

Munhall Sanitary Sewer Municipal Authority

Financial Statements

Years Ended December 31, 2020 and 2019
with Independent Auditor's Report

MaherDuessel

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MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

YEARS ENDED DECEMBER 31, 2020 AND 2019

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Independent Auditor's Report

**Board of Directors
Munhall Sanitary Sewer
Municipal Authority**

We have audited the accompanying financial statements of the Munhall Sanitary Sewer Municipal Authority (Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Maher Duessel

Pittsburgh, Pennsylvania
June 16, 2021

**MUNHALL SANITARY SEWER
MUNICIPAL AUTHORITY**

STATEMENTS OF NET POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
Assets		
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Current assets:		
Cash	\$ 3,189,485	\$ 2,762,973
Accounts receivable, net	647,248	596,597
Prepaid expenses	3,746	3,538
Total current assets	3,840,479	3,363,108
Noncurrent assets:		
Capital assets, net of accumulated depreciation	14,072,866	14,395,545
Total noncurrent assets	14,072,866	14,395,545
Total Assets	\$ 17,913,345	\$ 17,758,653
Liabilities and Net Position		
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Liabilities:		
Current liabilities:		
Accounts payable - operating	\$ 669,349	\$ 614,762
Accrued payroll liabilities	4,829	4,729
Current portion of long-term debt	453,557	443,290
Total current liabilities	1,127,735	1,062,781
Long-term debt	6,733,241	7,186,800
Total Liabilities	7,860,976	8,249,581
Net Position:		
Net investment in capital assets	6,886,068	6,765,455
Unrestricted	3,166,301	2,743,617
Total Net Position	10,052,369	9,509,072
Total Liabilities and Net Position	\$ 17,913,345	\$ 17,758,653

See accompanying notes to financial statements.

**MUNHALL SANITARY SEWER
MUNICIPAL AUTHORITY**

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Operating Revenues:		
Sewage charges	\$ 4,094,727	\$ 3,720,293
Other	5,295	18,212
Total operating revenues	4,100,022	3,738,505
Operating Expenses:		
Service fees	2,336,769	2,141,385
Payroll	68,214	59,357
Payroll taxes	6,788	6,088
Professional fees	192,419	216,436
Collection fees	162,744	174,721
Advertising	1,880	5,552
Insurance	7,363	5,701
Office expenses	1,406	2,667
Postage	24,366	24,093
Seminars, dues and training	4,506	7,627
Telephone	1,121	1,009
Collection costs	3,264	16,660
Outside contractors	87,299	41,283
Other	66	4,575
Maintenance	13,663	24,244
Bad debts	209,903	26,941
Depreciation expense	329,331	325,230
Total operating expenses	3,451,102	3,083,569
Operating Income	648,920	654,936
Nonoperating Revenues (Expenses):		
Interest income	1,331	6,322
Interest expense	(161,269)	(168,979)
Total nonoperating revenues (expenses)	(159,938)	(162,657)
Income Before Capital Grant Funding	488,982	492,279
Capital Grant Funding	54,315	127,400
Change in Net Position	543,297	619,679
Net Position:		
Beginning of year	9,509,072	8,889,393
End of year	\$ 10,052,369	\$ 9,509,072

See accompanying notes to financial statements.

**MUNHALL SANITARY SEWER
MUNICIPAL AUTHORITY**

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Receipts from customers	\$ 3,839,468	\$ 3,733,516
Payments to or on behalf of employees	(74,904)	(74,714)
Payments to suppliers and others	(2,782,487)	(2,657,533)
Net cash provided by (used in) operating activities	982,077	1,001,269
Cash Flows From Capital and Related Financing Activities:		
Capital assets and related purchases	(6,655)	(233,978)
Capital grants	54,315	269,504
Proceeds from the issuance of debt	-	277,230
Principal payments on long-term debt	(443,292)	(513,924)
Interest paid on debt	(161,264)	(168,977)
Net cash provided by (used in) capital and related financing activities	(556,896)	(370,145)
Cash Flows From Investing Activities:		
Interest earnings	1,331	6,322
Net cash provided by (used in) investing activities	1,331	6,322
Net Increase (Decrease) in Cash	426,512	637,446
Cash:		
Beginning of year	2,762,973	2,125,527
End of year	\$ 3,189,485	\$ 2,762,973
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ 648,920	\$ 654,936
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	329,331	325,230
Change in:		
Accounts receivable, net	(50,651)	21,952
Prepaid expenses	(210)	(149)
Accounts payable - operating	54,587	8,567
Accrued payroll liabilities	100	(9,267)
Net cash provided by (used in) operating activities	\$ 982,077	\$ 1,001,269

See accompanying notes to financial statements.

