

**BUCKS COUNTY WATER AND
SEWER AUTHORITY
BUCKS COUNTY, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

BUCKS COUNTY WATER AND SEWER AUTHORITY
BUCKS COUNTY, PENNSYLVANIA
YEARS ENDED DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 9
Basic Financial Statements	
Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12
Statement of Fiduciary Net Position – OPEB Trust	13
Statement of Changes in Fiduciary Net Position – OPEB Trust	14
Notes to the Financial Statements	15 – 47
Required Supplementary Information	
Schedule of Changes in the Authority's Net Pension Liability and Related Ratios	48
Schedule of Authority Contributions – Pension Plan	49
Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios	50
Schedule of Authority Contributions – OPEB	51
Schedule of Investment Return – OPEB	52



Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Bucks County Water and Sewer Authority
Warrington, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of Bucks County Water and Sewer Authority (the "Authority") as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Bucks County Water and Sewer Authority, as of December 31, 2023 and 2022, 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.

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 the 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

The 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 the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued, including any currently known information that may raise substantial doubt shortly thereafter.

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

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



Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

The Board of Directors
Bucks County Water and Sewer Authority
Page 2

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 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 the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Adoption of Governmental Accounting Standards Board Pronouncements

As described in Note 1 to the financial statements, in 2023 the Authority adopted the provisions of Governmental Accounting Standards Board's Statement No. 96, *Subscription-Based Information Technology Arrangements*, and sections of Statement No. 99, *Omnibus 2022*. Our opinion is not modified with respect to this matter.



Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

The Board of Directors
Bucks County Water and Sewer Authority
Page 3

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and required supplemental information on pages 48 through 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Zelenkofske Axlerod LLC

Zelenkofske Axlerod LLC
Jamison, Pennsylvania

June 28, 2024

BUCKS COUNTY WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority is a body corporate and politic organized January 22, 1962 by the Board of Commissioners of the County of Bucks, Pennsylvania, pursuant to the Commonwealth of Pennsylvania's Municipality Authorities Act of 1945. The Authority is authorized to exercise any and all powers conferred by the Act necessary to the acquisition, construction, improvement, extension, maintenance, and operation of water systems and/or sewer systems.

This report includes all activities which are "controlled by or are dependent on" the Authority, with such determination based upon that criterion contained in Governmental Accounting Standard Board ("GASB") codification Section 2600. These criteria deal with various manifestations of oversight, which include criteria such as selection of the governing body, designation of management, ability to influence operations, and fiscal accountability. This report does not include the financial activities of Bucks County, Pennsylvania, nor are the Authority's financial activities included in the County's reports, since each is considered a separate reporting entity under the GASB criteria. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the Authority's basic financial statements.

Information in this MDA is presented under the following headings:

- Authority Activities and Highlights
- Overview of the Annual Financial Report
- Financial Highlights
- Debt Administration
- Capital Assets
- Contacting the Authority's Financial Management

Authority Activities and Highlights:

Operating Revenue for 2023 for the Authority was \$98,783,927, \$8,227,751 above last year's performance of \$90,556,177 or approximately 9.08%. The Authority's Sewer System contributed \$80,110,693 in revenue, while the Water System added another \$18,673,234. The Sewer System was \$8,647,278 or 12.1% above the previous year, and the Water System was \$419,528 under 2022, or 2.2%. The increase in sewer service revenue was due to rate adjustments needed to finance system wide renewal and replacement projects. The water revenue decreased due to tapping fee reductions.

The Authority's Rate Covenant Coverage, which is determined by dividing Income from Operations before Depreciation Plus Non-Operating Revenues by annual debt service, was 145% in 2023 as compared to 135% and 139% in 2022 and 2021, respectively. The past three years' coverages are well above the 110% required by the Revenue Bond Indenture.

Overview of the Annual Financial Report:

This section serves as an introduction to the basic financial statements and supplementary information. It represents management's examination and analysis of the Authority's financial condition and performance. Summary financial data, key financial and operational indicators used in the Authority's strategic plan, budget, bond resolutions and other management tools were used for this analysis.

The financial statements report information about the Authority using the full accrual accounting method as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities.

BUCKS COUNTY WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023 AND 2022

The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements.

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 when 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. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., accrued wages). This statement also provides certain information about the Authority's recovery of its costs.

The Authority's rates are based on a cost-of-service basis. Rate setting policies use different methods of cost recovery not fully provided for by U.S. generally accepted accounting principles.

Statement of Cash Flows: The Statement of Cash Flows presents information on the effects changes in assets, liabilities and operations have on cash during the course of the year. This statement differs from the Statements of Revenues, Expenses and Changes in Net Position in that it presents cash receipts and cash disbursements information, without consideration of an earnings event, when an obligation arises, or depreciation of capital assets.

Notes to the Financial Statements: The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits and other postemployment benefits (OPEB) for its employees.

The financial statements were prepared by the Authority's staff from detailed books and records of the Authority. The financial statements were audited and adjusted, if material, during the independent external audit process.

BUCKS COUNTY WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023 AND 2022

Financial Highlights:

Net Position:

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Current Assets	\$ 39,872,479	\$ 32,261,858	\$ 37,158,271
Non-Current Assets			
Pension and OPEB Assets	1,552,496	15,093,279	9,652,287
Restricted	222,898,588	227,241,727	106,562,578
Capital Assets, Net	<u>540,008,150</u>	<u>536,640,274</u>	<u>458,738,341</u>
Total Assets	<u>804,331,713</u>	<u>811,237,138</u>	<u>612,111,477</u>
Deferred Outflows of Resources	<u>15,418,330</u>	<u>9,971,644</u>	<u>9,276,074</u>
Liabilities			
Current Liabilities	32,420,957	29,925,340	34,059,532
Non-Current Liabilities	<u>427,305,694</u>	<u>437,629,442</u>	<u>251,366,754</u>
Total Liabilities	<u>459,726,651</u>	<u>467,554,782</u>	<u>285,426,286</u>
Deferred Inflows of Resources	<u>4,812,546</u>	<u>15,182,418</u>	<u>9,455,082</u>
Net Position			
Net Investment in Capital Assets	168,969,226	279,739,588	201,178,213
Restricted for Capital Activity	155,033,771	10,832,632	54,384,207
Restricted for Debt service	33,949,869	30,091,903	31,553,004
Unrestricted (Deficit)	<u>(2,732,020)</u>	<u>17,807,459</u>	<u>39,390,759</u>
Total Net Position	<u>\$ 355,220,846</u>	<u>\$ 338,471,582</u>	<u>\$ 326,506,183</u>

In accordance with GASB Statement No. 65, Deferred Outflows of Resources includes the loss on the refunding of certain bonds. In addition, Pension and OPEB Deferred Outflows and Inflows of Resources are reported.

Revenues in excess of Expenses are held in the Revenue Trust Fund (Cash & Investments). Liquidity position improved due to the increase in the number of days that operating expenses can be covered by unrestricted funds.

"Restricted Assets" includes unspent 2015A, 2021 and 2022 Bond Issue proceeds to be used for remediation of Inflow and Infiltration and water system improvements (anticipated completion by 2025) as well as other funds. The Authority continues its ongoing investment in the infrastructure without borrowing funds through the issuance of bonds, an action favorably received by Standards & Poor's rating services as it results in improving the Authority's liquidity position.

2023 and 2022 Net Investment in Capital Assets reflects ongoing discovery and remediation of inflow and infiltration, system upgrades, and capital contributions to third party wastewater service purveyors.

BUCKS COUNTY WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023 AND 2022

Changes in Net Position:

A condensed summary of the Authority's 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			
Service Charges	94,217,339	\$ 85,643,256	\$ 86,771,519
Tapping Fees	233,090	1,298,050	435,475
Other	4,333,498	3,614,871	5,090,592
Total Operating Revenues	<u>98,783,927</u>	<u>90,556,177</u>	<u>92,297,586</u>
Operating Expenses			
Sewage Treatment and Water Procurement	27,081,718	25,432,557	26,769,317
Plant Operations	7,668,028	6,195,059	5,401,033
Collection, Transmission and Distribution Service	13,975,818	10,992,598	11,564,306
Total Operating Expenses	<u>48,725,564</u>	<u>42,620,214</u>	<u>43,734,656</u>
General and Administrative Expenses	10,822,250	9,646,293	10,067,671
Total Expenses	<u>59,547,814</u>	<u>52,266,507</u>	<u>53,802,327</u>
Income from Operations before Depreciation	39,236,113	38,289,670	38,495,259
Depreciation	<u>(22,639,657)</u>	<u>(21,078,889)</u>	<u>(18,612,661)</u>
Operating Income	<u>16,596,456</u>	<u>17,210,781</u>	<u>19,882,598</u>
Nonoperating Revenue (Expense)			
Interest Expense, Net of Amounts Capitalized	(16,011,716)	(9,749,173)	(8,423,982)
Investment Income	11,742,363	1,921,363	474,617
Tapping Fees	4,422,162	2,582,427	4,722,418
Amortization	-	-	(476,546)
Contributed Capital	-	-	52,735
Total Nonoperating Revenue (Expense)	<u>152,809</u>	<u>(5,245,383)</u>	<u>(3,650,758)</u>
Increase in Net Position	<u>\$ 16,749,265</u>	<u>\$ 11,965,398</u>	<u>\$ 16,231,840</u>

BUCKS COUNTY WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023 AND 2022

Operating Revenues: Revenues from operations fall into several categories. Retail Service Revenues are those service fees billed to individual homeowners or businesses. Wholesale Service Revenues are billed to townships, boroughs, and independent water companies based on metered bulk sales of water or wastewater flows. Retail Sewer Service Revenue is derived from the following:

- Central and Upper Bucks County Sewer Service Areas,
- Bensalem Township, Langhorne Borough, and Middletown Township in the Lower Bucks County Sewer Service Area,
- Upper Dublin and Springfield Townships in Montgomery County, and
- West Vincent and Birmingham Townships in Chester County.

Wholesale Sewer Service Revenue is generated by bulk wastewater service to the southwest region of the County. Retail Water Service Revenue is derived from Lower Southampton Township and Middletown Township in the southwest region of the County and the Solebury Township/New Hope Borough service area along the Delaware River in the east-central part of the County. Wholesale Water Service Revenue is generated by bulk water sales to the southwest region of the County.

The Authority collects water and wastewater capacity fees in order to ensure current customers do not bear the burden of growth. Improvement and Tapping Fees are assessed on any new connections to the Water or Sewer Systems. Most of these fees are paid in blocks of capacity purchased by residential and commercial real estate developers and wholesale customers. Prior to implementation of Government Accounting Standards Board Pronouncement No. 33 (GASB 33) these fees were recorded as contributions to equity. GASB 33 defines these fees as nonoperating revenues and requires reporting the amounts through the Statement of Revenues, Expenses and Changes in Net Position.

Operating Expenses: The Authority operates and maintains one water treatment plant and six active wells in the Solebury Township/New Hope Borough water service area and one active well in the West Vincent Township, Chester County water service area. The wells and treatment plant have a permitted production capacity of 625,000 GPD. The Authority provides water on a retail and wholesale basis to the southwest portion of the County. It has contractual arrangements to draw a maximum of 15 MG from the Forest Park Treatment Plant in Chalfont, PA, and a minimum of 0.5 MG from the Lower Bucks County Joint Municipal Authority, and storage capacity of 15.0 MG.

The Authority provides wastewater collection, transmission and/or treatment on a retail and wholesale basis to portions of central, upper, and southwest Bucks County as well as portions of Montgomery and Chester Counties. The Authority owns five wastewater treatment plants in the central part of the County and one in Upper Dublin Township. It also has capacity in six plants operated and owned by third parties. Treatment capacity ranges in size from 0.425 MG to 294 MG.

The total precipitation recorded in Philadelphia for the year 2023 was 42.51". This exceeds the historical average of 41.53" of total precipitation. Bucks County experienced several significant rainstorms in a generally dryer than normal year.

General and Administrative Expenses: 2023 General and Administrative Expenses are over 2022. In 2023, the Allowance for Doubtful Accounts increased BY \$345,848.

GASB Presentation of Income Statement: GASB requires the recognition of depreciation, amortization, interest expense, non-cash contributed capital, and the Changes in Net Position.

BUCKS COUNTY WATER AND SEWER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023 AND 2022

Debt Administration:

The Budget and approved rates as well as the Bond Indenture requirements are met by adopting the "Modified Accrual" basis of accounting. This method ignores the three expense and income items cited above under GASB and replaces them with Debt Service and Debt Service Coverage and provides for restrictions on certain types of income such as Investment Income.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Income Before Depreciation	\$ 39,236,113	\$ 41,121,551	\$ 38,495,259
Budget Basis Nonoperating Revenue (Expense)			
Investment Income	11,742,363	868,000	474,617
Less Restricted Investment Income	(8,645,319)	(238,000)	(7,132)
Tapping Fees	4,655,252	2,300,000	4,722,418
Total Nonoperating Revenue	7,752,296	2,930,000	5,189,903
Available for Debt Service and Coverage	<u>\$ 46,988,409</u>	<u>\$ 44,051,551</u>	<u>\$ 43,685,162</u>
Debt Service Requirement	<u>\$ 32,369,666</u>	<u>\$ 32,431,761</u>	<u>\$ 31,353,043</u>
Rate Covenant Coverage Achieved	<u>145%</u>	<u>135%</u>	<u>139%</u>

In accordance with the Bond Indenture, the Authority is required to provide 10% coverage on Revenue Bond Debt Service in its rates. The rates adopted and income derived therefrom provided a coverage of 147%. The Authority has never failed to meet its rate covenant requirement in its 60 years of existence.

