

Greenville Water Authority 2013 Approved Budget		Page 1 of 5 REVENUES										Greenville Water Authority 2013 Approved Budget	
A. Operating Revenues	2010 Actual	2011 +10% Budget	2011 Actual	2012 Budget	2012 Projected	2013 0% Budget	2014 +12% Budget	2015 +7% Budget	2016 0% Budget	2017 0% Budget			
Metered Residential	894,759	984,235	1,014,005	990,344	1,022,932	1,022,932	1,145,683	1,225,881	1,225,881	1,225,881			
Metered Commercial	323,219	355,541	397,490	384,159	397,911	397,911	445,660	476,856	476,856	476,856			
Metered Industrial	22,473	24,720	32,362	31,846	32,655	32,655	36,573	39,133	39,133	39,133			
Metered Public	26,426	29,069	27,602	27,239	31,568	31,568	35,356	37,831	37,831	37,831			
Private Fire Protection	24,272	26,699	27,917	25,312	29,371	29,371	32,895	35,198	35,198	35,198			
Public Fire Protection	23,163	23,163	23,820	23,163	23,163	23,163	23,163	23,163	23,163	23,163			
Tap In Fees	6,588	4,110	4,112	4,112	6,949	4,112	4,112	4,112	4,112	4,112			
Subtotal Operating	1,320,900	1,447,537	1,527,308	1,486,175	1,544,548	1,541,711	1,723,443	1,842,175	1,842,175	1,842,175			
B. Non-Operating Revenues	2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Projected	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget			
Bulk Water Sales	7,058	8,470	8,614	8,614	11,712	11,712	13,118	14,036	14,036	14,036			
Well Sample Test (\$25)	4,015	4,700	5,275	6,000	4,300	4,500	4,500	4,750	4,750	4,750			
Turn on/off Service (\$20)	11,519	11,500	8,630	9,000	10,000	9,000	9,000	9,000	9,000	9,000			
Lien Letter Receipts (\$25)	1,620	1,600	1,545	1,600	1,400	1,500	1,500	1,500	1,500	1,500			
Collection Cost Recovery (\$10)	24,088	23,500	25,899	26,750	25,289	26,000	26,000	26,000	26,000	26,000			
Misc Sales Other Than Water	1,377	1,200	2,689	1,300	3,186	1,500	1,500	1,500	1,500	1,500			
Theft Of Service Recovered	0	500	0	500	500	500	500	500	500	500			
Work For Others	314	3,500	498	2,500	2,586	2,500	2,500	2,500	2,500	2,500			
Sewer Collection Fees	27,743	24,743	24,743	27,743	27,743	27,743	27,743	27,743	27,743	27,743			
Interest Earnings	1,174	1,150	1,010	800	1,800	800	800	800	800	800			
Uncollectible Recovery	540	500	126	325	1,257	325	325	325	325	325			
Grants	29,098	0	7,277	0	0	0	0	0	0	0			
USB Trust - Debt Interest	260	300	135	140	11	15	15	15	15	15			
USB Trust - Debt Holdings Interest	662	650	315	325	66	75	75	75	75	75			
USB Capital Interest	402	500	156	160	4	10	10	10	10	10			
Subtotal Non-Operating	109,870	82,813	86,913	85,757	89,855	86,180	87,586	88,754	88,754	88,754			
TOTAL REVENUES	1,430,770	1,530,350	1,614,221	1,571,932	1,634,402	1,627,891	1,811,028	1,930,928	1,930,928	1,930,928			
<p>Rate increases are based on the full \$4,501,000 PennVEST loan for main line replacement. 2013 Approved, 2014, 2015, 2016, 2017 Budgets are for planning purposes only.</p>													

