

# **Allegheny County Sanitary Authority**

Financial Statements and  
Required Supplementary and  
Supplementary Information

Years Ended December 31, 2025 and 2024  
with Independent Auditor's Report

**MaherDuessel**

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# ALLEGHENY COUNTY SANITARY AUTHORITY

YEARS ENDED DECEMBER 31, 2025 AND 2024

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## Independent Auditor's Report

**Board of Directors  
Allegheny County Sanitary Authority**

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Allegheny County Sanitary Authority (Authority), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority, as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. 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**

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
March 24, 2026

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **AUDIT ASSURANCE**

The unmodified (i.e., clean) opinion of our independent auditors, Maher Duessel, Certified Public Accountants, is included in this report. You will note that the Allegheny County Sanitary Authority (Authority) has included for 2025 this Management's Discussion and Analysis section, which is in compliance with Statement No. 34 of the Governmental Accounting Standards Board.

### **FINANCIAL HIGHLIGHTS**

Allegheny County (County) is located in Southwestern Pennsylvania and encompasses approximately 730 square miles of land. Founded in 1788, the County is the second most populated county in Pennsylvania with over 1.2 million residents. Roughly 25% of the County's residents live within the City of Pittsburgh. The Allegheny and Monongahela Rivers flow through the County to form the Ohio River in downtown Pittsburgh.

#### **Economy**

The County is the location of nine Fortune 500 corporate headquarters. The County's 2025 Fortune 500 companies include: U.S. Steel (278), PNC Financial Services Group (131), PPG Industries (234), Alcoa (354), Wesco International, Inc. (199), Viatrix (298), Dick's Sporting Goods (318), Howmet Aerospace (498), and Westinghouse Air Brake - Wabtec (408). The County has experienced growth in areas such as technology, tourism, and health care. The County is also a strong supporter of its manufacturing industries and has traditionally been one of the major industrial centers of the world with its access to major fields of coal and shipping access to thousands of miles of navigable rivers. The Port of Pittsburgh is the third busiest inland port in the nation. There is annual benefit to the region for the shipping and receiving of millions of tons of cargo.

The County has undergone an economic transformation spanning more than three decades with a shift from the manufacturing industry to the service and trade industries. Specifically, the focus industries have been healthcare and life sciences, advanced manufacturing, energy, information and communication technology, and financial and business services. This shift is attributed to the continuing diversification of the employment base.

The region's health services sector employs over 150,000 people and is a robust network that is cultivating lifesaving technologies, regenerative medicine, and pharmaceuticals. The University of Pittsburgh Medical Center is a multi-billion-dollar global healthcare enterprise and is the region's top employer, with more than 100,000 staff members in 40 hospitals. Highmark Inc., UnitedHealth Care, Allegheny Health Network, and Mercy Health System are also part of this sector.

Top manufacturers such as ACUTRONIC, Alcoa, Covestro, Calgon Carbon, Kraft Heinz, Howmet Aerospace, PPG Industries, and U.S. Steel are either headquartered or have a presence in the greater County region. Smaller precision tooling and machining companies meet global demands for custom components.

The County and surrounding region has become a national leader in energy technology, innovation, and supply chain related to production, distribution, and efficient usage. The area is home to more than 800 companies in the global energy market, including Aquatech, Chevron, Columbia Gas of PA, CONSOL Energy Inc., EQT, Peoples National Gas, Range Resources, and Westinghouse.

Technology firms, including Google, Duolingo, Aurora/Uber, and Ariba among others, have a presence within the Pittsburgh Region and employ some 86,000 people. A tech-savvy talent pipeline flowing from many area colleges and universities, and a robust network of organizations supporting financial innovation, are helping the region's knowledge-based economy to thrive.

Global financial institutions with headquarters or major business units within the County include PNC Financial Services Group, The Bank of New York Mellon, Citizens Bank, Dollar Bank, Federated Hermes, First Commonwealth Bank, Huntington National Bank, S&T Bank, and TriState Capital.

Two global law firms, K&L Gates and Reed Smith, are based in the City of Pittsburgh, as is Buchanan, Ingersoll & Rooney, and Jones Day – Pittsburgh as well as major insurance companies, including Highmark, UPMC, UnitedHealthcare, and Cigna.

Adding to the County's diverse labor and business climate, some of the most prestigious health, educational, and cultural institutions in the country are located here. The County's colleges and universities include Carnegie Mellon University, Carlow University, Chatham University, Community College of Allegheny County, Duquesne University, La Roche College, Penn State University, Point Park University, Robert Morris University, and the University of Pittsburgh. The County is also home to various junior and technical colleges.

Uber has a 80,000 square foot cutting-edge tech center in Pittsburgh and a testing facility within the City of Pittsburgh where they conduct autonomous vehicle research. Also located in Pittsburgh is the recently formed American Robotics Manufacturing Institute. Amazon has expanded its footprint into the Pittsburgh region.

In June 2022, the Port Authority of Allegheny County (Port Authority) changed its name to Pittsburgh Regional Transit (PRT) which still serves the metropolitan area by operating buses, light rail vehicles, and the Monongahela incline. PRT also owns the Duquesne Incline, which it leases to the nonprofit Society for the Preservation of the Duquesne Heights Incline. PRT is the largest operator of mass transit services in Western Pennsylvania and is among the nation's largest public transportation systems. PRT's 2,600 employees serve nearly 40 million passengers annually with an average daily ridership of approximately 120,000.

Pittsburgh International Airport (PIA), which is recognized as an innovative airport is undertaking a \$1.6 billion modernization and renovation project that included a new terminal that opened in November 2025.

The NFL draft will be held in Pittsburgh in 2026. The draft is expected to draw between 500,000 and 700,000 fans and generate an economic boom to the region between \$120 and \$215 million.

The loss of once-dominant, heavy water-use manufacturing such as steel and food processing has had a negative impact on the Authority's residential users. Decline in regional manufacturing over the past two decades has shifted a significant portion of the Authority's cost burden to residential users who

have declined as well over the past decade. This decline in consumption base, combined with outside regulatory emphasis on reducing overflows, will have a dramatic impact on rates for years to come.

2025, 2024, 2023, 2022 and 2021 continued to see minor decreases in consumption with a reversal of the gain in residential consumption experienced in 2020 due to the majority of the workforce working from home due to COVID-19 restrictions.

- Billed flow for 2025 of 18,560,000 tgal decreased slightly from the billed flow in 2024 of 18,684,000 tgal or by 124,000 tgal (thousand gallons). Billed flow for 2024 was consistent with the billed flow in 2023 only decreasing by 3,000 tgal year over year. As seen in the last couple of years, increases in commercial consumption partially offset decreases in residential consumption as the area continues to recover from the COVID-19 pandemic and employees return to office settings. Billed flow for 2023 of 18,688,000 tgal decreased by 118,000 tgal.
- In 2025, the Authority treated 67,630,000 tgal, of which 18,560,000 tgal was billed. Stated differently, the Authority billed for 27.44% of the water it treated. In 2024, the Authority treated 65,788,000 tgal, of which 18,687,000 tgal was billed. Billing 28.40% of the water it treated in 2024. In 2023, the Authority treated 64,203,000 tgal, of which 18,688,000 tgal was billed or 29.11% of the water treated. The difference between what is treated vs. that which is billed is attributed to direct inflow of storm water from combined sewer communities served and groundwater infiltration into the system from old and deteriorating sewer lines throughout the service area. 2025 estimated annual precipitation was 35.4 inches which was significantly lower than the level experienced in 2024 of 42.9 inches. 2024 estimated annual precipitation was also significantly higher than the level experienced in 2023 of 32.6 inches.
- The Authority is in compliance with all debt covenants required by the governing Trust Indentures.
- Debt Service Coverage, when allowing for available revenue funds on hand at the beginning of the year was 6.91, which greatly exceeded the 1.10 Trust Requirements. In addition, stand-alone coverage without consideration to beginning balances was 2.21, which exceeded the required 1.00 Trust Requirement.
- On October 28, 2021, the Board of Directors (Board) adopted multi-year rate structure increasing customer service charges 7 percent for in 2022, 7 percent in 2023, 7 percent in 2024, 7 percent in 2025, and 7 percent in 2026.

## **REQUIRED FINANCIAL STATEMENTS**

The financial statements of the Authority report information on the Authority's use of accounting methods that are similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities.

The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and obligations to Authority creditors (liabilities). The Statement of Net Position also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its sewage disposal rates and other fees. As required under the Authority's Trust Indenture, the Consulting Engineer, Hatch, has reviewed the rate structure and agrees that a 7 percent rate increase in 2026 is necessary to meet requirements of the Trust Indenture and financial obligations imposed under the federal consent decree rate model structure.

The third required financial statement is its Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and the change in cash during the reporting period.

Also included as part of the financial statements are statements related specifically to the Authority's two defined benefit plans: the Statement of Plan Net Position – Pension Trust Funds and the Statement of Changes in Plan Net Position – Pension Trust Funds. These pension plans are described in detail in the 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.

## **SUMMARY OF ORGANIZATION AND BUSINESS**

The Allegheny County Sanitary Authority was incorporated in May 1945 under the Commonwealth of Pennsylvania Municipality Authorities Act of 1945. Plant operations began on April 30, 1959. The Authority serves as the exclusive agency for the collection, transportation, and treatment of wastewater for the city of Pittsburgh and 82 neighboring municipalities. The Authority charges users for processing of wastewater at a flat rate per thousand gallons. Additional charges are levied for septage (solid waste removed from septic tanks) and industrial waste discharges into the system.

In addition to the main treatment site located on the City of Pittsburgh's Northside, the Authority operates and maintains over 90 miles of interceptor sewers, 68 miles of transferred trunk sewers, and seven pumping or ejector stations throughout the service area. The Authority's service area covers over 310 square miles and includes portions of Washington and Westmoreland Counties in addition to Allegheny County.

The Authority's Articles of Incorporation (Articles), as amended, provide that the Authority's Board shall consist of seven members serving staggered five-year terms. Pursuant to the Articles, three members of the Board are appointed by the County, three are appointed by the City of Pittsburgh, and one is jointly appointed by the County and the City of Pittsburgh. The day-to-day operation of the Authority is the responsibility of the Executive Director, who is appointed by the Board to carry out its policies.

## FINANCIAL ANALYSIS

The following comparative condensed financial statements and other selected information provides key financial data and indicators for management, monitoring and planning.

### **Condensed Statements of Net Position (Balance Sheet)** **(In Millions of Dollars)**

	<b>2025</b>	<b>2024</b>	<b>\$ Change</b>	<b>% Change</b>
Current assets	\$584.83	\$497.50	\$87.33	17.55%
Restricted/designated assets	448.89	302.67	146.22	48.31%
Prepaid bond costs	7.31	6.81	0.50	7.34%
Plant and equipment, net	1,222.18	1,106.78	115.40	10.43%
Net pension asset	10.83	0.00	10.83	100.00%
<b>Total Assets</b>	<b>2,274.04</b>	<b>1,913.76</b>	<b>360.28</b>	<b>18.83%</b>
<b>Deferred Outflows of Resources</b>	<b>41.83</b>	<b>52.12</b>	<b>-10.29</b>	<b>-19.74%</b>
Current liabilities	77.48	74.25	3.23	4.35%
Long-term liabilities	1,314.49	1,087.99	226.50	20.82%
<b>Total Liabilities</b>	<b>1,391.97</b>	<b>1,162.24</b>	<b>229.73</b>	<b>19.77%</b>
<b>Deferred Inflow of Resources</b>	<b>50.79</b>	<b>39.62</b>	<b>11.17</b>	<b>28.19%</b>
<b>Net Position</b>	<b>\$873.11</b>	<b>\$764.02</b>	<b>\$109.09</b>	<b>14.28%</b>

**Condensed Statements of Net Position (Balance Sheet)**  
**(In Millions of Dollars)**

	<b>2024</b>	<b>2023</b>	<b>\$ Change</b>	<b>% Change</b>
Current assets	\$497.50	\$464.81	\$32.69	7.03%
Restricted/designated assets	302.67	200.89	101.78	50.66%
Prepaid bond costs	6.81	6.42	0.39	6.07%
Plant and equipment, net	1,106.78	976.53	130.25	13.34%
Net pension asset	0.00	0.00	0.00	0.00%
<b>Total Assets</b>	<b>1,913.76</b>	<b>1,648.65</b>	<b>265.11</b>	<b>16.08%</b>
<b>Deferred Outflows of Resources</b>	<b>52.12</b>	<b>66.97</b>	<b>-14.85</b>	<b>-22.17%</b>
Current liabilities	74.25	76.00	-1.75	-2.30%
Long-term liabilities	1,087.99	949.75	138.24	14.56%
<b>Total Liabilities</b>	<b>1,162.24</b>	<b>1,025.75</b>	<b>136.49</b>	<b>13.31%</b>
<b>Deferred Inflow of Resources</b>	<b>39.62</b>	<b>32.52</b>	<b>7.10</b>	<b>21.83%</b>
<b>Net Position</b>	<b>\$764.02</b>	<b>\$657.35</b>	<b>\$106.67</b>	<b>16.23%</b>

**Condensed Statements of Revenues, Expenses  
And Changes in Net Position  
(In Millions of Dollars)**

	2025	2024	\$ Change	% Change
Operating revenues	\$257.93	\$240.19	\$17.74	7.39%
Non-operating revenue	34.13	32.91	1.22	3.71%
<b>Total revenues</b>	<b>292.06</b>	<b>273.10</b>	<b>18.96</b>	<b>6.94%</b>
Operating expenses	109.96	105.16	4.80	4.56%
Non-operating expenses	46.75	38.06	8.69	22.83%
Depreciation	26.26	23.21	3.05	13.14%
<b>Total expenses</b>	<b>182.97</b>	<b>166.43</b>	<b>16.54</b>	<b>9.94%</b>
Change in Net Position	109.09	106.67	2.42	2.27%
<b>Net Position, Beginning of Year</b>	<b>764.02</b>	<b>657.35</b>	<b>106.67</b>	<b>16.23%</b>
<b>Net Position, End of Year</b>	<b>\$873.11</b>	<b>\$764.02</b>	<b>\$109.09</b>	<b>14.28%</b>

**Condensed Statements of Revenues, Expenses  
And Changes in Net Position  
(In Millions of Dollars)**

	2024	2023	\$ Change	% Change
Operating revenues	\$240.19	\$225.65	\$14.54	6.44%
Non-operating revenue	32.91	30.39	2.52	8.29%
<b>Total revenues</b>	<b>273.10</b>	<b>256.04</b>	<b>17.06</b>	<b>6.66%</b>
Operating expenses	105.16	96.23	8.93	9.28%
Non-operating expenses	38.06	40.58	-2.52	-6.21%
Depreciation	23.21	21.82	1.39	6.37%
<b>Total expenses</b>	<b>166.43</b>	<b>158.63</b>	<b>7.80</b>	<b>4.92%</b>
Change in Net Position	106.67	97.41	9.26	9.51%
<b>Net Position, Beginning of Year</b>	<b>657.35</b>	<b>559.94</b>	<b>97.41</b>	<b>17.40%</b>
<b>Net Position, End of Year</b>	<b>\$764.02</b>	<b>\$657.35</b>	<b>\$106.67</b>	<b>16.23%</b>

## **OTHER SELECTED INFORMATION**

<b>Selected Data:</b>	<b>2025</b>	<b>2024</b>	<b>Difference</b>	<b>%Change</b>	
Authorized employees	580	573	7	1.22%	
Actual employees at year-end	448	436	12	2.75%	
Wastewater treated (billions of gallons)	68	66	2	2.80%	
Wastewater billed (billions of gallons)	19	19	-0.13	-0.70%	
Percentage of billed/treated wastewater	27.44%	28.78%	-1.34%	-4.66%	
<b>Rates:</b>					
Charge per 1,000 gallons of water consumption	\$11.92	\$11.14	\$0.78	7.00%	
Account service charge per bill rendered	\$25.05	\$23.41	\$1.64	7.01%	
<b>Average customer bill:</b>					
Per year	\$672.36	\$628.36	*	44.00	7.00%
Per quarter	168.09	157.09	*	11.00	7.00%
Per month	56.03	52.36	*	3.67	7.00%

\* Based on 12,000 Gallons per quarter

## **GENERAL TRENDS AND SIGNIFICANT EVENTS**

On September 19, 2019, the United States lodged with the Courts a Proposed Modified Consent Decree. On October 2, 2019, the Modified Consent Decree was published in the Federal Register for a 60-day public comment period. The Federal Government accepted comments from October 2, 2019 to December 2, 2019. The Federal Government considered each comment and responded to the public comments (39 written pages) and presented the response to the U.S. District Court.

After the courts reviewed the public comments, the Modified Consent Decree did not change, and as a result, the Modified Consent Decree was entered into the Courts on May 14, 2020. In consideration with the public comments and government responses, the agencies and the courts indicated that the Modified Consent Decree is fair, adequate, reasonable, and consistent with the purpose of the Clean Water Act and the Clean Streams Law.

The Modified Consent Decree replaces the consent decree that the Court entered on January 24, 2008. The Modified Consent Decree: (1) approves portions of the Wet Weather Plan that the Authority was required to develop pursuant to the 2008 Consent Decree; (2) extends the time frame in which the Authority must implement the Wet Weather Plan; and (3) allows the Authority to propose future amendments to the Wet Weather Plan, which might include replacing some proposed control technologies with source reduction measures that perform equally or better than the remedial measures in the approved Wet Weather Plan. An example of such source reduction measures could be green infrastructure controls.

