

**BRISTOL BOROUGH WATER AND SEWER AUTHORITY**

A COMPONENT UNIT OF THE  
BOROUGH OF BRISTOL, PENNSYLVANIA

Financial Statements  
December 31, 2020

**BRISTOL BOROUGH WATER AND SEWER AUTHORITY**  
A COMPONENT UNIT OF THE BOROUGH OF BRISTOL, PENNSYLVANIA

Financial Statements  
For the Year Ended December 31, 2020

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# HELLMANN AND COMPANY

Certified Public Accountants  
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To the Board Members  
Bristol Borough Water and Sewer Authority  
Bristol, Pennsylvania

## **INDEPENDENT AUDITORS' REPORT**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Bristol Borough Water and Sewer Authority; A Component Unit of the Borough of Bristol, Pennsylvania as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bristol Borough Water and Sewer Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

The Bristol Borough Water and Sewer Authority has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of Bristol Borough Water and Sewer Authority, A Component Unit of the Borough of Bristol, Pennsylvania as of December 31, 2020 and the respective changes in net position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bristol Borough Water and Sewer Authority's basic financial statements.



Hellmann and Company  
Morrisville, PA  
July 26, 2021

**BOROUGH OF BRISTOL WATER AND SEWER AUTHORITY  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2020**

Business-type Activities-Enterprise Fund

	<b>Sewer Current Year</b>
<b>ASSETS</b>	
Current assets:	
Cash and Cash Equivalents	\$1,620,652
Accounts receivable (net of allowance for uncollectibles)	
Due from component unit, other funds	\$1,277,223
Total Current Assets	2,897,875
Noncurrent assets:	
Restricted cash, cash equivalents, and investments:	
Total Restricted Assets	0
Capital assets:	
Buildings and system	12,316,624
Less accumulated depreciation	(6,917,015)
Total capital assets (net of accumulated depreciation)	5,399,609
Total noncurrent assets	5,399,609
Total assets	8,297,484
 <b>LIABILITIES AND EQUITY</b>	
Current liabilities:	
Accrued liabilities	11,627
Due to other funds	
Total current liabilities	11,627
Current liabilities payable from restricted assets:	
Revenue bonds and notes payable	317,609
Total current liabilities payable from restricted assets	317,609
Noncurrent liabilities:	
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	1,103,613
Notes payable, net of current portion	2,523,000
Total noncurrent liabilities	3,626,613
Total Liabilities	3,955,849
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	3,076,039
Unrestricted	1,265,596
Total net position	\$4,341,635

The Accompanying Notes are an Integral Part of the Financial Statements.

BOROUGH OF BRISTOL WATER AND SEWER AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Business-type Activities-Enterprise fund</u>
	<u>Sewer</u>
	<u>Current Year</u>
Operating revenues:	
Charges for sales and services:	
Sewer charges	
Other services	
Total Operating revenues	<u>0</u>
Operating expenses:	
Operating supplies and expenses	
Administrative expense	
Depreciation expense	<u>401,156</u>
Total operating expenses	<u>401,156</u>
Operating income	<u>(401,156)</u>
Nonoperating revenues (expenses):	
Investment earnings, Miscellaneous	<u>6,633</u>
Total nonoperating revenue (expenses)	<u>6,633</u>
Income before contributions and transfers	<u>(394,523)</u>
Transfers in	<u>915,055</u>
Transfers out	
Change in net assets	<u>520,532</u>
Total net position - beginning	<u>3,821,103</u>
Total net position - ending	<u><u>\$4,341,635</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements.