Capital Assets:

Capital Assets being depreciated increased by \$77.9 million (net of depreciation) during 2023. This includes capital contributions to third party water and wastewater service purveyors, capitalization of interest, ongoing discovery and remediation of inflow and infiltration and system upgrades in progress. In early 2023, the Authority completed the agreement with the County of Bucks to lease and operate the Lake Galena Dam and to acquire a restrictive covenant for the lake's water storage and all watershed easements that was signed in December 2022. This agreement secures the water supply and ensures that there will be no future development within the watershed easement. In August 2023, the Authority closed on the acquisition of the Bristol Borough sewer system for \$51,000,000 including \$1,000,000 for extending the bridge to the treatment plant. In December 2023 the Authority completed the Pebble Ridge Sewer Project and capitalized the project cost for \$11,120,000

Contacting the Authority's Financial Management:

The financial report is designed to provide our customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bucks County Water and Sewer Authority's Chief Financial Officer, 1275 Almshouse Road, Warrington, PA 18976.

BUCKS COUNTY WATER AND SEWER AUTHORITY
STATEMENTS OF NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

<u>ASSETS</u>	2023	2022
Current Assets		
Cash and Cash Equivalents	\$ 2,440,109	\$ 2,499,078
Investments	15,766,106	17,248,047
Accounts Receivable, Net of Allowance for Doubtful Accounts	8,442,736	1,814,619
Unbilled Revenue Receivable	10,842,556	10,292,003
Prepaid Expenses	2,380,972	408,111
Total Current Assets	39,872,479	32,261,858
Non-Current Assets		
Restricted Assets		
Cash and Cash Equivalents	3,129,508	2,955,980
Investments	217,825,182	222,607,789
Interest Receivable	1,943,898	1,677,958
Total Restricted Assets	222,898,588	227,241,727
Net Pension Asset	-	14,969,897
Net OPEB Asset	1,552,496	123,382
Capital Assets		
Land, Rights-of-Way and Construction in Progress	136,786,758	119,858,159
Other Capital Assets, Net of Accumulated Depreciation	403,221,392	416,782,115
Total Capital Assets, Net	540,008,150	536,640,274
Total Non-Current Assets	764,459,234	778,975,280
Total Assets	804,331,713	826,330,417
Deferred Outflows of Resources		
Deferred Amount from Debt Refundings	5,261,229	6,006,584
Pension: Changes in Assumptions	272,607	363,476
Pension: Difference Between Expected and Actual Experience	2,991,523	1,301,548
Pension: Difference Between Projected and Actual Earnings on Investments	2,768,344	-
Pension: Contributions Made Subsequent to Measurement Date	3,665,364	1,342,657
OPEB: Difference Between Projected and Actual Earnings on Investments	-	853,556
OPEB: Difference Between Expected and Actual Experience	459,263	103,823
Total Deferred Outflows of Resources	15,418,330	9,971,644
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities		
Accounts Payable and Accrued Expenses	12,136,667	10,920,922
Current Portion of Note Payable	305,972	-
Current Portion of Bonds Payable	18,928,000	17,173,000
Interest Payable	1,050,318	1,831,418
Total Current Liabilities	32,420,957	29,925,340
Non-Current Liabilities		
Customer and Developer Deposits	2,862,316	2,872,771
Note Payable, Net of Current Portion	9,450,376	-
Bonds Payable, Net of Unamortized Bond Discount and Premium	413,835,533	434,474,548
Line of Credit	-	282,123
Net Pension Liability	1,157,469	-
Total Non-Current Liabilities	427,305,694	437,629,442
Total Liabilities	459,726,651	467,554,782
Deferred Inflows of Resources		
Pension: Difference Between Projected and Actual Earnings on Investments	-	10,558,960
OPEB: Changes in Assumptions	907,009	87,542
OPEB: Difference Between Projected and Actual Earnings on Investments	617,646	-
OPEB: Difference Between Expected and Actual Experience	-	912,983
Proceeds from Sale of Future Revenues	3,277,891	3,622,933
Total Deferred Inflows of Resources	4,802,546	15,182,418
Net Position		
Net Investment in Capital Assets	168,969,226	279,739,588
Restricted for Capital Activity	155,033,771	10,832,632
Restricted for Debt Service	33,949,869	30,091,903
Unrestricted (Deficit)	(2,732,020)	17,807,459
Total Net Position	\$ 355,220,846	\$ 338,471,582

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Operating Revenues		
Retail Sewer Service	\$ 61,051,538	\$ 56,053,277
Wholesale Sewer Service	15,968,805	13,089,053
Retail Water Service	12,806,653	12,112,909
Wholesale Water Service	4,390,343	4,388,017
Improvement and Tapping Fees	233,090	1,298,050
Other Revenues	4,333,498	3,614,871
Total Operating Revenues	98,783,927	90,556,177
Expenses		
Operating Expenses		
Sewage Treatment and Water Procurement		
Sewage Treatment	21,499,275	19,467,392
Water Procurement	5,582,443	5,965,165
Total Sewage Treatment and Water Procurement	27,081,718	25,432,557
Plant Operations		
Payroll and Related Costs	3,567,877	2,878,756
Repairs and Maintenance	3,263,557	2,569,969
Electricity	414,119	459,108
Water and Sewage Testing	422,475	287,226
Total Plant Operations	7,668,028	6,195,059
Collection, Transmission and Distribution Service		
Payroll and Related Costs	8,899,132	6,837,299
Repairs and Maintenance	3,514,979	2,883,152
Electricity	1,225,008	983,945
Other Related Costs	336,699	288,202
Total Collection, Transmission and Distribution Service	13,975,818	10,992,598
Total Operating Expenses	48,725,564	42,620,214
General and Administrative Expenses		
Payroll and Related Costs	3,891,114	3,738,609
Professional Fees	1,985,039	2,258,136
Insurance	1,110,595	713,750
Other	3,835,502	2,935,796
Total General and Administrative Expense	10,822,250	9,646,291
Total Expenses	59,547,814	52,266,505
Income From Operations Before Depreciation	39,236,113	38,289,672
Depreciation	(22,639,657)	(21,078,889)
Operating Income	16,596,456	17,210,783
Nonoperating Revenue (Expense)		
Interest Expense, Net of Amounts Capitalized	(16,011,716)	(9,749,172)
Investment Income	11,742,363	1,921,363
Improvement and Tapping Fees	4,422,162	2,582,425
Total Nonoperating Expense	152,809	(5,245,384)
Increase In Net Position	16,749,265	11,965,399
Net Position - Beginning of Year	338,471,581	326,506,183
Net Position - End of Year	\$ 355,220,846	\$ 338,471,582

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 78,393,836	\$ 91,140,095
Payments to Suppliers	(29,239,793)	(36,752,350)
Payroll and Related Payments	(16,358,123)	(16,122,230)
Other Operating (Payments) / Transactions	(3,815,768)	666,593
	28,980,152	38,932,108
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(27,649,698)	(99,372,493)
Improvement and Tapping Fees	4,422,162	2,582,427
Bond Principal Repayments	(17,173,000)	(23,230,000)
Bond Issuance Proceeds	9,756,348	203,709,989
Note Payable Repayments	(282,123)	-
Interest Paid	(15,954,719)	(8,931,796)
	(46,881,030)	74,758,127
Cash Flows from Investing Activities		
Sale (Purchase) of Investments, Net	6,262,158	(119,770,857)
Interest Received	11,753,279	1,906,970
	18,015,437	(117,863,887)
Net Increase (Decrease) in Cash and Cash Equivalents	114,559	(4,173,652)
Cash and Cash Equivalents - Beginning of Year	5,455,058	9,628,710
Cash and Cash Equivalents - End of Year	\$ 5,569,617	\$ 5,455,058
Displayed as:		
Cash and Cash Equivalents	\$ 2,440,109	\$ 2,499,078
Restricted Cash and Cash Equivalents	3,129,508	2,955,980
	\$ 5,569,617	\$ 5,455,058
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 16,596,455	\$ 17,210,783
Adjustments to Reconcile Operating Income to Net Cash Provided by / (Used in) Operating Activities:		
Depreciation	22,639,657	21,078,889
Changes in Assets and Liabilities:		
Receivables and Unbilled Revenue, Net	(6,889,939)	4,158,304
Prepaid Expenses	(1,972,861)	(47,159)
Accounts Payable and Accrued Expenses	927,015	(2,953,195)
Interest Payable	(781,100)	1,099,585
Customer and Developers Deposits	(10,456)	(367,568)
OPEB and Pension Changes	(1,528,619)	(1,247,531)
	\$ 28,980,152	\$ 38,932,108

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
 STATEMENTS OF FIDUCIARY NET POSITION – OPEB TRUST
 YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Cash and Cash Equivalents	\$ 527	\$ -
Investments at Fair Value	6,139,460	5,513,615
Total Assets	\$ 6,139,987	\$ 5,513,615
Net Position		
Restricted for:		
Postemployment Benefit Plan	6,139,987	5,513,615
Total Net Position	\$ 6,139,987	\$ 5,513,615

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – OPEB TRUST
 YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Additions		
Contributions:		
Employer	\$ 368,793	\$ -
Total Contributions	368,793	-
Investment Earnings:		
Net Investment Income	516,087	(784,746)
Total Investment Earnings	516,087	(784,746)
Total Additions	884,880	(784,746)
Deductions		
Benefits Paid	236,493	-
Administrative Expenses	22,015	21,380
Total Deductions	258,508	21,380
Change in Net Position	626,372	(806,126)
Net Position - Beginning	5,513,615	6,319,741
Net Position - Ending	\$ 6,139,987	\$ 5,513,615

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Operations

The Bucks County Water and Sewer Authority (the "Authority") was organized for the purpose of acquiring, holding, constructing, improving, maintaining, operating, and leasing sewers, sewer systems, treatment plants, water supply works, and water distribution systems for the County of Bucks (the "County") and for such other territories as it may be authorized to serve, as set forth in the Municipality Authorities Act of 1945, as amended.

The operations of each activity are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. The activities of the Authority are grouped in the combined financial statements in this report into the broad category referred to as an Enterprise Fund. Such activities are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The activities of the Authority are segregated as follows:

Sewer System

A retail sewer system which provides services to residential and nonresidential customers in the Boroughs of New Britain, Doylestown, New Hope, and Richlandtown, and the Townships of Buckingham, Doylestown, Plumstead, Richland, Solebury, Springfield, Upper Dublin, Warrington, West Vincent, and Birmingham. Sewage is transmitted to the Chalfont-New Britain, Quakertown, Lambertville, Kings Plaza, Green Street, Harvey Avenue (Doylestown Borough), Warminster, Warrington, and Upper Dublin treatment plants.

A sewer interceptor line services municipalities along the Neshaminy Creek Basin. Sewage is transmitted to treatment facilities in Philadelphia.

Water System

The System serves retail, residential, and nonresidential customers in Lower Southampton, Solebury and Middletown Townships, Warrington Township, and the Boroughs of New Hope, Langhorne, Langhorne Manor, and Penndel. The System also provides wholesale water transmission services to the Townships of Northampton and Upper Southampton, and the Newtown Artesian Water Company.

Administrative Account

The Authority maintains an administrative account to purchase assets and incur expenses as necessary for operations. Expenses directly identifiable with a specific system are allocated to that fund. Administrative expenses common to all systems are allocated to the different systems based upon a percentage of total flows of water and sewage.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The accompanying financial statements include the accounts of the Sewer System, the Water System, and Administrative Accounts. All significant inter-segment transactions and balances have been eliminated in the financial statements.

The accompanying financial statements do not include the financial activities of the County, nor are the Authority's financial activities included in the County's financial statements since each is considered a separate reporting entity. The criteria used in determining the scope of the reporting entity for financial reporting purposes are consistent with the guidance contained in Governmental Accounting Standards Board ("GASB") Statement No. 61, *"Determining Whether Certain Organizations Are Component Units,"* are as follows:

- Selection of the Governing Authority

The Board of Directors of the Authority is appointed to five-year terms by the County Commissioners. While there is continuing communication with the County, there is little linkage to the elected County officials after appointment.

- Designation of Management

The management and employees of the Authority responsible for the operations of the Authority are appointed by and are held accountable to the Authority's Board of Directors.

- Ability to Significantly Influence Operations

The Authority reviews and approves all budgetary actions, signs contracts as the contracting agency, hires and controls key management personnel, and exercises control over facilities, property, and policies relating to the services provided by the Authority. The County assumes no responsibility for the Authority's day-to-day operations.

