer system overflows.

D. Tapping Fees

Part 1 – Pre-Concession Rate for Pre-Concession Capital Cost Recovery

\$5.95 per gallon

2025 Rate: \$6.32

Part 2 – Post-Concession Rate for LCA Capital Cost Recovery

Capacity Part \$0.01538 per gallon

Collection Part \$0.00052 per gallon

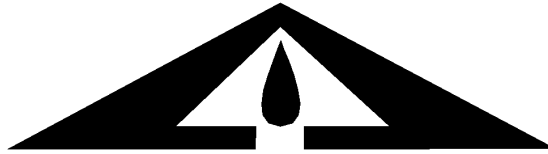
**LEHIGH COUNTY AUTHORITY
SCHEDULE OF WASTEWATER RATES AND CHARGES**

E. Exceptional Strength Charges

(Commercial & Industrial)	2024 Rate \$ / pound	2025 Rate \$ / pound
BOD	0.381	0.330
TSS	0.314	0.293
TKN	0.469	0.430

F. Industrial Pretreatment Program Fees

Program Charge / Testing Fees	2024 Rate
Issue Initial Two (2) Year Permit	\$1,200.00
Renewal Fee	\$575.00
Review of Monitoring Reports Required by Federal Regulations	\$275.00
Single Occurrence Review	\$350.00
Site Visitations and Inspection	\$130.00
Monitoring Reports Preparation	\$135.00
Placement of Chemical Samplers	\$105.00
Sample Collection and Preparation	\$52.50
Biochemical Oxygen Demand	\$28.50
Cyanide, Total	\$31.00
Oil & Grease	\$68.50
pH	\$13.00
Phenols	\$37.50
Solids, Total Dissolved	\$22.00
Solids, Total Suspended	\$18.00
Solids, Total	\$15.50
Sulfides	\$50.00
Total Kjeldahl Nitrogen (TKN)	\$30.00
Total Petroleum Hydrocarbons	\$75.00
Total Phosphorous as P	\$15.00
Cadmium	\$15.50
Chromium	\$15.50
Copper	\$15.50
Lead	\$15.50
Molybdenum	\$15.50
Nickel	\$15.50
Silver	\$15.50
Selenium	\$15.50
Zinc	\$15.50
Mercury	\$26.00
Cobalt	\$15.50
Lithium	\$15.50
SVOA 625	\$237.00
VOA 1666	\$449.00
VOA 624	\$125.00
Diesel Range Organics	\$78.00
PFAS	\$357.00



LEHIGH COUNTY AUTHORITY BOARD 2025 MEETING SCHEDULE

Meetings of the Lehigh County Authority ("LCA") Board are held on the 2nd & 4th Mondays of each month, except as noted below. All LCA Board meetings begin at Noon, 12:00 p.m. LCA Board meetings will be held at LCA's Main Office located at 1053 Spruce Road, Wescosville PA, 18106, as well as online using the Zoom Meetings internet application, or other video and audio advanced communication technology (ACT). LCA Board meetings are open to the public. Public participation at the meeting is welcomed. Instructions for joining the meeting online or by phone are posted on the LCA website the morning on the day of the meeting, prior to the start of each meeting. Please visit <https://www.lehighcountyauthority.org/about/lca-board-meeting-videos/> for specific instructions to join the meeting. The Board's meeting agenda and other meeting materials are also posted on LCA's website. You may also issue comment to LCA via email to LCABoard@Lehighcountyauthority.org in advance of any meeting or view a recording of the meeting at a later time by visiting the LCA website. Comments received prior to a meeting will be read at the Board's meeting and become part of the public record.

Board Meetings

January 13, 27

February 10, 24

March 10, 24

April 14, 28

May 12, 19

June 9, 23

July 14, 28

August 11, 25

September 8, 22

October 13, 27

November 10, 24

December 8

RESOLUTION No. 11-2024-1

(Duly adopted 11 November, 2024)

AUTHORIZING THE SUBMISSION OF A PENNSYLVANIA STATEWIDE LOCAL SHARE ASSESSMENT GRANT REQUEST; DESIGNATING LEHIGH COUNTY AUTHORITY OFFICIALS AUTHORIZED TO EXECUTE ALL DOCUMENTS AND AGREEMENTS IN CONNECTION WITH THE REQUESTED GRANT AND ASSIST IN OBTAINING THE REQUESTED GRANT, AND PROVIDING FOR OTHER MISCELLANEOUS MATTERS.

WHEREAS, the Lehigh County Authority (the “Authority”) is a body corporate and politic, organized by the Board of County Commissioners of the County of Lehigh, Pennsylvania (the “County”) under the provisions of the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. §5601 et seq., as amended (the “Act”); and

WHEREAS, the Authority owns, leases, and/or operates public water and sewer systems in the greater Lehigh Valley of Pennsylvania; and

WHEREAS, the Board of the Lehigh County Authority (the “Authority Board”) has determined to request a grant under the Pennsylvania Statewide Local Share Assessment Grant Program (the “LSA Grant Program”) for financial assistance for purchase of Replacement Meter Equipment in conjunction with the ongoing meter replacement and upgrade programs in place for the Authority’s water system in various locations throughout the Township of Upper Macungie, Township of Lower Macungie, and City of Allentown, in the County of Lehigh (the “Project”); and

WHEREAS, in accordance with the LSA Grant Program requirements, the Board desires to declare its approval of the grant request for Project, and designate an Authority official(s) authorized to execute documents and agreements and assist in obtaining the requested grant.

NOW, THEREFORE, the Authority Board hereby resolves as follows:

SECTION 1. The Lehigh County Authority, of the County of Lehigh, Pennsylvania, hereby requests a Statewide Local Share Assessment grant of One Million Dollars (\$1,000,000) from the Commonwealth Financing Authority to be used for the Project.

SECTION 2. Liesel Gross, Authority Chief Executive Officer and Edward Klein, Authority Chief Financial Officer, individually and collectively, are hereby designated as the official(s) (the “Designated Officials”) to execute all documents and agreements between the Lehigh County Authority and the Commonwealth Financing Authority,

and any other related Commonwealth entities, to facilitate and assist in obtaining the requested grant.

SECTION 3. The Designated Officials, and other Authority officers, individually and collectively, are hereby authorized, empowered and directed on behalf of the Authority to execute any and all papers and documents, and to do and cause to be done any and all acts and things necessary, proper, or convenient, for the execution or carrying out purposes of this Resolution.

On motion of _____, seconded by _____, this resolution was adopted the 11th day of November 2024.

Tally of Votes: Yeas _____ Nays _____

☞ ☞

I, Kevin C. Reid, of the law firm of King, Spry, Herman, Freund & Faul, LLC, Solicitor to the Lehigh County Authority, do hereby certify that the foregoing is a true, correct and complete copy of a Resolution No. 11-2024-1 which was duly adopted by the Authority Board at a public meeting of the Authority Board held on November 11, 2024, after notice thereof had been duly given as required by law, at which meeting a quorum was present and voting, and which Resolution has been recorded in the Minutes and is now in full force and effect on the date of this certification.

Kevin C. Reid, Esquire Date
King, Spry, Herman, Freund & Faul, LLC
Lehigh County Authority Solicitor

(SEAL)

Attest:

Lisa J. Miller Date
Executive Administrative Support Specialist



Zelenkofske Axelrod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lehigh County Authority
Allentown, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Lehigh County Authority, Pennsylvania, as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Lehigh County Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Lehigh County Authority, as of December 31, 2023 and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Lehigh Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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

Lehigh County Authority's 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 Lehigh County Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

830 Sir Thomas Court, Suite 100, Harrisburg, PA 17109
3800 McKnight East Drive, Suite 3805, Pittsburgh, PA 15237
34745 Burbage Road, Frankford, DE 19945

2370 York Road, Suite A-5, Jamison, PA 18929
420 Chinquapin Round Road, Suite 2-i, Annapolis, MD 21401
210 Tollgate Hill Road, Greensburg, PA 15601

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Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

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 GAAS 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 GAAS, 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 Lehigh County 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 Lehigh County 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 29 and the schedule of changes in the net pension liability and related ratios, schedule of contributions for the pension plan, schedule of changes in net OPEB liability and related ratios – Suburban Employees, schedule of contributions – Suburban Employees OPEB Plan, schedule of investment returns – Suburban Employees OPEB Plan, and schedule of changes in total OPEB liability and related ratios – City Division, on pages 83 through 88 be presented to supplement the basic financial statements. Such information, 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 audit 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.



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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lehigh County Authority's basic financial statements. The Other Supplementary Information and the Supplemental Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information and the Supplemental Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 Other Supplementary Information and the Supplemental Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information in the annual comprehensive financial report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

Harrisburg, Pennsylvania
April 30, 2024

INTRODUCTION

Lehigh County Authority is pleased to present its Annual Financial Report for the year ended December 31, 2023. The Authority is a water and wastewater agency created by the County of Lehigh, Pennsylvania in 1966 under the Pennsylvania Municipality Authorities Act. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the Authority's basic financial statements.

Certain prior year amounts have been reclassified to conform with current year presentation.

Information in this MDA is presented under the following headings:

- Authority Activities and Highlights
- Overview of the Financial Statements
- Financial Analysis
- Capital Contributions
- Capital Assets & Service Concession Arrangement
- Debt Administration
- Economic Factors and Rates
- Contacting the Authority's Financial Management

MANAGEMENT'S DISCUSSION AND ANALYSIS

2023: A Year of Fresh Starts & Looming Challenges

For many organizations, 2023 was a year in which the COVID-19 pandemic began to fade into the background, and more energy and focus could be dedicated to looking forward and generating new programs and ideas. Such was also the case for Lehigh County Authority. Throughout the year, great progress was made on several key initiatives and strategies outlined in LCA's 2022-2027 Strategic Plan. Notably:

- A Strategic Asset Management Plan (SAMP) was developed in 2023 that will guide LCA's efforts for the next several years to care for the Authority's water and sewer assets in a way that balances risk, cost, and service.
- A new Employee Health & Safety initiative was rolled out in 2023, including development of an executive steering committee, renewed focus on incident reporting to support improved safety protocols, and several new employee training programs.
- Continued work was completed on a regional sewer facilities plan (called an "Act 537 Plan"), moving LCA closer to its target of submitting the plan to state regulators in early 2025. The Act 537 Plan was rolled out publicly in the fourth quarter of 2023.
- Internal efforts to enhance administrative and financial processes have been successful, and a new financial software implementation project lined up for completion in 2024.

These significant achievements in 2023 are worth celebrating, and will lay the foundation for the Authority's success in achieving its strategic initiatives. However, it is also important to look forward and adjust priorities as needed to address changes in the utility landscape. Three such changes are looming, and the Authority is developing plans and programs to address them. First is the changing regulatory framework related to lead in drinking water, as the U.S. Environmental Protection Agency seeks to finalize new requirements for utilities to remove all lead service lines across the nation. Related, EPA is working to finalize new drinking water regulations related to the class of chemicals commonly referred to as PFAS. These two regulatory changes must be considered in concert with the third major challenge that all utilities are facing – affordability. To address rapidly increasing regulatory requirements, and to address aging

infrastructure, customers' water and sewer bills will increase at a rate that will outpace inflation for the foreseeable future. Ensuring that safe drinking water is accessible for all populations will be an increasing challenge for the Authority as we look ahead. Greater focus must be placed on pursuing grant opportunities and developing avenues for vulnerable customers to receive assistance on their water and sewer bills. LCA has made significant progress in address all of these looming challenges in 2023 and expects to shift focus to ensure these issues remain at the forefront of the Authority's planning efforts in the years to come.

More information about the Authority's 2022-2027 Strategic Plan is available on the Authority's website, or by contacting CEO Liesel Gross at lieselgross@lehighcountyauthority.org. Looking ahead, the groundwork laid in 2023 will go a long way toward supporting the Authority's mission: To protect public health and the environment by providing high-quality, safe, and reliable water and wastewater services.

Authority Activities and Highlights

The Authority's City Division was created on August 7, 2013, when the Authority bought the rights to lease and operate the City of Allentown's Water and Wastewater Systems for a term of 50 years. This transaction, which was memorialized by the Allentown Water and Sewer Utility System Concession and Lease Agreement, was financed through the issuance of \$307,683,599 of bonds. In 2020, the Authority's Concession agreement with the City was amended to achieve mutual goals related to revenue capacity and operational sustainability of the system, and \$155,915,000 of the bonds were refinanced to support the process, the positive impacts of which are described in the financial statements included in this report.

At the close of 2023, the Authority's total assets and deferred outflows exceeded its liabilities and deferred inflows by \$172,353,925 (net position). The part of net position that can be used to meet the Authority's on-going obligations to customers and creditors, unrestricted net position, is (\$8,649,978).

The Authority's net position increased in 2023 by \$15,485,296, with an increase of \$8,266,949 and \$7,774,363 in the Suburban Water and City Division funds, respectively, partially offset by a decrease in the Suburban Wastewater fund of \$556,016.

Operating revenues increased from \$78,096,829 in 2022 to \$86,129,844 in 2023 due to increased Suburban Water Revenues of \$175,449, increased Suburban Wastewater revenues of \$2,750,179 and an increase in City Division Revenues of \$5,107,387. Operating expenses increased from \$55,032,473 in 2022 to \$62,170,856 in 2023 due to inflationary effects on employee cost, higher purchased services, and higher depreciation and amortization.

Overview of the Financial Statements

Lehigh County Authority's basic financial statements include statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows and notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

The Authority's financial statements are prepared on an accrual basis following generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner like private sector business.

Statement of net position: The statement of net position presents the financial position of the Authority. It presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of revenues, expenses, and changes in net position: The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Additionally, some revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g., accrued wages).

Statement of cash flows: The statement of cash flows presents information on the effects of the changes in assets, liabilities and operations have on cash during the fiscal year.

Statement of fiduciary net position: This statement presents the financial position of the Authority's OPEB Trust Fund. It presents information on the funds, assets, and liabilities, with the difference reported as net position held in trust for employees' post-retirement benefits.

Statement of changes in fiduciary net position: The statement presents information on the contributions, changes in the fair value of investments and expenses of the Authority's Other Post Employment Benefit (OPEB) Trust Fund.

Notes to the financial statements: The notes supply additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

Proprietary funds: The Authority maintains proprietary funds. Enterprise funds are used to report functions presented as business-type activities, accounting for its suburban water, suburban wastewater, and city division operations.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's obligation to supply pension benefits and OPEB for its employees.

Financial Analysis
Net Position (City Division):

A summary of the Authority's City Division Statements of Net Position on December 31 is presented as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets, Unrestricted	\$ 30,780,618	\$ 28,009,615	\$ 20,025,488
Non-current Assets:			
Restricted	70,658,305	61,306,220	60,788,278
Capital Assets, Net	2,734,094	1,987,204	945,827
Other Assets, Net	<u>251,868,154</u>	<u>255,809,350</u>	<u>253,383,943</u>
Total Assets	356,041,171	347,112,389	335,143,536
Deferred Outflows of Resources	<u>28,649,107</u>	<u>28,003,303</u>	<u>29,671,334</u>
Total Assets & Deferred Outflows	\$ 384,690,278	\$ 375,115,692	\$ 364,814,870
Current Liabilities	\$ 7,982,927	\$ 8,045,281	\$ 7,552,226
Non-current Liabilities	<u>420,944,770</u>	<u>415,749,905</u>	<u>413,589,023</u>
Total Liabilities	428,927,697	423,795,186	421,141,249
Deferred Inflows of Resources	<u>1,479,746</u>	<u>4,812,034</u>	<u>3,710,580</u>
Total Liabilities & Deferred Inflows	\$ 430,407,443	\$ 428,607,220	\$ 424,851,829
Net Position:			
Net Investment in Capital Assets	\$ 1,921,159	\$ 1,367,914	\$ 693,351
Restricted	-	3,288,666	1,037,068
Unrestricted	<u>(47,638,324)</u>	<u>(58,148,108)</u>	<u>(61,767,378)</u>
Total Net Position	<u>\$ (45,717,165)</u>	<u>\$ (53,491,528)</u>	<u>\$ (60,036,959)</u>

As expected for a water/sewer authority, the largest part of the City Division's assets are Capital Assets and Other Assets (71.5%). These categories reflect the Authority's total investment in the leased Concession assets and the purchased rolling stock and other fleet of vehicles, less any depreciation and amortization.

- Current and noncurrent assets other than capital assets and other assets in 2023 increased \$12,123,088, or 13.6%. This increase was primarily due to an increase in unrestricted cash, restricted cash, and trade receivables.
- Capital assets, net and other assets, net in 2023 decreased by \$3,194,306. The decrease was a result of the previous net pension asset becoming a net pension liability in 2023.
- Current liabilities in 2023 decreased by \$62,354 from 2022. This decrease was primarily due to a reduction in trade payables partially offset by an increase the current portion of revenue bonds and notes payable.
- Noncurrent liabilities in 2023 increased by \$5,194,865 from 2022. The increase was primarily a result of the previous net pension asset becoming a net pension liability in 2023 along with additional note borrowings.
- Current and noncurrent assets other than capital assets and other assets in 2022 increased \$8,502,069, or 10.5%. This increase was primarily due to an increase for unrestricted cash, restricted cash, trade receivables and other receivables.
- Capital assets, net and other assets, net in 2022 increased by \$3,466,784, which was the net increase after considering new acquisitions offset by depreciation and amortization of \$6,492,067 along with an increase in the net pension asset.
- Current liabilities in 2022 increased by \$493,055 from 2021. This increase was primarily due to a higher current part of long-term debt with a partial offset from a reduction in trade payables.
- Noncurrent liabilities in 2022 increased by \$2,160,882 from 2021. The increase was primarily due to additional bond liability for the service concession liability.

Net Position (Suburban Water Fund):

A three-year condensed summary of the Authority's Suburban Water Fund Statements of Net Position as of December 31 of each year is presented as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets, Unrestricted	\$ 17,102,380	\$ 13,417,932	\$ 12,480,046
Non-current Asset:			
Restricted	2,126,600	1,875,456	1,943,941
Capital Assets, Net	138,375,589	131,525,866	128,614,268
Other Assets, Net	<u>1,822,066</u>	<u>2,282,894</u>	<u>2,540,046</u>
Total Assets	159,426,635	149,102,148	145,578,301
Deferred Outflows	<u>1,215,330</u>	<u>969,294</u>	<u>744,779</u>
Total Assets & Deferred Outflows	<u>\$ 160,641,965</u>	<u>\$ 150,071,442</u>	<u>\$ 146,323,080</u>
Current Liabilities	\$ 3,953,091	\$ 5,894,716	\$ 3,854,367
Non-current Liabilities	<u>37,598,729</u>	<u>32,251,632</u>	<u>34,422,363</u>
Total Liabilities	41,551,820	38,146,348	38,276,730
Deferred Inflows	-	1,101,898	1,361,667
Total Liabilities & Deferred Inflows	<u>\$ 41,551,820</u>	<u>\$ 39,248,246</u>	<u>\$ 39,638,397</u>
Net Position:			
Net Investment in Capital Assets	\$ 99,479,344	\$ 97,314,000	\$ 92,406,620
Restricted	3,359,476	3,629,406	3,747,477
Unrestricted	<u>16,251,325</u>	<u>9,879,790</u>	<u>10,530,586</u>
Total Net Position	<u>\$ 119,090,145</u>	<u>\$ 110,823,196</u>	<u>\$ 106,684,683</u>

Again, as expected for a water/sewer authority, the largest part of the Suburban Water Fund's total assets & deferred outflows are Capital Assets and Other Assets (87.3%). These categories reflect the Authority's total investment in the capital and other assets (e.g., infrastructure, buildings, machinery, and equipment), less any depreciation and amortization.

- Current and noncurrent assets other than capital assets and other assets in 2023 increased by \$3,684,448, or 27.5%. This increase was primarily due to an increase in unrestricted cash balances and an increase in trade receivables.
- Capital assets, net and other assets, net in 2023 increased \$6,388,895 or 4.8%. This was primarily due to capital spending on projects.
- Current liabilities in 2023 decreased \$1,941,625 or 32.9% from 2022. This decrease was primarily due to a decrease in trade payables.
- Noncurrent liabilities in 2023 increased \$5,347,097 or 6.3% from 2022, as a result of the Authority issuing a note to fund capital projects.
- Current and noncurrent assets other than capital assets and other assets in 2022 increased by \$869,401, or 6.0%. This increase was primarily due to an increase in unrestricted cash balances and an increase in trade receivables with a partial offset from a reduction in other receivables.
- Capital assets, net and other assets, net in 2022 increased \$2,654,446 or 2.0%. This was primarily due to capital spending on projects.
- Current liabilities in 2022 increased \$2,040,349 or 52.9% from 2021. This increase was primarily due to an increase in trade payables.
- Noncurrent liabilities in 2022 decreased \$2,170,731 or 6.3% from 2021, due to a reduction in bond liability.

Net Position (Suburban Wastewater Fund):

A three-year condensed summary of the Authority's Suburban Wastewater Fund Statements of Net Position as of December 31 of each year is presented as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets, Unrestricted	\$ 21,028,699	\$ 18,904,361	\$ 15,726,177
Non-current Asset:			
Restricted	398,063	338,677	338,360
Capital Assets, Net	81,730,215	82,277,489	83,812,944
Other Assets, Net	4,021,307	6,200,367	8,830,906
Total Assets	<u>107,178,284</u>	<u>107,720,894</u>	<u>108,708,387</u>
Deferred Outflows	521,755	269,644	331,223
Total Assets & Deferred Outflows	<u>\$ 107,700,039</u>	<u>\$ 107,990,538</u>	<u>\$ 109,039,610</u>
Current Liabilities	\$ 3,592,298	\$ 2,495,932	\$ 2,516,100
Non-current Liabilities	5,126,796	5,420,433	6,081,672
Total Liabilities	<u>8,719,094</u>	<u>7,916,365</u>	<u>8,597,772</u>
Deferred Inflows	-	537,212	449,750
Total Liabilities & Deferred Inflows	<u>\$ 8,719,094</u>	<u>\$ 8,453,577</u>	<u>\$ 9,047,522</u>
Net Position:			
Net Investment in Capital Assets	\$ 76,243,924	\$ 76,055,630	\$ 76,926,452
Restricted	-	445,851	140,598
Unrestricted	22,737,021	23,035,480	22,925,038
Total Net Position	<u>\$ 98,980,945</u>	<u>\$ 99,536,961</u>	<u>\$ 99,992,088</u>

Again, as expected for a water/sewer authority, the largest part of the Suburban Division's total assets & deferred outflows are Capital Assets and Other Assets (79.8%). These categories reflect the Authority's total investment in the capital and other assets (e.g., infrastructure, buildings, machinery, and equipment), less any depreciation and amortization.

- Current and noncurrent assets other than capital assets and other assets in 2023 increased \$2,183,724, or 11.3%. This increase was primarily due to an increase in unrestricted cash balances and trade receivables, partially offset by a decrease in unrestricted investments.
- Capital assets, net and other assets, net in 2023 decreased \$2,726,334 or 3.1%. This was due to capital spending on projects being outpaced by higher depreciation as well as a decrease in the net pension asset and facilities planning costs.
- Current liabilities in 2023 increased \$1,096,366 or 43.9% from 2022. This increase was primarily due to increased trade payables.
- Noncurrent liabilities in 2023 decreased \$293,637 or 5.4% from 2022, due to a reduction in debt balances from principal payments and an increase in the net pension liability.
- Current and noncurrent assets other than capital assets and other assets in 2022 increased \$3,178,501, or 19.8%. This increase was primarily due to an increase in unrestricted cash balances and an increase in unrestricted investment balances.
- Capital assets, net and other assets, net in 2022 decreased \$4,165,994 or 4.5%. This was due to capital spending on projects being outpaced by higher depreciation.
- Current liabilities in 2022 decreased \$20,168 or 0.8% from 2021. This decrease was primarily due to decreases in lease liabilities.
- Noncurrent liabilities in 2022 decreased \$661,239 or 10.9% from 2021, due to a reduction in debt balances from principal payments.

Changes in Net Position (City Division):

A summary of the Authority's City Division Statement of Revenue, Expenses and Changes in Net Position for the years ended December 31 is presented as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues:			
User Charges	\$ 51,449,526	\$ 46,293,205	\$ 41,949,921
Other Income & Rent	415,106	464,040	326,513
Total Operating Revenues	<u>51,864,632</u>	<u>46,757,245</u>	<u>42,276,434</u>
Operating Expenses:			
Salaries, Benefits & Administrative	13,616,627	11,922,755	11,658,011
Utilities, Supplies & Services	7,378,345	5,837,862	4,706,369
Treatment & Transportation	11,307	11,594	12,480
Depreciation & Amortization	6,755,624	6,492,067	6,399,799
Total Operating Expenses	<u>27,761,903</u>	<u>24,264,278</u>	<u>22,776,659</u>
Operating Income	<u>24,102,729</u>	<u>22,492,967</u>	<u>19,499,775</u>
Non-Operating Revenues (Expenses):			
Tapping & Capital Recovery Fees	3,027,960	2,491,962	2,173,581
Meter Sales	54,211	36,231	29,584
Inspection, Plan Reviews & Project Reimbursements	2,405,574	5,806,628	1,308,125
Interest Earnings	3,458,984	914,681	5,373
Other Income	480,370	214,812	113,357
Interest Expense	(19,973,362)	(19,703,642)	(19,452,114)
Other Expense	(5,782,103)	(5,708,208)	(4,029,868)
Total Net Non-Operating Revenues (Expenses)	<u>(16,328,366)</u>	<u>(15,947,536)</u>	<u>(19,851,962)</u>
Increase (Decrease) in Net Position	<u>7,774,363</u>	<u>6,545,431</u>	<u>(352,187)</u>
Beginning Net Position	<u>(53,491,528)</u>	<u>(60,036,959)</u>	<u>(59,684,772)</u>
Ending Net Position	<u>\$ (45,717,165)</u>	<u>\$ (53,491,528)</u>	<u>\$ (60,036,959)</u>

Year over year changes are as follows:

- Operating Revenue for 2023 for the City Division was \$51,864,632, compared to \$46,757,245 in 2022 with most of the increase attributable to a rate increase and higher Signatory Revenues.
- Operating Expenses, net of depreciation and amortization were \$21,006,279 in 2023 compared to \$17,772,211 in 2022, an increase of \$3,234,068. The increase is due to higher employee costs, higher costs for materials and supplies, and higher costs for services.
- Operating Income, net of depreciation and amortization was \$30,858,353 in 2023 compared to \$28,985,034 in 2022, an increase of \$1,873,319 driven mostly by the increased operating revenues with a partial offset from higher operating expenses.
- Operating Revenue for 2022 for the City Division was \$46,757,245, compared to \$42,276,434 in 2021 with most of the increase attributable to a rate increase and higher Signatory Revenues.
- Operating Expenses, net of depreciation and amortization were \$17,772,211 in 2022 compared to \$16,376,860 in 2021. The increase is due to higher employee costs, higher costs for materials and supplies, and higher costs for services.
- Operating Income, net of depreciation and amortization was \$28,985,034 in 2022 compared to \$25,899,574 in 2021, an increase of \$3,085,460 driven mostly by the increased operating revenues with a partial offset from higher operating expenses.

It should be noted that interest expense of \$19,973,362 in 2023 is comprised of actual interest paid (\$11,475,921), accretion (\$4,053,453), amortization of the SCA Payable (\$3,216,234), change in accrued interest payable (\$12,691), amortization of bond discount (\$165,941), interest on leases (\$29,206), and deferred refunding loss of (\$1,019,916).

The City Division's Annual Debt Service Coverage Ratio exceeded the indenture requirement of 1.20. The ratio for all years of operation has exceeded 1.20.