**BOROUGH OF BRISTOL WATER AND SEWER AUTHORITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Business-type Activities- Enterprise Fund</b>
	<b>Sewer Current Year</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments to suppliers and system manager	
Miscellaneous	
Net cash provided (used) by operating activities	0
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from (to) other funds	915,055
Advances from other funds	
Net cash provided (used) by noncapital and related financing activities	915,055
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt	
Purchases of capital assets	(508,287)
Principal paid on capital debt	(141,000)
Interest paid on capital debt	
Net cash provided (used) by capital and related financing activities	(649,287)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	6,633
Net cash provided (used) by investing activities	6,633
Net increase in cash and cash equivalents	272,401
Cash and cash equivalents, January 1 (including \$0 for the sewer funds reported in restricted accounts)	1,348,251
Cash and cash equivalents, December 31 (including \$0 for the sewer funds reported in restricted accounts)	\$1,620,652
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>	
Operating income	(401,156)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	401,156
(Increase) decrease in accounts receivable	
Total adjustments	401,156
Net cash provided by operating activities	\$0
<b>Noncash investing, capital, and financing activities:</b>	
NONE	

The Accompanying Notes are an Integral Part of the Financial Statements.

# BRISTOL BOROUGH WATER AND SEWER AUTHORITY

A COMPONENT UNIT OF THE BOROUGH OF BRISTOL, PENNSYLVANIA

Notes to Financial Statements  
December 31, 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **Bristol Borough Water and Sewer Authority** is a body corporate and politic organized by the Borough of Bristol, Commonwealth of Pennsylvania and situated in the County of Bucks, under the Municipalities Authorities Act of 1945 of the Commonwealth of Pennsylvania and was incorporated as of April 3, 1973. The Authority supplies sewer services to the Borough of Bristol and surrounding portions of the Township of Bristol. The Authority also provides, on a contract basis, Sewer Services to the Bristol Township Authority.

The financial statements of the **Bristol Borough Water and Sewer Authority** have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting.

### A. Reporting Entity

The Authority is a municipal corporation with a five-member board of management. An evaluation of the Authority as a reporting entity for inclusion with the Borough of Bristol general purpose financial statements was made by applying the criteria set forth in GASB Statement 39. The basic, but not the only criterion for including a potential component unit within a reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the Borough of Bristol is able to exercise oversight responsibilities.

**Bristol Borough Water and Sewer Authority** board members are appointed by the Borough of Bristol governing body. The Authority is independent in the selection of management, staff, setting user charges, establishment of budgets and controls all activities of its daily activities. The Authority is considered to be a blended component unit of the Borough of Bristol, Pennsylvania because the Borough is the guarantor of the Authority's bonded debt.

### B. Basis of Presentation

Costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed through user charges.

**BRISTOL BOROUGH WATER AND SEWER AUTHORITY**

A COMPONENT UNIT OF THE BOROUGH OF BRISTOL, PENNSYLVANIA

Notes to Financial Statements  
December 31, 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. New Accounting Pronouncements**

The GASB issued Statement 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Statement No. 34 is effective for entities with less than \$10 million in revenue in the fiscal year beginning after June 15, 2003.

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Authority consists of all enterprise funds, which are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The financial statements have been prepared using the accrual basis of accounting. Revenues are recognized when they are earned and expenses when they are incurred.

**E. Budgetary Data**

The Authority's operating budget is compiled by the Borough of Bristol, approved by the Authority's engineers and the Authority. The budget is a part of the yearly management agreement between the Borough and the Authority.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at December 31, 2020 and the reported revenues and expenses for the year then ended. Actual results could differ from those estimates.

**G. Sewer Charges**

Customer yearly billings are computed from meter readings and are billed on a quarterly basis every three months based on the amount consumed and used in the previous quarter. Unpaid current billings after thirty days are assessed a penalty (10%). All unpaid billing balances at the end of each quarter are considered to be delinquent and are charged interest at the rate of 8% per annum.

No allowance is established for delinquent accounts. Enforceable liens on property are entered against delinquent accounts with a balance in excess of \$1,000.