Appendix Z to the Modified Consent Decree summarizes the construction projects and activities for the Interim Wet Weather Plan which are major components of the Wet Weather Plan. The Authority identifies the approved Wet Weather Plan as the Clean Water Plan.

### **Summary of Appendix Z**

The Authority will complete the Interim Wet Weather Plan (IWWP) by December 31, 2036. Because uncertainties remain regarding the most optimal mix of source reduction measures, an adaptive management framework is necessary to provide for expeditious and affordable program implementation. This framework will provide opportunities to evaluate and integrate green infrastructure and other flow management practices, while prioritizing the regionalization of inter-municipal trunk sewers and key grey infrastructure projects where most cost-effective.

Because the identification of specific flow management project commitments requires on-going coordination with customer municipalities, the IWWP is premised on a phased implementation framework that supports early implementation of green projects, demonstration of effectiveness, and the substitution or reduction of grey infrastructure where flow management measures can be shown to provide equivalent system-wide overflow reduction performance. Accordingly, the framework includes adaptive management milestones where new information can be used to propose modifications to the projects and interim implementation schedules identified herein.

The IWWP is divided into three phases designed to support the adaptive management framework.

**Phase 1 projects** include highly effective treatment plant expansion projects, preliminary planning projects that will inform adaptive Phase 2 and 3 projects, and existing infrastructure inspection and rehabilitation. Additional detail is as follows:

- **Regional Flow Optimization Strategy and Preliminary Planning.**

The Authority will work jointly with its customer municipalities to assess the effectiveness of green infrastructure, stream inflow removal, inflow/infiltration reduction, and existing system asset management through preliminary planning and demonstration projects. The resulting regional flow optimization strategy will identify flow management measures to be adaptively incorporated into Phases 2 and 3 and establish the basis of design for Phase 2 and Phase 3 tunnel projects, including any appropriate downsizing. The preliminary basis of design report will include refined tunnel and consolidation sewer construction schedules.

- **Woods Run Wastewater Treatment Plant Expansion.**

The Authority expanded the wet weather treatment capacity of the plant from 250 mgd to 295 mgd in September of 2025. The next expansion of treatment capacity from 295 mgd to 480 mgd is expected to occur in October 2026. The final capacity expansion to a total of 600 mgd will not occur until sometime after 2030.

- **Existing Infrastructure Inspection/Rehabilitation.**

The Authority will continue its operation and maintenance practices for existing infrastructure, including establishing re-inspection and priority rehabilitation schedules.

**Phase 2 projects** include high priority conveyance and treatment system improvements. These projects include:

- A wet weather pumping station,
- Expanded primary treatment,
- The Ohio River tunnel segment, including crossings to the existing Chartiers Creek and Saw Mill Run interceptor systems, and
- Cost-effective optimization of the Authority's existing tunnel network.

**Phase 3 projects** include projects that may be proposed for a modification based on the outcome of Phase 1 and Phase 2 evaluations and demonstration projects.

The IWWP currently includes an estimated \$1.8 billion (in 2010 dollars) in identified Authority projects. It is expected that the regional flow optimization strategy, the regionalization of Intermunicipal Trunk Sewers and Associated Facilities, Municipal Source Reduction Studies, and Municipal Source Reduction Measures will identify additional Authority and municipal projects. The established adaptive management framework allows the Authority to submit a request to the Federal and State Government for revising the IWWP such that any alternate controls must achieve equivalent or better system-wide performance than the unaltered IWWP. The Authority will remain committed to close coordination with its customer municipalities in updating regional financial capability analyses so that proposed IWWP revisions do not result in a regional residential indicator greater than 2% of the median household income.

### **Regionalization**

The Authority has committed to make a good faith effort to take responsibility of at least 200 miles of existing Intermunicipal Trunk Sewers and Associated Facilities, including responsibility for controlling associated overflows transferred to the Authority. The Authority has conducted closed-circuit television inspections of these sewers, determined what repairs and improvements are necessary, and is now in the process of working with municipalities to transfer ownership and make the necessary repairs. As of December 31, 2025, the Authority has assumed responsibility for approximately 68 miles of existing Intermunicipal Trunk Sewers.

## **Clean Water Plan Construction**

The Authority is undergoing a major plant expansion in support of the Clean Water Plan, more than doubling our wet weather treatment capacity to meet the region's wastewater treatment needs. The expansion consists of nine design and construction packages. Construction began in 2020 and is expected to conclude in 2031. There are currently four packages under construction.

The North End Plant Expansion included constructing two additional final clarifiers that brought our total to 18 final clarifiers that provide secondary treatment to our plant flows. With the additional clarifiers, our secondary treatment capacity increased to 295 million gallons per day (MGD) on September 4<sup>th</sup>, 2025. Also, a new final disinfection tank disinfects plant flows prior to discharging into the Ohio River; this new disinfection tank went into service on January 16<sup>th</sup>, 2025. Construction contracts were awarded for the North End Plant Expansion in 2020 and concluded at the end of 2025.

The East Headworks package entered construction in 2021 with the purpose of increasing our preliminary treatment capacity to a maximum flow of 600 MGD. Construction of the East Headworks facility was completed in 2025, and flow was introduced to the new facility in June 2025. Ancillary construction items remain to be completed under this contract in 2026.

The increased wet weather capacity at the treatment plant will be achieved by bypassing flows that exceed secondary capacity to a wet weather disinfection tank and outfall. These improvements will be constructed under the CSO Bypass and Disinfection project. The previous disinfection tank (that was decommissioned on the same day the new North End Plant Expansion disinfection tank was activated—January 16<sup>th</sup>, 2025) will be modified to reverse the flow direction to a new wet weather outfall being constructed at the north end of the disinfection tank. The upgrades will provide a new chemical feed and storage system for disinfection of wet weather flows. Also, a flow control structure and channel will be constructed to route the wet weather flows from the primary effluent channel to the modified disinfection tank. Construction began in early 2023 and is scheduled to be completed in 2026.

Future construction of one new primary sedimentation tank to increase wet weather capacity will bring our total to 10 primary sedimentation tanks. With the additional tank, our wet weather treatment capacity will increase to 600 MGD. Construction of this new tank will require demolition of our existing Laboratory and Industrial Waste buildings, which will be included in the construction package. This project design began in 2023, and the project will be bid for construction in early 2027.

Construction of a Wet Weather Pump Station (WWPS) is also required to increase plant wet weather capacity to 600 MGD. The WWPS will convey flows from the end of the new Regional Tunnel to the East Headworks. This project will include excavation, construction of the WWPS shaft and structure, and installation of process equipment including pumps and ancillary items. Design was completed in 2025, and bids were opened in October 2025. Notice to Proceed for construction was granted on January 5<sup>th</sup>, 2026.

## **Green Infrastructure**

The Authority has committed \$200 million towards this strategy, including support for municipal flow reduction partnerships. The Authority's Green Revitalization of Our Waterways Program (GROW) has awarded over \$100 million so far in grants to our member municipalities dedicated to green infrastructure.

### **Clean Water Assistance Program**

Recognizing that increasing rates will have a negative impact on our service area's most vulnerable ratepayers, the Authority implemented a customer assistance program in 2017. Qualified homeowners who meet family income limits set by the federal government will receive approximately the first 4,000 gallons of quarterly consumption free. In 2025, this resulted in approximately 2,183 Authority customers receiving an annual credit of \$200.

For 2026, the quarterly assistance payment was increased to \$57 per quarter, or an annual credit of \$228. The program is being administered by the nationally recognized Dollar Energy Fund. The Authority expects participation in the program to grow as rates continue to increase in order to fund compliance with the consent decree.

### **FINANCIAL CONDITION**

The Authority continued to achieve outstanding financial results in 2025 with debt service coverage ratios and days cash on hand that continue to exceed requirements and expectations. Debt service coverage maintained a ratio above 200 percent for a fourth year in a row at 220.99% in 2025, with 224.87%, 209.77% and 210.77 in 2024, 2023 and 2022, respectively. When considering beginning cash balances available after reserving 25 percent, the Authority achieved outstanding coverage of 690.55% in 2025 with 708.70% debt service coverage in 2024 and 587.69% in 2023. In their May 2019 issue of OUTLOOK, Moody's Investor Services highlighted the Authority's strong liquidity position by noting its achievement of 684 days cash on hand in 2018. Liquidity improved even further since the time of the article. Cash on hand at the end of 2023, and 2024 increased to 1,451, and 1,414 respectively. At December 31, 2025 the Authority had 1,622 days of cash on hand. While unrestricted for its use, a portion of this cash is anticipated to be used to fund the Authority's substantial capital program and to fund future debt service obligations.

### **RESULTS OF OPERATIONS**

#### **Operating Revenue:**

Operating revenues of approximately \$257,930,000 increased 7.39 percent over 2024, reflecting a 7 percent increase in customer rates implemented at the beginning of the year complemented by a small decrease in overall consumption. Overall billed consumption decreased by 124,422 tgals for the year compared to 2024. Commercial consumption increased by 62,001 tgals as businesses continued to recover from COVID-19. This increase was offset by a decrease in residential consumption by 186,423 tgals. The decrease in residential consumption was also impacted by COVID-19, as less time was spent in local residences than in the previous years as employees continue to migrate back into offices.

Almost all of the Authority's revenue was derived from customer billing for sewage treatment service, the Authority received no subsidies and a modest \$75,000 in grant income. The Authority, the City of Pittsburgh, and 82 other municipalities in and around Allegheny County have entered into agreements (Standard Municipal Agreements) under which the Authority is designated (within its service area) the exclusive agent of the respective municipality to furnish sewage treatment and disposal service. Each municipality contracting with the Authority is given two options with respect to billing, "Direct" or "Lump-sum." With the Direct method of billing, accounts not paid within 60 days become the responsibility of the community; thus, the Authority insures no bad debt. Under the Direct method,

Authority bills and collects for its services directly from the individual customer. Under the Lump-sum method, consumption for the entire community is compiled and billed to the municipality, which in turn bills its own residents. All but three municipalities utilize this method of billing in order to attach fees for local sewer infrastructure maintenance. Under both scenarios, the Authority is guaranteed full payment for services.

#### Operating Expenses:

Operating expenses in 2025 of \$110 million increased by 4.6 percent over the 2024 operating expenses of \$105 million. In 2025 there were noticeable increases in costs associated with utilities, such as water, gas and electricity. There were additional payroll and benefit costs in 2025 for new employees hired net of retirements and terminations and resignations which resulted in 12 additional full-time employees at year end compared to 2024. These increases in operating costs were partially offset by reductions in outside Interceptor cleaning contracts which reduced the cost of maintaining the collection system. General inflation has also impacted the cost of items that are used in operating and maintaining the plant.

#### Depreciation and Non-operating Expenses:

Depreciation expense increased by slightly more than \$3 million as a result of plant assets being placed into service and starting to be depreciated. The Authority is in a period of growth to comply with the Clean Water Plan as described earlier in the General Trends and Significant Events section of this Management Discussion and Analysis. It is expected that construction in progress will continue to grow substantially through the completion of the Clean Water Plan anticipated to be completed in 2036. As of the end of 2025 the Authority assumed responsibility for approximately 68 miles of intermunicipal lines through regionalization. These assets were evaluated at the time of transfer and based on the age and condition of the transferred lines it was determined that these assets were fully depreciated and of no substantial value at the time of transfer.

More detailed information about the Authority's capital assets and the Clean Water Plan is presented in the notes to the financial statements.

Non-operating expenses also reflect changes to pension funding calculated under GASB Statement No. 68 and the 2018 implementation of GASB Statement No. 75 related to Other Post-Employment Benefits. Calculations with regard to both GASB Statement Nos. 68 and 75 are prepared by the Authority's Actuary. In addition, GASB Statement No. 89 implemented in 2019 resulted in the elimination of the capitalization of interest expense on capital projects. The result was an increase in recognized interest revenues and bond interest expense that would have been shown net and capitalized as part of capital assets under construction.

#### Non-operating Revenues:

Interest earnings on the Authority's liquid funds remained consistent with the prior year and interest rates on money market and treasury holdings decreased slightly in 2025 over the returns in 2024. The decrease in rates was offset by an overall increase in cash and investment balances.

The Authority recognized \$75 thousand in 2025 in grant income primarily from the US Army Corps of Engineers related to funds received for a capital project. The Authority has applied for grants that may be awarded in the upcoming year(s).

#### Litigation Contingency:

As noted previously, the Authority has finalized an agreement with U.S. EPA, Pennsylvania DEP, and the Allegheny County Health Department (Agencies) regarding wet weather overloads in the sanitary sewer system. The agreement called for the payment of civil penalties in the amount of \$400,000 to each of the three noted agencies. As of January 8, 2009, all of the above-noted agencies have been paid.

Additional penalties may be incurred if the Authority fails to meet specific project deadlines as detailed in the agreement.

#### Debt:

At year-end, the Authority had \$1,332 million in long- and short-term debt, including unamortized bond premiums.

During 2025, the Authority issued \$372,000,000 in Sewer Revenue Bonds to provide additional funding for the Capital Improvement program and to refund the Series 2015 bonds

During 2024, the Authority issued \$250,560,000 in Sewer Revenue Bonds to provide additional funding for the Capital Improvement program and to refund the Series 2013 bonds.

The Authority did not issue any new debt in 2023 but continued to fund the long-term capital plan from bond proceeds from existing issues. A new money issue is being considered for 2026 which may also include refunding of the Series 2016 bonds depending on market conditions at that time.

More detailed information about the Authority's long-term debt is presented in the notes to the financial statements.

#### **FINAL COMMENTS**

In announcing the filing of the Modified Consent Decree on September 19, 2019, Executive Director Arletta Scott Williams publically noted her pleasure at the positive results achieved over the course of negotiations with the Agencies. "We heard the public's input on the first plan, especially when it came to the price tag associated with making these required changes to our system. Being able to reduce the cost to ratepayers, extending the timetable to 2036 and having the ability to adapt the plan to include new advances in stormwater management are all key to reaching our goal of reducing overflows."

Recognizing that increasing rates to fund the Consent Decree will have a negative financial impact on many households in our service area, the Authority implemented a customer assistance program in 2017 providing, in effect, the first 4000 gallons of consumption per quarter free. In 2018, the Authority increased the quarterly assistance payment from \$30 to \$32, and has continued to increase the quarterly assistance payment each year. The Authority has announced that for 2026, the quarterly assistance payment will increase to \$57.

You have the opportunity to become an informed participant in this program. Become familiar with the Consent Decree by reviewing it on-line at [www.alcosan.org](http://www.alcosan.org) or by contacting our Public Relations Department for a copy.