	B	C	D	E	F	G	H	I	J	K	L	N
2	Greenville Water Authority 2013 Approved Budget		Page 2 of 5					Greenville Water Authority 2013 Approved Budget				
3	EXPENSES											
4	A. General & Administration	2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Projected	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	
5	Authority Board	6,000	6,000	5,700	6,000	6,000	6,000	6,000	6,000	6,000	6,000	
6	Office Salaries	106,339	105,081	105,978	105,500	105,000	95,000	96,900	98,838	100,815	102,831	
7	Supplies & Expense (incl. Postage)	33,661	40,000	28,628	29,159	27,096	28,017	28,970	29,955	30,973	32,026	
8	Contracted Services	13,735	17,500	21,140	18,500	21,488	22,219	22,974	23,756	24,563	25,398	
9	Utility Expense (Bldg)	13,637	15,000	16,035	16,000	12,976	13,417	13,873	14,345	14,833	15,337	
10	Office Bldg Maint.	597	1,000	2,345	1,025	1,573	1,082	1,075	1,100	1,100	1,100	
11	Pipe Line Permits (Rail Road)	3,200	3,500	3,209	3,500	4,417	3,500	3,500	3,500	3,500	3,500	
12	Uncollectible Consumer (Writeoffs)	0	2,500	1,513	2,500	1,573	1,500	1,551	1,604	1,658	1,715	
13	Engineer Expense (Not incl. Projects)	5,417	5,700	5,000	5,700	5,700	5,894	6,094	6,301	6,516	6,737	
14	Legal & Professional	7,200	8,000	55,740	90,000	9,000	10,000	10,340	10,692	11,055	11,431	
15	Insurance (Liability & Workers Comp.)	32,647	35,000	44,887	36,050	37,849	39,136	40,467	41,843	43,265	44,736	
16	Social Security	31,341	33,130	32,477	33,000	33,124	34,250	35,415	36,619	37,864	39,151	
17	Employee Health Benefits	113,241	124,565	120,073	101,500	73,164	85,000	100,000	115,000	130,000	130,000	
18	Mileage Reimbursement	591	650	524	700	1,500	1,551	1,604	1,658	1,715	1,773	
19	Education/Safety Expense	970	1,500	2,698	4,000	4,052	4,190	4,353	4,501	4,741	5,175	
20	Unemployment Comp	3,753	4,250	3,256	3,300	3,400	3,516	3,635	3,837	3,967	4,102	
21	Retirement Expense	17,570	17,650	10,212	10,300	10,416	10,300	10,300	10,300	10,300	10,300	
22	Court Fees/Misc.	20,538	20,000	12,195	12,000	(1,500)	2,000	2,068	2,138	2,211	2,286	
23	Provision for Renewal (Depreciation)	280,706	245,000	287,221	245,000	245,000	290,000	325,000	325,000	325,000	325,000	
24	Subtotals do not include "provision for renewals."											
26	SubTotal G & A Expenses	410,437	441,026	471,608	478,734	356,829	366,572	389,119	411,985	435,075	443,599	
27	Expenses Based On 3.4% Increase Yearly											

	B	C	D	E	F	G	H	I	J	K	L
29	Greenville Water Authority		Page 3 of 5				Greenville Water Authority				
30	2013 Approved Budget		EXPENSES				2013 Approved Budget				
31	Treatment Plant	2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Projected	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget
32	Operating Labor	142,667	145,520	149,328	135,000	138,059	140,820	143,636	146,509	149,439	152,428
33	Labor Overtime	8,334	8,501	10,934	8,671	7,500	7,755	8,019	8,291	8,573	8,865
34	Operating Expense	20,009	27,000	10,972	27,540	18,894	19,536	20,201	20,887	21,598	22,332
35	Treatment Chemicals	63,815	64,000	59,745	65,280	66,166	68,415	70,741	73,147	75,634	78,205
36	Contracted Services	37,589	25,000	24,769	25,500	26,525	27,427	28,359	29,323	30,320	31,351
37	Utilities	60,876	70,000	60,733	65,000	51,844	53,606	55,429	57,313	59,262	61,277
38	Lab Chemicals	6,865	8,000	8,031	8,500	9,000	9,306	9,622	9,950	10,288	10,638
39											
41	SubTotal Purification	340,155	348,021	324,510	335,491	317,987	326,866	336,007	345,421	355,114	365,096
43	C. Hadley Booster Pump	2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Projected	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget
44	Electric / Building	0	675	602	597	511	529	547	565	584	604
45	Electric / Pumps	6,603	6,987	6,373	6,320	5,246	5,425	5,609	5,800	5,997	6,201
46	National Fuel	1,610	2,500	2,115	1,924	1,561	1,614	1,669	1,726	1,785	1,845
47	Pump Maint.	1,100	1,561	145	1,592	1,500	1,551	1,604	1,658	1,715	1,773
49	SubTotal Pumping	9,313	11,723	9,234	10,433	8,819	9,119	9,429	9,749	10,081	10,423
51	D. Distribution	2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Projected	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget
52	General Labor	56,765	57,900	68,135	72,000	67,520	68,871	70,248	71,653	73,086	74,548
53	Labor Overtime	7,934	8,093	9,210	9,900	5,951	6,070	6,191	6,315	6,441	6,570
54	Meter Reading Labor	16,775	17,111	14,797	14,970	13,049	13,310	13,576	13,847	14,124	14,407
55	Distrib. Labor @ Plant	1,174	4,000	1,747	3,000	1,700	1,734	1,769	1,804	1,840	1,877
56	Labor (1-Call, WO, Tags)	37,310	38,056	37,487	36,951	36,956	37,696	38,449	39,218	40,003	40,803
57	Mains Labor	10,897	9,000	4,063	9,180	6,300	6,426	6,555	6,686	6,819	6,956
58	Hydrants Labor	5,048	6,750	4,799	5,000	1,200	1,224	1,248	1,273	1,299	1,325
59	Services Labor	15,219	13,260	9,227	12,000	10,000	10,200	10,404	10,612	10,824	11,041
60	Meter Repair Labor	1,941	3,000	3,322	2,500	2,423	2,471	2,521	2,571	2,623	2,675
61	Tank Maint. Labor	125	2,000	827	1,000	1,000	1,034	1,069	1,106	1,143	1,182
62	Services Materials	5,827	10,500	13,934	11,000	4,639	4,797	4,960	5,129	5,303	5,483
63	Mains Materials	4,169	1,683	2,617	2,000	3,200	3,309	3,421	3,538	3,658	3,782
64	Meters Materials	0	887	661	905	110	114	118	122	126	130
65	Operating Expense	5,066	5,559	10,476	7,000	10,750	11,116	11,493	11,884	12,288	12,706
66	Contracted Services	37,932	35,000	41,539	44,000	25,278	26,137	27,026	27,945	28,895	29,878
67	Vehicle Expense	1,176	1,500	10,338	3,000	500	517	535	553	572	591
68	Gasoline Expense	5,118	5,000	6,239	6,618	6,250	6,463	6,682	6,909	7,144	7,387
70	SubTotal Distribution	212,476	219,299	239,419	241,024	196,826	201,487	206,266	211,165	216,189	221,341
72	Total Expenses	972,381	1,020,069	1,044,772	1,065,682	880,461	904,043	940,820	978,321	1,016,459	1,040,459

