

**Application of Pennsylvania-American Water Company for Acquisition of  
the Wastewater Assets of Butler Area Sewer Authority (“BASA”)  
66 Pa. C.S. § 1329**

**Application Filing Checklist – Water/Wastewater  
Docket No. A-2022-3037047**

19. Cost of Service.
- c. Provide a copy of the seller’s most recent annual report filed with the Commonwealth’s Department of Community and Economic Development.

**RESPONSE:**

- c. See BASA’s 2022 Annual Report of Municipal Authorities and Non-Profits to the Commonwealth’s Department of Community & Economic Development, attached as **Appendix A-19-c**.

**2022 ANNUAL REPORT OF MUNICIPAL AUTHORITIES AND NON-PROFITS****BUTLER AREA SEWER AUTHORITY 100368****MUNICIPAL AUTHORITY INFORMATION****Information on file****Name:** BUTLER AREA SEWER AUTHORITY**Address:** 100 LITMAN ROAD

BUTLER, PA 160013256

**Phone:** (724) 282-1978**Fax:** (724) 282-7656**Contact Person:** RONATA LAVORINI**Title:** FINANCE DIRECTOR**Email:** RLAVORINI@BASAPA.ORG**Year Authority Organized** 1962**Year Authority Terminates** 2046**Fiscal Year Ends (month/day):** 07/31**Number of Employees****Full Time Equivalent:** 34**Part Time Equivalent:** 0**Filing Status:** Active**Facility Type:**

Sewer

## Appendix A-19-c

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**BUTLER AREA SEWER AUTHORITY****AUTHORITY OFFICIALS LIST**

<b>President</b>	PAUL F. SYBERT
<b>Address:</b>	100 LITMAN ROAD
	BUTLER, PA 160013256
<b>Phone:</b>	(724) 282-1978
<b>Fax:</b>	
<b>e-mail:</b>	
<b>Secretary</b>	LANCE R. CALVERT
<b>Address:</b>	100 LITMAN ROAD
	BUTLER, PA 160013256
<b>Phone:</b>	(724) 282-1978
<b>Fax:</b>	
<b>e-mail:</b>	
<b>Treasurer</b>	MAVRIK W. GOEPFERT
<b>Address:</b>	100 LITMAN ROAD
	BUTLER, PA 160013256
<b>Phone:</b>	(724) 282-1978
<b>Fax:</b>	
<b>e-mail:</b>	
<b>Solicitor</b>	MICHAEL HNATH
<b>Address:</b>	600 CRANBERRY WOODS DRIVE, SUITE 175
	CRANBERRY TOWNSHIP, PA 16066
<b>Phone:</b>	(724) 776-6644
<b>Fax:</b>	
<b>e-mail:</b>	

# Appendix A-19-c

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## BUTLER AREA SEWER AUTHORITY

### GEOGRAPHICAL AREAS SERVED

<b>Municipality Name</b>	<b>County</b>
BUTLER CITY	BUTLER
BUTLER TWP	BUTLER
CENTER TWP	BUTLER
CONNOQUENESSING TWP	BUTLER
EAST BUTLER BORO	BUTLER
OAKLAND TWP	BUTLER
SUMMIT TWP	BUTLER

**Independent Auditor's Report**

**Butler Area Sewer Authority Board  
Butler Area Sewer Authority**

**Report on the Audit of the Financial Statements**

**Adverse and Unmodified Opinions**

We have audited the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Debt Statement – regulatory basis, as of and for the year ended July 31, 2022 included in the Annual Report of Municipal Authorities and Non-Profits (Schedules) of the Butler Area Sewer Authority (Authority).

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse and Unmodified Opinions” section of our report, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Authority as of July 31, 2022, and the results of its operations for the year then ended.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the Schedules referred to above present fairly, in all material respects, the regulatory basis financial position of the Authority as of July 31, 2022, and the regulatory results of its operations for the year then ended in accordance with the financial reporting provisions described in the instructions provided by Pennsylvania Department of Community and Economic Development (DCED).

**Basis for Adverse and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

### [Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles](#)

To meet the financial reporting requirements of the Commonwealth of Pennsylvania, the Schedules are prepared by the Authority on the basis of the instructions provided by the DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These requirements permit the Schedules to be prepared without financial statement disclosures, without cash flows, without Management's Discussion and Analysis, without historical pension and post-employment benefit liability information.