- Accountability for Fiscal Matters

Budgetary authority and control over collection and disbursement of funds, fiscal management, and funding deficits rest with the Authority.

Presentation of Comparative Amounts

Certain 2022 amounts have been modified to be consistent with the 2023 presentation.

Basis of Accounting

The Authority's activities are accounted for using the economic resource measurement focus and accrual basis of accounting. The reported net position (total net position) is segregated into "net investment in capital assets;" "restricted for capital activity;" "restricted for debt service;" and "unrestricted" components. The operating statements present increases (revenues) and decreases (expenses) in total net position.

Revenues are recognized in the period earned and expenses are recognized when they are incurred.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The accounting and reporting policies of the Authority conform with the accounting rules prescribed by the GASB. The Authority has elected under GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements, as well as all applicable Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 that such are available and then to unrestricted net position.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with an initial maturity of three months or less at the time of purchase to be cash equivalents.

Investments

Investments are stated at fair value based on quoted prices.

In establishing the fair value of investments, the Authority uses the following hierarchy. The lowest available level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets that the Authority has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Accounts Receivable

Accounts receivable consist of billed retail and wholesale water and sewer charges that have not been collected at December 31. The Authority evaluates the collectability of individual receivables and, if necessary, records an allowance for doubtful accounts. The Authority's policy is to file a lien against the respective property for delinquent sewer customers; however, the Authority is required to provide continuous service to these customers. The Authority's policy regarding its water customers is to discontinue services when payments are two months' delinquent. As of December 31, 2023 and 2022 the allowance for doubtful accounts was \$4,323,961 and \$3,913,078, respectively.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unbilled Revenue Receivable

The Authority bills retail water and sewer customers on a quarterly and monthly basis. Wholesale water and sewer customers are billed monthly. Revenue earned for services provided through December 31 but unbilled is recorded in the accompanying financial statements as Unbilled Revenue Receivable.

Capital Assets

Capital Assets are stated at acquisition cost or fair value at the time of purchase or contribution to the Authority. The minimum capitalization threshold is an individual item with a cost of more than \$5,000 and a useful life exceeding one year.

Depreciation of utility plant in service is provided on the straight-line method over the estimated useful lives of the related assets as follows:

Buildings, Sewage Treatment Plants, and Pump Stations	25 - 50 Years
Mains, Laterals, and Storage Tanks	50 Years
Machinery and Equipment	5 - 10 Years

Capitalization of Interest

Interest expense net of interest income that relates to the cost of acquiring or constructing fixed assets by the Authority was capitalized through December 31, 2000. The Authority adopted Government Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, on January 1, 2021. Previously, interest expense incurred in connection with construction of capital assets was reduced by interest earned on the investment of funds borrowed for construction in accordance with FASB Statement No. 62, *Capitalization of Interest Costs in Situations Involving Certain Tax-exempt Borrowings and Certain Gifts and Grants.*

Unamortized Bond Discounts and Premiums

Bond discounts and premiums are deferred and amortized over the term of the related bonds using the bonds outstanding method, which approximates the interest method. For financial reporting purposes, bond discounts and premiums are offset against bonds payable.

Deferred Refunding (Gains) Losses

The accounting (gains) losses incurred by the Authority related to the refunding of certain bonds is deferred and amortized using the straight-line method over the life of the original refunded bonds or refunding bonds, whichever is shorter. For financial reporting purposes, deferred refunding (gains) losses are included in deferred outflows of resources.

Restricted Assets

Restricted assets represent cash and investments established for specific purposes and uses under the terms of the Trust Indentures as described below and the Loan Agreements.

Restricted assets also include developer deposits held by the Authority to be used to pay costs of certain engineering, legal and inspection work required by the Authority, and deferred compensation plan assets.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets (Continued)

In accordance with requirements of the Authority's Trust Indentures, trust accounts have been established at financial institutions as follows:

Debt Service Funds

Funds established from periodic withdrawals made by the Trustee, from the Revenue Funds. Amounts deposited in the Debt Service Funds are used for making required debt service payments.

Debt Service Reserve Funds

Funds established from proceeds of sales of 2010 through 2020 Series Current Interest Bonds in amounts which will equal the respective maximum annual debt service reserve requirements in the aggregate on all series of bonds.

Bond Redemption and Improvement Funds

Funds established to make up deficiencies in Debt Service Funds or to pay costs of additions or deficiencies in Construction Funds.

Construction Funds

Funds provided from bond proceeds. The Construction Funds are established to make disbursements for land, easements, labor, supplies, equipment, and any costs associated with construction or reconstruction of related projects.

Maintenance Reserve Funds

Funds established to provide for extraordinary repairs, renewals, and replacements of capital additions.

Revenue Fund

The Revenue Fund is comprised of receipts for services provided by the Authority and restricted for necessary operating expenses.

Budgets and Budgetary Accounting

The Authority, while not required by statute, prepares an annual budget for each system. The budgets are filed with the Trustee at least fifteen days prior to the beginning of each fiscal year and serve as the financial plan for the ensuing year and may be amended or supplemented at any time with approval by the consulting engineer.

The budget is used as a management control device during the year, and it presents estimated expenses of operating, maintaining, and repairing the systems, administrative expenses, required transfers, and debt service requirements. The major differences between the budgetary basis and financial statement (U.S. Generally Accepted Accounting Principles - GAAP) reporting of the results of operations include the following:

- Depreciation expense, which is not a budgeted item.
- Debt service and coverage (10% of debt service requirements), which are budgeted; and

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

- Adjustments for restricted income, and capitalized interest, which are not budgeted.

Use of Estimates

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

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance to cover risks of loss including general liability, excess liability, workers' compensation, property insurance, employee health, life, and accident insurance. Settled claims have not exceeded the commercial coverage insurance in any of the past three fiscal years; and there have been no significant changes in insurance coverage in those years.

Adopted GASB Statements

The Authority adopted the following GASB Statements in 2023 with no effect on the financial statements:

- Statement No. 96, *Subscription-Based Information Technology Arrangements*.
- Portions of Statement No. 99, *Omnibus 2022*.

Pending Governmental Accounting Standards Board (GASB) Statements

Remaining portions of GASB Statement No. 99 will be adopted in 2024.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement is required to be adopted for the Authority's 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement is required to be adopted for the Authority's 2024 financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is required to be adopted in 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, and is effective for the Authority's 2026 financial statements.

The Authority has not yet completed the various analyses required to estimate the financial statements impacts of these new pronouncements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023 AND 2022

NOTE 2: DEPOSITS AND INVESTMENTS

Cash and investments as of December 31, are classified in the accompanying financial statements as follows:

	2023	2022
Statement of Net Position:		
Cash and Cash Equivalents	\$ 5,569,617	\$ 5,455,058
Investments	233,591,288	239,855,836
	\$ 239,160,905	\$ 245,310,894

Cash and investments as of December 31, consist of the following:

	2023	2022
Cash on Hand	\$ 3,900	\$ 3,900
Deposits and Investments with Bond Trustee	239,157,005	245,306,994
	\$ 239,160,905	\$ 245,310,894

Custodial Credit Risk – Deposits and Investments

The Authority has a policy that requires all deposits and investments, other than U.S. government obligations, to be covered by the Federal Deposit Insurance Corporation (FDIC), or 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.

Investments of debt proceeds held by bond trustee are governed by provisions of the Consolidated and Restated Trust Indenture dated as of June 1, 1995 and as amended thereafter. Investment securities include any of the following: U.S. Government obligations, notes, debentures, or other evidences of indebtedness issued by U.S. Government agencies, direct and general obligations of any state of the United States (with rating restrictions), negotiable or non-negotiable certificates of deposit issued by any bank or trust company, or savings and loan association, the deposits of which are insured by the Federal Deposit Insurance Company (FDIC), provided such issuing institution in any case has combined capital, surplus and undivided profits of not less than \$3 million and that such deposits are fully insured by the FDIC, or to the extent not so insured, are secured by certain collateral, repurchase agreements collateralized by U.S. Government obligations, investments in a money market and/or escrow certificates.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>
Money Market Funds	\$ 217,493,973	\$ 217,493,973
Mutual Funds	447,206	447,206
U.S. Treasury Bills	15,650,109	15,650,109
	<u>\$ 233,591,288</u>	<u>\$ 233,591,288</u>

As of December 31, 2023 and 2022 the Authority had the following investments, Fulton maturities and Moody's ratings:

<u>Investment Type</u>	2023				Rating as of Year End
	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	
Held by Bond Trustee					
Money Market Funds	\$ 217,493,973	\$ 217,493,973	\$ -	\$ -	Aaa
Mutual Funds	447,206	447,206	-	-	N/A
U.S. Treasury Bills	15,650,109	15,650,109	-	-	Aaa
	<u>\$ 233,591,288</u>	<u>\$ 233,591,288</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>Investment Type</u>	2022				Rating as of Year End
	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	
Held by Bond Trustee					
Money Market Funds	\$ 37,973,170	\$ 37,973,170	\$ -	\$ -	Aaa
Mutual Funds	447,206	447,206	-	-	N/A
U.S. Treasury Bills	201,435,460	201,435,460	-	-	Aaa
	<u>\$ 239,855,836</u>	<u>\$ 239,855,836</u>	<u>\$ -</u>	<u>\$ -</u>	

Interest Rate Risk

"All investments are subject to the discretion of the Trustee, and moneys in all funds, when held by the Trustee, are to be continuously invested and reinvested and deposited and redeposited by the Trustee in the highest yield investment securities that may be reasonably known to the Trustee, with a view to maximizing yield and minimizing the instances of uninvested funds." (Restated Trust Indenture dated as of June 1, 1995 and as amended thereafter).

Deposit and Investment Risk

Concentration of Credit Risk – The Authority's policy is to invest in U.S. Government or Federal Agency securities for which there is no limit to the investment amount.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 3: CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

	2023				
	January 1	Additions	Disposals	Transfers	December 31
<u>Capital Assets Not Being Depreciated:</u>					
Land	\$ 28,317,315	\$ -	\$ -	\$ -	\$ 28,317,315
Construction in Progress	91,540,844	20,184,968	-	(3,253,387)	108,472,425
Total Capital Assets Not Being Depreciated	<u>\$ 119,858,159</u>	<u>\$ 20,184,968</u>	<u>\$ -</u>	<u>\$ (3,253,387)</u>	<u>\$ 136,789,740</u>
<u>Capital Assets Being Depreciated:</u>					
Buildings, Sewage Plants, and Pump Stations	\$ 253,607,324	3,645,360	\$ -	\$ -	\$ 257,252,684
Mains, Laterals, and Storage Tanks	477,602,653	3,891,552	-	-	481,494,205
Machinery and Equipment	32,885,195	1,537,118	-	-	34,422,313
Total Capital Assets Being Depreciated	764,095,172	9,074,030	-	-	773,169,202
Accumulated Depreciation	(347,313,057)	(22,634,752)	-	-	(369,947,809)
Total Capital Assets Being Depreciated, Net	<u>\$ 416,782,115</u>	<u>\$ (13,560,722)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,221,393</u>
2022					
	January 1	Additions	Disposals	Transfers	December 31
<u>Capital Assets Not Being Depreciated:</u>					
Land	\$ 3,615,715	\$ 24,701,600	\$ -	\$ -	\$ 28,317,315
Construction in Progress	90,069,078	16,136,386	-	(14,664,620)	91,540,844
Total Capital Assets Not Being Depreciated	<u>\$ 93,684,793</u>	<u>\$ 40,837,986</u>	<u>\$ -</u>	<u>\$ (14,664,620)</u>	<u>\$ 119,858,159</u>
<u>Capital Assets Being Depreciated:</u>					
Buildings, Sewage Plants, and Pump Stations	\$ 229,687,434	23,919,890.00	\$ -	\$ -	\$ 253,607,324
Mains, Laterals, and Storage Tanks	431,771,361	45,831,292.00	-	-	477,602,653
Machinery and Equipment	31,656,270	1,228,925.00	-	-	32,885,195
Total Capital Assets Being Depreciated	693,115,065	70,980,107	-	-	764,095,172
Accumulated Depreciation	(328,061,517)	(19,251,540)	-	-	(347,313,057)
Total Capital Assets Being Depreciated, Net	<u>\$ 365,053,548</u>	<u>\$ 51,728,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 416,782,115</u>

Depreciation expense was \$22,634,752 and \$19,251,540 for the years ended December 31, 2023 and 2022, respectively.

On December 21, 2022 BCWSA board of directors signed the Lake Galena restrictive covenant water storage and Dam lease and operating agreement and the transaction was completed in early 2023. The agreement includes all easements surrounding the Lake Galena watershed and operation and maintenance of the dam itself. The total payment for the lease of the Dam and Restrictive Covenants is Twenty-Four Million Seven Hundred Thousand and 00/100 Dollars (\$24,700,000) (the "Payment"). The Payment shall be allocated Thirteen Million Three Hundred Thousand and 00/100 Dollars (\$13,300,000) to the Dam Lease Agreement and Eleven Million Four Hundred Thousand and 00/100 Dollars (\$11,400,000) to the Restrictive Covenants.