Changes in Net Position (Suburban Water Fund):

A condensed summary of the Authority's Suburban Water Fund Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31 is presented below:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues:			
User Charges	\$ 16,418,379	\$ 15,642,798	\$ 12,399,103
Other Income & Rent	75,002	675,134	58,764
Total Operating Revenues	<u>16,493,381</u>	<u>16,317,932</u>	<u>12,457,867</u>
Operating Expenses:			
Salaries, Benefits & Administrative	4,220,175	3,574,441	3,221,208
Utilities, Supplies & Services	5,236,816	5,006,631	4,340,242
Treatment & Transportation	-	-	-
Depreciation & Amortization	3,898,085	3,665,828	3,373,864
Total Operating Expenses	<u>13,355,076</u>	<u>12,246,900</u>	<u>10,935,314</u>
Operating Income/(Loss)	<u>3,138,305</u>	<u>4,071,032</u>	<u>1,522,553</u>
Non-Operating Revenues/(Expenses):			
Tapping & Capital Recovery Fees	316,943	279,250	386,165
Meter Sales	126,852	140,444	150,087
Inspection, Plan Reviews & Project Reimbursements	286,607	233,338	1,022,771
Interest Earnings	374,909	64,387	34,284
Other Income	207,290	173,318	132,181
Interest Expense	(954,076)	(847,133)	(1,136,953)
Other Expense	(119,528)	(229,725)	(255,343)
Total Net Non-Operating Revenues/(Expenses)	<u>238,997</u>	<u>(186,121)</u>	<u>333,192</u>
Increase/(Decrease) in Net Position Before Capital Contributions	<u>3,377,302</u>	<u>3,884,911</u>	<u>1,855,745</u>
Capital Contributions			
Grants	-	-	34,523
Capital Assets Provided by Developers & Other	4,889,647	253,602	3,227,112
Total Capital Contributions	<u>4,889,647</u>	<u>253,602</u>	<u>3,261,635</u>
Increase/(Decrease) in Net Position	<u>8,266,949</u>	<u>4,138,513</u>	<u>5,117,380</u>
Beginning Net Position	110,823,196	106,684,683	101,567,303
Ending Net Position	<u>\$ 119,090,145</u>	<u>\$ 110,823,196</u>	<u>\$ 106,684,683</u>

Changes in the Statements of Revenues, Expenses and Changes in Net Position were as follows:

- Operating Revenue in 2023 for the Suburban Water Fund was \$16,493,381 compared to \$16,317,932 in 2022. The primary driver for the increase in Water Fund revenue was higher volumes along with increased rates, offset by a reduction in other income & rent.
- Operating expenses, net of depreciation & amortization was \$9,456,991 in 2023 compared to \$8,581,072 in 2022, an increase of \$875,919 over 2021. This increase was driven by higher employee costs, and higher services costs.
- Operating Revenue in 2022 for the Suburban Water Fund was \$16,317,932 compared to \$12,457,867 in 2021. The primary driver for the increase in Water Fund revenue was higher volumes along with increased rates.
- Operating expenses, net of depreciation & amortization was \$8,581,072 in 2022 compared to \$7,561,450 in 2021, an increase of \$1,019,622 over 2021. This increase was driven by higher employee costs, higher materials and supplies, and higher services costs.

Changes in Net Position (Suburban Wastewater Fund):

A condensed summary of the Authority's Suburban Wastewater Fund Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31 is presented below:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues:			
User Charges	\$ 17,465,394	\$ 14,684,737	\$ 15,606,887
Other Income & Rent	306,437	336,915	204,533
Total Operating Revenues	<u>17,771,831</u>	<u>15,021,652</u>	<u>15,811,420</u>
Operating Expenses:			
Salaries, Benefits & Administrative	2,149,349	1,470,168	1,437,400
Utilities, Supplies & Services	8,295,840	7,114,123	6,906,429
Treatment & Transportation	3,903,664	2,846,176	3,899,502
Depreciation & Amortization	6,705,024	7,090,828	6,671,362
Total Operating Expenses	<u>21,053,877</u>	<u>18,521,295</u>	<u>18,914,693</u>
Operating Income/(Loss)	<u>(3,282,046)</u>	<u>(3,499,643)</u>	<u>(3,103,273)</u>
Non-Operating Revenues/(Expenses):			
Tapping & Capital Recovery Fees	1,326,278	3,236,640	752,932
Meter Sales	359	-	-
Inspection, Plan Reviews & Project Reimbursements	44,556	82,529	4,108
Interest Earnings	576,327	(3,778)	25,019
Other Income	495,094	1,585	45,690
Interest Expense	(168,364)	(185,935)	(199,973)
Other Expense	(133,968)	(86,525)	(55,412)
Total Net Non-Operating Revenues/(Expenses)	<u>2,140,282</u>	<u>3,044,516</u>	<u>572,364</u>
Increase/(Decrease) in Net Position Before Capital Contributions	<u>(1,141,764)</u>	<u>(455,127)</u>	<u>(2,530,909)</u>
Capital Contributions			
Grants	-	-	-
Capital Assets Provided by Developers & Other	585,748	-	422,300
Total Capital Contributions	<u>585,748</u>	<u>-</u>	<u>422,300</u>
Increase/(Decrease) in Net Position	<u>(556,016)</u>	<u>(455,127)</u>	<u>(2,108,609)</u>
Beginning Net Position	<u>99,536,961</u>	<u>99,992,088</u>	<u>102,100,697</u>
Ending Net Position	<u>\$ 98,980,945</u>	<u>\$ 99,536,961</u>	<u>\$ 99,992,088</u>

Changes in the Statements of Revenues, Expenses and Changes in Net Position were as follows:

- Operating Revenue in 2023 for the Suburban Wastewater Fund was \$17,771,831 compared to \$15,021,652 in 2022. The increase can be attributed to higher municipal user charges.
- Operating expenses, net of depreciation & amortization was \$14,348,853 in 2023, an increase of \$2,918,386 compared to 2022 of \$11,430,467. The increase was caused by higher employee cost, higher materials and supplies, higher service cost, and higher treatment and transportation cost.
- Operating Revenue in 2022 for the Suburban Wastewater Fund was \$15,021,652 compared to \$15,811,420 in 2021. The primary driver for the decrease in Wastewater Fund revenue was lower flows and loads.
- Operating expenses, net of depreciation & amortization was \$11,430,467 in 2022, a decrease of \$812,864 compared to 2021 of \$12,243,331. The primary driver was lower treatment & transportation charges.

- As a sign of the new growth in the Suburban Division territory, the following table illustrates the three-year trend of Water System connections and Wastewater capacity sales to new and expanding users.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Water System # of Units Connected:			
Single Family Detached	156	175	162
Single Family Attached (Townhouses)	61	95	98
Apartments and Mobile Homes	3	274	9
Commercial	<u>17</u>	<u>9</u>	<u>15</u>
Total Water System Connections	<u>237</u>	<u>553</u>	<u>284</u>
Wastewater Capacity Sales in Gallons:			
Residential	25,868	71,806	63,555
Commercial	<u>73,359</u>	<u>182,559</u>	<u>1,150</u>
Total Sales	<u>99,227</u>	<u>254,365</u>	<u>64,705</u>

The table reflects a decrease in new Water System connections for both detached and attached single family homes while we had a decrease in connections for Apartments, mobile homes, and commercial. Wastewater capacity sales were lower in 2023 to previous year due to lower commercial activity.

- The Suburban Water System bought 7.36 million gallons per day (mgd) from the interconnection with its City Division in 2023. We expect to buy similar volume in 2024.
- The Suburban Division's Annual Water System Operating Coverage, which is figured out by dividing net operating revenues by annual debt service, was above the 110% required by the Suburban Water Bond Indenture.

Changes in Net Position (Suburban Division Summary):

A summary of the Authority's Statement of Changes in Net Position Suburban Division (Suburban Water and Wastewater) is presented as follows:

Statement of Changes in Net Position Year Ended December 31, 2023

	<u>Beginning Balance</u>	<u>Increased / (Decreased)</u>	<u>Ending Balance</u>
Net Investment in Capital			
Assets	\$ 173,369,630	\$ 2,353,638	\$ 175,723,268
Restricted Net Position	4,075,257	(715,781)	3,359,476
Unrestricted Net Position	<u>32,915,270</u>	<u>6,073,076</u>	<u>38,988,346</u>
 Total Net Position	 <u>\$ 210,360,157</u>	 <u>\$ 7,710,933</u>	 <u>\$ 218,071,090</u>

Other Selected Information:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Equivalent Fulltime Employees at Year-End	164	165	158
Units Served:			
<u>City Division:</u>			
Water:			
Water – Residential	42,417	42,249	41,998
Water – Industrial & Commercial	<u>5,795</u>	<u>5,462</u>	<u>5,184</u>
Total Water Billable Units	48,212	47,711	47,182
Wastewater:			
Wastewater – Residential	42,387	42,219	41,968
Wastewater – Commercial	<u>5,784</u>	<u>5,452</u>	<u>5,174</u>
Total Wastewater Billable Units	48,171	47,671	47,142
 <u>Suburban Division:</u>			
Water – Residential	23,605	23,383	22,791
Water – Industrial & Commercial	<u>797</u>	<u>782</u>	<u>774</u>
Total Water Billable Units	24,402	24,165	23,565
Wastewater Collection – Residential	2,995	2,957	2,897
Wastewater Collection – Commercial	<u>134</u>	<u>133</u>	<u>132</u>
Total Wastewater Billable Units	3,129	3,090	3,029
 Customers:	 <u>2023</u>	 <u>2022</u>	 <u>2021</u>
<u>City Division:</u>			
Water – Residential	30,467	30,456	30,442
Water – Industrial & Commercial	<u>3,057</u>	<u>3,046</u>	<u>3,034</u>
Total Water Customers	33,524	33,502	33,476
Wastewater Collection – Residential	30,445	30,434	30,420
Wastewater Collection – Commercial	<u>3,046</u>	<u>3,036</u>	<u>3,024</u>
Total Wastewater Customers	33,491	33,470	33,444

Customers:	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Suburban Division:</u>			
Water – Residential	20,636	20,417	20,145
Water – Industrial & Commercial	<u>791</u>	<u>776</u>	<u>768</u>
Total Water Customers	21,427	21,193	20,913
Wastewater Collection – Residential	2,635	2,597	2,537
Wastewater Collection – Commercial	<u>128</u>	<u>127</u>	<u>126</u>
Total Wastewater Customers	2,763	2,724	2,663
Ratios:	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>City Division:</u>			
Ratio of Operating Revenue to:			
Operating Expenses, Net of Depreciation & Amortization	2.47	2.63	2.58
Total Assets (Annualized)	0.15	0.13	0.13
Total Net Position	N/A	N/A	N/A
Debt Related Ratios:			
Net Position to Long-Term Debt	N/A	N/A	N/A
Current Ratio (Current Assets/Current Liabilities)	3.86	3.51	2.65
<u>Suburban Water:</u>			
Ratio of Operating Revenue to:			
Operating Expenses, Net of Depreciation & Amortization	1.74	1.90	1.65
Total Assets	0.10	0.11	0.09
Total Net Position	0.14	0.15	0.12
Debt Related Ratios:			
Net Position to Long-Term Debt	3.27	3.47	3.19
Current Ratio (Current Assets/Current Liabilities)	4.33	2.28	3.24
<u>Suburban Wastewater:</u>			
Ratio of Operating Revenue to:			
Operating Expenses, Net of Depreciation & Amortization	1.24	1.31	1.29
Total Assets (Annualized)	0.17	0.14	0.15
Total Net Position	0.18	0.15	0.16
Debt Related Ratios:			
Net Position to Long-Term Debt	21.55	19.28	16.44
Current Ratio (Current Assets/Current Liabilities)	5.85	7.57	6.25

Capital Contributions

The Authority received no grants related to construction in 2023 and had none in 2022. Another major source of capital contributions was derived from developer installed systems donated to the Authority. In 2023, \$5,475,395 was received compared to \$253,602 in 2022.

Capital Assets & Service Concession Arrangement:

The largest investment in the Authority's history occurred on August 7, 2013, with the financing of the acquisition of the City of Allentown's Water and Sewer System through a 50-year lease concession. The Authority's Net Capital Investment in intangible and other assets decreased from \$247,299,215 in 2022 to \$245,998,066 in 2023, and the City Divisions net capital assets increased from \$1,987,204 in 2022 to \$2,734,094 in 2023. More detail on the Service Concession Arrangement can be found in Note 6 to the financial statements.

Net Capital Assets in Suburban Water increased by \$6,849,723 and decreased by \$547,274 in Suburban Wastewater. The changes from year to year are due to the relative changes in capital spending against depreciation & amortization. More detail on the Authority's Capital Assets can be found in Note 5 to the financial statements.

Debt Administration:

In 2013 the Authority issued \$307,683,599 million in three series of bonds to fund the upfront payment to the City of Allentown, capital improvements, create various reserves necessary under the Indenture and to fund financing and other transaction costs related to the Concession. Increases to debt in 2018 consisted of issuance of the Series 2018 Bond and accreted interest on the 2013 Series B Capital Appreciation Revenue Bonds. The Series C Bonds were refinanced in 2018 and a part of the Series A bonds were refinanced in 2020.

In 2020 the Authority issued City Division Water and Sewer Revenue Bond Series 2020 and Series A of 2020 in the amounts of \$161,035,000 and \$18,150,000, respectively. The Series 2020 Bonds were issued to advance refund a part of the City Divisions Series 2013 A Bonds, fund a debt service reserve, and pay the costs and expenses of issuing the Bonds. The Series A 2020 Bonds were issued to currently refund the City Divisions Series 2018 Bonds, fund a debt service reserve, and pay the costs and expenses of issuing the Bonds.

In 2021, the Authority refinanced \$21,679,902 of existing debt in the Suburban Water fund.

In 2022, there was \$12.2M of additional project financing activity in the Suburban Water Fund.

In 2023, there was no additional financing activity in any of the funds.

See note 8 of the Notes to the Financial Statements for further detail on outstanding debt.

Economic Factors and Rates:

City Division:

City Division rates increased by 9.8% in January 2023 per the Concession Agreement to support the mutual goals of the Authority and the City of Allentown related to revenue capacity and operational sustainability of the system.

Suburban Division:

From the Suburban Division perspective, the Authority chose to increase water rates in 2023 to cover the funding of certain capital projects. The Suburban Division's rates continue to be among the lowest in the Lehigh Valley region.

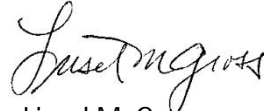
With higher treatment and transportation costs from the former City of Allentown water and wastewater departments and significant maintenance needed on the Authority's Interceptor System, annual Wastewater rate

increases have been enacted since 2007. For the Authority's smaller satellite systems and wastewater collection systems, the most recent rate increase was on January 1, 2013, a 5% increase.

Contacting the Authority's Financial Management:

This financial report is designed to provide our customers, creditors, and funding agencies with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need more information, contact Edward C. Klein, the Lehigh County Authority's Chief Financial Officer, P.O. Box 3348, Allentown, PA 18106.

Submitted by,



Liesel M. Gross
Chief Executive Officer



Edward C. Klein
Chief Financial Officer

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

STATEMENTS OF NET POSITION
December 31, 2023 AND 2022

- ASSETS AND DEFERRED OUTFLOWS OF RESOURCES-

	Suburban		Suburban		City Division		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Current Assets:								
Cash and Cash Equivalents (Note 2)	\$ 8,603,461	\$ 5,505,549	\$ 10,597,608	\$ 7,753,178	\$ 16,368,303	\$ 11,937,407	\$ 35,569,372	\$ 25,196,134
Certificates of Deposit (Note 2)	3,023,130	2,945,069	6,965,466	8,866,269	-	-	9,988,596	11,811,338
Accounts Receivable:								
Customers	3,094,686	2,803,370	4,109,832	2,867,327	9,014,152	7,935,029	16,218,670	13,605,726
Financing Contracts (Note 4)	-	-	207,224	210,885	-	-	207,224	210,885
Others	331,090	323,672	614,088	652,299	4,545,547	7,485,033	5,490,725	8,461,004
Due from (to) Other Funds (Note 9)	1,624,525	1,577,517	(1,624,525)	(1,577,517)	-	-	-	-
Inventory	235,869	92,544	-	-	-	-	235,869	92,544
Accrued Interest Receivable	14,832	6,766	31,623	8,211	340,774	211,856	387,229	226,833
Prepaid Expenses	174,787	163,445	127,383	123,709	511,842	440,290	814,012	727,444
Total Current Assets	17,102,380	13,417,932	21,028,699	18,904,361	30,780,618	28,009,615	68,911,697	60,331,908
Noncurrent Assets:								
Restricted:								
Cash and Cash Equivalents (Note 2)	2,126,600	1,875,456	398,063	338,677	70,658,305	61,306,220	73,182,968	63,520,353
Total Restricted Assets	2,126,600	1,875,456	398,063	338,677	70,658,305	61,306,220	73,182,968	63,520,353
Capital Assets: (Notes 1 and 5)								
Land	3,734,165	3,334,473	1,896,050	1,896,050	-	-	5,630,215	5,230,523
Construction in progress	2,728,619	4,714,305	316,208	1,421,586	-	-	3,044,827	6,135,891
Wells & Reservoirs	13,439,605	11,702,311	3,494,643	3,494,643	-	-	16,934,248	15,196,954
Transmission & Distribution Mains	94,381,777	88,676,537	-	-	-	-	94,381,777	88,676,537
Services & Hydrants	20,407,091	18,511,665	-	-	-	-	20,407,091	18,511,665
Interceptor & Collector Systems	-	-	41,704,381	39,577,398	-	-	41,704,381	39,577,398
Building Structure & Appurtenances	30,709,483	30,639,526	73,177,085	71,847,880	-	-	103,886,568	102,487,406
Metering System	14,644,182	14,109,805	429,778	429,778	-	-	15,073,960	14,539,583
Equipment and Furnishings	12,589,429	10,619,945	24,659,220	24,113,872	3,909,755	3,784,342	41,158,404	38,518,159
Lease Assets Equipment	5,951	8,829	5,951	8,829	49,165	54,217	61,067	71,875
Lease Assets Vehicles	622,491	407,400	1,063,200	1,100,894	1,402,036	940,098	3,087,727	2,448,392
Capacity	1,207,901	1,207,901	248,561	248,561	-	-	1,456,462	1,456,462
Less accumulated depreciation & amortization	(56,095,105)	(52,406,831)	(65,264,882)	(61,862,002)	(2,626,862)	(2,791,453)	(123,986,829)	(117,060,286)
Total Capital Assets	138,375,589	131,525,866	81,730,215	82,277,489	2,734,094	1,987,204	222,839,898	215,790,559
Other Assets:								
Long-Term Portion of Receivables -	-	-	533,320	749,038	-	-	533,320	749,038
Financing Contracts (Note 4)	-	-	-	-	-	-	-	-
Intangible Service Concession	-	-	-	-	245,998,066	247,299,215	245,998,066	247,299,215
Arrangement (Note 6)	-	-	-	-	-	3,288,666	-	4,620,211
Net Pension Asset	-	885,694	-	445,851	-	-	-	-
Net OPEB Asset (Note 12)	1,780,508	1,164,309	-	-	-	-	1,780,508	1,164,309
Other Assets	-	-	-	-	5,870,088	5,221,469	5,870,088	5,221,469
Facilities Planning Costs	-	-	-	-	-	-	-	-
(Net of Accumulated Amortization) (Note 7)	41,558	232,891	3,487,987	5,005,478	-	-	3,529,545	5,238,369
Total Other Assets	1,822,066	2,282,894	4,021,307	6,200,367	251,868,154	255,809,350	257,711,527	264,292,611
Total Noncurrent Assets	142,324,255	135,684,216	86,149,585	88,816,533	325,260,553	319,102,774	553,734,393	543,603,523
Total Assets	159,426,635	149,102,148	107,178,284	107,720,894	356,041,171	347,112,389	622,646,090	603,935,431
Deferred Outflows of Resources								
Pensions	1,036,484	535,658	521,755	269,644	3,848,551	1,988,935	5,406,790	2,794,237
OPEB	178,846	433,636	-	-	407,567	601,463	586,413	1,035,099
Refunding Loss on Bonds	-	-	-	-	24,392,989	25,412,905	24,392,989	25,412,905
Total Deferred Outflows	1,215,330	969,294	521,755	269,644	28,649,107	28,003,303	30,386,192	29,242,241
Total Assets and Deferred Outflows of Resources	\$ 160,641,965	\$ 150,071,442	\$ 107,700,039	\$ 107,990,538	\$ 384,690,278	\$ 375,115,692	\$ 653,032,282	\$ 633,177,672

This statement is continued on the next page

The accompanying notes are an integral part of the financial statements.

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

STATEMENTS OF NET POSITION (CONTINUED)
December 31, 2023 AND 2022

- LIABILITIES AND NET POSITION -

	Suburban Water Fund		Suburban Wastewater Fund		City Division Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Current Liabilities:								
Accounts Payable - Trade	\$ 733,425	\$ 2,949,674	\$ 2,676,456	\$ 1,531,795	\$ 1,871,682	\$ 2,701,212	\$ 5,281,563	\$ 7,182,681
Accounts Payable - Capital	157,611	215,964	69,251	46,218	272,215	247,358	499,077	509,540
Accrued Interest Payable	174,202	186,518	-	-	986,802	974,111	1,161,004	1,160,629
Lease Payable	110,414	67,711	72,095	130,725	238,074	166,514	420,583	364,950
Notes Payable (Note 8)	76,690	75,541	463,248	453,376	62,553	-	602,491	528,917
Revenue Bonds Payable (Note 8)	2,005,000	1,935,000	225,680	241,714	4,084,460	3,441,583	6,315,140	5,618,297
Developer Deposits and Other (Note 10)	502,974	256,282	2,950	2,950	86,953	81,682	592,877	340,914
OPEB Liability	-	-	-	-	60,000	58,557	60,000	58,557
Accrued Payroll & Other	192,775	208,026	82,618	89,154	320,188	374,264	595,581	671,444
Total Current Liabilities	3,953,091	5,894,716	3,592,298	2,495,932	7,982,927	8,045,281	15,528,316	16,435,929
Noncurrent Liabilities:								
Developer Deposits and Other (Note 10)	151,547	118,018	27,489	24,389	20,000	-	199,036	142,407
SCA Payable (Note 6)	-	-	-	-	69,626,135	67,771,081	69,626,135	67,771,081
Lease Payable	282,970	234,993	132,791	233,387	574,861	452,776	990,622	921,156
Notes Payable (Note 8)	7,648,893	775,582	3,807,332	4,270,580	1,277,521	-	12,733,746	5,046,162
OPEB Liability	-	-	-	-	2,380,477	3,140,766	2,380,477	3,140,766
Net Pension Liability	743,041	-	374,039	-	2,758,978	-	3,876,058	-
Revenue Bonds Payable								
(Net of Premium/Discount) (Note 8)	28,772,278	31,123,039	785,145	892,077	344,306,798	344,385,282	373,864,221	376,400,398
Total Noncurrent Liabilities	37,598,729	32,251,632	5,126,796	5,420,433	420,944,770	415,749,905	463,670,295	453,421,970
Total Liabilities	41,551,820	38,146,348	8,719,094	7,916,365	428,927,697	423,795,186	479,198,611	469,857,899
Deferred Inflows of Resources								
Pensions	-	1,067,188	-	537,212	-	3,962,567	-	5,566,967
OPEB	-	34,710	-	-	1,479,746	849,467	1,479,746	884,177
Total Deferred Inflows	-	1,101,898	-	537,212	1,479,746	4,812,034	1,479,746	6,451,144
Net Position: (Notes 1 and 13)								
Net Investment in Capital Assets	99,479,344	97,314,000	76,243,924	76,055,630	1,921,159	1,367,914	177,644,427	174,737,544
Restricted for Debt Service	1,578,968	1,579,403	-	-	-	-	1,578,968	1,579,403
Restricted for Net Pension Asset	-	885,694	-	445,851	-	3,288,666	-	4,620,211
Restricted for Net OPEB Asset	1,780,508	1,164,309	-	-	-	-	1,780,508	1,164,309
Unrestricted	16,251,325	9,879,790	22,737,021	23,035,480	(47,638,324)	(58,148,108)	(8,649,978)	(25,232,838)
Total Net Position	119,090,145	110,823,196	98,980,945	99,536,961	(45,717,165)	(53,491,528)	172,353,925	156,868,629
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 160,641,965	\$ 150,071,442	\$ 107,700,039	\$ 107,990,538	\$ 384,690,278	\$ 375,115,692	\$ 653,032,282	\$ 633,177,672

The accompanying notes are an integral part of the financial statements.

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

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

	Suburban		Suburban		City Division		Total	
	Water Fund		Wastewater Fund		Fund			
	2023	2022	2023	2022	2023	2022	2023	2022
OPERATING REVENUES:								
Charges for Services	\$ 16,418,379	\$ 15,642,798	\$ 17,465,394	\$ 14,684,737	\$ 51,449,526	\$ 46,293,205	\$ 85,333,299	\$ 76,620,740
Rent	-	-	-	-	-	-	-	-
Other Income	75,002	675,134	306,437	336,915	415,106	464,040	796,545	1,476,089
Total Operating Revenues	<u>16,493,381</u>	<u>16,317,932</u>	<u>17,771,831</u>	<u>15,021,652</u>	<u>51,864,632</u>	<u>46,757,245</u>	<u>86,129,844</u>	<u>78,096,829</u>
OPERATING EXPENSES								
Salaries and Wages	2,421,077	2,273,458	1,120,004	930,273	7,842,029	7,738,611	11,383,110	10,942,342
Employee Benefits	1,054,517	747,347	691,885	314,861	3,734,375	2,579,002	5,480,777	3,641,210
General and Administrative	744,581	553,636	337,460	225,034	2,040,223	1,605,142	3,122,264	2,383,812
Utilities	489,998	481,997	238,267	271,866	1,898,485	1,802,290	2,626,750	2,556,153
Materials and Supplies	669,500	860,080	390,732	339,120	3,218,802	2,227,856	4,279,034	3,427,056
Miscellaneous Services	4,077,318	3,664,554	7,666,841	6,503,137	2,261,058	1,807,716	14,005,217	11,975,407
Treatment and Transportation	-	-	3,903,664	2,846,176	11,307	11,594	3,914,971	2,857,770
Depreciation and Amortization	3,898,085	3,665,828	6,705,024	7,090,828	6,755,624	6,492,067	17,358,733	17,248,723
Total Operating Expenses	<u>13,355,076</u>	<u>12,246,900</u>	<u>21,053,877</u>	<u>18,521,295</u>	<u>27,761,903</u>	<u>24,264,278</u>	<u>62,170,856</u>	<u>55,032,473</u>
OPERATING INCOME (LOSS)	<u>3,138,305</u>	<u>4,071,032</u>	<u>(3,282,046)</u>	<u>(3,499,643)</u>	<u>24,102,729</u>	<u>22,492,967</u>	<u>23,958,988</u>	<u>23,064,356</u>
NONOPERATING REVENUES (EXPENSES):								
Tapping and Capital Recovery Fees								
Meter Sales	316,943	279,250	1,326,278	3,236,640	3,027,960	2,491,962	4,671,181	6,007,852
Inspection, Plan Reviews, and Project Reimbursements	126,852	140,444	359	-	54,211	36,231	181,422	176,675
Investment Earnings	286,607	233,338	44,556	82,529	2,405,574	5,806,628	2,736,737	6,122,495
Interest Expense	374,909	64,387	576,327	(3,778)	3,458,984	914,681	4,410,220	975,290
Other Expense	(954,076)	(847,133)	(168,364)	(185,935)	(19,973,362)	(19,703,642)	(21,095,802)	(20,736,710)
Other Income	(119,528)	(229,725)	(133,968)	(86,525)	(5,782,103)	(5,708,208)	(6,035,599)	(6,024,458)
Total Nonoperating Revenues/(Expenses)	<u>207,290</u>	<u>173,318</u>	<u>495,094</u>	<u>1,585</u>	<u>480,370</u>	<u>214,812</u>	<u>1,182,754</u>	<u>389,715</u>
	<u>238,997</u>	<u>(186,121)</u>	<u>2,140,282</u>	<u>3,044,516</u>	<u>(16,328,366)</u>	<u>(15,947,536)</u>	<u>(13,949,087)</u>	<u>(13,089,141)</u>
Increase (Decrease) in net position before capital contributions	<u>3,377,302</u>	<u>3,884,911</u>	<u>(1,141,764)</u>	<u>(455,127)</u>	<u>7,774,363</u>	<u>6,545,431</u>	<u>10,009,901</u>	<u>9,975,215</u>
Capital Contributions:								
Capital Grant	-	-	-	-	-	-	-	-
Capital Assets Provided by Developers and Others	4,889,647	253,602	585,748	-	-	-	5,475,395	253,602
Total Capital Contributions	<u>4,889,647</u>	<u>253,602</u>	<u>585,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,475,395</u>	<u>253,602</u>
Increase (Decrease) in Net Position	<u>8,266,949</u>	<u>4,138,513</u>	<u>(556,016)</u>	<u>(455,127)</u>	<u>7,774,363</u>	<u>6,545,431</u>	<u>15,485,296</u>	<u>10,228,817</u>
Net Position at Beginning of Year	<u>110,823,196</u>	<u>106,684,683</u>	<u>99,536,961</u>	<u>99,992,088</u>	<u>(53,491,528)</u>	<u>(60,036,959)</u>	<u>156,868,629</u>	<u>146,639,812</u>
Net Position at End of Year	<u>\$ 119,090,145</u>	<u>\$ 110,823,196</u>	<u>\$ 98,980,945</u>	<u>\$ 99,536,961</u>	<u>\$ (45,717,165)</u>	<u>\$ (53,491,528)</u>	<u>\$ 172,353,925</u>	<u>\$ 156,868,629</u>

The accompanying notes are an integral part of the financial statements.

