

The Greenville Water Authority
Mercer County, Pennsylvania

**2011 Water System
Annual Report and
2012 Operating Budget**

February 2012



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1. INTRODUCTION

1.1 Introduction

This Water System Annual Report has been prepared in accordance with the authorization given to Gannett Fleming, Inc. by the Greenville Water Authority (Authority) in accordance with Article VI, Section 6.07 of the Third Supplemental Trust Indenture dated December 29, 2011 which states:

"The Consulting Engineer shall be required to report annually on (1) the condition and operation of the Water System, and (ii) on the sufficiency of the Capital Improvements and Redemption Fund. The Capital Improvements and Redemption Fund shall be funded by any additional amounts recommended by the Consulting Engineer. Furthermore, amounts on deposit in the Capital Improvements and Redemption Fund shall be used to replenish any deficiency in the Debt Service Reserve Fund."

The Annual Report, presented herein is classified under the following headings:

2. Operational and Maintenance Status of Authority Water Facilities
3. Revenues and Expenditures
4. Capital Improvements and Redemption Fund
5. Rates, Rents and Charges for Water
6. Insurance
7. Conclusions and Recommendations

This report is the sixty-ninth annual report upon the operation of the water system under Authority management. Reports have been submitted annually covering operations since April 1, 1942. Additions and improvements during the past year are reviewed, and the report includes recommendations for additions and improvements, the operating budget for fiscal year 2012, and the capital expenditures proposed for the fiscal year 2012. Information used in this report has been obtained from Authority Management.

1.2 The Greenville Water Authority Water System Description

The Greenville Water Authority Water System is comprised of one treatment plant, five storage tanks, distribution mains, and associated appurtenances. This system serves Greenville Borough and a portion of Hempfield Township and West Salem Township. Pertinent information about the Authority and its water system is provided in Section 2.

2. OPERATIONAL AND MAINTENANCE STATUS OF AUTHORITY FACILITIES

2.1 System Operational and Maintenance Status

The general performance of all Greenville Water Authority distribution and treatment facilities during Fiscal Year 2011 has been satisfactory. Management reports that all Authority facilities have functioned well throughout the year with no extraordinary operational or maintenance problems encountered.

2.2 Water Treatment Plant

The filtration plant contains four filters that have a total of 360 square feet of surface area. Considering these filters to be rapid rate filters with multimedia beds per the Department of Environmental Protection Regulations, the filters can produce 2,000,000 gallons of water per day.

The filtration plant was operated 5,495 hours during the past year for an average of approximately 15 hours daily and processed sufficient quantities of water to meet all consumer requirements. A review of operating results indicates that the water produced by the plant met or exceeded primary drinking water regulations of the Safe Drinking Water Act.

Filtration Plant equipment purchased in 2011 included a new motor on Filter #3 effluent isolation valve, new sump pump in the filter gallery, replaced a chlorine head and switch valve on the applied chlorine feeder, a new computer, and raw and finish chlorine scales.

2.3 Distribution System

The distribution system has been properly maintained during the past year, and extensions were made as required to serve customers. A 2" line was installed on Bentley Avenue. Hydrants were regularly inspected, and repairs were made as required to the distribution system to provide for minimum interruption of service to customers.

Under the Meter Account, 321 remote meters were installed and 121 meters were tested or repaired in 2011.

A review of the operating records, as noted above, indicates that the Authority has continued to expand and improve distribution and service facilities during the past year and has operated and maintained them in accordance with accepted waterworks practice. A new distribution truck was purchased in 2011.

The Authority also continued an ongoing inspection of fire hydrants and turned valves in an effort to keep the system's components operated. The Authority flushed the system in April and October of 2011.

The Authority began a phased approach to modeling and mapping of the entire distribution system in 2001. Phase I covered the high service district and was utilized to size the 12" fire supply line extension to the Hospital. The Authority completed Phase 2 of the modeling in 2010. Phase 2 consists primarily of remapping and updating of the distribution system onto one map. There are presently two maps covering the distribution system.

2.4 Distribution Storage Facilities

The exterior surfaces and grounds surrounding the two 750,000-gallon, 255,000-gallon, the high level 250,000-gallon and 1,000,000-gallon storage tanks are maintained in a satisfactory manner. Construction for the new 1 million gallon storage tank adjacent to the existing Hadley Road storage tank was completed in December 2010.