**BRISTOL BOROUGH WATER AND SEWER AUTHORITY**

A COMPONENT UNIT OF THE BOROUGH OF BRISTOL, PENNSYLVANIA

Notes to Financial Statements  
December 31, 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Sewer Charges (Continued)**

The Authority adopted a resolution on January 28, 2016 amending the schedule of sewer rates shown above, beginning in the fourth quarter, 2015. These rates are as follows:

Minimum charge for each customer per three (3) month period shall be eighty-one dollars (\$81.00) based on a minimum usage charge of ten thousand (10,000) gallons every three (3) months. All usage in excess of ten thousand (10,000) gallons every three (3) months shall be charged at the rate of seven dollars and six cents (\$7.06) per one thousand (1,000) gallons of water used.

In addition to the regular charges for sewer rentals, the sewer users located in the Howell Street Industrial Park, in accordance with the Agreement between the developer of said Industrial Park and the Borough of Bristol dated the 5th day of August 1969, shall pay an annual charge in the amount of two-thousand twenty-four dollars (\$2,024.00) per user in order to offset the maintenance and service charges necessary for the continued operation of the pump station located in said park.

The rates charged to the Bristol Township Authority and Township of Bristol for service to the Silver lake Pumping Station area under the Agreement is hereby changed to two dollars and ten cents (\$2.10) per thousand (1,000) gallons.

**BRISTOL BOROUGH WATER AND SEWER AUTHORITY**

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Notes to Financial Statements  
December 31, 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Property, Plant and Equipment**

Property, plant, and equipment purchased is carried at historical cost. Additions, Improvements and other capital outlays that significantly extend the life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method applied to estimate useful lives, ranging from 15 to 50 years and is apportioned between construction and operations.

**2. BONDS PAYABLE**

**Guaranteed Sewer Revenue Bond - Series of 1998** - \$280,000 principal bearing interest at 5.2% per annum based on a year of 360 days and 30 day months payable on March 12 and September 12 until maturity or earlier redemption and maturing on March 12 at the years 2005 to 2008. This first supplemental trust indenture dated February 1, 1998 supplements the trust indenture dated as of January 15, 1977 and is secured by a guaranty by the Borough of Bristol under a guaranty agreement dated February 1, 1998. The bond was issued to finance capital improvements to the sewer systems facilities and was originally purchased by First Union National Bank.

These bonds (series of 1998) were advanced refunded in January 2007. \$152,670 was deposited into an irrevocable escrow account at that time to pay principle of \$145,000 and interest of \$7,670. The Bristol Borough Water and Sewer Authority issued \$3,215,000 of Guaranteed Sewer Revenue Notes in 2016 to provide funds for sewer upgrades. These notes will be repaid from amounts levied in the form of sewer utility charges against property owners benefited by these upgrades. Those amounts, including interest are 100 percent pledged to pay the scheduled principal and interest on the notes. In the event a deficiency exists at the time a debt service payment is due the Borough of Bristol will provide resources to cover the deficiency. The notes have a stated interest rate of 2.07% and are payable over the next 20 years.

**3. LOANS PAYABLE**

The Borough entered into an original loan agreement with the Commonwealth of Pennsylvania (Penn Works Program) in the amount of \$277,292. The proceeds are being used for sewer system upgrades. As of December 31, 2020, \$1,277,223 in principal is currently outstanding.

**4. OPERATING REVENUES**

Sewer charges starting in the year ended December 31, 2007 are now deposited into the Sewer Revenue Fund maintained by the Borough of Bristol.

**5. MANAGEMENT FEES**

A management agreement has been entered into between the Authority and the Borough of Bristol whereby the Borough manages the sewer system. The agreement is automatically renewed on a year to year basis. The amount is based on the budget of the Borough, payable quarterly during the year and is approved by the Authority's engineers and the Authority. The total fee for the year ended December 31, 2020 was \$0.

**BRISTOL BOROUGH WATER AND SEWER AUTHORITY**  
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Notes to Financial Statements  
December 31, 2020

**6. COMMITMENTS AND CONTINGENCIES**

The Authority is subject to legal proceedings and claims, which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Authority.