In accordance with the provisions of GASB Statement No. 42 the Authority has reviewed the status of its long lived assets. It is the opinion of management that the Authority has no significant impairment of any active assets and that any long lived assets not used or impaired at this time have been fully depreciated.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 4: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At December 31 accounts payable and accrued expenses consisted of:

	<u>2023</u>	<u>2022</u>
Payable to Vendors	\$ 2,759,432	\$ 2,875,384
Accrued Payroll and Related Expenses	759,627	571,528
Retainage Payable	741,451	770,421
Accrued Sewage Treatment Expenses	7,385,997	6,724,997
Accrued Water Purchase	490,160	260,715
	<u>\$ 12,136,667</u>	<u>\$ 11,203,045</u>

NOTE 5: BONDS AND NOTE PAYABLE

BONDS PAYABLE

Changes in bonds payable for the years ended December 31, 2023 and 2022 are as follows:

		<u>2023</u>				
		<u>January 1</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31</u>	<u>Due Within One Year</u>
Sewer System	\$ 334,096,246	\$ -	\$ (15,473,321)	\$ 318,622,925	\$ 15,703,000	
Water System	<u>117,551,302</u>	<u>-</u>	<u>(3,410,695)</u>	<u>114,140,607</u>	<u>3,225,000</u>	
	<u>\$ 451,647,548</u>	<u>\$ -</u>	<u>\$ (18,884,016)</u>	<u>\$ 432,763,532</u>	<u>\$ 18,928,000</u>	
		<u>2022</u>				
		<u>January 1</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31</u>	<u>Due Within One Year</u>
Sewer System	\$ 150,702,964	\$ 205,258,707	\$ (21,865,425)	\$ 334,096,246	\$ 15,703,000	
Water System	<u>120,619,260</u>	<u>-</u>	<u>(3,067,958)</u>	<u>117,551,302</u>	<u>3,225,000</u>	
	<u>\$ 271,322,224</u>	<u>\$ 205,258,707</u>	<u>\$ (24,933,383)</u>	<u>\$ 451,647,548</u>	<u>\$ 18,928,000</u>	

Sewer System

Bonds payable as of December 31, 2023, are as follows:

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 5: BONDS AND NOTE PAYABLE (CONTINUED)

Sewer System (Continued)

Revenue Bonds	Final Maturity	Interest Rates	Principal Balance
Series			
2013 Revenue Bonds	2028	2.75% to 4.00%	\$ 5,845,000
2015 Revenue Bonds	2024	2.75% to 5.00%	3,395,000
2015A Revenue Bonds	2040	1.25% to 5.00%	28,505,000
2016 Revenue Bonds	2024	2.00% to 4.00%	3,870,000
2017 Revenue Bonds	2035	3.25% to 5.00%	27,625,000
2019 Revenue Bonds	2039	3.00% to 4.00%	16,195,000
2020 Revenue Bonds	2045	2.00% to 3.00%	6,545,000
2021 Revenue Bonds	2046	2.25% to 2.50%	18,825,000
2022 Revenue Bonds	2047	3.89%	51,017,000
2022A Revenue Bonds	2040	5.00%	<u>143,070,000</u>
			304,892,000
Add: Unamortized Bond Premium			<u>13,730,925</u>
			318,622,925
Less: Current Portion			<u>15,703,000</u>
			<u>\$ 302,919,925</u>

On August 9, 2022, the Authority issued Sewer System Revenue Bonds for \$51,660,000. The proceeds were used for the acquisition of the Bristol Borough sewer system and for extending the bridge to the treatment plant. Total costs of the issuance total \$401,700 and were paid at settlement.

On December 21, 2022, the Authority issued the Sewer System Revenue bonds, Series A of 2022 for \$144,325,000. The proceeds were used to fund three construction funds for plant upgrades, Vehicles, Machinery, building improvements, software upgrades and the replacement of the Neshaminy interceptor, and for the payment of costs incurred by the Authority to issue the bonds.

On December 14, 2021, the Authority issued Sewer System Revenue Bonds, Series of 2021, in the amount of \$19,365,000. At the same time, the Authority issued Water System Revenue Bonds, Series of 2021, in the amount of \$26,805,000. The Water and Sewer Bonds are collectively referred to as the "2021 Bonds". The Sewer Bonds will be used for and towards: 1) permanent financing in acquiring the Birmingham Township, Chester County Sewer System and plant, 2) constructing and equipping a project involving diversion of flow from the Upper Dublin treatment plant to the Ambler treatment plants, 3) increasing capacity at the Ambler treatment plant, 4) capitalizing interest on the 2021 Sewer Bonds, and 5) paying the costs related to the issuance of the 2021 Sewer Bonds.

On December 22, 2020, the Authority issued Sewer System Revenue Bonds, Series of 2020, in the amount of \$6,775,000. The proceeds of the bonds were used to acquire the Neshaminy Manor Center Sewer System and for the planning, designing, and constructing of improvements.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 5: BONDS AND NOTE PAYABLE (CONTINUED)

Sewer System (Continued)

On November 13, 2019, the Authority issued Sewer System Revenue Bonds, Series of 2019, in the amount of \$16,195,000. The proceeds of the bonds were used to finance the acquisition of the Warrington Township Sewer System, which includes the purchase of the Warrington system, easements, legal costs, pension costs and capacity for future Equivalent Dwelling Units (EDUs), and for the payment of costs incurred by the Authority to issue the bonds.

On November 28, 2017, the Authority issued Sewer System Revenue Bonds, Series of 2017, in the amount of \$31,625,000. The proceeds of the bonds were used to advance refund a portion of the Series of 2010 and Series of 2011 outstanding, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of \$1,859,201 (Net Present Value ("NPV")) or 5.70% of refunded principal. The refunding resulted in a \$2,140,288 accounting loss on defeasance.

In December 2016, the Authority issued Sewer System Revenue Bonds, Series of 2016, in the amount of \$37,535,000. The proceeds were used to call its remaining Series of 2006, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of approximately \$3.9 million (NPV) or 9.76% of refunded principal. The refunding resulted in a \$407,971 accounting loss on defeasance.

On April 15, 2015, the Authority issued Sewer System Revenue Bonds, Series of 2015, in the amount of \$58,930,000. The proceeds of the bonds were used to refund on a current period basis all of the Series of the 2004 Neshaminy Interceptor Sewer System Revenue Bonds outstanding, and advance refund a portion of the Series of 2006 Sewer System bonds outstanding, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of \$5,287,768 (NPV) or 8.34% of refunded principal. The refunding resulted in a \$1,791,574 accounting loss on defeasance.

On December 22, 2015, the Authority issued Sewer System Sewer Revenue Bonds, Series of 2015A, in the amount of \$34,800,000. The proceeds of the bonds were used to finance the acquisition of the existing Springfield Township Sewer System and undertake other capital improvements, and for the payment of costs incurred by the Authority to issue the bonds.

On May 30, 2013, the Authority issued Sewer System Revenue Bonds, Series of 2013, in the amount of \$17,675,000. The proceeds of the bonds were used to refund all of the Series of 2003 Collection Sewer System Revenue Bonds, Sewer System Series of 2008A and 2008B, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of \$458,437 (NPV) or 8.67% of refunded principal. The refunding resulted in a \$781,189 accounting loss on defeasance.

On December 9, 2011, the Authority issued Sewer System Revenue Bonds, Series of 2011, in the amount of \$15,895,000. The proceeds of the bonds were used to construct a surge tank and undertake other capital improvement projects, and for the payment of costs incurred by the Authority to issue the bonds.

On December 1, 2010, the Authority issued Sewer System Revenue Bonds, Series of 2010, in the amount of \$29,750,000. The proceeds of the bonds were used to advance refund all of the Series of 1999 Collection Sewer System Bonds outstanding, fund contributions to the debt service reserve fund and construction fund, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of \$51,005 (NPV) or 7.56% of refunded principal. The refunding resulted in a \$157,843 gain on defeasance.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 5: BONDS AND NOTE PAYABLE (CONTINUED)

Sewer System (Continued)

Debt service requirements for the Sewer System bonds (payable semiannually on June 1 and December 1) at December 31, 2023, are as follows:

Years Ending December 31,	Principal	Interest
2024	\$ 15,703,000	\$ 12,633,899
2025	9,208,000	12,185,863
2026	9,590,000	11,795,091
2027	10,005,000	11,373,639
2028	10,447,000	10,932,411
2029-2033	50,383,000	48,213,602
2034-2038	57,117,000	38,230,280
2039-2043	72,123,000	24,894,664
2044-2048	70,316,000	8,076,178
	<u>\$ 304,892,000</u>	<u>\$ 178,335,627</u>

Water System

Bonds payable as of December 31, 2023, are as follows:

<u>Series</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Principal Balance</u>
2007 Revenue Bonds	2024	3.88%	1,710,000
2013 Revenue Bonds	2028	2.25% to 3.00%	1,250,000
2017 Revenue Bonds	2041	2.25% to 5.00%	74,080,000
2020 Revenue Bonds	2045	2.00% to 3.00%	6,890,000
2021 Revenue Bonds	2046		26,805,000
			<u>110,735,000</u>
Add: Unamortized Bond Premium			3,405,607
			<u>114,140,607</u>
Less: Current Portion			3,225,000
			<u>110,915,607</u>

As discussed above, on December 14, 2021, the Authority issued \$26,805,000 Water System Revenue Bonds, Series of 2021. Proceeds of the Bonds will be used for and toward: 1) making an up front payment for the lease of the dam and purchase conservation access easements at Lake Galena, 2) funding a deposit to the Debt Service Reserve Fund, 3) capitalizing interest on the 2021 Water Bonds, and 4) paying the cost related to issuance of the 2021 Water Bonds.

On December 22, 2020, the Authority issued Water System Revenue Bonds, Series of 2020, in the amount of \$7,130,000. The proceeds of the bonds were used to acquire the Neshaminy Manor Water System and for the planning, designing, and constructing of improvements.

Water System

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 5: Bonds payable as of December 31, 2023 are as follows:
BONDS AND NOTE PAYABLE (CONTINUED)

Water System (Continued)

On November 28, 2017, the Authority issued Water System Revenue Bonds, Series of 2017, in the amount of \$79,195,000. The proceeds of the bonds were used to advance refund the Series of 2011 outstanding, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of \$6,437,992 (NPV) or 7.35% of refunded principal. The refunding resulted in a \$6,628,350 accounting loss on defeasance.

On May 30, 2013, the Authority issued Water System Revenue Bonds, Series of 2013, in the amount of \$4,785,000. The proceeds of the bonds were used to refund all of the Series of 2003 and Series of 2008, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of \$229,431 (NPV) or 8.63% of refunded principal. The refunding resulted in a \$170,950 accounting loss on defeasance.

On December 1, 2010, the Authority issued Water System Revenue Bonds, Series of 2010, in the amount of \$7,010,000. The proceeds of the bonds were used to advance refund all of the Series of 2002 outstanding, fund a contribution to the construction fund, and for the payment of the costs incurred by the Authority to issue the bonds. The Authority saved a total of \$296,833 (NPV) or 4.37% of refunded principal. The refunding resulted in a \$499,619 accounting loss on defeasance.

On December 20, 2007, the Authority issued the Water System Revenue Bonds, Series of 2007, in the amount of \$10,000,000. The proceeds were used to advance refund of a portion of the Series of 2002, and for the payment of costs incurred by the Authority to issue the bonds. The Authority saved a total of \$380,108 (FV), \$369,771 (NPV), or 4.16% of refunded principal. The refunding resulted in a \$990,207 accounting loss on defeasance.

Debt service requirements for the Water System bonds (payable semiannually on June 1 and December 1) at December 31, 2023, are as follows:

Years Ending December 31,	Principal	Interest
2024	\$ 3,225,000	\$ 3,777,667
2025	4,170,000	3,682,913
2026	4,370,000	3,494,823
2027	4,860,000	3,305,865
2028	4,525,000	3,078,712
2029-2033	27,105,000	12,389,753
2034-2038	31,695,000	7,801,995
2039-2043	25,310,000	2,458,891
2044-2048	5,475,000	247,879
	<u>\$ 110,735,000</u>	<u>\$ 40,238,498</u>

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 5: BONDS AND NOTE PAYABLE (CONTINUED)

Rate Covenant

The Authority's Trust Indentures require that the Authority comply with certain debt covenants, including among others, that the Authority establish rates sufficient to pay operating expenses and provide an additional amount equal to 10% of the annual debt service requirements. The Authority complies, in all material respects, with the debt covenants.

Defeasance of Debt

As of December 31, 2023, \$9,695,000 of sewer revenue bonds and \$82,315,000 of water revenue bonds outstanding are considered defeased.

NOTE PAYABLE

On October 30, 2017 the Authority and Doylestown Township (the Township), Pennsylvania entered into a Construction Agreement for the purposes of the Authority constructing and installing the sanitary sewer system for the Project and additional administrative, legal, and engineering costs associated with the construction and installation of the Sewer System.