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 AND 2022

	2023	2022	2023	2022	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash Received From Customers	\$ 16,119,645	\$ 15,718,167	\$ 16,480,479	\$ 14,986,673	\$ 53,309,889	\$ 40,735,356	\$ 85,910,013	\$ 71,440,196
Cash Payments To Suppliers For Goods And Services	(7,607,732)	(3,038,540)	(11,058,517)	(9,927,473)	(8,290,734)	(6,104,907)	(26,956,983)	(19,070,920)
Cash Payments To Employees For Services	(4,570,824)	(3,875,636)	(2,125,318)	(1,606,934)	(13,379,913)	(12,725,808)	(20,076,055)	(18,208,378)
Other Operating Cash Receipts	75,002	675,134	306,437	336,915	415,106	464,040	796,545	1,476,089
Net Cash Provided By Operating Activities	4,016,091	9,479,125	3,603,081	3,789,181	32,054,348	22,368,681	39,673,520	35,636,987
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Interest Paid on Revenue Bonds and Notes	-	-	-	-	(11,505,128)	(11,519,246)	(11,505,128)	(11,519,246)
Facility Improvement Payments	-	-	-	-	(5,807,943)	(6,279,961)	(5,807,943)	(6,279,961)
Payments to the City of Allentown	-	-	-	-	(1,361,180)	(1,286,651)	(1,361,180)	(1,286,651)
Transfers From Other Funds	(47,008)	(15,752)	-	-	-	-	(47,008)	(15,752)
Transfers To Other Funds	-	-	47,008	15,752	-	-	47,008	15,752
Net Cash Provided By (Used in) Noncapital Financing Activities	(47,008)	(15,752)	47,008	15,752	(18,674,251)	(19,085,858)	(18,674,251)	(19,085,858)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Receipts/(Release) of Developer Deposits	-	-	3,100	5,325	25,271	33,830	28,371	39,155
Payments of Developer Deposits	280,221	(145,422)	-	-	-	-	280,221	(145,422)
Payments of Facilities Planning Costs	(13,963)	(96,748)	(1,772,107)	(873,051)	-	-	(1,786,070)	(969,799)
Acquisition and Construction of Property and Equipment	(5,532,540)	(5,873,985)	(2,310,410)	(2,180,933)	(798,308)	(825,280)	(8,641,258)	(8,880,198)
Proceeds From Capacity Sales	-	-	-	331,026	-	-	-	331,026
Cash Received from Tapping and Capital Recovery Fees	316,943	279,250	1,326,278	3,236,640	3,027,960	2,491,962	4,671,181	6,007,852
Cash Received from Meter Sales	126,852	140,444	359	-	54,211	36,231	181,422	176,675
Cash Received from Inspection, Plan Reviews, and Project Reimbursement	286,807	233,338	44,556	82,529	2,405,574	5,806,628	2,736,737	6,122,495
Other Capital Cash Receipts	207,290	173,318	462,537	(123,301)	480,370	214,812	1,150,197	264,829
Other Capital Cash Payments	(83,115)	(204,555)	-	-	(5,489,876)	(5,656,030)	(5,572,991)	(5,860,585)
Revenue Bond and Note Issuance Proceeds	6,950,000	63,629	-	-	1,371,117	-	8,321,117	63,629
Payments to Escrow Agents	-	-	-	-	-	-	-	-
Principal Paid On Leases	(124,411)	(98,657)	(209,598)	(219,857)	(317,458)	(235,115)	(651,467)	(553,629)
Principal Paid On Revenue Bonds	(1,935,000)	(1,850,767)	(122,966)	(118,706)	(3,655,000)	(3,105,000)	(5,712,966)	(5,074,473)
Principal Paid On Revenue Notes	(75,540)	(74,410)	(453,376)	(443,725)	(31,043)	-	(559,959)	(518,135)
Interest Paid On Revenue Bonds and Notes	(1,312,153)	(1,206,415)	(168,364)	(189,281)	-	-	(1,480,517)	(1,395,696)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(908,809)	(8,660,980)	(3,199,991)	(493,334)	(2,927,182)	(1,237,962)	(7,035,982)	(10,392,276)
CASH FLOWS FROM INVESTING ACTIVITIES								
Maturities of Certificates Of Deposit	988,000	990,000	6,084,000	2,906,000	-	-	7,072,000	3,896,000
Purchase of Certificates Of Deposit	(979,000)	(984,000)	(4,092,000)	(4,898,000)	-	-	(5,071,000)	(5,882,000)
Purchase of U.S. Treasury Obligations	-	-	-	-	-	-	-	-
Maturities of U.S. Treasury Obligations	-	-	-	-	-	-	-	-
Interest Received On Investments	279,782	82,599	461,718	98,217	3,330,066	703,235	4,071,566	884,051
Net Cash Provided by (Used in) Investing Activities	288,782	88,599	2,453,718	(1,893,783)	3,330,066	703,235	6,072,566	(1,101,949)
Net Increase (Decrease) in Cash	3,349,056	890,992	2,903,816	1,417,816	13,782,981	2,748,096	20,035,853	5,056,904
Cash:								
Beginning	7,381,005	6,490,013	8,091,855	6,674,039	73,243,627	70,495,531	88,716,487	83,659,583
Ending	\$ 10,730,061	\$ 7,381,005	\$ 10,995,671	\$ 8,091,855	\$ 87,026,608	\$ 73,243,627	\$ 108,752,340	\$ 88,716,487
Cash Consisted of the Following:								
Cash and Cash Equivalents	\$ 8,603,461	\$ 5,505,549	\$ 10,597,608	\$ 7,753,178	\$ 16,368,303	\$ 11,937,407	\$ 35,569,372	\$ 25,196,134
Restricted Cash and Cash Equivalents	2,126,600	1,875,456	398,063	338,677	70,658,305	61,306,220	73,182,968	63,520,353
Total Cash and Cash Equivalents	\$ 10,730,061	\$ 7,381,005	\$ 10,995,671	\$ 8,091,855	\$ 87,026,608	\$ 73,243,627	\$ 108,752,340	\$ 88,716,487

This statement is continued on the next page

The accompanying notes are an integral part of the financial statements.

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended December 31, 2023 AND 2022

	Suburban Water Fund		Suburban Wastewater Fund		City Division Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities								
Operating Income (Loss)	\$ 3,138,305	\$ 4,071,032	\$ (3,282,046)	\$ (3,493,643)	\$ 24,102,729	\$ 22,492,967	\$ 23,958,988	\$ 23,064,356
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by/(Used In) Operating Activities:								
Depreciation and Amortization	3,898,085	3,665,828	6,705,024	7,090,828	6,755,624	6,492,067	17,358,733	17,248,723
Change in Assets and Liabilities:								
(Increase)/Decrease in Accounts Receivable Custom	(291,316)	(620,002)	(1,242,505)	110,293	(1,079,123)	(840,960)	(2,612,944)	(1,350,669)
(Increase)/Decrease in Financing								
Contract Receivable	-	-	219,379	242,453	-	-	219,379	242,453
(Increase)/Decrease in Other Operating Receivable	(7,418)	695,371	38,211	(50,810)	2,939,486	(4,716,889)	2,970,279	(4,072,328)
(Increase)/Decrease in Inventory	(143,325)	(69,495)	-	-	-	-	(143,325)	(69,495)
(Increase)/Decrease in Prepaid Expense	(11,342)	7,257	(3,674)	23,287	(71,552)	15,322	(86,568)	45,866
Increase in OPEB Liability	-	-	-	-	(758,846)	(389,531)	(758,846)	(389,531)
Decrease in OPEB Asset	(616,199)	733,602	-	-	-	-	(616,199)	733,602
Increase/(Decrease) in Accounts Payable - Trade	(2,216,249)	2,030,329	1,144,661	9,539	(829,530)	(270,773)	(1,301,118)	1,769,095
Increase in Net Pension Liability	1,628,735	(606,394)	819,890	(305,253)	6,047,644	(2,251,598)	8,496,269	(3,163,245)
(Increase) in Pension Deferred Outflows	(500,826)	122,325	(252,111)	61,579	(1,859,616)	454,269	(2,612,553)	638,173
(Increase) in OPEB Deferred Outflows	254,790	(346,840)	-	-	193,896	193,846	448,686	(152,994)
Increase in OPEB Deferred Inflows	(34,710)	(433,516)	-	-	630,279	456,318	595,569	22,802
Increase in Pension Deferred Inflows	(1,067,188)	173,747	(537,212)	87,462	(3,962,567)	645,136	(5,566,967)	906,345
Increase/(Decrease) in Accrued Wages and Other	(15,251)	55,881	(6,536)	19,446	(54,076)	88,507	(75,863)	163,834
Net Cash Provided By Operating Activities	\$ 4,016,091	\$ 9,479,125	\$ 3,603,081	\$ 3,789,181	\$ 32,054,348	\$ 22,368,681	\$ 39,673,520	\$ 35,636,987

Noncash Investing, Capital, and Financing Activities

Noncash Capital Activities, Contribution of Capital Assets From Developers and Others	\$ 4,889,647	\$ 253,602	\$ 585,748	\$ -	\$ -	\$ -	\$ 5,475,395	\$ 253,602
Noncash Noncapital Activities, Accretion on Bonds Payable	-	-	-	-	4,053,452	3,909,636	4,053,452	3,909,636
Noncash Noncapital Activities, Change in Present Value of SCA Asset	-	-	-	-	-	-	-	-
Noncash Noncapital Activities, Change in Present Value of SCA Payable	-	-	-	-	-	-	-	-
Change in Fair Value of Investments	(87,061)	24,055	(91,197)	103,278	3,216,234	3,074,043	3,216,234	3,074,043
					-	-	(178,258)	127,333

The accompanying notes are an integral part of the financial statements.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**STATEMENTS OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2023 and 2022**

	Component Unit Suburban Post Employment Health Fund	
	2023	2022
Assets		
Investments:		
Cash Equivalents	\$ 211,822	\$ 146,523
Mutual Funds - Equity	1,909,326	1,767,807
Stocks	1,503,603	1,288,876
Corporate Bonds	156,528	154,422
Total Assets	<u>\$ 3,781,279</u>	<u>\$ 3,357,628</u>
Liabilities		
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Position Restricted for Post Retirement Health Benefits	<u>\$ 3,781,279</u>	<u>\$ 3,357,628</u>

The accompanying notes are an integral part of the financial statements.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

	Component Unit Suburban Post Employment Health Fund	
	2023	2022
Additions:		
Contributions:		
Employer	\$ 47,039	\$ 12,008
Total Contributions	47,039	12,008
Investment Income:		
Net Increase/(Decrease) in Fair Value of Investments	490,066	(571,813)
Net Investment Income/(Loss)	490,066	(571,813)
Total Additions	537,105	(559,805)
Deductions:		
Administrative Expense	20,354	20,674
Reimbursement of Benefits Expense	93,100	90,780
Total Deductions	113,454	111,454
Net Increase/(Decrease) in Net Position	423,651	(671,259)
Net Position Restricted for Post Retirement Health Benefits:		
Beginning of Year	3,357,628	4,028,887
End of Year	\$ 3,781,279	\$ 3,357,628

The accompanying notes are an integral part of the financial statements.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Lehigh County Authority (the Authority) incorporated under the Pennsylvania Municipal Authorities Act, by the Lehigh County Commissioners in 1966, "... for the purpose of accumulating, conserving and distributing fresh water ..." Under the Act, an authority is an independent municipal corporation and a separate governmental agency of the state. In 1969, the County Commissioners advanced the Authority from a paper organization to an operating unit to plan and construct a water supply system and a wastewater interceptor system to serve residential, commercial, and industrial users in the western part of Lehigh County. In 2013, the Authority started serving other areas of Lehigh County when it bought the rights to lease and operate the City of Allentown's Water and Sewer Systems under a 50-year Concession and Lease Agreement (the Concession). As a result of this Agreement, the Authority created both City and Suburban Divisions, in recognition of the various agreements and financings, related to each entity.

The Authority currently provides two types of services to communities in the City Division. Through the Water Plant and Distribution System (the City Water System) the Authority serves 48,212 residential and business units in the City of Allentown and supplies water under Municipal Services Agreements to Lehigh County Municipalities of South Whitehall, Hanover, Salisbury, Whitehall, Bethlehem and to the Suburban Division under a previously executed water supply agreement. Through the Sewer Utility System (the City Sewer System) the Authority provides sewage collection, treatment and disposal services to 48,171 residential and business units in the City of Allentown and to the Lehigh County Municipalities of Coplay-Whitehall, Emmaus, Hanover, Salisbury, Lower Macungie, South Whitehall and to the Suburban Division, under a previously executed sewer services agreement.

The Authority currently provides four types of service to communities in the Suburban Division. Through the Western Lehigh Interceptor System, the Authority provides sewage transportation service to the Townships of Lower Macungie, Lowhill, Upper Macungie, Upper Milford, and Weisenberg and the Boroughs of Alburtis, Emmaus, and Macungie. The Authority owns and operates wastewater collection systems in the Townships of Upper Milford, Heidelberg, Lynn, North Whitehall and Weisenberg serving a total of 3,129 customers as of December 31, 2023. Through the Little Lehigh Relief Interceptor System, the Authority provides sewage transportation service to Salisbury and South Whitehall Townships along with the other users of the Western Lehigh Interceptor System excluding Emmaus. As of December 31, 2023, the Water System serves 24,402 residential and business units in the Lehigh County Municipalities of Upper and Lower Macungie, North Whitehall, Washington, Weisenberg, South Whitehall, Heidelberg, Lower Milford, Lowhill, Lynn, Salisbury, and Upper Milford Townships and in Moore Township of Northampton County.

The accompanying financial statements include all funds which are "controlled by or are dependent on" the Authority. The funds included are the Suburban Water Fund, both operating and capital, the Suburban Wastewater Fund, both operating and capital for the Western Lehigh Interceptor System, Little Lehigh Relief Interceptor System, Wastewater Collector Systems in Upper Milford, Weisenberg, Washington, Lynn, Heidelberg and North Whitehall Townships, a Wastewater Treatment Plant and planning activity for providing wastewater service, and the City Division Fund, both operating and capital.

Accordingly, the accompanying financial statements do not include the financial activities of the County of Lehigh (the County), nor are the Authority's financial activities included in the County's financial statements, since each is considered a separate entity under the Governmental Accounting Standards Board (GASB) criteria.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of financial reporting, the Authority is a related organization to the County. The criteria used in deciding the scope of the reporting entity are outlined below.

The Authority Board members are appointed to five-year terms by the County Executive, with concurrence by the County Commissioners, in an authoritative, official capacity. After confirmation, only the Court of Common Pleas can remove a member for cause. While there is continuing communication with the County, there is little linkage to the elected County officials thereafter.

The management and employees of the Authority responsible for the operations of the Authority are appointed by and held accountable to the Authority. The County does not have powers of appointment over any Authority employee.

The Authority reviews and approves all budgets, sets rates, and exercises control over facilities, property and policies relating to the services provided by the Authority. The County is under no obligation to finance operating deficits and does not have claim to any surpluses. The Authority has the power to issue bonds and other financing, with the County having no legal responsibility for debt issued by the Authority.

The accounting policies of the Lehigh County Authority conform to generally accepted accounting principles as established by the Governmental Accounting Standards Board. The following is a summary of the significant policies:

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 deferred outflows of resources, liabilities and deferred inflows of resources, and net position and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and related items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues and expenses are distinguished from non-operating items in the statement of revenues, expenses, and changes in net position. Operating revenues and expenses result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues of the Authority are charges to customers for water use and wastewater collection, transmission, and treatment. When calculating user fees charged to customers, the Authority includes a part for the repayment of principal on the Authority's outstanding debt. Operating expenses include the cost of supplying water and wastewater services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal non-operating revenues of the Authority are capital recovery fees, plan review and inspection fees and investment income. The principal non-operating expenses of the Authority include interest expense and cost of goods sold.

Capital grant funding represents amounts received from capital project grants, which are restricted to capital acquisition or construction. The Authority recognizes capital grant funding when the grants are earned which is generally when the related capital expenditure is made.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The funds and component unit of the Authority are grouped in the financial statements in this report as follows:

1. Proprietary Funds:

Enterprise Funds - are used to account for business-like activities provided to the public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement like the private sector. The reporting entity includes the following enterprise funds, which are reported as major funds:

Suburban Water Fund - Used to account for the operations of the suburban water supply and distribution system. The suburban water system is a public utility service, which is intended to be maintained on a self-supporting basis.

Suburban Wastewater Fund - Used to account for the operations of the suburban wastewater interceptor, collector systems, and treatment facilities. The suburban wastewater system is a public utility service, which intends to be maintained on a self-supporting basis.

City Division Fund – Used to account for the operations of the City Concessed System. The City Division Fund is a public utility service, which intends to be maintained on a self-supporting basis. This fund was added in 2013 because of the Service Concession Arrangement discussed in Note 6.

2. Fiduciary Component Unit:

The Suburban Post-Employment Health Trust Plan (the “Plan”) was created in 2010 to accumulate assets to be used for payment of health benefits to qualified retirees. The Plan is included in the financial reporting entity as a fiduciary component unit because the Plan is (1) considered to be a separate legal entity, (2) the Authority appoints a voting majority of the governing board, and (3) the plan imposes a financial burden on the Authority as it has assumed an obligation to make contributions to the Plan.

C. Budgets and Budgetary Accounting

The Lehigh County Authority follows these procedures in establishing the annual budgets:

1. Starting in the summer months department heads develop a preliminary budget, including personnel needs, for all capital and operating programs and for all line items for the coming calendar year. Supporting detail provides justification for each budget component, including calculations, quotations, project timetables, and outlines.
2. The budget is given to the Authority Board in September or October for review. A formal presentation is made the second week of October with final adoption at the Authority’s final October meeting. The final copy of the budget includes an individual budget for City and Suburban Divisions, including Water and Wastewater Operating, and Water and Wastewater Capital sections. The officially adopted budget is the financial plan for the ensuing year.
3. Each month, a Budget vs. Actual Report is prepared. The report cites monthly and year-to-date activity as well as unused budgeted monies. All department heads are responsible for evaluating their areas for compliance with the budget and taking proper remedial action.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. The Accounting Supervisor may transfer budgeted amounts between line items within any budget; however, any revisions that alter the total expenses or revenues of any fund must be approved by the Authority Board. For the year ended December 31, 2023, there were no budget amendments that needed Board approval.
5. The level of control (level at which expenses may not exceed budget) is the individual budgets within each fund. Budgets lapse at year-end.
6. Budgets for the Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets of the Authority are maintained and are prepared using the accrual basis of accounting. Budgeted amounts are as originally adopted, as amended by the Accounting Supervisor, or as amended by the Authority Board.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments, including investments in external investment pools and money market mutual funds as discussed in Note 2, with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash and Certificates of Deposit include escrow accounts established in the Authority's name for maintenance security by developers, funds held by the trustee in debt service accounts, and other special purpose trustee accounts which include unspent bond proceeds.

E. Trade Receivables

All trade receivables are shown net of an allowance for uncollectables, as applicable, trade receivables are evaluated for collectability and an allowance is established, as deemed necessary based on the best information available and in an amount that management believes is adequate. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

F. Inventory

Inventory of the Suburban Water Fund consists of meters and related components and is stated at cost (first-in, first-out). It is the policy of the Authority to expense all other materials and supplies on a current basis for all funds.

G. Investments, External Investment Pools, Certificates of Deposit

The Authority invests its idle funds in various instruments, including external investment pools which invest in government secured instruments and certificates of deposit with federally insured financial institutions. The Authority's investment in external investment pools, as discussed in Note 2, and government secured money market instruments are valued at fair value, or amortized cost, which approximates cost and is classified as cash and cash equivalents in the balance sheet. The Authority invests in both negotiable and non-negotiable certificates of deposit (CD) in federally insured financial institutions. Negotiable CDs are valued at fair value while non-negotiable CDs are valued at cost because they are considered non-participating contracts for which redemption terms do not consider market rates.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets & Depreciation, and Service Concession Arrangement & Amortization

The Authority uses a capitalization threshold of \$5,000 to record capital assets purchased and constructed. The expenses are recorded at cost including any liability for contract retainage and construction costs payable. In addition, the Authority included any water rights associated with a project as part of the cost of that project and depreciated them accordingly. Intangible assets acquired in the Service Concession Arrangement are amortized over 50 years. Intangible assets with an indefinite life are not subject to amortization. The construction accounts have also been charged with applicable administrative expenses.

Contributed assets are carried at estimated acquisition value at the time of contribution. Depreciation is determined using the straight-line method based upon the following estimated useful lives:

	<u>Years</u>
Wells	45
Transmission and Distribution Mains	100
Services	60
Fire Hydrants	65
Reservoirs	55
Pumping Station – Structures	45
Pumping Station - Electrical and Pumping Appurtenances	35
Pumping Station – Purification	33.5
Metering System	20
Transportation and Computer Equipment	5
Communication and Miscellaneous Equipment	5 - 20
Wastewater Collector System	100
Western Lehigh Interceptor System	50
Relief Interceptor Systems	100
Office Equipment and Furnishings	10
Office Building and Site Improvements	20 - 40
Water Capacity	40

Normal maintenance and repairs are charged to operations as incurred. Renewals and betterments are capitalized and depreciated based upon the expected life of such improvements.

Non-exchange transactions, such as donated system assets and assets acquired by contributions, are recognized as capital contributions in accordance with GASB Statement No. 33.

I. Facilities Planning Costs

The Authority has adopted a policy of amortizing planning costs related to all Water and Wastewater activity. With the exception of the development of a Water System hydraulic model, a Financial Information System Selection, an Integrated Computer System study, a Methane Gas Energy Study and the costs of negotiating a lease agreement with the County of Lehigh for oversight of a wastewater treatment plant, all of which are being amortized over 7 years, and a future water supply drilling program and a wastewater hydraulic model, which are being amortized over 10 years, all other planning costs are amortized over a 3-year period.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The period over which the costs are amortized and the amortization expense for 2023 and 2022 are as follows:

	<u>Amortization Period (Years)</u>	<u>2023 Amortization</u>	<u>2022 Amortization</u>
Suburban Water Fund:			
Facilities Planning Costs	3-10	\$ 205,296	\$ 226,692
Suburban Wastewater Fund:			
Facilities Planning Costs	3-7	<u>3,289,598</u>	<u>3,597,188</u>
Total Amortization		<u>\$ 3,494,894</u>	<u>\$ 3,823,880</u>

J. Compensated Absences

The Authority has an incentive excused absence policy, which annually compensates employees who are absent from work less than a specific number of days during the year. Excused absences include employee and dependent illness, medical or dental appointments, or any other valid reason approved by the employee's immediate supervisor. There is no carryover of the excused absence allowance.

With approval up to 25 days of unused vacation can accumulate for 18 months beyond the year in which it is earned.

The following table summarizes unused vacation liability:

	<u>2023</u>	<u>2022</u>
Balance at Beginning of Year	\$ 296,276	\$ 244,820
Additions	219,191	296,276
Retirements	<u>(296,276)</u>	<u>(244,820)</u>
Balance at End of Year	<u>\$ 219,191</u>	<u>\$ 296,276</u>

Unused vacation days are used within 12 months and are reported in current liabilities as a part of Accrued Payroll and Other.

K. Deferred Outflows of Resources

The statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has three items that qualify for reporting in this category: deferred outflows related to pensions, OPEB and refunding losses on bonds.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Deferred Inflows of Resources

The statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category: deferred inflows related to pensions and OPEB.

M. Adoption of Governmental Accounting Standards Board Statements

The Authority adopted the provisions of GASB Statement No. 94, *“Public-Private and Public-Public Partnerships and Availability Payment Arrangements”*, GASB Statement No. 96, *“Subscription Based Information Technology Arrangements”*, and certain provisions of GASB Statement No. 99, *“Omnibus 2022”*. The adoption of these statements had no effect on previously reported amounts.

N. Pending Changes in Accounting Principles

In April 2022, the GASB issued Statement No. 99, *“Omnibus 2022”*. The Authority is required to adopt the remaining provisions of statement No. 99 for its calendar year 2024 statements.

In June 2022, the GASB issued Statement No. 100, *“Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62”*. The Authority is required to statement No. 100 for its calendar year 2024 statements.

In June 2022, the GASB issued Statement No. 101, *“Compensated Absences”*. The Authority is required to adopt statement No. 101 for its calendar year 2024 statements.

In December 2023, the GASB issued Statement No. 102, *“Certain Risk Disclosures”*. The Authority is required to adopt the provisions of Statement No. 102 for its fiscal year 2025 financial statements.

The Authority has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS

The carrying amounts of the cash and investments on December 31 consist of the following:

	<u>2023</u>	<u>2022</u>
Demand deposit, money market, and savings accounts	\$ 99,933,476	\$ 74,050,606
Certificates of deposit, nonnegotiable	1,066,824	3,045,962
Overnight repurchase	5,189,819	13,241,009
Certificates of deposit, negotiable	8,921,772	8,765,376
Pennsylvania School District Liquid Asset Fund	3,629,045	1,424,872
OPEB Investments:		
Cash Equivalents	211,822	146,523
Mutual Funds - Equity	1,909,326	1,767,807
Mutual Funds – Fixed Income	-	-
Stocks	1,503,603	1,288,876
U.S. Treasury Obligations	-	-
U.S. Agencies	-	-
Corporate Bonds	156,528	154,422
	<u>\$ 122,522,215</u>	<u>\$ 103,885,453</u>
Classification per statements of net position:		
Unrestricted current assets		
Cash and cash equivalents	\$ 35,569,372	\$ 25,196,134
Certificates of deposit	9,988,596	11,811,338
Restricted non-current assets		
Cash and cash equivalents	73,182,968	63,520,353
Certificates of deposit	-	-
Investment U.S. treasury obligations	-	-
OPEB Investments:		
Cash Equivalents	211,822	146,523
Mutual Funds - Equity	1,909,326	1,767,807
Mutual Funds – Fixed Income	-	-
Stocks	1,503,603	1,288,876
U.S. Treasury Obligations	-	-
U.S. Agencies	-	-
Corporate Bonds	156,528	154,422
	<u>\$ 122,522,215</u>	<u>\$ 103,885,453</u>

Deposits:

The Authority has a policy that requires all deposits and investments, other than U.S. government obligations, to be covered by Federal insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not insured by the Federal Deposit Insurance Corporation are collateralized using the pooled asset method to 100% of value as required by Pennsylvania Law.

The securities pledged as collateral are held by the trust department of a financial institution or by its agent in the financial institution's name. When certificates of deposit are purchased, the Authority or its agent either holds the actual certificate of deposit or receives a safekeeping certificate as its proof of ownership.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

The Authority has custodial credit risk on cash and investment deposits. This is the risk that, in case of a financial institution failure, the Authority's deposits may not be returned. On December 31, 2023, and 2022, the carrying amounts of the Authority's bank deposits were \$21,767,267 and \$23,679,148 respectively, and the bank balance of \$22,955,819 and \$24,543,946, respectively. As of December 31, 2023, and 2022, \$21,138,995 and \$20,747,985 of deposits were exposed to custodial risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name. On December 31, 2023, and 2022 none of the Authority's investments were subject to custodial credit risk.

Investments:

Pennsylvania Law limits investment and deposit types that the Authority may purchase as follows:

- (a) U.S. Treasury bills
- (b) Short-term obligations of the U.S. government or its agencies
- (c) Demand, savings and time deposits with institutions insured by the FDIC or the National Credit Union Share Funds or collateralized with securities as provided by law.
- (d) Obligations of the United States or any of its agencies, the Commonwealth of Pennsylvania or any of its agencies or any political subdivisions of the Commonwealth of Pennsylvania or any of its agencies providing the obligations are backed by the full faith and credit of the political subdivisions.