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

1. Reporting Entity

The Munhall Sanitary Sewer Municipal Authority (Authority) was incorporated on September 20, 2006 under the Pennsylvania Municipal Authorities Act of 1945. The Authority is composed of five members who were appointed by the Council of the Borough of Munhall (Borough), whose term of office shall be five years. The Authority is responsible for maintaining and operating sewers, sewer systems, or parts thereof, sewage treatment works, including works of treating and disposing of industrial waste for the Borough, and such other territory as the Authority may be authorized by law to serve.

Effective November 3, 2008, the Authority shall have the exclusive right and duty to provide collection, transportation, and disposal of sanitary sewage and industrial wastes (but not storm or surface drainage, except in existing combined sewers) in the Borough, to the fullest extent permitted by law with Borough limits and only limited elsewhere by the provisions of the Borough's existing agreements all of which are expressly accepted and assumed by the Authority.

Existing sewers in the Borough used for the combined transportation of sanitary wastes and surface drainage shall be operated and maintained by the Authority as part of the collection system. Stormwater collection systems and above ground catch basins shall remain the property of the Borough. If it becomes obligatory due to action by regulatory authorities to replace combined sewers with separate sanitary and storm sewers, the parties shall negotiate a division of the cost of such work.

If at any time in the future, the Authority ceases to operate the system, then all assets shall revert to the Borough.

The vast majority of the Authority's customers are residential; however, the Authority also services commercial and light industrial businesses. The Authority is not subject to federal or state income taxes.

The Authority is the primary government. There were no component units required to be included in the Authority's financial statements. Also, the Authority is not considered a component unit of any other entity.

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

2. Summary of Significant Accounting Policies

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body for the establishment of governmental accounting and financial reporting principles. The Authority's significant accounting policies are as follows:

Basis of Accounting

The Authority's accounts are reported as an Enterprise Fund on the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Operating revenues and expenses consist of those revenues and expenses that result from ongoing principal operations of the Authority. Operating revenues consist primarily of charges to customers for sales and services. Non-operating revenues and expenses consist of those revenues and expenses that are related to grants and other financing and investing types of activities.

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash consists of unrestricted demand deposits in the financial institutions and petty cash on hand.

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Net Position

Accounting standards require the classification of net position into three components, net investments in capital assets, restricted, and unrestricted. The classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There were no restrictions at December 31, 2020 and 2019.

Unrestricted - This component of net position consists of assets that do not meet the definition of "restricted" or "net investment in capital assets."

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Receivables

Accounts receivable is reported at net realizable value. An allowance for doubtful accounts is recorded to report the receivables for services at their estimated net realizable value. Estimates for doubtful accounts are reported in the period during which the services are provided, even though the actual amounts may become known at a later date. Typically, the Authority has the right under Pennsylvania statutes to place liens on property for collection purposes. Due to the coronavirus pandemic, Pennsylvania issued a moratorium that prevented the Authority from placing liens or performing water shut offs, which resulted in an increase of past due billings. The allowance for doubtful accounts as of December 31, 2020 and 2019 was \$477,097 and \$267,194, respectively.

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Capital Assets

Capital assets consist of property, plant, and equipment and are defined as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized during 2020 and 2019. Gains or losses on the retirement or disposal of land, buildings, and equipment are reflected in the statements of revenues, expenses, and changes in net position in the year of retirement or disposal. Repairs and maintenance costs are expensed when incurred.

Depreciation is calculated using the following estimated useful lives:

	<u>Years</u>
Buildings and improvement	50
Machinery and equipment	5-10

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Adopted Pronouncement

The requirements of the following GASB Statement were adopted for the financial statements:

GASB Statement No. 95, *“Postponement of the Effective Dates of Certain Authoritative Guidance,”* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The provisions of this statement have been adopted.

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Pending Pronouncements

GASB has issued statements that will become effective in future years, including 87 (Leases), 89 (Accounting for Interest Cost), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 93 (Interbank Offered Rates), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

3. Cash and Deposits

The investment and deposit policy of Authority funds is governed by the by-laws of the Authority and Act 72 of the Pennsylvania State Legislature. In accordance with these regulations, the Authority has established investment procedures that require that monies be deposited with FDIC-insured banks in demand deposit accounts or certificates of deposit (which are required to be 100% collateralized by separately identified United States obligations, if not covered by FDIC insurance).