In connection with the financing of the Project, the Township executed a Funding Agreement with the Pennsylvania Infrastructure Investment Authority (Pennvest) in the amount of \$9,756,348. The Pennvest financing provides for 20 year financing at 2.16% per annum. During the construction period, the Township was obligated to make all interest payments. In 2023, upon completion of the project, the obligation for repayment was transferred to the Authority.

The Construction Agreement also provides that upon the completion of the Project, assessments will be calculated and levied against the properties benefitted based on actual construction costs. There are expected to be over 250 properties benefitted. Additionally, each property connecting to the Project will be required to pay the normal and customary tapping/connection fee of \$6,200 per EDU.

On June 1, 2018, in connection with this Project, the Authority issued the 18th Supplemental Trust Indenture in order to secure its guarantee to Pennvest for the \$8,599,354,

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 5: BONDS AND NOTE PAYABLE (CONTINUED)

NOTE PAYABLE (CONTINUED)

Debt service requirements for the Note Payable as of December 31, 2023 follow:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 305,972	\$ 193,446	\$ 499,418
2025	295,415	204,003	499,418
2026	301,950	197,468	499,418
2027	308,629	190,789	499,418
2028	314,938	184,480	499,418
2029-2033	1,684,587	812,504	2,497,091
2034-2038	1,879,421	617,670	2,497,091
2039-2043	2,096,792	400,299	2,497,091
2044-2048	2,568,644	157,336	2,725,980
	<u>\$ 9,756,348</u>	<u>\$ 2,957,995</u>	<u>\$ 12,714,343</u>

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 6: SEGMENT INFORMATION – 2032 AND 2022

	2023			
	Administrative	Sewer System	Water System	Totals
<u>ASSETS</u>				
Current Assets				
Cash and Cash Equivalents	\$ 1,003,529	714,828	721,752	\$ 2,440,109
Investments	-	9,291,449	6,474,657	15,766,106
Accounts Receivable, Net of Allowance for Doubtful Accounts	-	7,840,157	602,579	8,442,736
Unbilled Revenue Receivable	-	8,857,056	1,985,500	10,842,556
Intercompany Transfers	(11,706,693)	(7,368,911)	19,075,604	-
Prepaid Expenses	1,832,652	509,913	38,407	2,380,972
Total Current Assets	(8,870,512)	19,844,492	28,898,499	39,872,479
Non-Current Assets				
Restricted Assets				
Cash and Cash Equivalents	3,129,508	-	-	3,129,508
Investments	447,206	203,420,174	13,957,802	217,825,182
Interest Receivable	-	35,646	1,908,252	1,943,898
Total Restricted Assets	3,576,714	203,455,820	15,866,054	222,898,588
Net Pension Asset	-	-	-	-
Net OPEB Asset	-	1,319,622	232,874	1,552,496
Capital Assets				
Land, Rights-of-Way and CIP	-	94,243,159	42,543,599	136,786,758
Other Capital Assets, Net of Accumulated Depreciation	8,059,009	272,876,130	122,286,253	403,221,392
Total Capital Assets, Net	8,059,009	367,119,289	164,829,852	540,008,150
Total Non-Current Assets	11,635,723	571,894,731	180,928,780	764,459,234
Total Assets	2,765,211	591,739,223	209,827,279	804,331,713
Deferred Outflows of Resources				
Deferred Amount from Debt Refundings	-	1,133,882	4,127,347	5,261,229
Pension: Changes in Assumptions	-	194,308	78,299	272,607
Pension: Difference Between Expected and Actual Experience	-	2,532,729	458,794	2,991,523
Pension: Difference Between Projected and Actual Earnings on Investments	-	2,099,385	668,959	2,768,344
Pension: Contributions Made Subsequent to Measurement Date	-	2,713,796	951,568	3,665,364
OPEB: Difference Between Expected and Actual Experience	-	390,374	68,889	459,263
Total Deferred Outflows of Resources	-	9,064,474	6,353,856	15,418,330
<u>LIABILITIES AND NET POSITION</u>				
Current Liabilities				
Accounts Payable and Accrued Expenses	(97,105)	11,531,700	702,072	12,136,667
Current Portion of Note Payable	-	305,972	-	305,972
Current Portion of Bonds Payable	-	15,703,000	3,225,000	18,928,000
Interest Payable	-	732,748	317,570	1,050,318
Total Current Liabilities	(97,105)	28,273,420	4,244,642	32,420,957
Non-Current Liabilities				
Customer and Developer Deposits	2,862,316	-	-	2,862,316
Net Pension Liability	-	983,849	173,620	1,157,469
Note Payable, Net of Current Portion	-	9,450,376	-	9,450,376
Bonds Payable, Net of Unamortized Bond Discount and Premium	-	302,919,926	110,915,607	413,835,533
Total Non-Current Liabilities	2,862,316	313,354,151	111,089,227	427,305,694
Total Liabilities	2,765,211	341,627,571	115,333,869	459,726,651
Deferred Inflows of Resources				
Pension: Changes in Assumptions	-	214	(214)	-
Pension: Difference Between Projected and Actual Earnings on Investments	-	(154,880)	154,880	-
OPEB: Changes in Assumptions	-	770,958	136,051	907,009
OPEB: Difference Between Expected and Actual Earnings	-	524,984	92,662	617,646
Proceeds from Sale of Future Revenues	-	-	3,277,891	3,277,891
Total Deferred Inflows of Resources	-	1,141,276	3,661,270	4,802,546
Net Position				
Net Investment in Capital Assets	8,059,009	103,945,345	56,964,872	168,969,226
Restricted for Capital Activity	714,398	148,006,837	6,312,536	155,033,771
Restricted for Debt Service	-	26,013,905	7,935,964	33,949,869
Unrestricted	(8,773,407)	(19,931,237)	25,972,624	(2,732,020)
Total Net Position	\$ -	\$ 258,034,850	\$ 97,185,996	\$ 355,220,846

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 6: SEGMENT INFORMATION - 2023 AND 2022 (CONTINUED)

	2022			
	Administrative	Sewer System	Water System	Totals
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,350,336	\$ 258,265	\$ 890,477	\$ 2,499,078
Investments	-	8,190,658	9,057,389	17,248,047
Accounts Receivable, Net of Allowance for Doubtful Accounts	-	1,109,500	705,119	1,814,619
Unbilled Revenue Receivable	-	8,776,103	1,515,900	10,292,003
Intercompany Transfers	(9,863,597)	(7,920,891)	17,784,488	-
Prepaid Expenses	-	387,614	20,497	408,111
Total Current Assets	<u>(8,513,261)</u>	<u>10,801,249</u>	<u>29,973,870</u>	<u>32,261,858</u>
Non-Current Assets				
Restricted Assets				
Cash and Cash Equivalents	2,955,980	-	-	2,955,980
Investments	447,206	207,486,789	14,673,794	222,607,789
Interest Receivable	-	43,526	1,634,432	1,677,958
Total Restricted Assets	<u>3,403,186</u>	<u>207,530,315</u>	<u>16,308,226</u>	<u>227,241,727</u>
Net Pension Asset	-	12,724,412	2,245,485	14,969,897
Net OPEB Asset	-	104,875	18,507	123,382
Capital Assets				
Land, Rights-of-Way and CIP	-	78,871,718	40,986,441	119,858,159
Other Capital Assets, Net of Accumulated Depreciation	7,966,285	283,571,076	125,244,754	416,782,115
Total Capital Assets, Net	<u>7,966,285</u>	<u>362,442,794</u>	<u>166,231,195</u>	<u>536,640,274</u>
Total Non-Current Assets	<u>11,369,471</u>	<u>582,802,396</u>	<u>182,539,421</u>	<u>778,975,280</u>
Total Assets	<u>2,856,210</u>	<u>593,603,645</u>	<u>214,777,283</u>	<u>811,237,138</u>
Deferred Outflows of Resources				
Deferred Amount from Debt Refundings	-	1,435,858	4,570,726	6,006,584
Pension: Changes in Assumptions	-	271,547	91,929	363,476
Pension: Difference Between Expected and Actual Experience	-	1,096,165	205,383	1,301,548
Pension: Difference Between Projected and Actual Earnings on Investments	-	(253,707.00)	253,707.00	-
Pension: Contributions Made Subsequent to Measurement Date	-	739,495	603,162	1,342,657
OPEB: Difference Between Expected and Actual Earnings	-	88,250	15,573	103,823
OPEB: Difference Between Expected and Actual Experience	-	725,523	128,033	853,556
Total Deferred Outflows of Resources	<u>-</u>	<u>4,103,131</u>	<u>5,868,513</u>	<u>9,971,644</u>
LIABILITIES AND NET POSITION				
Current Liabilities				
Accounts Payable and Accrued Expenses	(298,684)	10,350,194	869,412	10,920,922
Current Portion of Bonds Payable	-	14,053,000	3,120,000	17,173,000
Interest Payable	-	1,505,658	325,760	1,831,418
Total Current Liabilities	<u>(298,684)</u>	<u>25,908,852</u>	<u>4,315,172</u>	<u>29,925,340</u>
Non-Current Liabilities				
Line of Credit	282,123	-	-	282,123
Customer and Developer Deposits	2,872,771	-	-	2,872,771
Bonds Payable, Net of Unamortized Bond Discount and Premium	-	320,043,246	114,431,302	434,474,548
Total Non-Current Liabilities	<u>3,154,894</u>	<u>320,043,246</u>	<u>114,431,302</u>	<u>437,629,442</u>
Total Liabilities	<u>2,856,210</u>	<u>345,952,098</u>	<u>118,746,474</u>	<u>467,554,782</u>
Deferred Inflows of Resources				
Pension: Changes in Assumptions	-	214	(214)	-
Pension: Difference Between Projected and Actual Earnings on Investments	-	8,820,236	1,738,724	10,558,960
OPEB: Changes in Assumptions	-	74,411	13,131	87,542
OPEB: Difference Between Projected and Actual Earnings on Investments	-	-	-	-
OPEB: Difference Between Expected and Actual Experience	-	776,036	136,947	912,983
Proceeds from Sale of Future Revenue	-	-	3,622,933	3,622,933
Total Deferred Inflows of Resources	<u>-</u>	<u>9,670,896</u>	<u>5,511,522</u>	<u>15,182,418</u>
Net Position				
Net Investment in Capital Assets	7,966,285	218,798,138	52,975,165	279,739,588
Restricted for Capital Activity	530,415	3,467,328	6,834,889	10,832,632
Restricted for Debt Service	-	22,079,851	8,012,052	30,091,903
Unrestricted	(8,496,700)	(2,261,535)	28,565,694	17,807,459
Total Net Position	<u>\$ -</u>	<u>\$ 242,083,782</u>	<u>\$ 96,387,800</u>	<u>\$ 338,471,582</u>

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 6: SEGMENT INFORMATION - 2023 AND 2022 (CONTINUED)

	2023		Totals
	Sewer System	Water System	
Operating Revenues			
Retail Sewer Service	\$ 61,051,538	\$ -	\$ 61,051,538
Wholesale Sewer Service	15,968,805	-	15,968,805
Retail Water Service	-	12,806,653	12,806,653
Wholesale Water Service	-	4,390,343	4,390,343
Improvement and Tapping Fees	-	233,090	233,090
Other Revenues	3,090,350	1,243,148	4,333,498
Total Operating Revenues	80,110,693	18,673,234	98,783,927
Expenses			
Operating Expenses			
Sewage Treatment and Water Procurement			
Sewage Treatment	21,499,275	-	21,499,275
Water Procurement	-	5,582,443	5,582,443
Total Sewage and Water Procurement	21,499,275	5,582,443	27,081,718
Plant Operations			
Payroll and Related Costs	3,567,877	-	3,567,877
Repairs and Maintenance	3,263,557	-	3,263,557
Electricity	414,119	-	414,119
Water and Sewage Testing	422,475	-	422,475
Total Plant Operations	7,668,028	-	7,668,028
Collection, Transmission and Distribution Service			
Payroll and related costs	6,401,945	2,497,187	8,899,132
Repairs and maintenance	3,211,758	303,221	3,514,979
Electricity	1,069,675	155,333	1,225,008
Other related costs	234,669	102,030	336,699
Total Collection, Transmission and Distribution Service Expense	10,918,047	3,057,771	13,975,818
Total Operating Expense	40,085,350	8,640,214	48,725,564
General and Administrative Expenses			
Payroll and related costs	3,261,408	629,706	3,891,114
Professional fees	1,727,740	257,299	1,985,039
Insurance	919,139	191,456	1,110,595
Other	3,560,635	274,868	3,835,503
Total General and Administrative Expenses	9,468,922	1,353,329	10,822,251
Income from Operations Before Depreciation	30,556,421	8,679,691	39,236,112
Depreciation	(17,614,712)	(5,024,945)	(22,639,657)
Operating Income	12,941,709	3,654,746	16,596,455
Nonoperating Revenue (Expense)			
Interest Expense	(11,990,099)	(4,021,617)	(16,011,716)
Investment Income	10,577,296	1,165,067	11,742,363
Improvement and Tapping Fees	4,422,162	-	4,422,162
Total Nonoperating Expense	3,009,359	(2,856,550)	152,809
Increase in Net Position	15,951,068	798,196	16,749,264
Net Position - Beginning of Year	242,083,782	96,387,800	338,471,582
Net Position, End of Year	\$ 258,034,850	\$ 97,185,996	\$ 355,220,846