**CONTACTING THE AUTHORITY'S DIRECTOR OF FINANCE**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Allegheny County Sanitary Authority's Director of Finance at 3300 Preble Avenue, Pittsburgh, PA 15233.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## STATEMENTS OF NET POSITION

DECEMBER 31, 2025 AND 2024

Assets and Deferred Outflows of Resources	2025	2024	Liabilities, Deferred Inflows of Resources, and Net Position	2025	2024
<b>Assets:</b>			<b>Liabilities:</b>		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 488,517,807	\$ 407,374,060	Accounts payable	\$ 17,289,519	\$ 20,406,348
Accounts receivable:			Accounts payable - capital	14,134,897	9,207,418
Billed sewer revenue	26,335,400	26,714,839	Accrued liabilities:		
Unbilled sewer revenue	60,806,231	55,196,831	Compensated absences	5,365,173	5,554,664
Other	450,426	520,751	Salaries and wages	2,059,407	1,161,386
Other current assets	<u>8,719,517</u>	<u>7,697,498</u>	Accrued interest on bonds	4,926,848	4,007,132
Total current assets	<u>584,829,381</u>	<u>497,503,979</u>	Reserve for litigation	2,360,005	2,363,405
Restricted/designated assets:			Current maturities of sewer revenue bonds	<u>31,345,000</u>	<u>31,545,000</u>
Cash and cash equivalents	197,702,468	181,475,016	Total current liabilities	<u>77,480,849</u>	<u>74,245,353</u>
Investments	<u>251,190,501</u>	<u>121,198,730</u>	Long-term liabilities:		
Total restricted/designated assets	<u>448,892,969</u>	<u>302,673,746</u>	Other post-employment benefits	10,796,734	11,537,705
Prepaid bond costs	<u>7,313,319</u>	<u>6,809,008</u>	Net pension liability	3,073,294	5,498,924
Nondepreciable capital assets:			Sewer revenue bonds - less current maturities	1,220,425,000	995,220,000
Land	32,325,046	26,038,290	Unamortized bond premium	<u>80,196,910</u>	<u>75,732,248</u>
Construction in progress	<u>404,493,085</u>	<u>396,981,896</u>	Net long-term debt	<u>1,300,621,910</u>	<u>1,070,952,248</u>
Total nondepreciable capital assets	436,818,131	423,020,186	Total long-term liabilities	<u>1,314,491,938</u>	<u>1,087,988,877</u>
Depreciable capital assets -			Total Liabilities	<u>1,391,972,787</u>	<u>1,162,234,230</u>
at cost, net of accumulated depreciation	<u>785,364,872</u>	<u>683,759,709</u>	Deferred Inflows of Resources:		
Total	<u>1,222,183,003</u>	<u>1,106,779,895</u>	Refunding adjustment	7,674,302	-
Net pension asset	<u>10,829,695</u>	-	Related to pensions	37,346,265	33,887,286
Total Assets	<u>2,274,048,367</u>	<u>1,913,766,628</u>	Related to other post-employment benefits	<u>5,772,650</u>	<u>5,745,035</u>
Deferred Outflows of Resources:			Total Deferred Inflows of Resources	<u>50,793,217</u>	<u>39,632,321</u>
Related to pensions	39,386,036	46,649,581	Net Position:		
Related to other post-employment benefits	2,439,865	2,372,737	Net investment in capital assets	331,434,760	310,049,347
Refunding adjustment	<u>-</u>	<u>3,092,954</u>	Unrestricted	530,843,809	453,966,002
Total Deferred Outflows of Resources	<u>41,825,901</u>	<u>52,115,272</u>	Restricted - pension	<u>10,829,695</u>	-
Total Assets and Deferred Outflows of Resources	<u>\$ 2,315,874,268</u>	<u>\$ 1,965,881,900</u>	Total Net Position	<u>873,108,264</u>	<u>764,015,349</u>
			Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 2,315,874,268</u>	<u>\$ 1,965,881,900</u>

The notes to financial statements are an integral part of this statement.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
<b>Operating Revenues</b>	\$ 257,929,637	\$ 240,198,345
<b>Operating Expenses:</b>		
Treatment	63,799,277	61,804,890
Intercepting sewer systems	11,436,243	14,369,227
Upper Allegheny system	405,684	437,122
Administrative and engineering	23,599,659	19,097,015
Billing and collecting	4,857,611	4,307,067
Management information systems	5,864,519	5,148,110
Total operating expenses before depreciation	109,962,993	105,163,431
<b>Operating Income Before Depreciation</b>	147,966,644	135,034,914
Depreciation	26,256,221	23,214,779
<b>Operating Income</b>	121,710,423	111,820,135
<b>Non-Operating Revenues (Expenses):</b>		
Intergovernmental grants	75,214	229,307
Interest income	30,738,689	30,305,648
Interest expense on bonds	(44,814,752)	(37,535,668)
Amortization of prepaid bond costs	(654,550)	(499,431)
Loss on capital assets retired	(1,275,394)	(23,544)
Change in value of pension related items	2,532,801	1,693,294
Change in value of OPEB related items	780,484	680,435
Total non-operating revenues (expenses)	(12,617,508)	(5,149,959)
<b>Change in Net Position</b>	109,092,915	106,670,176
<b>Net Position:</b>		
Beginning of year	764,015,349	657,345,173
End of year	\$ 873,108,264	\$ 764,015,349

The notes to financial statements are an integral part of this statement.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
<b>Cash Flows From Operating Activities:</b>		
Cash received from customers	\$ 252,770,000	\$ 232,822,768
Cash paid to suppliers	(45,911,069)	(35,650,291)
Cash paid to employees	(67,485,641)	(66,410,133)
Net cash provided by (used in) operating activities	139,373,290	130,762,344
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Interest paid on bonds	(50,503,350)	(43,191,999)
Principal paid on bonds	(33,595,000)	(32,600,000)
Proceeds from debt issues	372,000,000	250,560,000
Bond premium	21,840,233	15,680,462
Payments to refund bonds	(113,400,000)	(64,755,000)
Prepaid bond costs	(1,158,862)	(890,075)
Acquisition and construction of capital assets	(138,007,241)	(159,481,673)
Intergovernmental grants	75,214	229,307
Net cash provided by (used in) capital and related financing activities	57,250,994	(34,448,978)
<b>Cash Flows From Investing Activities:</b>		
Purchase of investment securities	(249,510,053)	(121,198,730)
Proceeds from sale and maturities of investment securities	119,037,219	21,985,340
Interest earnings	31,219,749	30,259,493
Net cash provided by (used in) investing activities	(99,253,085)	(68,953,897)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	97,371,199	27,359,469
<b>Cash and Cash Equivalents:</b>		
Beginning of year, including \$181,475,016 and \$178,954,345, respectively, in restricted/designated accounts	588,849,076	561,489,607
End of year, including \$197,702,468 and \$181,475,016, respectively, in restricted/designated accounts	\$ 686,220,275	\$ 588,849,076
<b>Noncash Capital and Related Financing Activities:</b>		
Property, plant, and equipment additions reflected in accounts payable	\$ 14,134,897	\$ 9,207,418
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</b>		
Operating income	\$ 121,710,423	\$ 111,820,135
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	26,256,221	23,214,779
Change in operating assets and liabilities:		
Accounts receivable	(5,159,636)	(7,375,571)
Other current assets	(1,022,019)	(480,262)
Accounts payable	(3,116,829)	4,273,619
Accrued liabilities	705,130	(690,356)
Net adjustments	17,662,867	18,942,209
Net cash provided by (used in) operating activities	\$ 139,373,290	\$ 130,762,344

The notes to financial statements are an integral part of this statement.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## STATEMENTS OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2025 AND 2024

	2025	2024
<b>Assets</b>		
Dividends and interest receivable	\$ 1,332,649	\$ 1,329,165
Cash and cash equivalents	5,200,408	4,662,589
Investments at fair value:		
U.S. government securities	47,084,804	42,031,694
Corporate and utility bonds	44,320,070	39,004,288
Equity securities	182,847,757	160,831,112
Municipal bonds	3,582,401	3,092,691
Foreign bonds	2,090,123	2,034,023
Mortgages	1,760,100	4,656,490
ETFs	12,095,530	10,348,613
Mutual funds	872,002	880,758
Asset backed securities	2,301,724	3,765,870
Total investments at fair value	296,954,511	266,645,539
<b>Total Assets</b>	<b>\$ 303,487,568</b>	<b>\$ 272,637,293</b>
<b>Liabilities and Net Position</b>		
Liabilities:		
Purchases pending settlement	\$ 140,463	\$ 296,578
Total Liabilities	140,463	296,578
Net Position:		
Net position restricted for pension benefits	303,347,105	272,340,715
<b>Total Liabilities and Net Position</b>	<b>\$ 303,487,568</b>	<b>\$ 272,637,293</b>

The notes to financial statements are an integral part of this statement.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
<b>Additions:</b>		
<hr/>		
Contributions:		
Employer	\$ 6,937,802	\$ 6,733,405
Employee	738,784	733,021
	7,676,586	7,466,426
Total contributions		
Investment income:		
Net appreciation (depreciation) in fair value of investments	21,919,506	20,199,601
Realized gain (loss)	9,693,316	10,484,028
Interest and dividends	6,312,916	5,746,410
	37,925,738	36,430,039
Total investment income (loss)		
Other income	26,088	42,397
Total additions	45,628,412	43,938,862
<b>Deductions:</b>		
<hr/>		
Benefits	13,453,427	12,634,729
Distribution expenses	201,244	188,186
Administrative expense	967,351	169,557
	14,622,022	12,992,472
Total deductions		
<b>Change in Plan Net Position</b>	31,006,390	30,946,390
<b>Net Position:</b>		
<hr/>		
Beginning of year	272,340,715	241,394,325
End of year	\$ 303,347,105	\$ 272,340,715

The notes to financial statements are an integral part of this statement.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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### 1. Organization

The Allegheny County Sanitary Authority (Authority) was incorporated in May 1945 under the Commonwealth of Pennsylvania Municipality Authorities Act of 1945. The Authority serves as the exclusive agency for the collection, transportation, and treatment of wastewater for the City of Pittsburgh and 82 neighboring municipalities. The Authority charges users for processing of wastewater at applicable rates. Additional charges are levied for septage (solid waste removed from septic tanks) and industrial waste discharges into the system.

In evaluating the Authority as a primary government in accordance with Governmental Accounting Standards Board (GASB) guidance, management has addressed all potential component units. The criteria used by the Authority to evaluate possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship.

Upon review of the criteria above, the Authority determined that there were no potential component units that met the criteria for inclusion in the reporting entity.

The Authority operates as a stand-alone entity governed by a Board of Directors appointed by the City of Pittsburgh and County of Allegheny. Neither the City of Pittsburgh nor the County of Allegheny appoints a voting majority of the Authority's Board of Directors.

### 2. Summary of Significant Accounting Policies

#### Measurement Focus

The Authority uses "income determination" as its measurement focus. Accordingly, all assets, liabilities, deferred inflows, and deferred outflows are included on the statement of net position and net position reflects the economic net worth of the Authority. The operating statement reflects the change in total economic net worth for the period, presented through revenues and expenses of the Authority.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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### Fiduciary Funds

Fiduciary funds are used to account for assets held in a trustee capacity. The Authority reports the following fiduciary funds:

The *Pension Trust Funds* are used to account for employee retirement systems.

- The Management Pension Fund accounts for assets of the Authority management employees' retirement pension plan.
- The Union Pension Fund accounts for assets of the Authority union employees' retirement pension plan.

### Basis of Accounting

The financial statements of the Authority for the years ended December 31, 2025 and 2024 have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

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

### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

### Investments

Investments are recorded at fair value at December 31, 2025 and 2024.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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### Accounts Receivable

Accounts receivable consist of amounts due from customers, lump-sum billings to municipalities (which in turn bill customers individually), and estimated unbilled services since the previous billing.

Under the terms of the respective servicing agreements, each local municipality is responsible for the payment to the Authority and subsequent collection of individual customer billings outstanding over 60 days. Accordingly, an allowance for doubtful accounts is currently not considered necessary by management.

### Prepaid Bond Costs

Certain prepaid bond issue and surety bond costs are deferred and amortized over the life of the related outstanding bonds. The original amortization periods are as follows:

<u>Description</u>	<u>Amortization Period</u>
2016 Bonds	21 years
2018 Bonds	30 years
2020 Bonds	30 years
2022 Bonds	30 years
2024 Bonds	31 years
2025 Bonds	33 years

### Refunding Adjustment

In accordance with GASB pronouncements, the difference between the reacquisition price and the net carrying amount of debt refunded with proceeds from Series 2025, Series 2024, Series 2020, and Series 2016 Bonds has been recorded as refunding adjustments. The refunding adjustments are being amortized using the effective interest method over the originally scheduled life of the defeased issues, which extend to 2058, 2055, 2051, and 2037 respectively. The unamortized refunding adjustments are reported as deferred outflows of resources or deferred inflows of resources, as applicable, in the statement of net position.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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### Capital Assets

Capital assets are recorded at cost. Depreciation of capital assets is provided for on the straight-line method based on the estimated useful lives of the various classes of assets. Maintenance and repairs are charged to expense as incurred. Estimated useful lives of major classes of assets are as follows:

Land improvements	40 years
Buildings and improvements	50 years
Utility plant in service	60 years
Machinery and equipment	3-20 years

The cost of the study for a potential capital project is capitalized in construction in progress. Upon commencement of the related capital project, the cost of the study is allocated to the project. Upon the Authority's final determination that a project is not viable, the cost of the study is expensed.

### Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period while deferred inflows of resources represents an acquisition of net assets that applies to future periods.

### Compensated Absences

Vested or accumulated vacation and sickness leave are recorded as a liability and expensed as the benefits accrue to employees.

### Pension Plans

Substantially all full-time employees of the Authority are enrolled in one of two single-employer defined benefit pension plans. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans, as well as additions to and deductions from the pension plan fiduciary net position have been determined using the economic resources measurement focus and accrual basis of accounting. Employer contributions are recognized

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value.

### Post-employment Benefits

The Authority provides certain health insurance benefits to retirees. The costs of these benefits are recognized in accordance with accounting principles generally accepted in the United States of America and are funded when paid.

### Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan (plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salaries until future years. Participation in the plan is optional. The deferred compensation is not available to the employee until termination, retirement, death, or unforeseeable emergency. At December 31, 2025 and 2024, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust solely for the benefit of the participants. Investments are managed by the plan's trustee under several investment options selected by the participant. Under applicable GASB pronouncements, the plan is not required to be included in the Authority's financial statements.

### Net Position

The Authority is required to report three components of net position:

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

*Restricted* – This component of net position consists of constraints placed on net position use through external restrictions. The Authority, at times, has restricted net position related to its debt service reserves, as required by the bond indenture, as well as restricted net position related to pension benefits for the Authority's pension plan.

*Unrestricted* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Adopted Pronouncements

The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 102 (Certain Risk Disclosures) for the year ended December 31, 2025. Management has evaluated concentration, constraint, and other risk disclosures required by GASB Statement No. 102. The Authority's operations and revenues are concentrated in the provision of wastewater services within its regional service area under long-term municipal agreements and subject to regulatory and consent decree requirements, as described in Notes 3 and 10. Management has concluded that, other than these conditions already disclosed, there are no additional concentrations, constraints, or other vulnerabilities that meet the significance thresholds in GASB 102 and therefore require separate disclosure.

### Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 103 (Financial Reporting Model Improvements), 104 (Disclosure of Certain Capital Assets), and 105 (Subsequent Events). Management has not yet determined the impact of these statements on the financial statements.

## **3. Revenue Bonds**

On December 19, 2013, the Authority issued \$64,755,000 of Sewer Revenue Bonds Series of 2013, called the 2013 Bonds. The proceeds of the 2013 Bonds were used to provide additional funding for the Authority's capital projects in 2014 and 2015.

The 2013 Bonds were issued at a bond premium of \$2,711,736, which was being amortized as an adjustment to interest expense over the life of the bonds, using the effective interest method.

# ALLEGHENY COUNTY SANITARY AUTHORITY

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The 2013 Bonds bore interest at rates ranging from 3.50% to 5.00%. Interest was payable in semiannual installments on June 1 and December 1 until maturity. The 2013 Bonds, which had a final maturity date of December 1, 2044, were subject to redemption prior to maturity. The 2013 Bonds were refunded as part of the issuance of the 2024 Bonds.

On September 3, 2015, the Authority issued \$265,270,000 of Sewer Revenue Bonds Series of 2015, called the 2015 Bonds. The proceeds of the bonds were used to currently refund all of the Authority's outstanding Sewer Revenue Bonds Refunding Series of 2005 and to provide additional funding for the Authority's capital projects.

The 2015 Bonds were issued at a premium of \$36,708,408, which was being amortized as an adjustment to interest expense over the life of the bonds, using the effective interest method.

The 2015 Bonds bore interest at rates ranging from 2.00% to 5.00%. Interest was payable in semiannual installments on June 1 and December 1 until maturity. The 2015 Bonds, which had a final maturity date of December 1, 2045, was subject to redemption prior to maturity. The 2015 Bonds were refunded as part of the issuance of the 2025 Bonds.

On September 8, 2016, the Authority issued \$106,205,000 of Sewer Revenue Bonds Refunding Series of 2016, called the 2016 Bonds. The proceeds of the bonds were used to advance refund all of the Authority's outstanding Sewer Revenue Bonds Refunding Series of 2007 and to provide additional funding for the Authority's capital projects. The defeased bonds were repaid in full during 2017.

The 2016 Bonds were issued at a premium of \$13,012,378, which is being amortized as an adjustment to interest expense over the life of the bonds, using the effective interest method.

The 2016 Bonds bear interest at rates ranging from 0.90% to 5.00%. Interest is payable in semiannual installments on June 1 and December 1 until maturity. The 2016 Bonds, which have a final maturity date of December 1, 2037, are subject to redemption prior to maturity. At December 31, 2025 and 2024, the 2016 Bonds payable consisted of \$88,950,000 and \$97,740,000, respectively.

On September 6, 2018, the Authority issued \$157,230,000 of Sewer Revenue Bonds Series of 2018, called the 2018 Bonds. The proceeds of the bonds were to finance a portion of the Authority's capital budget for the years 2018 to 2020.

The 2018 Bonds were issued at a premium of \$12,092,896, which is being amortized as an adjustment to interest expense over the life of the bonds, using the effective interest method.

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The 2018 Bonds bear interest at rates ranging from 3.25% to 5.00%. Interest is payable in semiannual installments on June 1 and December 1 until maturity. The 2018 Bonds, which have a final maturity date of June 1, 2048, are subject to redemption prior to maturity. At December 31, 2025 and 2024, the 2018 Bonds payable consisted of \$156,545,000 and \$156,985,000, respectively.

On October 1, 2020, the Authority issued \$153,995,000 of Sewer Revenue Bonds Series of 2020, called the 2020 Bonds. The proceeds of the bonds were used to advance refund all of the Authority's outstanding Sewer Revenue Bonds Series of 2010 and to provide additional funding for the Authority's capital projects. The refunded Series 2010 bonds were paid in full in 2020.

The 2020 Bonds were issued at a premium of \$25,034,803, which is being amortized as an adjustment to interest expense over the life of the bonds, using the effective interest method.

The 2020 Bonds bear interest at rates ranging from 2.13% to 5.00%. Interest is payable in semiannual installments on June 1 and December 1 until maturity. The 2020 Bonds, which have a final maturity date of June 1, 2050, are subject to redemption prior to maturity. At December 31, 2025 and 2024, the 2020 Bonds payable consisted of \$143,100,000 and \$147,540,000, respectively.

On November 10, 2022, the Authority issued \$267,150,000 of Sewer Revenue Bonds Series of 2022, called the 2022 Bonds. The proceeds of the bonds were used to finance a portion of the Authority's capital budget for the years 2022 through 2024.