The Authority's unrestricted cash is available for general operating purposes and for the acquisition of assets under capital projects, and interest and principal payments on capital project debt.

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority maintains its cash at one financial institution. As of December 31, 2020 and 2019, \$2,801,404 of the Authority's bank balance of \$3,204,861 and \$2,476,872 of the Authority's bank balance of \$2,766,481, respectively, was exposed to custodial credit risk, which is collateralized by securities issued by United States federal agencies that are held by the Authority's FDIC insured depository institutions. These deposits have carrying amounts of \$3,189,485 as of December 31, 2020 and \$2,762,973 as of December 31, 2019.

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Pennsylvania Municipality Authorities Act of 1945 provides for the investment of governmental funds into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. Statutes do not prescribe regulations related to demand deposits; however, they do allow pooling of governmental funds for investment. The Authority has no investment policy that would further limit its investment choices. The deposit and investment policy of the Authority adheres to state statutes and prudent business practices. There were no deposit or investment transactions during the year that were in violation of either the statutes or the policy of the Authority.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Authority places no limit on the amount the Authority may invest in any one issuer. As a matter of policy, the Authority maintains cash balances only with financial institutions having a high credit quality.

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

4. Capital Assets

Capital asset activity is as follows for the year ended December 31:

	Balance at December 31, 2019	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2020
Capital assets, not being depreciated:				
Construction in progress	\$ 15,262	\$ -	\$ (15,262)	\$ -
Total capital assets, not being depreciated	<u>15,262</u>	<u>-</u>	<u>(15,262)</u>	<u>-</u>
Capital assets, being depreciated:				
Sanitary sewer system	5,551,853	4,914	-	5,556,767
Sanitary sewer system - phase I	5,271,247	-	-	5,271,247
Sanitary sewer system - phase II	5,544,610	-	-	5,544,610
Machinery and equipment	<u>9,282</u>	<u>17,000</u>	<u>-</u>	<u>26,282</u>
Total capital assets, being depreciated	<u>16,376,992</u>	<u>21,914</u>	<u>-</u>	<u>16,398,906</u>
Less: accumulated depreciation	(1,996,709)	(329,331)	-	(2,326,040)
Total capital assets, being depreciated, net	<u>14,380,283</u>	<u>(307,417)</u>	<u>-</u>	<u>14,072,866</u>
Total capital assets, net	<u>\$ 14,395,545</u>	<u>\$ (307,417)</u>	<u>\$ (15,262)</u>	<u>\$ 14,072,866</u>

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	Balance at December 31, 2018	Transfers/ Additions	Transfers/ Deletions	Balance at December 31, 2019
Capital assets, not being depreciated:				
Construction in progress	\$ 56,347	\$ 220,084	\$ (261,169)	\$ 15,262
Total capital assets, not being depreciated	56,347	220,084	(261,169)	15,262
Capital assets, being depreciated:				
Sanitary sewer system	5,290,685	261,168	-	5,551,853
Sanitary sewer system - phase I	5,271,247	-	-	5,271,247
Sanitary sewer system - phase II	5,544,610	-	-	5,544,610
Machinery and equipment	9,282	-	-	9,282
Total capital assets, being depreciated	16,115,824	261,168	-	16,376,992
Less: accumulated depreciation	(1,671,479)	(325,230)	-	(1,996,709)
Total capital assets, being depreciated, net	14,444,345	(64,062)	-	14,380,283
Total capital assets, net	\$ 14,500,692	\$ 156,022	\$ (261,169)	\$ 14,395,545

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

5. Long-Term Debt

Long-term debt consists of the following as of December 31:

	2020	2019
<p>Note payable to the Pennsylvania Infrastructure Investment Authority with interest at 2.28% for the first five years; 3.051% for the remaining term. The total amount of the loan \$5,719,250 was approved on May 26, 2010 to be used to finance the construction costs to repair the existing sewer system. The note matures on October 2031 and is secured by the Authority's sewer revenues, including all receipts and revenues generated from all sanitary sewer collection, transportation, treatment, and disposal system facilities now or hereafter owned, operated, or maintained by the Authority.</p>	\$ 2,600,632	\$ 2,800,190
<p>Note payable to the Pennsylvania Infrastructure Investment Authority with interest at 1.666% for the first five years; 2.14% for the remaining term. The total amount of the loan \$5,835,000 was approved on September 30, 2014 to be used to finance the construction costs to rehabilitate the existing sewers. The note matures on March 2037 and is secured by the Authority's sewer revenues, including all receipts and revenues generated from all sanitary sewage collection, transportation, treatment, and disposal system facilities now or hereafter owned, operated, or maintained by the Authority.</p>	4,586,166	4,829,900
Total	7,186,798	7,630,090
Less: current portion	453,557	443,290
Total long-term debt	\$ 6,733,241	\$ 7,186,800

