



Lehigh County Authority

ALLENTOWN, PENNSYLVANIA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023



ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022
LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA

PREPARED BY:

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ACCOUNTING SUPERVISOR

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Years Ended December 31, 2022 and 2021**

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ALLENTOWN, PENNSYLVANIA**

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INTRODUCTORY SECTION



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www.lehighcountyauthority.org

June 30, 2024

Lehigh County Authority Customers
Chairman and Members
Lehigh County Authority
Allentown, PA 18106

It is our pleasure to present the 2023 Lehigh County Authority (“LCA” or “Authority”) Annual Comprehensive Financial Report which includes the results of 2023 operations and activities.

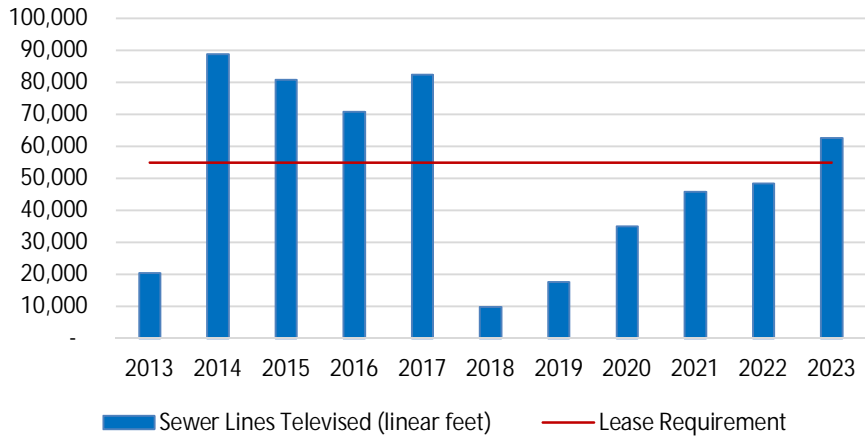
Results from 2023 reflect the tenth full year of operation of the City of Allentown water and wastewater systems (City Systems) under a 50-year Concession Lease (Concession) which commenced on August 8, 2013. Concession activities for the year include a number of significant items:

- The 2023 bond coverage was 253%, exceeding the 120% requirement under the 2013 Concession Bond Financing.¹
- LCA made capital improvements of \$12,101,555 to the City System. Water system improvements amounted to \$4,039,424 and Wastewater projects totaled \$8,062,131.
- The Authority’s performance on selected operating standards is displayed in the graphs below.

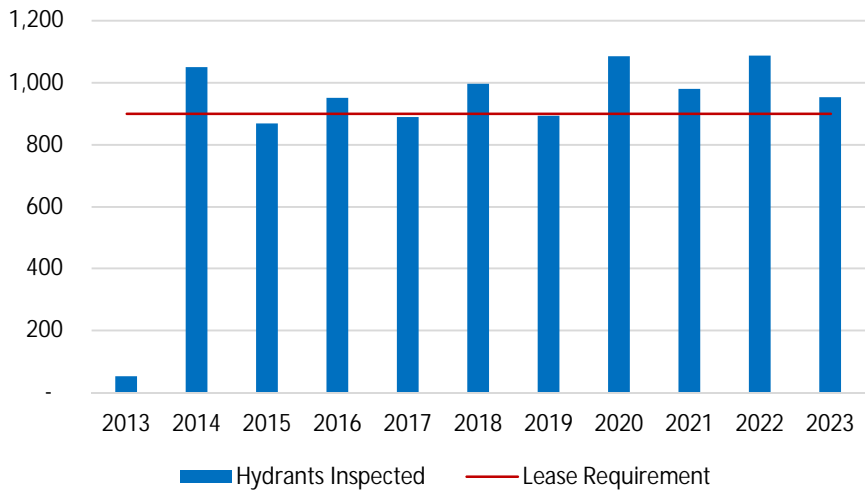
(Note that the performance levels shown on these graphs indicate actual tasks completed within the calendar year. Full compliance with the Concession operating standards has been met through a combination of both current-year and prior-year activity totals, which accumulate to achieve compliance.)

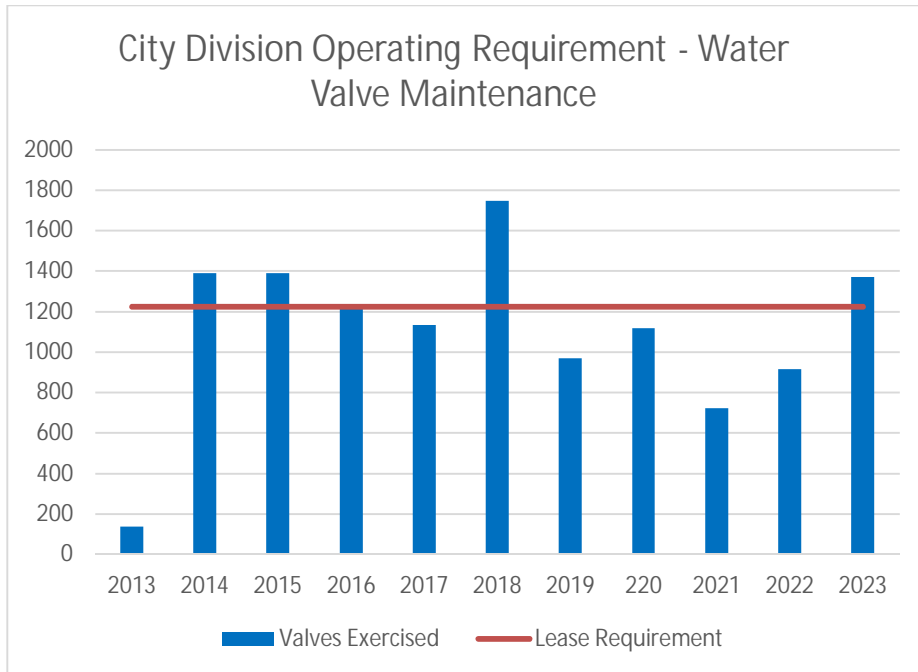
¹ While the statement of Revenues, Expenses and Changes in Net Position indicates Interest Expense of \$19,973,362, non-cash transactions to interest expense worth \$8,331,500 and amortized bond discount \$165,941 were both excluded from the calculation of 2023 interest expense for bond coverage calculation purposes. The 2023 interest expense used for bond coverage calculation was \$11,475,921.

City Division Operating Requirement - Sewer Line Maintenance



City Division Operating Requirement - Hydrant Maintenance





In the Suburban Division, capital improvements totaled \$10,109,102 with \$5,645,820 expended on the water system and \$4,463,282 on the wastewater system.

In late 2021, the Authority's Board of Directors adopted a new Strategic Plan for the time period of 2022 through 2026. As a result of this planning effort, strategic focus areas were established, and the following critical items achieved in 2023:

- Asset Management – Throughout 2023, a large cross-organizational team was assembled to support the development of a Strategic Asset Management Plan (SAMP) and to advance other goals of the organization's asset management program. The goal of the program will be to manage the Authority's assets in a comprehensive manner to lower asset failure risk to operations, increase levels of service provided to customers, and achieve overall lower life-cycle cost to operate, maintain, and replace its assets. The SAMP was completed in 2023, and includes a detailed roadmap for the Authority to follow in developing the program further. Key activities outlined in the SAMP relate to fully developing the Authority's asset management technology platform, standardizing maintenance approaches across multiple operational groups, and methodologies to consistently document asset characteristics such as risk of failure, condition, and consequence of failure.
- Process Improvement – A previous effort was conducted to develop a comprehensive list of process improvement opportunities for the Authority. Through review of this work, Authority staff identified a critical need to evaluate the effectiveness of its financial software system and integrations with other databases and systems. In 2022, a technology roadmap was developed to plan out the next steps in this critical area. In 2023, the Authority took

steps toward a full re-implementation of its Enterprise Resource Planning software system (to be completed in 2024) that will serve as the foundation of other process enhancements in the years ahead.

- Wastewater Capacity – The Authority continued to lead efforts to collaborate with local municipal partners to address the region’s future sewer system needs. An interim 5-year plan was approved in 2021 by the Pa. Department of Environmental Protection, which will serve as the basis for planning efforts through 2025. The goal of this effort is to develop an integrated plan to eliminate sanitary sewer overflows, and provide capacity for economic growth for those municipalities who require it. The Authority led the effort to keep positive momentum on this regional planning effort in 2023, resulting in deep collaboration among municipal leaders and large industrial users. While the groundwork for the regional sewer plan has been laid, much more work is required to address intermunicipal agreements and to analyze sewer rate impacts in the communities served by the system. This work will continue in 2024 and beyond.
- Employee Safety – Early in 2023, an Employee Health & Safety Steering Committee was formed to provide more direct and overt internal leadership for the Authority’s safety program. Efforts in the initial year of the Committee’s existence focused on improving methods for recording and tracking safety incidents, and enhancing internal visibility of safety programs. This effort is showing clear results including an increase in safety incidents being reported, which were not captured in prior reporting periods. Having more robust data regarding safety incidents across the organization will allow for more meaningful risk evaluations and safety training programs to be developed in 2024.

These highlights are provided to illustrate the Authority’s continued focus on developing long-term strategies to serve the region’s needs and ensure continuity of operations during challenging times. Authority employees also focus daily on supporting many other advancements in operations, technology, personnel management, and industry leadership.

For more on 2023 results, additional information is included in Management’s Discussion and Analysis on pages 16-29 of the Report.

Responsibility for the accuracy, completeness and fairness of the report, including all disclosures, rests with the Authority. We believe that this report, which was prepared by the administrative staff, is accurate in all material aspects, is presented in a manner designed to fairly present the financial position and results of operation as measured by the Authority’s financial activity, and includes all disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activity.

Overview of Annual Financial Report: Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance during the last three years. Summary financial statement data, key financial and operational indicators included in the Authority's Strategic Plan, benchmark program, budget, bond documents and other management tools were used for the analysis.

Accounting System and Internal Control: The Authority's accounting system is maintained on an accrual basis of accounting in accordance with United States generally accepted accounting principles. In developing the Authority's accounting system, consideration was given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding: (1) safeguarding assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be delivered; and, (2) the evaluation of costs and benefits require estimates and judgments by management. We believe the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Independent Audit: The Pennsylvania Municipality Authorities Act requires an annual audit of the books of account, financial records and transactions of the Authority by an independent certified public accountant selected by the Authority. In addition, various financing documents require such an audit. The auditors' opinion for the 2023 audit has been included in this report.

GOVERNMENT PROFILE

LCA was incorporated in 1966 by the Lehigh County Commissioners and thereafter was directed to plan and construct a water system and a wastewater interceptor system in Western Lehigh County. The systems were needed to serve proposed industrial and commercial developments and serve new residences driven by the growing population of the area. Thereafter, acquiring existing systems and developer extensions were the prime vehicles for LCA's expansion in Western Lehigh County. LCA also expanded into other areas of Lehigh and Northampton counties by acquiring satellite water and wastewater systems and wherever possible integrating them with other LCA systems.

As mentioned previously, in 2013, a major step towards regionalization of Lehigh County water and wastewater systems was accomplished through the Concession for the City Systems, which created a regional service approach for many communities in Lehigh County.

LCA currently provides two types of services to communities in the City Division. Through the Water Plant and Distribution System (the City Water System) LCA 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, and to the LCA service area adjacent to the City of Allentown (the Suburban Division) under various water supply agreements. Through the Sewer Utility System (the City Sewer System) LCA 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 Emmaus, Hanover, Salisbury, Lower Macungie and South Whitehall, the Coplay-Whitehall Sewer Authority, and to the LCA Suburban Division under several inter-municipal agreements.

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

In aggregate, LCA serves a population of more than 200,000 with water, wastewater, or both services throughout its service areas.

Budgetary Control: LCA annually adopts operating and capital budgets based on an assumed level of water and wastewater system operation. Monthly reports are prepared to monitor each budget.

The Chief Executive Officer is authorized to transfer budgeted amounts between line items within any budget; however, any revisions that alter the total expenses or revenue of any budget must be approved by the Authority Board. The level of control (level at which expenses may not exceed budget) is the individual budget within each fund. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

ECONOMIC CONDITIONS

The Lehigh Valley saw favorable economic conditions in 2023, with the unemployment rate decreasing from 3.8% as of year-end 2022 to 3.2% as of year-end 2023 in Lehigh County. The 2023 year-end unemployment rate of 3.2% is lower than the State rate of 3.4% and is lower than the National rate of 3.6%. Over the years, the Lehigh Valley has built a diversified residential and industrial base, which has mitigated the economic volatility experienced in other larger east coast cities. The City of Allentown has experienced significant redevelopment over the past 10 years with projects like the PPL Arena, the NIZ Development Zone, Waterfront Development and other construction.

This increased usage of both water and wastewater services by the Suburban Division's industrial customer base has allowed rates to remain among the lowest in the Commonwealth, although a water rate increase of approximately 5.5% was implemented in 2023 to address near-term capital improvement needs in the system, and additional increases are expected in the years ahead to ensure revenues are sufficient to keep pace with increased capital improvement and regulatory requirements. Under the Concession, rates to City residents and businesses rose in 2023 reflecting the change in the Consumer Price Index in 2023 plus Capital Cost Recovery Charges to recover the cost of Major Capital Improvements (>\$1,000,000) completed in 2022 or initiated in 2023. The total increase in water and sewer charges to the average residential customer in the Authority's Allentown Division in 2022 was 9.8%.

AWARDS AND ACKNOWLEDGEMENTS

- LCA was recognized by the Government Finance Officers Association of The United States and Canada with a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for the year ended December 31, 2022. The Certificate of Achievement is a prestigious national award, recognizing conformance with highest standards for preparation of state and local government financial reports.
- The City Water Filtration Plant was awarded the Area Wide Optimization Award and Directors Award from the Association of State Drinking Water Administrators and the American Water Works Association, respectively, (for the seventeenth consecutive year). This award recognizes the staff's outstanding efforts towards optimizing filter plant performance.

Acknowledgements: We recognize and thank LCA employees and the Board for their focus and dedication which underlie our 2023 accomplishments. We also thank the Board for its continued encouragement and support in planning, operating and managing the Authority's affairs in a forward looking and business-like manner.

Respectfully Submitted,



Liesel M. Gross
Chief Executive Officer



Edward C. Klein
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

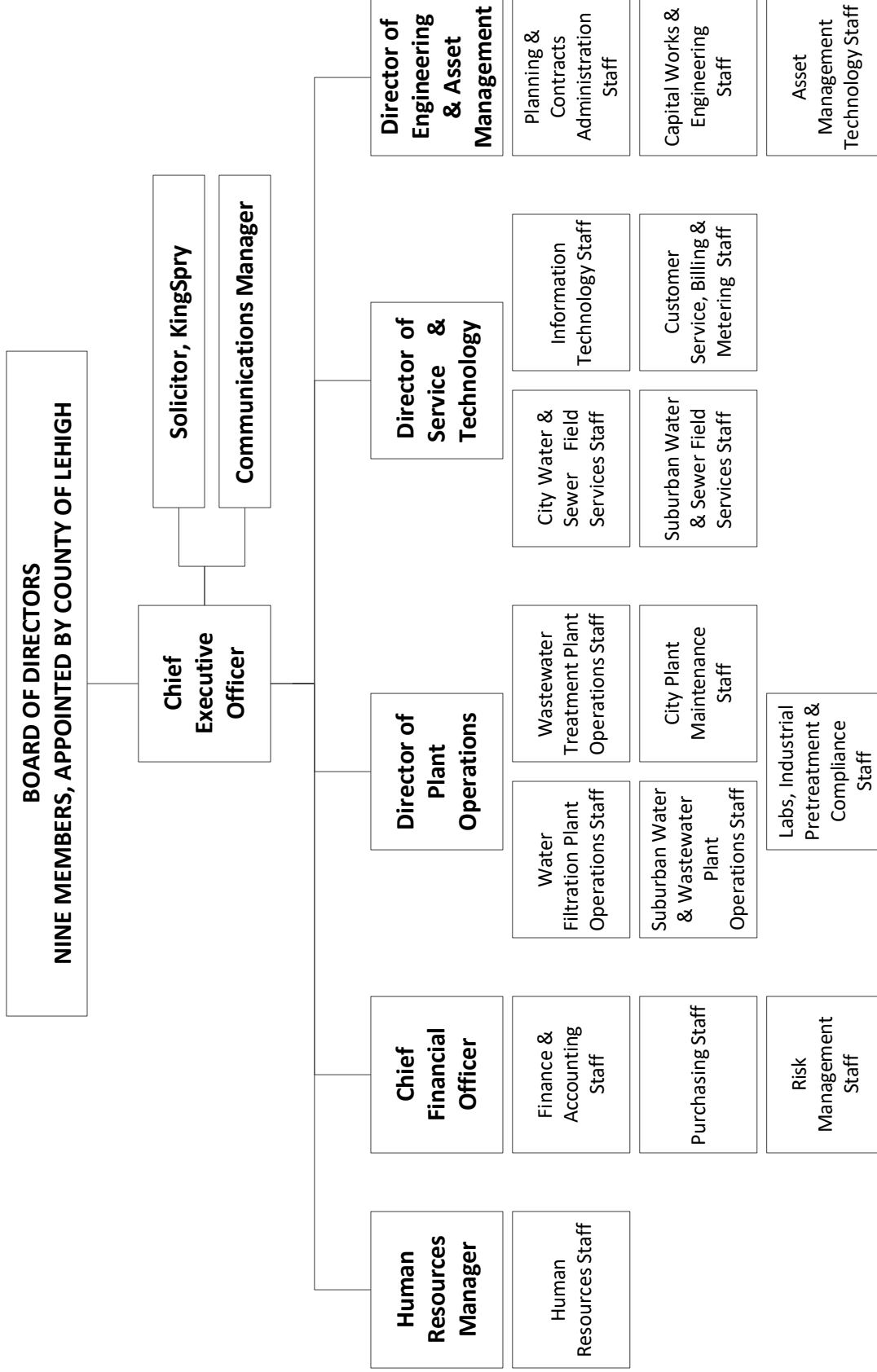
**Lehigh County Authority
Pennsylvania**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Executive Director/CEO

Lehigh County Authority Organizational Chart – December 31, 2023



**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
LIST OF PRINCIPAL OFFICIALS
December 31, 2023**

AUTHORITY BOARD

Brian C. Nagle
Chairman

Amir Famili
Vice Chairman

Ted Lyons
Treasurer

Kevin Baker
Asst. Treasurer

Linda Rosenfeld
Secretary

Norma A. Cusick
Assistant Secretary

Jeff Morgan
Member

Sean Ziller
Member

Marc Grammes
Member

AUTHORITY STAFF

Liesel M. Gross
Chief Executive
Officer

Edward C. Klein
Chief Financial
Officer

Christopher W. Moughan
Director of Service &
Technology

Charles E. Volk
Chief Capital Works
Officer

Andrew D. Moore
Director of Plant
Operations

Albert J. Capuzzi
Director of
Engineering & Asset
Management

Annmarie Still
Human Resources
Manager

Susan L. Sampson
Communications
Manager

Philip M. DePoe
Senior Planning
Engineer

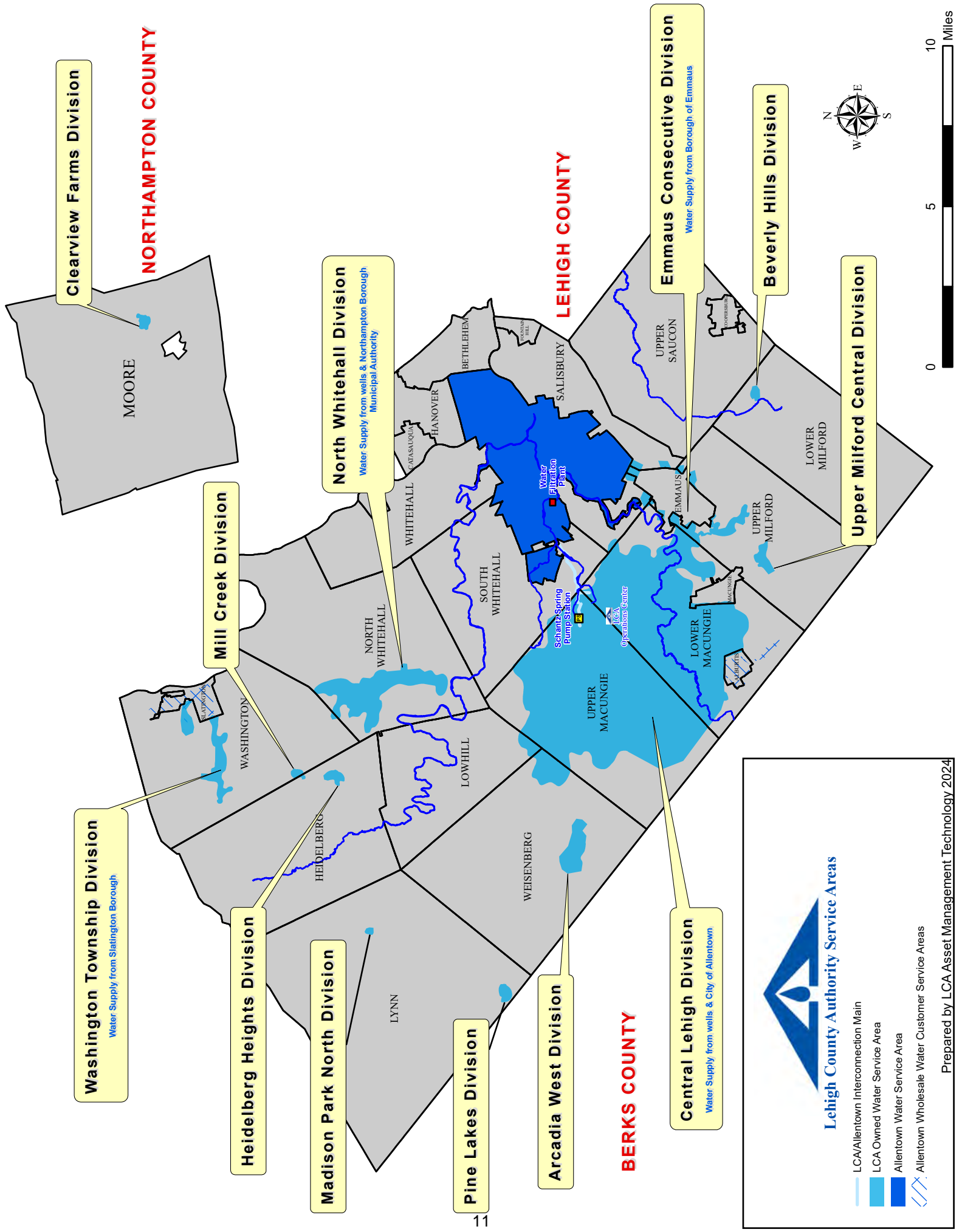
PROFESSIONAL SERVICES

Trustees
Bank of New York Mellon
M & T Bank Corporation

Auditor
Zelenkofske Axelrod LLC

Water Consultant
ARRO Consulting, Inc.

Wastewater Consultant
Arcadis, U.S.