Pennsylvania School District Liquid Asset Fund

The Authority has funds invested with the Pennsylvania School District Liquid Asset Fund (PSDLAF); an investment pool managed by RBC Capital Markets. In 2001, PSDLAF amended its bylaws to allow Pennsylvania municipal entities besides school districts to take part in the fund. The purpose of the pool is to enhance investment potential through cash pooling while providing security and liquidity. Pool participants are allocated a pro-rata share of each investment purchased by the pool.

Purchased securities, placed in the name of PSDLAF, serve as collateral and are held in safekeeping at PNC Bank. A liquid fund and MAX fund require no advance notice for withdrawals; however, since the MAX fund does not provide check writing services, a higher rate of return is earned.

In addition, each member can purchase certificates of deposit and other investments through the pool. Security for collateralized certificate of deposit purchases is held at the Bank of New York or the Federal Reserve Bank of Boston. The PSDLAF fund is regulated by the Municipal Securities Rulemaking Board. Investment policy is guided by Pennsylvania statute. The Authority's fair value of its position in the pool is measured at amortized cost and is the same as the value of the pool shares.

Money Market Funds

The Authority invest in various money market mutual funds. The money market accounts are secured only by the investments within the fund, which are generally U.S. Government obligations.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investment Maturities

As of December 31, 2023, and 2022, the Authority had the following investments and maturities:

				<u>2023</u>			
				Investment Maturities (In Years)			
<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Total</u>	<u>Less than One Year</u>	<u>One-to- Five Years</u>	<u>Six-to- Ten Years</u>	<u>More than 10 Years</u>
Certificates of Deposit, negotiable	\$8,908,000	\$8,921,772	71.09%	\$4,094,851	\$4,826,921	-	-
U.S. Treasury Obligations	-	-	-	-	-	-	-
Pennsylvania School District Liquid Asset Fund	<u>3,629,045</u>	<u>3,629,045</u>	<u>28.91%</u>	<u>3,629,045</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$12,537,045</u>	<u>\$12,550,817</u>	<u>100.00%</u>	<u>\$7,723,896</u>	<u>\$4,826,921</u>	<u>\$-</u>	<u>\$-</u>
<u>Fiduciary Fund</u>							
U.S Government Agencies	-	-	-	-	-	-	-
U.S. Government Treasury Obligations	-	-	-	-	-	-	-
Corporate Bonds	160,236	156,528	100.00%	-	156,528	-	-
Fixed Income Mutual Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$160,236</u>	<u>\$156,528</u>	<u>100.00%</u>	<u>\$-</u>	<u>\$156,528</u>	<u>\$-</u>	<u>\$-</u>
				<u>2022</u>			
				Investment Maturities (In Years)			
<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Total</u>	<u>Less than One Year</u>	<u>One-to- Five Years</u>	<u>Six-to- Ten Years</u>	<u>More than 10 Years</u>
Certificates of Deposit, negotiable	\$8,954,000	\$8,765,376	74.21%	\$5,231,208	\$3,534,168	-	-
U.S. Treasury Obligations	-	-	-	-	-	-	-
Pennsylvania School District Liquid Asset Fund	<u>3,045,962</u>	<u>3,045,962</u>	<u>25.79%</u>	<u>3,045,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$11,999,962</u>	<u>\$11,811,338</u>	<u>100.00%</u>	<u>\$8,277,170</u>	<u>\$3,534,168</u>	<u>\$-</u>	<u>\$-</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Total</u>	<u>2022</u> Investment Maturities (In Years)			
				<u>Less than One Year</u>	<u>One-to-Five Years</u>	<u>Six-to-Ten Years</u>	<u>More than 10 Years</u>
<u>Fiduciary Fund</u>							
U.S Government Agencies	-	-	-	-	-	-	-
U.S. Government Treasury Obligations	-	-	-	-	-	-	-
Corporate Bonds	163,788	154,422	100.00%	41,755	112,667	-	-
Fixed Income Mutual Bonds	-	-	-	-	-	-	-
Total	<u>\$163,788</u>	<u>\$154,422</u>	<u>100.00%</u>	<u>\$41,755</u>	<u>\$112,667</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk:

As a means of managing its exposure to fair value losses arising from increasing interest rates, the Authority's investment policy limits the value of investments with maturities to no greater than five years.

Credit Risk:

The Authority limits the type of investments permitted as defined in the Municipality Authorities Act and the related trust indentures. Allowed investments are defined above. The Authority's investment policy is consistent with these limitations.

As of December 31, 2023, the Authority's investments were rated by Standard and Poor's as follows:

<u>Investment Type</u>	<u>Credit Quality Rating</u>	<u>Percent of Investment Type</u>
Corporate Bonds	AA-	6.12%
Corporate Bonds	A+	6.66%
Corporate Bonds	A	4.58%
Corporate Bonds	A-	19.37%
Corporate Bonds	BBB	34.55%
Corporate Bonds	BBB+	28.72%
Pennsylvania School District Liquid Asset Fund	AAAm	100%
Certificates of Deposit Negotiable	NR	100%

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Fair Value:

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 assets. 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.

The Authority's investments in negotiable certificates of deposit, stocks, fixed income mutual funds, and equity mutual funds are valued using quoted market prices (Level 1 inputs).

The Authority's investments in U.S. Treasury Obligations, U.S. Government Agencies, and Corporate Bonds are valued using a matrix pricing model (Level 2 inputs).

	12/31/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Corporate Bonds	\$ 156,528	\$ -	\$ 156,528	\$ -
Total debt securities	156,528	-	156,528	-
Equity securities				
Negotiable Certificates of Deposit	8,921,772	8,921,772	-	-
Stocks	1,503,603	1,503,603	-	-
Equity Mutual Funds	1,909,326	1,909,326	-	-
Total equity securities	12,334,701	12,334,701	-	-
Total investments by fair value	<u>\$ 12,491,229</u>	<u>\$ 12,334,701</u>	<u>\$ 156,528</u>	<u>\$ -</u>

NOTE 3 – DEVELOPER ESCROW DEPOSIT

The Authority requires developers to supply improvement security for system extensions. To meet this requirement, developers supply such security in cash or a letter of credit. An offsetting liability for all developer deposits is shown as a current and non-current liability on the Statement of Net Position.

NOTE 4 – RECEIVABLES – DEVELOPER CONTRACTS

As of December 31, 2023, the Authority has two agreements with customers, which allow for the financing of wastewater capital recovery fees over a multi-year period. The purpose of these arrangements is to make it more affordable for high-volume wastewater users to locate in the Authority service area. The total amounts of unpaid fees have been recorded as current (\$207,224) and long-term receivables (\$533,320). At year-end 2022, there were two agreements, and the unpaid fees were recorded as current (\$210,885) and long-term receivables (\$749,038). The Authority is recording interest income on the receivables in the year of receipt, which is not materially different than the accrual method.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital assets of the Authority for 2023 and 2022 consist of the following:

	Balance at 12/31/22	Additions	Retirements	Balance at 12/31/23
Suburban Water Fund				
Non-depreciable Assets:				
Land	\$ 3,334,473	\$ 399,692	\$ -	\$ 3,734,165
Construction in progress	4,714,305	5,645,820	(7,631,506)	2,728,619
Total Capital Assets Not Being Depreciated	<u>8,048,778</u>	<u>6,045,512</u>	<u>(7,631,506)</u>	<u>6,462,784</u>
Depreciable Assets:				
Wells & Reservoirs	11,702,311	1,737,294	-	13,439,605
Transmission & Distribution Mains	88,676,537	5,705,240	-	94,381,777
Service & Hydrants	18,511,665	1,895,426	-	20,407,091
Building Structure & Appurtenances	30,639,526	69,957	-	30,709,483
Metering System	14,109,805	534,377	-	14,644,182
Equipment	10,619,945	2,001,583	(32,099)	12,589,429
Right-To-Use Leased Equipment	8,829	5,951	(8,829)	5,951
Right-To-Use Leased Vehicles	407,400	215,091	-	622,491
Capacity	1,207,901	-	-	1,207,901
Total Capital Assets Being Depreciated	<u>175,883,919</u>	<u>12,164,919</u>	<u>(40,928)</u>	<u>188,007,910</u>
Less Accumulated Depreciation for:				
Wells & Reservoirs	(3,949,796)	(216,086)	-	(4,165,882)
Transmission & Distribution Mains	(16,292,404)	(916,452)	-	(17,208,856)
Service & Hydrants	(5,463,253)	(317,412)	-	(5,780,665)
Building Structure & Appurtenances	(11,506,614)	(809,354)	-	(12,315,968)
Metering System	(6,947,290)	(608,023)	-	(7,555,313)
Equipment	(7,343,202)	(725,339)	32,099	(8,036,442)
Right-To-Use Leased Equipment	(7,692)	(1,476)	8,829	(339)
Right-To-Use Leased Vehicles	(50,035)	(103,226)	-	(153,261)
Capacity	(846,545)	(31,834)	-	(878,379)
Total Accumulated Depreciation	<u>(52,406,831)</u>	<u>(3,729,202)</u>	<u>40,928</u>	<u>(56,095,105)</u>
Total Net Capital Assets Being Depreciated	<u>123,477,088</u>	<u>8,435,717</u>	<u>-</u>	<u>131,912,805</u>
Total Capital Assets, Net	<u>\$ 131,525,866</u>	<u>\$ 14,481,229</u>	<u>\$ (7,631,506)</u>	<u>\$ 138,375,589</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS (Continued)

	<u>Balance at 12/31/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/23</u>
Suburban Wastewater Fund				
Non-depreciable Assets:				
Land	\$ 1,896,050	\$ -	\$ -	\$ 1,896,050
Capacity	248,561	-	-	248,561
Construction in progress	1,421,586	4,463,282	(5,568,660)	316,208
Total Capital Assets Not Being Depreciated	3,566,197	4,463,282	(5,568,660)	2,460,819
Depreciable Assets:				
Interceptor & Collector Systems	39,577,398	2,126,983	-	41,704,381
Wells & Reservoirs	3,494,643	-	-	3,494,643
Building Structure & Appurtenances	71,847,880	1,329,205	-	73,177,085
Metering System	429,778	-	-	429,778
Right-To-Use Leased Equipment	8,829	5,951	(8,829)	5,951
Right-To-Use Leased Vehicles	1,100,894	44,421	(82,115)	1,063,200
Equipment	24,113,872	545,348	-	24,659,220
Total Capital Assets Being Depreciated	140,573,294	4,051,908	(90,944)	144,534,258
Less Accumulated Depreciation for:				
Interceptor & Collector Systems	(12,389,291)	(327,248)	-	(12,716,539)
Wells & Reservoirs	(793,837)	(63,539)	-	(857,376)
Building Structure & Appurtenances	(26,380,940)	(2,267,533)	-	(28,648,473)
Metering System	(297,374)	(10,610)	-	(307,984)
Right-To-Use Leased Equipment	(7,692)	(1,476)	8,829	(339)
Right-To-Use Leased Vehicles	(735,894)	(122,003)	3,737	(854,160)
Equipment	(21,256,974)	(623,017)	-	(21,879,991)
Total Accumulated Depreciation	(61,862,002)	(3,415,426)	12,566	(65,264,862)
Total Net Capital Assets Being Depreciated	78,711,292	636,482	(78,378)	79,269,396
Total Capital Assets, Net	<u>\$ 82,277,489</u>	<u>\$ 5,099,764</u>	<u>\$ (5,647,038)</u>	<u>\$ 81,730,215</u>
	<u>Balance at 12/31/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/23</u>
City Division Fund				
Depreciable Assets:				
Transportation Equipment	\$ 3,512,245	\$ 798,308	\$ (672,895)	\$ 3,637,658
Miscellaneous Equipment & Computers	248,981	-	-	248,981
Right-To-Use Leased Equipment	54,217	49,165	(54,217)	49,165
Right-To-Use Leased Vehicles	940,098	461,938	-	1,402,036
Office Furniture & Equipment	23,116	-	-	23,116
Total Capital Assets Being Depreciated	4,778,657	1,309,411	(727,112)	5,360,956
Less Accumulated Depreciation for:				
Transportation Equipment	(2,271,469)	(306,811)	638,198	(1,940,082)
Miscellaneous Equipment & Computers	(248,981)	-	-	(248,981)
Right-To-Use Leased Equipment	(47,393)	(9,831)	54,217	(3,007)
Right-To-Use Leased Vehicles	(200,494)	(211,182)	-	(411,676)
Office Furniture & Equipment	(23,116)	-	-	(23,116)
Total Accumulated Depreciation	(2,791,453)	(527,824)	692,415	(2,626,862)
Total Net Capital Assets Being Depreciated	1,987,204	781,587	(34,697)	2,734,094
Total Capital Assets, Net	<u>\$ 1,987,204</u>	<u>\$ 781,587</u>	<u>\$ (34,697)</u>	<u>\$ 2,734,094</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS (Continued)

	<u>Balance at</u> <u>12/31/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>12/31/23</u>
Total Funds				
Total Capital Assets Not Being				
Depreciated	\$ 11,614,975	\$ 10,508,794	\$ (13,200,166)	\$ 8,923,603
Total Capital Assets Being				
Depreciated	321,235,870	17,526,238	(858,984)	337,903,124
Total Accumulated Depreciation	(117,060,286)	(7,672,452)	745,909	(123,986,829)
Total Net Capital Assets Being				
Depreciated	204,175,584	9,853,786	(113,075)	213,916,295
Total Capital Assets, Net	<u>\$ 215,790,559</u>	<u>\$ 20,362,580</u>	<u>\$ (13,313,241)</u>	<u>\$ 222,839,898</u>

	<u>Balance at</u> <u>12/31/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>12/31/22</u>
Suburban Water Fund				
Non-depreciable Assets:				
Land	\$ 3,295,901	\$ 38,572	\$ -	\$ 3,334,473
Construction in progress	1,434,072	6,053,338	(2,773,105)	4,714,305
Total Capital Assets Not Being				
Depreciated	4,729,973	6,091,910	(2,773,105)	8,048,778
Depreciable Assets:				
Wells & Reservoirs	11,069,710	632,601	-	11,702,311
Transmission & Distribution Mains	88,175,419	539,789	(38,671)	88,676,537
Service & Hydrants	18,461,760	49,905	-	18,511,665
Building Structure & Appurtenances	30,349,884	323,792	(34,150)	30,639,526
Metering System	13,988,178	121,627	-	14,109,805
Equipment	9,552,072	1,079,201	(11,328)	10,619,945
Right-To-Use Leased Equipment	8,829	-	-	8,829
Right-To-Use Leased Vehicles	97,216	310,184	-	407,400
Capacity	1,207,901	-	-	1,207,901
Total Capital Assets Being				
Depreciated	172,910,969	3,057,099	(84,149)	175,883,919
Less Accumulated Depreciation for:				
Wells & Reservoirs	(3,739,968)	(209,828)	-	(3,949,796)
Transmission & Distribution Mains	(15,417,409)	(884,469)	9,474	(16,292,404)
Service & Hydrants	(5,162,213)	(301,040)	-	(5,463,253)
Building Structure & Appurtenances	(10,729,898)	(808,788)	32,072	(11,506,614)
Metering System	(6,339,177)	(608,113)	-	(6,947,290)
Equipment	(6,807,833)	(546,697)	11,328	(7,343,202)
Right-To-Use Leased Equipment	(5,743)	(1,949)	-	(7,692)
Right-To-Use Leased Vehicles	(9,722)	(40,313)	-	(50,035)
Capacity	(814,711)	(31,834)	-	(846,545)
Total Accumulated Depreciation	(49,026,674)	(3,433,031)	52,874	(52,406,831)
Total Net Capital Assets Being				
Depreciated	123,884,295	(375,932)	(31,275)	123,477,088
Total Capital Assets, Net	<u>\$ 128,614,268</u>	<u>\$ 5,715,978</u>	<u>\$ (2,804,380)</u>	<u>\$ 131,525,866</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS (Continued)

	Balance at 12/31/21	Additions	Retirements	Balance at 12/31/22
Suburban Wastewater Fund				
Non-depreciable Assets:				
Land	\$ 1,896,050	\$ -	\$ -	\$ 1,896,050
Capacity	579,587	-	(331,026)	248,561
Construction in progress	829,357	3,081,527	(2,489,298)	1,421,586
Total Capital Assets Not Being Depreciated	3,304,994	3,081,527	(2,820,324)	3,566,197
Depreciable Assets:				
Interceptor & Collector Systems	39,317,989	259,409	-	39,577,398
Wells & Reservoirs	3,494,643	-	-	3,494,643
Building Structure & Appurtenances	70,916,999	930,881	-	71,847,880
Metering System	429,778	-	-	429,778
Right-To-Use Leased Equipment	8,829	-	-	8,829
Right-To-Use Leased Vehicles	983,239	117,655	-	1,100,894
Equipment	23,887,742	398,414	(172,284)	24,113,872
Total Capital Assets Being Depreciated	139,039,219	1,706,359	(172,284)	140,573,294
Less Accumulated Depreciation for:				
Interceptor & Collector Systems	(12,025,413)	(363,878)	-	(12,389,291)
Wells & Reservoirs	(730,297)	(63,540)	-	(793,837)
Building Structure & Appurtenances	(24,114,938)	(2,266,002)	-	(26,380,940)
Metering System	(286,537)	(10,837)	-	(297,374)
Right-To-Use Leased Equipment	(5,743)	(1,949)	-	(7,692)
Right-To-Use Leased Vehicles	(532,530)	(203,364)	-	(735,894)
Equipment	(20,835,811)	(590,257)	169,094	(21,256,974)
Total Accumulated Depreciation	(58,531,269)	(3,499,827)	169,094	(61,862,002)
Total Net Capital Assets Being Depreciated	80,507,950	(1,793,468)	(3,190)	78,711,292
Total Capital Assets, Net	\$ 83,812,944	\$ 1,288,059	\$ (2,823,514)	\$ 82,277,489
	Balance at 12/31/21	Additions	Retirements	Balance at 12/31/22
City Division Fund				
Depreciable Assets:				
Transportation Equipment	\$ 3,074,705	\$ 839,241	\$ (401,701)	\$ 3,512,245
Miscellaneous Equipment & Computers	248,981	-	-	248,981
Right-To-Use Leased Equipment	54,217	-	-	54,217
Right-To-Use Leased Vehicles	338,169	601,929	-	940,098
Office Furniture & Equipment	23,116	-	-	23,116
Total Capital Assets Being Depreciated	3,739,188	1,441,170	(401,701)	4,778,657
Less Accumulated Depreciation for:				
Transportation Equipment	(2,376,252)	(282,957)	387,740	(2,271,469)
Miscellaneous Equipment & Computers	(248,007)	(974)	-	(248,981)
Right-To-Use Leased Equipment	(35,694)	(11,699)	-	(47,393)
Right-To-Use Leased Vehicles	(110,292)	(90,202)	-	(200,494)
Office Furniture & Equipment	(23,116)	-	-	(23,116)
Total Accumulated Depreciation	(2,793,361)	(385,832)	387,740	(2,791,453)
Total Net Capital Assets Being Depreciated	945,827	1,055,338	(13,961)	1,987,204
Total Capital Assets, Net	\$ 945,827	\$ 1,055,338	\$ (13,961)	\$ 1,987,204

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS (Continued)

	<u>Balance at</u> <u>12/31/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>12/31/22</u>
Total Funds				
Total Capital Assets Not Being Depreciated	\$ 8,034,967	\$ 9,173,437	\$ (5,593,429)	\$ 11,614,975
Total Capital Assets Being Depreciated	315,689,376	6,204,628	(658,134)	321,235,870
Total Accumulated Depreciation	(110,351,304)	(7,318,690)	609,708	(117,060,286)
Total Net Capital Assets Being Depreciated	205,338,072	(1,114,062)	(48,426)	204,175,584
Total Capital Assets, Net	<u>\$ 213,373,039</u>	<u>\$ 8,059,375</u>	<u>\$ (5,641,855)</u>	<u>\$ 215,790,559</u>

Under an agreement dated December 29, 1981, the Authority acquired 1,400,000 gallons per day of sewage treatment capacity ("grandfathered capacity") from the City of Allentown in addition to the amortized costs. This capacity was available to municipalities in Western Lehigh County for developments connected to the wastewater system. When a municipality required capacity to serve a business or residence, a fee was paid and recorded as a sale of capacity on the Authority's books. In addition, on an as-needed basis, the Authority purchases sewage treatment capacity from the City for non-grandfathered users ("General Pool Capacity"). This capacity is recorded on the books at the date of purchase and is reduced as such capacity is sold to the various municipalities and is included as a capital asset in the above table. At year-end 2023 and 2022 the total value of this capacity was \$248,561 and \$248,561, respectively.

NOTE 6 – SERVICE CONCESSION ARRANGEMENT

On August 7, 2013, the Lehigh County Authority ("LCA") entered into the Allentown Water and Sewer Utility System Concession and Lease Agreement (the "Service Concession Arrangement") with the City of Allentown, under which the LCA leased the Water and Sewer Utility Systems and retained the right and related obligation to operate those systems as the Concessionaire for 50 years. The LCA must operate and maintain the systems in accordance with the Service Concession Arrangement. The LCA entered the Service Concession Arrangement to aid further regionalization of water and sewer services in the Lehigh Valley and to benefit the ratepayers with the overall organizational efficiencies. The LCA paid the City an upfront payment of \$211,332,218. The LCA also agreed to make required annual payments of \$500,000 starting in 2016, and every year thereafter, adjusted for inflation using the consumer price index. In addition to the required annual payments, the LCA must establish a Capex Fund (held in trust) no later than January 1, 2033. The LCA must make annual deposits into the Capex Fund in the amounts of \$1,000,000 for years 2033 to 2042, \$2,000,000 for years 2043 to 2052, and \$3,000,000 for years 2053 to 2062, adjusted for inflation using the consumer price index. These funds can be withdrawn by the LCA to pay costs incurred with respect to major capital improvements meeting certain requirements of the concession agreement. On the reversion date of the Water and Sewer Utility System, any moneys or securities held in the Capex Fund shall be applied first to pay any unpaid termination compensation, AA-Compensation and Concession Compensation and any amount remaining shall be remitted to the City. In conjunction with the execution of the service concession arrangement capital assets with an approximate fair value of \$1,485,804 were conveyed to LCA from the City.

This transaction meets the criteria for reporting under Governmental Accounting Standards Board (GASB) Statement No. 60 "Accounting and Financial Reporting for Service Concession Arrangements".

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 6 – SERVICE CONCESSION ARRANGEMENT (Continued)

As a result, an intangible asset (Service Concession Arrangement) of \$246,205,824, representing: I) the upfront payment, less the fair value of conveyed capital assets, II) the discounted future annual payments, and III) the discounted future Capex Fund funding requirements was recorded by LCA on the execution date. The intangible asset will be amortized on the straight-line method over the life of the agreement (50 years). Cost of improvements to the facility during the term of the Service Concession Arrangement that increase capacity or efficiency of the facility are recorded as increases to the intangible asset and amortized systematically over the term of the arrangement. Costs of \$4,926,651 and \$5,137,503 were recorded as increases to the intangible asset in 2023, and 2022, respectively. Amortization expense in the amount of \$6,227,799 and \$6,106,153 was recognized in 2023, and 2022, respectively related to the intangible asset. The net book value of the asset was \$245,998,066 and \$247,299,215 at December 31, 2023, and 2022, respectively.

In addition to the intangible asset, LCA recorded an initial liability ("SCA Payable") of \$36,359,411 representing: I) the present value of future annual payments, and II) the present value of future Capex Fund deposit requirements on the execution date. This liability is adjusted annually to reflect the present value of the future payments. Interest expense of \$3,216,234 and \$3,074,043 was recognized in 2023 and 2022, respectively. The liability was \$69,626,135 and \$67,771,081 on December 31, 2023, and 2022, respectively.

As part of the Service Concession Agreement the LCA was required to offer employment to substantially all existing employees of the Water and Sewer System. The LCA was required to provide existing levels of certain benefits to these employees, including OPEB and Pension. This resulted in the adoption of a new OPEB plan in 2013 (Note 12) and the addition of new employees into the LCA Pension. The impact of the addition of these new employees into the plan resulted in an unfunded actuarial accrued liability of \$220,059 on August 8, 2013.

In 2020 the Authority and the City of Allentown entered into an agreement which modified certain terms of original Service Concession Arrangement. The modified terms included future payments to be made by the Authority to the City, as well as changes to the terms in which the Authority may increase rates to customers of the system. This agreement resulted in the Authority recording additions of \$14,733,768 to the intangible asset and SCA Payable liability in 2020.