The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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

Management is responsible for the preparation and fair presentation of these Schedules in accordance with the financial reporting provisions as described in the instructions provided by the DCED to meet filing requirements in Pennsylvania, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Schedules 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

*Maher Duessel*

Pittsburgh, Pennsylvania  
October 31, 2022

## Appendix A-19-c

**BUTLER AREA SEWER AUTHORITY****STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDING 2022**

<b>CURRENT ASSETS</b>	
Cash and cash equivalents	9,469,165
Investments	7,683,343
Receivables (net of allowance for uncollectibles)	3,296,188
Lease rental payments receivable (Financing authorities, only)	
Due from other governments	
Inventories	
Prepays	
Restricted current assets:	
Cash or cash equivalents	
Investments	
Lease rental payments receivable (Financing authorities, only)	
Intergovernmental receivables	
Other current assets	
<b>TOTAL CURRENT ASSETS</b>	<b>20,448,696</b>

<b>NON-CURRENT ASSETS</b>	
Restricted non-current assets:	
Investments	
Lease rental payments receivable (Financing authorities, only)	
Capital assets not being depreciated:	
Land	821,425
Construction in progress	977,185
Capital assets net of accumulated depreciation:	
Buildings and system	10,243,989
Improvements other than buildings	
Furnishings, machinery and equipment	558,235
Infrastructure	45,789,501
Lease rental payments receivable (Financing authorities, only)	
Other non-current assets	
<b>TOTAL NON-CURRENT ASSETS</b>	<b>58,390,335</b>
<b>TOTAL ASSETS</b>	<b>78,839,031</b>

## Appendix A-19-c

DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount of debt refundings	861,645
Deferrals related to pensions	
Other deferred outflows of resources	
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>861,645</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>79,700,676</b>

CURRENT LIABILITIES	
Accounts payable	316,085
Accrued payroll and withholdings	782,037
Accrued interest payable	
Due to other governments	
Unearned revenue	
Funds held as fiduciary	
Debt due within one year	2,472,724
Other current liabilities	
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,570,846</b>

NON-CURRENT LIABILITIES	
Debt due in more than one year	38,152,019
Net pension liabilities	
Other non-current liabilities	3,849,049
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>42,001,068</b>
<b>TOTAL LIABILITIES</b>	<b>45,571,914</b>

DEFERRED INFLOWS OF RESOURCES	
Deferred amount on debt refundings	
Deferrals related to pensions	
Other deferred inflows of resources	703,541
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>703,541</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>46,275,455</b>

NET POSITION	
Net investment in capital assets	18,627,237
Restricted	7,683,343
Unrestricted	7,114,641
<b>TOTAL NET POSITION</b>	<b>33,425,221</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>79,700,676</b>

## Appendix A-19-c

**BUTLER AREA SEWER AUTHORITY****Sewer****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDING 2022**

<b>SEWER OPERATING REVENUES</b>	
Charges for service	11,151,341
Lease rental income (Financing authorities, only)	
Operating grants:	
Federal	
State	
Local	
Other	
Contributions	
Interest income	
Assessment revenue*	
Payments in lieu of assessments*	
Program income*	
Other operating revenue	
<b>TOTAL SEWER OPERATING REVENUES</b>	<b>11,151,341</b>

<b>SEWER OPERATING EXPENSES</b>	
Administrative	270,211
Contracted services	758,209
Personnel services	3,706,509
Supplies and materials	232,432
Repairs and maintenance	824,315
Utilities	450,722
Other services and charges	
Depreciation and amortization	3,650,760
Fundraising*	
Program services*	
Other operating expenses	8,453
<b>TOTAL SEWER OPERATING EXPENSES</b>	<b>9,901,611</b>
<b>SEWER OPERATING INCOME (LOSS)</b>	<b>1,249,730</b>

<b>SEWER NONOPERATING REVENUES / (EXPENSES)</b>	
Nonoperating grants:	
Federal	
State	

Local	Appendix A-19-c	
Other		
Investment earnings / (losses)		213,880
Interest expense		
Gain / (loss) on sale of assets		
Other financing sources / (uses)		
Other nonoperating revenues		
Other nonoperating (expenses)		
Debt service principal and interest (expense)**		(1,081,722)
<b>TOTAL SEWER NONOPERATING REVENUES (EXPENSES)</b>		<b>(867,842)</b>
<b>CAPITAL CONTRIBUTIONS</b>		<b>295,740</b>
<b>CHANGE IN NET POSITION</b>		<b>677,628</b>
<b>NET POSITION - BEGINNING OF YEAR</b>		<b>32,747,593</b>
<b>PRIOR PERIOD ADJUSTMENT</b>		
<b>SEWER NET POSITION - END OF YEAR</b>		<b>33,425,221</b>

\*Business/Neighborhood Improvement Districts

\*\*see the Authorities and Non-Profits Annual Financial Report Tip Sheet available from your Start Page.