It is recommended that the Authority continue the yearly inspection and maintenance program for all distribution storage tanks. This program will identify potential problems before they become major and costly. The base was grouted on the 250,000 gallon Hadley Road tank.

The water storage tanks were last painted as follows:

<u>Tank</u>	<u>Year</u>
750,000-Gallon, South Tank	1997
750,000-Gallon, North Tank	1995
250,000-Gallon, Hadley Road Tank	1988
255,000-Gallon, West Main Street	2005
1,000,000-Gallon, Hadley Road Tank	2010

2.5 General Office Structures and Equipment

The general office structure has been well maintained and is adequate in size for Authority operations. A new exterior office door was installed in 2011.

Under General Shop Equipment, general tools and equipment were purchased during 2011. Adequate small tools and repair equipment are available and maintained in good condition for repairs and service to customers.

2.6 Consumers

The total number of customers according to consumer classifications listed on the books of the Authority as of December 31, 2011, compared with those listed at the end of 2010, is as follows:

Number of Consumers

	<u>December 31, 2010</u>	<u>December 31, 2011</u>
Domestic	2,395	2,448
Commercial	346	376
Industrial	3	3
Public	<u>23</u>	<u>22</u>
	2,767	2,849
Private Fire Protection	47	50
Public Fire Protection	2	2

The customer total as of December 31, 2011, included 179 domestic multiple minimum accounts and 184 commercial multiple minimum accounts.

2.7 Use of Water

The comparison of the amount of water sold by consumer classification for the past five years is tabulated in the following summary:

Classification	Total Gallons Sold (in 1,000 Gallons)				
	<u>2007</u>	<u>2008</u>	<u>2010</u>	<u>2010</u>	<u>2011</u>
Domestic	107,400	106,998	103,909	102,718	100,357
Commercial	68,456	55,193	51,732	53,187	58,940
Industrial	5,764	5,625	5,547	5,389	5,909
Public	16,693	17,444	14,897	12,489	12,721
Bulk Sales	<u>1,108</u>	<u>1,034</u>	<u>742</u>	<u>1,247</u>	<u>1,125</u>
TOTAL	199,421	186,294	176,827	175,030	179,052

Sales to metered consumers totaled 179,052,250 gallons or a daily average of approximately 490,554 gallons in 2011 and represents an increase in total sales of 4,022,400 gallons from 2010. A breakdown of sales per customer class indicates that domestic sales decreased by 2,361,000 gallons, commercial increased by 5,753,000 gallons, industrial increased by 520,000 gallons, public increased by 232,000 gallons and bulk sales decreased by 122,000 gallons in 2011.

2.8 Water Treatment Plant Operation

The following tabulation lists plant output, quantity of water sold, water used in plant operation, daily average output and the percentage of water unaccounted for during the past ten years.

<u>Year</u>	<u>Plant Output⁽¹⁾</u>	<u>Sold⁽¹⁾</u>	<u>Other^(1,2)</u>	<u>Daily Average Output⁽¹⁾</u>	<u>Percentage Unaccounted For</u>
2011	240,000	179,052	1,000	658	25.4
2010	245,171	175,030	3,000	672	27.4
2009	256,327	176,827	2,024	702	30.2
2008	265,236	186,294	5,500	725	26.5

2007	314,148	199,421	11,497	861	33.2
2006	336,783	211,846	2,965 ⁽⁴⁾	923	36.2
2005	315,901 ⁽³⁾	192,038	0 ⁽⁴⁾	865	39.2
2004	328,425 ⁽³⁾	191,741	0 ⁽⁴⁾	897	41.6
2003	234,345	190,009	0 ⁽⁴⁾	642	18.9
2002	283,317	225,500	0 ⁽⁴⁾	776	20.4

- Notes:
- ⁽¹⁾ Water unit in 1,000 gallons.
 - ⁽²⁾ Water use (Other) estimated for hydrant flushing.
 - ⁽³⁾ Water use estimated due to meter inaccuracies.
 - ⁽⁴⁾ Water used in plant operation is supplied before output meter.

The Unaccounted For percentage is based on the Plant Output and Water Sold values. This accounts for unmetered water usage from hydrant flushing, leaks, tank drawdowns, etc.