NOTE 7 – FACILITIES PLANNING COSTS

Facilities Planning Costs for 2023 and 2022 consist of the following:

	<u>As of 12/31/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>As of 12/31/23</u>
Suburban Water Fund				
Facilities Planning Costs	\$ 680,076	\$ 13,963	\$ (101,361)	\$ 592,678
Less Accumulated Amortization	<u>(447,185)</u>	<u>(205,296)</u>	<u>101,361</u>	<u>(551,120)</u>
Total Suburban Water Facilities Costs - Net	<u>232,891</u>	<u>(191,333)</u>	<u>-</u>	<u>41,558</u>
Suburban Wastewater Fund				
Facilities Planning Costs	14,822,695	1,772,107	(2,694,877)	13,899,925
Less Accumulated Amortization	<u>(9,817,217)</u>	<u>(3,289,598)</u>	<u>2,694,877</u>	<u>(10,411,938)</u>
Total Suburban Wastewater Facilities Planning Costs - Net	<u>5,005,478</u>	<u>(1,517,491)</u>	<u>-</u>	<u>3,487,987</u>
Total Facilities Planning Costs - Net	<u>\$ 5,238,369</u>	<u>\$ (1,708,824)</u>	<u>\$ -</u>	<u>\$3,529,545</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 7 – FACILITIES PLANNING COSTS (Continued)

	<u>As of 12/31/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>As of 12/31/22</u>
Suburban Water Fund				
Facilities Planning Costs	\$ 606,537	\$ 96,748	\$ (23,209)	\$ 680,076
Less Accumulated Amortization	<u>(243,702)</u>	<u>(226,692)</u>	<u>23,209</u>	<u>(447,185)</u>
Total Suburban Water Facilities Planning Costs - Net	<u>362,835</u>	<u>(129,944)</u>	<u>-</u>	<u>232,891</u>
Suburban Wastewater Fund				
Facilities & Planning Costs	13,960,439	873,051	(10,795)	14,822,695
Less Accumulated Amortization	<u>(6,230,824)</u>	<u>(3,597,188)</u>	<u>10,795</u>	<u>(9,817,217)</u>
Total Suburban Wastewater Planning Facilities Costs - Net	<u>7,729,615</u>	<u>(2,724,137)</u>	<u>-</u>	<u>5,005,478</u>
Total Planning Facilities Costs - Net	<u>\$ 8,092,450</u>	<u>\$ (2,854,081)</u>	<u>\$ -</u>	<u>\$ 5,238,369</u>

NOTE 8 – LONG-TERM DEBT

Long-term debt for 2023 and 2022 consists of the following:

	<u>Balance Outstanding As of 12/31/22</u>	<u>Additions / Accretions</u>	<u>Retirements</u>	<u>Balance Outstanding As of 12/31/23</u>	<u>Principal Due Within One Year</u>
Suburban Water Fund Bonds					
Water Revenue Bonds Series of 2017	\$ 13,910,000	\$ -	\$ (350,000)	\$ 13,560,000	\$ 360,000
Water Revenue Bonds Series of 2021	16,000,000	-	(1,585,000)	14,415,000	1,645,000
Subtotal	<u>\$ 29,910,000</u>	<u>\$ -</u>	<u>\$ (1,935,000)</u>	<u>\$ 27,975,000</u>	<u>\$ 2,005,000</u>
Add Bond Premium	3,148,039	-	(345,761)	2,802,278	
Total Suburban Water Fund Bonds	<u>\$ 33,058,039</u>	<u>\$ -</u>	<u>\$ (2,280,761)</u>	<u>\$ 30,777,278</u>	
Less Current Maturities				(2,005,000)	
Net Suburban Water Fund Long-Term Bonds				<u>\$ 28,772,278</u>	
Notes from Direct Borrowings					
2011 Pennsylvania Infrastructure Investment Authority Note	\$ 787,494	\$ -	\$ (75,540)	\$ 711,954	\$ 76,690
Water Revenue Bonds Series of 2022	63,629	6,950,000	-	7,013,629	-
Total Suburban Water Fund Direct Borrowings	<u>\$ 851,123</u>	<u>\$ 6,950,000</u>	<u>\$ (75,540)</u>	<u>\$ 7,725,583</u>	<u>\$ 76,690</u>
Less Current Maturities				(76,690)	
Net Suburban Water Fund Long-Term Direct Borrowings				<u>\$ 7,648,893</u>	
Total Net Suburban Water Fund Long-Term				<u>\$ 36,421,171</u>	

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (Continued)

	Balance Outstanding As of 12/31/22	Additions / Accretions	Retirements	Balance Outstanding As of 12/31/23	Principal Due Within One Year
Suburban Wastewater Fund					
Bonds					
2011 Sewer Revenue Bonds					
Series A	\$ 1,133,791	\$ -	\$ (122,966)	\$ 1,010,825	\$ 225,680
Less Current Maturities				(225,680)	
Net Suburban Wastewater Fund					
Long-Term Bonds				\$ 785,145	
Notes from Direct Borrowings					
2009 Pennsylvania Infrastructure					
Investment Authority Note	\$ 2,424,027	\$ -	\$ (273,569)	\$ 2,150,458	\$ 280,617
2013 Pennsylvania Infrastructure					
Investment Authority Note	1,744,846	-	(142,237)	1,602,609	144,400
2015 Pennsylvania Infrastructure					
Investment Authority Note	555,083	-	(37,570)	517,513	38,231
Total Suburban Wastewater Fund Direct Borrowings	\$ 4,723,956	\$ -	\$ (453,376)	\$ 4,270,580	\$ 463,248
Less Current Maturities				(463,248)	
Net Suburban Wastewater Fund					
Long-Term Direct Borrowings				\$ 3,807,332	
Total Net Suburban Wastewater Fund Long Term				<u>\$ 4,592,477</u>	
City Division Fund					
Bonds					
2013 Water and Sewer Revenue					
Bonds, Series A	\$ 107,615,000	\$ -	\$ -	\$ 107,615,000	\$ -
2013 Water and Sewer Capital					
Appreciation Revenue Bonds ,					
Series B	68,671,563	4,053,452	(2,410,000)	70,315,015	2,804,460
2020 Water and Sewer Revenue					
Bonds	161,035,000	-	-	161,035,000	-
Subtotal	\$ 337,321,563	\$ 4,053,452	\$ (2,410,000)	\$ 338,965,015	\$ 2,804,460
Less Bond Discount	(4,134,698)	-	165,941	(3,968,757)	
Total City Division Fund Bonds	\$ 333,186,865	\$ 4,053,452	\$ (2,244,059)	334,996,258	
Less Current Maturities				(2,804,460)	
Net City Division Fund Long-Term Bonds				<u>\$ 332,191,798</u>	
Direct Borrowings					
2020 Series A Refunding Bonds	\$ 14,640,000	\$ -	\$ (1,245,000)	\$ 13,395,000	\$ 1,280,000
2023 Pennsylvania Infrastructure					
Investment Authority Note	-	1,371,117	(31,043)	1,340,074	62,553
Total City Fund Direct Borrowings	\$ 14,640,000	\$ 1,371,117	\$ (1,276,043)	\$ 14,735,074	\$ 1,342,553
Less Current Maturities				(1,342,553)	
Net City Division Fund Long-Term					
Direct Borrowings				<u>\$ 13,392,521</u>	
Total Net City Division Fund Long Term				<u>\$ 345,584,319</u>	
Total Net Long-Term Debt				<u>\$ 386,597,967</u>	

	Balance Outstanding As of 12/31/21	Additions / Accretions	Retirements	Balance Outstanding As of 12/31/22	Principal Due Within One Year
Suburban Water Fund					
Bonds					
Water Revenue Bonds					
Series of 2011	\$ 65,767	\$ -	\$ (65,767)	\$ -	\$ -
Water Revenue Bonds					
Series of 2017	14,250,000	-	(340,000)	13,910,000	350,000
Water Revenue Bonds					
Series of 2021	17,445,000	-	(1,445,000)	16,000,000	1,585,000
Subtotal	\$ 31,760,767	\$ -	\$ (1,850,767)	\$ 29,910,000	\$ 1,935,000
Add Bond Premium	3,493,800	-	(345,761)	3,148,039	
Total Suburban Water Fund Bonds	\$ 35,254,567	\$ -	\$ (2,196,528)	\$ 33,058,039	
Less Current Maturities				(1,935,000)	
Net Suburban Water Fund					
Long-Term Bonds				<u>\$ 31,123,039</u>	

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (Continued)

	Balance Outstanding As of 12/31/21	Additions / Accretions	Retirements	Balance Outstanding As of 12/31/22	Principal Due Within One Year
Suburban Water Fund					
Notes from Direct Borrowings					
2011 Pennsylvania Infrastructure Investment Authority Note	861,904	-	(74,410)	787,494	75,541
Water Revenue Bonds					
Series of 2022	-	63,629	-	63,629	-
Total Suburban Water Fund Direct Borrowings	\$ 861,904	\$ 63,629	\$ (74,410)	\$ 851,123	\$ 75,541
Less Current Maturities				(75,541)	
Net Suburban Water Fund Long-Term Direct Borrowings				\$ 775,582	
Total Net Suburban Water Fund Long-Term				\$ 31,898,621	
Suburban Wastewater Fund					
Sewer Revenue Bonds					
2011 Sewer Revenue Bonds					
Series A	\$ 1,252,497	\$ -	\$ (118,706)	\$ 1,133,791	\$ 241,714
Less Current Maturities				(241,714)	
Net Suburban Wastewater Fund Long-Term Bonds				\$ 892,077	
Direct Borrowings					
2009 Pennsylvania Infrastructure Investment Authority Note	\$ 2,690,721	\$ -	\$ (266,694)	\$ 2,424,027	\$ 273,567
2013 Pennsylvania Infrastructure Investment Authority Note	1,884,953	-	(140,107)	1,744,846	142,238
2015 Pennsylvania Infrastructure Investment Authority Note	592,007	-	(36,924)	555,083	37,571
Total Suburban Wastewater Fund Direct Borrowings	\$ 5,167,681	\$ -	\$ (443,725)	\$ 4,723,956	\$ 453,376
Less Current Maturities				(453,376)	
Net Suburban Wastewater Fund Long-Term Direct Borrowings				\$ 4,270,580	
Net Suburban Wastewater Fund Long Term				\$ 5,162,657	
City Division Fund					
Bonds					
2013 Water and Sewer Revenue Bonds, Series A	\$ 107,615,000	\$ -	\$ -	\$ 107,615,000	\$ -
2013 Water and Sewer Capital Appreciation Revenue Bonds, Series B	66,656,927	3,909,636	(1,895,000)	68,671,563	2,196,583
2020 Water and Sewer Revenue Bonds	161,035,000	-	-	161,035,000	-
Subtotal	\$ 335,306,927	\$ 3,909,636	\$ (1,895,000)	\$ 337,321,563	\$ 2,196,583
Less Bond Discount	(4,300,639)	-	165,941	(4,134,698)	
Total City Division Fund Debt	\$ 331,006,288	\$ 3,909,636	\$ (1,729,059)	333,186,865	
Less Current Maturities				(2,196,583)	
Net City Division Fund Long-Term Debt				\$ 330,990,282	
Direct Borrowings					
2020 Series A Refunding Bonds	\$ 15,850,000	\$ -	\$ (1,210,000)	\$ 14,640,000	\$ 1,245,000
Less Current Maturities				(1,245,000)	
Net City Division Fund Direct Borrowings				\$ 13,395,000	
Total Net City Division Fund Long Term				\$ 344,385,282	
Total Net Long Term Debt				\$ 381,446,560	

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (Continued)

The Authority's direct borrowings hold provisions that in the event of certain defaults the notes or bonds become immediately due and payable at the discretion of the lenders.

A summary of the long-term payable is provided in the ensuing paragraphs.

A. Suburban Division Water Fund

On December 21, 2011, the Authority issued \$1,185,400 of 2011 Water Bonds to refinance the balance of the 2001 Pennvest loan and to cover financing costs. The maturity date for the new bonds remained on July 1, 2022, and carries a fixed interest rate of 2.75%. The loan is secured by a pledge of the gross receipts and revenues of the water system and resulted in a 2% present value savings of refunded principal.

On June 29, 2011, Pennvest approved a \$1,660,303 loan to the Authority for a Water Meter Replacement program. Terms of the loan provide that the Authority will be reimbursed up to the limit of the loan amount. Interest payments began on November 1, 2011. Principal payments began on October 1, 2012. The loan carries a 1% interest rate for the first five years and a 1.51% annual interest rate for the remainder of the 20-year term. The debt is secured by the project collateral.

On June 20, 2017, the Authority issued Water Revenue Bond Series 2017 in the amount of \$14,900,000. The bond was issued to fund capital projects under the Authority's Capital Improvements Program, fund a deposit to the Debt Service Reserve Fund, and pay the costs related to the issuance of the Bonds. Interest payments began on November 1, 2017, and are payable every May and November. Principal payments began on November 1, 2020, and end on November 1, 2047. The bonds carry fixed annual interest rates ranging from of 3% to 5%.

In June 2021, the Authority issued Water Revenue Bond, Series of 2021 in the amount of \$17,740,000. The bonds were issued at a premium of \$3,326,942. Proceeds of the bond together with other funds of the Authority were used to currently refund the Authority's 2007 Pennworks loan, currently refund the Authority's Water Revenue Bonds, Series A of 2010, currently refund the Authority's Water Revenue Bonds, 2015 A Series, fund a debt service reserve, and pay the costs and expenses of issuing the Bond. The bond carries a fixed interest rate of 4.00% per annum, payable commencing on November 1, 2021, and semi-annually thereafter on the interest payment date. The bond matures on November 1, 2031, and is secured by a pledge of system revenues. The refunding decreased the Authority's total debt service payments by \$3,037,117 and resulted in an economic gain of \$2,676,038.

In August 2022, the Authority issued Water Revenue Bond, Series 2022 in the amount of \$12,255,000. The bond was issued to fund capital projects of the Suburban Water Fund and pay the cost related to issuance of the bond. Interest payments began on May 1, 2023, and are payable every May and November. Principal payments begin on November 1, 2028, and end on November 1, 2042. The bonds carry fixed annual interest of 4.04% through November 1, 2032, and thereafter variable interest of 80% of the Prime Rate with an interest rate cap of 5.75%. The Authority draws funds as needed. As of December 31, 2024, the Authority has drawn \$7,013,629 on the bond.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (Continued)

The schedule of principal maturity and annual debt service for the suburban water fund is as follows:

<u>Year</u>	Bonds		Notes from Direct Borrowings	
	<u>Principal Amount</u>	<u>Total Interest</u>	<u>Principal Amount</u>	<u>Total Interest</u>
2024	\$ 2,005,000	\$ 1,045,214	\$ 76,690	\$ 293,572
2025	2,090,000	961,414	77,856	292,406
2026	1,890,000	874,014	79,039	291,222
2027	2,200,000	794,414	80,241	290,021
2028	2,275,000	702,214	122,461	288,800
2029-2033	8,360,000	2,229,370	3,424,667	1,391,208
2034-2038	2,795,000	1,352,659	3,864,629	622,676
2039-2043	3,295,000	858,430	-	-
2044-2048	3,065,000	262,912	-	-
	<u>\$ 27,975,000</u>	<u>\$ 9,080,641</u>	<u>\$ 7,725,583</u>	<u>\$ 3,469,905</u>

B. Suburban Wastewater Fund

On December 21, 2011, the balance of the 2000 Pennvest loan was refinanced by the 2011 Sewer Series A bonds. The new bonds (\$2,166,100) also provided additional funds to pay for a portion of the Vera Cruz sewer project and to cover bond issue financing costs. The maturity date for the new bonds is November 1, 2031. The revenues of the common rate collector systems are serving as loan collateral. The loan carries an interest rate of 2.25% for the first 5 years and a variable rate thereafter, which equates to 70% of the 10-year average prime rate with 3% minimum and 5.5% maximum rate caps.

On November 16, 2009, the Pennsylvania Infrastructure Investment Authority (Pennvest) approved a loan of \$5,878,847 to the Authority to fund the design and construction of a 3-million-gallon flow equalization basin and pump station. The purpose of the project is to shave off and hold wet weather flows to address system capacity deficiencies during precipitation events. The loan carries an annual interest rate of 1.274% for the first five years and 2.547% for the remainder of the loan.

The loan is secured by a pledge of gross receipts and revenues obtained from users of the Western Lehigh Interceptor System. The Authority may not prepay at any time all or any portion of the unpaid principal without the prior written consent of Pennvest. As of December 31, 2012, the Authority received all (\$5,389,323) of the reimbursements for project expenditures. The Authority began paying both interest and principal on February 1, 2011.

On June 19, 2013, the Pennsylvania Infrastructure Investment Authority (Pennvest) approved a loan of \$2,931,170 to the Authority to fund the design and construction of a 40,000 gpd wastewater treatment plant to be built at Arcadia West to replace the existing plant. As of December 31, 2015, the Authority received all (\$2,931,170) of the reimbursement for project expenditures. The loan carries an interest rate of 1% for the first 5 years and 1.51% thereafter, for a period of 15 years.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (Continued)

On February 25, 2015, the Pennsylvania Infrastructure Investment Authority (Pennvest) approved a loan of \$1,000,000 to the Authority to fund the Wynnewood Terrace pump station and force main replacement. The loan carries an interest rate of 1% for the first 5 years and 1.743% thereafter, for a period of 15 years.

The schedule of principal maturity and debt service for the suburban wastewater fund is as follows:

<u>Year</u>	Bonds		Notes from Direct Borrowings	
	<u>Principal Amount</u>	<u>Total Interest</u>	<u>Principal Amount</u>	<u>Total Interest</u>
2024	\$ 225,680	\$ 52,987	\$ 463,248	\$ 83,431
2025	131,560	45,888	473,347	73,332
2026	136,280	38,534	483,677	63,002
2027	141,169	30,916	494,243	52,434
2028	146,234	23,025	505,053	41,624
2029-2033	229,902	21,470	1,691,806	72,850
2034-2038	-	-	159,206	2,292
	<u>\$ 1,010,825</u>	<u>\$ 212,820</u>	<u>\$ 4,270,580</u>	<u>\$ 388,965</u>

C. CITY DIVISION FUND

On July 31, 2013, the Authority issued, in aggregate \$307,683,599 of Water and Sewer Revenue Bonds comprised of \$245,590,000 of Series 2013A Revenue Bonds, \$43,358,599 of Series 2013B Capital Appreciation Revenue Bonds and \$18,735,000 of Series 2013C Federally Taxable Revenue Bonds. The bonds were issued at a discount of \$10,923,458.

The 2013 bonds were issued to provide funding for 1) a single, up-front concession and lease payment to the City of Allentown pursuant to the Allentown Water and Sewer utility system Concession and Lease Agreement, 2) projected capital improvements to the Concessioned System, 3) deposits to certain reserve and other funds, and 4) transaction costs and expenses incurred in connection with the acquisition of the Concessioned System and the issuance of the 2013 Bonds.

The 2013 Bonds were issued under and secured by a Trust Indenture between the Authority and Manufacturers and Traders Trust Company, the concession trustee. The 2013 Bonds are payable from and secured by a pledge and an assignment by the authority of all the concessionaire interest, including revenues derived from operating the Concessioned System certain service charges imposed by the Authority for use of the Concessioned System and certain payments received from the municipal customers of the Concessioned System.

The 2013 Bonds are also secured by a Debt Service Reserve Fund initially funded at \$28,090,273 and held by the Concession Trustee and other funds including an Operations and Maintenance Reserve Fund and a Major Maintenance Reserve Fund in the amounts of \$9,199,515 and \$7,500,000, respectively. These funds are available to pay shortfalls in the scheduled debt service on the 2013 Bonds.

The Series 2013A bonds bear interest of 5% - 5.125% with final maturity on December 1, 2047. The Series 2013 Appreciation bonds bear interest of 3.21% - 6.21% with final maturity on December 1, 2038.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 8 – LONG TERM DEBT (Continued)

In October 2018, the Authority issued Water and Sewer Revenue Bond, Series 2018 (Federally Taxable) in the amount of \$18,735,000. Proceeds of the bond together with other funds of the Authority were used to currently refund the 2013 Series C bonds, fund a debt service reserve, and pay the costs and expenses of issuing the Bond. The bond carries a fixed interest rate of 4.75% per annum, payable commencing on June 1, 2019, and semi-annually thereafter on the interest payment date until June 1, 2029, at which time the fixed rate shall be reset to a floating or variable interest rate. At no time and in no instance shall the variable interest rate exceed 6.5% during the variable rate period. The bond matures on December 1, 2033, and is secured by the Authority's interest in the Concessioned System. The refunding increased the Authority's total debt service payments by \$7,817,099 and resulted in an economic loss of \$2,503,652.

In September 2020, the Authority issued Water and Sewer Revenue Bonds, Series 2020 (Federally Taxable) in the amount of \$161,035,000. Proceeds of the bonds together with other funds of the Authority were used to (1) advance refund a portion of the Authority's Water and Sewer Revenue Bond (City of Allentown Concession), Series 2013A; (2) fund a debt service reserve fund with respect to the 2020 Bonds; and (3) pay transaction costs and expenses in connection with the issuance of the bonds. Interest rates on the bonds range from 3.232% to 3.632% per annum, payable commencing on December 1, 2020, and semi-annually thereafter on the interest payment date until maturity. The bonds are payable from and secured by a pledge and assignment by the Authority of all the Concessionaire Interest in and to the Concessioned System created by the Concession Agreement. The refunding resulted in a deferred refunding loss of \$27,792,709, an increase in the Authority's total debt service payments of \$55,617,288 and resulted in an economic gain of \$9,929,809.

In October 2020, the Authority issued Water and Sewer Revenue Bond, Series A of 2020 (Federally Taxable) in the amount of \$18,150,000. Proceeds of the bond together with other funds of the Authority were used to currently refund the 2018 Series bonds, fund a debt service reserve, and pay the costs and expenses of issuing the Bond. The bond carries a fixed interest rate of 2.90% per annum, payable commencing on December 1, 2020, and semi-annually thereafter on the interest payment date until June 1, 2026, at which time the fixed rate shall be reset to 5.00%. The bond matures on December 1, 2033, and is secured by the Authority's interest in the Concessioned System. The refunding decreased the Authority's total debt service payments by \$1,928,034 and resulted in an economic gain of \$1,419,618.

In May 2023, the Pennsylvania Infrastructure Investment Authority (Pennvest) approved a loan of \$1,469,273 to the Authority to fund the High Service Pump Variable Frequency Drive Replacement Project. The loan carries an interest rate of 1% and matures in 2043.

The schedule of principal maturity and debt service for the City division is as follows:

<u>Year</u>	Bonds		Notes & Bonds from Direct Borrowings	
	<u>Principal Amount</u>	<u>Total Interest</u>	<u>Principal Amount</u>	<u>Total Interest</u>
2024	\$ 2,804,460	\$ 11,191,901	\$ 1,342,553	\$ 401,571
2025	3,157,021	11,389,341	1,383,182	363,822
2026	3,470,538	11,645,823	1,193,817	551,601
2027	3,748,297	11,958,065	1,249,458	494,460
2028	3,988,664	12,327,697	1,310,106	434,563
2029-2033	22,565,508	68,951,297	7,570,471	1,163,621
2034-2038	30,580,527	91,871,278	352,664	25,678
2039-2043	61,565,000	49,674,556	332,823	7,683
2044-2048	57,150,000	34,112,744	-	-
2049-2053	61,210,000	22,352,643	-	-
2054-2058	72,600,000	10,960,628	-	-
2059-2063	16,125,000	585,660	-	-
	<u>\$ 338,965,015</u>	<u>\$ 337,021,633</u>	<u>\$ 14,735,074</u>	<u>\$ 3,442,999</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 9 – INTERFUND BALANCES

During its operations, the Authority has transactions between funds to finance operations and provide services. The Suburban Water fund has financed the construction and expansion of the Authority's Operation Center and Information Technology Upgrades and is being reimbursed over time by the Suburban Wastewater fund for its share of the costs. Certain cost incurred by the City Division fund, were initially paid by the Suburban Water fund, and will be reimbursed to the Suburban Water fund from the City Division fund. For reporting purposes, the transactions of the Internal Service are included with the Suburban Water and Suburban Wastewater and City Division funds on a proportional basis. The interfund receivables and payables are as follows:

Fund	2023		2022	
	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Enterprise Funds:				
City Division	\$ -	\$ -	\$ -	\$ -
Suburban Water	1,624,525	-	1,577,517	-
Suburban Wastewater	-	1,624,525	-	1,577,517
Total	<u>\$ 1,624,525</u>	<u>\$ 1,624,525</u>	<u>\$ 1,577,517</u>	<u>\$ 1,577,517</u>

NOTE 10 – DEVELOPER DEPOSITS

Developer Deposits represent funds received by the Authority from developers to cover the costs of plan reviews and project inspections and to ensure that infrastructure improvements are constructed in accordance with approved plans. Deposits for developments to be completed within one year are recorded as current liabilities in the amount of \$592,877 and \$340,914 as of December 31, 2023, and 2022, respectively. Deposits for developments not expected to be completed by the end of one year are recorded as long-term liabilities in the amount of \$199,036 and \$142,407 as of December 31, 2023, and 2022, respectively.

NOTE 11 – COMMITMENTS & CONTINGENCIES

In addition to the commitments disclosed in Note 6 related to the Service Concession Arrangement, the Authority as of December 31, 2023, through contractual agreements, had construction commitments of \$5,712,581 for various capital projects as compared to \$4,017,405 at year-end 2022. Operating and Capital reserves, construction note proceeds and grants will fund these expenditures.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

A. Health & Welfare Plan For Suburban Employees (Suburban Plan)

Suburban Plan:

Plan Description: The Authority through the Pennsylvania Municipal Health Insurance Cooperative offers a single employer defined benefit plan to eligible retirees for health insurance benefits. The Suburban Plan is reported as the Post Employment Health Trust Fund in the accompanying financial statements and does not issue stand-alone statements.

Management of the Suburban Plan is vested in the Authority's nine members Board of Directors, who are appointed by the Lehigh County Executive and approved by the Lehigh County Commissioners.

Suburban Plan Membership: On January 1, 2023, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	22
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	9
Total	31

The Suburban Plan is closed to new entrants (employees) hired on or after January 1, 2005.

Benefits Provided: Any employee hired prior to January 1, 2005, and retiring with at least 10 years of service is eligible to receive medical and prescription drug coverage at age 65 (as a supplement to Medicare). This coverage will include the spouse of the retiree if the retiree is living. The authority to establish and amend the benefit terms of the Suburban Plan resides with the nine-member Board of Directors.

Contributions: The authority to establish and amend the contribution requirements of the Authority and plan members also resides with the nine-member Board of Directors. The Board establishes rates based on an actuarially determined rate. Based on the funded status of the Suburban Plan and the latest actuarial valuations neither the plan members or the Authority were required to make contributions for the years ended December 31, 2023, and 2022.

Investments: The Suburban Plan's policy regarding the allocation of invested assets is established and may be amended by the nine-member Board of Directors. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk through diversification of the portfolio by investing in a variety of equities and fixed income securities. The following is the Suburban Plan's target asset allocation as of December 31, 2023, and 2022:

2023			
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity			
Large Cap	52.6%	International Equity	0.0%
Small/Mid Cap	2.6%	Non-US Debt	15.1%
Bonds	24.1%	Cash	5.6%

2022			
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity			
Large Cap	31.6%	International Equity	16.0%
Small/Mid Cap	20.4%	Non-US Debt	6.0%
Bonds	22.0%	Cash	4.0%

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The annual money-weighted rate of return on investments, net of investment expense, was 14.6% and -14.2%, for the years ended December 31, 2023, and 2022, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

See Note 2 to the financial statements for additional details on the plan's investments.

Net OPEB Liability of the Suburban Plan: The components of the net OPEB liability of the Suburban Plan on December 31, 2023, and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Total Plan OPEB Liability	\$ 2,000,771	\$ 2,193,319
Plan Fiduciary Net Position	<u>3,781,279</u>	<u>3,357,628</u>
Plan's Net OPEB Liability/(Asset)	<u><u>\$(1,780,508)</u></u>	<u><u>\$(1,164,309)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	189.0%	153.1%

Actuarial Assumptions: The Suburban Plan's net OPEB liability was measured as of December 31, 2023, and 2022, and the plan's total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation as of January 1, 2023, and January 1, 2021, respectively. The actuary utilized update procedures to roll forward the Suburban Plan's total OPEB liability in the January 1, 2023, and January 1, 2021, actuarial valuations to the December 31, 2023, and 2022 measurement dates.

The Suburban Plan's total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.45% for 2022 and 2.47% for 2023
Salary Increases	5.0%, average, including inflation.
Investment Rate of Return	6.27%, net of OPEB plan investment expense, including inflation.
Healthcare Cost Trend Rates	For the December 31, 2023, Measurement Date: 6.25% during 2024 to an ultimate rate of 4.00% in 2061. For the December 31, 2022, Measurement Date: .29% in 2023 to an ultimate rate of 4.75% in 2024.
Cost Sharing with Inactive Plan Members	Eligible retirees who retired prior to January 1, 2005 contribute 50% of premiums, retirees who retire after January 1, 2005, contribute 21% of the premiums.

Mortality rates were based on the 2010 Public General Amount Weighted Mortality Tables projected to 2028 using Scale MP-2021.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

It is assumed that 100% of eligible retirees and spouses will participate in the plan.

The actuarial assumptions used in the January 1, 2023, valuation was based on historical results, as a recent experience study was not completed.

