

**Borough of Dormont  
Stormwater Authority**

A Component Unit of the Borough of Dormont

Financial Statements – Cash Basis

Year Ended December 31, 2023  
with Independent Auditor's Report

**MaherDuessel**

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# **BOROUGH OF DORMONT STORMWATER AUTHORITY**

YEAR ENDED DECEMBER 31, 2023

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## Independent Auditor's Report

**Board of Directors  
Borough of Dormont Stormwater Authority**

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying cash basis financial statements of the business-type activities of the Borough of Dormont Stormwater Authority (Authority), a component unit of the Borough of Dormont, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's cash basis 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 cash basis financial position of the business-type activities of the Authority, as of December 31, 2023, and the changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting as described in the Notes of the financial statements.

#### **Basis for Opinion**

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

#### **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in the Notes of the financial statements, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **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 opinion. 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.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
June 20, 2024

**BOROUGH OF DORMONT  
STORMWATER AUTHORITY**

STATEMENT OF NET POSITION - CASH BASIS

DECEMBER 31, 2023

<b>Assets</b>	
Cash and cash equivalents	<u>\$ 802,632</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 802,632</u>

See accompanying notes to financial statements - cash basis.

# BOROUGH OF DORMONT STORMWATER AUTHORITY

## STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS

YEAR ENDED DECEMBER 31, 2023

<b>Operating Cash Receipts:</b>	
Stormwater fees	\$ 434,915
Total operating cash receipts	434,915
<b>Operating Cash Disbursements:</b>	
Administrative	3,985
Contracted services	80,865
Materials and services	90,827
Total operating cash disbursements	175,677
<b>Excess (Deficiency) of Operating Cash Receipts over Operating Cash Disbursements</b>	<b>259,238</b>
<b>Non-Operating Cash Receipts (Cash Disbursements):</b>	
Interest income	38,633
Miscellaneous income	618
GEDF Grant LaSalle/Louisiana	187,291
Note principal	(57,123)
Note interest	(15,602)
Capital outlay for Borough-owned assets	(81,570)
Total non-operating cash receipts (cash disbursements):	72,247
<b>Excess (Deficiency) of Cash Receipts over Cash Disbursements</b>	<b>331,485</b>
<b>Net Position:</b>	
Beginning of Year	471,147
End of Year	\$ 802,632

See accompanying notes to financial statements - cash basis.

# **BOROUGH OF DORMONT STORMWATER AUTHORITY**

## **NOTES TO FINANCIAL STATEMENTS – CASH BASIS**

**YEAR ENDED DECEMBER 31, 2023**

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### **1. Organization**

The Borough of Dormont Stormwater Authority (Authority) was formed in accordance with the Pennsylvania Municipality Authorities Act of 1945. It commenced operations on February 4, 2016. The purpose of the Authority is to provide financing, operation, and maintenance of a comprehensive stormwater management system, including underground pipes, conduits, inlets, outfalls, channels, detention ponds, best management practices, public streets, curbs, conveyances, appurtenances, and drains and to establish reasonable and uniform rates based in whole or in part on property characteristics for the inhabitants of the Borough of Dormont (Borough).

In December 2016, the Authority entered into an agreement with the Borough whereby the Borough owns all capital assets related to stormwater activity and the Authority will maintain those lines. Construction on the stormwater lines is reported as capital outlay for Borough-owned assets on the statement of receipts and disbursements – cash basis.

### **2. Summary of Significant Accounting Policies**

#### Reporting Entity

The Authority is considered a component unit of the Borough, since the primary government is financially accountable. This financial accountability is determined in that the Borough appoints the Authority's Board of Directors (Board) and there is potential for the Authority to provide specific financial benefits to, or burdens on, the Borough.

#### Basis of Accounting and Measurement Focus

The financial statements of the Authority are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, amounts are generally recognized when received rather than when earned, and when paid rather than when obligations were incurred. Accounts receivable, capital assets, accounts payable, and notes payable balances are not presented under the cash basis of accounting.