The following tabulation compares the chemical usage and cost for the last two years:

<u>Chemical</u>	<u>2010</u>		<u>2011</u>	
	<u>Amount Used, lbs.</u>	<u>Total Cost</u>	<u>Amount Used, lbs.</u>	<u>Total Cost</u>
Activated Carbon	0	\$0	0	\$0
AquaMag	342	4,325	296	3,743
Caustic Soda	19,247	4,381	16,643	4,092
Chlorine	10,799	4,536	10,402	4,467
Fluoride	10,644	6,253	10,349	6,109
PolyEZ N1986	96	245	104	270
Stern PAC	158,300	30,077	162,670	28,778
EX 692/300-53 Polymer (Sludge Press)	1,889	4,477	1,308	3,100
Potassium Permanganate	1,049	3,540	2,007	6,873
Ammonia	8,381	<u>2,477</u>	7,564	<u>2,307</u>
TOTAL		\$60,311		\$59,739

3. REVENUES AND EXPENDITURES

3.1 Revenues and Expenditures

Based on information provided by the Authority, Table 1 has been prepared to show the actual 2010 revenues and expenses compared with the projected actual (unaudited) and budgeted revenues and expenses for 2011.

TABLE 1
REVENUES AND EXPENSES FOR THE YEARS 2010 AND 2011
AND 2011 BUDGET

OPERATING REVENUE	<u>Actual 2010</u>	<u>2011 Year End (unaudited)</u>	<u>Budget 2011</u>
Metered Domestic	\$894,759	\$990,344	\$984,235
Metered Commercial	323,219	384,159	355,541
Metered Industrial	22,473	31,846	24,720
Metered Public	26,426	27,239	29,069
Private Fire Protection	24,272	25,312	26,699
Public Fire Protection	23,163	23,163	23,163
Tap Fees	<u>6,588</u>	<u>2,056</u>	<u>4,110</u>
Subtotals Operating Revenue	\$1,320,900	\$1,484,120	\$1,447,537
NON-OPERATING REVENUE			
Bulk Water Sales	\$7,058	\$8,614	\$8,470
Well Sample Test	4,015	5,400	4,700
Turn on/off Service Fee (\$20)	11,519	8,470	11,500
Lien Letter Receipts (\$20)	1,620	1,549	1,600
Collection Costs Recovered @ \$10.00	24,088	26,572	23,500
Miscellaneous	1,377	1,539	1,200
Theft of Service Recovered	0	0	500
Job Work Revenue	314	432	3,500
Sewer Collection Fees	27,743	24,743	24,743
Interest Earnings	1,174	763	1,150
Uncollectible Recovery	540	126	500
Grants, Land & Timber Sales	29,098	7,277	0
FNB Trust - Debt Interest	260	135	300
FNB Trust - Debt Holdings	662	315	650
FNB Capital Interest	<u>402</u>	<u>156</u>	<u>500</u>
Subtotals Non-Operating Revenue	\$109,870	\$86,092	\$82,813
TOTAL REVENUES	\$1,430,770	\$1,570,212	\$1,530,350

TABLE 1 (Cont'd)

**REVENUES AND EXPENSES FOR THE YEARS 2010 AND 2011
AND 2011 BUDGET**

GENERAL AND ADMINISTRATIVE	<u>Actual 2010</u>	<u>2011 Year End (unaudited)</u>	<u>Budget 2011</u>
Authority Board	\$6,000	\$5,700	\$6,000
Office Salaries	106,339	102,281	105,081
Supplies & Expense (including Postage)	33,661	28,200	40,000
Contracted Services	13,735	19,707	17,500
Utility Expenses (Building)	13,637	15,878	15,000
Office Building Maintenance	597	2,000	1,000
Pipe Line Permits (Railroad and Borough)	3,200	3,500	3,500
Uncollectible Consumer (Writeoffs)	0	1,513	2,500
Engineer Expense (Not including Projects)	5,417	5,700	5,700
Legal and Professional	7,200	53,540 ⁽¹⁾	8,000
Insurance Expense (Liability & Workers Comp)	32,647	35,000	35,000
Social Security	31,341	32,500	33,130
Employee Health Benefits	113,241	125,000	124,565
Mileage Reimbursement	591	650	650
Education Expense	970	2,045	1,500
Unemployment Comp.	3,753	3,256	4,250
Retirement Expense	17,570	17,650	17,650
Miscellaneous	<u>20,538</u>	<u>10,000</u>	<u>20,000</u>
Subtotal General & Administrative	\$410,437	\$464,121	\$441,027
PURIFICATION SYSTEM			
Operating Labor	\$142,667	\$143,627	\$145,520
Labor Overtime	8,334	9,476	8,501
Operating Expenses	20,009	23,353	27,000
Chemicals	63,815	59,523	64,000
Contracted Services	37,589	25,036	25,000
Utilities	60,876	56,276	70,000
Lab Chemicals	<u>6,865</u>	<u>8,348</u>	<u>8,000</u>
Subtotals Purification System	\$340,155	\$325,639	\$348,021