The long-term expected rate of return on the Suburban Plan's OPEB 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2023, and 2022 are summarized in the following tables:

2023			
Asset Class	Long-Term Expected Real Rate of Return	Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity		International Equity	6.91%
Large Cap	6.20%	Non-US Debt	1.34%
Small/Mid Cap	9.72%	Cash	0.76%
Bonds	2.46%		

2022			
Asset Class	Long-Term Expected Real Rate of Return	Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity		International Equity	6.22%
Large Cap	5.37%	Non-US Debt	0.32%
Small/Mid Cap	6.53%	Blend	-0.45%
Bonds	1.36%		

Discount Rate: The discount rate used to measure the Suburban Plan's total OPEB liability was 6.27% and 6.79% on December 31, 2023, and 2022. The projection of cash flows used to determine the discount rate assumed that the Authority's contributions to the plan will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Suburban 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 Suburban Plan's investments was applied to all periods of projected benefit payments to determine the Suburban Plan's total OPEB liability.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the net OPEB liability for the Suburban plan for the year ended December 31, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(asset) (a) - (b)
Balances as of 12/31/22	\$ 2,193,319	\$ 3,357,628	\$ (1,164,309)
Service cost	7,962	-	7,962
Interest cost	130,870	-	130,870
Differences between expected and actual experience	-	-	-
Changes in Assumptions	(228,105)	-	(228,105)
Contributions - employer	(10,175)	47,039	(57,214)
Contributions - members	-	-	-
Net investment income	-	490,066	(490,066)
Benefit payments	(93,100)	(93,100)	-
Plan administrative expenses	-	(20,354)	20,354
Other changes	-	-	-
Net Changes	(192,548)	423,651	(616,199)
Balances as of 12/31/23	<u>\$ 2,000,771</u>	<u>\$ 3,781,279</u>	<u>\$ (1,780,508)</u>

Changes in the net OPEB liability for the Suburban plan for the year ended December 31, 2022, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(asset) (a) - (b)
Balances as of 12/31/21	\$ 2,130,976	\$ 4,028,887	\$ (1,897,911)
Service cost	10,732	-	10,732
Interest cost	142,391	-	142,391
Differences between expected and actual experience	-	-	-
Changes in Assumptions	-	-	-
Contributions - employer	-	12,008	(12,008)
Contributions - members	-	-	-
Net investment income	-	(571,813)	571,813
Benefit payments	(90,780)	(90,780)	-
Plan administrative expenses	-	(20,674)	20,674
Other changes	-	-	-
Net Changes	62,343	(671,259)	733,602
Balances as of 12/31/22	<u>\$ 2,193,319</u>	<u>\$ 3,357,628</u>	<u>\$ (1,164,309)</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Suburban Plan Net OPEB Liability to Changes in the Discount Rate: The following presents the December 31, 2023 net OPEB liability of the Suburban Plan, as well as what the Suburban Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.27%) or 1-percentage-point higher (7.27%) than the current discount rate:

	1 % Decrease (5.27%)	Discount Rate (6.27%)	1% Increase (7.27%)
Net OPEB Liability (Asset) 12/31/23	\$ (1,572,385)	\$ (1,780,508)	\$ (1,960,064)

Sensitivity of the Suburban Plan Net OPEB Liability to Changes in the Discount Rate: The following presents the December 31, 2022 net OPEB liability of the Suburban Plan, as well as what the Suburban Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.79%) or 1-percentage-point higher (7.79%) than the current discount rate:

	1 % Decrease (5.79%)	Discount Rate (6.79%)	1% Increase (7.79%)
Net OPEB Liability (Asset) 12/31/22	\$ (938,221)	\$ (1,164,309)	\$ (1,359,317)

Sensitivity of the Suburban Plan Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the December 31, 2023 net OPEB liability of the Suburban Plan, as well as what the Suburban Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.25% decreasing to 3%) or 1-percentage-point higher (7.25% decreasing to 5%) than the current healthcare cost trend rates:

	1 % Decrease (5.25% decreasing to 3%)	Discount Rate (6.25% decreasing to 4%)	1% Increase (7.25% decreasing to 5%)
Net OPEB Liability (Asset) 12/31/23	\$ (1,980,391)	\$ (1,780,508)	\$ (1,548,608)

Sensitivity of the Suburban Plan Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the December 31, 2022 net OPEB liability of the Suburban Plan, as well as what the Suburban Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower ((.71%) increasing to 3.75%) or 1-percentage-point higher (1.29% increasing to 5.75%) than the current healthcare cost trend rates:

	1 % Decrease (.71% increasing to 3.75%)	Discount Rate (.29% increasing to 4.75%)	1% Increase (1.29% increasing to 5.75%)
Net OPEB Liability (Asset) 12/31/22	\$ (1,401,711)	\$ (1,164,309)	\$ (886,957)

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows and Inflows of Resources: For the year ended December 31, 2023, and 2022, the Authority recognized OPEB expense of (\$349,080), and (\$34,746), respectively for the plan. On December 31, 2023, and 2022, the Authority reported deferred outflows and inflows of resources related to the OPEB plan from the following sources:

	12/31/2023		12/31/2022	
	Outflow	(Inflow)	Outflow	(Inflow)
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ (34,710)
Net difference between projected and actual earnings on OPEB plan investments	178,846	-	414,649	-
Changes of assumptions	-	-	18,987	-
Total	<u>\$ 178,846</u>	<u>\$ -</u>	<u>\$ 433,636</u>	<u>\$ (34,710)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	
2024	\$ 55,940
2025	60,242
2026	115,530
2027	(52,866)
2028	-
Total	<u>\$ 178,846</u>

B. Health & Welfare Plan For City Division Employees (City Plan)

City Plan

City Plan Description: The Authority through a single employer defined benefit plan offers to eligible City Division retirees health insurance and prescription drug benefits in accordance with a memorandum of agreement with the Service Employees International Union Local 32BJ. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The authority to establish and amend the benefit terms and financing requirements to the Authority resides with the Authority's nine-member Board of Directors, who are appointed by the Lehigh County Executive and approved by the Lehigh County Commissioners.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

City Plan Membership: On January 1, 2023, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	1
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>72</u>
Total	73

Benefits Provided: The benefits provided to Other Key Employees hired, were the same as those provided to Union Employees, except for union employees hired after January 1, 2017, receive coverage for three years or until Medicare eligible, whichever occurs first. Any employee retiring with a minimum age of 55 and 20 years of service or retiring at the age of 60 with 15 years is eligible to receive medical and prescription drug coverage until they reach the age of 65, with the exception previously noted for union employees hired after January 1, 2017. This coverage will include the spouse of the retiree until the retiree or spouse attains the age of 65 and dependent child coverage that ends when the dependent child reaches the age of 26 or the retiree reaches the age of 65. The authority to establish and amend the benefit terms of the City Plan resides with the nine-member Board of Directors.

Actuarial Assumptions & Total OPEB Liability: The City Plan's total OPEB liability was measured as of December 31, 2023, and 2022, and were determined by an actuarial valuation as of January 1, 2023, and January 1, 2021, respectively. The actuary utilized update procedures to roll forward the total OPEB liability for the City Plan in the January 1, 2023, and January 1, 2021 actuarial valuation to the December 31, 2023, and 2022 measurement dates.

The City Plan's total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.45% for 2022 and 2.47% for 2023
Salary Increases	5.0%, average, including inflation.
Discount Rate	4.31% for 2022 and 4.00% for 2023
Healthcare Cost Trend Rates	For 2022 Measurement Date: (.8%) during 2023 to an ultimate rate of 4.00% For 2023 Measurement Date: 7.25% during 2024 to an ultimate rate of 4.00%
Cost Sharing with Inactive Plan Members	Eligible retirees with a minimum of 15 years pay 25% of premiums, retirees with more than 10 years but less than 15 pay 50% of premiums.

The discount rate was based on the S&P 20-year AA municipal bond rate.

Mortality rates were based on the 2010 Public General Amount Weighted Mortality Tables projected to 2026 using Scale MP-2020.

It is assumed that 100% of eligible retirees and spouses will participate in the plan.

The actuarial assumptions used in the January 1, 2023, valuation was based on historical results as a recent experience study was not completed.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the total OPEB liability for the City Plan for the year ended December 31, 2023, were as follows:

	<u>Increase (Decrease)</u> Total OPEB Liability (a)
Balances as of 12/31/22	\$ 3,199,323
Service cost	159,146
Interest cost	108,467
Change in Benefit Terms	-
Differences between expected and actual experience	(812,854)
Change in Assumptions *	(155,048)
Benefit payments	(58,557)
Other changes	-
Net Changes	(758,846)
Balances as of 12/31/23	<u>\$ 2,440,477</u>

*- The December 31, 2023, measurement date reflects a change in assumptions related to the Healthcare Cost Trend Rate, a change in the discount rate, and updated mortality rates.

Changes in the total OPEB liability for the City Plan for the year ended December 31, 2022, were as follows:

	<u>Increase (Decrease)</u> Total OPEB Liability (a)
Balances as of 12/31/21	\$ 3,588,854
Service cost	231,050
Interest cost	85,577
Change in Benefit Terms	-
Differences between expected and actual experience	-
Change in Assumptions *	(672,953)
Benefit payments	(33,205)
Other changes	-
Net Changes	(389,531)
Balances as of 12/31/22	<u>\$ 3,199,323</u>

*- The December 31, 2022, measurement date reflects a change in assumptions related to the Healthcare Cost Trend Rate, and a change in the discount rate.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the City Plan Total OPEB Liability to Changes in the Discount Rate: The following presents the December 31, 2023 total OPEB liability of the City Plan, as well as what the City Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current discount rate:

	1 % Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability 12/31/23	\$ 2,663,811	\$ 2,440,477	\$ 2,230,864

Sensitivity of the City Plan Total OPEB Liability to Changes in the Discount Rate: The following presents the December 31, 2022 total OPEB liability of the City Plan, as well as what the City Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31%) or 1-percentage-point higher (5.31%) than the current discount rate:

	1 % Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total OPEB Liability 12/31/22	\$ 3,514,287	\$ 3,199,323	\$ 2,908,888

Sensitivity of the City Plan Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the December 31, 2022 total OPEB liability of the City Plan, as well as what the City Plan's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25% decreasing to 3%) or 1-percentage-point higher (8.25% decreasing to 5%) than the current healthcare cost trend rates:

	1 % Decrease (6.25% decreasing to 3%)	Discount Rate (7.25% decreasing to 4%)	1% Increase (8.25% decreasing to 5%)
Total OPEB Liability 12/31/23	\$ 2,106,290	\$ 2,440,477	\$ 2,840,484

Sensitivity of the City Plan Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the December 31, 2022 total OPEB liability of the City Plan, as well as what the City Plan's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower ((1.8%) increasing to 3%) or 1-percentage-point higher (.2% increasing to 5%) than the current healthcare cost trend rates:

	1 % Decrease ((1.8%) increasing to 3%)	Discount Rate (.8%) increasing to 4%)	1% Increase (.2% increasing to 5%)
Total OPEB Liability 12/31/22	\$ 2,743,942	\$ 3,199,323	\$ 3,750,206

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources: For the year ended December 31, 2023, and 2022, the Authority recognized OPEB expense of \$126,469 and \$384,229, respectively for the plan. The plan is funded on a “pay as you go” basis. On December 31, 2023, and December 31, 2022, the Authority reported deferred outflows of resources related to the OPEB plan from the following sources:

	12/31/2023		12/31/2022	
	Outflow	(Inflow)	Outflow	(Inflow)
Differences between expected and actual experience	\$ 95,167	\$ (781,236)	\$ 152,865	\$ (99,907)
Changes of assumptions	312,400	(698,510)	448,598	(749,560)
Total	<u>\$ 407,567</u>	<u>\$ (1,479,746)</u>	<u>\$ 601,463</u>	<u>\$ (849,467)</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2024	\$ (143,727)
2025	(180,940)
2026	(220,784)
2027	(163,766)
2028	(120,988)
Thereafter	<u>(241,974)</u>
Total	<u>\$ (1,072,179)</u>

NOTE 13 – NET POSITION

The basic financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position that are associated with non-liquid, capital assets, less outstanding capital asset related debt. Restricted assets are liquid assets generated from revenues that have third-party (statutory, bond covenant or water user) limitation on their use. Unrestricted net position are amounts that do not meet the definitions of “invested in capital assets” or “restricted assets” and are available for Authority operations.

It is the Authority’s policy to first use restricted assets prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted assets are available.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 14 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description. The Authority, through a January 2014 agreement, provides employee pension benefits through participation in the Pennsylvania Municipal Retirement System (PMRS). The PMRS was created by the Pennsylvania General Assembly in 1974 with the passage of the Pennsylvania Municipal Retirement Law 1974, P.L. 34, No. 15. PMRS administers pension plans on a contracted basis for any municipality or institution supported and maintained by a Pennsylvania municipality. This agent multiple-employer public employee retirement system maintains each municipality's account separately with that municipality's contributions and related employee contributions, and earnings segregated into separate accounts. PMRS issues a separate Annual Comprehensive Financial Report, which can be obtained by contacting the PMRS accounting office at P.O. Box 1165, Harrisburg, PA 17108-1165.

Benefits Provided. Benefit terms were established under the 2014 agreement between PMRS and the Authority, changes to benefit terms can only occur by modification of this agreement. Major provisions of the 2014 agreement include the following:

All full-time and permanent part-time Authority employees are required to participate in the System. Benefits vest after eight years of service. Employees can retire with an annual retirement benefit after 20 years of service provided age 55 has been attained, or at age 60.

The normal form of payment of retirement benefits is a monthly annuity available for the life of the retired employee. One and two-thirds percent of the employee's average salary for the three consecutive years of greatest compensation multiplied by the number of years of service, and any fraction thereof, is used to calculate the normal retirement benefit funded solely by the Authority's contributions. Supplemental benefits are derived from employee contributions and interest earnings of the fund. A retiree may elect to receive a reduced amount of benefit and provide a death benefit in the form of annuity or lump sum to the designated beneficiary. The plan also provides death and disability benefits for an active employee.

Depending upon the annual investment return, the plan may award excess interest earnings to participating municipalities. The municipalities have the option of either retaining such excess earnings or sharing the additional earnings with active employees and retirees. In all years when excess interest earnings have been awarded, the Authority has elected to pro-ratably share excess earnings resulting in a postretirement increase to retirees. Sharing of excess earnings is the only method available for increasing postretirement benefits.

The plan does not allow for any cost-of-living adjustments to an employee's retirement allowance subsequent to the employee's retirement date.

Employees Covered by Benefit Terms. On December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	64
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	<u>152</u>
Total	226

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 14 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Contributions. Required contributions to the plan are governed by the 2014 agreement. The PMRS Board will actuarially determine the normal cost of the benefits provided under the contract (2014 agreement) and any liability associated with the actuarial experience of such benefits which shall be contributed annually by the Authority. The PMRS Board shall determine, and the Authority shall be charged an additional amount to be contributed annually toward a reserve account for any disability benefit which may be payable under the contract (2014 agreement). The amounts so determined shall be computed in accordance with the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. §895.101 et seq., and the PMRL. Members shall contribute one percent of their compensation to fund the annuity. Members may optionally contribute up to, but no more than an additional ten percent of their compensation. For the years ended December 31, 2023, and 2022, the average active employee contribution rate was 1.0% of annual pay, and the Authority's average contribution rate was 14.3% and 15.6%, respectively, of covered annual payroll.

B. Net Pension Liability

The Authority's net pension liability was measured as of December 31, 2022, and 2021, and the total pension liability used to calculate the net pension liabilities were determined by actuarial valuations as of December 31, 2022, and December 31, 2020, respectively. The actuary utilized update procedures to roll forward the total pension liability in the December 31, 2022, and December 31, 2020, actuarial valuation to the respective measurement dates.

Actuarial assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

	December 31, 2022 Valuation
Investment rate of return	5.25%, net of pension plan investment expense, including inflation
Projected salary increases	Age/Merit Scale including inflation ranging from 2.79% to 6.22%
Inflation	2.8%

Mortality rates Pre-Retirement for the December 31, 2022, valuation was based on the PUB-2010 General Employees male and female tables. Mortality rates Post-Retirement for the December 31, 2022, valuation was based on the RP-2006 annuitant male and female tables.

The actuarial assumptions used in the December 31, 2022, valuation was based on the PMRS Experience Study for the period covering January 1, 2014, through December 31, 2018, issued by the actuary in September 2020 as well as subsequent Board approved assumption changes.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 14 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

The PMRS System's long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future nominal rates of return (net of investment expenses) are developed for each asset class. These returns are combed to produce the System's Long-Term Expected Real Rate of Return by calculating the weighted average return for each asset class using each respective target asset allocation percentage and multiplying by the expected future nominal rate of return, while also factoring in covariance across asset classes, then deducting expected inflation (2.5%). Best estimates of geometric real rates of return for each utilized asset class are included in the pension plan's target asset allocation as of December 31, 2022, and summarized in the table below labeled "System Nominal and Real Rates of Return by Asset Class."

System Nominal and Real Rates of Return by Asset Class
12/31/2022 Valuation

Asset Class	Target Allocation	Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities (large capitalized firms)	24.5%	7.50%	5.00%
Domestic Equities (small capitalized firms)	8.0%	8.20%	5.70%
International Equities (international developed markets)	14.5%	7.60%	5.10%
International Equities (emerging markets)	3.0%	8.01%	5.51%
Global Equities	5.0%	7.03%	4.53%
Real Estate	10.0%	7.42%	4.92%
Timber	5.0%	6.50%	4.00%
Fixed Income (Core Investment Grade)	24.0%	4.60%	2.10%
Fixed Income (Opportunistic Credit)	5.0%	8.00%	5.50%
Cash	1.0%	2.20%	-0.30%

Based on the three-part analysis, the PMRS Board established the System's Long-Term Expected Rate of Return at 7.43% for the December 31, 2022, valuation.

In addition to determining the System's Long-Term Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." This rate was 5.25% for the December 31, 2022, valuation.

The System's policy regarding the investment income allocation on invested assets is established and may be amended by the PMRS Board. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, to satisfy the short-term and long-term funding needs of PMRS.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 14 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Discount rate. While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate (Regular Interest Rate / Discount Rate). The PMRS Board establishes the Regular Interest Rate / Discount Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considers the following five quantitative factors in reviewing the Regular Interest Rate / Discount Rate:

- 1.) Retiree Plan liability as a percentage of total Plan liability,
- 2.) Active Plan participant liability as a percentage of total Plan liability,
- 3.) Smoothed Pension Benefit Guarantee Corporation (PBGC) annuity rates as a proxy for annuity purchase rates,
- 4.) PMRS System Long-Term Expected Rate of Return and,
- 5.) PMRS administrative expenses.

The PMRS Board then adjust the Regular Interest Rate / Discount Rate by a variety of qualitative factors such as the desire to minimize Regular Interest Rate / Discount Rate volatility, varying levels of asset allocation and liquidity, trending of PBGC annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Regular Interest Rate / Discount Rates adopted by the Board and used to measure the individual participating municipalities' total pension liability was 5.25% for the December 31, 2022, actuarial valuation.

The Regular Interest Rate / Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate, the PMRS Board is authorized to allocate any applicable portion of such excess in accordance with PMRS Board policies in the form of Excess Interest as provided for in the law.

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Discount Rate was required (depletion testing"), used the following assumptions: 1.) member contributions will be made at the current contribution rate 2.) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3.) the System's Long-Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
Notes to Financial Statements**

NOTE 14 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2022(based on 12/31/2021 measurement date)	\$ 37,833,620	\$ 42,453,831	\$(4,620,211)
Changes for the year:			
Service cost	1,997,070	-	1,997,070
Interest	2,038,498	-	2,038,498
Changes of benefits	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,541,493	-	1,541,493
Contributions - employer	-	1,606,131	(1,606,131)
Contributions - member	-	659,596	(659,596)
Net investment income/(loss)	-	(5,079,954)	5,079,954
Benefit payments, including refunds of employee contributions	(1,473,931)	(1,473,931)	-
Administrative expense	-	(104,980)	104,980
Net changes	<u>4,103,130</u>	<u>(4,393,138)</u>	<u>8,496,268</u>
Balances at 12/31/23 (based on a 12/31/22 measurement date)	<u>\$ 41,936,750</u>	<u>\$ 38,060,693</u>	<u>\$ 3,876,057</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 14 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Changes in the Net Pension Liability (Continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2021(based on 12/31/2020 measurement date)	\$ 36,584,251	\$ 38,041,217	\$ (1,456,966)
Changes for the year:			
Service cost	1,959,422	-	1,959,422
Interest	1,939,928	-	1,939,928
Changes of benefits	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,684,763	(1,684,763)
Contributions - member	-	674,887	(674,887)
Net investment income/(loss)	-	4,808,310	(4,808,310)
Benefit payments, including refunds of employee contributions	(2,649,981)	(2,649,981)	-
Administrative expense	-	(105,365)	105,365
Net changes	<u>1,249,369</u>	<u>4,412,614</u>	<u>(3,163,245)</u>
Balances at 12/31/22 (based on a 12/31/21 measurement date)	<u>\$ 37,833,620</u>	<u>\$ 42,453,831</u>	<u>\$ (4,620,211)</u>

Sensitivity of the pension liability to changes in the discount rate. The following tables present the net pension liability of the Authority, calculated using the discount rates of 5.25%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the discount rate utilized for the December 31, 2022 and 2020 actuarial valuations:

	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Authority's net pension liability 12/31/23	\$8,705,422	\$3,876,057	\$(147,260)
Authority's net pension liability 12/31/22	\$(342,787)	\$(4,620,211)	\$(8,184,812)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issues PMRS financial report.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 14 – DEFINED BENEFIT PENSION PLAN (Continued)

D. Pension Expense, Deferred Outflows, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the Authority recognized pension expense of \$408,156, \$205,462, and \$1,515,520 in the Suburban Water Fund, Suburban Wastewater Fund, and City Fund, respectively.

For the year ended December 31, 2022, the Authority recognized pension expense of \$(1,627), \$(819), and \$(6,040) in the Suburban Water Fund, Suburban Wastewater Fund, and City Fund, respectively.

On December 31, 2023, and 2022 the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	12/31/2023		12/31/2022	
	Outflow	(Inflow)	Outflow	(Inflow)
Difference between expected and actual experience	\$1,687,014	\$ -	\$ 666,139	\$ -
Changes in assumptions	300,011	-	517,807	-
Net difference between projected and actual earnings on pension plan investments	1,607,375	-	-	(5,566,967)
Contributions subsequent to the measurement date	1,812,390	-	1,610,291	-
Total	<u>\$5,406,790</u>	<u>\$ -</u>	<u>\$ 2,794,237</u>	<u>\$ (5,566,967)</u>

The \$1,812,390 reported as deferred outflows of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year financial statements. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2024	\$ (216,924)
2025	575,463
2026	1,179,042
2027	1,616,391
2028	220,213
Thereafter	220,215

NOTE 15 – DEFERRED COMPENSATION PLAN

In 1990, the Authority entered into an agreement with the International City Management Association (ICMA) to provide a Deferred Compensation Plan in accordance with the Internal Revenue Code, Section 457, on a voluntary basis to full-time employees. In 2020, the Authority changed record-keepers to Empower Retirement. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is only available to participants at employment termination, retirement or for an unforeseeable emergency. The Authority makes no contributions to the plan. In accordance with federal law, a trust fund was established for the deposit of Section 457 assets. The trust fund is for the exclusive benefit of plan participants and beneficiaries. Because the assets are not owned by the Authority but are held in a trust, the deferred compensation assets and related liabilities are not recorded in the Authority's financial statements. The Authority's fiduciary responsibilities are to submit participant payroll deductions to the plan administrator (Retirement Corporation). Other than reviewing quarterly statements for accuracy, the Authority has no other fiduciary responsibility. Employees make deferral changes on the Empower website. Empower submits change reports to the Authority on a bi-weekly basis. Investments are managed by the plan's trustee with various investment options available. The employee makes the choice of the investment option(s). Fifty-three and fifty-eight employees contributed into the Empower Retirement plan in 2023 and 2022, respectively.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 16 – RISK MANAGEMENT

The Authority joined the Pennsylvania Intergovernmental Risk Management Association (PIRMA) in August 1991, to obtain General, Public Officials' and Automobile Liability Coverage. PIRMA, which has operated since 1987, is a public entity risk pool providing liability insurance coverage to 610 Pennsylvania municipal entities as of December 31, 2023. In paying claims, the pool covers the first \$350,000 per claim. Thereafter, American Public Entity Excess Pool (APEEP) provides coverage of \$4,650,000 per claim and General Reinsurance Company and Markel Reinsurance Company provide quota share coverage at \$5,000,000 per claim of excess coverage over APEEP for a total coverage of \$10,000,000 per claim. The intergovernmental agreement specifies that in the event a claim or claims exhausts total members' equity, plus excess insurance coverage, then payment for such claim shall be the obligation of the respective individual member. In 2023 and 2022 the Authority paid \$369,164 and \$350,364 to PIRMA as its share of liability insurance premiums, respectively.

The Authority has been a member of the Delaware Valley Workers' Compensation Trust (DVWCT) since 1993. The Trust, a risk sharing pool formed in 1992, is comprised of 107 municipal entities located primarily in Southeastern Pennsylvania. The DVWCT assumes the first \$750,000 of each occurrence with excess insurance providing coverage up to the PA Statutory limit. If reserve funds and surplus are exhausted by claims, the Trust Agreement allows the governing board to levy additional assessments against pool members. Any additional assessments would be equal to the ratio of the participant's annual contribution to the total annual contribution paid by all participants in the trust year in which a deficit occurred. The Trust's surplus position of \$28,433,576 as of December 31, 2022, makes an assessment unlikely.

The Authority paid a net premium contribution (after payroll audit) of \$163,974 in 2022 and a deposit premium contribution of \$235,608 in 2023 before payroll audit. The Authority applied a RSF credit of \$40,000 to the 2022 premium. As of January 1, 2024, the Authority had accrued \$70,914 in Rate Stabilization Fund (RSF) credits which were available to reduce the Authority's 2024 premium. Any unused RSF credits will be rolled over to 2025, and the Trust will add investment income to the unused balance. The Authority also received dividends from the Trust of \$7,822 in 2022 and \$5,638 in 2023.

The Authority offers employees health care coverage through a PPO (Preferred Provider Organization) Plan using the Pennsylvania Municipal Insurance Cooperative (PMHIC) to purchase such insurance. The purpose of the cooperative, which consists of 290 municipal entities as of October 1, 2023, is to control escalating health care premiums by allowing municipalities the potential for volume discounts. The pool utilizes an Administrative Services arrangement, which uses the insurer (Capital Blue Cross) only for network access and claims management. The pool is self-funding up to the first \$50,000 per claim with reinsurance available to cover costs in excess of the self-funded limit. Annually a reconciliation of premiums paid to claims incurred is developed and if the cooperative has favorable experience, a dividend is returned to those participants who paid more premium than claims incurred. The cooperative uses a third-party administrator to issue bills and function as the liaison and rate negotiator with the insurers. Authority health benefits payments for retirees and active employees, net of reimbursements and dividend returns, for the years ended December 31, 2023, and December 31, 2022, totaled \$849,420 and \$1,019,289, respectively.

The Authority also purchases property coverage through CNA, brokered through Murray Securus. For 2023 and 2022, insurance costs amounted to \$362,715 and \$304,500, respectively. All other risks of loss including employee bonding, group disability and life insurance are insured through commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past four years.

NOTE 17 – MAJOR CUSTOMER AND ECONOMIC DEPENDENCY

Several service agreements specify that the Authority will provide wastewater service through use of the Western Lehigh and Little Lehigh Relief Interceptor Systems to ten municipalities. As part of this service, the Authority bills certain municipalities for their share of the City of Allentown's treatment and transportation costs and the operating costs of the Western Lehigh and Little Lehigh Relief Interceptor Systems. During 2023 and 2022, two of the municipal customers each provided in excess of 10% of the total operating revenues. Since any reduction in user discharges is offset by lower treatment and transportation costs, and all municipalities share in paying system costs, economic dependency of any one of the customers is absent.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 18 – LEASES

The Authority leases various office equipment for its operations. The leased office equipment consists of various copiers and printers. Terms of each lease vary with fixed monthly payments ranging from \$43 to \$267, and lease periods ranging from 36 to 60 months. An incremental borrowing rate of 3.25% was used when calculating the lease liabilities.

The future principal and interest lease payments on the Authority's leased office equipment as of December 31, 2023, were as follows:

Year	Suburban Water		Suburban Wastewater		City Division	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,136	\$ 397	\$ 1,136	\$ 397	\$ 9,341	\$ 887
2025	1,171	314	1,171	314	9,638	687
2026	1,210	219	1,210	219	9,956	481
2027	1,250	122	1,250	122	10,285	267
2028	856	26	856	26	7,044	56
	<u>\$ 5,623</u>	<u>\$ 1,078</u>	<u>\$ 5,623</u>	<u>\$ 1,078</u>	<u>\$46,264</u>	<u>\$ 2,378</u>

In addition to office equipment the Authority also leases various vehicles for its operations. Terms of each lease vary with fixed monthly payments ranging from \$283 to \$7,770, and lease periods of 60 months. An incremental borrowing rate of 3.25% was used when calculating the lease liabilities.