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 6: SEGMENT INFORMATION - 2023 AND 2022 (CONTINUED)

	2022		
	Sewer System	Water System	Totals
Operating Revenues			
Retail Sewer Service	\$ 56,053,277	\$ -	\$ 56,053,277
Wholesale Sewer Service	13,089,053	-	13,089,053
Retail Water Service	-	12,112,909	12,112,909
Wholesale Water Service	-	4,388,017	4,388,017
Improvement and Tapping Fees	-	1,298,050	1,298,050
Other Revenues	<u>2,321,085</u>	<u>1,293,786</u>	<u>3,614,871</u>
Total Operating Revenues	<u>71,463,415</u>	<u>19,092,762</u>	<u>90,556,177</u>
Expenses			
Operating Expenses			
Sewage Treatment and Water Procurement			
Sewage Treatment	19,467,392	-	19,467,392
Water Procurement	-	5,965,165	5,965,165
Total Sewage and Water Procurement	<u>19,467,392</u>	<u>5,965,165</u>	<u>25,432,557</u>
Plant Operations			
Payroll and Related Costs	2,878,756	-	2,878,756
Repairs and Maintenance	2,569,969	-	2,569,969
Electricity	459,108	-	459,108
Water and Sewage Testing	<u>287,226</u>	<u>-</u>	<u>287,226</u>
Total Plant Operations	<u>6,195,059</u>	<u>-</u>	<u>6,195,059</u>
Collection, Transmission and Distribution Service			
Payroll and related costs	4,497,414	2,339,885	6,837,299
Repairs and maintenance	2,422,405	460,747	2,883,152
Electricity	830,106	153,839	983,945
Other related costs	<u>196,644</u>	<u>91,558</u>	<u>288,202</u>
Total Collection, Transmission and Distribution Service Expense	<u>7,946,569</u>	<u>3,046,029</u>	<u>10,992,598</u>
Total Operating Expense	<u>33,609,020</u>	<u>9,011,194</u>	<u>42,620,214</u>
General and Administrative Expenses			
Payroll and related costs	3,139,999	598,610	3,738,609
Professional fees	1,951,431	306,705	2,258,136
Insurance	594,634	119,116	713,750
Other	<u>2,656,122</u>	<u>279,674</u>	<u>2,935,796</u>
Total General and Administrative Expenses	<u>8,342,186</u>	<u>1,304,105</u>	<u>9,646,291</u>
Income from Operations Before Depreciation	<u>29,512,209</u>	<u>8,777,463</u>	<u>38,289,672</u>
Depreciation	<u>(16,474,501)</u>	<u>(4,604,388)</u>	<u>(21,078,889)</u>
Operating Income	<u>13,037,708</u>	<u>4,173,075</u>	<u>17,210,783</u>
Nonoperating Revenue (Expense)			
Interest Expense, Net of Amounts Capitalized	(5,303,113)	(4,446,059)	(9,749,172)
Investment Income	1,564,423	356,940	1,921,363
Improvement and Tapping Fees	2,582,425	-	2,582,425
Amortization	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Expense	<u>(1,156,265)</u>	<u>(4,089,119)</u>	<u>(5,245,384)</u>
Increase in Net Position Before Contributed Capital	<u>11,881,443</u>	<u>83,956</u>	<u>11,965,399</u>
Contributed Capital	<u>-</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>11,881,443</u>	<u>83,956</u>	<u>11,965,399</u>
Net Position - Beginning of Year	<u>230,202,339</u>	<u>96,303,844</u>	<u>326,506,183</u>
Net Position, End of Year	<u>\$ 242,083,782</u>	<u>\$ 96,387,800</u>	<u>\$ 338,471,582</u>

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 6: SEGMENT INFORMATION - 2023 AND 2022 (CONTINUED)

	2023			Totals
	Administrative Account	Sewer System	Water System	
Cash Flows from Operating Activities				
Cash Received from Customers	\$ -	\$ 58,919,561	\$ 19,474,275	\$ 78,393,836
Payments to Suppliers	-	(21,779,317)	(7,460,476)	(29,239,793)
Payroll and Related Payments	-	(13,231,230)	(3,126,893)	(16,358,123)
Other Operating (Payments) / Transactions	(80,556)	(1,447,088)	(2,288,124)	(3,815,768)
Net Cash Provided from Operations	(80,556)	22,461,926	6,598,782	28,980,152
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(92,723)	(23,933,372)	(3,623,603)	(27,649,698)
Improvement and Tapping Fees	-	4,422,162	-	4,422,162
Bond Principal Repayments	-	(14,053,000)	(3,120,000)	(17,173,000)
Bond Issuance Proceeds	-	9,756,348	-	9,756,348
Note Payable Repayments	-	(282,123)	-	(282,123)
Interest Paid	-	(11,466,278)	(4,488,441)	(15,954,719)
Net Cash Used in Capital and Related Financing Activities	(92,723)	(35,556,263)	(11,232,044)	(46,881,030)
Cash Flows from Investing Activities				
Sale (Purchase) of Investments, Net	-	2,965,824	3,296,334	6,262,158
Interest Received	-	10,585,076	1,168,203	11,753,279
Net Cash Provided by (Used in) Investing Activities	-	13,550,900	4,464,537	18,015,437
Net Increase in Cash and Cash Equivalents	(173,279)	456,563	(168,725)	114,559
Cash and Cash Equivalents - Beginning of Year	4,306,316	258,265	890,477	5,455,058
Cash and Cash Equivalents - End of Year	<u>\$ 4,133,037</u>	<u>\$ 714,828</u>	<u>\$ 721,752</u>	<u>\$ 5,569,617</u>
Displayed as:				
Cash and Cash Equivalents	\$ 1,003,529	\$ 714,828	\$ 721,752	\$ 2,440,109
Restricted Cash and Cash Equivalents	3,129,508	-	-	3,129,508
	<u>\$ 4,133,037</u>	<u>\$ 714,828</u>	<u>\$ 721,752</u>	<u>\$ 5,569,617</u>
Reconciliation of Operating Income to Net Cash Provided from (Used in) Operations:				
Operating Income	\$ -	\$ 12,941,709	\$ 3,654,746	\$ 16,596,455
Adjustments to Reconcile Operating Income to Net Cash Provided from Operating Activities				
Depreciation	-	17,614,712	5,024,945	22,639,657
Changes in Assets and Liabilities:				
Receivables and Unbilled Revenue, Net	-	(6,522,879)	(367,060)	(6,889,939)
Prepaid Expenses	(1,832,652)	(122,299)	(17,910)	(1,972,861)
Intercompany Receivables (Payables)	1,843,096	(551,980)	(1,291,116)	-
Accounts Payable and Accrued Expenses	(80,544)	1,174,899	(167,340)	927,015
Interest Payable	-	(772,910)	(8,190)	(781,100)
Customer and Developer Deposits	(10,456)	-	-	(10,456)
OPEB and Pension Changes	-	(1,299,326)	(229,293)	(1,528,619)
Net Cash Provided from Operations	\$ (80,556)	\$ 22,461,926	\$ 6,598,782	\$ 28,980,152

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 6: SEGMENT INFORMATION - 2023 AND 2022 (CONTINUED)

	2022			Totals
	Administrative Account	Sewer System	Water System	
Cash Flows from Operating Activities				
Cash Received from Customers	\$ -	\$ 71,286,733	\$ 19,853,362	\$ 91,140,095
Payments to Suppliers	-	(29,297,352)	(7,454,998)	(36,752,350)
Payroll and Related Payments	-	(12,783,600)	(3,338,630)	(16,122,230)
Other Operating (Payments) / Transactions	391,079	(3,415,837)	3,691,351	666,593
Net Cash Provided from Operations	391,079	25,789,944	12,751,085	38,932,108
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(648,812)	(71,441,690)	(27,281,991)	(99,372,493)
Improvement and Tapping Fees	-	2,582,427	-	2,582,427
Bond Principal Repayments	-	(20,455,000)	(2,775,000)	(23,230,000)
Bond Issuance Proceeds	-	203,709,989	-	203,709,989
Interest Paid	-	(4,450,639)	(4,481,157)	(8,931,796)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(648,812)	109,945,087	(34,538,148)	74,758,127
Cash Flows from Investing Activities				
Sale (Purchase) of Investments, Net	-	(140,782,139)	21,011,282	(119,770,857)
Interest Received	-	1,550,030	356,940	1,906,970
Net Cash Provided by (Used in) Investing Activities	-	(139,232,109)	21,368,222	(117,863,887)
Net Increase in Cash and Cash Equivalents	(257,733)	(3,497,078)	(418,841)	(4,173,652)
Cash and Cash Equivalents - Beginning of Year	4,564,049	3,755,343	1,309,318	9,628,710
Cash and Cash Equivalents - End of Year	<u>\$ 4,306,316</u>	<u>\$ 258,265</u>	<u>\$ 890,477</u>	<u>\$ 5,455,058</u>
Displayed as:				
Cash and Cash Equivalents	\$ 1,350,336	\$ 258,265	\$ 890,477	\$ 2,499,078
Restricted Cash and Cash Equivalents	2,955,980	-	-	2,955,980
	<u>\$ 4,306,316</u>	<u>\$ 258,265</u>	<u>\$ 890,477</u>	<u>\$ 5,455,058</u>
Reconciliation of Operating Income to Net Cash Provided from Operations:				
Operating Income	\$ -	\$ 13,037,708	\$ 4,173,075	\$ 17,210,783
Adjustments to Reconcile Operating Income to Net Cash Provided from Operating Activities				
Depreciation	-	16,474,501	4,604,388	21,078,889
Changes in Assets and Liabilities:				
Receivables and Unbilled Revenue, Net	-	3,198,615	959,689	4,158,304
Prepaid Expenses	-	(51,122)	3,963	(47,159)
Intercompany Receivables (Payables)	409,343	(4,431,167)	3,654,256	(367,568)
Accounts Payable and Accrued Expenses	(18,264)	(2,782,094)	(152,837)	(2,953,195)
Interest Payable	-	1,066,452	33,133	1,099,585
OPEB and Pension Changes	-	(722,949)	(524,582)	(1,247,531)
Net Cash Provided from Operations	\$ 391,079	\$ 25,789,944	\$ 12,751,085	\$ 38,932,108

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION PLAN

Pennsylvania Municipal Retirement System

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 Comprehensive Annual 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 1993 agreement between PMRS and the Authority; changes to benefit terms can only occur by modification of this agreement. Major provisions of the 1993 agreement include the following:

All full-time and permanent part-time Authority employees are required to participate in the System. Benefits vest after five years of service (for employees hired prior to October 1, 2018) and ten years of service (for employees hired on or after October 1, 2018). Employees can retire with an annual retirement benefit after 20 years of service provided age 55 has been attained.

The normal form of payment of retirement benefits is an annual calculation 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.

BUCKS COUNTY WATER AND SEWER AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION PLAN (CONTINUED)

Pennsylvania Municipal Retirement System (Continued)

Employees Covered by Benefit Terms

At January 1, 2023 the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	65	
Inactive plan members entitled to but not yet receiving benefits	15	
Active plan members		<u>86</u>
Total		<u>166</u>

Funding Policy and Contributions

Authority employees are not required to contribute to the System. The Authority's contributions to the System are governed by Act 205, Municipal Pension Plan Funding Standard and Recovery Act, which mandates minimum actuarial funding based upon the System's biennial actuarial valuation. For the year ended December 31, 2022, the Authority's average contribution rate was 12.51% of covered annual payroll.

Net Pension Liability (Asset)

The Authority's net pension liability (asset) at December 31, 2023 was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

The following methods and assumptions were used to prepare the valuation:

Investment Rate of Return	5.25%, Net of investment income withheld to cover certain administrative and investment expenses
Projected Salary Increases	2.8% - 7.05% Age Related Scale with merit and inflation components
Post-Retirement Benefit Increases	2.8%

Mortality rates were as follows: Pre-Retirement were based on the RP-2000 Non-Annuitant Male and Female tables projected 15 years with Scale AA (females setback five years), and Post-Retirement were based on the RP-2000 Annuitant tables projected with 5 years for males and 10 years for females with Scale AA. Based on the information provided by PMRS and review of the actual mortality experience over a five-year period, these mortality assumptions provide projected mortality improvements for the future. The experience analysis is required to be performed every five years and is required by State statute.

The actuarial assumptions used in the January 1, 2023 valuation were based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 as well as subsequent Board approved assumption changes. Effective with the December 31, 2020 measurement date, the Investment Return Assumption for municipal assets decreased from 5.50% to 5.25%.