Clearview Farms Division

NORTHAMPTON COUNTY

MOORE

Mill Creek Division

North Whitehall Division
Water Supply from wells & Northampton Borough Municipal Authority

Arcadia West Division

BERKS COUNTY

Central Lehigh Division
Water Supply from wells & City of Allentown

Emmaus Consecutive Division
Water Supply from Borough of Emmaus

Beverly Hills Division

Upper Milford Central Division





Washington Township Division
Water Supply from Slatington Borough

Heidelberg Heights Division

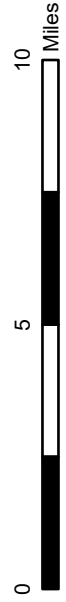
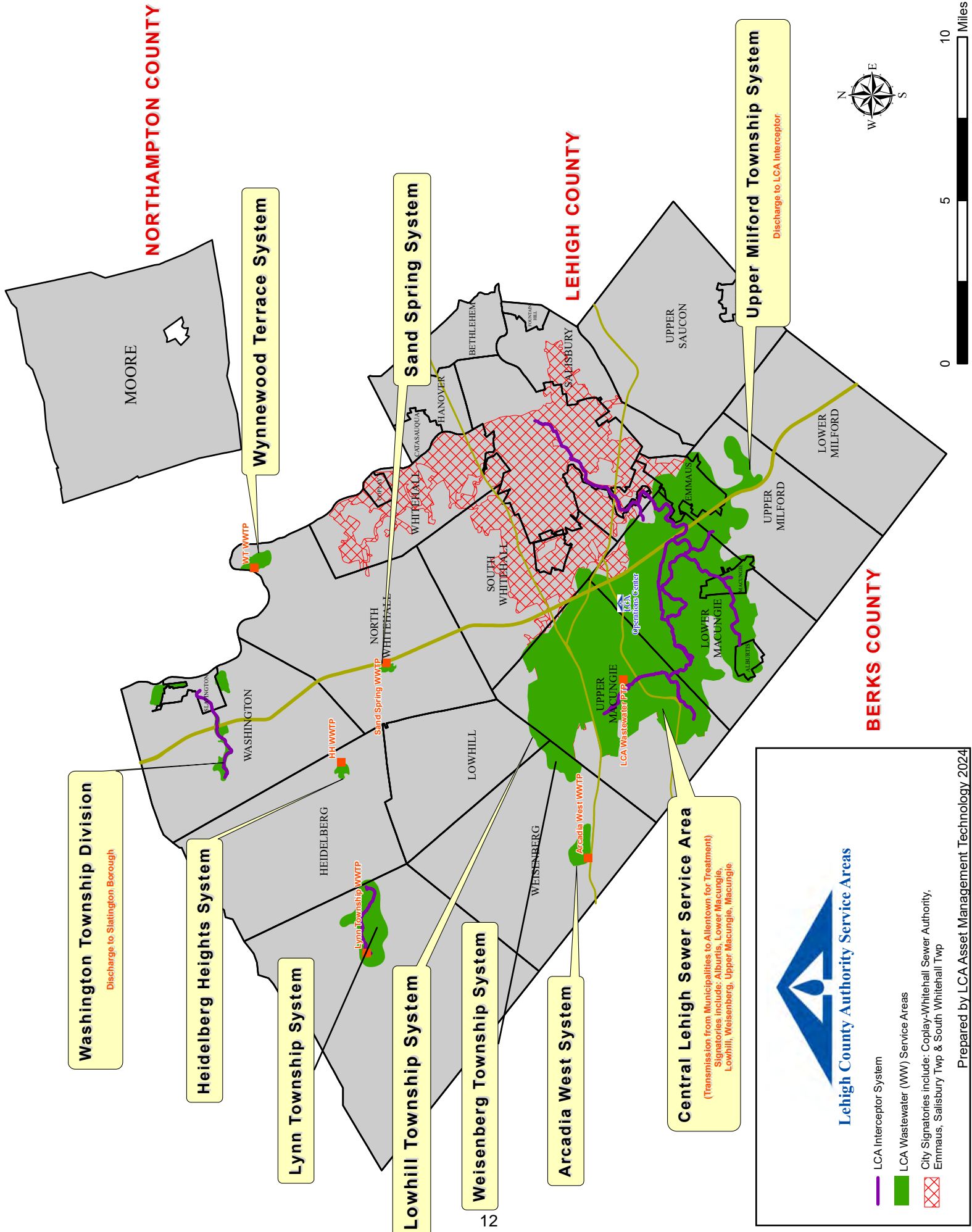
Madison Park North Division

Pine Lakes Division

Lehigh County Authority Service Areas

-  LCA/Allentown Interconnection Main
-  LCA Owned Water Service Area
-  Allentown Water Service Area
-  Allentown Wholesale Water Customer Service Areas







Lehigh County Authority Service Areas

- LCA Interceptor System
- LCA Wastewater (WW) Service Areas
- ▨ City Signatories include: Coplay-Whitehall Sewer Authority, Emmaus, Salisbury Twp & South Whitehall Twp

Prepared by LCA Asset Management Technology 2024

FINANCIAL SECTION

This section is composed of the following four parts:

INDEPENDENT AUDITORS' REPORT

MANAGEMENTS DISCUSSION AND ANALYSIS

FINANCIAL STATEMENTS

SUPPLEMENTAL SCHEDULES



Zelenkofske Axlerod LLC

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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.

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3800 McKnight East Drive, Suite 3805, Pittsburgh, PA 15237
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2370 York Road, Suite A-5, Jamison, PA 18929
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210 Tollgate Hill Road, Greensburg, PA 15601

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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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CERTIFIED PUBLIC ACCOUNTANTS

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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 Axlerod LLC

ZELENKOFKSKE 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	-	<u>1,101,898</u>	<u>1,361,667</u>
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	<u>6,755,624</u>	<u>6,492,067</u>	<u>6,399,799</u>
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	<u>(5,782,103)</u>	<u>(5,708,208)</u>	<u>(4,029,868)</u>
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>			
<u>Water:</u>			
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
<u>Wastewater:</u>			
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.

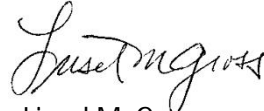
With higher treatment and transportation costs from the former City of Allentown water and wastewater departments and significant maintenance needed on the Authority's Interceptor System, annual Wastewater rate

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 Water Fund		Suburban Wastewater Fund		City Division Fund		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	652,239	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	21,028,689	18,304,366	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	2,448,382
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)	(65,264,862)	(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	215,790,589
Other Assets:								
Long-Term Portion of Receivables - Financing Contracts (Note 4)	-	-	533,320	749,038	-	-	533,320	749,038
Intangible Service Concession Arrangement (Note 6)	-	-	-	-	245,998,066	247,299,215	245,998,066	247,299,215
Net Pension Asset	-	885,694	-	445,851	-	3,288,666	-	4,620,211
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	264,282,611
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	25,412,505	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
ALLEN TOWN, 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	\$ 1,871,692	\$ 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 Water Fund		Suburban Wastewater Fund		City Division Fund		Total	
	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	16,493,381	16,317,932	17,771,831	15,021,652	51,864,632	46,757,245	86,129,844	78,096,829
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	13,355,076	12,246,900	21,053,877	18,521,295	27,761,903	24,264,278	62,170,856	55,032,473
OPERATING INCOME (LOSS)	3,138,305	4,071,032	(3,282,046)	(3,499,643)	24,102,729	22,492,967	23,958,988	23,064,356
NONOPERATING REVENUES (EXPENSES):								
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
Meter Sales	126,852	140,444	359	-	54,211	36,231	181,422	176,675
Inspection, Plan Reviews, and Project Reimbursements	286,607	233,338	44,556	82,529	2,405,574	5,806,628	2,736,737	6,122,495
Investment Earnings	374,909	64,387	576,327	(3,778)	3,458,984	914,661	4,410,220	975,290
Interest Expense	(954,076)	(847,133)	(168,364)	(185,935)	(19,973,362)	(19,703,642)	(21,095,802)	(20,736,710)
Other Expense	(119,528)	(229,725)	(133,968)	(86,525)	(5,782,103)	(5,708,208)	(6,035,599)	(6,024,458)
Other Income	207,290	173,318	495,094	1,585	480,370	214,812	1,182,754	389,715
Total Nonoperating Revenues/(Expenses)	238,997	(186,121)	2,140,282	3,044,516	(16,328,366)	(15,947,536)	(13,949,087)	(13,089,141)
Increase (Decrease) in net position before capital contributions	3,377,302	3,884,911	(1,141,764)	(455,127)	7,774,363	6,545,431	10,009,901	9,975,215
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	4,889,647	253,602	585,748	-	-	-	5,475,395	253,602
Increase (Decrease) in Net Position	8,266,949	4,138,513	(556,016)	(455,127)	7,774,363	6,545,431	15,485,296	10,228,817
Net Position at Beginning of Year	110,823,196	106,684,683	98,536,961	98,992,088	(53,491,528)	(60,036,959)	156,868,629	146,639,812
Net Position at End of Year	\$ 119,090,145	\$ 110,823,196	\$ 98,980,945	\$ 98,536,961	\$ (45,717,165)	\$ (53,491,528)	\$ 172,353,925	\$ 156,868,629

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

	Suburban Water Fund		Suburban Wastewater Fund		City Division Fund		Total	
	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	(7,670,732)	(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)	(1,806,934)	(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	359	54,211	36,231	181,422	176,675
Cash Received from Inspection, Plan Reviews, and Project Reimbursemer	286,607	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)	(4,893,000)	-	-	(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	\$ 16,388,303	\$ 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)	\$ (3,499,643)	\$ 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 Financing	(291,316)	(620,002)	(1,242,505)	110,293	(1,079,123)	(840,960)	(2,612,944)	(1,350,669)
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	-	-	-	-	3,216,234	3,074,043	3,216,234	3,074,043
Change in Fair Value of Investments	(87,061)	24,055	(91,197)	103,278	-	-	(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	\$ 3,781,279	\$ 3,357,628
Liabilities		
Accounts Payable	\$ -	\$ -
Total Liabilities	\$ -	\$ -
Net Position Restricted for Post Retirement Health Benefits	\$ 3,781,279	\$ 3,357,628

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 Concessioned 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 is 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	<u>156,528</u>	<u>154,422</u>
	<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	<u>156,528</u>	<u>154,422</u>
	<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>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Total</u>	<u>2023</u>			
				<u>Investment Maturities (In Years)</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>	-	-	-
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	-	-	-	-	-	-	-
Total	<u>\$160,236</u>	<u>\$156,528</u>	<u>100.00%</u>	<u>\$-</u>	<u>\$156,528</u>	<u>\$-</u>	<u>\$-</u>
<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Total</u>	<u>2022</u>			
				<u>Investment Maturities (In Years)</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>	-	-	-
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>Investment Maturities (In Years)</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>
<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%
<u>Pennsylvania School District</u>		
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).

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

	<u>Balance at 12/31/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/23</u>
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	<u>3,566,197</u>	<u>4,463,282</u>	<u>(5,568,660)</u>	<u>2,460,819</u>
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	<u>140,573,294</u>	<u>4,051,908</u>	<u>(90,944)</u>	<u>144,534,258</u>
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	<u>(61,862,002)</u>	<u>(3,415,426)</u>	<u>12,566</u>	<u>(65,264,862)</u>
Total Net Capital Assets Being Depreciated	<u>78,711,292</u>	<u>636,482</u>	<u>(78,378)</u>	<u>79,269,396</u>
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	<u>4,778,657</u>	<u>1,309,411</u>	<u>(727,112)</u>	<u>5,360,956</u>
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	<u>(2,791,453)</u>	<u>(527,824)</u>	<u>692,415</u>	<u>(2,626,862)</u>
Total Net Capital Assets Being Depreciated	<u>1,987,204</u>	<u>781,587</u>	<u>(34,697)</u>	<u>2,734,094</u>
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	<u>(117,060,286)</u>	<u>(7,672,452)</u>	<u>745,909</u>	<u>(123,986,829)</u>
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	<u>1,434,072</u>	<u>6,053,338</u>	<u>(2,773,105)</u>	<u>4,714,305</u>
Total Capital Assets Not Being				
Depreciated	<u>4,729,973</u>	<u>6,091,910</u>	<u>(2,773,105)</u>	<u>8,048,778</u>
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	<u>1,207,901</u>	<u>-</u>	<u>-</u>	<u>1,207,901</u>
Total Capital Assets Being				
Depreciated	<u>172,910,969</u>	<u>3,057,099</u>	<u>(84,149)</u>	<u>175,883,919</u>
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	<u>(814,711)</u>	<u>(31,834)</u>	<u>-</u>	<u>(846,545)</u>
Total Accumulated Depreciation	<u>(49,026,674)</u>	<u>(3,433,031)</u>	<u>52,874</u>	<u>(52,406,831)</u>
Total Net Capital Assets Being				
Depreciated	<u>123,884,295</u>	<u>(375,932)</u>	<u>(31,275)</u>	<u>123,477,088</u>
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)

	<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 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	<u>3,304,994</u>	<u>3,081,527</u>	<u>(2,820,324)</u>	<u>3,566,197</u>
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	<u>139,039,219</u>	<u>1,706,359</u>	<u>(172,284)</u>	<u>140,573,294</u>
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	<u>(58,531,269)</u>	<u>(3,499,827)</u>	<u>169,094</u>	<u>(61,862,002)</u>
Total Net Capital Assets Being Depreciated	<u>80,507,950</u>	<u>(1,793,468)</u>	<u>(3,190)</u>	<u>78,711,292</u>
Total Capital Assets, Net	<u>\$ 83,812,944</u>	<u>\$ 1,288,059</u>	<u>\$ (2,823,514)</u>	<u>\$ 82,277,489</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>
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	<u>3,739,188</u>	<u>1,441,170</u>	<u>(401,701)</u>	<u>4,778,657</u>
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	<u>(2,793,361)</u>	<u>(385,832)</u>	<u>387,740</u>	<u>(2,791,453)</u>
Total Net Capital Assets Being Depreciated	<u>945,827</u>	<u>1,055,338</u>	<u>(13,961)</u>	<u>1,987,204</u>
Total Capital Assets, Net	<u>\$ 945,827</u>	<u>\$ 1,055,338</u>	<u>\$ (13,961)</u>	<u>\$ 1,987,204</u>

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA**

Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS (Continued)

	<u>Balance at 12/31/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 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	<u>(110,351,304)</u>	<u>(7,318,690)</u>	<u>609,708</u>	<u>(117,060,286)</u>
Total Net Capital Assets Being Depreciated	<u>205,338,072</u>	<u>(1,114,062)</u>	<u>(48,426)</u>	<u>204,175,584</u>
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				<u>(2,005,000)</u>	
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				<u>(76,690)</u>	
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)

	<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 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>	

	<u>Balance Outstanding As of 12/31/21</u>	<u>Additions / Accretions</u>	<u>Retirements</u>	<u>Balance Outstanding As of 12/31/22</u>	<u>Principal Due Within One Year</u>
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 Net Suburban Water Fund Long-Term Direct Borrowings				(75,541)	
				\$ 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 Net Suburban Wastewater Fund Long-Term Bonds				(241,714)	
				\$ 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 Net Suburban Wastewater Fund Long-Term Direct Borrowings				(453,376)	
				\$ 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 Net City Division Fund Direct Borrowings				(1,245,000)	
				\$ 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>	<u>Bonds</u>		<u>Notes from Direct Borrowings</u>	
	<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	<u>3,065,000</u>	<u>262,912</u>	-	-
	<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>	<u>Bonds</u>		<u>Notes from Direct Borrowings</u>	
	<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>	<u>Bonds</u>		<u>Notes & Bonds from Direct Borrowings</u>	
	<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	<u>-</u>	<u>1,624,525</u>	<u>-</u>	<u>1,577,517</u>
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			
Asset Class	Target Allocation	Asset Class	Target Allocation
Domestic Equity		International Equity	0.0%
Large Cap	52.6%	Non-US Debt	15.1%
Small/Mid Cap	2.6%	Cash	5.6%
Bonds	24.1%		

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

**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:

	2023	2022
Total Plan OPEB Liability	\$ 2,000,771	\$ 2,193,319
Plan Fiduciary Net Position	3,781,279	3,357,628
Plan's Net OPEB Liability/(Asset)	\$(1,780,508)	\$(1,164,309)
 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			
Large Cap	6.20%	International Equity	6.91%
Small/Mid Cap	9.72%	Non-US Debt	1.34%
Bonds	2.46%	Cash	0.76%

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

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 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	Plan Fiduciary Net Position	Net OPEB Liability/(asset)
	(a)	(b)	(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	Plan Fiduciary Net Position	Net OPEB Liability/(asset)
	(a)	(b)	(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	\$ 178,846	\$ -	\$ 433,636	\$ (34,710)

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	\$ 178,846

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:

	Increase (Decrease)
	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	\$ 2,440,477

*- 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:

	Increase (Decrease)
	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	\$ 3,199,323

*- 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:

<u>Year Ended December 31:</u>	
2024	\$ (143,727)
2025	(180,940)
2026	(220,784)
2027	(163,766)
2028	(120,988)
Thereafter	(241,974)
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 (D VWCT) since 1993. The Trust, a risk sharing pool formed in 1992, is comprised of 107 municipal entities located primarily in Southeastern Pennsylvania. The D VWCT 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
ALLEN TOWN, 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	\$ 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
Service Costs	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
Interest	-	-	-	-	-	-	-	-	-
Changes of Benefit Terms	1,541,493	-	409,231	-	563,913	-	1,061,505	-	329,959
Differences Between Expected and Actual Experience	(1,473,931)	(2,649,981)	(1,000,961)	(999,402)	(1,073,743)	(1,166,011)	(915,177)	(600,285)	(544,982)
Changes of Assumptions	-	-	600,023	-	-	-	641,095	209,677	-
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)
Net Change in Total Pension Liability	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
Total Pension Liability - beginning	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 - ending (a)	\$ 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
Plan Fiduciary Net Position	\$ 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 - Employer	659,596	674,887	713,435	648,390	602,779	543,474	526,823	507,893	473,935
Contributions - Member	(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
Net Investment Income	(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	(104,980)	(105,365)	(75,315)	(55,136)	(62,006)	(60,172)	(63,095)	(52,516)	(41,411)
Administrative Expense	(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
Net Change in Plan Fiduciary Net Position	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 - beginning	\$ 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
Plan Fiduciary Net Position - ending (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
Authority's Net Pension Liability - ending (a) - (b)	90.76%	112.21%	103.98%	97.02%	83.60%	93.66%	83.47%	86.79%	92.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	\$ 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
Covered Payroll	34.37%	-42.66%	-12.85%	9.41%	50.36%	19.24%	48.70%	33.81%	62.03%
Authority's Net Pension Liability as a Percentage of Covered Payroll	* - Information only available for nine years. Future years will be added as information becomes available.								

* - 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
- Post-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

* - 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	\$ 7,962	\$ 10,732	\$ 10,221	\$ 7,418	\$ 7,065	\$ 7,960	\$ 7,580
Service Cost	130,870	142,391	138,371	167,315	162,742	158,365	151,765
Interest	-	-	-	-	-	-	-
Changes of Benefit Terms	(228,105)	-	(282,636)	-	90,059	-	-
Differences Between Expected and Actual Experience	(10,175)	-	154,605	-	(99,162)	-	-
Changes of Assumptions	(93,100)	(90,780)	(90,518)	(115,648)	(110,336)	(92,904)	(61,525)
Benefit Payments	(192,548)	62,343	(69,957)	59,085	50,368	73,421	97,820
Net Change in Suburban Plan Total OPEB Liability	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 - Beginning	2,000,771	2,193,319	2,130,976	2,200,933	2,141,848	2,091,480	1,920,239
Suburban Plan Total OPEB Liability - Ending (a)	\$ 4,194,090	\$ 4,324,295	\$ 4,331,909	\$ 4,342,781	\$ 4,233,328	\$ 4,109,539	\$ 3,840,478
Suburban Plan Fiduciary Net Position	\$ 47,039	\$ 12,008	\$ 11,831	\$ 27,393	\$ 22,928	\$ 13,376	\$ -
Contributions - Employer	490,066	(571,813)	517,542	292,386	645,121	(220,248)	485,937
Net Investment Income	(93,100)	(90,780)	(90,518)	(115,648)	(110,336)	(92,904)	(61,526)
Benefit Payments	(20,354)	(20,674)	-	-	-	-	-
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 OPEB PLAN

LAST 10 FISCAL YEARS

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

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
Amortization Method
Amortization Period
Asset Valuation Method
Inflation
Healthcare Cost Trend Rates
Salary Increases
Investment Rate of Return
Retirement Age
Mortality

Entry Age Normal
Level percentage of pay
20 years
5-year smoothed market
2.47%
6.25% during 2024 to an ultimate rate of 4.00% in 2061.
5.00%
6.27%
65
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	\$ 159,146	\$ 231,050	\$ 220,048	\$ 269,018	\$ 184,957	\$ 142,941
Service Cost	108,467	85,577	79,341	72,855	106,760	73,458
Interest	-	-	(18,456)	-	(55,110)	-
Changes of Benefit Terms	(812,854)	-	(159,743)	-	383,657	-
Differences Between Expected and Actual Experience	(155,048)	(672,953)	(324,006)	583,524	322,110	-
Changes of Assumptions	(58,557)	(33,205)	(33,473)	(45,177)	(17,530)	(24,498)
Benefit Payments	(758,846)	(389,531)	(236,289)	880,220	924,844	191,901
Net Change in City Division Plan Total OPEB Liability	3,199,323	3,588,854	3,825,143	2,944,923	2,020,079	1,828,178
City Division Plan Total OPEB Liability - Beginning	\$ 2,440,477	\$ 3,199,323	\$ 3,588,854	\$ 3,825,143	\$ 2,944,923	\$ 2,020,079
City Division Plan Total OPEB Liability - Ending (a)	\$ 4,986,494	\$ 5,191,401	\$ 4,944,191	\$ 4,538,767	\$ 4,322,635	\$ 3,279,472
Covered-Employee Payroll City Division Plan	48.94%	61.63%	72.59%	84.28%	68.13%	61.60%
City Division Plan Total OPEB Liability as a Percentage of Covered-Employee Payroll						

* - 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	-	-	-	359	359
Inspection, Plan Reviews and Project Reimbursements	-	4,446	37,447	2,663	44,556
Interest Earnings	338,467	2,708	-	235,152	576,327
Interest Expense	(79,559)	-	(63,440)	-	(168,364)
Other Expense	(114,784)	-	(919)	(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**

<u>Financial Institution</u>	<u>Total</u>	<u>Enterprise Funds</u>		
		<u>Suburban Division</u>		<u>City Division</u>
		<u>Water</u>	<u>Wastewater</u>	<u>Water & Wastewater</u>
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	<u>\$ 3,023,130</u>
<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	<u>\$ 6,965,466</u>
					<u><u>\$ 9,988,596</u></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	<u>72,008</u>	<u>2,985,752</u>	<u>-</u>	<u>3,057,760</u>
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	<u>68,593</u>	<u>2,985,521</u>	<u>-</u>	<u>3,054,114</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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		2022		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

STATISTICAL SECTION

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.*

FINANCIAL TRENDS

This section provides information on Changes in Net Assets/Net Position Components and Changes in Net Assets/Net Position.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
NET ASSETS/ NET POSITION BY COMPONENT**

	2014	2015	2016	2017	2018
Net Position:					
Net Investment in Capital Assets	\$ 149,158,789	\$ 147,742,061	\$ 152,434,977	\$ 162,309,930	\$ 159,792,232
Restricted for Debt Service	1,209,103	1,209,239	1,209,379	1,365,470	1,380,654
Restricted for Net Pension Asset	-	-	-	-	-
Restricted for Net OPEB Asset	1,162,905	1,148,526	1,133,284	1,182,363	736,708
Unrestricted	18,943,226	10,509,902	811,269	(11,732,211)	(14,863,918)
Total Net Assets	\$ 170,474,023	\$ 160,609,728	\$ 155,588,909	\$ 153,125,552	\$ 147,045,676
	2019	2020	2021	2022	2023
Net Position:					
Net Investment in Capital Assets	\$ 168,787,946	\$ 163,724,401	\$ 170,026,423	\$ 174,737,544	\$ 177,644,427
Restricted for Debt Service	1,043,094	1,407,066	1,570,266	1,579,403	1,578,968
Restricted for Net Pension Asset	-	-	1,456,966	4,620,211	-
Restricted for Net OPEB Asset	1,244,053	1,389,099	1,897,911	1,164,309	1,780,508
Unrestricted	(25,963,577)	(22,517,049)	(28,311,754)	(25,232,838)	(8,649,978)
Total Net Assets/ Net Position	\$ 145,111,516	\$ 144,003,517	\$ 146,639,812	\$ 156,868,629	\$ 172,353,925

Note: Beginning in 2015, the amounts reported reflect the adoption of GASB 68 and 71. Amounts prior to 2015 have not been adjusted to reflect the adoption of GASB 68 and 71.