⁽¹⁾Legal and professions expenses exceeded budgeted figures due to engineering and surveying for the East End Waterline Replacement project that will be funded through a PennVEST loan.

TABLE 1 (Cont'd)

REVENUES AND EXPENSES FOR THE YEARS 2010 AND 2011
AND 2011 BUDGET

	<u>Actual 2010</u>	<u>2011 Year End (unaudited)</u>	<u>Budget 2011</u>
HADLEY BOOSTER PUMP			
Electric/Building	\$0	\$577	\$675
Electric/Pumps	6,603	6,112	6,987
National Fuel	1,610	1,861	2,500
Pump Maintenance	<u>1,100</u>	<u>129</u>	<u>1,561</u>
Subtotals Pumping	\$9,313	\$8,680	\$11,723
DISTRIBUTION SYSTEM			
General Labor	\$56,765	\$62,612	\$57,900
Labor Overtime	7,934	9,344	8,093
Meter Reading	16,775	14,676	17,111
Distribution Labor @ Plant	1,174	1,906	4,000
Gratuitous Labor (No charge, 1-Call, On/Off)	37,310	36,227	38,056
Mains, Labor	10,897	4,432	9,000
Maintenance - Hydrants	5,048	4,516	6,750
Services, Labor	15,219	9,000	13,260
Meters, Labor	1,941	3,000	3,000
Maintenance - Tanks	125	850	2,000
Services, Materials	5,827	13,604	10,500
Mains, Materials	4,169	2,700	1,683
Meters, Materials	0	600	887
Operating Expense	5,066	10,200	5,559
Contracted Service	37,932	43,000	35,000
Vehicle Expense	1,176	10,300	1,500
Gasoline Expense	<u>5,118</u>	<u>6,400</u>	<u>5,000</u>
Subtotal Distribution System	\$212,476	\$233,366	\$219,299
TOTAL EXPENSES	\$972,381	\$1,031,806	\$1,020,069

As shown in Table 1, for Fiscal Year 2011 the total unaudited operating revenue exceeded the budgeted revenues by \$39,862. For the same year, the total operating expenses exceeded the budget by \$11,737 and the net operating income available for depreciation, debt service and capital additions are \$538,406.

Table 2 has been prepared to show the actual (unaudited) revenues and expenses of the Authority compared to the 2012 budget of revenues and expenses adopted by the Authority.

TABLE 2

OPERATING BUDGET FOR 2012

	2011	2012 Budget
	<u>Year End (unaudited)</u>	<u>2012 Budget</u>
OPERATING REVENUE		
Metered Domestic	\$990,344	\$990,344
Metered Commercial	384,159	384,159
Metered Industrial	31,846	31,846
Metered Public	27,239	27,239
Private Fire Protection	25,312	25,312
Public Fire Protection	23,163	23,163
Tap Fees	<u>2,056</u>	<u>4,112</u>
Subtotals Operating Revenue	\$1,484,120	\$1,486,176
NON-OPERATING REVENUE		
Bulk Water Sales	\$8,614	\$8,614
Well Sample Test	5,400	6,000
Turn on/off Service Fee (\$20)	8,470	9,000
Lien Letter Receipts (\$20)	1,549	1,600
Collection Cost Recovery (\$10)	26,572	26,750
Miscellaneous	1,539	1,300
Theft of Service Recovered	0	500
Job Work Revenue	432	2,500
Sewer Collection Fees	24,743	27,743
Interest Earnings	763	800
Uncollectible Recovery	126	325
Loans and Grants	7,277	0
FNB Trust - Debt Interest	135	140
FNB Trust Debt Holding	315	325
FNB - Capital Interest	<u>156</u>	<u>160</u>
Subtotals Non-Operating Revenue	\$86,092	\$85,757
TOTAL REVENUES	\$1,570,212	\$1,571,933