In the event of default, Pennsylvania Infrastructure Investment Authority may exercise any available rights or remedies deemed necessary and appropriate.

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Scheduled principal repayments on long-term debt are as follows:

	Principal	Interest	Total
2021	\$ 453,557	\$ 151,003	\$ 604,560
2022	457,496	155,427	612,923
2023	466,991	148,719	615,710
2024	479,123	136,587	615,710
2025	491,580	124,230	615,810
2026-2030	2,656,791	421,758	3,078,549
2031-2035	1,770,282	132,370	1,902,652
2036-2039	410,978	5,884	416,862
	\$ 7,186,798	\$ 1,275,978	\$ 8,462,776

The changes in long-term debt for the years ended December 31 are as follows:

2020			
Balance Beginning of Year	Principal Loan Proceeds	Repayments and Retirements	Balance End of Year
\$ 7,630,090	\$ -	\$ 443,292	\$ 7,186,798
2019			
Balance Beginning of Year	Principal Loan Proceeds	Repayments and Retirements	Balance End of Year
\$ 7,866,783	\$ 277,230	\$ 513,923	\$ 7,630,090

6. Legal Tax Service, Inc.

The Authority entered into an agreement with Legal Tax Service, Inc. on December 31, 2004 for the billing and collection of the sanitary sewer user fee, and the collection of delinquent sanitary sewer user fee accounts. The fee is 2.85% of the total amount of the sanitary sewer user fees collected. Commission fees paid to Legal Tax Service, Inc. as of December 31, 2020 and 2019 were \$138,080 and \$157,859, respectively.

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

7. Risk Management

The Authority is subject to a variety of risks including, but not limited to, torts and civil rights claims; theft, damage, and destruction of its real and personal assets; workers compensation losses; errors and omissions of Authority employees and officials; and natural disasters.

In order to protect itself from potential losses, the Authority has purchased certain commercial insurance coverage, which includes provisions for loss of personal property and losses relating to liability for property, products, and personal and advertising injury.

There has been no significant reduction in insurance coverage from the previous year, and there have been no instances of settlements exceeding insurance coverage during the past three years.

8. Deferred Compensation Plan

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

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, were held in trust solely for the benefit of the participants. Investments are managed by the plan's trustee under several investment options selected by the participant. Under the provisions of GASB Statement No. 32, *"Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,"* the Plan is not required to be included in the Authority's financial statements. Employer contributions made to the plan for the years ended December 31, 2020 and 2019 were approximately \$900 and \$1,000, respectively.

MUNHALL SANITARY SEWER MUNICIPAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

9. Contingencies

In the normal course of business, the Authority is subject to certain contingent liabilities and unasserted claims. The contingencies are evaluated in light of their probability of being asserted and the ability to estimate the claims. It is the opinion of the Authority management that the ultimate resolution of other litigation, if any, will not have a material effect on the financial position of the Authority.

The Authority's Consent Order and Agreement (COA) with the Pennsylvania Department of Environmental Protection (PADEP) and Allegheny County Health Department (ACHD) expired in 2018 and a new COA is being negotiated. The intent of the COA is to reduce Combined Sewer Overflow (CSO) frequency and volume and reduce hydraulic overload at the ALCOSAN CSO structures and Wastewater Treatment Plant (WWTP). Since this project consists of the repair of sanitary sewer lines, it complies with the COA, and the installation of new manholes will bring the Authority's sewer system into compliance with PADEP's design guidelines for sanitary sewers.

10. Risks and Uncertainties

The coronavirus pandemic remains a rapidly evolving situation. The extent of the impact of the coronavirus on the Authority's business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Authority operates, the related impact on the federal and state of Pennsylvania's budget, all of which are highly uncertain. Additionally, Pennsylvania issued a moratorium that prevented the Authority from placing liens or performing water shut offs at the onset of the outbreak. The Authority is optimistic the moratorium will be lifted in the next calendar year.