Beginning in 2018, the amounts reported reflect the adoption of GASB 75. Amounts prior to 2018 have not been adjusted to reflect the adoption of GASB 75.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
CHANGES IN NET ASSETS/ NET POSITION**

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenues (Expenses)	(1) (2) Increase (Decrease) in Net Assets/ Net Position Before Capital Contributions	Capital Contributions	(1) (2) Change in Net Assets/ Net Position
2014	\$ 56,310,007	\$ 45,179,303	\$ 11,130,704	\$ (17,829,251)	\$ (6,698,547)	\$ 844,237	\$ (5,854,310)
2015	47,477,636	42,312,587	5,165,049	(15,952,394)	(10,787,345)	1,692,811	(9,094,534)
2016	53,361,394	44,722,023	8,639,371	(18,205,887)	(9,566,516)	4,545,697	(5,020,819)
2017	54,808,820	46,719,135	8,089,685	(18,933,193)	(10,843,508)	8,380,151	(2,463,357)
2018	59,507,754	46,926,940	12,580,814	(19,473,727)	(6,892,913)	1,828,692	(5,064,221)
2019	61,088,459	48,768,093	12,320,366	(15,985,945)	(3,665,579)	1,731,419	(1,934,160)
2020	65,019,277	50,981,731	14,037,546	(15,383,247)	(1,345,701)	217,413	(1,128,288)
2021	70,545,721	52,626,666	17,919,055	(18,946,406)	(1,027,351)	3,683,935	2,656,584
2022	78,096,829	55,032,473	23,064,356	(13,089,141)	9,975,215	253,602	10,228,817
2023	86,129,844	62,170,856	23,958,988	(13,949,087)	10,009,901	5,475,395	15,485,296

NOTES:

(1) Beginning in 2015, the amounts reported reflect the adoption of GASB 68 and 71. Amounts prior to 2015 have not been adjusted to reflect the adoption of GASB 68 and 71.

(2) Beginning in 2018, the amounts reported reflect the adoption of GASB 75. Amounts prior to 2018 have not been adjusted to reflect the adoption of GASB 75.

(3) Beginning in 2020, the amounts reported reflect the adoption of GASB 87. Amounts prior to 2020 have not been adjusted to reflect the adoption of GASB 87.

REVENUE CAPACITY

This section provides information on the major sources of revenue, expenses, schedules of rates and charges, largest industrial and commercial revenue sources and collections information.

**LEHIGH COUNTY AUTHORITY
ALLEN TOWN, PENNSYLVANIA
REVENUES BY SOURCE**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Suburban - Water Fund (1)										
Operating Revenues:										
Customer Charges:										
Large Industrial	\$ 1,052,611	\$ 1,088,772	\$ 1,101,016	\$ 1,014,054	\$ 1,055,882	\$ 1,118,032	\$ 1,359,677	\$ 1,526,840	\$ 1,759,028	\$ 1,802,102
Industrial	1,784,284	1,959,556	1,924,336	1,971,310	2,023,984	2,118,324	2,331,984	2,864,043	3,583,427	3,765,979
Commercial/Institutional	870,446	934,255	1,044,364	1,134,993	1,193,232	1,286,316	1,480,630	1,618,500	2,248,980	2,534,667
Residential	3,262,746	3,336,469	3,377,843	3,483,627	3,617,000	3,889,305	4,353,510	4,928,585	6,438,205	6,680,440
Other	79,414	102,100	116,829	107,273	145,911	143,311	24,887	132,252	251,607	235,105
Private Fire Service	667,741	709,983	757,651	795,121	830,655	846,199	871,241	884,816	902,957	918,202
Public Fire Service	348,793	350,225	354,805	357,410	342,867	378,629	412,199	444,067	458,594	481,884
Total Charges for Service	8,066,005	8,481,360	8,676,844	8,863,788	9,209,531	9,780,116	10,834,132	12,399,103	15,642,798	16,418,379
Other Income	42,121	51,327	41,152	99,307	40,949	25,172	32,540	58,764	675,134	75,002
Rent	110,396	111,745	97,011	91,019	98,405	125,253	-	-	-	-
Total Operating Revenues	8,218,522	8,644,432	8,815,007	9,054,114	9,348,885	9,930,541	10,866,672	12,457,867	16,317,932	16,493,381
Nonoperating Revenues:										
Tapping & Capital Recovery Fees	351,871	276,202	426,177	455,405	221,405	418,775	464,648	386,165	279,250	316,943
Meter Sales	81,781	88,082	156,365	112,468	85,259	94,763	77,685	150,087	140,444	126,852
Inspection, Plan Reviews, & Project Reimbursements	102,307	207,982	160,751	154,433	183,148	393,187	318,263	1,022,771	233,338	286,607
Interest Income	47,092	54,422	91,619	127,486	255,439	179,191	84,958	34,284	64,387	374,909
Other Income	134,258	53,513	112,426	109,343	86,971	93,928	105,508	132,181	173,318	207,290
Total Nonoperating Revenues	717,309	680,211	947,338	959,135	832,222	1,179,844	1,051,062	1,725,488	850,737	1,312,601
Total Water Fund Revenues	8,935,831	9,324,643	9,762,345	10,013,249	10,181,107	11,110,385	11,917,734	14,183,355	17,208,669	17,805,982
Suburban - Wastewater Fund (1)										
Operating Revenues:										
User Charges	17,290,464	11,616,373	12,756,663	12,568,375	13,720,330	13,840,156	15,980,601	15,606,887	14,684,737	17,465,394
Other Income	213,335	252,802	116,267	290,406	294,099	241,900	193,826	204,533	336,915	306,437
Total Operating Revenues	17,503,799	11,869,175	12,872,930	12,858,781	14,014,429	14,082,056	16,174,427	15,811,420	15,021,652	17,771,831
Nonoperating Revenues:										
Tapping & Capital Recovery Fees	253,524	2,385,116	1,165,372	449,376	523,526	1,573,749	3,575,692	752,932	3,236,640	1,326,278
Meter Sales	-	-	12,000	-	-	-	-	-	-	359
Interest Income	87,753	109,829	118,529	162,034	222,306	332,847	193,926	25,019	(3,778)	576,327
Inspection, Plan Reviews, & Project Reimbursements	502,204	689	31,181	12,444	37,773	42,518	8,655	4,108	82,529	44,556
Other Income	630	930	1,090	7,520	690	711	6,194	45,690	1,585	495,094
Total Nonoperating Revenues	844,111	2,496,564	1,328,172	631,374	784,295	1,949,825	3,784,467	827,749	3,316,976	2,442,614
Total Wastewater Fund Revenues	18,347,910	14,365,739	14,201,102	13,490,155	14,798,724	16,031,881	19,958,894	16,639,169	18,338,628	20,214,445
City Fund (1)										
Operating Revenues:										
Customer Charges:										
Industrial	414,857	441,971	439,687	456,835	531,748	558,090	549,661	635,524	680,713	813,690
Commercial/Institutional	2,796,800	2,964,011	2,917,340	3,040,810	3,281,625	3,264,399	3,125,615	3,432,025	3,895,849	4,265,378
Residential	9,850,719	9,979,086	10,213,236	10,571,269	11,003,695	11,249,045	12,631,704	14,401,690	16,501,366	18,155,422
User Charges	14,217,123	10,376,636	14,686,290	14,984,978	15,265,064	15,920,317	16,295,859	17,966,563	18,920,688	21,350,507
Other	3,182,799	3,055,596	3,278,630	3,684,596	5,600,408	5,605,750	5,090,151	5,465,887	6,231,252	6,795,662
Private Fire Service	57,824	60,184	63,309	63,635	64,322	59,377	55,836	57,692	61,637	67,267
Public Fire Service	540	1,015	720	540	765	585	540	540	1,700	1,600
Total Charges for Service	30,520,662	26,878,499	31,599,212	32,802,663	35,747,627	36,657,563	37,748,826	41,949,921	46,293,205	51,449,526
Other Income	67,024	85,530	74,245	93,262	396,813	418,299	234,849	326,513	464,040	415,106
Total Operating Revenues	30,587,686	26,964,029	31,673,457	32,895,925	36,144,440	37,075,862	37,983,675	42,276,434	46,757,245	51,864,632
Nonoperating Revenues:										
Tapping & Capital Recovery Fees	58,278	236,343	764,853	725,230	1,383,796	1,707,128	1,901,863	2,173,581	2,491,962	3,027,960
Meter Sales	10,795	13,272	13,319	17,187	8,397	22,466	24,595	29,584	36,231	54,211
Inspection, Plan Reviews, & Project Reimbursements	794,269	1,295,847	1,396,588	1,132,206	912,225	448,402	841,585	1,308,125	5,806,628	2,405,574
Interest Income	113,361	424,171	386,754	341,431	1,047,630	1,193,618	162,075	5,373	914,681	3,458,984
Other Income	820,668	543,291	821,530	1,123,827	66,442	59,659	51,620	113,357	214,812	480,370
Total Nonoperating Revenues	1,797,371	2,512,924	3,363,044	3,339,881	3,417,490	3,431,273	2,981,738	3,630,020	9,464,314	9,427,099
Total Allentown Fund Revenues	32,385,057	29,476,953	35,036,501	36,235,806	39,561,930	40,507,135	40,965,413	45,906,454	56,221,559	61,291,731
Total Enterprise Funds	\$ 59,668,798	\$ 53,167,335	\$ 59,019,948	\$ 59,739,210	\$ 64,541,761	\$ 67,649,401	\$ 72,842,041	\$ 76,728,978	\$ 91,768,856	\$ 99,312,158

(1) This data can be compared to Expenses by Function on the following page.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
OPERATING EXPENSES BY FUNCTION**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Suburban - Water Fund (1)		(2)			(3)		(4)			
Salaries and Wages	\$ 755,025	\$ 801,639	\$ 1,028,004	\$ 1,042,565	\$ 1,037,882	\$ 1,042,754	\$ 1,697,918	\$ 1,936,530	\$ 2,273,458	\$ 2,421,077
Benefits, General and Administration	883,400	770,436	1,045,634	1,257,063	1,261,241	1,405,024	1,179,359	1,284,678	1,300,983	1,799,098
Utilities	418,729	435,422	426,230	420,812	437,253	426,969	419,493	423,327	481,997	489,998
Materials and Supplies	266,886	292,395	288,550	422,730	294,937	371,371	279,430	472,436	860,080	669,500
Miscellaneous Services	1,518,486	1,760,084	2,024,840	2,270,359	2,703,594	2,665,139	3,652,162	3,444,479	3,664,554	4,077,318
Depreciation and Amortization	2,461,079	2,508,051	2,587,430	2,695,548	2,768,133	2,602,179	2,942,067	3,373,864	3,665,828	3,898,085
Total	\$ 6,303,605	\$ 6,568,027	\$ 7,400,688	\$ 8,109,077	\$ 8,503,040	\$ 8,513,436	\$ 10,170,429	\$ 10,935,314	\$ 12,246,900	\$ 13,355,076
Suburban - Wastewater Fund (1)										
Salaries and Wages	\$ 330,595	\$ 430,271	\$ 440,614	\$ 424,208	\$ 462,145	\$ 551,668	\$ 800,670	\$ 807,480	\$ 930,273	\$ 1,120,004
Benefits, General and Administration	412,512	474,988	564,580	559,911	580,467	714,616	564,037	629,920	539,895	1,029,345
Utilities	228,184	218,286	204,648	226,197	290,201	374,030	296,419	269,555	271,866	238,267
Materials and Supplies	155,820	187,328	189,418	155,503	264,744	335,419	236,574	231,857	339,120	390,732
Miscellaneous Services	6,217,734	6,996,038	7,139,673	6,369,014	5,717,168	6,330,597	5,912,495	6,405,017	6,503,137	7,666,841
Treatment and Transportation	5,523,415	2,347,975	3,021,234	3,516,548	3,543,753	3,385,568	2,906,958	3,899,502	2,846,176	3,903,664
Depreciation and Amortization	4,119,337	4,359,509	4,501,469	4,599,096	4,490,397	4,571,072	6,295,598	6,671,362	7,090,828	6,705,024
Total	\$ 16,987,597	\$ 15,014,395	\$ 16,061,636	\$ 15,850,477	\$ 15,348,875	\$ 16,262,970	\$ 17,012,751	\$ 18,914,693	\$ 18,521,295	\$ 21,053,877
City Fund (1)										
Salaries and Wages	\$ 5,970,232	\$ 5,743,818	\$ 5,608,679	\$ 5,870,195	\$ 6,233,387	\$ 6,391,947	\$ 7,498,713	\$ 7,393,768	\$ 7,738,611	\$ 7,842,029
Benefits, General and Administration	3,732,073	3,746,923	4,417,857	5,155,222	5,563,262	6,694,877	4,967,505	4,264,243	4,184,144	5,774,598
Utilities	1,900,365	1,939,560	1,863,839	1,903,666	2,040,103	1,960,605	1,815,047	1,705,824	1,802,290	1,898,485
Materials and Supplies	1,839,101	1,400,206	1,333,229	1,312,551	1,267,835	1,315,169	1,393,271	1,486,678	2,227,856	3,218,802
Miscellaneous Services	3,147,458	2,358,537	2,190,803	2,620,544	2,096,178	1,784,035	1,921,776	1,513,867	1,807,716	2,261,058
Treatment and Transportation	5,502	11,043	11,011	10,096	9,827	9,547	11,926	12,480	11,594	11,307
Depreciation and Amortization	5,293,370	5,530,078	5,834,285	5,887,307	5,864,433	5,835,507	6,190,313	6,399,799	6,492,067	6,755,624
Total	\$ 21,888,101	\$ 20,730,165	\$ 21,259,699	\$ 22,759,581	\$ 23,075,025	\$ 23,991,687	\$ 23,798,551	\$ 22,776,659	\$ 24,264,278	\$ 27,761,903
Total Operating Expenses	\$ 23,291,202	\$ 42,312,587	\$ 44,722,023	\$ 46,719,135	\$ 48,768,093	\$ 50,981,731	\$ 52,626,666	\$ 55,032,473	\$ 62,170,856	

(1) This data can be compared to Revenues by Source on the previous page.

(2) The amounts reported reflect the adoption of GASB 68 and 71. Amounts prior to 2015 have not been adjusted to reflect the adoption of GASB 68 and 71.

(3) The amounts reported reflect the adoption of GASB 75. Amounts prior to 2018 have not been adjusted to reflect the adoption of GASB 75.

(4) The amounts reported reflect the adoption of GASB 87. Amounts prior to 2020 have not been adjusted to reflect the adoption of GASB 87.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
NONOPERATING EXPENSES**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Suburban - Water Fund:										
Interest Expense	\$ 1,377,963	\$ 1,269,864	\$ 1,140,565	\$ 1,371,796	\$ 1,576,659	\$ 1,545,028	\$ 1,442,776	\$ 1,136,953	\$ 847,133	\$ 954,076
Other Expense	108,430	68,291	157,016	427,991	82,142	98,246	57,563	255,343	229,725	119,528
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,486,393	\$ 1,338,155	\$ 1,297,581	\$ 1,799,787	\$ 1,658,801	\$ 1,643,274	\$ 1,500,339	\$ 1,392,296	\$ 1,076,858	\$ 1,073,604
Suburban - Wastewater Fund:										
Interest Expense	\$ 154,205	\$ 151,110	\$ 195,081	\$ 204,418	\$ 197,000	\$ 213,114	\$ 199,707	\$ 199,973	\$ 185,935	\$ 168,364
Other Expense	63,029	80,574	65,320	30,104	30,876	44,130	42,698	55,412	86,525	133,968
Total	\$ 217,234	\$ 231,684	\$ 260,401	\$ 234,522	\$ 227,876	\$ 257,244	\$ 242,405	\$ 255,385	\$ 272,460	\$ 302,332
City Fund:										
Interest Expense	\$ 17,940,740	\$ 18,024,646	\$ 18,280,300	\$ 18,516,650	\$ 18,810,413	\$ 19,386,584	\$ 17,257,071	\$ 19,452,114	\$ 19,703,642	\$ 19,973,362
Planning and Issuance Expense	-	-	-	-	-	-	-	-	-	-
Other Expense	1,543,675	2,047,608	4,026,159	3,312,624	3,810,644	1,259,785	4,206,199	4,029,868	5,708,208	5,782,103
Total	\$ 19,484,415	\$ 20,072,254	\$ 22,306,459	\$ 21,829,274	\$ 22,621,057	\$ 20,646,369	\$ 21,463,270	\$ 23,481,982	\$ 25,411,850	\$ 25,755,465
Total Nonoperating Expenses	\$ 1,703,627	\$ 21,642,093	\$ 23,864,441	\$ 23,863,583	\$ 24,507,734	\$ 22,546,887	\$ 23,206,014	\$ 25,129,663	\$ 26,761,168	\$ 27,131,401

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
CAPITAL CONTRIBUTIONS BY SOURCE**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Suburban - Water Fund:										
Grant	\$ -	\$ 421,853	\$ 211,552	\$ 211,892	\$ 212,688	\$ -	\$ -	\$ 34,523	\$ -	\$ -
Capital Assets Provided by Developers	826,893	1,270,958	3,348,066	6,112,316	1,581,110	1,716,419	209,793	3,227,112	253,602	4,889,647
Total Water Fund	\$ 826,893	\$ 1,692,811	\$ 3,559,618	\$ 6,324,208	\$ 1,793,798	\$ 1,716,419	\$ 209,793	\$ 3,261,635	\$ 253,602	\$ 4,889,647
Suburban - Wastewater Fund:										
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Assets Provided by Developers	17,344	-	986,079	2,055,943	34,894	15,000	7,620	422,300	-	585,748
Total Wastewater Fund	\$ 17,344	\$ -	\$ 986,079	\$ 2,055,943	\$ 34,894	\$ 15,000	\$ 7,620	\$ 422,300	\$ -	\$ 585,748
City Fund:										
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Assets Provided by Developers	-	-	-	-	-	-	-	-	-	-
Total Allentown Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Enterprise Funds	\$ 844,237	\$ 1,692,811	\$ 4,545,697	\$ 8,380,151	\$ 1,828,692	\$ 1,731,419	\$ 217,413	\$ 3,683,935	\$ 253,602	\$ 5,475,395

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
SCHEDULE OF WATER CAPITAL RECOVERY FEES**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SUBURBAN DIVISION										
Charge per Typical Residential Customer:										
Central Lehigh Division:										
Supply Tapping Fee	605 \$	605 \$	605 \$	605 \$	605 \$	605 \$	605 \$	605 \$	659.25 \$	746.68
Distribution Tapping Fee	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,255.03	239.57
North Whitehall Division:										
Supply Tapping Fee	575	575	575	575	575	575	575	575	659.25	746.68
Distribution Tapping Fee	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,255.03	239.57
Washington Twp Division:										
Supply Tapping Fee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	659.25	746.68
Distribution Tapping Fee	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,255.03	239.57
Heidelberg Heights Division:										
Supply Tapping Fee	708	708	708	708	708	708	708	708	659.25	746.68
Distribution Tapping Fee	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,255.03	239.57
Ennaus Consecutive Division:										
Supply Tapping Fee	400	400	400	400	400	400	400	400	400.00	400.00
Distribution Tapping Fee	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480.00	1,480.00
Upper Milford Central Division:										
Supply Tapping Fee	235	235	235	235	235	235	235	235	659.25	746.68
Distribution Tapping Fee	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,255.03	239.57
Small System Divisions: (2)										
Supply Tapping Fee	192	192	192	192	192	192	192	192	659.25	746.68
Distribution Tapping Fee	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,255.03	239.57
Total Fees collected: (Suburban Divisions, All Customers)										
Supply & Special Tapping Fees	\$ 142,032	\$ 212,130	\$ 296,802	\$ 365,395	\$ 484,915	\$ 360,815	\$ 348,206	\$ 336,185	\$ 255,334	\$ 274,687
Distribution Tapping Fees (1)	209,839	64,072	129,375	82,010	36,490	57,610	116,080	49,980	23,327	28,268
Connection Fees	-	-	-	-	-	350	362	-	-	13,698
Total Suburban Division	\$ 351,871	\$ 276,202	\$ 426,177	\$ 447,405	\$ 221,405	\$ 418,775	\$ 464,648	\$ 386,165	\$ 278,661	\$ 316,653
CITY DIVISION										
Supply Tapping Fee	\$ 810	\$ 810	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Supply Tapping Fee - Part 1 (3)			\$5.21 per gal.	\$5.38 per gal.	\$5.59 per gal.	\$5.88 per gal.	\$6.12 per gal.	\$6.32 per gal.	\$6.77 per gal.	\$7.46 per gal.
Supply Tapping Fee - Part 2 Capacity Portion (3)			\$0.00016 per ga	\$0.00851 per ga	\$0.00851 per ga	\$0.00851 per ga	\$0.00851 per gal.	\$0.00851 per gal.	\$0.00851 per gal.	\$0.00851 per gal.
Supply Tapping Fee - Part 2 Distribution Portion (3)			\$0.00328 per ga	\$0.02551 per ga	\$0.02551 per ga	\$0.02551 per ga	\$0.02551 per gal.	\$0.02551 per gal.	\$0.02551 per gal.	\$0.02551 per gal.
Total Fees collected: (Allentown Division, All Customers)										
Supply & Special Tapping Fees	\$ 39,649	\$ 128,605	\$ 474,914	\$ 415,990	\$ 968,123	\$ 1,222,030	\$ 1,292,073	\$ 1,412,728	\$ 1,628,470	\$ 1,850,615
Capacity Fees			\$ 128	\$ 435	\$ 1,339	\$ 1,390	\$ 994	\$ 1,380	\$ 1,717	\$ 2,299
Distribution Fees			\$ 475,042	\$ 416,425	\$ 969,462	\$ 1,244,882	\$ 1,301,236	\$ 1,446,493	\$ 1,692,780	\$ 1,895,060
Total Allentown Division	\$ 39,649	\$ 128,605	\$ 475,042	\$ 416,425	\$ 969,462	\$ 1,244,882	\$ 1,301,236	\$ 1,446,493	\$ 1,692,780	\$ 1,895,060

- (1) Distribution Tapping fees only includes type 1 fees, which are fees charged for connections to mains installed by the Authority. Type 2 fees charged for connections to mains installed by developers are not included because such fees are reimbursed back to the developer.
- (2) Includes Mill Creek, Pine Lakes of Lynn, Beverly Hills and Clearview Farm Estates Divisions.
- (3) In 2016, City Division tapping fees were calculated per EDU rather than a flat fee. An EDU for water calculations equals 159.5 gallons.