TABLE 2 (Cont'd)

OPERATING BUDGET FOR 2012

	<u>2011</u> <u>Year End (unaudited)</u>	<u>2012 Budget</u>
GENERAL AND ADMINISTRATIVE		
Authority Board	\$5,700	\$6,000
Office Salaries	102,281	105,500
Office Supplies and Expenses (Incl. Postage)	28,200	29,159
Contracted Services	19,707	18,500
Utility Expense (Building)	15,878	16,000
Office Building Maintenance	2,000	1,025
Pipe Line Permits (Railroad and Borough)	3,500	3,500
Uncollectible Consumer (Writeoffs)	1,513	2,500
Engineer Expense (Not including Projects)	5,700	5,700
Legal & Professional	53,540	90,000
Insurance Expense (Liability & Workers Comp)	35,000	36,050
Social Security	32,500	33,000
Employee Health Benefits	125,000	101,500
Mileage Reimbursement	650	700
Education Expense	2,045	4,000
Unemployment Comp,	3,256	3,300
Retirement Expense	17,650	10,300
Miscellaneous	<u>10,000</u>	<u>12,000</u>
Subtotals General and Administrative	\$464,121	\$478,734
PURIFICATION SYSTEM		
Operating Labor	\$143,627	\$135,000
Labor Overtime	9,476	8,671
Operating Expense	23,353	27,540
Chemicals	59,523	65,280
Contracted Services	25,036	25,500
Utilities	56,276	65,000
Lab Chemicals	<u>8,348</u>	<u>8,500</u>
Subtotals Purification System	\$325,639	\$335,491

TABLE 2 (Cont'd)

OPERATING BUDGET FOR 2012

	2011	2012 Budget
	<u>Year End (unaudited)</u>	<u>2012 Budget</u>
HADLEY BOOST PUMP		
Electric/Building	\$577	\$597
Electric/Pumps	6,112	6,320
National Fuel	1,861	1,924
Pump Maintenance	<u>129</u>	<u>1,592</u>
Subtotals Pumping System	\$8,680	\$10,433
DISTRIBUTION SYSTEM		
General Labor	\$62,612	\$72,000
Labor Overtime	9,344	9,900
Meter Reading	14,676	14,970
Distribution Labor @ Plant	1,906	3,000
Gratuitous Labor (No charge, 1-call, On/Off)	36,227	36,951
Mains Labor	4,432	9,180
Maintenance - Hydrants	4,516	5,000
Services Labor	9,000	12,000
Meters Labor	3,000	2,500
Maintenance - Tanks	850	1,000
Services Materials	13,604	11,000
Mains Materials	2,700	2,000
Meters Materials	600	905
Operating Expense	10,200	7,000
Contracted Services	43,000	44,000
Vehicle Expense	10,300	3,000
Gasoline Expense	<u>6,400</u>	<u>6,618</u>
Subtotals Distribution	\$233,366	\$241,024
TOTAL EXPENSES	\$1,020,069	\$1,065,682

The Operating Budgeted Expenses for 2012, included herein, total \$1,065,682. This represents an increase of approximately 3 percent over the unaudited operating expenses in 2011. Expenses are based on present and anticipated 2012 costs of chemicals, power, contract dewatering of treatment plant sludge, and other operating requirements.

The anticipated revenues from metered sales, fire protection, and tap-in fees revenue are estimated to provide approximately \$1,486,176 in 2012. Non-operating revenues are estimated to amount to \$85,757, which includes the fee charged to the Borough of Greenville for billing and collecting sewer charges, office rentals, and interest income from investments. On the above basis, total revenues for 2012 have been anticipated to amount to \$1,571,933.