The future principal and interest lease payments on the Authority's leased vehicles as of December 31, 2023, were as follows:

Year	Suburban Water		Suburban Wastewater		City Division	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$109,278	\$11,046	\$ 70,959	\$ 6,318	\$228,733	\$26,575
2025	107,492	7,501	79,489	3,630	187,679	18,338
2026	100,573	3,902	36,517	1,281	172,923	11,333
2027	65,980	996	12,298	502	154,553	4,409
2028	4,438	-	-	-	22,783	-
	<u>\$387,761</u>	<u>\$23,445</u>	<u>\$199,263</u>	<u>\$11,731</u>	<u>\$766,671</u>	<u>\$60,655</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 18 – LEASES (Continued)

The future principal and interest lease payments on all the Authority's leases as of December 31, 2023, were as follows:

Year	Suburban Water		Suburban Wastewater		City Division	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$110,414	\$ 11,443	\$ 72,095	\$ 6,715	\$238,074	\$ 27,462
2025	108,663	7,815	80,660	3,944	197,317	19,025
2026	101,783	4,121	37,727	1,500	182,879	11,814
2027	67,230	118	13,548	624	164,838	4,676
2028	5,294	26	856	26	29,827	56
	<u>\$393,384</u>	<u>\$ 23,523</u>	<u>\$204,886</u>	<u>\$ 12,809</u>	<u>\$812,935</u>	<u>\$ 63,033</u>

NOTE 19 – SUSEQUENT EVENTS

In March 2024, the Authority issued City of Allentown Concession Series 2024 Bonds in the amount of \$158,580,000. The Bonds were issued to refinance the existing 2013 Series A Bonds and finance various capital projects in the City Fund.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Costs	\$ 1,997,070	\$ 1,959,422	\$ 1,949,152	\$ 1,779,213	\$ 1,688,127	\$ 1,543,865	\$ 1,452,861	\$ 1,488,350	\$ 677,165
Interest	2,038,498	1,939,928	1,784,757	1,649,798	1,503,378	1,401,384	1,276,753	1,163,405	1,038,585
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	1,541,493	-	409,231	-	563,913	-	1,061,505	-	329,959
Changes of Assumptions	(1,473,931)	(2,649,981)	(1,000,961)	(999,402)	(1,073,743)	(1,166,011)	(915,177)	(600,285)	(544,982)
Benefit Payments, Including Refunds of Member Contributions	4,103,130	1,249,369	3,742,202	2,429,609	2,681,675	1,779,238	3,517,037	2,261,147	1,500,727
Net Change in Total Pension Liability	37,833,620	36,584,251	32,842,049	30,412,440	27,730,765	25,951,527	22,434,490	20,173,343	18,672,616
Total Pension Liability - beginning	\$ 41,936,750	\$ 37,833,620	\$ 36,584,251	\$ 32,842,049	\$ 30,412,440	\$ 27,730,765	\$ 25,951,527	\$ 22,434,490	\$ 20,173,343
Total Pension Liability - ending (a)									
Plan Fiduciary Net Position									
Contributions - Employer	\$ 1,606,131	\$ 1,684,763	\$ 1,484,790	\$ 1,410,695	\$ 1,141,302	\$ 1,106,875	\$ 972,122	\$ 978,336	\$ 365,907
Contributions - Member	659,596	674,887	713,435	648,390	602,779	543,474	526,823	507,893	473,935
Net Investment Income	(5,079,954)	4,808,310	5,054,281	5,436,112	(1,157,514)	3,886,626	1,670,359	(99,517)	947,378
Benefit Payments, Including Refunds of Member Contributions	(1,473,931)	(2,649,981)	(1,000,961)	(999,402)	(1,073,743)	(1,166,011)	(915,177)	(600,285)	(544,982)
Administrative Expense	(104,980)	(105,365)	(75,315)	(55,136)	(62,006)	(60,172)	(63,095)	(52,516)	(41,411)
Net Change in Plan Fiduciary Net Position	(4,393,138)	4,412,614	6,176,230	6,440,659	(549,182)	4,310,792	2,191,032	733,911	1,200,827
Plan Fiduciary Net Position - beginning	42,453,831	38,041,217	31,864,987	25,424,328	25,973,510	21,662,718	19,471,686	18,737,775	17,536,948
Plan Fiduciary Net Position - ending (b)	\$ 38,060,693	\$ 42,453,831	\$ 38,041,217	\$ 31,864,987	\$ 25,424,328	\$ 25,973,510	\$ 21,662,718	\$ 19,471,686	\$ 18,737,775
Authority's Net Pension Liability - ending (a) - (b)	\$ 3,876,057	\$ (4,620,211)	\$ (1,456,966)	\$ 977,062	\$ 4,988,112	\$ 1,757,255	\$ 4,288,809	\$ 2,962,804	\$ 1,435,568
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.76%	112.21%	103.98%	97.02%	83.60%	93.66%	83.47%	86.79%	92.88%
Covered Payroll	\$ 11,276,525	\$ 10,831,527	\$ 11,336,308	\$ 10,378,157	\$ 9,905,129	\$ 9,135,580	\$ 8,807,193	\$ 8,763,140	\$ 2,314,192
Authority's Net Pension Liability as a Percentage of Covered Payroll	34.37%	-42.66%	-12.85%	9.41%	50.36%	19.24%	48.70%	33.81%	62.03%

* - Information only available for nine years. Future years will be added as information becomes available.

** - The Authority had changes in assumptions related to mortality rates, retirement rates, and wage scales in the December 31, 2015 measurement date compared to previous measurement dates.

*** - The Authority had changes in assumptions related to the discount rate in the December 31, 2017 measurement date compared to previous measurement dates.

**** - The Authority had changes in assumptions related to the discount rate in the December 31, 2020 measurement date compared to previous measurement dates.

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY CONTRIBUTIONS PENSION PLAN
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,812,390	\$ 1,610,291	\$ 1,688,963	\$ 1,488,850	\$ 1,414,635	\$ 1,145,082	\$ 1,110,595	\$ 972,122	\$ 978,336	\$ 361,607
Contribution in Relation to the Actuarially Determined Contribution	1,812,390	1,610,291	1,688,963	1,488,850	1,414,635	1,145,082	1,110,595	972,122	978,736	365,907
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (400)	\$ (4,300)
Covered Payroll	\$ 11,928,692	\$ 11,276,525	\$ 10,831,527	\$ 11,336,308	\$ 10,378,157	\$ 9,905,129	\$ 9,135,580	\$ 8,807,193	\$ 8,763,140	\$ 2,314,192
Contribution as a percentage of Covered Payroll	15.19%	14.28%	15.59%	13.13%	13.63%	11.56%	12.16%	11.04%	11.17%	15.81%

Notes to Schedule:

Valuation Date:
Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two years prior to the end of the fiscal year in which the contributions were reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method
Amortization Method
Remaining Amortization Period
Asset Valuation Method
Inflation
Salary Increases
Investment Rate of Return
Pre-Retirement Mortality

Entry Age
Level Dollar Closed
7 years
Based Upon Municipal Reserves in PMRS (Fair Value)
2.8%
Age/Merit Scale including inflation ranging from 2.79% to 6.22%.
5.25%, net of pension plan investment expense, including inflation.
Males - RP 2000 with 1 year set back
Females - RP 2000 with 5 year set back
RP-2000 Sex-Distinct Mortality Table projected 15 years with scale AA for males and projected 10 years with scale AA for females

Post-Retirement Mortality:

* - Information not available

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE SUBURBAN NET OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability Suburban Plan							
Service Cost	\$ 7,962	\$ 10,732	\$ 10,221	\$ 7,418	\$ 7,065	\$ 7,960	\$ 7,580
Interest	130,870	142,391	138,371	167,315	162,742	158,365	151,765
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(228,105)	-	(282,636)	-	90,059	-	-
Changes of Assumptions	(10,175)	-	154,605	-	(99,162)	-	-
Benefit Payments	(93,100)	(90,780)	(90,518)	(115,648)	(110,336)	(92,904)	(61,525)
Net Change in Suburban Plan Total OPEB Liability	(192,548)	62,343	(69,957)	59,085	50,368	73,421	97,820
Suburban Plan Total OPEB Liability - Beginning	2,193,319	2,130,976	2,200,933	2,141,848	2,091,480	2,018,059	1,920,239
Suburban Plan Total OPEB Liability - Ending (a)	\$ 2,000,771	\$ 2,193,319	\$ 2,130,976	\$ 2,200,933	\$ 2,141,848	\$ 2,091,480	\$ 2,018,059
Suburban Plan Fiduciary Net Position							
Contributions - Employer	\$ 47,039	\$ 12,008	\$ 11,831	\$ 27,393	\$ 22,928	\$ 13,376	\$ -
Net Investment Income	490,066	(571,813)	517,542	292,386	645,121	(220,248)	485,937
Benefit Payments	(93,100)	(90,780)	(90,518)	(115,648)	(110,336)	(92,904)	(61,526)
Administrative Expense	(20,354)	(20,674)	-	-	-	-	-
Net Change in Suburban Plan Fiduciary Net Position	423,651	(671,259)	438,855	204,131	557,713	(299,776)	424,411
Suburban Plan Fiduciary Net Position - Beginning	3,357,628	4,028,887	3,590,032	3,385,901	2,828,188	3,127,964	2,703,553
Suburban Plan Fiduciary Net Position - Ending (b)	\$ 3,781,279	\$ 3,357,628	\$ 4,028,887	\$ 3,590,032	\$ 3,385,901	\$ 2,828,188	\$ 3,127,964
Suburban Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ (1,780,508)	\$ (1,164,309)	\$ (1,897,911)	\$ (1,389,099)	\$ (1,244,053)	\$ (736,708)	\$ (1,109,905)
Suburban Plan Fiduciary Net Position as a Percentage of the Total Suburban Plan OPEB Liability	188.99%	153.08%	189.06%	163.11%	158.08%	135.22%	155.00%
Covered Payroll Suburban Plan	\$ 858,084	\$ 1,133,552	\$ 1,079,573	\$ 1,209,753	\$ 1,152,146	\$ 1,098,115	\$ 1,045,824
Suburban Plan Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	-207.50%	-102.71%	-175.80%	-114.83%	-107.98%	-67.09%	-106.13%

* - Information only available for seven years. Future years will be added as information becomes available.

** - The 12/31/2023 measurement date had changes in assumptions related to mortality rates, health care trend rates, and a change in the discount rate compared to previous valuations.

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS SUBURBAN OPFB PLAN

LAST 10 FISCAL YEARS

	* 2023	* 2022	* 2021	* 2020	* 2019	* 2018	* 2017
Actuarially Determined Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in Relation to the Actuarially Determined Contribution	47,039	12,008	11,831	27,393	22,928	13,376	-
Contribution Deficiency (Excess)	<u>\$ (47,039)</u>	<u>\$ (12,008)</u>	<u>\$ (11,831)</u>	<u>\$ (27,393)</u>	<u>\$ (22,928)</u>	<u>\$ (13,376)</u>	<u>\$ -</u>
Suburban Plan Covered Payroll	\$ 858,084	\$ 1,133,552	\$ 1,079,573	\$ 1,209,753	\$ 1,152,146	\$ 1,098,115	\$ 1,045,824
Contributions as a Percentage of Covered Payroll	5.48%	1.06%	1.10%	2.26%	1.99%	1.22%	0.00%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Amortization Period	20 years
Asset Valuation Method	5-year smoothed market
Inflation	2.47%
Healthcare Cost Trend Rates	6.25% during 2024 to an ultimate rate of 4.00% in 2061.
Salary Increases	5.00%
Investment Rate of Return	6.27%
Retirement Age	65
Mortality	2010 Public General Amount Weighted Mortality Tables projected to 2028 usings Scale MP-2021.

* - Information only available for seven years. Future years will be added as information becomes available.

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS SUBURBAN OPEB PLAN

LAST 10 FISCAL YEARS

	[*] 2023	[*] 2022	[*] 2021	[*] 2020	[*] 2019	[*] 2018	[*] 2017
Annual money-weighted rate of return, net of investment expense	14.60%	-14.20%	14.60%	8.60%	23.20%	-7.13%	18.18%

* - Information only available for seven years. Future years will be added as information becomes available.

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY DIVISION'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS

	* 2023	* 2022	* 2021	* 2020	* 2019	* 2018
Total OPEB Liability City Division Plan						
Service Cost	\$ 159,146	\$ 231,050	\$ 220,048	\$ 269,018	\$ 184,957	\$ 142,941
Interest	108,467	85,577	79,341	72,855	106,760	73,458
Changes of Benefit Terms	-	-	(18,456)	-	(55,110)	-
Differences Between Expected and Actual Experience	(812,854)	-	(159,743)	-	383,657	-
Changes of Assumptions	(155,048)	(672,953)	(324,006)	583,524	322,110	-
Benefit Payments	(58,557)	(33,205)	(33,473)	(45,177)	(17,530)	(24,498)
Net Change in City Division Plan Total OPEB Liability	(758,846)	(389,531)	(236,289)	880,220	924,844	191,901
City Division Plan Total OPEB Liability - Beginning	3,199,323	3,588,854	3,825,143	2,944,923	2,020,079	1,828,178
City Division Plan Total OPEB Liability - Ending (a)	<u>\$ 2,440,477</u>	<u>\$ 3,199,323</u>	<u>\$ 3,588,854</u>	<u>\$ 3,825,143</u>	<u>\$ 2,944,923</u>	<u>\$ 2,020,079</u>
Covered-Employee Payroll City Division Plan	\$ 4,986,494	\$ 5,191,401	\$ 4,944,191	\$ 4,539,767	\$ 4,322,635	\$ 3,279,472
City Division Plan Total OPEB Liability as a Percentage of Covered-Employee Payroll	48.94%	61.63%	72.59%	84.28%	68.13%	61.60%

* - Information only available for six years. Future years will be added as information becomes available.

** - The 12/31/2023 measurement date had a change in assumptions related to the Healthcare Cost Trend Rate, a change in the discount rate, a change in premiums, and updated mortality rates compared to previous valuations.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**OTHER
SUPPLEMENTARY
INFORMATION**

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SUBURBAN WASTEWATER FUND
For the year ended December 31, 2023

	Western Lehigh Interceptor System	West. Weisenberg Wastewater	Common Rate Wastewater Fund	Other Wastewater Funds	Total Wastewater Fund
Operating Revenues					
Charges for Services	\$ 7,966,899	440,472	\$ 841,344	\$ 8,216,679	\$ 17,465,394
Other Income	92,264	-	8,895	205,278	306,437
Total Operating Revenues	8,059,163	440,472	850,239	8,421,957	17,771,831
Operating Expenses					
Salaries and Wages	411,125	93,314	323,286	292,279	1,120,004
Employee Benefits	243,482	55,115	190,293	202,995	691,885
General and Administrative	126,018	27,834	96,428	87,180	337,460
Utilities	68,565	17,804	41,073	110,825	238,267
Materials and Supplies	83,061	51,713	146,383	109,575	390,732
Miscellaneous Services	281,913	119,402	537,866	6,727,660	7,666,841
Treatment and Transportation	3,880,145	-	23,519	-	3,903,664
Depreciation and Amortization	3,737,311	136,374	520,114	2,311,225	6,705,024
Total Operating Expenses	8,831,620	501,556	1,878,962	9,841,739	21,053,877
Operating Income (Loss)	(772,457)	(61,084)	(1,028,723)	(1,419,782)	(3,282,046)
Nonoperating Revenues (Expenses)					
Tapping and Capital Recovery Fees	1,084,784	8,838	43,642	189,014	1,326,278
Meter Sales	-	4,446	37,447	359	359
Inspection, Plan Reviews and Project Reimbursements	-	2,708	-	2,663	44,556
Interest Earnings	338,467	(25,365)	(63,440)	235,152	576,327
Interest Expense	(79,559)	-	(919)	-	(168,364)
Other Expense	(114,784)	-	-	(18,265)	(133,968)
Other Income	494,509	-	420	165	495,094
Total Nonoperating Revenues (Expenses)	1,723,417	(9,373)	17,150	409,088	2,140,282
Increase (Decrease) in net position before capital contributions	950,960	(70,457)	(1,011,573)	(1,010,694)	(1,141,764)
Capital Contributions					
Capital Grant	-	-	-	-	-
Capital Assets Provided by Developers and Others	-	-	534,248	51,500	585,748
Total Capital Contributions	-	-	534,248	51,500	585,748
Increase (Decrease) in Net Position	950,960	(70,457)	(477,325)	(959,194)	(556,016)
Net Position at Beginning of Year, As Restated	41,183,994	2,682,655	9,143,791	46,526,521	99,536,961
Net Position at End of Year	\$ 42,134,954	\$ 2,612,198	\$ 8,666,466	\$ 45,567,327	\$ 98,980,945

SUPPLEMENTAL SCHEDULES

- Schedule of Cash and Cash Equivalents
- Combined Schedule of Certificates of Deposit – All Funds
- Schedule of Cash Receipts and Disbursements and Changes in Account Balances – Fixed Rate Water Revenue Bonds
- Budgetary Comparison

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**SCHEDULE OF CASH AND CASH EQUIVALENTS
CURRENT AND RESTRICTED
December 31, 2023**

Financial Institution	Total	Enterprise Funds		
		Suburban Division		City Division
		Water	Wastewater	Water & Wastewater
Bank of New York	\$ 1,579,432	\$ 1,579,432	\$ -	\$ -
Financial Northeastern Companies	297,819	34,850	262,969	-
Truist Bank	126,880	126,880	-	-
Fulton Bank	19,089,334	8,630,477	7,462,079	2,996,778
PNC Bank (1)	3,629,045	358,422	3,270,623	-
M & T Bank	84,029,830	-	-	84,029,830
Total	<u>\$ 108,752,340</u>	<u>\$ 10,730,061</u>	<u>\$ 10,995,671</u>	<u>\$ 87,026,608</u>

(1) Represents the Authority's share of the Pennsylvania School District Liquid Asset Fund.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**COMBINED SCHEDULE OF CERTIFICATES OF DEPOSIT - ALL FUNDS
CURRENT AND RESTRICTED FUNDS
December 31, 2023**

	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>% Rate of Return</u>	<u>Amount</u>	<u>Total By Fund</u>
CERTIFICATES OF DEPOSIT:					
Enterprise Funds:					
<u>Suburban Water</u>					
California First National Bank	2/23/22	2/23/24	1.20	\$ 247,461	
Israel Discount Bank of NY	5/27/22	5/28/24	2.85	242,722	
Barclay's Bank Delaware	6/2/22	6/3/24	2.85	242,646	
Oceanfirst Bank	6/29/22	6/28/24	3.25	242,785	
Sandy Spring Bank	3/10/23	3/10/25	5.10	239,983	
Liberty FCU	3/17/23	3/17/25	5.05	248,930	
Magnifi Financial CU	6/28/23	6/30/25	5.20	245,855	
Synchrony Bank	10/20/23	4/21/25	5.35	245,924	
PSDLAF Flex Pool	12/31/23	1/31/24	5.28	1,066,824	\$ 3,023,130
<u>Suburban Wastewater</u>					
Lending Club Bank, NA	1/28/22	1/26/24	0.700	244,164	
Lamar National Bank	1/28/22	1/29/24	0.700	244,065	
Pentagon FCU	1/31/22	1/31/24	0.850	244,071	
Poplar Bank	3/23/22	3/25/24	1.850	245,996	
Live Oak Banking Co.	9/12/22	9/12/24	3.450	242,192	
Austin Telco FCU	1/27/23	1/27/25	4.900	248,422	
Lake-Osceola State Bank	1/27/23	1/27/25	4.350	246,961	
Workers FCU	1/27/23	1/27/25	4.700	247,874	
First Foundation Bank	2/2/23	2/3/25	4.400	247,110	
Medallion Bank	2/6/23	2/6/25	4.350	146,777	
First Technology FCU	4/12/23	10/15/24	5.250	245,233	
Wells Fargo Bank	5/5/23	5/5/25	4.850	244,434	
Raiz FCU	5/11/23	5/12/25	4.850	244,451	
Freedom First FCU	7/12/23	7/14/25	5.000	248,174	
Essential FCU	9/20/23	9/22/25	5.500	251,595	
Lafayette FCU	9/20/23	9/22/25	5.350	250,542	
Comenity Bank (Wilmington)	4/5/22	4/5/24	1.950	198,189	
Ally Bank	5/26/22	5/28/24	2.850	242,719	
Morgan Stanley Bank, Nat'l Assn.	5/26/22	5/28/24	2.850	242,719	
Morgan Stanley Private Bank, Nat'l Assn.	5/26/22	5/28/24	2.850	242,719	
Discover Bank	6/1/22	6/3/24	2.850	242,645	
Connexus CU	8/26/22	8/26/24	3.400	242,329	
Baxter CU	8/30/22	8/30/24	3.350	242,197	
Pacific Western Bank	2/8/23	2/10/25	4.650	243,731	
Jefferson Bank	2/22/23	2/21/25	4.700	243,927	
Vystar CU	3/10/23	3/10/25	5.000	242,764	
Chartway FCU	7/12/23	7/14/25	5.250	246,078	
Clearview FCU	9/8/23	9/8/25	5.500	247,406	
Centris FCU	12/19/23	12/19/25	5.00	245,982	\$ 6,965,466
					<u>\$ 9,988,596</u>
TOTAL CERTIFICATES OF DEPOSIT					

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN ACCOUNT BALANCES
SUBURBAN WATER FUND - TRUSTEE ACCOUNTS - FIXED RATE WATER REVENUE BONDS,
December 31, 2023
For the Year Ended December 31, 2023**

	Debt Service Reserve Accounts	Debt Service Accounts	Construction Accounts	Total
RECEIPTS:				
Interest Income	\$ 72,008	\$ 585	\$ -	\$ 72,593
Bonds Payable	-	-	-	-
Bond Refinancing	-	-	-	-
Treasury Notes Matured	-	-	-	-
Receipts from LCA	-	2,985,167	-	2,985,167
Total Receipts	72,008	2,985,752	-	3,057,760
DISBURSEMENTS:				
Interest Payments	-	1,119,114	-	1,119,114
Water Capital Expenditures	-	-	-	-
Principal Reduction	-	1,935,000	-	1,935,000
Financing Costs	-	-	-	-
Underwriters Discount	-	-	-	-
Transfers to Debt Service Accounts	68,593	(68,593)	-	-
Miscellaneous Expense	-	-	-	-
Total Disbursements	68,593	2,985,521	-	3,054,114
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	3,415	231	-	3,646
TRANSFERS TO (FROM) - NET	-	-	-	-
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	3,415	231	-	3,646
BALANCE, JANUARY 1, 2023	1,656,335	233	-	1,656,568
BALANCE, DECEMBER 31, 2023	<u>\$ 1,659,750</u>	<u>\$ 464</u>	<u>\$ -</u>	<u>\$ 1,660,214</u>
BALANCE CONSISTS OF:				
Cash and Cash Equivalents	\$ 1,659,750	\$ 464	\$ -	1,660,214
Certificates of Deposit (CD): (none)	-	-	-	-
CD Total	-	-	-	-
Cash and CD Total	<u>\$ 1,659,750</u>	<u>\$ 464</u>	<u>\$ -</u>	<u>\$ 1,660,214</u>

Note: The Cash and Cash Equivalent amount on this schedule balances to the financial statement as follows:
Cash and Cash Equivalent \$1,660,214 plus Other Developer Savings \$466,386 equals \$2,126,600.

LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2023

(With comparative actual amounts for Year Ended December 31, 2022)

	2023		2022		Variance of 2023 Actual Data to	
	Budgeted Amounts				Final	
	Original	Final	Actual	Actual	Budget	Actual
OPERATING REVENUES:						
Charges for Services	\$ 88,014,873	\$ 88,014,873	\$ 85,333,299	\$ 76,620,740	\$ (2,681,574)	\$ 8,712,559
Rent	-	-	-	-	-	-
Other Income	776,000	776,000	796,545	1,476,089	20,545	(679,544)
Total Operating Revenues	88,790,873	88,790,873	86,129,844	78,096,829	(2,661,029)	8,033,015
OPERATING EXPENSES						
Salaries and Wages	18,396,104	18,396,104	16,863,887	14,583,552	1,532,217	2,280,335
Benefits, General and Administrative	3,398,813	3,398,813	3,122,264	2,383,812	276,549	738,452
Utilities	2,847,348	2,847,348	2,626,750	2,556,153	220,598	70,597
Materials and Supplies	3,832,470	3,832,470	4,279,034	3,427,056	(446,564)	851,978
Miscellaneous Services	13,935,596	13,935,596	14,005,217	11,975,407	(69,621)	2,029,810
Treatment and Transportation	4,307,663	4,307,663	3,914,971	2,857,770	392,692	1,057,201
Depreciation and Amortization	15,404,900	15,404,900	17,358,733	17,248,723	(1,953,833)	110,010
Total Operating Expenses	62,122,894	62,122,894	62,170,856	55,032,473	(47,962)	7,138,383
OPERATING INCOME (LOSS)	26,667,979	26,667,979	23,958,988	23,064,356	(2,708,991)	894,632
NONOPERATING REVENUES (EXPENSES):						
Tapping and Capital Recovery Fees	3,179,800	3,179,800	4,671,181	6,007,852	1,491,381	(1,336,671)
Meter Sales	95,900	95,900	181,422	176,675	85,522	4,747
Inspection and Plan Reviews	2,377,200	2,377,200	2,736,737	6,122,495	359,537	(3,385,758)
Interest Earnings	278,572	278,572	4,410,220	975,290	4,131,648	3,434,930
Interest Expense	(19,535,925)	(19,535,925)	(21,095,802)	(20,736,710)	(1,559,877)	(359,092)
Other Expense	(4,066,800)	(4,066,800)	(6,035,599)	(6,024,458)	(1,968,799)	(11,141)
Other Income	103,400	103,400	1,182,754	389,715	1,079,354	793,039
Total Nonoperating Revenues (Expenses)	(17,567,853)	(17,567,853)	(13,949,087)	(13,089,141)	3,618,766	(859,946)
Increase (decrease) in net assets before capital contributions	9,100,126	9,100,126	10,009,901	9,975,215	909,775	34,686
Capital Contributions:						
Capital Grant	-	-	-	-	-	-
Capital Assets Provided by Developers and Others	-	-	5,475,395	253,602	5,475,395	5,221,793
Total Capital Contributions	-	-	5,475,395	253,602	5,475,395	5,221,793
Increase (Decrease) in Net Position	\$ 9,100,126	\$ 9,100,126	\$ 15,485,296	\$ 10,228,817	\$ 6,385,170	\$ 5,256,479

RESOLUTION NO. 11-2024-2

Borrower Resolution

(Duly adopted 11 November 2024)

AUTHORIZING THE SECURING OF A LOAN FROM THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY (“PENNVEST”) IN THE MAXIMUM PRINCIPAL AMOUNT OF \$1,555,508 (THE “LOAN”) AND THE ACCEPTANCE OF A PRINCIPAL FORGIVENESS LOAN FROM PENNVEST IN THE MAXIMUM PRINCIPAL AMOUNT OF \$3,383,892 (THE “PFL”) FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE THE REPLACEMENT OF LEAD SERVICE LINES OF THE ALLENTOWN WATER PLANT AND DISTRIBUTION SYSTEM, AND TO PAY COSTS AND EXPENSES OF SECURING SUCH FUNDING; AUTHORIZING THE EXECUTION AND DELIVERY OF A DEBT OBLIGATION OF THE AUTHORITY IN CONNECTION WITH THE LOAN; AUTHORIZING THE CREATION OF A DEBT SERVICE RESERVE FUND TO SECURE THE PAYMENT OF THE DEBT OBLIGATION; AUTHORIZING THE EXECUTION OF THE FUNDING DOCUMENTS, AND PROVIDING FOR THE AUTHENTICATION AND DELIVERY THEREOF; AUTHORIZING THE DISPOSITION OF THE FUNDING PROCEEDS RECEIVED OR TO BE RECEIVED FROM PENNVEST; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE AUTHORITY TO DO ALL THINGS NECESSARY TO CARRY OUT THIS RESOLUTION; AND RESCINDING ALL INCONSISTENT RESOLUTIONS.