Note: Water charges per typical residential customer represent rates in effect as of year-end.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
SCHEDULE OF WASTEWATER CAPITAL RECOVERY FEES**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interceptors - Charge per 1000 Gallons:										
Western Lehigh Interceptor	\$ 2,650	\$ 2,800	\$ 2,800	\$ 3,560	\$ 3,870	\$ 3,910	\$ 4,100	\$ 4,100	\$ 4,800	\$ 5,180
Little Lehigh Relief Interceptor	940	970	970	990	1,100	1,130	1,170	1,170	1,830	1,980
Treatment Capacity	5,460	5,670	5,670	5,840	6,110	6,140	6,320	6,320	7,130	7,520
Total	\$ 9,050	\$ 9,440	\$ 9,440	\$ 10,390	\$ 11,080	\$ 11,180	\$ 11,590	\$ 11,590	\$ 13,760	\$ 14,680
Annual Wastewater Capacity Sales - Interceptor System										
Gallons per Day	42,007	271,831	101,795	75,476	78,511	231,237	294,873	64,705	254,365	99,227
Fees Collected (1)	\$ 187,988	\$ 2,355,746	\$ 1,123,945	\$ 435,017	\$ 490,076	\$ 1,525,203	\$ 3,370,163	\$ 509,990	\$ 3,177,669	\$ 1,273,798
		(5)			(6)		(7)		(8)	
Collection Systems - Charge per EDU (2)										
Upper Milford System:										
Collection Part	\$ 2,002.20	\$ 2,002.20	\$ 2,002.20	\$ 2,331.00	\$ 1,816.55	\$ 1,994.49	\$ 1,994.49	\$ 1,994.49	\$ 1,994.49	\$ 3,030.11
Capacity Part	502.90	373.65	373.65	435.00	1,386.50	1,307.03	1,307.03	1,482.85	1,682.60	1,858.95
Heidelberg Heights System:										
Collection Part	600.75	359.09	359.09	626.55	842.74	889.37	889.37	863.35	1,003.78	1,027.54
Capacity Part	2,506.40	2,227.45	2,227.45	4,754.29	5,388.26	6,110.32	6,110.32	5,859.74	7,825.31	8,250.51
Wynnewood Terrace System:										
Collection Part	2,376.26	2,260.58	2,260.58	2,520.23	2,788.31	3,287.65	3,287.65	2,959.96	4,527.03	4,966.28
Capacity Part	1,447.41	1,376.11	1,376.11	1,534.48	2,567.32	3,251.76	3,251.76	2,822.24	19,535.57	20,712.81
Sand Spring System:										
Collection Part	583.22	554.30	554.30	617.88	849.83	878.38	878.38	852.69	991.38	1,014.84
Capacity Part	867.60	826.63	826.63	920.38	1,441.01	2,358.58	2,358.58	1,912.20	31,466.19	37,182.85
Arcadia West System:										
Collection Part	622.84	640.50	640.50	661.50	661.50	715.82	715.82	715.82	807.91	852.48
Capacity Part	9,450.00	9,817.50	9,817.50	10,108.10	10,108.10	10,957.60	10,957.60	10,957.60	12,367.26	13,049.49
Reimbursement Part (3)	19,781.54	20,771.63	20,771.63	21,809.14	21,809.14	n/a	n/a	n/a	n/a	n/a
Western Weisenberg Treatment Plant:										
Capacity Part (4)	9,450.00	9,817.50	9,817.50	10,108.10	10,108.10	10,637.12	10,637.12	10,657.60	10,657.60	13,049.49
Annual Wastewater Capacity Sales - Collector Systems										
Gallons per Day	1,561	1,561	8,251	7,359	10,481	11,150	13,805	18,286	10,481	2,676
Fees Collected	\$ 10,715	\$ 7,130	\$ 12,977	\$ 10,359	\$ 33,450	\$ 48,546	\$ 107,409	\$ 74,942	\$ 58,971	\$ 43,642
CITY DIVISION										
Tapping Fee	\$ 680	\$ 680	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tapping Fee - Part 1 (9)			\$3.91 per gal.	\$4.10 per gal.	\$4.26 per gal.	\$4.48 per gal.	\$4.66 per gal.	\$4.82 per gal.	\$5.16 per gal.	\$5.69 per gal.
Tapping Fee - Part 2 Capacity Portion (9)			\$0.00016 per ga	\$0.01538 per ga	\$0.01538 per ga	\$0.01538 per ga	\$0.01538 per gal.	\$0.01538 per gal.	\$0.01538 per gal.	\$0.01538 per gal.
Tapping Fee - Part 2 Collection Portion (9)			\$0.00328 per ga	\$0.00052 per ga	\$0.00052 per ga	\$0.00052 per ga	\$0.00052 per gal.	\$0.00052 per gal.	\$0.00052 per gal.	\$0.00052 per gal.
Total Fees collected: (Allentown Division, All Customers)										
Tapping Fees	\$ 18,629	\$ 107,739	\$ 153,591	\$ 106,694	\$ 242,228	\$ 208,161	\$ 195,643	\$ 280,789	\$ 348,281	\$ 555,211
Capacity Fees			68,249	152,502	148,885	254,054	404,962	446,268	450,864	577,637
Collection Fees			4	10	30	31	22	31	37	52
Total Allentown Division	\$ 18,629	\$ 107,739	\$ 221,844	\$ 259,206	\$ 391,143	\$ 462,246	\$ 600,627	\$ 727,088	\$ 799,182	\$ 1,132,900

(1) Total includes Western Lehigh Interceptor, Little Lehigh Relief Interceptor and Treatment Capacity fees.
(2) An EDU or Equivalent Dwelling Unit represents a single family residential property or in the case of the Arcadia West Industrial Park System it represents 262.5 gallons per day.
(3) Represents the amount reimbursable to the developer for connections within the Arcadia West subdivision. This system was acquired in June 2003. The period of time for eligible reimbursement ended and is no longer applicable.
(4) Represents a new wastewater treatment plant which will replace the Arcadia West Plant.
(5) Gallons per Day and fees includes Sunopta purchase of 117,700 gpd and purchase price.
(6) Gallons per Day and fees includes KRE Group purchase of 61,831 gpd and purchase price.
(7) Gallons per Day and fees includes Gallop/PPG JV II LLC purchase of 225,000 gpd and purchase price.
(8) Gallons per Day and fees includes Keurig/Dr. Pepper purchase of 175,000 gpd and purchase price.
(9) In 2016, City Division tapping fees were calculated per EDU rather than a flat fee. An EDU for wastewater calculations equals 175.5 gallons.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
SCHEDULE OF WATER RATES AND CHARGES - SUBURBAN DIVISION**

Effective Date	Common Rates (1)		
	1/1/21	1/1/22	1/1/23
Metered Water Usage			
Fixed Charges:			
<u>Meter Size</u>			
Quarterly	5/8" & 3/4" 1"	\$ 20.05 35.54	\$ 31.30 55.48
Monthly	1-1/2" 2" 3" 4" 6" 8" 10"	26.93 37.27 67.29 98.64 184.83 287.15 404.23	42.04 58.18 105.05 154.00 288.54 448.27 631.04
Volume Charge per 1,000 gallons: (2)			
	Quarterly Usage (gals.)	Monthly Usage (gals.)	
	First 120,000	First 40,000	2.76
	Next 2,880,000	Next 960,000	2.68
	Next 24,000,000	Next 8,000,000	2.33
	Next 147,000,000	Next 49,000,000	2.01
	Over 174,000,000	Over 58,000,000	1.82
			3.26
			3.17
			2.75
			2.38
			2.15
Public Fire Protection (3)			
	O&M per Hydrant (Rate per Month)	\$ 9.88	\$ 10.01
	Inch-Squared Foot/Year (4)	0.00164	0.00167
Private Fire Protection (Charge per month) (5)			
<u>Fire Line Size</u>			
	SF Residential	\$ 5.00	\$ 5.00
	2"	13.61	13.61
	2 1/2"	21.26	21.26
	3"	30.62	30.62
	4"	54.43	54.43
	6"	122.47	122.47
	8"	217.72	217.72
	10"	340.18	340.18
	12"	489.87	489.87
Other Fees			
	Meter Test Fee (5/8", 3/4" & 1")	\$ 50.00	\$ 50.00
	Meter Inspection Fee	50.00	50.00
	Site Visit Charge (Normal Hrs) & Meter Inspection Fee	50.00	50.00
	Site Visit Charge (After Hrs)	150.00	150.00
	Service Order Charge (Normal Hrs) (6)	50.00	50.00
	Service Order Charge (After Hrs) (6)	150.00	150.00
	Lien Administration Fee (7)	132.15	132.15
	Hydrant Security Device Fee (8)	140.00	140.00

- (1) The Authority implemented common rates on 7/1/98 for the majority of the water service areas. Of 24,393 customers at year-end 2023, only 34 were on separate rate schedules.
- (2) Effective first of the year.
- (3) Municipalities are billed for this protection.
- (4) Applied to total Transmission and Distribution pipe length for mains with a diameter of 6 to 16 inches. The latest rate change took effect on 1/1/23.
- (5) SF Residential effective 7/12/10 while all other Private Fire rates effective 7/1/06.
- (6) Effective 1/1/15.
- (7) Effective 12/1/17.
- (8) Fee charged to developers for hydrant locking device effective 1/1/17.

Note: The Authority has the ability to change rates at any time as authorized by its Board of Directors.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
SCHEDULE OF WATER RATES AND CHARGES - CITY DIVISION**

Effective Date		1/1/21	Rates 1/1/22	1/1/23
Metered Water Usage				
Fixed Charges:				
<u>Meter Size</u>				
Quarterly	5/8"	\$ 48.34	\$ 60.81	\$ 66.95
	3/4"	55.46	68.43	75.35
	1"	69.88	83.98	92.46
	1-1/2"	n/a	n/a	n/a
	2"	n/a	n/a	n/a
	3"	n/a	n/a	n/a
	4"	n/a	n/a	n/a
	6"	n/a	n/a	n/a
	8"	n/a	n/a	n/a
Monthly	5/8"	n/a	n/a	n/a
	3/4"	n/a	n/a	n/a
	1"	n/a	n/a	n/a
	1-1/2"	40.97	43.88	48.32
	2"	55.34	59.27	65.25
	3"	93.56	100.20	110.32
	4"	136.78	146.49	161.29
	6"	256.47	274.67	302.42
	8"	400.25	428.67	471.96
Volume Charge per 1,000 gallons:		\$ 3.87478	\$ 4.15670	\$ 4.56266
Public Fire Protection				
	Each Hydrant (Rate per year)	\$ 385.81	\$ 413.20	\$ 454.94
Other Fees				
	Meter Test Fee (5/8", 3/4" & 1")	\$ 50.00	\$ 50.00	\$ 50.00
	Meter Inspection Fee	50.00	50.00	50.00
	Site Visit Charge (Normal Hrs) & Meter Inspection Fee	50.00	50.00	50.00
	Site Visit Charge (After Hrs)	150.00	150.00	150.00
	Service Order Charge (Normal Hrs)	50.00	50.00	50.00
	Service Order Charge (After Hrs)	150.00	150.00	150.00
	Lien Administration Fee	132.15	132.15	132.15

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
SCHEDULE OF WASTEWATER RATES AND CHARGES - SUBURBAN DIVISION - COLLECTOR SYSTEMS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Upper Milford System											
Fixed Charge	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	Per 1000 gals. per Day
Fixed Charge per Quarter (2)	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	Per Qtr per EDU (3)
Fixed Charge per Quarter (2)	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	Per Multi-Family Unit
Flow Charge:											
All Flow (2)	4.53	4.53	4.53	4.53	4.53	4.53	4.53	4.53	4.53	4.53	Per 1000 gals. of Flow
Up to 220 gpd	-	-	-	-	-	-	-	-	-	-	Per 1000 gals. of Flow
From 220 gpd to daily allocation	-	-	-	-	-	-	-	-	-	-	Per 1000 gals. of Flow
Greater than daily allocation	-	-	-	-	-	-	-	-	-	-	
Exceptional Strength Charges (1):											
Biological Oxygen Demand (BOD)	0.36	0.22	0.23	0.26	0.29	0.28	0.31	0.36	0.33	0.33	Per Pound
Total Suspended Solids (TSS)	0.35	0.20	0.21	0.24	0.25	0.25	0.29	0.29	0.25	0.30	Per Pound
Total Kjeldahl Nitrogen (TKN)	0.55	0.29	0.31	0.40	0.37	0.43	0.41	0.47	0.38	0.43	Per Pound
Sampling & Testing Charge	170.00	170.00	170.00	170.00	170.00	170.00	182.00	182.00	182.00	182.00	Per Day
Weisenberg Twp. Collector System											
Basic Service Charge	-	-	-	-	-	-	-	-	-	-	Per 1000 gals. of Allocation/Day
Fixed Charge per Quarter (2)	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	Per Equivalent Dwelling Unit
Fixed Charge per Quarter (2)	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	Multi-Family Units
Flow Charge (2)	4.53	4.53	4.53	4.53	4.53	4.53	4.53	4.53	4.53	4.53	Per 1000 gals. of Flow
Arcadia West Collector System											
Flow Charge	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	Per 1000 gals. of Flow
Fixed Charge	7.55	7.55	7.55	7.55	7.55	7.55	7.55	7.55	7.55	7.55	Per 1000 gals. of Allocation/Day
Heidelberg Heights Collector System											
Monthly Charge	-	-	-	-	-	-	-	-	-	-	Per Residential Unit
Fixed Charge per Quarter (2)	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	Per Equivalent Dwelling Unit
Fixed Charge per Quarter (2)	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	Per Multi-Family Unit
Flow Charge (2)	9.53	9.53	9.53	9.53	9.53	9.53	9.53	9.53	9.53	9.53	Per 1000 gals. of Flow
Wynwood Terrace Collector System											
Monthly Charge	-	-	-	-	-	-	-	-	-	-	Per Residential Unit
Fixed Charge per Quarter (2)	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	Per Equivalent Dwelling Unit
Fixed Charge per Quarter (2)	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	Per Multi-Family Unit
Flow Charge (2)	9.53	9.53	9.53	9.53	9.53	9.53	9.53	9.53	9.53	9.53	Per 1000 gals. of Flow
Sand Spring Collector System											
Fixed Charge	-	-	-	-	-	-	-	-	-	-	Per Customer per Month
Fixed Charge per Quarter (2)	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	Per Equivalent Dwelling Unit
Fixed Charge per Quarter (2)	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	Per Multi-Family Unit
Flow Charge (2)	9.53	9.53	9.53	9.53	9.53	9.53	9.53	9.53	9.53	9.53	Per 1000 gals. of Flow
Washington Township Collector System (3)											
District 1 - Fixed Charge per Quarter	124.00	124.00	124.00	124.00	124.00	124.00	124.00	124.00	124.00	124.00	Per EDU
District 1 - Flow Chg per 1000 gals.	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	All flow in excess of 23,000 gals
District 2 - Fixed Charge per Quarter	124.00	124.00	124.00	124.00	124.00	124.00	124.00	124.00	124.00	124.00	Per EDU
District 2 - Flow Chg	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	Per 1000 gals. of Flow
Lynn Township Collector System (4)											
Fixed Charge per Quarter	158.98	158.98	158.98	158.98	158.98	158.98	158.98	158.98	158.98	158.98	Per EDU
Flow Charge	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	Per 1000 gals. of Flow
Lowhill Township Collector System (5)											
Fixed Charge per Quarter (2)	-	-	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	Per Equivalent Dwelling Unit
Fixed Charge per Quarter (2)	-	-	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	Multi-Family Units
Flow Charge (2)	-	-	4.53	4.53	4.53	4.53	4.53	4.53	4.53	4.53	Per 1000 gals. of Flow

(1) Applicable only to commercial and industrial customers.
(2) Effective in 2010, the Authority took the first step of a 3 year phase-in of a common rate structure for the following collector systems:
Upper Milford, Weisenberg, Heidelberg Heights, Wynwood Terrace and Sand Spring.
(3) The Authority took over operations and billing responsibilities in April 2009. Washington Township still owns the system. Effective 1/1/13, both districts will pay same fixed and flow charges.
Flow charges apply to all flow discharged.
(4) Lynn Township Collector System was acquired 2/28/12. The system serves 424 customers.
(5) Lowhill Township Collector System was acquired 6/8/16. The system serves 43 customers.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
SCHEDULE OF WASTEWATER RATES AND CHARGES - SUBURBAN DIVISION - INTERCEPTOR SYSTEMS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<u>Little Lehigh Relief Interceptor - Phase 1</u>											
Flow Charge	\$ 0.15	\$ 0.12	\$ 0.12	\$ 0.15	\$ 0.27	\$ 0.22	\$ 0.19	\$ 0.23	\$ 0.23	\$ 0.23	Per 1000 gals. of Flow
<u>Little Lehigh Relief Interceptor - Phase 2</u>											
Flow Charge	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.00	\$ 0.02	\$ 0.011	\$ 0.013	Per 1000 gals. of Flow
<u>Western Lehigh Interceptor</u>											
Flow Charge (2)	\$ 0.87	\$ 0.97	\$ 1.28	\$ 1.13	\$ 0.98	\$ 0.89	\$ 0.98	\$ 0.91	\$ 1.16	\$ 1.17	Per 1000 gals. of Flow
<u>Exceptional Strength Charges (1):</u>											
BOD	\$ 0.36	\$ 0.22	\$ 0.23	\$ 0.26	\$ 0.29	\$ 0.28	\$ 0.31	\$ 0.36	\$ 0.33	\$ 0.33	Per Pound
TSS	\$ 0.35	\$ 0.20	\$ 0.21	\$ 0.24	\$ 0.25	\$ 0.25	\$ 0.29	\$ 0.29	\$ 0.25	\$ 0.30	Per Pound
TKN	\$ 0.55	\$ 0.29	\$ 0.31	\$ 0.40	\$ 0.37	\$ 0.43	\$ 0.41	\$ 0.47	\$ 0.38	\$ 0.43	Per Pound
<u>Allocation</u>	\$ 0.22	\$ 0.21	\$ 0.22	\$ 0.20	\$ 0.18	\$ 0.29	\$ 0.21	\$ 0.22	\$ 0.21	\$ 0.21	Per 1000 gals. per Day

(1) Applicable only to commercial and industrial customers.

(2) The municipalities served by this system are billed based on estimated rates during the year. By mid-year of the following year, the City of Allentown issues a final reconciled bill of actual treatment and transportation costs and these costs together with the Authority interceptor system costs are used to develop a final actual bill to the municipalities. Based on a comparison of estimated to actual costs, the municipalities receive either an additional charge or credit.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
SCHEDULE OF WASTEWATER RATES AND CHARGES - CITY DIVISION**

Effective Date		Rates		
Metered Water Usage		1/1/21	1/1/22	1/1/23
Fixed Charges:				
<u>Meter Size</u>				
Quarterly	5/8"	\$ 16.79	\$ 21.13	\$ 23.27
	3/4"	19.25	23.76	26.16
	1"	24.17	29.03	31.96
	1-1/2"	n/a	n/a	n/a
	2"	n/a	n/a	n/a
	3"	n/a	n/a	n/a
	4"	n/a	n/a	n/a
	6"	n/a	n/a	n/a
	8"	n/a	n/a	n/a
	Monthly	5/8"	n/a	n/a
3/4"		n/a	n/a	n/a
1"		n/a	n/a	n/a
1-1/2"		14.11	15.11	16.64
2"		19.02	20.37	22.43
3"		32.22	34.51	38.00
4"		46.97	50.30	55.38
8"		161.48	172.95	190.41
Volume Charge per 1,000 gallons:		\$ 2.785200	\$ 2.983180	\$ 3.284080

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
COMPARATIVE WATER CHARGES
FOR MUNICIPAL OWNED WATER UTILITIES IN
LEHIGH VALLEY REGION OF PENNSYLVANIA
Water bill based on 20,000 gallons consumption per Quarter**

Utility	Quarterly Amount
Local Suppliers (1)	
South Whitehall Township Authority	\$ 178.80
Slatington Borough	175.56
Lehighon Water Authority	168.25
Lehigh County Authority - City Division (3)	166.01
Northampton Borough Municipal Authority - North Whitehall Twp.	147.45
Easton Suburban Water Authority	143.32
Lower Nazareth Township Authority	143.32
Northampton Borough Municipal Authority	140.77
Lehigh County Authority - WTD Welshtown Road	126.00
Borough of Macungie	122.07
Upper Saucon Township	122.00
City of Bethlehem	120.39
Borough of Alburtis	117.09
Whitehall Township Authority	110.00
Lehigh County Authority - Suburban Division (2)	102.90
Catasauqua Borough	102.60
Borough of Emmaus	63.35

- (1) Quarterly amounts are based on rates in effect as of 12/31/23 unless noted.
- (2) Includes Central Lehigh (Main System), North Whitehall, Millcreek, Pine Lakes of Lynn, Heidelberg Heights, Washington Twp, Clearview Farms, Beverly Hills and Emmaus Consecutive divisions or 98.7% of total customer base.
- (3) The Authority entered into a lease concession agreement with the City of Allentown on 8/8/13 to provide service to approximately 46,650 customers.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
TEN LARGEST INDUSTRIAL & COMMERCIAL WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

2023				
	Customer Revenues	% of Total Charges for Services	Customer Water Sales (1000 Gals)	% of Total Water Sales
Sam Adams Pa Brewery (1)	\$ 1,820,674	3.9%	683,923	9.8%
Niagara Bottling	866,257	1.9%	317,913	4.6%
Motts LLC	712,594	1.5%	256,732	3.7%
Ocean Spray Cranberries	610,634	1.3%	217,955	3.1%
Nestle Waters	487,171	1.0%	172,877	2.5%
Sunopta	455,590	1.0%	160,392	2.3%
Hamilton Tech Partners (2)	400,336	0.9%	138,138	2.0%
Coca-Cola	349,392	0.8%	120,344	1.7%
Nestle Waters (Perrier)	340,868	0.7%	116,967	1.7%
IPC Acquisition Inc	190,144	0.4%	38,160	0.5%
Totals	\$ 6,233,660	13.4%	2,223,401	32.0%
Balance from Other Customers	40,282,144	86.6%	4,728,308	68.0%
Grand Total	\$ 46,515,804	100.0%	6,951,709	100.0%

2014				
	Customer Revenues	% of Total Charges for Services	Customer Water Sales (1000 Gals)	% of Total Water Sales
Sam Adams Pa Brewery (1)	1,056,693	4.4%	699,677	11.3%
Niagara Bottling	454,989	1.9%	285,687	4.6%
Nestle Waters	385,752	1.6%	238,587	3.9%
Nestle Waters (Perrier)	225,226	0.9%	129,601	2.1%
Ocen Spray Cranberries	223,139	0.9%	127,551	2.1%
Coca-Cola	205,654	0.8%	117,264	1.9%
Hamilton Tech Partners (2)	140,891	0.6%	75,357	1.2%
County of Lehigh	117,928	0.5%	37,240	0.6%
Hospital Central Services	110,899	0.5%	34,973	0.6%
Kraft Foods	100,900	0.4%	54,426	0.9%
Totals	\$ 3,022,071	12.5%	1,800,363	29.2%
Balance from Other Customers	21,183,252	87.5%	4,364,493	70.8%
Grand Total	\$ 24,205,323	100.0%	6,164,856	100.0%

(1) Site of the former Pabst Brewery. Sam Adams Pa Brewery purchased plant from Diageo on June 2, 2008.

(2) Site of former Agere facility.

(3) CH2MHill is the contract operator of Lehigh County Authority's Wastewater Treatment plant . The Authority acquired the plant from the County of Lehigh in October 2009.

Note: Revenues include usage charges and private fire protection charges.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
WATER BILLING COLLECTIONS
SUBURBAN AND CITY DIVISIONS**

Suburban - Water Fund:

Year	Water Sales	Water Revenues	% Revenues vs. Sales	Uncollectible Amount
2014	7,049,471	7,048,941	99.99%	530
2015	7,421,152	7,421,152	100.00%	-
2016	7,564,388	7,563,474	99.99%	914
2017	7,711,257	7,710,881	99.99%	376
2018	8,036,009	8,035,228	99.98%	781
2019	8,555,288	8,555,288	100.00%	-
2020	9,550,692	9,550,574	100.00%	118
2021	11,070,220	11,055,039	99.86%	15,181
2022	14,281,247	14,277,918	99.98%	3,329
2023	15,018,299	15,013,349	99.97%	4,950

City* - Water Fund:

Year	Water Sales	Water Revenues	% Revenues vs. Sales	Uncollectible Amount
2014	16,245,175	16,243,410	99.99%	1,765
2015	16,440,664	16,434,872	99.96%	5,792
2016	16,848,893	16,845,133	99.98%	3,760
2017	17,753,510	17,745,266	99.95%	8,244
2018	19,260,747	19,254,867	99.97%	5,880
2019	20,677,284	20,673,531	99.98%	3,753
2020	21,397,131	21,389,064	99.96%	8,067
2021	23,935,127	23,923,509	99.95%	11,618
2022	27,309,180	27,305,914	99.99%	3,266
2023	30,030,152	30,001,376	99.90%	28,776

Note: Water Sales excludes private and public fire protection charges as listed on the Revenues by Source schedule.