The 2022 Bonds were issued at a premium of \$16,189,349, which is being amortized as an adjustment to interest expense over the life of the bonds, using the effective interest method.

The 2022 Bonds bear interest at rates ranging from 4.38% to 5.75%. Interest is payable in semiannual installments on June 1 and December 1 until maturity. The 2022 Bonds, which have a final maturity date of June 1, 2053, are subject to redemption prior to maturity. At December 31, 2025 and 2024, the 2022 Bonds payable consisted of \$262,660,000 and \$267,150,000, respectively.

On September 25, 2024, the Authority issued \$250,560,000 of Sewer Revenue Bonds Series of 2024, called the 2024 Bonds. The proceeds of the bonds were used to refund all of the Authority's outstanding Sewer Revenue Bonds Series of 2013 and to provide additional funding for the Authority's capital projects. The refunded Series 2013 Bonds were paid in full in 2024.

# ALLEGHENY COUNTY SANITARY AUTHORITY

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The 2024 Bonds were issued at a premium of \$15,680,462, which is being amortized as an adjustment to interest expense over the life of the bonds, using the effective interest method.

The 2024 Bonds bear interest at rates ranging from 4.00% to 5.25%. Interest is payable in semiannual installments on June 1 and December 1 until maturity. The 2024 Bonds, which have a final maturity date of December 1, 2055, are subject to redemption prior to maturity. At December 31, 2025 and 2024, the 2024 Bonds payable consisted of \$240,370,000 and \$243,950,000, respectively.

On September 30, 2025, the Authority issued \$372,000,000 of Sewer Revenue Bonds Series of 2025, called the 2025 Bonds. The proceeds of the bonds were used to refund all of the Authority's outstanding Sewer Revenue Bonds Series of 2015 and to provide additional funding for the Authority's capital projects. The refunded Series 2015 Bonds were paid in full in 2025.

The 2025 Bonds were issued at a premium of \$21,840,233, which is being amortized as an adjustment to interest expense over the life of the bonds, using the effective interest method.

The 2025 Bonds bear interest at rates ranging from 4.00% to 5.25%. Interest is payable in semiannual installments on June 1 and December 1 until maturity. The 2025 Bonds, which have a final maturity date of December 1, 2058, are subject to redemption prior to maturity. At December 31, 2025, the 2025 Bonds payable consisted of \$360,145,000.

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A summary of long-term debt is as follows for the years ended December 31, 2025 and 2024, respectively:

	Balance 1/1/2025	New Issue	Retired	Balance 12/31/2025	Unamortized Premium	Bonds Payable, net	Current Portion
2015 Series	\$ 113,400,000	\$ -	\$ (113,400,000)	\$ -	\$ -	\$ -	\$ -
2016 Series	97,740,000	-	(8,790,000)	88,950,000	5,750,809	94,700,809	145,000
2018 Series	156,985,000	-	(440,000)	156,545,000	7,895,158	164,440,158	3,810,000
2020 Series	147,540,000	-	(4,440,000)	143,100,000	16,393,168	159,493,168	13,775,000
2022 Series	267,150,000	-	(4,490,000)	262,660,000	13,810,408	276,470,408	4,720,000
2024 Series	243,950,000	-	(3,580,000)	240,370,000	14,663,024	255,033,024	6,505,000
2025 Series	-	372,000,000	(11,855,000)	360,145,000	21,684,343	381,829,343	2,390,000
<b>Total</b>	<b>\$ 1,026,765,000</b>	<b>\$ 372,000,000</b>	<b>\$ (146,995,000)</b>	<b>\$ 1,251,770,000</b>	<b>\$ 80,196,910</b>	<b>\$ 1,331,966,910</b>	<b>\$ 31,345,000</b>

  

	Balance 1/1/2024	New Issue	Retired	Balance 12/31/2024	Unamortized Premium	Bonds Payable, net	Current Portion
2013 Series	\$ 64,755,000	\$ -	\$ (64,755,000)	\$ -	\$ -	\$ -	\$ -
2015 Series	128,130,000	-	(14,730,000)	113,400,000	12,655,533	126,055,533	9,805,000
2016 Series	104,455,000	-	(6,715,000)	97,740,000	6,480,448	104,220,448	8,790,000
2018 Series	157,230,000	-	(245,000)	156,985,000	8,473,687	165,458,687	440,000
2020 Series	151,840,000	-	(4,300,000)	147,540,000	18,002,623	165,542,623	4,440,000
2022 Series	267,150,000	-	-	267,150,000	14,584,137	281,734,137	4,490,000
2024 Series	-	250,560,000	(6,610,000)	243,950,000	15,535,820	259,485,820	3,580,000
<b>Total</b>	<b>\$ 873,560,000</b>	<b>\$ 250,560,000</b>	<b>\$ (97,355,000)</b>	<b>\$ 1,026,765,000</b>	<b>\$ 75,732,248</b>	<b>\$ 1,102,497,248</b>	<b>\$ 31,545,000</b>

The 2016, 2018, 2020, 2022, 2024, and 2025 Bonds are collateralized by the net revenues of the Authority and a combination of Surety Bonds and cash, as required by the trustee and all amounts held in the Revenue Fund and all amounts held by the trustees.

In accordance with the provisions of the Trust Indentures for the bonds payable, the Authority has established categories of accounts (current, special, and debt service) with certain assets, principally short-term investments, restricted for specific purposes. Each account category is further segregated into specific accounts referred to as funds. All revenues are required by the Trust Indentures to be deposited in a Revenue Fund. These Trust Indentures also require that rates be sufficient to pay current expenses of the Authority, 110% of the debt service requirements for the current fiscal year, and all amounts owed to the Bond Issuer under the terms of the Financial Guaranty Agreement. Current expenses are defined, generally, as the costs of operating and maintaining the sewer system as determined under accounting principles generally accepted in the United States of America, except for depreciation and interest expense.

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Funds created as a result of the governing Trust Indentures and by Board of Directors' resolutions are summarized as follows:

	2025	2024
Current account:		
Revenue Fund	\$ 488,517,807	\$ 407,374,060
Special accounts:		
Capital Facilities Fund	\$ 59,285,663	\$ 68,786,358
Construction Fund - 2022	-	89
Construction Fund - 2024	37,024,495	160,001,837
Construction Fund - 2025	252,206,521	-
	\$ 348,516,679	\$ 228,788,284
Debt service accounts:		
Debt Service Fund	\$ 654,484	\$ 465,321
Debt Service Reserve Fund - 2018	12,226,300	12,375,491
Debt Service Reserve Fund - 2020A	15,498,039	15,688,242
Debt Service Reserve Fund - 2020B	3,483,001	3,525,747
Debt Service Reserve Fund - 2022	23,298,618	23,318,701
Debt Service Reserve Fund - 2024	18,689,738	18,511,960
Debt Service Reserve Fund - 2025	26,526,110	-
	\$ 100,376,290	\$ 73,885,462

### Schedule of Required Debt Service

Maturities of all outstanding bonds of the Authority, in the aggregate, are as follows:

	Principal	Interest	Total Debt Service
2026	\$ 31,345,000	\$ 58,564,550	\$ 89,909,550
2027	29,680,000	57,214,750	86,894,750
2028	32,125,000	55,718,000	87,843,000
2029	33,220,000	54,098,450	87,318,450
2030	35,795,000	52,423,100	88,218,100
2031-2035	207,615,000	235,212,825	442,827,825
2036-2040	233,100,000	186,528,563	419,628,563
2041-2045	231,490,000	136,318,456	367,808,456
2046-2050	205,650,000	81,678,744	287,328,744
2051-2055	166,165,000	33,404,506	199,569,506
2056-2058	45,585,000	4,868,062	50,453,062
Total	\$ 1,251,770,000	\$ 956,030,006	\$ 2,207,800,006

# ALLEGHENY COUNTY SANITARY AUTHORITY

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The total debt service schedule in Note 14 represents the total debt service requirements (principal, interest, and sinking fund requirements) of the Authority's bond issuances, by issue and in the aggregate.

### 4. Interest Cost

Interest cost, including amortization of refunding adjustments and bond premiums, for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
	<u>                    </u>	<u>                    </u>
2013 Bonds	\$ -	\$ 2,320,009
2015 Bonds	3,248,087	4,833,805
2016 Bonds	3,242,148	3,536,102
2018 Bonds	6,445,344	6,461,871
2020 Bonds	4,003,022	4,157,243
2022 Bonds	13,372,569	13,497,396
2024 Bonds	10,647,221	2,729,242
2025 Bonds	3,856,361	-
	<u>\$ 44,814,752</u>	<u>\$ 37,535,668</u>

### 5. Deposits and Investments with Financial Institutions

The investment and deposit policy of the Authority funds is governed by the Trust Indentures and the Municipal Authority Act. In accordance with these regulations, the Authority is authorized to invest in obligations of the U.S. Treasury, agencies and instrumentalities; certificates of deposits, time deposits or deposits in savings accounts, fully insured or collateralized; commercial paper of the highest rating; bonds or notes issued by the Commonwealth of Pennsylvania, political subdivision, or related school district; repurchase agreements; money market mutual funds; and investment agreements with any bank or insurance company. Throughout the years ended December 31, 2025 and 2024, the Authority invested in authorized investments that consisted of U.S. government obligations, short-term commercial paper, money market mutual funds, an external investment pool, and guaranteed investment contracts. There were no deposit or investment transactions during 2025 and 2024 that were in violation of either state statutes or the policies of the Authority. The Authority does not have a formal investment policy which addresses custodial credit risk,

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# ALLEGHENY COUNTY SANITARY AUTHORITY

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interest rate risk, credit risk, or concentration of credit risk. The Authority can withdraw funds from the external investment pools without limitations or fees.

GASB requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the Authority's deposit and investment risks:

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2025, \$23,658,780 of the Authority's bank balance of \$23,908,780 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$20,930,018 as of December 31, 2025. As of December 31, 2024, \$32,698,064 of the Authority's bank balance of \$32,948,064 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$31,909,923 as of December 31, 2024.

Included in cash and cash equivalents on the statements of net position are short-term investments in money markets and PA INVEST.

At December 31, 2025, the Authority held the following investment balances:

	Carrying Value	Maturity in Years Less Than 1 Year	1-5 Years
U.S. Government Agencies	\$ 251,190,501	\$ 251,190,501	\$ -
Money Market Funds	662,709,914	662,709,914	-
PA INVEST	2,580,343	2,580,343	-
Total	<u>\$ 916,480,758</u>	<u>\$ 916,480,758</u>	<u>\$ -</u>

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At December 31, 2024, the Authority held the following investment balances:

	Carrying Value	Maturity in Years Less Than 1 Year	1-5 Years
U.S. Government Agencies	\$ 121,198,730	\$ 121,198,730	\$ -
Money Market Funds	554,465,065	554,465,065	-
PA INVEST	2,474,088	2,474,088	-
Total	<u>\$ 678,137,883</u>	<u>\$ 678,137,883</u>	<u>\$ -</u>

The carrying value of the Authority's investments is the same as their fair value amount. Money markets are valued using quoted market prices (Level 1 inputs). The fair values of U.S. government agency securities are priced using the spread above the risk-free yield curve. As the yields for the risk-free yield curve and the spreads for these securities are observable market inputs, the fair values of U.S. government agency securities are included in the Level 2 fair value hierarchy.

The Authority's investments in the external investment pool (INVEST) are the same as the value of the pool shares and are reported at amortized cost which approximates market. All investments in an external investment pool that are not SEC registered are subject to oversight by the Commonwealth. The Authority can withdraw funds from INVEST without limitations or fees.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the Authority's investments.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of December 31, 2025 and 2024, the Authority's investment in the state investment pool (INVEST) was rated AAA by Standard & Poor's. The Authority's investments in U.S. government agencies are rated AA+ by Standard & Poor's and Aa1 by Moody's. The Authority's investments in money market funds are rated AAA by Standard & Poor's and Moody's.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. As of December 31, 2025 and 2024, the Authority did not have a high concentration of investments in any one issuer.

# ALLEGHENY COUNTY SANITARY AUTHORITY

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### Pension Trust Funds

The pension trust funds are used to account for assets held by the Authority in a trustee capacity for future payment of retirement benefits to employees or former employees.

The pension trust funds' investments in money markets, equity, and fixed-income funds, and guaranteed interest accounts are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book-entry form. Investments in common stock are not subject to the disclosure requirements of GASB Statement No. 40.

The following is a description of the pension trust funds' investment risks:

*Credit risk.* The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. As of December 31, 2025 and 2024, the pension trust funds' investments in fixed income investments for the Management Plan and Union Plan were rated as follows:

Bond ratings	Fiduciary Fund	
	2025 Market Value	2024 Market Value
Moody's Aaa	\$ 3,614,125	\$ 47,655,566
Moody's Aa1	45,738,647	416,543
Moody's Aa2	1,012,855	763,338
Moody's A1	5,500,854	4,375,898
Other	45,272,741	41,373,711
Total	<u>\$ 101,139,222</u>	<u>\$ 94,585,056</u>

The remaining mutual funds, stocks, common/collective trusts, and ETFs were not rated by nationally recognized statistical rating organizations.

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*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the pension trust funds' investments. The pension trust funds do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following table shows investment maturities in years for pension trust fund investments with maturities:

Investment Type	Fair Value	Investment Maturities (In Years) from December 31, 2025				
		Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16 or more Years
Corporate and utility bonds	\$ 44,320,070	\$ 581,998	\$ 14,740,981	\$ 17,212,580	\$ 3,261,777	\$ 8,522,734
US treasury and agency	47,084,804	-	21,204,872	8,358,439	1,283,899	16,237,594
Municipal bonds	3,582,401	109,003	1,499,848	681,554	818,670	473,326
Mortgages & asset backed securities	4,061,824	77,330	2,608,612	25,066	-	1,350,816
Foreign bonds	2,090,123	-	1,441,184	565,327	-	83,612
Total securities with maturities	<u>\$ 101,139,222</u>	<u>\$ 768,331</u>	<u>\$ 41,495,497</u>	<u>\$ 26,842,966</u>	<u>\$ 5,364,346</u>	<u>\$ 26,668,082</u>

Investment Type	Fair Value	Investment Maturities (In Years) from December 31, 2024				
		Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16 or more Years
Corporate and utility bonds	\$ 39,004,288	\$ 797,860	\$ 12,334,921	\$ 15,615,377	\$ 3,241,494	\$ 7,014,636
US treasury and agency	42,031,694	325,084	21,149,485	6,210,602	106,678	14,239,845
Municipal bonds	3,092,691	19,774	1,146,377	911,679	743,072	271,789
Mortgages & asset backed securities	8,422,360	224	3,846,073	309,894	-	4,266,169
Foreign bonds	2,034,023	-	778,440	868,050	71,794	315,739
Total securities with maturities	<u>\$ 94,585,056</u>	<u>\$ 1,142,942</u>	<u>\$ 39,255,296</u>	<u>\$ 23,915,602</u>	<u>\$ 4,163,038</u>	<u>\$ 26,108,178</u>

Financial instruments potentially expose the pension trust funds to various risks such as concentrations of credit risk and market risks. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near term and that such change could materially affect the amount reported on the combined statement of fiduciary net position.