BUCKS COUNTY WATER AND SEWER AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION PLAN (CONTINUED)

Pennsylvania Municipal Retirement System (Continued)

Net Pension Liability (Asset) (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 and inflation) are developed for each asset class. These returns are combined 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 assets 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 Net and Real Rates of Return by Asset Class.”

Asset Class	Target Asset Allocation	Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities (large capitalized firms)	24.50%	7.50%	5.00%
Domestic Equities (small capitalized firms)	8.00%	8.20%	5.70%
International Equities (international developed markets)	14.50%	7.60%	5.10%
International Equities (emerging markets)	3.00%	8.01%	5.51%
Global Equities	5.00%	7.03%	4.53%
Real Estate	10.00%	7.42%	4.92%
Timber	5.00%	6.50%	4.00%
Fixed Income (Core Investment Grade)	24.00%	4.60%	2.10%
Fixed Income (Opportunistic Credit)	5.00%	8.00%	5.50%
Cash	1.00%	2.20%	-0.30%
Total Portfolio	100.00%	7.43%	4.93%

Based on the aforementioned methodology, the Board established the system’s Long-Term Expected Rate of Return at 7.43%.

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.” As of December 31, 2022, this rate is equal to 5.25%.

The Board has determined the minimum acceptable confidence level for achieving the Regular Interest Rate to be 60%. The table below labeled “Confidence Levels for System Nominal Net and Real Rates of Return” identifies simulated portfolio returns at various levels based on the most recent asset allocation study conducted by the Board’s investment consultant, Marquette Associates.

BUCKS COUNTY WATER AND SEWER AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION PLAN (CONTINUED)

Pennsylvania Municipal Retirement System (Continued)

Net Pension Liability (Asset) (Continued)

Confidence Levels for System Nominal Net and Real Rates of Return follow:

Confidence Interval	Nominal Net Rate of Return	Long-Term Expected Real Rate of Return
95%	4.18%	1.68%
90%	4.87%	2.37%
85%	5.51%	3.01%
80%	5.86%	3.36%
75%	6.10%	3.60%
70%	6.45%	3.95%
60%	6.99%	4.49%

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 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 PMRS 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 investment expenses

The PMRS Board then adjust the Regular Interest Rate / Discount Rate derived from the formula by a variety of qualitative factors such as the desire to minimize Regular Interest Rate / Discount Rate volatility, varying levels of assets 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 Rate adopted by the PMRS Board and used to measure the individual participating municipalities' total pension liability was 5.25% as of December 31, 2022.

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 / Discount Rate, the PMRS Board is authorized to allocate any applicable portion of any such excess in accordance with PMRS Board policies in the form of Excess Interest as provided for in the law.

BUCKS COUNTY WATER AND SEWER AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023 AND 2022

NOTE 7: PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

Pennsylvania Municipal Retirement System (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2022, the Authority recognized pension expense of \$1,257,280. At December 31, 2022, the Authority reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 272,607	\$ -
Difference Between Expected and Actual Experience	2,991,623	-
Difference Between Projected and Actual Earnings on Investments	2,768,344	-
Contributions Made Subsequent to Measurement Date	3,665,364	-
	\$ 9,697,938	\$ -

The \$3,665,364 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 year ended December 31, 2023 financial statements. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	
2024	\$ (286,243)
2025	992,547
2026	2,187,398
2027	3,138,872
2028	-

NOTE 8: POSTEMPLOYMENT BENEFIT PLAN

Plan Description

The Bucks County Water and Sewer Authority Postretirement Benefits Plan is a noncontributory, single-employer postretirement benefits plan that covers all full-time employees of the Authority. The plan provides postretirement medical benefits upon retirement to plan members and their beneficiaries, pursuant to Authority Resolutions and the collective bargaining agreement between the Authority and its union employees. The plan can be amended by the Authority through its Resolutions and union contracts. The plan is administered by a plan administrator appointed by the governing body of the Authority.

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

Retirees and Covered Spouses	15
Active Plan Members	<u>113</u>
Total	<u>128</u>

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 8: POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Plan Description (Continued)

The plan is governed by the ordinances and resolutions adopted by the Authority, as well as the collective bargaining agreements between the Authority and its employees' bargaining units, American Federation of State County and Municipal Employees Local No. 2939 and the International Union of Operating Engineers Local 835.

The following is a summary of the collective bargaining agreements and Authority rules and regulations; actual benefits are determined by the bargaining agreements and Authority actions.

Benefit Eligibility

Employees who retire on or after age 55 and completion of 10 years of service and their spouses will receive employer-paid medical coverage until the employee turns age 65.

Medical Coverage

Medical coverage under the plan for eligible retirees and their spouses will be provided through continuation of coverage under the Authority's medical plans covering active employees:

- Medical coverage, including hospitalization, doctor's services, and prescription drugs, is provided through a group medical insurance policy with Aetna.
- Funding of a healthcare reimbursement account of up to \$4,500 per year for single coverage and \$9,000 per year for other coverages to fund out-of-pocket medical expenses.
- Vision expense reimbursement is provided through the Aetna Policy with additional reimbursement from the Authority.
- Dental expense reimbursement is provided by the Authority.
- Reimbursement is also available for orthodontia and fitness benefits.

Retiree Contributions

The Authority will pay entire premium to cover eligible retired members. Retired members pay only the deductible and copayments for the medical policies, plus any out-of-pocket expenses for amounts not covered by insurance and not reimbursed by the Authority.

Funding Policy and Contributions

The contribution requirements of the Authority are established and may be amended by resolution of the Bucks County Water and Sewer Authority Board of Directors. The employer will cover 100% of premium cost for retired employees who retire on or after 10/1/2018, between ages 55 up to age 65.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 8: POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of December 31, 2023, and total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023 and by rolling forward the liabilities from the December 31, 2022 actuarial valuation through the measurement date. No other significant events occurred between the valuation date and the fiscal year end.

Actuarial Methods and Assumptions

The net OPEB liability (asset) as of December 31, 2023 was determined using the following methods and assumptions, applied to all periods included in the measurement.

- Actuarial Cost Method: Individual Entry Age Normal as a level percentage of payroll.
- Amortization Method: Level Dollar, Closed
- Remaining Amortization Period: 24 years
- Annual Healthcare Trend: Based on the SOA Gentzen Model of Long-Run Medical Cost Trends
- Inflation: 3%
- Salary Increases: 5%
- Investment Rate of Return: 5.50% (including inflation)
- Mortality rates were based on General Headcount-Weighted Mortality Tables, with generational projection from 2010 using Scale MP-21.
- Discount Rate: The discount rate used to measure the total OPEB liability was 5.50%, based upon the expected long-term rate of return on the OPEB fund, as specified in GASB 74 & 75.

Changes in Actuarial Assumptions

The following assumption changes were made for 2023:

- The discount rate was increased from 5.00% to 5.50% based on the expected return on OPEB assets given the investment policy.
- The healthcare cost trend assumption was updated based on the most recent SOA Getzen Model and using actual premium rates for 2024.

Determination of Long-Term Expected Rate of Return

The target allocation and best estimates of arithmetic real rates of return for each major asset class is summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>	<u>Contribution to Rate of Return</u>
Domestic Equity, Core	19.1%	6.00%	1.15%
International Equity	4.9%	5.50%	0.27%
Emerging Markets	1.5%	5.50%	0.08%
Fixed Income, Core	70.5%	1.50%	1.06%
Short-Term Treasury/Cash	4.0%	0.95%	0.04%
Total	<u>100.0%</u>		<u>2.59%</u>
Inflation			<u>2.50%</u>
Long-Term Expected Rate of Return			<u>5.09%</u>

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 8: POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at 1/1/2023	\$ 5,390,233	\$ 5,513,615	\$ (123,382)
Changes during 2023:			
Service Cost	314,900	-	314,900
Interest	271,473	-	271,473
Differences between expected and actual experience	(94,820)	-	(94,820)
Change in Actuarial Assumptions	(1,057,802)	-	(1,057,802)
Changes in Benefit Terms	-	-	-
Employer Contributions (including premium subsidies)	-	368,793	(368,793)
Employee Contributions	-	-	-
Net Investment Income (Loss)	-	516,087	(516,087)
Benefit Payments (including premium subsidies)	(236,493)	(236,493)	-
Administrative Expenses	-	(22,015)	22,015
Other Changes	-	-	-
Net Changes	(802,742)	626,372	(1,429,114)
Balances at 12/31/2023	\$ 4,587,491	\$ 6,139,987	\$ (1,552,496)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Medical Trend Rates

The following schedule presents the impact on the Net OPEB Liability if it were calculated using a discount rate that is 1% lower and higher than the current discount rate:

	1% Decrease in Discount Rate (4.50%)	Current Discount Rate (5.50%)	1% Increase in Discount Rate (6.50%)
Authority's Net OPEB (Asset)	\$ (1,288,263)	\$ (1,552,496)	\$ (1,803,416)

The following schedule presents the impact on the Net OPEB Liability if it were calculated using a medical inflation (trend) rate that is 1% lower and higher than the current medical trend rate:

	1% Decrease in Healthcare Trend Rate	Current Medical Trend Rate	1% Increase in Healthcare Trend Rate
Authority's Net OPEB (Asset)	\$ (1,995,538)	\$ (1,552,496)	\$ (1,040,014)

BUCKS COUNTY WATER AND SEWER AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023 AND 2022

NOTE 8: POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Postretirement Benefit Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, the actuarially determined credit to expense is \$37,975. The Authority has deferred outflows and inflows of resources related to the OPEB plan from the following sources at December 31, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Projected and Actual Experience	\$ 459,263	\$ -
Net Difference in Projected and Actual Earnings on Plan Investments	-	617,746
Changes in Actuarial Assumptions	-	907,009
	\$ 459,263	\$ 1,524,755

Actuarially determined deferred outflows and (inflows) of resources related to the OPEB Plan will be recognized in OPEB expense as follows:

Year Ending December 31:	
2024	\$ (297,646)
2025	(274,954)
2026	(2,023)
2027	(201,089)
2028	(157,176)
2029+	(132,604)

NOTE 9: DEFERRED COMPENSATION PLAN

In 2015, the Authority established a 457(f) deferred compensation plan covering certain executives. As of December 31, 2023, a total of \$447,206 was held in the plan and recorded in the Authority's financial statements as restricted investments.

NOTE 10: CASH BALANCE PLAN

During 2018, the Authority implemented the Bucks County Water and Sewer Authority Cash Balance Plan through the Pennsylvania Municipal Retirement System (PMRS). The plan is effective for employees hired or rehired on and after October 1, 2018.

Employees are eligible and the vesting service is based on the Elapsed Time Method. Plan entry date is the employee's employment commencement data. Eligible employees are (1) full-time employees not subject to a collective bargaining agreement scheduled to perform at least 35 hours of service per week or (2) full-time employees subject to a collective bargaining agreement authorized with the Authority scheduled to perform at least 40 hours of service per week.

Authority contributions are required in the amount of 12.5% of each member's specified compensation. Benefits are based on contributions made into an account and increases in value by the employer and/or employee making additional, regular contributions along with credited earnings or interest on the account balance. The plan offers superannuation retirement pensions to members who have attained age 55 and completed ten years of vesting service. Involuntary lump sum payments of amounts less than \$5,000 are required. Under the Deferred Vested Pension, voluntary lump sum payments of amounts less than \$5,000 are permitted.

BUCKS COUNTY WATER AND SEWER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 10: CASH BALANCE PLAN (CONTINUED)

Members are 100% vested in equal to or greater than ten years of vesting service. Members are eligible for an early retirement pension on the date the member completes 20 years of vesting service. The plan also offers Disability and Service-Connected Disability Pensions. As of December 31, 2023, and 2022 the Authority contributed \$285,503 and \$122,468 to the plan, respectively.

NOTE 11: LITIGATION

In the normal course of business there are various claims and suits pending against the Authority. In the opinion of counsel, the amount of such losses that might result from these claims and suits, if any, would not materially affect the financial condition of the Authority.

NOTE 12: LINES OF CREDIT

On August 2, 2021, the Authority renewed a \$7,000,000 Catastrophic Revolving Line of Credit Note Series of 2018. The entire unpaid principal balance, accrued unpaid interest, and any other sums outstanding, with respect to this Note shall be due and payable on June 1, 2024 (the "Maturity Date"), unless extended in writing by the Bank in its sole and absolute discretion. The annual interest rate for this Note is computed on the basis of a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months, payable semi-annually on June 1 and December 1 of each year. Payments would commence on December 1 of each year of drawdown. Interest shall accrue and be paid monthly at a variable per annum rate equivalent to the thirty (30) day LIBOR Rate plus two hundred fifty (250) basis points (the "Adjustable Rate Index"). The interest rate shall be set on the date hereof and shall be reset every thirty (30) days ("Reset Date"). The maximum interest rate (i.e., ceiling) is 5.75% per annum. The line was not used during 2023.