DEBT CAPACITY

This section provides data on outstanding debt of the Authority's Suburban and City water and wastewater systems, ratios of debt to personal income and per capita, information on pledged revenue coverage and overlapping debt of other municipal entities within the Authority's Service Area.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
RATIOS OF OUTSTANDING DEBT BY TYPE
SUBURBAN DIVISION - WATER SYSTEM**

Year	Net Revenue Bonds	Net Notes	Net Total O/S Debt	Customers at Year-end	Total Debt per Customer	As a share of	
						Personal Income (1)	Personal Income
2014	\$ 28,901,146	\$ 3,670,418	\$ 32,571,564	20,758	\$ 1,569.11	3.47%	\$ 45,211
2015	27,872,335	3,440,555	31,312,890	20,960	1,493.94	3.14%	47,537
2016	26,466,155	3,206,739	29,672,894	21,488	1,380.91	2.83%	48,834
2017	40,320,920	2,969,629	43,290,549	21,825	1,983.53	3.87%	51,298
2018	38,853,975	2,730,299	41,584,274	22,737	1,828.93	3.41%	53,614
2019	37,359,583	2,486,487	39,846,070	22,901	1,739.93	3.19%	54,471
2020	35,513,504	2,238,108	37,751,612	23,282	1,621.49	2.78%	58,402
2021	35,254,567	861,904	36,116,471	23,565	1,532.63	2.45%	62,537
2022	33,058,039	851,123	33,909,162	24,167	1,403.12	2.13%	65,821
2023	30,777,278	7,725,583	38,502,861	24,393	1,578.44	Not Available	Not Available

(1) Although the Suburban Division's service area is in the more affluent areas of Western and Northern Lehigh County, the Personal Income level for the whole County was used to determine the share of personal income attributable to the debt load.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
RATIOS OF OUTSTANDING DEBT BY TYPE
SUBURBAN DIVISION - WASTEWATER SYSTEMS**

Common Rate Collector Systems: (1)

Year	Revenue Bonds	Notes	Total	Customers at Year-end	Total Debt per Customer	As a share of Personal Income (2)	Personal Income
2014	\$ 1,868,705	\$ -	\$ 1,868,705	1,585	\$ 1,178.99	2.61%	\$ 45,211
2015	1,782,769	421,852	2,204,621	1,605	1,373.60	2.89%	47,537
2016	1,696,821	778,492	2,475,313	1,608	1,539.37	3.15%	48,834
2017	1,630,058	740,918	2,370,976	1,689	1,403.78	2.74%	51,298
2018	1,560,901	703,913	2,264,814	1,718	1,318.29	2.46%	53,614
2019	1,481,997	666,533	2,148,530	1,784	1,204.33	2.21%	54,471
2020	1,367,092	628,778	1,995,870	1,825	1,093.63	1.87%	58,402
2021	1,252,497	592,007	1,844,504	1,901	970.28	1.55%	62,537
2022	1,133,791	555,084	1,688,875	1,988	849.53	1.29%	65,821
2023	1,010,825	517,513	1,528,338	2,037	750.29	Not Available	Not Available

Western Lehigh Interceptor System:

Year	Revenue Bonds	Notes	Total	Customers at Year-end	Total Debt per Customer	As a share of Personal Income (2)	Personal Income
2014	\$ 315,745	\$ 4,406,406	\$ 4,722,151	19,595	\$ 240.99	0.53%	\$ 45,211
2015	128,167	4,157,973	4,286,140	19,774	216.76	0.46%	47,537
2016	-	3,927,001	3,927,001	19,801	198.32	0.41%	48,834
2017	-	3,692,167	3,692,167	20,245	182.37	0.36%	51,298
2018	-	3,451,275	3,451,275	20,504	168.32	0.31%	53,614
2019	-	3,204,180	3,204,180	20,711	154.71	0.28%	54,471
2020	-	2,950,716	2,950,716	21,031	140.30	0.24%	58,402
2021	-	2,690,721	2,690,721	21,163	127.14	0.20%	62,537
2022	-	2,424,026	2,424,026	21,436	113.08	0.17%	65,821
2023	-	2,150,458	2,150,458	21,656	99.30	Not Available	Not Available

Arcadia Sewer System (3):

Year	Revenue Bonds	Notes	Total	Customers at Year-end	Total Debt per Customer	As a share of Personal Income (3)	Personal Income
2014	\$ -	\$ 2,691,700	\$ 2,691,700	11	\$ 244,700.00	N/A	N/A
2015	-	2,703,890	2,703,890	15	180,259.33	N/A	N/A
2016	-	2,568,833	2,568,833	18	142,712.94	N/A	N/A
2017	-	2,432,419	2,432,419	19	128,022.05	N/A	N/A
2018	-	2,294,634	2,294,634	19	120,770.21	N/A	N/A
2019	-	2,158,904	2,158,904	19	113,626.53	N/A	N/A
2020	-	2,022,962	2,022,962	19	106,471.68	N/A	N/A
2021	-	1,884,953	1,884,953	20	94,247.65	N/A	N/A
2022	-	1,744,846	1,744,846	20	87,242.30	N/A	N/A
2023	-	1,602,609	1,602,609	20	80,130.45	N/A	N/A

(1) Includes Common Rate Collector Systems: Upper Milford, Heidelberg Heights, Wynnewood Terrace, Sand Spring and Weisenberg Township - Pointe West.

(2) Although Lehigh County Authority's service area is in the more affluent areas of Western and Northern Lehigh County, the Personal Income level for the whole County was used to determine the share of personal income attributable to the debt load. Specific municipal income levels for years other than a census year were not available.

(3) An upgrade to the wastewater treatment facility was necessary in order to maintain compliance with its NPDES permit. The eighteen customers are commercial and governmental entities.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
RATIOS OF OUTSTANDING DEBT BY TYPE
CITY DIVISION**

Year	Net Revenue Bonds		Capital Appreciation	Net Notes	Net O/S Debt	Customers at Year-end	Total Debt per Customer	As a share of	
	Tax Exempt	Taxable						Personal Income (1)	Personal Income
2014	\$ 235,141,475	\$ 18,735,000	\$ 46,898,566	-	\$ 300,775,041	46,781	\$ 6,429.43	14.22%	\$ 45,211
2015	235,458,097	18,735,000	49,602,860	-	303,795,957	46,748	6,498.59	13.67%	47,537
2016	235,774,717	18,735,000	52,465,010	-	306,974,727	46,762	6,564.62	13.44%	48,834
2017	236,091,337	18,735,000	55,494,318	-	310,320,655	46,770	6,635.04	12.93%	51,298
2018	236,407,957	18,735,000	58,700,641	-	313,843,598	46,337	6,773.07	12.63%	53,614
2019	236,724,577	17,940,000	61,643,216	-	316,307,793	46,523	6,798.96	12.48%	54,471
2020	281,208,420	-	64,303,120	-	345,511,540	46,921	7,363.69	12.61%	58,402
2021	280,199,361	-	66,656,927	-	346,856,288	47,182	7,351.45	11.76%	62,537
2022	279,155,302	-	68,671,563	-	347,826,865	47,712	7,290.13	11.08%	65,821
2023	278,076,243	-	70,315,015	1,340,074	349,731,332	48,226	7,251.92	Not Available	Not Available

(1) The Personal Income level for the whole County was used to determine the share of personal income attributable to the debt load.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
SUMMARY OF DEBT SERVICE**

Year	Suburban Division						Total Funds		Total Debt Service
	Water Fund		Wastewater Fund		City Division Fund		Principal	Interest	
	Principal	Interest	Principal	Interest	Principal	Interest			
2024	\$ 2,081,690	\$ 1,338,786	\$ 688,928	\$ 136,418	\$ 4,147,013	\$ 11,593,472	\$ 6,917,631	\$ 13,068,676	\$ 19,986,307
2025	2,167,856	1,253,820	604,907	119,220	4,540,203	11,753,163	7,312,966	13,126,203	20,439,169
2026	1,969,039	1,165,236	619,957	101,536	4,664,355	12,197,424	7,253,351	13,464,196	20,717,547
2027	2,280,241	1,084,435	635,412	83,350	4,997,755	12,452,525	7,913,408	13,620,310	21,533,718
2028	2,397,461	991,014	651,287	64,649	5,298,770	12,762,260	8,347,518	13,817,923	22,165,441
2029-2033	11,784,667	3,620,578	1,921,708	94,320	30,135,979	70,114,918	43,842,354	73,829,816	117,672,170
2034-2038	6,659,629	1,975,335	159,206	2,292	30,933,191	91,896,956	37,752,026	93,874,583	131,626,609
2039-2043	3,295,000	858,430			61,897,823	49,682,239	65,192,823	50,540,669	115,733,492
2044-2048	3,065,000	262,912			57,150,000	34,112,744	60,215,000	34,375,656	94,590,656
2049-2053					61,210,000	22,352,643	61,210,000	22,352,643	83,562,643
2054-2058					72,600,000	10,960,628	72,600,000	10,960,628	83,560,628
2059-2063					16,125,000	585,660	16,125,000	585,660	16,710,660
	\$ 35,700,583	\$ 12,550,546	\$ 5,281,405	\$ 601,785	\$ 353,700,089	\$ 340,464,632	\$ 394,682,077	\$ 353,616,963	\$ 748,299,040

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
DEBT SERVICE COVERAGE - SUBURBAN - WATER SYSTEM
(IN THOUSAND DOLLARS)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES:										
Operating Revenues:										
Customer Charges	\$ 8,066	\$ 8,481	\$ 8,677	\$ 8,864	\$ 9,210	\$ 9,780	\$ 10,634	\$ 12,399	\$ 15,643	\$ 16,418
Other Income (1)	42	51	41	99	41	25	33	59	675	75
Transfer from other Funds (2)	110	112	97	91	98	125	-	-	-	-
Non-Operating Revenues	717	680	947	959	832	1,180	1,051	1,725	891	1,313
Total Revenues	8,935	9,324	9,762	10,013	10,181	11,110	11,918	14,183	17,209	17,806
EXPENSES:										
Operating Expenses (3)	3,843	4,060	4,813	5,414	5,729	5,911	7,221	7,561	8,581	9,457
Non-Operating Expenses (4)	108	68	157	428	82	98	58	255	230	120
Total Expenses	3,951	4,128	4,970	5,842	5,811	6,009	7,279	7,816	8,811	9,577
Total Net Revenues	4,984	5,196	4,792	4,171	4,370	5,101	4,639	6,367	8,398	8,229
Debt Service:										
2001 Note	-	-	-	-	-	-	-	-	-	-
2007 Pennworks Note	204	204	204	204	204	204	204	102	-	-
2001 Bonds	-	-	-	-	-	-	-	-	-	-
2003 Bonds	-	-	-	-	-	-	-	-	-	-
2008 Bond	614	517	-	-	-	-	-	-	-	-
2010 A Bonds	649	649	649	649	649	649	649	431	-	-
2010 AA Bonds	1,105	461	-	-	-	-	-	-	-	-
2011 Pennvest Note	90	84	84	85	87	87	87	87	87	87
2011 Bond	129	129	129	129	129	129	129	129	65	-
2015 Bond	436	436	1,109	1,105	1,107	1,103	1,107	1,110	-	-
2015A Bond	-	-	400	513	508	513	513	123	-	-
2017 Bond	-	-	-	185	509	509	829	829	829	829
2021 Bond	-	-	-	-	-	-	-	534	2,143	2,225
2022 Bond	-	-	-	-	-	-	-	-	-	168
Total Debt Service	2,791	2,480	2,575	2,870	3,193	3,194	3,518	3,345	3,124	3,309
Annual Debt Service Coverage (5)	1.79	2.10	1.86	1.45	1.37	1.60	1.32	1.90	2.69	2.49

(1) Includes interest income, miscellaneous income, and federal subsidy on Build America bonds

(2) Represents share of operating and debt service cost of the Office/Operations Center.

(3) Excludes depreciation and amortization.

(4) Includes trustee, remarketing and liquidity fees.

(5) Net revenues divided by debt service.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
WATER AND WASTEWATER SERVICE AREAS
SCHEDULE OF OVERLAPPING DEBT**

Entity	Gross Outstanding Debt 12/31/23	2023 Assessment Valuation of Taxable Property (7)	Ratio of Debt to Assessed Taxable Property
Lehigh County	\$ 116,924,690	\$ 31,935,927,300	0.0037
Borough of Alburdis	-	152,801,000	-
Borough of Emmaus	n/a	856,287,700	-
Borough of Macungie	1,956,000	237,548,100	0.0082
Heidelberg Township	-	278,764,100	-
Lowhill Township	-	269,887,900	-
Lower Macungie Township	8,946,000	3,785,349,400	0.0024
Lynn Township	-	369,372,700	-
North Whitehall Township	-	1,612,404,400	-
Salisbury Township	n/a	1,321,178,800	-
South Whitehall Township	11,834,725	2,508,441,900	0.0047
Upper Macungie Township	-	4,670,125,700	-
Upper Milford Township	-	846,154,900	-
Washington Township	-	488,173,600	-
Weisenberg Township	n/a	779,132,400	-
East Penn School District (1)	11,052,000	5,873,339,800	0.0019
Parkland School District (2)	n/a	9,055,449,400	-
Northern Lehigh School District (3)	21,225,000	662,377,000	0.0320
Northwestern Lehigh School District (4)	50,580,000	1,683,891,000	0.0300
Salisbury School District (5)	43,643,279	1,321,936,300	0.0330
Northampton School District (6)	121,648,901	1,251,659,500	0.0972

- (1) East Penn School District includes Boroughs of Alburdis, Emmaus, Macungie, Lower Macungie and Upper Milford Townships.
- (2) Parkland School District includes Upper Macungie, South Whitehall and North Whitehall Townships, and portions of the City of Allentown, which are not served by LCA.
- (3) Northern Lehigh School District includes Washington Township as a portion of area served.
- (4) Northwestern Lehigh School District includes Heidelberg, Lowhill, Weisenberg and Lynn Townships.
- (5) Salisbury School District includes Salisbury Township.
- (6) Northampton School District includes Clearview Farm Estates.
- (7) Lehigh County reassessed all properties in 2012. Valuation changed from 50% to 100%.

Source: Lehigh County Assessment Office

DEMOGRAPHIC AND ECONOMIC

This section provides trend information on population, major employees, income levels, housing starts, commercial and industrial facilities and unemployment rates, which can indicate the level of economic activity.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
MAJOR EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	Type of Business	2023			2014		
		Employees	% to Total (A)	Rank	Employees	% to Total (A)	Rank
Lehigh Valley Hospital & Health Network	Health Services	17,006	5.0%	1	13,965	4.1%	1
St. Luke's Hospital & Health Network	Health Services	11,082	3.2%	2	8,900	2.6%	2
Amazon.com	E-commerce Warehouse	3,422	1.0%	3	1,937	0.6%	9
Giant Food Stores	Grocery Store	2,487	0.7%	4	2,449	0.7%	4
Allentown School District	Education	2,398	0.7%	5	1,786	0.5%	13
Air Products & Chemicals	Industrial Gases	2,041	0.6%	6	3,500	1.0%	3
County of Lehigh	Government	1,922	0.6%	7	2,027	0.6%	8
Mack Trucks	Vehicle Manufacturer	2,002	0.6%	8	1,900	0.6%	10
Wegmans Food Markets	Grocery Store	1,795	0.5%	9	1,803	0.5%	12
Sodexo / Wood Company	Food Service	1,756	0.5%	10	2,170	0.6%	7
Weis Markets	Grocery Store	1,588	0.5%	11	1,400	0.4%	15
Guardian Life	Insurance Services	1,467	0.4%	12	1,574	0.5%	14
HCR Manorcare	Health Services	1,196	0.3%	13	1,298	0.4%	16
Walmart	Department Store	1,189	0.3%	14	1,000	0.3%	23
Lutron Electronics Company	Electronic Manufacturer	1,052	0.3%	15	1,100	0.3%	20
Kidspeace	Mental Health	1,011	0.3%	16	1,187	0.3%	19
PPL	Electricity	998	0.3%	17	2,413	0.7%	5
City of Allentown	Local Government	925	0.3%	18			
Lehigh Carbon Community College	Higher Education	872	0.3%	19	959	0.3%	24

**(A) Represents the percentage of employees to total employment in Lehigh and Northampton Counties.
Note: Number of employees are for all locations in Lehigh and Northampton Counties. The listed employers have at least one location in Lehigh County Authority's service area.**

Source: greaterlehighvalleyrealtors.com

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
ECONOMIC AND SOCIAL INDICATORS**

Entity	Population		Income \$		Poverty %		Education %		
	2023 Persons	Density (Sq. Mile)	Household (Median)	Family (Median)	Per Capita Income	Persons Below	Families Below	High School Graduate	College Graduate
Pennsylvania	12,961,683	291	\$ 73,170	\$ 100,837	\$ 41,234	11.8	8.3	91.7	33.8
Lehigh County	377,754	1,085	74,973	92,166	40,246	11.3	7.7	90.2	32.4
Northampton County	319,091	846	82,201	102,806	42,643	10.6	9.1	92.0	32.8
Alburtis Borough	2,567	3,631	91,591	106,828	40,118	4.6	5.2	92.7	31.8
Allentown City	125,855	7,169	52,449	68,040	25,144	21.4	22.1	81.9	18.3
Emmaus Borough	12,017	4,025	80,625	96,486	41,460	7.0	3.5	94.0	33.9
Heidelberg Township	4,087	169	85,150	118,353	39,499	2.7	11.7	92.2	24.2
Lower Macungie Township	32,524	1,450	116,750	118,594	54,819	3.5	3.7	96.2	49.9
Lower Milford Township	3,843	195	108,060	125,094	57,263	1.4	1.3	97.1	35.9
Lowhill Township	2,272	162	120,357	134,583	61,863	3.4	1.7	92.8	18.1
Lynn Township	4,240	103	78,839	111,750	37,184	7.0	4.0	90.8	30.7
Macungie Borough	3,298	3,334	64,728	96,302	44,111	2.9	5.1	95.0	34.8
Moore Township	9,352	252	89,668	92,741	37,589	3.4	2.7	92.1	22.5
North Whitehall Township	15,752	557	103,466	114,821	53,245	5.8	3.0	95.7	38.8
Salisbury Township	13,567	1,217	95,267	104,265	45,551	9.9	7.2	94.4	33.9
South Whitehall Township	21,403	1,234	95,751	111,921	47,438	5.6	3.1	93.8	43.3
Upper Macungie Township	28,492	1,011	111,523	128,205	51,179	4.4	1.8	96.0	52.8
Upper Milford Township	8,019	427	98,588	114,959	46,129	2.2	3.3	97.8	91.4
Washington Township	6,559	278	87,719	86,143	43,107	3.7	5.9	91.8	26.1
Weisenberg Township	5,006	186	125,476	138,456	54,141	2.5	0.9	95.7	37.0

Note: The above-listed Boroughs and Townships are within the Lehigh County Authority service area.

Source: US Census Bureau
quickfacts.census.gov
factfinder.census.gov
 PA Hometown Locator
censusreporter.org

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
MUNICIPAL POPULATION TRENDS**

Area	2010 Census	2020 Census	2023	Change	
				No.	%
Lehigh County	349,497	374,557	377,754	25,060	7.2%
Northampton County	297,735	312,951	319,091	15,216	5.1%
Allentown	118,032	125,845	124,880	7,813	6.6%
Borough of Alburtis	2,361	2,643	2,589	282	11.9%
Borough of Emmaus	11,211	11,652	12,017	441	3.9%
Heidelberg Township	3,416	4,313	4,087	897	26.3%
Lower Macungie Township	30,633	32,426	32,524	1,793	5.9%
Lower Milford Township	3,775	3,891	3,865	116	3.1%
Lowhill Township	2,173	2,276	2,272	103	4.7%
Lynn Township	4,229	4,368	4,267	139	3.3%
Borough of Macungie	3,074	3,148	3,384	74	2.4%
Moore Township	9,198	9,460	9,352	262	2.8%
North Whitehall Township	15,703	16,370	15,752	667	4.2%
Salisbury Township	13,505	11,828	13,567	(1,677)	-12.4%
South Whitehall Township	19,180	20,306	21,403	1,126	5.9%
Upper Macungie Township	20,063	26,377	28,492	6,314	31.5%
Upper Milford Township	7,292	7,675	8,109	383	5.3%
Washington Township	6,624	7,057	6,559	433	6.5%
Weisenberg Township	4,923	5,284	5,006	361	7.3%

Note: Lehigh County Authority provides water and wastewater service to portions of the listed areas.

Source: U.S. Census Quickfacts
data.census.gov(formally factfinder.census.gov)

PA HomeTown Locator
pennsylvania.hometownlocator.com

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
COMPARATIVE POPULATION STATISTICS 1950 - 2023**

Year	Lehigh County	Change (1)	(2) ABE - MSA	Change	Pennsylvania	Change (1)	United States	Change
1950	198,207		437,824		10,498,012		151,325,798	
1960	227,536	14.8%	492,168	12.4%	11,319,366	7.8%	179,323,000	18.5%
1970	255,702	12.4%	521,447	5.9%	11,811,561	4.3%	203,215,000	13.3%
1980	272,778	6.7%	551,800	5.8%	11,868,305	0.5%	226,502,000	11.5%
1990	291,946	7.0%	596,817	8.2%	11,903,299	0.3%	248,709,873	9.8%
2000	312,090	6.9%	638,867	7.0%	12,286,107	3.2%	273,643,273	10.0%
2010	349,497	12.0%	821,623	28.6%	12,702,379	3.4%	308,745,538	12.8%
2013	355,768	1.8%	829,300	0.9%	12,781,296	0.6%	316,128,839	2.4%
2014	357,823	0.6%	829,835	0.1%	12,787,209	0.0%	318,857,056	0.9%
2015	360,685	0.8%	832,327	0.3%	12,802,503	0.1%	321,418,820	0.8%
2016	356,756	-1.1%	835,652	0.4%	12,779,559	-0.2%	316,515,021	-1.5%
2017	366,494	2.7%	840,550	0.6%	12,805,537	0.2%	325,719,178	2.9%
2018	368,100	0.4%	842,913	0.3%	12,807,060	0.01%	327,167,434	0.4%
2019	369,318	0%	844,052	0.14%	12,801,989	-0.04%	328,239,523	0.33%
2020	374,557	1.4%	846,399	0%	13,002,700	1.6%	331,449,281	1.0%
2021	375,539	0%	865,310	2%	12,964,056	0%	331,893,745	0%
2022	379,968	1%	871,229	1%	12,972,008	0%	338,289,857	2%
2023	377,754	-1%	873,555	0%	12,961,683	0%	335,893,089	-1%

(1) Change from prior decade.