# ALLEGHENY COUNTY SANITARY AUTHORITY

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The composition of the pension trust funds is noted below, along with the fair value measurements as of December 31, 2025 and 2024, respectively:

Investments by Fair Value Level:	December 31, 2025	December 31, 2024
Fixed Income:		
US Treasury Bonds	\$ 44,188,256	\$ 39,431,468
US Agency Bonds	2,896,548	2,600,226
Asset Backed Securities	2,301,724	3,765,870
Corporate Bonds	41,084,480	36,330,114
Utility Bonds	3,235,590	2,674,174
Municipal Bonds	3,582,401	3,092,691
Foreign Bonds	2,090,123	2,034,023
Mortgages and mortgaged backed securities	1,760,100	4,656,490
ETFs - Fixed Income	1,627,944	1,456,504
Total Fixed Income	102,767,166	96,041,560
Equities:		
Mutual Funds	872,002	880,758
Common Stocks:		
Capital Goods	6,130,423	5,698,780
Industrials	5,217,336	5,104,310
Consumer Discretionary	9,993,045	9,546,960
Consumer Staples	4,364,231	5,386,382
Energy	4,909,256	5,314,804
Food, Bev, Tobacco, & Personal Products	4,098,884	2,855,929
Financials	23,217,187	18,392,288
Materials	4,877,900	4,414,835
Transportation	646,490	219,265
Retail	8,509,039	9,186,410
Pharm/Biotech	7,735,450	7,224,396
Insurance	4,540,786	3,615,783
Information Technology	36,861,412	28,572,184
Software & Services	13,505,927	10,942,063
Technology	11,170,494	10,188,667
Media	17,636,021	13,004,472
Real Estate	1,848,575	3,435,951
Utilities	1,567,876	2,537,457
Health Care	9,191,590	8,604,383
Telecommunications	6,825,835	6,585,793
ETFs - Growth	10,467,586	8,892,109
Total Equities	194,187,345	170,603,979
Total investments by fair value level	\$ 296,954,511	\$ 266,645,539

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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US Treasury bonds, asset backed securities, utility bonds, noncorporate bonds, mutual funds, preferred stock, common stock, and exchange traded funds are valued using quoted market prices (Level 1 inputs). Corporate, municipal, and foreign bonds as well as mortgages and asset backed securities are valued using a matrix pricing model (Level 2 inputs). The fair values of U.S. government agency securities are priced using the spread above the risk-free yield curve. As the yields for the risk-free yield curve and the spreads for these securities are observable market inputs, the fair values of U.S. government agency securities are included in the Level 2 fair value hierarchy.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### 6. Capital Assets

A summary of capital assets is as follows for the years ended December 31, 2025 and 2024, respectively:

	Balance 1/1/2025	Additions	Disposals	Balance 12/31/2025
<b>Nondepreciable assets:</b>				
Land	\$ 26,038,290	\$ 6,286,756	\$ -	\$ 32,325,046
Construction in progress	396,981,896	135,038,184	(127,526,995)	404,493,085
Total nondepreciable assets	<u>423,020,186</u>	<u>141,324,940</u>	<u>(127,526,995)</u>	<u>436,818,131</u>
<b>Depreciable assets:</b>				
Land improvements	5,108,533	-	-	5,108,533
Buildings and improvements	561,716,594	77,087,224	(4,100,682)	634,703,136
Utility plant in service	289,274,192	3,417,812	-	292,692,004
Machinery and equipment	373,621,155	38,546,103	(1,276,193)	410,891,065
Clean Water Program	59,995,687	-	-	59,995,687
GROW Program	26,598,473	10,085,639	-	36,684,112
Total depreciable assets	<u>1,316,314,634</u>	<u>129,136,778</u>	<u>(5,376,875)</u>	<u>1,440,074,537</u>
Less: accumulated depreciation	<u>632,554,925</u>	<u>26,256,221</u>	<u>(4,101,481)</u>	<u>654,709,665</u>
Net depreciable assets	<u>683,759,709</u>	<u>102,880,557</u>	<u>(1,275,394)</u>	<u>785,364,872</u>
Total capital assets	<u>\$ 1,106,779,895</u>	<u>\$ 244,205,497</u>	<u>\$ (128,802,389)</u>	<u>\$ 1,222,183,003</u>
	Balance 1/1/2024	Additions	Disposals	Balance 12/31/2024
<b>Nondepreciable assets:</b>				
Land	\$ 23,110,313	\$ 2,927,977	\$ -	\$ 26,038,290
Construction in progress	299,726,893	152,793,680	(55,538,677)	396,981,896
Total nondepreciable assets	<u>322,837,206</u>	<u>155,721,657</u>	<u>(55,538,677)</u>	<u>423,020,186</u>
<b>Depreciable assets:</b>				
Land improvements	5,108,533	-	-	5,108,533
Buildings and improvements	534,754,427	27,223,767	(261,600)	561,716,594
Utility plant in service	288,372,421	901,771	-	289,274,192
Machinery and equipment	361,482,711	12,392,822	(254,378)	373,621,155
Clean Water Program	59,535,206	460,481	-	59,995,687
GROW Program	14,276,918	12,321,555	-	26,598,473
Total depreciable assets	<u>1,263,530,216</u>	<u>53,300,396</u>	<u>(515,978)</u>	<u>1,316,314,634</u>
Less: accumulated depreciation	<u>609,832,580</u>	<u>23,214,779</u>	<u>(492,434)</u>	<u>632,554,925</u>
Net depreciable assets	<u>653,697,636</u>	<u>30,085,617</u>	<u>(23,544)</u>	<u>683,759,709</u>
Total capital assets	<u>\$ 976,534,842</u>	<u>\$ 185,807,274</u>	<u>\$ (55,562,221)</u>	<u>\$ 1,106,779,895</u>

# ALLEGHENY COUNTY SANITARY AUTHORITY

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The Authority has spent \$404,493,085 and \$396,981,896 for construction in progress as of December 31, 2025 and 2024, respectively, with estimated remaining total expansion costs of approximately \$4,247,762,104, which are anticipated to be incurred through 2036. These costs are associated with improvements and plant expansion to allow the Authority to increase to maximum flows of 600 MGD. These expansion costs are primarily attributable to activities required by the Consent Decree further discussed in Note 10.

### 7. Pension Plans

*General Information About the Pension Plans.* The Authority has two single-employer defined benefit pension plans covering substantially all full-time employees: the Management Employees Plan (Management Plan) and the Union Employees Plan (Union Plan). The Union Plan is a contributory plan including all members of the utility workers' collective bargaining unit and the Management Plan is a contributory plan available to all Authority employees not participating in the Union Plan. The Authority's pension plans, the Management Employees Plan and Union Employees Plan (Plans), are governed by independent boards composed primarily of participants in the Plans, and the Authority does not directly participate in the management of the Plans.

#### Management and Union Plans - Summary of Significant Accounting Policies

Financial information is presented on the accrual basis of accounting. Employer contributions to the Plans are recognized when earned. Benefits and refunds are recognized when incurred, in accordance with the terms of each Plan.

Each Plan's assets are reported at fair value. Neither Plan had any investment transactions with related parties during the year.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

### Statements of Plan Net Position – Management and Union Plans

#### COMBINING STATEMENT OF PLAN NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31,

	Management 2025	Management 2024	Union 2025	Union 2024
<b>Assets</b>				
Dividends and interest receivable	\$ 284,581	\$ 263,416	\$ 1,048,068	\$ 1,065,749
Cash and cash equivalents	-	-	5,200,408	4,662,589
Investments at fair value:				
U.S. government securities	11,004,798	10,328,606	36,080,006	31,703,088
Corporate and utility bonds	13,208,262	12,595,922	31,111,808	26,408,366
Equity securities	49,599,282	43,078,042	133,248,475	117,753,070
Municipal bonds	2,227,293	2,037,418	1,355,108	1,055,273
Foreign bonds	-	-	2,090,123	2,034,023
Mortgages	-	-	1,760,100	4,656,490
ETFs	12,095,530	10,348,613	-	-
Mutual funds	872,002	880,758	-	-
Asset backed securities	-	-	2,301,724	3,765,870
Total investments at fair value	<u>89,007,167</u>	<u>79,269,359</u>	<u>207,947,344</u>	<u>187,376,180</u>
<b>Total Assets</b>	<u>\$ 89,291,748</u>	<u>\$ 79,532,775</u>	<u>\$ 214,195,820</u>	<u>\$ 193,104,518</u>
<b>Liabilities and Net Position</b>				
<b>Liabilities:</b>				
Purchases pending settlement	\$ -	\$ -	\$ 140,463	\$ 296,578
Total Liabilities	<u>-</u>	<u>-</u>	<u>140,463</u>	<u>296,578</u>
<b>Net Position:</b>				
Net position restricted for pension benefits	<u>89,291,748</u>	<u>79,532,775</u>	<u>214,055,357</u>	<u>192,807,940</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 89,291,748</u>	<u>\$ 79,532,775</u>	<u>\$ 214,195,820</u>	<u>\$ 193,104,518</u>

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

### Statements of Changes in Plan Net Position – Management and Union Plans

#### COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION PENSION TRUST FUNDS

	YEAR ENDED DECEMBER 31,			
	Management 2025	Management 2024	Union 2025	Union 2024
<b>Additions:</b>				
Contributions:				
Employer	\$ 2,777,590	\$ 3,004,038	\$ 4,160,212	\$ 3,729,367
Employee	451,829	424,261	286,955	308,760
Total contributions	<u>3,229,419</u>	<u>3,428,299</u>	<u>4,447,167</u>	<u>4,038,127</u>
Investment income:				
Net appreciation (depreciation) in fair value of investments	8,894,326	7,136,183	13,025,180	13,063,418
Realized gain (loss)	(87,828)	822,482	9,781,144	9,661,546
Interest and dividends	1,861,840	1,689,422	4,451,076	4,056,988
Total investment income	<u>10,668,338</u>	<u>9,648,087</u>	<u>27,257,400</u>	<u>26,781,952</u>
Other income	<u>25,353</u>	<u>36,187</u>	<u>735</u>	<u>6,210</u>
Total additions	<u>13,923,110</u>	<u>13,112,573</u>	<u>31,705,302</u>	<u>30,826,289</u>
<b>Deductions:</b>				
Benefits	3,912,082	3,629,490	9,541,345	9,005,239
Distribution expenses	201,244	188,186	-	-
Administrative expense	50,811	49,256	916,540	120,301
Total deductions	<u>4,164,137</u>	<u>3,866,932</u>	<u>10,457,885</u>	<u>9,125,540</u>
<b>Change in Plan Net Position</b>	<b>9,758,973</b>	<b>9,245,641</b>	<b>21,247,417</b>	<b>21,700,749</b>
<b>Net Position:</b>				
Beginning of year	<u>79,532,775</u>	<u>70,287,134</u>	<u>192,807,940</u>	<u>171,107,191</u>
End of year	<u>\$ 89,291,748</u>	<u>\$ 79,532,775</u>	<u>\$ 214,055,357</u>	<u>\$ 192,807,940</u>

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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### Plan Benefits

*Normal Retirement.* Under each of the plans, employees' eligibility for normal benefits begins at age 65, at which time the individual is entitled to an annual retirement benefit, payable monthly for life. For the Management Plan, this benefit is equal to 2.5% of the first \$4,200 of average compensation for each year of Credited Service, plus 2.5% of 3-year compensation in excess of \$4,200 for each year of Contributory Service (for participant contributing at the rate of 3% of compensation) and 2.0% of 5-year average compensation in excess of \$4,200 for each year of Contributory Service (for participant contributing at the rate of 1.25% of compensation in excess of \$4,200). If a participant transfers from the Union Plan, the normal retirement benefit is based on all years of employment with the Authority and is offset by the Union Plan benefit. In addition, the portion of the benefit for those contributing 1.25% of compensation in excess of \$4,200 will be determined using 2.50% of 3-year average compensation in excess of \$4,200 for any Union years of Contributory Service. For the Union Plan, this benefit is equal to 2.5% of the first \$4,200 of average compensation for each year of credited service plus 2.5% of average compensation in excess of \$4,200 for each year of Contributory Service. The benefit above is limited to 100% of average compensation. For both plans, in no event will a participant's benefit exceed the limits set forth in Section 415(b) of the Internal Revenue Code.

*Early Retirement.* Early retirement is available to all participants who have reached the age of 55 and have at least 10 years of service for the Management plan, and 55 and have at least 15 years of service for the Union plan. For the Management Plan, a participant who is contributing 3% of compensation may retire at age 60 with 10 years of service with no early retirement reduction. If such participant elects to retire prior to age 60, benefits will be reduced by one-half of 1% for each month prior to age 60 in which retirement occurs. For a participant who elected to contribute 1.25% of compensation in excess of \$4,200, the monthly benefit will be reduced by one-half of 1% for each month prior to Normal Retirement Date (that is, prior to age 65). For the Union Plan, If the participant has attained age 60 with 25 years of Credited Service and is actively employed immediately prior to retirement, the benefit is unreduced. Otherwise, the benefit is reduced actuarially if it commences prior to age 62 or by 5% per year if it commences between age 62 and Normal Retirement Date.

*Late Retirement.* In both plans, for those retiring after age 65, the benefit is the greater of (1) the actuarial equivalent of the benefit that would have been payable at the Normal Retirement Date and (2) the benefit based on service and earnings as of the actual retirement date.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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*Disability Retirement.* For both plans, disability retirement is available upon evidence of total and permanent disability and after 10 years of Credit Service. The disability benefit is based on average compensation and service at the time of disability. The disability benefit is limited to the amount which, when added to worker's compensation, equals 100% of base pay. The disability benefit is payable immediately, with no reduction for commencement before Normal Retirement Date.

*Termination Benefits.* For both plans, a participant is fully vested in his accrued benefit after 15 years of Credited Service or upon attainment of Normal Retirement age. Partial vesting occurs after five years of Credited Service, in accordance with the following schedule:

<u>Credited Service</u>	<u>Vested Percentage</u>	<u>Credited Service</u>	<u>Vested Percentage</u>
Less than 5 years	0%	10 years	50%
5 years	25%	11 years	60%
6 years	30%	12 years	70%
7 years	35%	13 years	80%
8 years	40%	14 years	90%
9 years	45%	15 or more years	100%

The vested accrued benefit will be payable in full at Normal Retirement Date. Reduced payment can begin as early as age 55 if the participant had 15 years (Union Plan) or 10 years (Management Plan) of Credited Service upon termination of employment. For the Union Plan, the benefit reduction for early commencement is the same as the reduction described for Early Retirement. For the Management Plan, the benefit reduction for early commencement is one-half of 1% for each month prior to normal retirement date, and a participant who satisfies the eligibility requirements for Early Retirement upon termination of employment is deemed to be fully vested. Employee contribution balances are always 100% vested. A participant who terminates employment with less than five years of Credited Service will be entitled to the return of his contributions with interest. A participant who terminates employment with partial vesting may elect a return of his contributions with interest. Such participant will have a residual benefit equal to the vested percentage of his accrued benefit based on Credited Service only (that is, the portion of the benefit based on the first \$4,200 of compensation). A participant who withdrew contributions upon termination of employment and who is reemployed by the Authority will have the opportunity to repay his withdrawn contributions, with interest, for the purpose of restoring previously earned Contributory Service.

*Pre-Retirement Spouse's Benefit.* Upon the death of an active participant before retirement but after five years of Credited Service, the surviving spouse will receive 100% of the accrued benefit, determined without regard to the participant's vested percentage. If the spouse is

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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under age 50, the 100% is reduced by 0.5% for each year and a fraction under age 50. For deaths occurring prior to January 1, 2004 (Union Plan) or 2006 (Management Plan), the surviving spouse received 100% of the vested accrued benefit. Upon the death of a terminated vested participant prior to the commencement of any benefits, the beneficiary shall receive an amount equal to the participant's personal contributions, if any, plus interest at the rate of 3% per year.

*Post-Retirement Medical Benefit Payment.* For the Management Plan, when a retired participant who was contributing at the rate of 3% attains age 65, such retired participant will receive an additional monthly benefit equal to two times the Medicare Part B premium in effect at that time, payable for the remainder of the participant's life.

*Post-Retirement Lump Sum Death Benefit.* For the Management Plan, participants retiring under either the Normal or Early Retirement provisions who were contributing at the rate of 3% will be eligible for a post-retirement death benefit of \$2,000. Such benefit will be paid to the designated beneficiary.

*Employees Covered by Benefit Terms.* As of the most recent actuarial valuations, the following employees were covered by the benefit terms:

	<u>Management</u>	<u>Union</u>	<u>Total</u>
Inactive plan members or beneficiaries currently receiving benefits	98	227	325
Inactive plan members entitled to but not yet receiving benefits	28	32	60
Active plan members	<u>155</u>	<u>281</u>	<u>436</u>
Total plan members	<u>281</u>	<u>540</u>	<u>821</u>

*Contributions.* Participants in the Management Plan contribute 3.0% and participants in the Union Plan contribute 1.25% of earnings to their respective plans. The Authority's contributions to the plans are based on actuarially determined rates.

*Net Pension Liability (Asset).* The Authority's net pension liability (asset) for 2025 and 2024 was measured as of December 31, 2024 and 2023, respectively. The total pension liability used to calculate the net pension liability (asset) was determined by actuarial valuations as of those respective measurement dates.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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*Actuarial Assumptions.* The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.00%
Underlying inflation rate	2.30%
Salary projection	5.00%

The total pension liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.00%
Underlying inflation rate	2.20%
Salary projection	4.00%

For both plans - Base mortality tables are applied to participant categories as follows:

- Active participants and terminated participants with deferred benefits: PubG-2016(A) Employee Table
- Non-disabled participants in payment status: PubG-2016(A) Retiree Table
- Disabled participants: PubNS-2016 Disabled Retiree Table
- Surviving beneficiaries: Pub-2016(A) Contingent Survivor Table

For the January 1, 2025 and 2024 valuations, fully-generational mortality improvement for all participant categories is projected under Scale MP-2021. The MP scale is updated annually by the Society of Actuaries, except there was no update this year. Annual updates to the MP scale will be applied to each future actuarial valuation. The MP scale update is treated as an actuarial experience gain or loss, rather than as an assumption change.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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For both plans, mortality assumptions used for the prior valuation were as follows:

- Active participants and terminated participants with deferred benefits: PubG-2010(A) Employee Table
- Non-disabled participants in payment status: PubG-2010(A) Retiree Table
- Disabled participants: PubNS-2010 Disabled Retiree Table
- Surviving beneficiaries: Pub-2010(A) Contingent Survivor Table

Actuarial assumptions used in the respective valuations were based on actuarial experience studies for the period January 1, 2024 to December 31, 2024 and January 1, 2023 to December 31, 2023.

*Long-Term Expected Rate of Return.* The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following were the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation:

Asset Class	Management Plan		Union Plan	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
US equity	60.0%	5.30%	70.0%	5.30%
Fixed income	40.0%	2.60%	30.0%	2.60%
	<u>100.0%</u>		<u>100.0%</u>	

*Rate of Return.* The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2025, the annual money-weighted rate of return on the Management and Union Plan investments was 13.9% and 15.9%, respectively.

*Discount Rate.* The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Authority's

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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contributions will be made based on the actuarially determined contribution. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Concentrations* – The Management Plan and the Union Plan did not have investments in a single issuer that exceeded 5% of the respective plan’s fiduciary net position at December 31, 2025 and 2024.