## Appendix A-19-c

**BUTLER AREA SEWER AUTHORITY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDING 2022**

ASSETS		
	Trust Funds	Custodial Funds
Cash and cash equivalents		
Receivables		
Investments, at fair value		
Restricted assets:		
Temporarily restricted:		
Cash, or cash equivalents		
Investments		
Intergovernmental receivables		
Permanently restricted:		
Investments		
Other assets		
<b>TOTAL ASSETS</b>	0	0

DEFERRED OUTFLOWS OF RESOURCES		
	Trust Funds	Custodial Funds
Other deferred outflows of resources		
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	0	0
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	0	0

LIABILITIES		
	Trust Funds	Custodial Funds
Accounts payable and other current liabilities		
Due to other governments		
Unearned revenue		
Debt due within one year		
Other liabilities		
<b>TOTAL LIABILITIES</b>	0	0

DEFERRED INFLOWS OF RESOURCES		
	Trust Funds	Custodial Funds
Other deferred inflows of resources		
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	0	0
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	0	0

Appendix A-19-c  
NET POSITION

	Trust Funds	Custodial Funds
Assets held in trust for pension/other postemployment benefits		
Other		
<b>TOTAL NET POSITION</b>	0	0
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	0	0

## Appendix A-19-c

## BUTLER AREA SEWER AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDING 2022

<b>ADDITIONS</b>		
<b>Contributions</b>		
	<b>Trust Funds</b>	<b>Custodial Funds</b>
Employer		
Plan members		
Private donations		
Other		
<b>TOTAL CONTRIBUTIONS</b>	0	0
<b>Investment Earnings</b>		
	<b>Trust Funds</b>	<b>Custodial Funds</b>
Interest		
Net increase / (decrease) in the fair value of investments		
Other		
<b>TOTAL INVESTMENT EARNINGS</b>	0	0
	<b>Trust Funds</b>	<b>Custodial Funds</b>
Less investment expenses		
<b>TOTAL ADDITIONS</b>	0	0
<b>DEDUCTIONS</b>		
	<b>Trust Funds</b>	<b>Custodial Funds</b>
Benefits		
Administrative expenses		
Other		
<b>TOTAL DEDUCTIONS</b>	0	0
<b>NET POSITION</b>		
	<b>Trust Funds</b>	<b>Custodial Funds</b>
CHANGE IN NET POSITION	0	0
NET POSITION - BEGINNING OF YEAR	0	0
PRIOR PERIOD ADJUSTMENT		
<b>NET POSITION - END OF YEAR</b>	0	0

## Appendix A-19-c

## BUTLER AREA SEWER AUTHORITY

DEBT STATEMENT  
FISCAL YEAR ENDING 2022

Purpose	Issuance Type	Issue Year (YYYY)	Maturity Year (YYYY)	Original Amount of Issue	Outstanding Beginning of Year	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End
General Obligation Bonds and Notes									
Deshon Act 357 Project	Note	2011	2032	13,087,500	7,814,092	0	635,854	0	\$7,178,238
Revenue Bonds and Notes									
Series 2017	Bond	2017	2032	11,320,000	8,325,000	0	835,000	0	\$7,490,000
Series 2020 Refunding	Bond	2020	2034	9,910,000	9,745,000	0	100,000	0	\$9,645,000
Series 2020 A Refunding	Bond	2020	2031	8,510,000	7,950,000	0	505,000	0	\$7,445,000
Series 2021 Refunding	Bond	2021	2041	8,315,000	8,290,000	0	320,000	0	\$7,970,000
Total Bonds and Notes Outstanding									\$39,728,238
Capitalized Lease Obligations									\$0
Plus (Less) Unamortized Premium (Discount)									896,505
<b>NET DEBT</b>									<b>\$40,624,743</b>

# Appendix A-19-c

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**SIGNATURE AND VERIFICATION**

**I certify that the foregoing information is correct and complete for the 2022 municipal Authority's fiscal year.**

**Name:** Maher Duessel

**Title:** CPAs

**Phone:** (412) 471-5500