(2) Allentown-Bethlehem-Easton Metropolitan Service Area

Source: U.S. Department of Commerce, Bureau of Economic Analysis
 HUD PD&R Housing Market Profiles
 City Population
 American Fact Finder-data.census.gov

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
2023 New Industrial / Commercial / Institutional Customers - Suburban Division**

Name	Classification	Approximate Size in Sq. Ft.	(1) Est. Water Usage in gallons per day
Customer Additions in 2023:			
248 RT 100 Taco Bell	Restaurant	2,753	600
749 PA RT 100	Warehouse	160,000	1,200
861 N. Route 100	Financial Institution	1,975	900
1435 Nursery Street	Financial Institution	2,110	112
3371 Rt 100	Medical Office	10,157	4,260
5245 Maple Ridge Way	Irrigation	N/A	N/A
5353 Oakview Drive	Apartment	14,115	223
5420 Crackersport Road	Commercial	21,605	1,150
5877 Hamilton Boulevard Home Depot	Commercial	136,048	1,500
7034 Ambassador Drive	Warehouse	154,000	1,800
8182 Century Blvd	Irrigation Meter 1	N/A	N/A
8182 Century Blvd	Irrigation Meter 2	N/A	N/A
8449 Congdon Hill Drive Lot 9	Warehouse	923,660	1,200
ABE Doors & Windows Redevelopment (6776 Hamilton Blvd)	Car Wash & Retail Stores/Restaurant	15,252	10,107
Guardian Storage	Self-Storage Facility	120,000	30
Green Hills Commerce Center 5925 Tilghman Street	Commercial	11,200	1,000
4344 Charcoal Drive Posh Properties	Day Care / Self Storage Facility	121,388	1,115
West Hills Business Center - Lot H	Warehouse	105,000	40,000
Plans Approved or under Review:			
2766 Rt 100	Warehouse	187,000	1,200
3200 Orchard Road (7284 Alburtis Rd)	Warehouse/Logistics Facility	28,500	485
3262 Schoeneck Road	Warehouse	200,000	5,250
Air Products Cetronia Road	3 Warehouses	2,600,100	95,000
3369 PA RT 100	Hospital	22,359	4,260
3500 Brookside Road Apts	Development	13,300	7,700
3952 Independence Drive	Warehouse	12,500	1,200
4002 Chestnut Street	Gas Station	2,791	120
5329-5347-5357 Hamilton Blvd	Retail Stores/Fast Food	N/A	1,300
6503 Lower Macungie Road	Funeral Processing Facility w/ Crematorium	10,309	465
6950 Ambassador Drive - Millipore Sigma	Warehouse	350,324	720
7312 Windsor Drive - Lot 61	Warehouse	90,664	1,610
7503 Kernsville Road	Warehouse	100,569	1,000
8323 Congdan Hill Road Lot 10	Warehouse	88,330	1,200
Advanced Health Care of Allentown	Transitional Care Facility	33,349	5,778
ATAS International	Industrial - Manufacturing	474,800	1,980
Bandit Truck Stop	Gas station	8,500	1,850
Beit Simcha	Messianic Fellowship	14,200	N/A
Betz Court	Warehouse	299,880	3,000
Kings Business Park	Mixed Use	52,576	3,901
Lehigh Valley South, Lots 1 & 2	Office Buildings	131,060	7,000
Lehigh Valley West IP, Lots 5-11	Warehouse	384,500	4,540
Lehigh Valley Town Center	Mix Use	2,564,072	154,500
Lehigh Valley Top Golf	Retail	20,460	1,400
Macungie Crossings (Hamilton & Grange Road)	Retail Stores	146,470	15,000
North Valley Trade Center	Warehouse	3,136,320	5,000
Penn's View at Madison Village	Development w/Master Meter	N/A	9,900
Raising Cains	Restaurant	3,589	605
Shoppes at Trexler Plaza	Gas Station/Car Wash/Retail	2,311	3,268
Towneplace Suites by Marriott	Hotel	64,000	8,190
Trexler Senior Living Center	Senior Living Center / Retail Stores	132,000	2,665
U-Haul of Lower Macungie	Rental	87,044	111
Upper Macungie Community Center	Community Center	188,186	6,761
Woodmont Valley 2	Apartments Mixed use Master Meter	13,000	28,090
Yourway Facility Expansion	Pharmaceutical Warehouse/Testing Facility	90,805	4,125

N/A = Not Available

(1) Water Usage can be based on a developer estimate, LCA estimate based on submitted plans, township information, application for water service, wastewater allocation purchase, or Department of Environmental Protection sewage planning modules.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
2023 New Industrial / Commercial / Institutional Customers - City Division**

Name	Classification	Approximate Size in Sq. Ft.	(1) Est. Water Usage in gallons per day
Customer Additions in 2023:			
123-127 N Lumber St	Industrial	20,000	2,500
207-247 N Front St	Commercial	75,000	22,755
426 S Aubrey St	Industrial	200,000	90,000
450 Lloyd St	Commercial	326,000	2,810
615 Water Front Dr	Commercial	159,000	18,160
909 W Walnut St	Apartment	50,000	7,300
932 Hamilton St	Commercial	130,000	23,915
1010 W Hamilton St	Commercial	100,000	23,800
1110 N Sherman St	Commercial	5,000	300
1115 American Pkwy	Industrial	205,475	3,990
1935 S 4th St	Commercial	2,145	1,500
2901 Lehigh St	Commercial	6,140	2,500
Plans Approved or under Review:			
18 N 8th St - Davinci Center	Learning Center	80,000	9,000
40 S 8th St	Apartments	44,010	4,850
101 N 6th St	Apartments	248,000	24,770
120 Union St	Industrial	16,000	2,050
128 E Walnut St	Manufacturing	200,000	90,000
222 N 7th St	Childcare Center	14,810	N/A
301 Union Blvd	Hotel	9,285	3,510
349 Hanover	Apartment Building	4,000	500
366 W Allen St	Apartment Building	42,900	6,400
401 Auburn Ct - North Building	Apartment Building	8,000	1,020
401 Auburn Ct - South Building	Apartment Building	8,000	1,020
401 N Front St	BrewPub/Office Building	100,000	2,760
402 Basin St	Warehouse	130,000	5,250
414 S Carlise St	Apartment Building	N/A	1,020
440 S 15th St	Dialysis Center	1,900	5,800
502 E Walnut St	School	N/A	N/A
526 S Aubrey St	Daycare	5,000	2,115
560 Waterfront Dr	Office/Retail/Restaurant	175,000	N/A
606 S 10th St	Industrial Manufacturing	51,000	2,400
630 Waterfront Dr	Office/Retail/Restaurant	150,000	N/A
645 Waterfront Dr	Office/Retail/Restaurant	133,000	N/A
826 W Turner St	Apartment Building	N/A	16,200
827 Linden St	Apartment Building	400	6,000
829 Linden St	Apartment Building	400	6,000
836 Constitution Dr	Apartment Building	63,390	23,450
864 Dauphin St	Mixed Use	N/A	N/A
902 Union Blvd	Restaurant	2,450	1,300
926 W Hamilton St	Apartments/Retail	62,350	10,800
939 W Hamilton St	Entertainment Venue	31,170	1,875
948 N Front St	Apartment Building	41,140	3,700
949 Hamilton St	Hotel	5,700	20,675
1014 Sumner Ave	Warehouse	23,525	750
1024 N Bradford St	Warehouse	146,000	160
1031 Hamilton St	Apartment Building	400	6,000
1035 Ridge Ave	Apartment Building	16,000	510
1051 American Parkway	Warehouse	100,000	1,994
1129 Union Blvd	Daycare	2,000	80
1134 Hanover Ave	Restaurant	1,917	1,230
1358 S 5th St	Storage	87,500	240
1384 S 5th St	Storage	50,000	180
1414 E Cedar St	School	24,000	3,190
1501 S 12th St	LANTA Bus	60,000	2,050
1528 Hamilton St	Apartment Building	63,305	7,050
1736 Hamilton	St Lukes Mother Baby	8,860	6,880
1811 Glenwood	Industrial	148,100	4,725
1901 S 12th St	Warehouse	133,000	4,200
2039 Vultee St	Warehouse	88,500	320
2118 Hanover Ave	Storage	28,800	70
2401 W Emaus Ave	Warehouse	224,000	8,330
2443 Lehigh St - Haldeman	Auto Sales	6,700	215
2939 Lehigh St - Sheetz	Gas Station	6,070	2,500
Allentown Flex Center	Commercial	N/A	7,000
Cumberland Apt Complex	Apartments	250,000	67,210
Maple Street Garage	Parking Garage	82,000	N/A
N Bradford Commercial	Commercial	N/A	160
Royal Farms - 3015 Lehigh St	Gas Station	6,500	1,700
Valania Park	City Swimming Pool	N/A	1595

N/A = Not Available

(1) Water Usage can be based on a developer estimate, LCA estimate based on submitted plans, township information, application for water service, wastewater allocation purchase, or Department of Environmental Protection sewage planning modules.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
2023 MAJOR INDUSTRIAL AND COMMERCIAL COMPLEXES
WITHIN THE LCA SUBURBAN AND CITY SERVICE AREAS**

Name	Total Acreage	Status
Air Products & Chemicals	52	Infrastructure Complete
Alburtis Crossing	89	Infrastructure Complete
Arcadia West Industrial Park	210	Infrastructure Complete
Barber Street Townhomes	13	Infrastructure Complete
Barnes Lane Development	14	Infrastructure Complete
Boulder Business Center	256	Infrastructure Complete
Diocesan Pastoral Center	62	Design/Review
Grandview Crossings	53	Infrastructure Complete
Greentree Industrial Park	80	Infrastructure Complete
Hamilton Crossings	55	Infrastructure Complete
Indian Creek Industrial Park	26	Design/Review
Iron Run Industrial Park	533	Infrastructure Complete
JDN Retail Development	39	Infrastructure Complete
Lehigh 100 Corporate Center	87	Infrastructure Complete
Lehigh Valley South Industrial Park	116	Infrastructure Complete
Lehigh Valley West	337	Infrastructure Complete
Lehigh Valley West II	517	Infrastructure Complete
Liberty at Mill Creek	289	Infrastructure Complete
Little Lehigh Estates	13	Infrastructure Complete
Macungie Crossing	27	Infrastructure Complete
Meadows Business Center	59	Infrastructure Complete
Mill Run Corporate Center	157	Infrastructure Complete
North Whitehall Commercial Center	41	Design/Review
North Whitehall Industrial Park	77	Infrastructure Complete
Spring Creek Properties Settlement Subd	620	Infrastructure Complete
Springside Industrial Acres	28	Infrastructure Complete
Tek Park	137	Infrastructure Complete
The Crossings	201	Infrastructure Complete
The Waterfront, Phase 1	26	Infrastructure Complete
The Waterfront, Phase 2	26	Design/Review
Trexler Business Center	17	Infrastructure Complete
West Hills Business Center, Lot H	14	Design/Review
West Hills Business Center, Lots A-F	313	Infrastructure Complete
West Park Business Center	35	Infrastructure Complete
West Park II	92	Infrastructure Complete
Western Lehigh Valley Corp.	18	Infrastructure Complete
William Penn Business Center	135	Infrastructure Complete

Source: Plans submitted to Lehigh County Authority.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
AVERAGE ANNUAL UNEMPLOYMENT RATES**

<u>Year</u>	<u>Lehigh County</u>	<u>Pennsylvania</u>	<u>United States</u>
2014	6.9%	5.8%	6.2%
2015	5.0%	5.1%	5.0%
2016	4.7%	4.8%	4.7%
2017	4.4%	4.9%	4.4%
2018	4.0%	4.2%	3.9%
2019	4.5%	4.6%	3.7%
2020	7.0%	7.1%	6.7%
2021	4.5%	5.5%	3.9%
2022	3.8%	4.3%	3.5%
2023	3.2%	3.4%	3.6%

Source: US Bureau of Labor Statistics
FRED - fred.stlouisfed.org

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
PERSONAL INCOME**

	2014	2015	2016	2017	2018
Lehigh County					
Total Personal Income (\$000)	\$ 16,177,642	\$ 17,145,783	\$ 17,734,075	\$ 18,800,570	\$ 19,735,321
Population (000)	358	360	366	368	363
Per Capita Personal Income	\$ 45,211	\$ 47,537	\$ 48,834	\$ 51,298	\$ 53,614
Pennsylvania					
Total Personal Income (\$000)	\$ 618,858,628	\$ 649,909,812	\$ 676,880,269	\$ 682,533,744	\$ 720,073,441
Population (000)	12,792	12,802	12,805	12,807	12,791
Per Capita Personal Income	\$ 48,378	\$ 49,786	\$ 52,096	\$ 53,300	\$ 56,225
United States					
Total Personal Income (\$000)	\$ 14,955,700,000	\$ 15,737,700,000	\$ 15,928,700,000	\$ 17,164,600,000	\$ 18,205,500,000
Population (000)	320,222	325,200	325,719	327,164	328,240
Per Capita Personal Income	\$ 40,962	\$ 48,112	\$ 50,398	\$ 53,712	\$ 54,501
	2019	2020	2021	2022	2023
Lehigh County					
Total Personal Income (\$000)	\$ 20,116,946	\$ 21,655,640	\$ 23,484,928	\$ 24,987,016	Not Available
Population (000)	369	376	373	375	378
Per Capita Personal Income	\$ 54,471	\$ 58,402	\$ 62,537	\$ 65,821	Not Available
Pennsylvania					
Total Personal Income (\$000)	\$ 749,808,500	\$ 776,466,700	\$ 750,118,900	\$ 855,739,000	\$ 890,752,300
Population (000)	12,802	12,964	13,001	12,970	12,962
Per Capita Personal Income	\$ 58,046	\$ 60,720	\$ 64,042	\$ 65,167	\$ 67,839
United States					
Total Personal Income (\$000)	\$ 18,675,100,000	\$ 19,607,450	\$ 21,294,800	\$ 21,277,200	\$ 22,952,030
Population (000)	331,163	331,449	332,032	333,288	335,893
Per Capita Personal Income	\$ 56,650	\$ 58,865	\$ 63,591	\$ 66,534	\$ 67,513

Source: U.S. Department of Commerce, Economics and Statistical Administration, Bureau of Economic Analysis.
Office of Financial Management
FRED - Federal Reserve Economic Data
The Statistical Portal
PA WorkStats-PA.gov

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
CIVILIAN LABOR FORCE 2001 - 2040**

	Age Group	2001	2010	2020	Estimate	
					2030	2040
Lehigh Valley	16 - 19	17,626	15,006	5,720	14,199	16,476
	20 - 24	27,409	34,858	14,487	34,313	40,776
	25 - 34	60,332	63,229	36,507	84,598	92,329
	35 - 44	81,995	71,451	33,984	94,126	92,172
	45-54	73,679	83,551	32,140	74,911	99,258
	55-64	34,398	52,236	27,293	60,838	62,106
	65+	11,172	15,280	10,613	33,884	33,775
	Total	306,611	335,611	160,744	396,869	436,892
Pennsylvania		9,363,040	7,137,155	6,396,000	6,467,625	NA
United States		212,577,000	233,658,000	160,671,000	165,400,000	NA

Note: NA means not available.

Source: FRED - fred.stlouisfed.org
Bureau of Labor and Statistics - www.bls.gov

****Some estimate figures not yet available****

OPERATING INFORMATION

This section provides trends of sales, customer growth, systems capacity, number of employees and other significant operating and capital indicators.

**LEHIGH COUNTY AUTHORITY
ALLEN TOWN, PENNSYLVANIA
WATER SALES AND CUSTOMER GROWTH**

Customer Class	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SUBURBAN DIVISION										
Western Lehigh Service Area (1):										
Sales:										
Large Industrial	\$ 699,377	\$ 726,196	\$ 732,464	\$ 647,574	\$ 622,634	\$ 665,161	\$ 663,152	\$ 745,311	\$ 722,607	\$ 674,410
Other Industrial	1,067,360	1,181,947	1,158,204	1,127,906	1,121,571	1,086,340	1,108,619	1,271,081	1,349,293	1,371,491
Commercial/Sm. Industrial/Institutional/Other	350,800	383,238	452,939	442,098	466,086	473,801	528,193	516,334	596,583	608,062
Residential	945,500	954,476	1,072,729	960,662	1,041,458	1,060,341	1,176,376	1,162,801	1,154,805	1,171,057
Total Sales	3,063,037	3,245,857	3,416,336	3,178,240	3,251,749	3,285,643	3,476,340	3,695,527	3,823,288	3,825,020
Customers:										
Large Industrial	1	1	1	1	1	1	1	1	1	1
Other Industrial	8	8	8	8	8	8	9	9	9	9
Commercial/Sm. Industrial/Institutional	575	591	622	642	655	662	674	682	691	698
Residential	18,160	18,338	18,828	19,143	20,042	20,232	20,544	20,791	21,376	21,589
Total Customers	18,744	18,938	19,459	19,794	20,706	20,903	21,228	21,483	22,077	22,297
Northern Lehigh Service Area (2):										
Sales:										
Commercial/Sm. Industrial/Institutional	\$ 13,295	\$ 12,119	\$ 13,021	\$ 12,009	\$ 12,961	\$ 15,056	\$ 13,330	\$ 18,345	\$ 20,518	\$ 18,436
Residential	86,939	86,239	88,078	83,774	84,353	82,771	90,181	90,221	90,551	89,361
Total Sales	100,234	98,358	101,099	95,783	97,314	97,827	103,511	108,566	111,069	107,797
Customers:										
Commercial/Sm. Industrial/Institutional	69	69	69	70	70	71	72	80	81	81
Residential	1,878	1,886	1,893	1,894	1,894	1,901	1,911	1,935	1,942	1,948
Total Customers	1,947	1,955	1,962	1,964	1,964	1,972	1,983	2,015	2,023	2,029
Northampton County Service Area (3):										
Sales:										
Residential	\$ 3,438	\$ 3,286	\$ 3,627	\$ 3,459	\$ 3,498	\$ 3,383	\$ 3,537	\$ 3,540	\$ 3,970	\$ 2,775
Customers:										
Residential	67	67	67	67	67	67	67	67	67	67
CITY DIVISION (4)										
Sales:										
Other Industrial	\$ 106,851	\$ 113,671	\$ 113,470	\$ 107,331	\$ 126,736	\$ 128,113	\$ 116,293	\$ 136,202	\$ 133,842	\$ 143,796
Commercial/Sm. Industrial/Institutional/Other	769,692	816,700	785,917	769,492	784,930	789,274	678,080	710,283	731,297	729,728
Residential	2,121,604	2,147,484	2,160,603	2,158,560	2,152,837	2,137,892	2,269,456	2,188,391	2,166,195	2,142,343
Total Sales	2,998,147	3,077,855	3,059,990	3,035,383	3,064,503	3,065,279	3,063,829	3,034,876	3,031,334	3,015,867
Customers:										
Other Industrial	419	417	419	419	419	419	422	423	467	490
Commercial/Sm. Industrial/Institutional	4,747	4,743	4,728	4,731	4,720	4,724	4,757	4,761	4,995	5,313
Residential	41,615	41,588	41,615	41,620	41,198	41,274	41,742	41,998	42,250	42,423
Total Customers	46,781	46,748	46,762	46,770	46,337	46,417	46,921	47,182	47,712	48,226
ALL SERVICE AREAS:										
Sales:										
Large Industrial	\$ 699,377	\$ 726,196	\$ 732,464	\$ 647,574	\$ 622,634	\$ 665,161	\$ 663,152	\$ 745,311	\$ 722,607	\$ 674,410
Other Industrial	1,174,211	1,295,618	1,271,674	1,235,237	1,248,307	1,214,453	1,224,912	1,407,283	1,483,135	1,515,287
Commercial/Sm. Industrial/Institutional	1,133,787	1,212,057	1,251,877	1,223,599	1,263,977	1,278,131	1,219,603	1,244,962	1,348,398	1,366,226
Residential	3,157,481	3,191,485	3,325,037	3,206,455	3,282,146	3,284,387	3,539,550	3,444,953	3,415,521	3,405,536
Total Sales	6,164,856	6,425,356	6,581,052	6,312,865	6,417,064	6,442,132	6,647,217	6,842,509	6,969,661	6,951,459
Customers:										
Large Industrial	1	1	1	1	1	1	1	1	1	1
Other Industrial	427	425	427	427	427	427	431	432	476	499
Commercial/Sm. Industrial/Institutional	5,391	5,403	5,419	5,443	5,445	5,457	5,503	5,523	5,767	6,092
Residential	61,720	61,879	62,403	62,724	63,201	63,474	64,264	64,791	65,635	66,027
Total Customers	67,539	67,708	68,250	68,595	69,074	69,359	70,199	70,747	71,879	72,619

(1) Includes the Central Lehigh, Upper Milford, Arcadia West, Beverly Hills and Emmaus Consecutive divisions. Includes sales to Municipalities within Commercial/Sm Industrial/Institutional/Other.
 (2) Includes the North Whitehall, Washington Township, Mill Creek, Heidelberg Heights and Pine Lakes of Lynn divisions.
 (3) The Clearview Farm Estates system was acquired in May 2006.
 (4) The City Division was acquired through a Lease Concession agreement on 8/8/13.

Note: Total Sales is shown in thousands of gallons. Total Customers represent units served at year-end, not customer connections.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
WATER SUPPLY SOURCES, DEMAND AND CAPACITY INFORMATION**

Customer Class	ACTUAL							PROJECTED				
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2025	2030
SUBURBAN DIVISION												
Central Lehigh Division:												
Average Daily Demand (Gallons)	8,760,000	9,085,000	9,329,000	9,284,500	9,557,914	9,736,210	10,328,712	11,062,251	11,513,533	11,386,490	11,650,000	12,100,000
Maximum Daily Demand (Gallons)	10,935,000	10,819,000	12,273,000	11,830,000	12,101,447	11,754,797	13,107,605	13,935,073	15,092,530	15,766,736	14,920,000	18,790,000
Estimated Safe Yield of Supplies (GPD)	15,760,000	15,760,000	15,760,000	15,760,000	15,760,000	15,760,000	15,760,000	15,760,000	15,760,000	15,760,000	23,260,000	23,260,000 (1)*
Surplus/(Deficit) (GPD)	4,825,000	4,941,000	3,487,000	3,930,000	3,658,553	4,005,203	2,652,395	1,824,927	667,470	(6,736)	8,340,000	4,470,000
(1) Includes WL-3 (-1.29 mgd) which is used intermittently												
* Includes 2010 Max day purchase from City of Allentown @ 3mgd and @ 10.5 mgd for 2020 and beyond												
Washington Township Division:												
Average Daily Demand (Gallons)	63,000	44,000	48,000	48,000	48,403	68,413	60,369	66,173	62,351	52,855	60,158	62,938
Maximum Daily Demand (Gallons)	89,000	92,000	89,000	64,000	74,400	85,000	103,429	83,714	113,000	93,571	88,737	94,407
Estimated Safe Yield of Supplies (GPD)	214,000 *	214,000 *	214,000 *	214,000 *	214,000 *	214,000	214,000	214,000	214,000	214,000	214,000	214,000 *
Surplus/(Deficit) (GPD)	125,000	122,000	125,000	150,000	139,600	129,000	110,571	130,286	101,000	120,429	125,263	119,593
* Maximum day purchase from Slatington (1,500,000 gal. over 7 days), by agreement												
North Whitehall Township Division:												
Average Daily Demand (Gallons)	259,000	346,000	469,000	356,000	406,121	461,086	500,771	603,234	471,501	375,557	500,000	505,000
Maximum Daily Demand (Gallons)	364,000	520,000	635,000	454,000	538,443	735,015	796,986	790,636	638,044	500,661	535,000	540,000
Estimated Safe Yield of Supplies (GPD)	703,000 *	703,000 *	703,000 *	703,000 *	703,000 *	703,000	703,000	703,000	703,000	703,000	703,000	703,000 *
Surplus/(Deficit) (GPD)	339,000	183,000	(132,000)	249,000	164,557	(32,015)	(93,986)	(87,636)	64,956	202,339	168,000	163,000
* Includes 390,000 gpd maximum purchase from NBMA over 30 days by agreement												
Mill Creek Estates Division:												
Average Daily Demand (Gallons)	6,000	5,000	5,200	5,200	5,191	4,916	5,208	4,925	5,435	5,083	9,000	10,000
Maximum Daily Demand (Gallons)	26,000	12,000	10,000	10,000	10,007	8,680	8,480	6,384	9,536	10,847	15,000	15,000
Estimated Safe Yield of Supplies (GPD)	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800	51,800
Surplus/(Deficit) (GPD)	25,800	39,800	41,800	41,800	41,793	43,120	43,320	45,416	42,264	40,953	36,800	36,800
Heidelberg Heights Division:												
Average Daily Demand (Gallons)	35,000	42,000	33,000	29,800	31,862	31,332	32,362	27,575	30,514	25,165	37,000	37,000
Maximum Daily Demand (Gallons)	84,600	70,000	73,000	43,000	62,883	64,723	54,945	69,684	64,074	62,076	64,000	64,000
Estimated Safe Yield of Supplies (GPD)	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000	129,000
Surplus/(Deficit) (GPD)	44,400	59,000	55,000	86,000	66,117	64,277	74,055	59,316	74,926	66,924	65,000	65,000
Pine Lakes of Lynn Division:												
Average Daily Demand (Gallons)	7,000	9,000	7,300	7,200	7,187	7,353	9,328	10,654	14,317	8,935	11,000	11,000
Maximum Daily Demand (Gallons)	11,000	15,000	12,000	13,000	14,583	11,121	29,370	25,230	29,360	18,920	19,000	19,000
Estimated Safe Yield of Supplies (GPD)	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Surplus/(Deficit) (GPD)	61,000	57,000	60,000	59,000	57,417	60,879	42,630	46,770	42,640	53,080	53,000	53,000
Arcadia West Division:												
Average Daily Demand (Gallons)	18,000	22,000	22,000	23,000	27,374	25,705	23,030	29,289	28,561	27,728	48,500	48,500
Maximum Daily Demand (Gallons)	73,000	54,000	85,000	49,000	58,386	46,133	145,200	121,200	199,200	138,300	194,000	194,000
Estimated Safe Yield of Supplies (GPD)	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000
Surplus/(Deficit) (GPD)	191,000	210,000	179,000	215,000	205,614	217,867	118,800	142,800	64,800	125,700	70,000	70,000
Beverly Hills Division:												
Average Daily Demand (Gallons)	6,000	6,000	6,800	6,000	6,089	8,919	6,270	7,000	8,452	8,947	12,000	12,000
Maximum Daily Demand (Gallons)	11,000	14,000	14,000	13,000	14,477	15,330	13,993	12,500	16,373	15,794	18,000	18,000
Estimated Safe Yield of Supplies (GPD)	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Surplus/(Deficit) (GPD)	22,000	19,000	19,000	20,000	18,523	17,670	19,007	20,500	16,627	17,206	15,000	15,000