*Changes in Net Pension Liability (Asset).* Changes in the Authority’s net pension liability (asset) are as follows:

	Management Plan		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances at 12/31/24	\$ 74,637,208	\$ 70,287,134	\$ 4,350,074
Changes for the year:			
Service cost	2,453,128	-	2,453,128
Interest	5,070,893	-	5,070,893
Differences between expected and actual experience	2,686,129	-	2,686,129
Changes of assumptions	1,388,201	-	1,388,201
Employer contributions	-	3,004,038	(3,004,038)
Member contributions	-	424,261	(424,261)
Net investment income	-	9,446,832	(9,446,832)
Benefit payments, including refunds of employee contributions	(3,629,490)	(3,629,490)	-
Balances at 12/31/25	<u>\$ 82,606,069</u>	<u>\$ 79,532,775</u>	<u>\$ 3,073,294</u>
Plan fiduciary net position as a percentage of total pension liability			<u>96.28%</u>

Net investment income includes \$237,442 of trustee and other investment related expenses.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	Management Plan		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances at 12/31/23	\$ 70,691,579	\$ 58,864,775	\$ 11,826,804
Changes for the year:			
Service cost	2,285,341	-	2,285,341
Interest	4,797,324	-	4,797,324
Differences between expected and actual experience	380,738	-	380,738
Changes of assumptions	-	-	-
Employer contributions	-	3,153,454	(3,153,454)
Member contributions	-	359,557	(359,557)
Net investment income	-	11,427,122	(11,427,122)
Benefit payments, including refunds of employee contributions	(3,517,774)	(3,517,774)	-
Balances at 12/31/24	<u>\$ 74,637,208</u>	<u>\$ 70,287,134</u>	<u>\$ 4,350,074</u>
Plan fiduciary net position as a percentage of total pension liability			<u>94.17%</u>

Net investment income includes \$210,851 of trustee and other investment related expenses.

	Union Plan		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances at 12/31/24	\$ 172,256,041	\$ 171,107,191	\$ 1,148,850
Changes for the year:			
Service cost	4,266,998	-	4,266,998
Interest	11,586,051	-	11,586,051
Differences between expected and actual experience	1,828,343	-	1,828,343
Changes of assumptions	1,046,051	-	1,046,051
Employer contributions	-	3,729,367	(3,729,367)
Member contributions	-	308,760	(308,760)
Net investment income	-	26,667,861	(26,667,861)
Benefit payments, including refunds of employee contributions	(9,005,239)	(9,005,239)	-
Balances at 12/31/25	<u>\$ 181,978,245</u>	<u>\$ 192,807,940</u>	<u>\$ (10,829,695)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>105.95%</u>

Net investment income includes \$120,301 of trustee and other investment related expenses.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	Union Plan		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances at 12/31/23	\$ 165,697,243	\$ 147,982,914	\$ 17,714,329
Changes for the year:			
Service cost	4,093,781	-	4,093,781
Interest	11,152,746	-	11,152,746
Differences between expected and actual experience	(259,752)	-	(259,752)
Changes of assumptions	-	-	-
Employer contributions	-	4,424,637	(4,424,637)
Member contributions	-	263,863	(263,863)
Net investment income	-	26,863,754	(26,863,754)
Benefit payments, including refunds of employee contributions	(8,427,977)	(8,427,977)	-
Balances at 12/31/24	<u>\$ 172,256,041</u>	<u>\$ 171,107,191</u>	<u>\$ 1,148,850</u>
Plan fiduciary net position as a percentage of total pension liability			<u>99.33%</u>

Net investment income includes \$751,929 of trustee and other investment related expenses.

Pennsylvania Act 205 (Act 205) is the authority by which benefit provisions are established and may be amended. Stand-alone financial reports were not issued for either of the Plans, as they are not required under the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

*Changes in Actuarial Assumptions.* The following actuarial assumptions were modified from 2024 to 2025:

- The long-term inflation rate increased from 2.20% to 2.30%.
- The salary increase rate increased from 4.00% to 5.00%.

*Changes in Actuarial Assumptions.* The following actuarial assumptions were modified from 2023 to 2024:

- The long-term inflation rate decreased from 2.90% to 2.20%.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Management	\$ 13,532,712	\$ 3,073,294	\$ (5,740,219)
Union	<u>11,916,575</u>	<u>(10,829,695)</u>	<u>(29,981,241)</u>
	<u>\$ 25,449,287</u>	<u>\$ (7,756,401)</u>	<u>\$ (35,721,460)</u>

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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*Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions.* For the years ended December 31, 2025 and 2024, the Authority recognized pension expense of \$4,405,001 and \$5,040,111, respectively. At December 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,374,225	\$ 2,129,488
Changes of assumptions	4,945,563	-
Net difference between projected and actual earnings on pension plan investments	23,128,446	35,216,777
Contributions made subsequent to the measurement date	6,937,802	-
	<u>\$ 39,386,036</u>	<u>\$ 37,346,265</u>

  

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 689,391	\$ 3,027,915
Changes of assumptions	4,534,118	-
Net difference between projected and actual earnings on pension plan investments	34,692,667	30,859,371
Contributions made subsequent to the measurement date	6,733,405	-
	<u>\$ 46,649,581</u>	<u>\$ 33,887,286</u>

Deferred outflows of resources related to Authority pension contributions subsequent to the measurement date of \$6,937,802 and \$6,733,405 will be recognized as a reduction of the net pension liability in the years ending December 31, 2026 and 2025, respectively.

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2026	\$ 14,107,292	\$ 14,251,151
2027	13,436,691	9,488,022
2028	1,622,688	9,273,018
2029	1,131,453	4,217,022
2030	1,007,454	87,460
2031	847,846	29,592
2032	294,810	-
	<u>\$ 32,448,234</u>	<u>\$ 37,346,265</u>

### 8. Postemployment Benefits Other Than Pensions

*General Information About the OPEB Plans.* In addition to the pension benefits described in Note 7, the Authority provides certain post-employment healthcare benefits to management and union retirees until age 65, which is a defined benefit, single-employer plan administered by the Authority. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. This plan does not issue stand-alone financial statements.

In accordance with the Authority's Policy and Procedures Manual for Management Employees, certain healthcare benefits and life insurance are provided to all management employees, and their dependents, who retire on or after attaining age 55 with at least ten years of credited service. These benefits cease when the retiree turns 65.

Additionally, in accordance with the current labor agreement between the Authority and the Utility Workers Union of America AFL-CIO Local 433, certain healthcare benefits are provided to all union employees and their dependents who retire at age 60 through age 65 with 25 years of credited service. In addition to the healthcare benefits, the Authority provides full hospitalization for retirees and their dependents between the ages of 62 and 65 with 15 to 24 years of credited service and 25% of the life insurance coverage that was provided while employed with the Authority will be carried into retirement.

In addition to these post-employment healthcare benefits, the Authority also provides to both management and union retirees, the Vision Program, the Prescription Drug Program, and the Dental Program. For these programs, however, the retiree shall be responsible to

# ALLEGHENY COUNTY SANITARY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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pay the entire prevailing premium being paid by the Authority for its employees. Usually, these premiums are taken directly out of the retirees' pension payments.

*Employees Covered by Benefit Terms.* As of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Active employees	436
Retired employees with health coverage	35
Retired employees with life insurance only	<u>169</u>
Total active and inactive employees	<u><u>640</u></u>

*Total OPEB Liability.* The Authority's total OPEB liability for 2025 and 2024 was measured as of December 31, 2024 and 2023, respectively.

*Actuarial Assumptions.* The methods and assumptions are as follows:

- Discount rate, using Fidelity Fixed Income Market Data for Municipal GO AA Yield Curve at 20 years: 4.15%
- Actuarial cost method: Individual Entry Age Normal Level Percent of Pay
- Salary increase: 5.0% annually

Mortality rate – Base mortality tables are applied to participant categories as follows:

- Active participants and terminated participants with deferred benefits: PubG-2016(A) Employee Table
- Non-disabled participants in payment status: PubG-2016(A) Retiree Table
- Disabled participants: PubNS-2016 Disabled Retiree Table

For the January 1, 2025 valuation, fully-generational mortality improvement for all participant categories is projected under Scale MP-2021. For the January 1, 2023 valuation, fully-generational mortality improvement for all participant categories was also projected under Scale MP-2021. Updates to the MP scale will be applied to future actuarial valuations. The MP scale update is treated as an actuarial experience gain or loss, rather than as an assumption change.

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Mortality assumptions used for the prior valuation were as follows:

- Active participants with deferred benefits: PubG-2010(A) Employee Table
- Non-disabled participants in payment status: PubG-2010(A) Retiree Table
- Disabled participants: PubNS-2010 Disabled Retiree Table

Short- and long-term medical and prescription drug trend assumptions used to project healthcare costs and drug coverage premiums were revised. The short-term trend was revised to consider more recent data. The long term trend, beginning in 2028, was revised using an updated Society of Actuaries (SOA) Long Term Healthcare Cost Trends Model.

Historical trend rates, which are needed for normal cost allocation under Entry Age method:

<u>Year</u>	<u>Medical and Drug Trend</u>	<u>Year</u>	<u>Medical and Drug Trend</u>
2023	8.60%	1995	5.30%
2021	6.10%	1990	8.80%
2019	6.50%	1985	8.70%
2017	5.60%	1980	10.80%
2015	7.90%	1975	15.80%
2010	7.30%	1970	13.40%
2005	10.40%	1965	11.10%
2000	10.90%		

The Retirement assumption was selected based upon a study of plan experience for the period 2015 to 2025. The assumption will be monitored against actual plan experience to ensure that it remains reasonable.

*Changes in Actuarial Assumptions.* The following actuarial assumptions were modified from 2024 to 2025:

- The discount rate changed from 3.77% to 4.15% as of December 31, 2024.
  - Demographic assumptions including mortality, withdrawal, retirement, and salary scale were revised.
  - Combined medical and drug trend assumption used to project expected annual costs was revised to recognize more recent data.
  - Dental trend increased to 3.75% per year from 3.00%.
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*Changes in Actuarial Assumptions.* The following actuarial assumptions were modified from 2023 to 2024:

- The discount rate changed from 4.05 % to 3.77% as of December 31, 2023.

*Changes in the Total OPEB Liability.* The changes in the total OPEB liability of the Authority for the years ended December 31, 2025 and 2024 were as follows:

	Total OPEB Liability	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 11,537,705	\$ 11,203,983
Changes for the year:		
Service cost	698,241	636,732
Interest	442,042	461,119
Differences between expected and actual experience	137,089	-
Changes of benefit terms	51,249	(87,331)
Changes of assumptions	(1,048,191)	233,347
Benefits paid	<u>(1,021,401)</u>	<u>(910,145)</u>
Balance at December 31	<u>\$ 10,796,734</u>	<u>\$ 11,537,705</u>

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following represents the total OPEB liability calculated using the stated discount rate, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease (3.15%)	Current Discount Rate (4.15%)	1% Increase (5.15%)
<u>\$ 11,581,998</u>	<u>\$ 10,796,734</u>	<u>\$ 10,094,466</u>

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*Sensitivity of the Total OPEB Liability to Changes in the Medical Trend Rate.* The following presents the total OPEB liability calculated using the stated medical trend assumption, as well as what the total OPEB liability would be if it was calculated using a medical trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Initial rate	7.00%	8.00%	9.00%
Ultimate rate	3.00%	4.00%	5.00%
	<u>\$ 10,099,696</u>	<u>\$ 10,796,734</u>	<u>\$ 11,616,967</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.* For the years ended December 31, 2025 and 2024, the Authority recognized OPEB expense of \$429,009 and \$340,966, respectively. Cash payments into the plan are included in fringe benefits on the statement of revenues, expenses, and changes in net position and any remaining excess (deficiency) is reported as OPEB expense, net.

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 123,100	\$ 2,860,683	\$ -	\$ 3,468,867
Changes in assumptions or other inputs	<u>1,107,272</u>	<u>2,911,967</u>	<u>1,351,336</u>	<u>2,276,168</u>
Subtotal, to be recognized in future OPEB expense	1,230,372	5,772,650	1,351,336	5,745,035
Employer payments for OPEB subsequent to measurement date and before fiscal year-end (expected claims)	<u>1,209,493</u>	-	<u>1,021,401</u>	-
Total	<u>\$ 2,439,865</u>	<u>\$ 5,772,650</u>	<u>\$ 2,372,737</u>	<u>\$ 5,745,035</u>

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The deferred inflows and outflows related to OPEBs at December 31, 2025 will be recognized in OPEB expense as follows:

<u>Year Ending December 31</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2026	\$ 258,053	\$ 1,020,576
2027	244,388	1,020,576
2028	212,495	1,020,576
2029	212,495	832,230
2030	133,093	665,461
Thereafter	169,848	1,213,231
	<u>\$ 1,230,372</u>	<u>\$ 5,772,650</u>

### 9. Contingencies

The Authority is exposed to various risks of loss related to torts; alleged negligence; acts of discrimination; breach of contract; disagreements arising from the interpretation of laws or regulations; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, for which the Authority carries commercial insurance. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing collection, transportation and treatment of wastewater services for applicable municipalities. The Authority does not participate in any public entity risk pool, and does not retain risk related to any aforementioned exposure except for those amounts incurred relative to policy deductibles, which are not significant. Additionally, the Authority has not significantly reduced any of its insurance coverage from prior years. Settled claims have not exceeded the Authority's commercial coverage in any of the past three years. Except as noted below, the Authority's management does not expect that the resolution of any outstanding claims and litigation will have a material adverse effect on the accompanying financial statements.

### 10. Environmental Permit Requirements

The Environmental Protection Agency's (EPA) Combined Sewer Overflow control policy is a national framework for controlling combined sewer overflows through the NPDES permitting program. The policy provides guidance on how communities and wastewater treatment plants such as the Authority and its customers with Combined Sewer Overflows can achieve Clean Water Act (CWA) goals in a flexible, cost-effective manner. The CSO Policy identifies

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the plan as a Long Term Wet Weather Control Plan, the name is adopted as Wet Weather Plan (WWP) to include both Combined Sewer Overflows and Sanitary Sewer Overflows.

The Authority has been implementing the requirements in their Consent Decree since it's entry in 2008. On January 29, 2013, the Authority submitted a Wet Weather Plan to the US EPA, PA DEP, and ACHD (Agencies) pursuant to the terms of the Consent Decree. The Wet Weather Plan contained a "Selected Plan" that the Authority identified as capable of achieving compliance with the requirements of the Consent Decree and the goals of the Clean Water Act, but costs prohibitive for its rate payers. The Wet Weather Plan also contained three alternatives, each with costs exceeding \$2 billion. Following the January 2013 Wet Weather Plan submission, the Agencies worked cooperatively with the Authority in modifying the Consent Decree to allow the Authority to develop an adaptive schedule that would establish interim measures and final measures designed to reduce Combined Sewer Overflows discharges and eliminate Sanitary Sewer Overflows, in accordance with the requirements of the Consent Decree and the goals of the Clean Water Act, while keeping the cost of controls affordable for the Authority's rate payers. As a result of these discussions, the Authority submitted revised portions of the Wet Weather Plan to the Agencies on January 9, 2019, with the title "Clean Water Plan" (CWP). The Agencies approved portions of the Clean Water Plan on September 26, 2019, which become effective upon entry by the Court of Modified Consent Decree.

On October 2, 2019, the Modified Consent Decree was published in the Federal Register for a sixty (60) day public comment period. On May 12, 2020, the Modified Consent Decree was entered into Court and replaced the original Consent Decree entered in January 2008. The modified Consent Decree afforded a longer timetable, through the year 2036 and allows the Authority and our customer municipalities to use the best of evolving technology to meet the terms of the Modified Consent Decree.

On July 23, 2020, the Authority received a NPDES permit administrated by PADEP with EPA oversight for the authorization to discharge for the treatment plant expansion to 295 MGD with a 305 MGD CSO wet weather bypass. This NPDES permit has been administratively extended by PA DEP, since it expired in 2023. The Authority submitted a NPDES renewal application on June 28, 2023. The Draft Permit was published in the Pennsylvania Bulletin on September 20, 2025, which began the 30-day public comment period. On October 10, 2025 the Authority requested a 15-day extension to the public comment period, which was granted. The Authority submitted comments in November 4, 2025, and continued discussions are on-going.

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The Water Quality Management Permit for construction of the plant expansion was issued February 6, 2020 and was contingent upon the July 23, 2020 NPDES discharge permit approval. All of the discharge and construction permits were approved for wastewater treatment plant expansion and CSO related by-pass. The wet weather pump station permit was not submitted with the plant expansion. This permit was submitted in 2024 and was approved in 2025.

The Clean Water Plan, as approved in the modified Consent Decree, includes provisions for significant capital improvements to the Authority's conveyance and treatment system, to capture and treat a defined flow from its customer municipalities, and to demonstrate compliance with applicable receiving stream water quality standards. These conveyance system improvements include three (3) sections of deep regional conveyance and storage tunnels, which are the Ohio River Tunnel, the Allegheny River Tunnel and the Monongahela River Tunnel. In addition to the tunnels there are associated structures and consolidated sewers. The final design for the Ohio River Tunnel is complete, the Federal and State permits have been issued along with other permitting requirements with city and local authorities. The Authority continues to seek and acquire land for tunnel launching and retrieval areas for the Allegheny River Tunnel and the Monongahela River Tunnel.