On June 30, 2021, the Authority entered into a \$4.2 million Taxable Line of Credit Note, Series of 2021 with Fulton Bank to finance the televising of existing sewer lines throughout the Authority's sewer system. Principal advances may be made during the period June 30, 2021 to 2024 and payments are due with accrued interest at 2.05% per annum. The line matures December 1, 2027. As of December 31, 2023, the Authority has no balance outstanding.

NOTE 13: SUBSEQUENT EVENTS

The Authority has evaluated the need for disclosures and/or adjustments resulting from subsequent events through report issue date of June 28, 2024, the date the financial statements were available to be issued. During this period, there were no subsequent events that required recognition and/or disclosure in the financial statements, except as discussed below.

**BUCKS COUNTY WATER AND SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS
PMRS DEFINED BENEFIT**

Last 10 Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability									
Service Cost	\$ 1,650,173	\$ 1,642,402	\$ 1,314,430	\$ 1,254,436	\$ 1,266,400	\$ 1,163,241	\$ 1,031,228	\$ 1,207,851	\$ 1,131,101
Interest	3,334,786	3,209,432	2,741,154	2,627,941	2,488,038	2,386,946	2,310,737	2,208,052	2,083,771
Changes of Benefit Terms	-	-	4,404,525	-	-	-	-	-	-
Differences Between Expected and Actual Experience	2,601,838	-	1,556,278	-	792,090	-	174,483	-	202,337
Changes of Assumptions	-	-	545,214	-	-	-	1,182,211	(74,946)	-
Benefit Payments, Including Refunds of Member Contributions	(2,908,016)	(2,046,811)	(1,895,103)	(1,679,512)	(2,055,199)	(1,408,613)	(1,348,245)	(1,247,772)	(1,221,174)
Net Change in Total Pension Liability	4,678,781	2,805,023	8,666,498	2,202,865	2,491,329	2,141,574	3,350,414	2,093,185	2,196,035
Total Pension Liability - beginning	63,304,976	60,499,953	51,833,455	49,630,590	47,139,261	44,997,687	41,647,273	39,554,088	37,358,053
Total Pension Liability - ending (a)	<u>\$ 67,983,757</u>	<u>\$ 63,304,976</u>	<u>\$ 60,499,953</u>	<u>\$ 51,833,455</u>	<u>\$ 49,630,590</u>	<u>\$ 47,139,261</u>	<u>\$ 44,997,687</u>	<u>\$ 41,647,273</u>	<u>\$ 39,554,088</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 1,342,657	\$ 1,404,507	\$ 2,274,701	\$ 4,326,752	\$ 8,035,425	\$ 1,953,165	\$ 1,754,753	\$ 1,714,677	\$ 1,383,445
Contributions - Member	-	-	-	-	-	-	-	-	-
Market Value Investment Income	(13,092,534)	6,508,620	5,974,265	7,054,033	(5,270,527)	4,520,510	494,644	(1,925,635)	(226,703)
PMRS Investment Income	3,391,949	3,236,114	3,032,533	2,751,895	2,303,856	2,152,944	2,084,874	1,950,395	1,876,842
Benefit Payments, Including Refunds of Member Contributions	(2,908,016)	(2,046,811)	(1,895,103)	(1,679,512)	(2,055,199)	(1,408,613)	(1,348,245)	(1,247,772)	(1,221,174)
Administrative Expense	(182,641)	(186,707)	(132,126)	(98,622)	(106,131)	(102,292)	(105,440)	(84,708)	(75,178)
Net Change in Plan Fiduciary Net Position	(11,448,585)	8,915,723	9,254,270	12,354,546	2,907,424	7,115,714	2,880,586	406,957	1,737,232
Plan Fiduciary Net Position - beginning	78,274,873	69,359,150	60,104,880	47,750,334	44,842,910	37,727,196	34,846,610	34,439,653	32,702,421
Plan Fiduciary Net Position - ending (b)	<u>\$ 66,826,288</u>	<u>\$ 78,274,873</u>	<u>\$ 69,359,150</u>	<u>\$ 60,104,880</u>	<u>\$ 47,750,334</u>	<u>\$ 44,842,910</u>	<u>\$ 37,727,196</u>	<u>\$ 34,846,610</u>	<u>\$ 34,439,653</u>
Authority's Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ 1,157,469</u>	<u>\$ (14,969,897)</u>	<u>\$ (8,859,197)</u>	<u>\$ (8,271,425)</u>	<u>\$ 1,880,256</u>	<u>\$ 2,296,351</u>	<u>\$ 7,270,491</u>	<u>\$ 6,800,663</u>	<u>\$ 5,114,435</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.30%	123.65%	114.64%	115.96%	96.21%	95.13%	83.84%	83.67%	87.07%
Covered Payroll	\$ 10,736,745	\$ 10,686,185	\$ 11,088,848	\$ 10,582,720	\$ 10,656,053	\$ 9,788,022	\$ 9,278,595	\$ 8,811,364	\$ 8,458,312
Authority's Net Pension Liability (Asset) as a Percentage of Covered Payroll	10.78%	-140.09%	-79.89%	-78.16%	17.64%	23.46%	78.36%	77.18%	60.47%

*This schedule will contain ten years of information when it becomes available.

BUCKS COUNTY WATER AND SEWER AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF AUTHORITY CONTRIBUTIONS – PENSION PLAN
 PMRS DEFINED BENEFIT

Last 10 Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$ 1,342,657	\$ 1,404,507	\$ 2,278,121	\$ 2,035,285	\$ 1,952,985	\$ 1,754,573	\$ 1,714,497	\$ 1,383,265	\$ 1,383,465	\$ 1,365,916
Contribution in Relation to the Actuarially Determined Contribution	1,342,657	1,404,507	2,278,121	8,035,425	1,953,165	1,754,753	1,714,677	1,383,445	1,383,465	1,365,916
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ (6,000,140)	\$ (180)	\$ (180)	\$ (180)	\$ (180)	\$ -	\$ -
Covered Payroll	\$ 10,736,745	\$ 10,686,105	\$ 11,088,848	\$ 10,582,720	\$ 10,656,053	\$ 9,788,022	\$ 9,278,596	\$ 8,811,364	\$ 8,458,312	\$ 8,117,382
Contribution as a Percentage of Covered Payroll	12.51%	13.14%	20.54%	75.93%	18.33%	17.93%	18.48%	15.70%	16.36%	16.83%

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 were reported. Therefore, the Actuarially Determined Contribution for calendar year 2021 is based on the January 1, 2021 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Period	Level dollar based on the amortization periods in Act 205
Asset Valuation Method	Based on the municipal reserves
Discount Rate	5.25%
Inflation	2.80%
Salary Increases	Age related scale with merit and inflation component
COLA Increases	2.80% for those eligible for a COLA
Pre-Retirement Mortality	Males - RP 2000 Non-Annuitant Male table projected 15 years with Scale AA. Females - RP 2000 Non-Annuitant Female table projected 15 years with Scale AA, setback 5 years.
Post-Retirement Mortality	Males - RP 2000 Annuitant Male table projected 5 years with Scale AA. Females - RP 2000 Annuitant Female table projected 10 years with Scale AA.

**BUCKS COUNTY WATER AND SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS**

LAST TEN FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability, Beginning of Year	\$ 5,390,233	\$ 4,938,879	\$ 6,229,147	\$ 5,954,895	\$ 5,857,086	\$ 3,252,239
Service Cost	314,900	299,905	303,066	335,252	360,266	184,266
Interest	271,473	254,649	242,744	305,349	288,149	132,380
Changes in Benefit Terms	-	-	-	-	-	2,542,211
Differences between expected and actual experience	(94,820)	111,479	(1,507,759)	-	43,574	-
Change in Actuarial Assumptions	(1,057,802)	-	(10,831)	-	(401,707)	-
Benefit Payments (including premium subsidies)	(236,493)	(214,679)	(317,488)	(366,349)	(192,473)	(254,010)
Other Changes	-	-	-	-	-	-
Net Changes	<u>(802,742)</u>	<u>451,354</u>	<u>(1,290,268)</u>	<u>274,252</u>	<u>97,809</u>	<u>2,604,847</u>
Total OPEB Liability, End of Year	<u>\$ 4,587,491</u>	<u>\$ 5,390,233</u>	<u>\$ 4,938,879</u>	<u>\$ 6,229,147</u>	<u>\$ 5,954,895</u>	<u>\$ 5,857,086</u>
Plan Fiduciary Net Position, Beginning of Year	\$ 5,513,615	\$ 6,319,741	\$ 2,203,136	\$ 2,001,097	\$ -	\$ -
Employer Contributions	368,793	214,679	4,343,499	366,349	2,192,473	254,010
Employee Contributions	-	-	-	-	-	-
Net Investment Income (Loss)	516,087	(784,746)	98,801	209,747	1,097	-
Benefit Payments (including contribution refunds)	(236,493)	(214,679)	(317,488)	(366,349)	(192,473)	(254,010)
Administrative Expenses	(22,015)	(21,380)	(8,207)	(7,708)	-	-
Other Changes	-	-	-	-	-	-
Net Changes	<u>626,372</u>	<u>(806,126)</u>	<u>4,116,605</u>	<u>202,039</u>	<u>2,001,097</u>	<u>-</u>
Plan Fiduciary Net Position, End of Year	<u>\$ 6,139,987</u>	<u>\$ 5,513,615</u>	<u>\$ 6,319,741</u>	<u>\$ 2,203,136</u>	<u>\$ 2,001,097</u>	<u>\$ -</u>
Net OPEB Liability (Asset), End of Year	<u>\$ (1,552,496)</u>	<u>\$ (123,382)</u>	<u>\$ (1,380,862)</u>	<u>\$ 4,026,011</u>	<u>\$ 3,953,798</u>	<u>\$ 5,857,086</u>
Plan Fiduciary Net Position (Percentage of Total OPEB Liability)	133.84%	102.29%	127.96%	35.37%	33.60%	0.00%
Covered Payroll	\$ 12,674,227	\$ 11,594,027	\$ 10,326,330	\$ 11,024,371	\$ 10,175,591	\$ 9,900,575
Net OPEB Liability, End of Year (Percentage of Payroll)	-12.25%	-1.06%	-13.37%	36.52%	38.86%	59.16%

*In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

BUCKS COUNTY WATER AND SEWER AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF AUTHORITY CONTRIBUTIONS - OPEB

LAST TEN FISCAL YEARS

Employer Contribution History

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Employer Contribution (ADEC)	\$ 368,793	\$ 307,402	\$ 514,424	\$ 699,648	\$ 699,648	\$ 397,911	\$ 397,911	\$ 452,893	\$ 452,893	\$ 430,979
Contributions Towards the ADEC	<u>368,793</u>	<u>214,679</u>	<u>4,343,499</u>	<u>366,349</u>	<u>2,192,473</u>	<u>254,010</u>	<u>160,030</u>	<u>263,313</u>	<u>291,786</u>	<u>270,427</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 92,723</u>	<u>\$ (3,829,075)</u>	<u>\$ 333,299</u>	<u>\$ (1,492,825)</u>	<u>\$ 143,901</u>	<u>\$ 237,881</u>	<u>\$ 189,580</u>	<u>\$ 161,107</u>	<u>\$ 160,552</u>
Covered Payroll	\$ 12,674,227	\$ 11,594,027	\$ 10,326,330	\$ 11,024,371	\$ 10,175,591	\$ 9,900,575	\$ 9,263,162	\$ 9,102,930	*	\$ 7,929,174
Contributions as a Percentage of Covered Payroll	2.91%	1.85%	42.06%	3.32%	21.55%	2.57%	1.73%	2.89%	*	3.41%

Notes to Schedule:

Actuarial Valuation Date: December 31, 2022

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Individual Entry Age Normal as a level percentage of payroll

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 24 years

Medical Inflation: Based on the SOA Gentzen Model of Long-Run Medical Cost Trends

Inflation: 3%

Salary Increases: 5%

Investment Rate of Return: 5.5% (including inflation)

Actuarial Value of Assets: Market Value

Mortality Rates based on the Pub-2010 General Headcount-Weighted Mortality Tables with generational projection from 2010 using Scale MP-2021.

Discount Rate: 5.5% based on the expected long-term rate of return on the OPEB fund, as specified in GASB 74 and 75. Increased from 5.0% to 5.5% for 2023.

Gains and losses realized in 2023 are amortized into OPEB expense over 6.78 years, beginning in 2023.

Changes in Actuarial Assumptions:

- Participant data was updated as of January 1, 2023.
- Per capita claim costs were updated based on current premiums and participant data.
- The healthcare cost trend assumption was updated based on the most recent SOA Getzen Model and using actual premium rates for 2024.

*Actuarial valuation not performed during this period, as such information is not available.

BUCKS COUNTY WATER AND SEWER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY CONTRIBUTIONS - OPEB

SCHEDULE OF INVESTMENT RETURNS - OPEB
LAST TEN FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Money-Weighted Rate of Return	9.34%	-12.44%	2.20%	10.10%	1.32%

* These schedules are intended to show information for ten years; all applicable information is displayed.