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
WATER SUPPLY SOURCES, DEMAND AND CAPACITY INFORMATION (Continued)**

Customer Class	ACTUAL										PROJECTED	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2025	2030
Clearview Farm Estates Division:												
Average Daily Demand (Gallons)	10,000	10,000	10,000	8,800	9,147	9,857	8,755	8,729	8,782	8,613	13,000	13,000
Maximum Daily Demand (Gallons)	11,000	19,000	29,000	15,000	17,400	21,550	16,470	21,800	19,680	18,540	25,000	25,000
Estimated Safe Yield of Supplies (GPD)	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Surplus/(Deficit) (GPD)	24,000	16,000	6,000	20,000	17,600	13,450	18,530	13,200	15,320	16,460	10,000	10,000
Emmaus Consecutive Division:												
Average Daily Demand (Gallons)	63,000	63,000	63,000	64,000	59,871	61,824	71,016	61,198	60,544	58,805	64,000	64,000
Maximum Daily Demand (Gallons)	67,000	67,000	71,000	68,000	64,541	67,785	80,030	69,419	74,496	63,696	67,000	67,000
Estimated Safe Yield of Supplies (GPD)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Surplus/(Deficit) (GPD)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bus Acres Division:												
Average Daily Demand (Gallons)	17,000	23,000	28,000	24,000	21,401	19,289	18,248	18,487	25,608	34,697	21,000	21,000
Maximum Daily Demand (Gallons)	27,000	53,000	51,000	16,000	35,525	32,900	33,167	37,100	51,500	83,200	30,000	30,000
Estimated Safe Yield of Supplies (GPD)	118,000	118,000	118,000	118,000	118,000	118,000	118,000	118,000	118,000	118,000	118,000	118,000
Surplus/(Deficit) (GPD)	91,000	65,000	67,000	102,000	82,475	85,100	84,833	80,900	66,500	34,800	88,000	88,000
Madison Park Division:												
Average Daily Demand (Gallons)	13,000	13,000	13,000	13,000	13,308	14,602	13,886	16,455	16,210	14,328	27,000	27,000
Maximum Daily Demand (Gallons)	25,000	30,000	24,000	24,000	18,300	20,533	27,001	52,836	35,174	53,971	41,000	41,000
Estimated Safe Yield of Supplies (GPD)	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000	137,000
Surplus/(Deficit) (GPD)	112,000	107,000	113,000	113,000	118,700	116,467	109,999	84,164	101,826	83,029	96,000	96,000
CITY DIVISION												
Average Daily Demand (Gallons)	18,389,059	19,989,940	20,408,474	21,156,763	21,492,755	21,512,142	21,368,766	22,003,852	22,504,438	22,514,285	23,000,000	26,000,000
Maximum Daily Demand (Gallons)	25,288,600	26,120,900	25,296,100	27,135,900	29,756,200	29,504,800	28,256,000	29,196,300	30,870,900	30,682,900	30,000,000	33,000,000
Estimated Safe Yield of Supplies (GPD)	71,000,000	71,000,000	71,000,000	71,000,000	71,000,000	71,000,000	71,000,000	71,000,000	71,000,000	71,000,000	71,000,000	71,000,000
Surplus/(Deficit) (GPD)	45,711,400	44,879,100	45,703,900	43,864,100	41,243,800	41,495,200	42,744,000	41,803,700	40,129,100	40,317,100	41,000,000	38,000,000

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
WASTEWATER COLLECTOR SYSTEM GROWTH AND BILLABLE FLOW**

System	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Upper Milford:										
Residential Customers	773	781	790	819	849	916	956	1,031	1,117	1,166
Commercial/Industrial Customers	42	49	49	49	48	47	48	48	48	48
Total Customers	815	830	839	868	897	963	1,004	1,079	1,165	1,214
Billable Flow (1)	56,443	58,976	52,959	57,509	58,436	58,896	64,746	69,678	71,732	64,283
Weisenberg Township: (4)										
Residential Customers	146	149	149	149	149	149	149	149	149	149
Commercial/Industrial Customers	15	3	3	3	3	3	3	3	3	3
Total Customers	161	152	152	152	152	152	152	152	152	152
Billable Flow (1)	14,818	12,196	12,285	10,833	10,975	11,454	9,571	10,524	10,721	9,282
Heidelberg Heights: (2)										
Residential Customers	145	145	145	145	145	145	145	145	145	145
Billable Flow	6,872	6,112	6,752	6,544	6,638	6,613	6,721	6,396	6,494	6,422
Wynnewood Terrace: (2)										
Residential Customers	217	219	219	222	222	222	222	222	223	223
Commercial/Industrial Customers	2	2	2	2	2	2	2	2	2	2
Total Customers	219	221	221	224	224	224	224	224	225	225
Billable Flow (1)	13,211	13,249	13,386	13,087	12,785	12,960	12,442	12,673	12,105	11,569
Sand Spring: (3)										
Residential Customers	248	248	248	248	248	248	248	248	248	248
Commercial/Industrial Customers	9	9	9	9	9	9	9	10	10	10
Total Customers	257	257	257	257	257	257	257	258	258	258
Billable Flow (1)	8,019	8,080	8,143	8,954	8,196	8,201	8,501	11,971	15,304	13,875
Washington Township: (5)										
Residential Customers	601	601	602	602	602	602	602	603	603	613
Commercial/Industrial Customers	22	23	23	23	23	23	23	23	23	23
Total Customers	623	624	625	625	625	625	625	626	626	636
Billable Flow (1)	25,940	25,963	25,327	24,587	23,642	23,775	25,489	24,659	24,345	25,032
Lynn Township: (6)										
Residential Customers	406	406	410	411	411	411	411	411	411	411
Commercial/Industrial Customers	21	21	21	21	21	21	21	21	21	21
Total Customers	427	427	431	432	432	432	432	432	432	432
Billable Flow (1)	1,746	1,406	1,150	1,223	1,199	1,116	883	1,221	972	1,129
Lowhill Township: (7)										
Residential Customers			43	43	43	43	43	43	43	43
Billable Flow			1,789	2,114	2,335	2,220	2,060	2,230	2,480	1,129
Total Collector Systems:										
Residential Customers	2,536	2,549	2,606	2,639	2,669	2,736	2,776	2,852	2,939	2,998
Commercial/Industrial Customers	111	107	107	107	106	105	106	107	107	107
Total Customers	2,647	2,656	2,713	2,746	2,775	2,841	2,882	2,959	3,046	3,105
Billable Flow (1)	127,049	125,982	121,791	124,851	124,206	125,235	130,413	139,352	144,153	132,721

- (1) Flow is shown in thousands of gallons.
- (2) The Authority acquired these systems in the initial year where a customer total is indicated. Customers within these service areas were billed based on a flat rate through 2009. In 2010, metered water usage was used to bill those customers with meters and an assumed usage of 180 gallons per day was used to bill unmetered customers.
- (3) The Authority acquired this system on 12/30/04, but since there was very little billable flow the customer additions are shown in 2005. During 2006 individual water meters were installed to record billable flow at 26 residential apartment buildings and each commercial facility.
- (4) Includes Pointe West and Arcadia West systems.
- (5) The Authority took over operations and billing responsibilities for this system on April 1, 2009.
- (6) The Authority took over operations and billing responsibilities for this system on February 29, 2012.
- (7) The Authority took over operations and billing responsibilities for this system on June 8, 2016.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
WESTERN LEHIGH INTERCEPTOR
AVERAGE DAILY WASTEWATER FLOW
ACTUAL AND PROJECTED**

	Year	System Flow (1)	Billable Flow (2)	% of Flow Unbilled
Actual	2014	9.48	5.91	37.6%
	2015	8.27	7.38	10.8%
	2016	7.76	7.21	7.1%
	2017	9.25	6.83	26.2%
	2018	11.85	7.26	38.7%
	2019	11.65	7.41	36.4%
	2020	9.61	7.52	21.7%
	2021	9.75	8.08	17.1%
	2022	10.17	8.46	16.8%
	2023	10.11	8.58	15.1%
Projected (A)	2025	10.78		
	2030	11.00		

(1) System flow to City of Allentown recorded at Keck's Bridge Meter Station and Spring Creek Road Pump Station.

(2) Flow billed to municipalities.

Note: Flow is reported in millions of gallons per day.

(A) Source: LCA Planning Records.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
LITTLE LEHIGH RELIEF INTERCEPTOR BILLABLE FLOWS**

		Billable System Flow										
Municipality	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Alburtis	51,354	51,158	54,195	52,490	50,308	48,755	50,092	51,887	51,710	49,731		
Lowhill	2,644	2,677	2,544	2,144	2,345	2,284	2,376	2,364	2,524	2,152		
Lower Macungie	533,139	527,857	494,538	518,599	634,716	545,880	567,224	532,872	537,989	555,789		
Macungie	76,675	68,271	70,642	61,212	69,421	66,273	61,002	64,662	66,092	65,237		
Salisbury	136,491	144,735	143,806	140,072	148,696	156,206	149,637	136,911	160,491	179,716		
South Whitehall	491,939	407,528	384,152	292,224	283,239	247,576	276,788	248,373	254,788	319,146		
Upper Macungie	1,125,723	1,136,997	1,182,468	1,114,969	1,095,301	1,082,922	1,131,753	1,355,265	1,525,816	1,609,824		
Upper Milford	60,363	61,345	55,120	60,916	60,910	45,499	51,552	54,409	55,366	49,583		
Weisenberg	11,624	11,869	12,396	10,649	13,377	11,154	11,909	9,244	9,274	10,105		
Total	2,489,952	2,412,437	2,399,861	2,253,275	2,358,313	2,206,549	2,302,333	2,455,987	2,664,050	2,841,282		

Note: Flow is shown in thousands of gallons per year.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
OPERATING AND CAPITAL INDICATORS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Suburban Division Water System:										
Water Sales (MGD)	8.68	9.17	9.62	8.98	8.79	8.89	9.79	10.43	10.79	10.78
Average Daily Demand (MGD)	9.27	9.68	10.04	9.88	10.07	10.35	11.09	11.92	12.25	11.87
Peak Day Demand (MGD)	11.75	11.78	13.60	12.65	13.02	12.88	14.43	15.23	16.33	16.83
Safe Supply Capacity (MGD)	17.70	17.70	17.70	17.70	17.70	17.70	17.70	17.70	17.70	17.70
System Storage Capacity (MG)	11.15	11.15	11.15	11.17	11.17	11.17	11.17	11.17	11.17	11.17
Miles of Water Mains	319.92	322.52	329.67	341.78	343.00	341.80	341.80	341.80	353.10	356.94
Suburban Division Wastewater System:										
Average Daily flow to Kline's Island (1)	8.92	7.88	7.98	8.80	11.19	10.92	9.04	9.16	9.65	9.02
Treatment Capacity (2)	10.78	10.78	10.78	10.78	10.78	10.78	10.78	10.78	10.78	10.78
Wastewater Allocation Sold (gallons per day)	47,609	273,392	124,800	75,476	78,511	231,237	294,873	64,705	254,365	99,227
Treatment Plant Design Capacity in Collector Systems (GPD) (3)	355,000	355,000	355,000	355,000	355,000	355,000	355,000	355,000	355,000	355,000
Miles of Pipe:										
Western Lehigh Interceptor	25.51	25.51	25.51	25.51	25.51	25.51	25.51	25.51	25.51	25.51
Little Lehigh Relief Interceptor	5.66	5.66	5.66	5.66	5.66	5.66	5.66	5.66	5.66	5.66
Collector System	35.86	35.97	40.16	40.51	40.76	39.19	39.07	39.28	39.28	39.28
Total Miles of Wastewater System Pipe	67.03	67.14	71.33	71.68	71.93	70.36	70.24	70.45	70.45	70.45
City Division Water System: *										
Water Sales (MGD)	8.21	8.43	8.36	8.32	8.40	8.37	8.37	8.31	8.31	8.26
Average Daily Demand (MGD)	18.39	19.99	20.41	21.16	21.49	21.51	21.67	22.00	22.50	22.51
Peak Day Demand (MGD)	25.29	26.12	25.30	27.14	29.76	29.50	28.26	29.20	30.87	30.68
Safe Supply Capacity (MGD)	71.00	71.00	71.00	71.00	71.00	71.00	71.00	71.00	71.00	71.00
System Storage Capacity (MG)	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Miles of Water Mains	320.00	320.00	320.00	320.00	320.00	320.00	320.00	320.00	320.00	320.00
City Division Wastewater System: *										
Average Daily flow received at Klines Island (1)	32.39	30.44	29.67	30.78	36.07	37.64	32.28	32.25	32.61	32.23
Wastewater Allocation Used (MGD)	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Treatment Plant Design Capacity	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Miles of Pipe	285.00	285.00	285.00	285.00	285.00	285.00	285.00	285.00	285.00	285.00

(1) Represents the annual flow in millions of gallons per day billed by the Kline Island WW Treatment Plant to the Divisions for treatment services.
(2) Represents Divisional Capacity in millions of gallons per day in the Kline Island WW Treatment Plant's 40 million gallons per day (mgd) treatment plant at year end.
(3) The following collector systems with package treatment plants were acquired by the Suburban Division:
a. Heidelberg Heights in 1998. A new treatment plant was completed in 2000 to replace a nonfunctioning plant.
b. The Wynnewood Terrace (51,900 gallons per day) and Arcadia Industrial Park (12,000 gallons per day) systems were purchased in 2003. The Wynnewood Plant was upgraded to 60,000 gallons per day in December 2005. The Arcadia plant was permanently removed from service in August 2006 because of operating problems.
Flow through the station resumed in January 2014.
c. The Sand Spring System (35,000 gallons per day) was purchased in 2004.

Note: MGD equates to millions of gallons per day. GPD equates to gallons per day and MG equates to millions of gallons.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
NUMBER OF EMPLOYEES BY FUND**

	Total Fulltime Equivalent Employees									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SUBURBAN DIVISION										
Administration, Customer Service & Clerical	9.8	9.3	10.1	10.0	11.3	12.5	12.4	13.4	13.9	15.8
Water Operations	14.8	14.2	15.3	18.2	17.0	17.1	21.2	18.7	20.4	19.9
Water Capital (1)	1.9	3.5	3.2	2.8	3.3	3.4	5.0	4.6	2.9	2.5
Wastewater Operations	5.8	6.5	7.1	6.9	7.1	8.5	8.3	7.2	8.2	9.2
Wastewater Capital (1)	1.0	1.0	1.0	1.3	1.7	2.9	2.5	1.6	1.5	1.4
CITY DIVISION										
Administration, Customer Service & Clerical	15.6	17.1	17.0	18.3	18.3	19.2	17.5	17.7	18.5	19.8
Water Operations	48.3	43.5	34.7	37.5	39.4	39.8	39.3	35.6	37.3	37.8
Water Capital (1)	2.0	4.4	6.9	5.8	4.9	3.0	2.5	2.6	1.6	1.9
Wastewater Operations	46.8	46.6	47.9	48.5	48.8	47.7	51.8	46.6	47.6	45.8
Wastewater Capital (1)	1.7	1.7	2.3	1.4	1.2	1.2	2.0	1.2	1.3	1.8
Total	147.7	147.8	145.5	150.7	153.0	155.3	162.5	149.2	153.2	155.9
# of Employees at year-end:										
Fulltime	150	148	148	155	160	162	157	158	165	164
Parttime	-	-	-	-	-	-	-	2	-	-

(1) Includes inspectors and employees working on Capital Projects.

Note: A fulltime employee is equivalent to 2,080 hours per year (including vacation and other offtime). Fulltime equivalent employment is calculated by dividing total hours allocated to a fund by total organization hours. Total FTE's may exceed employees at year-end because of seasonal help and fulltime employees leaving employment before year-end without being replaced.

OTHER INFORMATION

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
PROFILE OF AUTHORITY MANAGEMENT STAFF
December 31, 2023**

Liesel M. Gross, Chief Executive Officer

Ms. Gross holds a Master's Degree in Public Administration Degree from Kutztown University and a Bachelor's Degree in Journalism / Public Relations from Indiana University of Pennsylvania. She has been employed by the Authority since 1998. She began her service to the Authority in a public relations role and became the Authority's Customer & Communications Manager in 2006. In her role as Chief Executive Officer, which she began in 2016, Ms. Gross focuses attention on providing broad organizational leadership both internally and externally, with a focus on developing collaboration and synergies among operational groups and engaging employees and the public in future decision-making of the Authority.

Over her years of service to the Authority, she has served in numerous positions in local, state and national professional associations. She served on the Board of Directors of the American Water Works Association (AWWA) from 2016 to 2019. She also has served as Chair of the American Water Works Association, Pennsylvania Section, Trustee of the Northeast District AWWA, and has served on numerous committees of the Association at the state and national level, including the Water Utility Council and the Workforce Strategies, Knowledge Management, and Diversity & Member Inclusion committees of the AWWA. She is a current member of the Board of Directors for the East Penn Chamber of Commerce, and the Greater Lehigh Valley Chamber of Commerce's Energy & Environment Committee, and serves as the secretary of the Lehigh Valley Water Suppliers, Inc. She is currently serving on the Legislative Committee of the Pennsylvania Municipal Authorities Association and the Executive Committee of the Water Resources Association of the Delaware River Basin.

Edward C. Klein, Chief Financial Officer

Prior to joining the Authority in 2015, Mr. Klein worked for almost fifteen years with Weir Hazleton, Inc. as Vice President of Finance. His primary area of responsibility was for all financial activities of the business and had responsibility for Human Resources, Information Technology, Safety, and Administration. He also served in the operations area of the business for a short period of time as Interim Vice President of Operations.

Mr. Klein has a Master's Degree in Business Administration from Pennsylvania State University and a Bachelor's Degree in Accounting from King's College. He has provided financial leadership which had a positive impact on the performance of the businesses that he has served by implementing solid financial structure, being a business partner to the executive team through analysis and advice, eliminating waste, managing risks of the business, and being a champion of change.

In his role as Chief Financial Officer, Mr. Klein focuses on the financial infrastructure and controls to support the strategic objectives of the Authority and provides the financial leadership to allow the Authority to improve its overall performance in a highly dynamic economic environment.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
PROFILE OF AUTHORITY MANAGEMENT STAFF
December 31, 2023
(Continued)**

Charles Volk, P.E., Chief Capital Works Officer

Charles Volk holds a Bachelor's Degree in Civil Engineering from the Pennsylvania State University. He joined the Authority in 2015 after 30 years of engineering experience, the majority of which was spent engineering water and wastewater system projects as a consultant. Mr. Volk has designed and managed numerous water and wastewater treatment and conveyance projects, and has extensive experience with regulatory and funding agencies. He also served as engineer for Lehigh Northampton Airport Authority. Mr. Volk is a registered professional engineer in Pennsylvania, and is a member of various professional organizations and also serves as a Township Supervisor for his local municipality.

In his role as Chief Capital Works Officer, Mr. Volk is responsible for the planning, design, and construction of capital improvement projects, many of which are driven by an asset management protocol for Authority's linear and vertical water and wastewater assets. Mr. Volk is responsible for prioritizing facility improvements projects in the capital planning process, with a focus on reducing long term life-cycle costs and minimizing risk. Mr. Volk also oversees management and providing capital planning leadership for the Authority's industrial wastewater pre-treatment plant and provides in-house engineering support across departments.

Susan Sampson, Communications Manager

Susan Sampson holds a Bachelor's Degree in Rehabilitation Counseling from the Pennsylvania State University. She joined the Authority in 2017 after 23 years of corporate public relations, communications, and management experience. She attended the Carroll School of Management at Boston College, earning a certificate in Corporate Community Involvement. She has extensive community, media, and legislative relations experience and has managed corporate partnerships with national organizations, driving results with customer and public education campaigns.

In her role as Communications Manager, Ms. Sampson is responsible for the development and implementation of a strategic communications plan, including internal and external communications, and customer education. She manages the company website and social media, as well as relationships with media contacts. She coordinates community relations on behalf of Lehigh County Authority, including youth outreach, volunteer events, site visits, speaking engagements, community partnerships, and more.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
PROFILE OF AUTHORITY MANAGEMENT STAFF
December 31, 2023
(Continued)**

Christopher W. Moughan, Director of Service & Technology

Christopher Moughan holds a Master's of Business Administration from DeSales University and undergraduate degrees from Muhlenberg College and Penn State. He is also MCSE Certified, and has certificates of training for several business reporting software suites. He joined the Authority in 2017 after spending many years in the information technology field focusing on security and innovative ways for organizations to gain efficiencies.

He is responsible for leading, planning and organizing all activities of the Information Technology (IT) department and to ensure the effective, efficient and secure operation of information technology processes and systems. He also governs the Authority's IT strategic plan and direction of the department, including providing oversight on IT governance, developing user groups, and assessing development training needs. Mr. Moughan provide the vision and leadership to drive the adoption of technology, innovation and automation for the organization. Through this work, he supports the Authority's goals for process improvement, knowledge retention and capture, and efficiency.

Philip M. DePoe, P.E., Senior Planning Engineer

Mr. DePoe holds a Bachelor's Degree in Civil Engineering from the Pennsylvania State University. He joined the Authority in 2014 as a Capital Works Engineer after eight years of service in the engineering consulting business. He worked as a project engineer prior to joining the Authority, where he obtained his professional engineering license for Pennsylvania in 2012. In addition, Mr. DePoe is a Board member of the Water Works Operators' Association of Pennsylvania, where he served as Editor from 2010-2020. In 2021, he transitioned into the role of Secretary-Treasurer for the Association.

Prior to his new role as the Senior Planning Engineer at the Authority, Mr. DePoe was the Capital Works Program Manager where he helped to develop the annual capital plan for both the Suburban and City Division. His role included significant management of capital activities for the Allentown Filtration Plant and the Kline's Island Wastewater Treatment Plant. Mr. DePoe assumed his new role as Senior Planning Engineer in late 2019 and is now responsible for strategic long-term water and wastewater facility planning, resource development, and support for the Authority's overall regional service approach. In this role, he works closely with all municipalities within the Authority's service area to ensure long-term water and sewer needs are met, and coordinates activities among various Authority departments, regulators and consultants to develop plans to meet the region's needs.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
PROFILE OF AUTHORITY MANAGEMENT STAFF
December 31, 2023
(Continued)**

Andrew D. Moore, Director of Plant Operations

Mr. Moore holds a Bachelor's Degree in Forensic Chemistry from York College of Pennsylvania. He joined the Authority in 2017 after seven years of laboratory management and wastewater plant operation. He holds a PA DEP State Board Wastewater Operators A-E 2-5 certification and is involved with multiple wastewater and drinking water organizations, including sitting on the Board of Directors for the Pretreatment Information Exchange, Inc.