### **11. Clean Water Assistance Fund**

In January 2017, the Authority created the Clean Water Assistance Fund to help families pay their sewage treatment bills. This program serves low-income residential customers in the 83 municipalities that the Authority serves. It is administered by Dollar Energy Fund. The Authority initially contributed approximately \$1 million to establish this fund and periodically contributes additional funds as needed. In 2025, \$533,427 in additional funding was contributed by the Authority. During 2025 and 2024, the fund paid approximately \$288,000 and \$184,000, respectively, to approved applicants. To date, the Clean Water Assistance Fund has helped over 11,300 customers.

### **12. Green Revitalization of Our Waterways**

The Authority created the Green Revitalization of Our Waterways (GROW) program in June 2017. The GROW program allows for any municipality or municipal sewer authority within the Authority's service area to apply for grants that may be used to install green storm water reduction technology, remove streams from the sewer system, reduce the amount of water seeping in through groundwater, or to separate out storm sewers. As part of the grant

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agreement, awardees are required to operate and maintain the project for at least 20 years. As of December 31, 2025, 232 grants have been approved. Payments made as of the end of 2025 total \$40,971,882, of which \$36,684,111 is included in depreciable assets and the remainder is included in construction in progress. As of December 31, 2025, the Authority has committed to \$37,432,959 in grants that will be drawn upon in future years.

### **13. Letter of Credit**

On February 22, 2024, the Board authorized the Authority to enter into a reimbursement agreement with PNC Bank. The purpose of the reimbursement agreement is to provide the Authority with the ability to request the issuance of one or more letters of credit in an aggregate principal amount not to exceed \$60 million. The letter(s) of credit will be used to secure work needed related to the Clean Water Plan. The first letter of credit pursuant to the reimbursement agreement was issued in an amount of \$10 million with a term of three years.

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### 14. Total Debt Service Schedule

	Series of 2016	Series of 2018	Series of 2020	Series of 2022	Series of 2024	Series of 2025	Combined of Service	Annual Debt Service
June 1, 2026	1,709,475	7,317,353	16,547,907	11,746,378	5,684,230	8,860,744	51,866,087	
December 1, 2026	1,854,475	3,412,103	2,428,531	6,908,378	12,189,232	11,250,744	38,043,463	89,909,550
June 1, 2027	1,706,575	7,417,103	7,123,531	11,873,378	5,521,605	8,800,994	42,443,186	
December 1, 2027	2,181,575	3,311,978	2,311,156	6,784,253	12,771,608	17,090,994	44,451,564	86,894,750
June 1, 2028	1,697,075	7,521,978	7,246,156	12,004,253	5,340,357	8,593,744	42,403,563	
December 1, 2028	2,192,075	3,206,728	2,187,781	6,653,753	11,405,356	19,793,744	45,439,437	87,843,000
June 1, 2029	1,687,175	7,631,728	7,372,781	12,138,753	5,188,732	8,313,744	42,332,913	
December 1, 2029	2,202,175	3,096,103	2,058,156	6,516,628	10,963,731	20,148,744	44,985,537	87,318,450
June 1, 2030	1,676,875	7,746,103	7,513,156	12,286,628	5,044,356	8,017,869	42,284,987	
December 1, 2030	2,206,875	2,979,853	1,921,778	6,372,378	8,644,356	23,807,873	45,933,113	88,218,100
June 1, 2031	1,666,275	7,824,853	5,671,781	12,437,378	4,954,356	7,623,119	40,177,762	
December 1, 2031	12,651,275	2,901,122	1,828,031	6,220,753	10,314,356	14,808,119	48,723,656	88,901,418
June 1, 2032	1,446,575	7,951,122	5,768,031	12,595,753	4,820,357	7,443,494	40,025,332	
December 1, 2032	12,876,575	2,774,872	1,729,533	6,061,378	10,445,357	14,988,494	48,876,209	88,901,541
June 1, 2033	1,217,975	8,039,872	5,854,531	13,761,378	4,679,732	7,254,869	40,808,357	
December 1, 2033	13,107,975	2,686,025	1,638,431	5,868,878	9,639,732	15,174,869	48,115,910	88,924,267
June 1, 2034	980,175	8,151,025	5,918,431	13,913,878	4,555,732	7,056,869	40,576,110	
December 1, 2034	13,340,175	2,576,725	1,577,631	5,667,753	9,685,731	15,376,869	48,224,884	88,800,994
June 1, 2035	732,975	8,266,725	5,982,631	13,072,753	4,427,481	6,848,869	39,331,434	
December 1, 2035	13,587,975	2,462,925	1,513,297	5,482,628	9,337,481	15,583,865	47,968,171	87,299,605
June 1, 2036	475,875	8,382,925	6,058,297	13,267,628	4,304,731	6,630,494	39,119,950	
December 1, 2036	13,840,875	2,344,525	1,446,724	5,288,003	7,934,731	15,800,494	46,655,352	85,775,302
June 1, 2037	208,575	8,509,525	6,131,725	13,473,003	4,213,981	6,401,244	38,938,053	
December 1, 2037	14,113,575	2,221,225	1,366,300	5,073,147	8,023,982	16,026,244	46,824,473	85,762,526
June 1, 2038	-	8,636,225	17,716,300	13,688,147	4,118,732	6,160,619	50,320,023	
December 1, 2038	-	2,092,925	1,110,500	4,857,875	9,648,732	16,265,619	33,975,651	84,295,674
June 1, 2039	-	8,802,925	17,980,500	13,937,875	3,980,482	5,907,994	50,609,776	
December 1, 2039	-	1,925,175	846,475	4,619,525	8,285,482	16,522,994	32,199,651	82,809,427
June 1, 2040	-	8,980,175	18,256,473	8,189,525	3,872,856	5,642,619	44,941,648	
December 1, 2040	-	1,748,800	573,900	4,525,813	11,397,856	17,797,617	36,043,986	80,985,634
June 1, 2041	-	9,163,800	2,953,900	8,025,813	3,684,731	5,338,744	29,166,988	
December 1, 2041	-	1,563,425	526,300	4,433,938	23,614,731	16,058,744	46,197,138	75,364,126
June 1, 2042	-	9,358,425	3,006,300	8,183,938	3,286,131	5,124,344	28,959,138	
December 1, 2042	-	1,368,550	476,698	4,347,219	21,886,131	17,304,342	45,382,940	74,342,078
June 1, 2043	-	9,563,550	3,056,700	12,537,219	2,821,132	4,873,131	32,851,732	
December 1, 2043	-	1,163,675	425,100	4,111,756	16,641,132	17,553,131	39,894,794	72,746,526
June 1, 2044	-	9,778,675	3,110,100	12,876,756	2,475,632	4,611,606	32,852,769	
December 1, 2044	-	948,300	371,400	3,859,763	14,975,632	14,611,606	34,766,701	67,619,470
June 1, 2045	-	11,228,300	3,166,400	13,224,763	2,225,631	4,399,106	34,244,200	
December 1, 2045	-	691,300	315,500	3,590,519	9,495,631	29,399,106	43,492,056	77,736,256
June 1, 2046	-	11,756,300	3,225,500	13,090,519	2,065,231	3,774,106	33,911,656	
December 1, 2046	-	470,000	257,300	3,317,394	11,655,231	13,044,106	28,744,031	62,655,687
June 1, 2047	-	11,985,000	3,282,300	13,317,394	1,858,431	3,542,356	33,985,481	
December 1, 2047	-	239,700	196,798	3,029,894	9,858,431	13,277,356	26,602,179	60,587,660
June 1, 2048	-	12,224,700	3,346,800	15,434,893	1,683,431	3,298,981	35,988,805	
December 1, 2048	-	-	133,800	2,673,250	7,038,432	13,518,981	23,364,463	59,353,268
June 1, 2049	-	-	3,413,800	15,893,250	1,561,332	3,043,481	23,911,863	
December 1, 2049	-	-	68,200	2,293,175	13,156,332	13,773,481	29,291,188	53,203,051
June 1, 2050	-	-	3,478,200	16,373,175	1,314,431	2,775,231	23,941,037	
December 1, 2050	-	-	-	1,888,375	11,654,431	14,045,235	27,588,041	51,529,078
June 1, 2051	-	-	-	16,888,375	1,059,919	2,493,481	20,441,775	
December 1, 2051	-	-	-	1,457,125	10,659,919	14,323,481	26,440,525	46,882,300
June 1, 2052	-	-	-	17,357,125	820,669	2,197,731	20,375,525	
December 1, 2052	-	-	-	1,000,000	10,900,669	14,617,731	26,518,400	46,893,925
June 1, 2053	-	-	-	41,000,000	571,519	1,887,231	43,458,750	
December 1, 2053	-	-	-	-	571,519	2,687,231	3,258,750	46,717,500
June 1, 2054	-	-	-	-	571,519	1,867,231	2,438,750	
December 1, 2054	-	-	-	-	12,146,518	14,952,232	27,098,750	29,537,500
June 1, 2055	-	-	-	-	291,534	1,540,106	1,831,640	
December 1, 2055	-	-	-	-	12,426,535	15,280,106	27,706,641	29,538,281
June 1, 2056	-	-	-	-	-	1,196,606	1,196,606	
December 1, 2056	-	-	-	-	-	15,621,605	15,621,605	16,818,211
June 1, 2057	-	-	-	-	-	817,950	817,950	
December 1, 2057	-	-	-	-	-	15,997,950	15,997,950	16,815,900
June 1, 2058	-	-	-	-	-	419,475	419,475	
December 1, 2058	-	-	-	-	-	16,399,476	16,399,476	16,818,951
	<u>\$ 119,361,200</u>	<u>\$ 252,424,421</u>	<u>\$ 200,491,551</u>	<u>\$ 515,493,479</u>	<u>\$ 434,367,990</u>	<u>\$ 685,661,365</u>	<u>\$ 2,207,800,006</u>	<u>\$ 2,207,800,006</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**ALLEGHENY COUNTY SANITARY AUTHORITY**

SCHEDULE OF CHANGES IN THE NET  
PENSION LIABILITY (ASSET) AND RELATED RATIOS - MANAGEMENT

YEARS ENDED DECEMBER 31,  
LAST TEN YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability:</b>										
Service cost	\$ 2,453,128	\$ 2,285,341	\$ 2,084,530	\$ 2,141,515	\$ 1,909,209	\$ 1,905,043	\$ 1,826,493	\$ 1,668,851	\$ 1,420,751	\$ 1,193,822
Interest	5,070,893	4,797,324	4,586,051	4,308,955	4,097,579	3,919,747	3,650,643	3,420,033	3,135,922	2,864,194
Differences between expected and actual experience	2,686,129	380,738	(467,033)	539,363	(258,048)	(1,020,214)	832,893	(70,800)	816,498	1,043,646
Changes of benefit terms	-	-	-	-	-	-	-	-	228,011	-
Changes of assumptions	1,388,201	-	-	-	1,793,351	-	1,093,916	-	1,342,644	-
Benefit payments, including refunds of member contributions	(3,629,490)	(3,517,774)	(2,986,773)	(2,639,744)	(2,280,017)	(2,254,417)	(2,112,745)	(1,807,432)	(1,757,159)	(1,591,493)
<b>Net Changes in Total Pension Liability</b>	<b>7,968,861</b>	<b>3,945,629</b>	<b>3,216,775</b>	<b>4,350,089</b>	<b>5,262,074</b>	<b>2,550,159</b>	<b>5,291,200</b>	<b>3,210,652</b>	<b>5,186,667</b>	<b>3,510,169</b>
<b>Total Pension Liability - Beginning</b>	<b>74,637,208</b>	<b>70,691,579</b>	<b>67,474,804</b>	<b>63,124,715</b>	<b>57,862,641</b>	<b>55,312,482</b>	<b>50,021,282</b>	<b>46,810,630</b>	<b>41,623,963</b>	<b>38,113,794</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 82,606,069</b>	<b>\$ 74,637,208</b>	<b>\$ 70,691,579</b>	<b>\$ 67,474,804</b>	<b>\$ 63,124,715</b>	<b>\$ 57,862,641</b>	<b>\$ 55,312,482</b>	<b>\$ 50,021,282</b>	<b>\$ 46,810,630</b>	<b>\$ 41,623,963</b>
<b>Plan Fiduciary Net Position:</b>										
Plan member contributions	\$ 424,261	\$ 359,557	\$ 331,736	\$ 315,252	\$ 314,238	\$ 303,018	\$ 276,848	\$ 266,378	\$ 242,438	\$ 215,651
Employer actuarially recommended contributions	3,004,038	3,153,454	2,855,385	2,955,679	2,822,303	2,376,191	2,516,460	1,916,633	1,795,051	1,642,817
Net investment income (loss)	9,446,832	11,427,122	(13,116,058)	9,368,709	8,159,448	9,556,538	(1,796,686)	5,367,534	2,427,121	(64,985)
Benefit payments, including refunds of member contributions	(3,629,490)	(3,517,774)	(2,986,773)	(2,639,744)	(2,280,017)	(2,254,417)	(2,112,745)	(1,807,432)	(1,757,159)	(1,591,493)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>9,245,641</b>	<b>11,422,359</b>	<b>(12,915,710)</b>	<b>9,999,896</b>	<b>9,015,972</b>	<b>9,981,330</b>	<b>(1,116,123)</b>	<b>5,743,113</b>	<b>2,707,451</b>	<b>201,990</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>70,287,134</b>	<b>58,864,775</b>	<b>71,780,485</b>	<b>61,780,589</b>	<b>52,764,617</b>	<b>42,783,287</b>	<b>43,899,410</b>	<b>38,156,297</b>	<b>35,448,846</b>	<b>35,246,856</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 79,532,775</b>	<b>\$ 70,287,134</b>	<b>\$ 58,864,775</b>	<b>\$ 71,780,485</b>	<b>\$ 61,780,589</b>	<b>\$ 52,764,617</b>	<b>\$ 42,783,287</b>	<b>\$ 43,899,410</b>	<b>\$ 38,156,297</b>	<b>\$ 35,448,846</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ 3,073,294</b>	<b>\$ 4,350,074</b>	<b>\$ 11,826,804</b>	<b>\$ (4,305,681)</b>	<b>\$ 1,344,126</b>	<b>\$ 5,098,024</b>	<b>\$ 12,529,195</b>	<b>\$ 6,121,872</b>	<b>\$ 8,654,333</b>	<b>\$ 6,175,117</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>96.28%</b>	<b>94.17%</b>	<b>83.27%</b>	<b>106.38%</b>	<b>97.87%</b>	<b>91.19%</b>	<b>77.35%</b>	<b>87.76%</b>	<b>81.51%</b>	<b>85.16%</b>
<b>Covered Payroll</b>	<b>\$ 13,112,890</b>	<b>\$ 12,198,981</b>	<b>\$ 11,288,451</b>	<b>\$ 11,647,992</b>	<b>\$ 10,923,002</b>	<b>\$ 10,732,570</b>	<b>\$ 10,179,102</b>	<b>\$ 9,342,295</b>	<b>\$ 8,594,987</b>	<b>\$ 7,340,502</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>23.44%</b>	<b>35.66%</b>	<b>104.77%</b>	<b>-36.97%</b>	<b>12.31%</b>	<b>47.50%</b>	<b>123.09%</b>	<b>65.53%</b>	<b>100.69%</b>	<b>84.12%</b>