WHEREAS, the Lehigh County Authority (the “Authority”) is a body corporate and politic organized by the Board of County Commissioners of the County of Lehigh, Pennsylvania (the “County”) under the provisions of the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. §5601 et seq., as amended (the “Act”); and

WHEREAS, the City of Allentown, Pennsylvania (the “City”) owns the Allentown Sewer Utility System and the Allentown Water Plant and Distribution System; and

WHEREAS, pursuant to the terms and conditions of the Allentown Water and Sewer Utility System Concession and Lease Agreement dated as of May 1, 2013, as amended, including by that Allentown Water and Sewer Utility System Amended and Restated Concession and Lease Agreement dated as of September 1, 2020, and effective as of September 17, 2020 (the “Concession Agreement”), by and between the City and the Authority, the City leased the Concessioned System (as defined in the Concession

Agreement) to the Authority, as concessionaire, and granted to the Authority the right to operate the Concessioned System in order to provide utility services and collect revenues therefrom and in connection therewith, all in accordance with the provisions of the Existing Concession Agreement (as defined in the Concession Agreement); and

WHEREAS, the Authority, in connection with the lease and operation of the Concessioned System pursuant to the Concession Agreement, has from time to time issued bonds under and pursuant to a Trust Indenture dated as of August 1, 2013, as supplemented by a First Supplemental Trust Indenture dated as of August 1, 2015, a Second Supplemental Trust Indenture dated as of October 1, 2018, a 2020-1 Supplemental Trust Indenture dated as of September 1, 2020, and a 2020-2 Supplemental Trust Indenture dated as of September 1, 2020, and as amended and restated by that Amended and Restated Trust Indenture between the Authority and Manufacturers and Traders Trust Company (the “Trustee”), dated as of September 1, 2020, and effective as of September 17, 2020, as further amended and supplemented by a 2023-1 Supplemental Trust Indenture, dated as of February 1, 2023 and a 2024-1 Supplemental Trust Indenture, dated as of March 1, 2024 (collectively, the “Indenture”); and

WHEREAS, the Indenture provides that the Authority, under certain conditions, may incur Subordinated Indebtedness outside of the Indenture, from time to time for any lawful purpose of the Authority; and

WHEREAS, in accordance with the Act and pursuant to the requirements of the Indenture, the Authority desires to incur Subordinate Indebtedness outside of the Indenture to undertake a project (the “Project”) consisting of (i) the replacement of lead service lines of the Allentown Water Plant and Distribution System and (ii) the payment of the cost of issuing the Debt Obligation (hereinafter defined); and

WHEREAS, in order to finance the Project and any other costs and expenses and incurred by the Authority in connection with the PENNVEST Funding (hereinafter defined), the Authority intends to secure from the Pennsylvania Infrastructure Investment Authority (“PENNVEST”) a loan in the maximum principal amount of \$1,555,508 (the “Loan”) and a principal forgiveness loan in the maximum principal amount of \$3,383,892 (the “PFL,” and together with the Loan, the “PENNVEST Funding”), such Loan to be evidenced by a Subordinate Lien Sewer and Water Revenue Bond (City of Allentown Concession), Series of 2024 (Pennsylvania Infrastructure Investment Authority) (the “Debt Obligation”); and

WHEREAS, in connection with the PENNVEST Funding, the Authority and PENNVEST shall enter into a Master Consent (the “Master Consent”) modifying the Funding Agreement (hereinafter defined) and acknowledging certain provisions of the Indenture; and

WHEREAS, the Debt Obligation shall be issued outside of the Indenture and shall be secured by a lien on the Concession Revenues, as defined in the Indenture (known herein as the “Project Collateral”) that is by its terms expressly subordinated to the lien of the Indenture and the Concession Revenues; and

WHEREAS, pursuant to the foregoing, the Debt Obligation constitutes “Subordinated Indebtedness” of the Authority, in accordance with Section 3.05 of the Indenture, which is both outside of and subordinate to the lien of the Indenture, and therefore, as “Subordinated Indebtedness” that is outside of the Indenture, the Debt Obligation shall not constitute “Additional Bonds” under the Indenture; and

WHEREAS, in addition to the Project Collateral, the Debt Obligation shall be secured by (1) a minimum one-year debt service reserve fund to be created outside of the Indenture with funds not obtained from PENNVEST (the “Reserve Fund”), which Reserve Fund shall be for the sole benefit of PENNVEST and shall not be subject to any restrictions of the Indenture nor subject to the lien of the Indenture; and (2) and any other agreements granting and creating security interests, all as more particularly set forth in the funding agreement between the Authority and PENNVEST (the “Funding Agreement”), as amended by the Master Consent, and the funding offer from PENNVEST, dated as of July 19, 2023, as amended, supplemented and extended to date, and as may be further amended, supplemented and extended from time to time (the “Funding Offer,” and together with the Debt Obligation, Master Consent, the Funding Agreement, and all other security agreements, other agreements, documents, certificates and instruments described in or contemplated by the Funding Agreement are collectively referred to as the “Funding Documents”); and

WHEREAS, in connection with the PENNVEST Funding, the Authority desires and intends to take all necessary and proper actions to execute and deliver all documents required by PENNVEST to be executed and delivered to obtain and/or accept the PENNVEST Funding and to assure its proper repayment of the Loan, as well as any documents or certificates required under the Indenture relating to Subordinated Indebtedness; and

NOW, THEREFORE, the Board of the Lehigh County Authority hereby resolves as follows:

SECTION 1. For the purpose of providing funds to finance the cost of the Project and to pay costs and expenses in connection with the PENNVEST Funding, the Authority hereby authorizes the execution of all Funding Documents and the taking of all actions necessary and required by PENNVEST to obtain the Loan and accept the PFL, including the issuance of the Debt Obligation in connection with the Loan, all pursuant to the provisions of the Act and the Funding Documents.

SECTION 2. The Debt Obligation shall be secured by the Funding Documents from the Authority to PENNVEST, and to the extent and in the manner therein set forth, the Project Collateral, the Reserve Fund and other agreements granting and creating certain security interests in favor of PENNVEST.

Neither the Debt Obligation nor the Funding Documents shall in any manner pledge the full faith and credit or taxing power of the Commonwealth of Pennsylvania, the County or any political subdivision thereof, nor shall it be deemed to be an obligation of the Commonwealth of Pennsylvania, the County or any political subdivision thereof,

nor shall the Commonwealth of Pennsylvania, the County or any political subdivision thereof be liable for the payment of the principal of, or interest on, such obligation, but it shall be secured upon and payable as provided for in the Indenture and from such other moneys as may be made available for the purpose of repaying the Debt Obligation.

SECTION 3. The Chair or Vice Chair of the Board of the Authority, or the Chief Executive Officer or Chief Financial Officer of the Authority (collectively and individually, the “Authority Officials”) are hereby authorized and directed to establish the Reserve Fund and deposit such required funds therein for the sole benefit of PENNVEST pursuant to the requirements contained in the Funding Documents and to execute and deliver the Funding Documents in such form on behalf of the Authority, with the advice of counsel to the Authority and Bond Counsel, subject to such changes and modifications, if any, as may be approved by such Authority Officials, the execution of the Funding Documents to be conclusive evidence of such approval, and, if required, the Secretary is hereby authorized to cause the corporate seal of the Authority to be affixed thereto and to attest the same. Such Authority Officials are further authorized to acknowledge the same on behalf of the Authority and to deliver said Funding Documents to PENNVEST.

SECTION 4. The Debt Obligation shall be repaid in the amounts and on certain dates, all as set forth in the Funding Documents as submitted to this meeting, subject to such changes and modifications, if any, that may be accepted by the Authority based on the advice of Counsel to the Authority and Bond Counsel, the execution of the Debt Obligation by the Authority Officials to be conclusive evidence of such approval of any changes and/or modifications.

SECTION 5. Upon receipt, the proceeds from the PENNVEST Funding authorized to be obtained and/or accepted in this Resolution, shall be applied by the Authority under the terms and conditions set forth in the Funding Documents.

SECTION 6. The Authority hereby ratifies and confirms the appointment of McNees Wallace & Nurick LLC, Harrisburg, Pennsylvania, as bond counsel for the Authority in connection with the PENNVEST Funding. Such firm shall work in cooperation with the Authority’s solicitor.

SECTION 7. The proper officers of the Authority are hereby authorized, empowered and directed on behalf of the Authority to execute any and all papers and documents to do and cause to be done any and all acts and things necessary or proper for the execution or carrying out of this Resolution and the Funding Documents.

SECTION 8. All resolutions or parts of resolutions inconsistent herewith shall be, and the same are, hereby rescinded, cancelled and annulled.

NOW THEREFORE, BE IT RESOLVED that the Lehigh County Authority Board hereby approves Resolution No. 11-2024-2.

On motion of _____, seconded by _____, this resolution was adopted the 11th day of November, 2024.

Tally of Votes: Yeas _____ Nays _____

☞ ☞

I, Kevin C. Reid, of the law firm of King, Spry, Herman, Freund & Faul, LLC, Solicitor to the Lehigh County Authority, do hereby certify that the foregoing is a true, correct and complete copy of a resolution which was duly adopted by the Authority Board at a public meeting of the Authority Board held on 11 November, 2024, after notice thereof had been duly given as required by law, at which meeting a quorum was present and voting and which resolution No. 11-2024-2 is now in full force and effect on the date of this certification.

Kevin C. Reid, Esquire Date
King, Spry, Herman, Freund & Faul, LLC
Lehigh County Authority Solicitor

Attest:

Lisa J. Miller Date
Executive Administrative Support Specialist



Lehigh County Authority

1053 Spruce Road * P.O. Box 3348 * Allentown, PA 18106-0348
(610)398-2503 * FAX (610)398-8413 * Email: service@lehighcountyauthority.org

MEMORANDUM

Date: November 11, 2024

To: Lehigh County Authority Board

From: Jason Peters, Capital Project Coordinator

Subject: Suburban Division - Water Main Replacement Program
Change Order Amendment to Construction Phase for Cycle 7

MOTIONS /APPROVALS REQUESTED:

No.	Item	Amount
1	<u>Capital Project Authorization - Amendment:</u> Construction Phase Change Order, SD Cycle 7 Water Main Replacement	\$172,693
2	<u>General Construction Contract - Contract Change Order:</u>	
*	• General Construction – Pact One, LLC	\$172,693

() Included in the Capital Project Authorization*

PROJECT OVERVIEW:

The Suburban Division Cycle 7 Water Main Replacement project consists of approximately 1.2 miles of pipe replacement in North Whitehall Township, replacing developer-installed plastic piping that was experiencing a high amount of water loss (leakage) and had reached the end of its useful life.

The LCA Board of Directors authorized the construction phase of this project on November 13, 2023, which included a single General Construction contract award to Pact One, LLC (Pact). During construction, Pact encountered unforeseen site conditions that necessitated additional work beyond the scope of the original contract. The unforeseen site conditions were driven by inaccurate historical system data from the developer (materials, line/valve locations, etc.), which resulted in the need for specialized adapters/materials, additional valves, and different construction sequencing in order to minimize interruptions of service to key commercial, residential and institutional (school) customers and facilitate construction. This situation led to the performance of out-of-scope work in the amount of **\$45,220**.

Additional work was performed that entailed an exceedance in bid item quantities. The project bid was based on water services to be installed via trenchless means. Subsurface conditions and

site limitations with utilizing jack and bore equipment prevented the installation of many water services via trenchless means, which then required open-cut installation. This resulted in the exceedance of unit quantities, particularly in pavement and yard restoration (temporary and permanent), in the amount of **\$127,473**, based on unit costs established in the contractor's bid.

FUNDING:

The Project will be funded by the LCA Suburban Division.

THIS APPROVAL - AMENDMENT TO CONSTRUCTION PHASE - CYCLE 7:

LCA Board approval is requested for the Change Order in the amount of **\$172,693** for the Suburban Division Water Main Replacement Program Cycle 7.

FUTURE AUTHORIZATIONS:

No future authorizations are anticipated.

CAPITAL PROJECT AUTHORIZATION

PROJECT NO.:	SD-W-23-1	BUDGET FUND:	Suburban Div\Water\Capital
PROJECT TITLE:	Suburban Division -Water Main Replacement Program Cycles 7	PROJECT TYPE:	<input checked="" type="checkbox"/> Construction <input type="checkbox"/> Engineering Study <input type="checkbox"/> Equipment Purchase
THIS AUTHORIZATION TO DATE (W/ABOVE)	\$ 172,693 \$ 2,215,672	<input checked="" type="checkbox"/> Change order Amendment	1

DESCRIPTION AND BENEFITS:

The Suburban Division Cycle 7 Water Main Replacement Project included approximately 1.2 miles of developer-installed piping and appurtenances in North Whitehall Township. The project was designed following LCA specifications and industry best practices. However, due to unforeseen conditions during the construction phase of this project, work in certain areas required different means and methods, modified construction sequencing, additional mobilizations, and additional bid item quantities. The end result was reduced service disruptions to residents, businesses and schools in the service area and enhancement of system operations.

THIS CHANGE ORDER AMENDMENT –Construction Phase, Cycle 7

Please reference the cover Memo for additional information. Construction phase costs are tubulated below:

REQUESTED THIS AUTHORIZATION (Amendment) Construction Phase Cycle 7			
Phase / Item	Authorizations		
	Previous	Current	Total
Staff	\$50,000	\$0	\$50,000
Professional Services			
Construction Engineering / Management	\$50,000	\$0	\$50,000
Construction Inspection	\$75,000	\$0	\$75,000
General Construction Contract	\$1,767,979	\$172,693	\$1,940,672
Contingency	\$100,000	\$0	\$100,000
Total This Authorization	\$2,042,979	\$172,693	\$2,215,672

REVIEW AND APPROVALS:

Project Manager	Date	Chief Executive Officer	Date
Chief Capital Works Officer	Date	Chairman	Date

Lehigh County Authority – Monthly Report to Board of Directors

Upcoming Board Agenda Items & Project Updates – November 2024

Published: November 4, 2024

PART 1 – Upcoming Agenda Items – Action & Discussion Items

FINANCE & ADMINISTRATION

Project Title: 2025 Water & Wastewater Rate Schedules

Division / Funding: All Divisions

Board Action Date: 11/11/2024

Status or Action Desired: Approval

Project Phase: n/a

Project Notes: Following completion of the 2025 Budget process, a complete package of water and wastewater rate updates is presented to the Board for consideration and adoption. The Suburban Water rates shown in proposed rate schedules are a result of the budget process and recent cost-of-service study. The City Division water and sewer rates reflect terms of the Concession Lease Agreement. Board approval for the updated rate schedule is requested at the November 11, 2024 meeting to allow for proper notification to customers prior the January 1, 2025 effective date.

Staff Responsibility: Liesel Gross

Project Title: 2025 Board Meeting Schedule

Division / Funding: n/a

Board Action Date: 11/11/2024

Status or Action Desired: Approval

Project Phase: n/a

Project Notes: The proposed Board meeting schedule for 2025 is presented for Board approval so the schedule can be advertised and posted to the Authority's website. Staff Responsibility: Liesel Gross

Project Title: Resolution 11-2024-1: Authorizing the Authority's Application for Grant Funding, Water Meter Replacement Project

Division / Funding: n/a

Board Action Date: 11/11/2024

Status or Action Desired: Approval

Project Phase: n/a

Project Notes: Through the Pennsylvania Statewide Local Share Assessment Grant Program and the Commonwealth Financing Authority, grant funding is available to municipalities and municipal authorities for a variety of project types that serve the public's interest, including infrastructure projects. The application deadline for this year's grants is November 30, 2024, and LCA will seek grant funding to support the upcoming phase(s) of the Water Meter Replacement program. A Resolution authorizing the grant application is required, and the Board will be asked to approve Resolution 11-2024-1 at the November 11, 2024 Board meeting. Staff Responsibility: Liesel Gross

Project Title: 2023 Audit & Financial Statements

Division / Funding: n/a

Board Action Date: 11/11/2024

Status or Action Desired: Acceptance

Project Phase: n/a

Project Notes: The 2023 Audit & Financial Statements are complete and will be presented to the Board for review and acceptance. Staff Responsibility: Ed Klein

Project Title: Monthly Financial ReviewDivision / Funding: n/aStatus or Action Desired: InformationBoard Action Date: 11/25/2024Project Phase: n/aProject Notes: The October 2024 monthly financial report will be presented. Staff Responsibility: Ed Klein**Project Title: Resolution 12-2024-1: Adoption of 2024 Lehigh Valley Hazard Mitigation Plan**Division / Funding: n/aStatus or Action Desired: ApprovalBoard Action Date: 12/9/2024Project Phase: n/a

Project Notes: Resolution No. 12-2024-1 is presented for Board consideration to adopt the 2024 Lehigh Valley Hazard Mitigation Plan (Plan). In the most recent update to this two-county Plan, LCA participated in the review process and included its five-year capital plan as an annex to the Plan. Inclusion of projects in the regional Plan will allow LCA to apply for certain grants and other funding sources designated for infrastructure resiliency and sustainability projects through federal and state emergency management agencies. Each participating municipality and authority is required to approve the Plan by Resolution in order to be eligible to submit grant applications via these agency funding programs. Staff Responsibility: Liesel Gross

Project Title: Resolution 12-2024-2: Customer Facility Fees & Connection FeesDivision / Funding: n/aStatus or Action Desired: ApprovalBoard Action Date: 12/9/2024Project Phase: n/a

Project Notes: Resolution No. 12-2024-2 is presented for Board consideration to update certain tapping fees including customer facilities and connection fees. The 2025 Customer Facilities Fees and Connection Fees reflect actual costs for LCA purchase and installation of required metering equipment and other installation details for each connection size for water and sewer service. Staff Responsibility: Liesel Gross

SYSTEM OPERATIONS

Project Title: Monthly Operations ReportDivision / Funding: n/aStatus or Action Desired: InformationBoard Action Date: 11/25/2024Project Phase: n/a

Project Notes: The October 2024 monthly operations report will be presented. Staff Responsibility: Andrew Moore & Chris Moughan

WATER PROJECTS – SUBURBAN DIVISION

Project Title: Water Main Replacement Program Cycle 7Division / Funding: Suburban DivisionStatus or Action Desired: ApprovalBoard Action Date: 11/11/2024Project Phase: Construction Phase

Project Notes: This project covers the construction phase of the Suburban Division Cycles 7 water main replacement project, which includes a little more than one mile of water main to be replaced. The additional length over one mile is necessary to allow the main replacements to be constructed from roadway intersection to intersection, thus facilitating future replacements with minimal service interruptions. Construction phase authorization was granted at the 11/13/2023 LCA Board meeting. The project was substantially completed in mid-summer 2024. Board approval of a CPA Amendment for a Contract Change Order for unforeseen construction conditions is to be requested at the 11/11/2024 Board meeting. Staff Responsibility: Jason Peters

WATER PROJECTS – ALLENTOWN DIVISION

Project Title: Water Filtration Plant: PFAS Treatment

Division / Funding: Allentown Division

Board Action Date: 12/9/2024

Status or Action Desired: Approval

Project Phase: Design Phase

Project Notes: The U.S. Environmental Protection Agency recently published new national drinking water standards for six per- and polyfluoroalkyl substances (PFAS). A study was performed by Hazen & Sawyer which recommended treatment of Crystal Spring, due to its exceedence of the newly imposed maximum contaminant level (MCL) for PFAS. A request for proposal was distributed on 9/26/2024 with proposals being received on 11/1/2024. This project is to prepare detailed design and bidding documents as well as provide funding application assistance for PFAS treatment of Crystal Spring. Design phase approval is to be requested at the 12/9/2024 LCA Board meeting. Staff Responsibility: Amy Rohrbach

WASTEWATER PROJECTS – SUBURBAN DIVISION

Project Title: Wynnewood Terrace WWTP Expansion - Developer Cost-Sharing Agreement

Division / Funding: Suburban Division

Board Action Date: 12/9/2024

Status or Action Desired: Approval

Project Phase: Planning Phase

Project Notes: In June 2024, North Whitehall Township granted Condition Use approval for a 114 unit residential subdivision, Rising Sun Development, to be located adjacent to Wynnewood Terrace, which is served by LCA's Wynnewood WWTP. The developer, Access Rising Sun Associates, LLC, approached LCA in late 2022 to request connecting to the Wynnewood WWTP to serve the development. LCA performed a feasibility study in 2023 to identify existing reserve capacity and evaluate conceptual plant improvements required to accomodate the development. The existing WWTP has current capacity to accomodate a portion of the development (50 EDUs). However, a plant capacity re-rate and process improvements are required to accomodate the build-out of the subdivision. The developer has offered to fund design, permitting, and construction of all necessary improvements to the Wynnewood WWTP. An agreement is required to be drawn up and executed by LCA and the developer to facilitate this process, which includes a scope of design that is to be reviewed and approved by LCA. Execution of the agreement will be recommended at the 12/9/24 Board meeting, which will include a basis of design approved by LCA. Pending agreement execution, the plant expansion is anticipated to be completed by the end of 2026. Staff Responsibility: Chuck Volk

PART 2 – Project Updates – Information Items

No items for November

PART 3 – Open Project List – No Updates

Project Category	Project Title	Division / Funding	Project Phase	Staff Responsibility
Finance & Administration	LCA Main Office Parking Lot Expansion	All Divisions	Construction Phase	Chuck Volk
Finance & Administration	Project Management / Construction Management Software Installation & Setup	All Divisions	Planning Phase	Jason Peters
Finance & Administration	LCA Strategic Plan - Progress Reporting	All Divisions	n/a	Liesel Gross
Finance & Administration	LCA Munis ERP System Planning & Re-Implementation	All Divisions	Planning Phase	Chris Moughan & Brooke Neve
Finance & Administration	Draft Omnibus Resolution: Delegation of Board Duties	n/a	n/a	Liesel Gross
Finance & Administration	LCA Building Optimization Study & Master Plan	Suburban Division	Planning Phase	Stephen Boone
System Operations	Suburban Water Facilities - SCADA System Upgrade	Suburban Division	Construction Phase	Chris Moughan
System Operations	Watershed Monitoring Program	Suburban Division	Planning Phase	Andrew Moore
Water - Suburban	Suburban Division Lead Service Line Inventory Program & Compliance Planning	Suburban Division	Planning Phase	Albert Capuzzi
Water - Suburban	2024 Meter Replacements	Suburban Division	Construction Phase	Amy Kunkel
Water - Suburban	Central Lehigh and North Whitehall Systems – Water Supply Study	Suburban Division	Planning Phase	Phil DePoe
Water - Suburban	Upper System Pump Station and Main Extension	Suburban Division	Design Phase	Amy Kunkel
Water - Suburban	Water Main Replacement Program Cycle 8	Suburban Division	Design Phase	Jason Peters
Water - Allentown	Allentown Division Lead Service Line Inventory Program & Compliance Planning	Allentown Division	Planning Phase	Albert Capuzzi
Water - Allentown	Badger Meter Replacements	Allentown Division	Construction Phase	Amy Kunkel

Project Category	Project Title	Division / Funding	Project Phase	Staff Responsibility
Water - Allentown	Lead Service Line Replacement Project Cycle 2	Allentown Division	Design Phase	Albert Capuzzi
Water - Allentown	Lead Service Line Replacement Project Cycle 1	Allentown Division	Construction Phase	Jason Peters
Water - Allentown	Water Filtration Plant: Fluoride System Upgrades	Allentown Division	Design Phase	Amy Rohrbach
Water - Allentown	Water Filtration Plant: HVAC Upgrades - Phase 1	Allentown Division	Construction Phase	Amy Rohrbach
Water - Allentown	Water Filtration Plant: Emergency Power Design	Allentown Division	Design Phase	Amy Rohrbach
Water - Allentown	Water Main Replacement Program Cycles 7 & 8	Allentown Division	Construction	Jason Peters
Water - Allentown	Lehigh River Pump Station Upgrades	Allentown Division	Planning Phase	Amy Rohrbach
Water - Allentown	Water Main Replacement Program Cycles 9 - 11	Allentown Division	Design Phase	Jason Peters
Water - Allentown	Water Filtration Plant: Filter Upgrade Project	Allentown Division	Construction Phase	Amy Rohrbach
Water - Allentown	30" & 36" East Side Transmission Main Repair Project	Allentown Division	Design Phase	Jason Peters
Water - Allentown	Water Filtration Plant: PFAS Compliance Study	Allentown Division	Project Closeout	Albert Capuzzi
Water - Allentown	Water Filtration Plant: 2022-2023 Indenture Upgrades	Allentown Division	Construction Phase	Chuck Volk
Water - Allentown	Large Diameter Valve Rehabilitation & Replacement Program	Allentown Division	Construction Phase	Chuck Volk
Sewer - Act 537	Sanitary Sewer Collection System: City of Allentown Manhole Inspections	Allentown Division	Planning Phase	Phil DePoe
Sewer - Act 537	Sanitary Sewer Collection System: City of Allentown Manhole Rehabilitation	Allentown Division	Construction Phase	Jason Peters
Sewer - Act 537	Sanitary Sewer Collection System: City of Allentown Interceptor Inspections	Allentown Division	Planning Phase	Phil DePoe

Project Category	Project Title	Division / Funding	Project Phase	Staff Responsibility
Sewer - Act 537	Regional Sewer Capacity & Wet-Weather Planning - Regional Act 537 Plan Preparation	City of Allentown (AO)	Planning Phase	Phil DePoe
Sewer - Act 537	KISS Act 537 Planning - Financial & Institutional Evaluation, Phase 3	City of Allentown (AO)	Planning Phase	Liesel Gross
Sewer - Act 537	Legal Services: Development of New Intermunicipal Agreement(s)	City of Allentown (AO)	Planning Phase	Liesel Gross
Sewer - Act 537	KISS System Modeling - Sewage Billing Meter QA/QC Data Analytics and 2021 Flow Metering Preparation	City of Allentown (AO)	Planning Phase	Phil DePoe
Sewer - Act 537	KISS Act 537 Planning - Selection of Solution (SOS) Phase	City of Allentown (AO)	Planning Phase	Phil DePoe
Sewer - Act 537	Industrial Pretreatment Plant Master Plan	Suburban Division	Planning Phase	Liesel Gross & Albert Capuzzi
Sewer - Act 537	Spring Creek Force Main Condition Assessment	Suburban Division	Planning Phase	Amy Kunkel
Sewer - Act 537	Upper Western Lehigh Pump Station & Force Main	Suburban Division	Construction Phase	Amy Kunkel
Sewer - Act 537	Regional Sewer Capacity & Wet-Weather Planning: Engineering & Program Support	Suburban Division	Planning Phase	Phil DePoe
Sewer - Act 537	KISS Relief Interceptor Pre-Design Study	Suburban Division	Planning Phase	Phil DePoe
Sewer - Act 537	Western Lehigh Interceptor Municipalities Test & Seal Lateral Grouting Project	Suburban Division	Construction Phase	Jason Peters
Sewer - Act 537	Western Lehigh Service Area - Engineering & Program Support	Suburban Division	Planning Phase	Phil DePoe
Sewer - Suburban	Heidelberg Heights Sanitary Sewer Consent Order & Agreement	Suburban Division	Planning Phase	Chuck Volk
Sewer-Suburban	Pretreatment Plant - Critical Upgrades	Suburban Division	Construction Phase	Chuck Volk
Sewer - Suburban	Lynn Township WWTP Final Clarifier Project	Suburban Division	Construction Phase	Chuck Volk
Sewer - Suburban	Spring Creek Force Main Relocation - PA Turnpike Commission	Suburban Division	Design Phase	Amy Kunkel

Project Category	Project Title	Division / Funding	Project Phase	Staff Responsibility
Sewer - Suburban	Spring Creek Pump Station Upgrades	Suburban Division	Construction Phase	Amy Kunkel
Sewer - Suburban	Park Pump Station Phase 2 Upgrade	Suburban Division	Construction Phase	Amy Kunkel
Sewer - Suburban	Arcadia WWTP Screening System Project	Suburban Division	Design Phase	Chuck Volk
Sewer - Suburban	North Whitehall Township Act 537 Plan	Suburban Division	Planning Phase	Phil DePoe
Sewer - Suburban	Pretreatment Plant (PTP) Electrical Study	Suburban Division	Planning Phase	Chuck Volk
Sewer - Suburban	Lynn Township Corrective Action Plan	Suburban Division	Planning Phase	Jason Peters
Sewer - Suburban	Sand Spring WWTP: Treatment Process Modification	Suburban Division	Design Phase	Chuck Volk
Sewer - Suburban	LCA Meter Stations 1 and 2 Upgrades	Suburban Division	Design Phase	Phil DePoe
Sewer - Allentown	Kline's Island WWTP: Chemically Enhanced Primary Treatment Study	Allentown Division	Planning Phase	Stephen Boone
Sewer - Allentown	Sanitary Sewer Collection System: I&I Source Reduction Program (LCA Year 2)	Allentown Division	Planning Phase	Jason Peters
Sewer- Allentown	Kline's Island WWTP - Wet Weather Improvements - Phase 1	Allentown Division	Design Phase	Amy Rohrbach
Sewer - Allentown	Kline's Island WWTP: Master Plan	Allentown Division	Planning Phase	Amy Rohrbach
Sewer - Allentown	Kline's Island WWTP - Septage Receiving and Vacuum Truck Unloading Modifications	Allentown Division	Construction Phase	Amy Rohrbach
Sewer - Allentown	Kline's Island WWTP: Substation No. 1 and Switchgear Replacement	Allentown Division	Construction Phase	Amy Rohrbach
Sewer - Allentown	Kline's Island WWTP: 2023-2024 Architectural and Structural Upgrades	Allentown Division	Construction Phase	Amy Rohrbach
Sewer - Allentown	Kline's Island WWTP: Solids Process Boiler and HVAC System Upgrade Project	Allentown Division	Construction Phase	Chuck Volk

Project Category	Project Title	Division / Funding	Project Phase	Staff Responsibility
Sewer- Allentown	Kline's Island WWTP - Primary Sludge System Upgrades	Allentown Division	Construction Phase	Amy Rohrbach
Sewer - Allentown	Kline's Island WWTP - Final Settling Tanks 1-4 Upgrades	Allentown Division	Construction Phase	Amy Rohrbach
Sewer - Allentown	Sanitary Sewer Collection System: I&I Source Reduction Program (LCA Year 1)	Allentown Division	Construction Phase	Jason Peters