In his role as Director of Plant Operations, Mr. Moore is responsible for overseeing operation and compliance of the Authority's water and wastewater facilities. He ensures the organization is held to the highest standards to ensure efficient and cost-effective treatment. In addition, he examines and advises on new environmental regulations in order to identify risks to the Authority's compliance.

Albert J. Capuzzi, P.E., Director of Engineering & Asset Management

Albert J. Capuzzi holds a Bachelor's Degree in Civil Engineering from the Villanova University and a Master of Arts from Seton Hall University. He is a licensed professional engineer in the states of New Jersey and New York and a Designated Design Build Professional. He joined the Authority in 2022. He spent his 30+ year career protecting public health and the environment in consulting by assisting water and wastewater utilities with successful studies (master plans, asset management, water quality), designs (conveyance, storage, treatment) and construction projects. In his role as Director of Engineering and Asset Management, Mr. Capuzzi is responsible for the leading planning, design, construction, and asset management activities for the Authority.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
PROFILE OF AUTHORITY BOARD MEMBERS
December 31, 2023**

Brian C. Nagle, Chairman – Term Expires December 31, 2024

Mr. Nagle holds a Bachelor of Science degree in Mechanical Engineering from Rutgers University. Mr. Nagle is a life-long resident of the Lehigh Valley and is now retired from PPL Corporation after 38 years of service in engineering, project management, environmental management and regulatory affairs. He was a founding Board member of the Sustainable Energy Fund and served on the Board of the Wildlands Conservancy for 8 years until 2015. He also served on the Board of Macungie Memorial Park Association for 9 years until 2019. Mr. Nagle has also been involved in the Lehigh Valley's initiatives to preserve open space and revitalize abandoned industrial sites. Mr. Nagle has been an Authority Board member since 2009.

Amir Famili, Vice Chairman – Term Expires December 31, 2023

Mr. Famili holds a Ph.D. degree in Chemistry from University of Akron. He worked at Air Products and Chemicals for 34 years before retirement in 2018. While in Air Products, Mr. Famili was Global Technology Director and Chief Technology Officer of the Performance Material business responsible for new products, application development and new process development. He is a long-time resident of the Lehigh Valley. Mr. Famili is member of Allentown West Rotary Club and a core volunteer of Lehigh Valley Habitat for Humanity. Mr. Famili became an Authority Board member in July 2019.

Ted Lyons Jr., Treasurer – Term Expires December 31, 2023

Mr. Lyons holds a Bachelor of Science degree in Civil Engineering from Duke and an MBA from the Wharton School University of Pennsylvania. He is retired from HT Lyons, Inc., a mechanical contracting and engineering firm which he founded in 1973 and was acquired by PPL in 1998. He serves on the boards of the Allentown Boys and Girls Club and the Allentown Art Museum. He is also a past board member of the Allentown Symphony and the DaVinci Science Center. Mr. Lyons became an Authority Board member in August 2014.

Kevin I. Baker, Assistant Treasurer – Term Expires December 31, 2025

Mr. Baker holds a Bachelor of Science degree in Chemical Engineering from University College, London and an MBA from Manchester Business School, University of Manchester in the UK. He is a Fellow of the Institution of Chemical Engineers and a Chartered European Engineer. He is President and CEO of UIG, LLC a supplier of industrial gases and related equipment and services, owned by Nucor Corporation. He is a long-time resident of Lehigh County and previously served as President of the East Penn Chamber of Commerce and on the Board of Governors for the Lehigh Valley Chamber. Mr. Baker became an Authority Board member in April of 2016.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
PROFILE OF AUTHORITY BOARD MEMBERS
December 31, 2023**

Linda A. Rosenfeld, Secretary – Term Expires December 31, 2026

Ms. Rosenfeld attended Penn State University. A lifelong resident of Lehigh County, she is a retired office manager and has served as President of Allentown City Council, Vice-president of Lehigh County Board of Commissioners, Chair of the Allentown Commercial and Industrial Development Authority, Vice-chair of the Lehigh Northampton Airport Authority, Member of the Bridgeworks Advisory Board, Chair of the Allentown Parking Authority, President of Big Brothers and Big Sisters of Lehigh County, President of Haven House (Partial Hospitalization Program for the Mentally Ill). She is presently Secretary of Repertory Dance Theatre, member of the Haven House Advisory Board, ex-officio on the Board of Allentown Economic Development Authority (AEDC) and most recently appointed to the Allentown Commercial and Industrial Development Authority (ACIDA). She served 15 years as a Court Appointed Special Advocate (CASA) a volunteer representing and advocating for children going through the Court System, many of whom are neglected or abused. Ms. Rosenfeld became an Authority Board member in January 2015.

Norma A. Cusick, Assistant Secretary – Term Expires December 31, 2024

Ms. Cusick holds a Bachelor of Arts degree from De Sales University and a Master of Arts degree from Kutztown University and is a certified paralegal. She has been a resident of Lehigh County for 49 years and was a small business owner and business manager. Ms. Cusick has served as the Division Director for the American Heart Association, Allentown Downtown Improvement District, the Board of Directors of the Allentown Public Library, Salisbury Township School Board, Salisbury Township Commissioner, Salisbury Township Planning Commission and is currently on the Salisbury Township Education Foundation.

Ms. Cusick has served on the Board of Directors of the Pennsylvania Shakespeare Festival, Child Advocacy Center and was past President of the Lehigh County Sports Fields. She has also participated with and served on several additional community organizations, including the Greater Lehigh Valley Girl Scouts. Throughout the period of her residence, she continues to be active in many other local, regional, and statewide endeavors. Ms. Cusick is currently on the Executive Committee of the Board of Associates of Lehigh Valley Hospital Network. Ms. Cusick became an Authority Board member in March 2010.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
PROFILE OF AUTHORITY BOARD MEMBERS
December 31, 2023**

Jeffrey J. Morgan, Member – Term Expires December 31, 2026

Mr. Morgan grew up in Allentown and graduated from William Allen High School. He earned a Bachelor of Science degree in Physics from Muhlenberg College and a Master of Science degree in Environmental Engineering and Water Resources from Villanova University. He is a professional engineer licensed in PA, NJ and DE. He has over 30 years of diverse engineering and client management experience in the water and wastewater industry. Mr. Morgan works for a small engineering firm that specializes in water, wastewater, industrial pretreatment, construction management and stormwater work for municipalities and authorities. Mr. Morgan has volunteered his time with various youth sports organizations over the years and is currently in his sixteenth year of volunteering with the South Parkland Youth Association's Football Program. Mr. Morgan currently resides in South Whitehall Township. Mr. Morgan became an Authority Board member in March 2017.

Sean Ziller, Member – Term Expires December 31, 2027

Mr. Ziller holds a Master of Public Administration degree, with graduate certificates in Public Budgeting & Financial Management and Public Sector Human Resources Management, from Penn State University, and a Bachelor of Arts degree in Political Science from King's College (PA). He is currently the Community and Economic Development Administrator for the City of Easton, and prior to joining the City, worked in both the higher education and private sectors - in the latter field, helping to drive the operational oversight and implementation of multi-million-dollar contracts that provided new technology resources to regional government agencies in Philadelphia. Sean became a resident of the Lehigh Valley in 2018 and, in addition to his membership on the board of the Lehigh County Authority (LCA), he currently serves on the board of the Volunteer Center of the Lehigh Valley; on the boards of the Greater Lehigh Valley Chamber of Commerce (GLVCC) Whitehall Area and Easton Area Chambers, holding the position of Vice Chair on the latter; and is on the Advisory Council for the recently formed Great Lakes Economic Development Council (GLEDC).

He has previously served on the Whitehall Township Planning Commission, as a column author for the American Society for Public Administration (ASPA) online editorial; as Chairperson of the Luzerne County Accountability, Conduct, and Ethics Commission; and has volunteered extensively with the Muscular Dystrophy Association. Mr. Ziller became an Authority Board member in February 2023.

**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
PROFILE OF AUTHORITY BOARD MEMBERS
December 31, 2023**

Marc J. Grammes, Member – Term Expires December 31, 2027

Mr. Grammes is a lifelong resident of the Northern Lehigh Area where together with his wife Elizabeth they raised their family of four children. He remains an active member of the community. He is a graduate of Slatington High School, and a US Navy Veteran, both enlisted and as a commissioned officer. He is a 1983 graduate of the US Merchant Marine Academy at Kings Point New York, where he earned a Bachelor of Science degree in Marine Engineering, a US Coast Guard License as a Merchant Marine Officer, Third Assistant Engineer for both Steam and Motor Ocean Vessels of unlimited tonnage, and a commission in the US Navy. He brings over 40 years of extensive experience in the design engineering and power operations in both nuclear and fossil power plants. He has volunteered his time with youth sports, the Boy Scouts of America, the Rotary Club of Slatington, and the Knights of Columbus. He has a strong passion for the outdoors and enjoys fishing and hiking. He is the Founder of the Leaser Lake Heritage Foundation, where he worked together with government officials, local sportsmen groups and volunteers for the restoration and rehabilitation of Leaser Lake. Mr. Grammes is also a Founding Member of the Lehigh Valley Zoological Society, where he advocated for the preservation of the Lehigh Valley Zoo. Mr. Grammes served as a Lehigh County Commissioner from 2004-2008 and again from 2018 to 2022 and served as Vice Chair of the Board for two years. Mr. Grammes became an Authority Board member in February 2023.

LCA Strategic Plan: 2022-2027

Our Mission

**Who is Lehigh County Authority?
Why do we exist?**

To protect public health and the environment by providing high-quality, safe, and reliable water and wastewater services.

Our Vision

What does LCA aspire to become in the future?

To be a trusted and engaged community partner, advancing the vitality of our region through exceptional water and wastewater services.



Lehigh County Authority

Our Shared Values



Service - We take pride in our role as public servants. We focus on serving customers and each other.



Engagement - We enjoy learning, exploring new ideas, solving problems, and embracing changes that support continuous improvement.



Dedication - We give our best effort every day and seek ways to contribute to achieving LCA's goals.



Positivity - We face challenges with optimism and foster trust, teamwork, and collaboration.



Excellence - We strive to make LCA the best utility it can be!



Operational Excellence

To proactively ensure safe and reliable service delivery, regulatory compliance, and resilient operations through streamlined processes, best practices, and data-driven decision-making

Strategy 1: Establish and implement plans to meet or exceed all regulatory requirements.

Examples of what we are already doing:

- Responding to the Lead and Copper Rule
- Participate in the Partnership for Safe Drinking Water – (exceed DEP requirements)
- Update and implement existing master plans
- Continue to update SCADA systems (4-year project)

NEW Activities Beginning in 2022:

- Address small system challenges that result in violations / boil advisories
- Conduct root cause analysis and identify targeted improvements to mitigate permit exceedances

Strategy 2: Participate in the legislative and regulatory review process to prepare for new regulations and ensure LCA's interests are considered

Examples of what we are already doing:

- Responding to the Lead and Copper Rule
- Monitor via committees, associations
- Participate by providing comments on proposed legislation

NEW Activities Beginning in 2022:

- Increase staff / leadership team awareness and participation in regulatory review / legislative processes
- Proactively address upcoming regulations (e.g., PFAS, internal targets, etc.)

Strategy 3: Develop strategies to enhance organizational resiliency, especially in the areas of cyber security, emergency preparedness, system redundancy, and climate change.

Examples of what we are already doing:

- Constant monitoring of DHS ISAC (cyber-threats)
- Develop/Update and implement appropriate master plans
- Develop and implement recovery plans/succession plans by departments
- Update standard operating procedures

NEW Activities Beginning in 2022:

- Improve emergency communications protocols for cyber event / other events
- Implement large diameter valve maintenance program



Regional Collaboration and Leadership

To help our region to thrive by growing community confidence in LCA, advancing collaborative efforts, and demonstrating operational excellence

Strategy 1: Collaborate with municipalities, stakeholders, regulators, and community groups to increase our understanding of the region's goals and strengthen the role LCA plays in supporting them.

Examples of what we are already doing:

- Manage complex intermunicipal service agreements
- Regulatory outreach

NEW Activities Beginning in 2022:

- Monitor meeting agendas and attend municipal meetings to address topics where LCA could add value.
- Develop an engagement strategy for municipalities

Strategy 2: Advance LCA's position in the region as the leading resource on water and wastewater-related issues.

Examples of what we are already doing:

- Active involvement in industry organizations
- Municipal meeting facilitation

NEW Activities Beginning in 2022:

- Increase visibility of LCA team member's industry participation

Strategy 3: Support environmental sustainability and water equity initiatives through partnerships, education, and policy.

Examples of what we are already doing:

- Project-specific energy efficiencies
- Water equity network participation

NEW Activities Beginning in 2022:

- Expand LCA's watershed monitoring program (include more stakeholders & publish data and results)
- Identify LCA-specific environmental sustainability goals (energy efficiency, waste reduction, others) and policies
- Develop relationships with organizations that address equity and environmental sustainability issues.
- Create employee volunteer network to participate in community / environmental events (ex., stream cleanups, tree plantings)



Financial Stewardship

To cost-effectively serve our community, now and in the future, by managing funds effectively and responsibly to support debt commitments, operational needs, and asset management

Strategy 1: Sustainably support LCA's water and wastewater systems through responsible financial management.

Examples of what we are already doing:

- Financial reporting
- 5-year capital plan

NEW Activities Beginning in 2022:

- Enhance financial forecasting from quarterly to rolling monthly
- Departmental level financial reporting
- Begin analyzing and reporting on the cost of internal processes and activities
- Simplify payroll process / time reporting

Strategy 2: Develop decision-making criteria for evaluating growth opportunities.

Examples of what we are already doing:

- When an opportunity arises, identify the quality of the assets, determine cash flow impact, and identify operational viability of the system before deciding on LCA's involvement

NEW Activities Beginning in 2022:

- Determine LCA's desired role in acquiring small systems
- Create menu of options / capabilities list for contract operations, lease options, acquisition, etc.

Strategy 3: Establish rates that balance affordability with achieving required revenue targets that support the financial needs of LCA.

Examples of what we are already doing:

- Evaluate future of LCA's customer assistance program & support through payment plans and other options
- Annual rate adjustment
- Regular rate studies

NEW Activities Beginning in 2022:

- Pursue alternative funding sources (e.g., Pennvest, WIFIA, grants)



Customer Engagement and Support

To create an exceptional customer experience and build trust and understanding of LCA's essential services

Strategy 1: Enhance customer engagement and experience through process improvements and adoption of new technology.

Examples of what we are already doing:

- Improve customer service processes (from process improvement list) including evaluation of phone system, IVR updates, and other technology solutions

NEW Activities Beginning in 2022:

- Enhance customer self-service tools
- Standardize complaint tracking & handling protocols (including scripting)
- Define customer service excellence & metrics to track performance

Strategy 2: Improve our responsiveness to customers' needs.

Examples of what we are already doing:

- Improve customer service processes (from process improvement list) including evaluation of phone system, IVR updates, and other technology solutions

NEW Activities Beginning in 2022:

- Improved delinquency termination process
- Create after hours customer service staffing plan for emergency response.
- After-hours service enhancement
- Develop customer service SOPs

Strategy 3: Grow customer awareness and support for LCA's goals and direction.

Examples of what we are already doing:

- Newsletter
- Social media
- Public education / events

NEW Activities Beginning in 2022:

- Communication / customer education about risk prevention
- Website enhancements
- Private side sewer system customer education



System Capacity and Reliability

To dependably meet current and future community needs and achieve optimal levels of service by effectively managing assets and implementing projects to ensure sufficient system capacity

Strategy 1: Increase our systems' capacity to address economic development needs in our region.

Examples of what we are already doing:

- DEP-mandated regional sewer planning
- DEP-issued Consent Orders, corrective action plan activities

NEW Activities Beginning in 2022:

- Assess water supply resiliency (Suburban focus)
- Develop and implement master plan for pre-treatment plant
- Develop concepts and information around regional service approaches

Strategy 2: Define and establish plans to meet LCA's targeted levels of service

Examples of what we are already doing:

- Data collection on system performance (linear and vertical assets)

NEW Activities Beginning in 2022:

- Begin a level of service (LoS) assessment, including stakeholder/regulatory review, current performance assessment, definition of LCA's LoS goals, and facility-specific considerations / constraints
- Research approaches and LCA's needs for a develop a data analytics program

Strategy 3: Standardize and implement a comprehensive asset management program to ensure infrastructure reliability, guide investment, and support data-driven decision-making.

Examples of what we are already doing:

- Master plan updates for existing plans
- Annual water main replacement prioritization
- Flow metering activities/Western Lehigh

NEW Activities Beginning in 2022:

- Identify master planning needs for all systems.
- Figure out where Asset Management sits within the LCA organization (create clear ownership & responsibility of AM functions)
- Standardize master planning approach, frequency & data collection



Employee Engagement and Safety

To build a safe, cohesive, and engaging workplace in which employees feel personally connected to their work, each other, and LCA's commitment to excellence

Strategy 1: Ensure a safe working environment for all employees.

Examples of what we are already doing:

- Safety training
- Bi-monthly safety meetings
- Accident/injury investigation to correct action
- Driving safety program

NEW Activities Beginning in 2022:

- Identify and prioritize safety policies for review and update.
- Develop a more comprehensive training program
- Improve root cause analysis process
- Standardize / define safety training requirements for new hires

Strategy 2: Standardize and enhance our approaches to succession planning, knowledge management, and performance management.

Examples of what we are already doing:

- Documenting work processes (SOPs)
- Workforce analysis, retirement risk profile
- Annual performance evaluations
- Disciplinary program

NEW Activities Beginning in 2022:

- Identify job specific performance measures and training plans
- Standardize new employee onboarding program

Strategy 3: Expand opportunities for employee and leadership development, technical training, and certification.

Examples of what we are already doing:

- Access to certification training
- Tuition program (improve on promotion)
- Leadership development programs
- Skill-based / certification-based job advancement (selected operational roles)
- Education policy w/ tuition reimbursement option

NEW Activities Beginning in 2022:

- Expand Lunch & Learn program
- Standardize supervisory onboarding / training

Strategy 4: Openly explore the diversity, equity, and inclusion issues that are important to LCA and our employees.

NEW Activities Beginning in 2022:

- Bullying/sensitivity training
- Provide DEI training for LCA leadership

Strategy 5: Engage employees in LCA's work through collaboration, communication, and cooperation.

Examples of what we are already doing:

- Company-wide meetings
- Regular top-down communication on major LCA issues
- Quarterly managers' meetings
- Strategic planning process
- SharePoint site

NEW Activities Beginning in 2022:

- Standardize / increase use of exit and stay interviews
- Evaluate flexible work arrangements / policies
- New employee check in program (after onboarding)
- Develop a mentoring program

How will we stay focused?

It's a big plan with a lot of important goals and activities!

1. Metrics to illustrate progress

- ✓ **Reporting on 2022 Milestones**
 - Asset management program development
 - Water & sewer capacity projects
 - Process efficiency improvements
- ✓ **Reduction of reportable employee safety incidents**
- ✓ **Capital program management (on time / on budget)**
- ✓ **Planned vs. unplanned maintenance**
- ✓ **Other metrics:**
 - Monthly financial reporting
 - Regulatory compliance
 - Customer responsiveness
 - Employee turnover

2. Communication

- Board of Directors
- Stakeholders
- Municipalities
- Customers

3. Teamwork!

- LCA Strategy Teams
- Department Goals
- Employee Town Hall Meetings



**LEHIGH COUNTY AUTHORITY
ALLENTOWN, PENNSYLVANIA
ACQUISITIONS/LEASES/OPERATING CONTRACTS**

Acquisition Date	Development	Municipality	Purchase Price	Original Customers	Current Customers
Water Systems:					
April 14, 1976	Fairways at Brookside	Lower Macungie Twp.	\$ 180,000	92	596
June 1, 1976	Millbrook Farms	Lower Macungie Twp.	92,339	2	367
July 1, 1976	Pine Grove Park	Lower Macungie Twp.	25,000	166	187
January 1, 1979	Shepherd Hills	Lower Macungie Twp.	325,000	453	675
June 28, 1979	Mark Terrace	Upper Macungie Twp.	8,250	25	27
January 1, 1980	Ancient Oak	Lower Macungie Twp.	1,350,000	1,055	1,143
May 20, 1980	Upper Macungie	Upper Macungie Twp.	200,000	(5) 479	7,968
October 1, 1981	Country Downs	Lower Macungie Twp.	12,000	36	131
March 14, 1984	Clearview Manor	Lower Macungie Twp.	150,000	(1) 191	592
May 31, 1989	Penn Hills	North Whitehall Twp.	78,500	94	114
August 16, 1991	Slatedale/Emerald	Washington Twp.	-	360	406
September 30, 1991	Schnecksville North	North Whitehall Twp.	210,000	(2) 238	349
October 1, 1991	Crestwood	North Whitehall Twp.	105,000	(3) 210	264
January 24, 1992	Green Hills	Upper Macungie Twp.	357,700	(4) 307	726
December 14, 1993	Country Home Acres	Lower Macungie & Salisbury Twps.	32,000	56	60
February 2, 1998	Mink Estates/Farview Farms	Upper Milford Twp.	-	41	71
February 22, 2002	Pine Lakes of Lynn	Lynn Township	-	59	60
June 26, 2002	Heidelberg Heights	Heidelberg Twp.	267,481	189	190
June 12, 2003	Arcadia West IP	Weisenberg Twp.	400,000	5	20
December 30, 2004	Sand Spring	North Whitehall Twp.	35,350	257	260
February 22, 2005	Mill Creek	Washington Twp.	-	35	35
March 30, 2005	Beverly Hills	Lower Milford Twp.	29,800	43	44
May 31, 2006	Clearview Farms Estates	Moore Twp, Northampton Co.	-	66	67
March 16, 2007	Emmaus Out-of-Borough	Lower Macungie & Upper Milford Twps.	131,000	415	421
April 4, 2007	Buss Acres	Upper Milford Twp.	205,450	100	100
July 8, 2010	Lynn Water Company	Lynn Township	233,637	116	116
Wastewater Systems:					
September 23, 1998	Heidelberg Heights	Heidelberg Twp.	-	145	145
June 12, 2003	Arcadia West IP	Weisenberg Twp.	-	5	20
July 11, 2003	Wynnewood Terrace	North Whitehall Twp.	547,184	216	220
December 30, 2004	Sand Spring	North Whitehall Twp.	126,000	257	259
May 16, 2006	Lehigh County Wastewater Treatment Plant	Upper Macungie Twp.	-	Not Applicable	
April 1, 2009	Washington Township Sewer System	Washington Twp.	-	613	628
February 29, 2012	Lynn Township Sewer System	Lynn Township	-	424	431
June 8, 2016	Lowhill Township Sewer System	Lowhill Township	-	43	43
City Division System:					
August 7, 2013	City of Allentown	City of Allentown	246,205,824	(6) 46,643	48,212

- (1) Purchase price represents the initial upfront payment. Additional payments of \$680 per connection are made as new homes are served. A total of \$396,160 has been paid through 12/31/12.
- (2) Purchase price represents the initial upfront payment. Additional payments of \$375 per apartment and \$750 per single family or twin connection are made as new units are served. The Authority has an additional exposure of \$17,550 for new commercial connections to the system. A total of \$251,250 has been paid through 12/31/12.
- (3) Purchase price represents an initial upfront payment. Additional payments of \$500 per connection are made as new homes are served. A total of \$118,500 has been paid through 12/31/12.
- (4) Purchase price represents an initial upfront payment. Additional payments of \$1,100 or \$1,250 per connection, dependent upon location, are made as new homes are served. A total of \$817,750 has been paid through 12/31/12.
- (5) Excludes Mark Terrace and Green Hills customers which are listed separately.
- (6) Purchase price represents the I) upfront payment, less fair value of conveyed capital assets, II) the discounted future annual payments, and III) the discounted future Capex Fund funding requirements.

Note: Current customers represents residential and commercial units served as of 12/31/23, not customer connections, for those systems acquired before 12/31/23.



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