**ALLEGHENY COUNTY SANITARY AUTHORITY**

SCHEDULE OF CHANGES IN THE NET  
PENSION LIABILITY (ASSET) AND RELATED RATIOS - UNION

YEARS ENDED DECEMBER 31,  
LAST TEN YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability:</b>										
Service cost	\$ 4,266,998	\$ 4,093,781	\$ 3,935,339	\$ 3,899,353	\$ 3,670,772	\$ 3,355,451	\$ 3,140,218	\$ 2,944,731	\$ 2,616,615	\$ 2,476,956
Interest	11,586,051	11,152,746	10,730,897	10,299,603	9,958,940	9,538,363	8,965,814	8,525,299	8,080,735	7,634,199
Differences between expected and actual experience	1,828,343	(259,752)	(479,109)	(476,652)	(1,173,412)	(1,450,770)	(1,116,208)	(238,155)	(179,689)	389,969
Changes of benefit terms	-	-	-	-	-	492,165	-	-	603,344	-
Changes of assumptions	1,046,051	-	-	-	4,384,772	-	6,285,011	-	3,411,383	-
Benefit payments, including refunds of member contributions	(9,005,239)	(8,427,977)	(7,703,573)	(6,973,040)	(6,494,076)	(5,944,707)	(5,526,297)	(5,052,414)	(4,763,085)	(4,509,841)
<b>Net Changes in Total Pension Liability</b>	<b>9,722,204</b>	<b>6,558,798</b>	<b>6,483,554</b>	<b>6,749,264</b>	<b>10,346,996</b>	<b>5,990,502</b>	<b>11,748,538</b>	<b>6,179,461</b>	<b>9,769,303</b>	<b>5,991,283</b>
<b>Total Pension Liability - Beginning</b>	<b>172,256,041</b>	<b>165,697,243</b>	<b>159,213,689</b>	<b>152,464,425</b>	<b>142,117,429</b>	<b>136,126,927</b>	<b>124,378,389</b>	<b>118,198,928</b>	<b>108,429,625</b>	<b>102,438,342</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 181,978,245</b>	<b>\$ 172,256,041</b>	<b>\$ 165,697,243</b>	<b>\$ 159,213,689</b>	<b>\$ 152,464,425</b>	<b>\$ 142,117,429</b>	<b>\$ 136,126,927</b>	<b>\$ 124,378,389</b>	<b>\$ 118,198,928</b>	<b>\$ 108,429,625</b>
<b>Plan Fiduciary Net Position:</b>										
Plan member contributions	\$ 308,760	\$ 263,863	\$ 260,817	\$ 252,589	\$ 249,945	\$ 245,136	\$ 230,428	\$ 219,633	\$ 205,330	\$ 194,364
Employer actuarially recommended contributions	3,729,367	4,424,637	4,280,472	4,019,816	3,838,941	3,252,204	3,085,110	3,059,402	3,307,866	3,170,502
Net investment income (loss)	26,667,861	26,863,754	(27,904,075)	27,605,217	16,601,350	22,424,524	(4,901,833)	18,425,789	7,341,987	(1,652,268)
Benefit payments, including refunds of member contributions	(9,005,239)	(8,427,977)	(7,703,573)	(6,973,040)	(6,494,076)	(5,944,707)	(5,526,297)	(5,052,414)	(4,763,085)	(4,509,841)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>21,700,749</b>	<b>23,124,277</b>	<b>(31,066,359)</b>	<b>24,904,582</b>	<b>14,196,160</b>	<b>19,977,157</b>	<b>(7,112,592)</b>	<b>16,652,410</b>	<b>6,092,098</b>	<b>(2,797,243)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>171,107,191</b>	<b>147,982,914</b>	<b>179,049,273</b>	<b>154,144,691</b>	<b>139,948,531</b>	<b>119,971,374</b>	<b>127,083,966</b>	<b>110,431,556</b>	<b>104,339,458</b>	<b>107,136,701</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 192,807,940</b>	<b>\$ 171,107,191</b>	<b>\$ 147,982,914</b>	<b>\$ 179,049,273</b>	<b>\$ 154,144,691</b>	<b>\$ 139,948,531</b>	<b>\$ 119,971,374</b>	<b>\$ 127,083,966</b>	<b>\$ 110,431,556</b>	<b>\$ 104,339,458</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ (10,829,695)</b>	<b>\$ 1,148,850</b>	<b>\$ 17,714,329</b>	<b>\$ (19,835,584)</b>	<b>\$ (1,680,266)</b>	<b>\$ 2,168,898</b>	<b>\$ 16,155,553</b>	<b>\$ (2,705,577)</b>	<b>\$ 7,767,372</b>	<b>\$ 4,090,167</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>105.95%</b>	<b>99.33%</b>	<b>89.31%</b>	<b>112.46%</b>	<b>101.10%</b>	<b>98.47%</b>	<b>88.13%</b>	<b>102.18%</b>	<b>93.43%</b>	<b>96.23%</b>
<b>Covered Payroll</b>	<b>\$ 24,843,951</b>	<b>\$ 23,845,401</b>	<b>\$ 22,973,672</b>	<b>\$ 22,832,500</b>	<b>\$ 22,793,758</b>	<b>\$ 21,089,748</b>	<b>\$ 20,346,885</b>	<b>\$ 19,156,669</b>	<b>\$ 18,107,692</b>	<b>\$ 17,147,336</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>-43.59%</b>	<b>4.82%</b>	<b>77.11%</b>	<b>-86.87%</b>	<b>-7.37%</b>	<b>10.28%</b>	<b>79.40%</b>	<b>-14.12%</b>	<b>42.90%</b>	<b>23.85%</b>

# ALLEGHENY COUNTY SANITARY AUTHORITY

## SCHEDULE OF AUTHORITY'S CONTRIBUTIONS

YEARS ENDED DECEMBER 31,

	2025	2024	2023	2022	2021
Actuarially determined contribution:					
Management	\$ 2,777,590	\$ 3,004,038	\$ 3,153,454	\$ 2,855,385	\$ 2,955,679
Union	4,160,212	3,729,367	4,424,637	4,280,472	4,019,816
	<u>6,937,802</u>	<u>6,733,405</u>	<u>7,578,091</u>	<u>7,135,857</u>	<u>6,975,495</u>
Contributions in relation to the actuarially determined contribution:					
Management	2,777,590	3,004,038	3,153,454	2,855,385	2,955,679
Union	4,160,212	3,729,367	4,424,637	4,280,472	4,019,816
	<u>6,937,802</u>	<u>6,733,405</u>	<u>7,578,091</u>	<u>7,135,857</u>	<u>6,975,495</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll:					
Management	\$ 15,566,640	\$ 13,112,890	\$ 12,198,981	\$ 11,288,451	\$ 11,647,992
Union	25,747,496	24,843,951	23,845,401	22,973,672	22,832,500
	<u>\$ 41,314,136</u>	<u>\$ 37,956,841</u>	<u>\$ 36,044,382</u>	<u>\$ 34,262,123</u>	<u>\$ 34,480,492</u>
Contributions as a percentage of covered payroll	16.79%	17.74%	21.02%	20.83%	20.23%
Annual money-weighted rate of return, net of investment expense:					
Management	13.9%	19.9%	-18.0%	15.4%	15.8%
Union	15.9%	19.0%	-15.6%	18.3%	12.3%
	2020	2019	2018	2017	2016
Actuarially determined contribution:					
Management	\$ 2,822,303	\$ 2,376,191	\$ 2,516,461	\$ 1,916,633	\$ 1,795,051
Union	3,838,941	3,252,204	3,085,109	3,059,402	3,307,866
	<u>6,661,244</u>	<u>5,628,395</u>	<u>5,601,570</u>	<u>4,976,035</u>	<u>5,102,917</u>
Contributions in relation to the actuarially determined contribution:					
Management	2,822,303	2,376,191	2,516,461	1,916,633	1,795,051
Union	3,838,941	3,252,204	3,085,109	3,059,402	3,307,866
	<u>6,661,244</u>	<u>5,628,395</u>	<u>5,601,570</u>	<u>4,976,035</u>	<u>5,102,917</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll:					
Management	\$ 10,923,002	\$ 10,732,570	\$ 10,179,102	\$ 9,342,295	\$ 8,594,987
Union	22,793,758	21,089,748	20,346,885	19,156,669	18,107,692
	<u>\$ 33,716,760</u>	<u>\$ 31,822,318</u>	<u>\$ 30,525,987</u>	<u>\$ 28,498,964</u>	<u>\$ 26,702,679</u>
Contributions as a percentage of covered payroll	19.76%	17.69%	18.35%	17.46%	19.11%
Annual money-weighted rate of return, net of investment expense:					
Management	22.8%	-3.7%	14.5%	7.3%	0.2%
Union	19.4%	-3.7%	17.2%	7.4%	-1.3%

## ALLEGHENY COUNTY SANITARY AUTHORITY

### NOTES TO REQUIRED SUPPLEMENTARY PENSION SCHEDULES

Valuation date: Actuarial calculations are performed each year as of January 1. Contributions noted above are as of each pension plan's calendar year ending December 31 using actuarially determined contribution rates calculated as of January 1, one year prior to the end of the calendar year in which contributions are reported.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry Age Normal - Union Plan Entry Age Normal - Management Plan									
Amortization method	Level-dollar monthly payments - Union Plan Level-dollar monthly payments - Management Plan									
Remaining amortization period	15 years                      Management Plan N/A                              Union Plan - Due to the funding status of the plan, all previously-established amortization bases have been eliminated.									
Asset valuation method	Smoothed market value (without phase-in) - Union Plan Smoothed market value (with phase-in) - Management Plan									
Years ended December 31, Inflation	<table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">2025</th> <th style="text-align: center; border-bottom: 1px solid black;">2024</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2.30%</td> <td style="text-align: center;">2.20%</td> <td>Union Plan</td> </tr> <tr> <td style="text-align: center;">2.30%</td> <td style="text-align: center;">2.20%</td> <td>Management Plan</td> </tr> </tbody> </table>	2025	2024		2.30%	2.20%	Union Plan	2.30%	2.20%	Management Plan
2025	2024									
2.30%	2.20%	Union Plan								
2.30%	2.20%	Management Plan								
Salary increases	5.00%                      4.00%                      Union Plan 5.00%                      4.00%                      Management Plan									
Investment rate of return	7.00%                      7.00%                      Union Plan 7.00%                      7.00%                      Management Plan									
Discount rate	6.75%                      6.75%                      Union Plan 6.75%                      6.75%                      Management Plan									
Mortality - Union Plan	<p>Base mortality tables are applied to participant categories as follows:</p> <p style="margin-left: 40px;">Active participants and terminated participants with deferred benefits: PubG-2016(A) Employee Table Non-disabled participants in payment status: PubG-2016(A) Retiree Table Disabled participants: PubNS-2016 Disabled Retiree Table Surviving beneficiaries: Pub-2016(A) Contingent Survivor Table</p> <p>For the January 1, 2025 valuation, fully-generational mortality improvement for all participant categories is projected under Scale MP-2021. For the January 1, 2024 valuation, fully-generational mortality improvement for all participant categories was also projected under Scale MP-2021. The MP scale is updated periodically by the Society of Actuaries. There was no update this year. Updates to the MP scale will be applied to future actuarial valuations. The MP scale update is treated as an actuarial experience gain or loss, rather than as an assumption change.</p>									
Mortality - Management Plan	<p>Base mortality tables are applied to participant categories as follows:</p> <p style="margin-left: 40px;">Active participants and terminated participants with deferred benefits: PubG-2016(A) Employee Table Non-disabled participants in payment status: PubG-2016(A) Retiree Table Disabled participants: PubNS-2016 Disabled Retiree Table Surviving beneficiaries: Pub-2016(A) Contingent Survivor Table</p> <p>For the January 1, 2025 valuation, fully-generational mortality improvement for all participant categories is projected under Scale MP-2021. For the January 1, 2024 valuation, fully-generational mortality improvement for all participant categories was also projected under Scale MP-2021. The MP scale is updated periodically by the Society of Actuaries. There was no update this year. Updates to the MP scale will be applied to future actuarial valuations. The MP scale update is treated as an actuarial experience gain or loss, rather than as an assumption change.</p> <p>Base mortality tables used for the prior valuation were as follows:</p> <p style="margin-left: 40px;">Active participants and terminated participants with deferred benefits: PubG-2010(A) Employee Table Non-disabled participants in payment status: PubG-2010(A) Retiree Table Disabled participants: PubNS-2010 Disabled Retiree Table Surviving beneficiaries: Pub-2010(A) Contingent Survivor Table</p>									

Note: the mortality improvement assumptions were updated as of the December 31, 2006, 2010, 2012, 2014, 2015, 2016, 2019, 2020, 2021, 2022, and 2025 valuations.

**ALLEGHENY COUNTY SANITARY AUTHORITY**

SCHEDULE OF CHANGES IN THE TOTAL  
OPEB LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31,  
LAST TEN YEARS\*

	2025	2024	2023	2022	2021	2020	2019
<b>Total OPEB Liability:</b>							
Service cost	\$ 698,241	\$ 636,732	\$ 1,075,877	\$ 1,039,368	\$ 957,087	\$ 880,548	\$ 976,634
Interest	442,042	461,119	284,655	294,279	395,674	533,331	463,583
Differences between expected and actual experience	137,089	-	(1,416,114)	(2,250)	(1,256,794)	(1,636,646)	(1,823,758)
Changes of benefit terms	51,249	(87,331)	-	-	-	1,669,049	-
Changes of assumptions	(1,048,191)	233,347	(2,711,921)	171,884	727,289	891,029	(289,943)
Benefit payments, including refunds of member contributions	(1,021,401)	(910,145)	(846,026)	(760,709)	(650,284)	(522,480)	(536,537)
<b>Net Changes in Total OPEB Liability</b>	<b>(740,971)</b>	<b>333,722</b>	<b>(3,613,529)</b>	<b>742,572</b>	<b>172,972</b>	<b>1,814,831</b>	<b>(1,210,021)</b>
<b>Total OPEB Liability - Beginning</b>	<b>11,537,705</b>	<b>11,203,983</b>	<b>14,817,512</b>	<b>14,074,940</b>	<b>13,901,968</b>	<b>12,087,137</b>	<b>13,297,158</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 10,796,734</b>	<b>\$ 11,537,705</b>	<b>\$ 11,203,983</b>	<b>\$ 14,817,512</b>	<b>\$ 14,074,940</b>	<b>\$ 13,901,968</b>	<b>\$ 12,087,137</b>
<b>Covered Payroll</b>	<b>\$ 37,956,841</b>	<b>\$ 35,567,509</b>	<b>\$ 34,262,123</b>	<b>\$ 34,480,492</b>	<b>\$ 33,716,760</b>	<b>\$ 31,822,318</b>	<b>\$ 30,525,987</b>
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	<b>28.44%</b>	<b>32.44%</b>	<b>32.70%</b>	<b>42.97%</b>	<b>41.74%</b>	<b>43.69%</b>	<b>39.60%</b>

\* Until a full 10-year trend is compiled, the required information for the Plan is presented for as many years as are available.

NOTES TO REQUIRED SUPPLEMENTARY OPEB SCHEDULE

Valuation date: Actuarial calculations are performed biennially as of January 1.

Methods and assumptions used to determine Total OPEB Liability:

Actuarial cost method	Individual Entry Age Normal Level Percent of Pay	
Years ended December 31,	2025	2024
Salary increases	5.00%	4.00%
Discount rate	4.15%	3.77%
Mortality	<p>Base mortality tables are applied to participant categories as follows:</p> <ul style="list-style-type: none"> <li>Active participants with deferred benefits: PubG-2016(A) Employee Table</li> <li>Non-disabled participants in payment status: PubG-2016(A) Retiree Table</li> <li>Disabled participants: PubNS-2016 Disabled Retiree Table</li> </ul> <p>For the January 1, 2025 valuation, fully-generational mortality improvement for all participant categories is projected under Scale MP-2021. For the January 1, 2023 valuation, fully-generational mortality improvement for all participant categories was also projected under Scale MP-2021. Updates to the MP scale will be applied to future actuarial valuations. The MP scale update is treated as an actuarial experience gain or loss, rather than as an assumption change.</p> <p>Mortality assumptions used for the prior valuation were as follows:</p> <ul style="list-style-type: none"> <li>Active participants with deferred benefits: PubG-2010(A) Employee Table</li> <li>Non-disabled participants in payment status: PubG-2010(A) Retiree Table</li> <li>Disabled participants: PubNS-2010 Disabled Retiree Table</li> </ul>	

## **SUPPLEMENTARY INFORMATION**

# ALLEGHENY COUNTY SANITARY AUTHORITY

## SCHEDULE OF INVESTMENTS AND OTHER ASSETS

YEAR ENDED DECEMBER 31, 2025

	Cash and Cash Equivalents	Investments	Total
<b>Current Account:</b>			
Revenue Fund	\$ 488,517,807	\$ -	\$ 488,517,807
<b>Special Accounts:</b>			
Capital Facilities Fund	59,285,663	-	59,285,663
Construction Fund 2022	-	-	-
Construction Fund 2024	37,024,495	-	37,024,495
Construction Fund 2025	1,016,020	251,190,501	252,206,521
	97,326,178	251,190,501	348,516,679
<b>Debt Service Accounts:</b>			
Debt Service Fund	654,484	-	654,484
Debt Service Reserve Fund - 2018	12,226,300	-	12,226,300
Debt Service Reserve Fund - 2020A	15,498,039	-	15,498,039
Debt Service Reserve Fund - 2020B	3,483,001	-	3,483,001
Debt Service Reserve Fund - 2022	23,298,618	-	23,298,618
Debt Service Reserve Fund - 2024	18,689,738	-	18,689,738
Debt Service Reserve Fund - 2025	26,526,110	-	26,526,110
	100,376,290	-	100,376,290
Total	\$ 686,220,275	\$ 251,190,501	\$ 937,410,776

# ALLEGHENY COUNTY SANITARY AUTHORITY

## SCHEDULE OF INVESTMENTS AND OTHER ASSETS

YEAR ENDED DECEMBER 31, 2024

	Cash and Cash Equivalents	Investments	Total
<b>Current Account:</b>			
Revenue Fund	\$ 407,374,060	\$ -	\$ 407,374,060
<b>Special Accounts:</b>			
Capital Facilities Fund	68,786,358	-	68,786,358
Construction Fund 2022	89	-	89
Construction Fund 2024	38,803,107	121,198,730	160,001,837
Construction Fund 2025	-	-	-
	107,589,554	121,198,730	228,788,284
<b>Debt Service Accounts:</b>			
Debt Service Fund	465,321	-	465,321
Debt Service Reserve Fund - 2018	12,375,491	-	12,375,491
Debt Service Reserve Fund - 2020A	15,688,242	-	15,688,242
Debt Service Reserve Fund - 2020B	3,525,747	-	3,525,747
Debt Service Reserve Fund - 2022	23,318,701	-	23,318,701
Debt Service Reserve Fund - 2024	18,511,960	-	18,511,960
Debt Service Reserve Fund - 2025	-	-	-
	73,885,462	-	73,885,462
Total	\$ 588,849,076	\$ 121,198,730	\$ 710,047,806