# BOROUGH OF DORMONT STORMWATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS – CASH BASIS

YEAR ENDED DECEMBER 31, 2023

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### Cash and Cash Equivalents

The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

### Cash Receipts

User fees generated on the operation and maintenance of the stormwater management system are reported as operating cash receipts. All other amounts received by the Authority are reported as non-operating cash receipts.

### Net Position

The Authority's net position is classified as *Unrestricted*. These resources are used for transactions relating to general operations of the Authority and may be used at the discretion of the governing Board to meet current expenses for any purpose. The Authority does not have *Restricted* net position.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

## **3. Deposits**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types, in addition to deposits in institutions insured by the Federal Deposit Insurance Corporation. The Authority may invest in any of the following: United States Treasury Bills; other short-term United States government obligations; short-term commercial paper issued by a public corporation; banker's acceptances; insured or collateralized time deposits; and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes.

The deposit and investment activities of the Authority adhere to state statutes. Deposits of the governmental funds are maintained as pooled investments with the Pennsylvania Local Government Investment Trust (PLGIT).

# BOROUGH OF DORMONT STORMWATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS – CASH BASIS

YEAR ENDED DECEMBER 31, 2023

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### Investments

The Authority's investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the Authority's position in the external investment pool is the same as the value of the pool shares. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. PLGIT's annual report is available on their website.

The Authority can withdraw funds from the external investment pools; however, there are certain limitations placed on these withdrawals. For PLGIT-Class accounts, there is a one day holding period. For PLGIT/Arm accounts, there is a minimum investment period of one day. For PLGIT/Prime accounts, there is a one-day holding period and a penalty for more than two withdrawals in a calendar month. PLGIT uses amortized cost to report net assets to compute share prices. It is PLGIT's policy to maintain a net asset value of \$1 per share. Accordingly, the fair value of the position of PLGIT is the same as the value of PLGIT shares.

The fair value bank balance of the PLGIT investments is \$802,632 at December 31, 2023. These investments are considered to be a cash equivalent for presentation on the statement of net position.

## **4. Long-Term Debt**

### Note Payable – Direct Borrowing

In June 2019, the Authority entered into a loan agreement with PNC Bank (Bank) in the amount of \$600,000, the proceeds of which were used to pay the costs of the Athens Alley project. The loan is secured by the receipts, revenues, accounts, deposit accounts, investment property, and general intangibles of the Authority. Monthly payments on the loan are \$6,060 through June 2029, including interest at 3.95%.

The note payable contains a provision that in the event of default, the Bank may declare, upon the written telegraphic request, that outstanding principal and any accrued interest shall be due and payable immediately.

# BOROUGH OF DORMONT STORMWATER AUTHORITY

## NOTES TO FINANCIAL STATEMENTS – CASH BASIS

YEAR ENDED DECEMBER 31, 2023

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Annual principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 59,617	\$ 13,109
2025	62,015	10,711
2026	64,509	8,216
2027	67,104	5,622
2028	69,803	2,923
2029	36,149	415
Total	<u>\$ 359,197</u>	<u>\$ 40,996</u>

### 5. GEDF Grant

Under the terms of Contract Number 2020-GEDTF-073/A (Contract) between the Redevelopment Authority of Allegheny County (RAAC) and the Authority, RAAC provided funds to the Authority to address flooding issues that occur within the Borough by installing seven new inlets and approximately 450 linear feet of new storm sewers on LaSalle Avenue and Louisiana Avenue.

The Authority expended \$187,291 of the \$200,000 grant amount available as of December 31, 2023. The grant revenue was earned on a reimbursement basis. Reimbursement of \$187,291 was received as of December 31, 2023. None of the total funds drawn as of December 31, 2023 are to be returned to RAAC.

### 6. Subsequent Events

The Authority entered into a contract with Niando Construction and commenced work on the Piedmont Avenue Stormwater Improvements Project within the Borough that is expected to take place from 2023 through 2026. This project is funded by a \$500,000 grant contract from the Commonwealth of Pennsylvania and a \$125,000 grant contract from the Redevelopment Authority of Allegheny County (RAAC).

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