3.2 Comparative Statement of Revenues, Expenses, and Debt Service

A comparative statement of operating revenues, expenses, and debt service for Fiscal Years 2011 and 2012 is shown in Table. The Budget FY2012 figures reflect the Fourth Issue Water Revenue Bonds, Series of 2011 dated December 29, 2011 values.

TABLE 3

COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND DEBT SERVICE

	<u>Unaudited FY 2011</u>	<u>Budget FY 2012</u>
<u>Net Revenue</u>		
Total Revenue	\$1,570,212	\$1,571,933
Total Operating Expenses	<u>\$1,031,806</u>	<u>1,065,682</u>
Total Revenue Available for Debt Service	\$538,406	\$506,251
<u>Debt Service</u>		
1989 Bond Issue	\$289,708	\$61,268
PENNVEST Tank	36,233	42,043
Hospital Loan	22,399	1,875
PENNVEST Waterline	<u>0</u>	<u>12,000</u>
Total Debt Service	\$348,340	\$117,186
<u>Capital Additions</u>		
Revenue Available for Debt Service	\$538,406	\$506,251
Total Debt Service	<u>(\$348,340)</u>	<u>(\$117,186)</u>
Available for Capital Additions	\$190,000	\$389,065
Coverage provided	1.55	4.32

The above summary indicates that revenues produced by the rate schedule effective January 1, 2011 together with other non-operating revenue will provide revenues for the year 2012 that will be sufficient to cover the requirements for operating expenses and for debt service as required by the Trust Indenture.

4. CAPITAL IMPROVEMENTS AND REDEMPTION FUND

4.1 Capital Improvements 2011

Cost of capital additions to plant and equipment of the Waterworks System in 2011 totaled \$80,454. These improvements were sufficient for proper operation of the Authority's system.

A tabulation of budgeted and actual expenses is shown in Table 4.

TABLE 4

CAPITAL IMPROVEMENTS PROGRAM 2011

<u>ITEM</u>	<u>Budget 2011</u>	<u>Actual 2011</u>
Plant Evaluation	\$7,000	\$3,503
Lab / Plant Equipment	30,000	5,803
Raw Pumps	10,000	0
Finish Pumps	5,000	0
Sludge/Press Pump Improvements	1,000	0
Building & Parking Lot Repairs	1,500	0
System Map and Model	6,000	0
Meter Reading & Meter Replacement Program	25,000	15,079
Distribution Vehicles	60,000	18,465
Hydrant/Valve Program	6,500	0
Tools & Equipment	2,500	0
Main Line Improvements	0	34,774
Storage Tank Maintenance/Painting	2,000	2,830
Land Right of Way Acquisition River Crossing	12,000	0
Computer Hardware	400	0
Computer Software	400	0
Office Improvements	2,500	0
Total	\$171,800	\$80,454

4.2 Capital Improvements Program 2012-2013

Proposed capital improvements for the years 2012, 2013 and 2014 are shown in Table 5. These improvements will be prioritized by the Authority and implemented based on need and available funds.

TABLE 5

CAPITAL IMPROVEMENTS PROGRAM 2012, 2013 AND 2014

<u>ITEM</u>	<u>Budget 2012</u>	<u>Budget 2013</u>	<u>Budget 2014</u>
Plant Evaluation	\$5,000	\$5,000	\$5,000
Lab / Plant Equipment	30,000	35,000	42,000
Raw Pumps	0	0	11,000
Finish Pumps	0	0	6,000
Sludge/Press Pump Improvements	1,250	1,500	1,750
Building & Parking Lot Repairs	31,500	12,000	2,000
System Map and Model	1,500	1,500	1,500
Meter Reading & Meter Replacement Program	16,000	16,000	16,000
Distribution Vehicles	0	25,000	0
Hydrant/Valve Program	6,500	6,500	6,500
Tools & Equipment	3,500	3,500	3,500
Main Line Improvements	100,000	100,000	210,000
Storage Tank Maintenance/Painting	110,000	2,000	2,000
Land Right of Way Acquisition River Crossing	0	12,000	0
Computer Hardware	425	450	475
Computer Software	500	550	600
Office Improvements	<u>7,500</u>	<u>2,500</u>	<u>2,500</u>
Total	\$313,675	\$223,500	\$310,825

5. RATES, RENTS AND CHARGES FOR WATER

The Authority's current rate schedule, which became effective January 1, 2011, is summarized as follows:

Bi monthly minimum charge for which 1,000 gallons of water is allowed

<u>Size of meter</u>	<u>Rate</u>
5/8"	\$29.21
3/4"	\$43.21
1"	\$64.25
1 1/4"	\$77.02
1 1/2"	\$87.31
2"	\$132.96
3"	\$267.91
4"	\$438.99
6"	\$831.56

Bi monthly consumption charges, per thousand gallons for water used by one consumer

for the next	7,000 gallons	\$6.38
for the next	59,000 gallons	\$6.60
for the next	133,000 gallons	\$6.37
for the next	467,000 gallons	\$4.73
over	667,000 gallons	\$3.34

STAND BY SERVICE FOR PRIVATE FIRE PROTECTION

(Annual Cost – billed bimonthly)

2" Hydrant - each	\$82.98
4" Hydrant - each	\$350.46
6" Hydrant - each	\$461.10

Sprinkler Systems

2" Connection - each	\$82.98
4" Connection - each	\$350.46
6" Connection - each	\$461.10
8" Connection - each	\$793.14

Public Fire Protection includes main line (4" size or larger) and Fire Hydrants include supply line from the treatment plant.

Borough of Greenville	\$16,600.96 per year
Hempfield Township	\$7,218.88 per year

Bulk water rates, per thousand gallons for water used per event per month

for the first	1,000 gallons	\$11.90
over	1,000 gallons	\$5.95

6. INSURANCE

Insurance in force as of December 31, 2011, is tabulated on the following page and includes general Liability, Property Coverage, Earthquake/Flood, Employees, Vehicles, Public Officials Liability, Boiler and Machinery and Employee Dishonesty as noted. The insurance coverage is based on an appraisal by an independent professional appraiser. The appraisal is updated periodically. It is recommended that this practice be continued and that the Authority's appraisal be updated annually.

SCHEDULE OF INSURANCE
AS OF DECEMBER 31, 2011

<u>Policy No.</u>	<u>Property Covered</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
Great American Insurance Co.	General Liability	Liability	\$1,000,000	5/1/12
	Property Coverage	Building Coverage	\$6,748,084	5/1/12
		Content		
		Extra Expense		
		Flood & Earthquake		
	Umbrella Coverage		1,000,000	5/1/12
	2006 Ford Ranger	Property damage	1,000,000	5/1/12
1999 Ford Dump Truck	Comprehensive Collision			
2011 Ford Ranger				
	Public Officials and Employment Practices Liability		1,000,000	5/1/12
Rockwood Casualty Insurance Co. WC 620505	Employee Workers Compensation		PA Standard	2/2/13

7. CONCLUSIONS AND RECOMMENDATIONS

In accordance with the covenants of the Trust Indenture dated as of December 29, 2011, as set forth in Section 6.07, the following conclusions and recommendations are submitted:

1. Operating Expenses in the amount of \$1,065,682, as outlined in the Budget, represent the estimate of the amount required for operating and administrative costs and maintenance of the water system for the 2012 fiscal year.
2. The operating budget, as provided herein, have been approved and adopted. In our opinion, they represent the required expenditures necessary to maintain the properties of the Authority in good repair and sound operating condition.
3. The insurance schedule, as set forth herein, is based on an independent professional appraisal. It is recommended that this appraisal be updated annually and insurance coverage be revised as necessary for the coming fiscal year.
4. The capital improvements budget has been developed to provide a listing of desirable improvements over the next three (3) years. These improvements will be completed based on the Authority's prioritization and available funding.
5. We recommend that the Authority continue to inspect, maintain, clean, and disinfect all distribution storage tanks.

In its sixty-ninth year of existence, the Authority has continued to provide good, sound direction to the operation of the utility in accordance with recognized water works practices

ACKNOWLEDGMENTS

Gannett Fleming, Inc. would like to take this opportunity to express its sincere thanks to the Authority Board and Mr. William M. Brady and his staff for their work and valuable contributions to this report.

Respectfully submitted,

GANNETT FLEMING, INC.

THOMAS L. THOMPSON, P.E.

Senior Project Manager

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Respectfully submitted,

GANNETT FLEMING, INC.



THOMAS L. THOMPSON, P.E.

Senior Project Manager