Greenville Water Authority 2013 Approved Budget		Page 4 of 5 CAPITAL IMPROVEMENT FUND						Greenville Water Authority 2013 Approved Budget			
A. Treatment Plant	2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	
1. Plant Evaluation/Optimization	19,000	7,000	3,503	5,000	1,548	5,000	5,000	7,000	7,000	7,000	
4. Lab / Plant Equipment Security Improvements	16,000	30,000	5,803	30,000	18,338	20,000	25,000	35,000	35,000	40,000	
5. Raw Pumps	0	10,000	0	0	0	0	11,000	0	0	0	
6. Finish Pumps	0	5,000	0	0	0	0	6,000	0	0	0	
7. Sludge Press/Pump Improvements	7,000	1,000	0	1,250	0	1,500	1,750	2,000	2,000	10,000	
Plant Total	42,000	53,000	9,306	36,250	19,886	26,500	48,750	44,000	44,000	57,000	
B. Distribution	2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	
1. Building & Parking Lot Repairs	500	1,500	0	31,500	0	7,500	15,000	2,000	2,000	10,000	
2. System Map & Model	5,000	6,000	0	1,500	2,115	1,500	2,450	2,500	2,000	2,000	
3. Meter Replacement Program	5,418	25,000	15,079	16,000	34,178	26,000	20,000	16,000	16,000	16,000	
4. Distribution Vehicles	0	60,000	18,465	0	0	25,000	0	35,000	0	34,000	
5. Hydrant/Valve Program	250	6,500	0	6,500	0	7,000	10,000	10,000	10,000	10,000	
6. Equipment	2,000	2,500	0	3,500	0	8,000	5,000	5,000	7,000	7,000	
7. Main Line & Service Line Improvements	3,000	0	34,774	100,000	0	150,000	210,000	280,000	159,000	200,000	
8. Storage Tanks Painting	0	2,000	2,830	110,000	0	110,000	0	0	120,000	0	
9. Land Right of Way Acquisition River Crossing	0	12,000	0	0	0	12,000	0	0	0	0	
Total Distribution	16,168	115,500	71,148	269,000	36,293	347,000	262,450	350,500	316,000	279,000	
C. Office	2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	
1. Computer/Equipment Hardware	0	400	0	425	0						
2. Computer Software	300	400	0	500	0						
3. Office Improvements Equipment	2,000	2,500	0	7,500	4,150	7,500	7,500	8,000	8,000	8,000	
4. SWP Grant	3,285				0	0					
Total Office	5,585	3,300	0	8,425	4,150	7,500	7,500	8,000	8,000	8,000	
Total	63,753	171,800	80,454	313,675	60,329	381,000	318,700	402,500	368,000	344,000	

	B	D	E	F	G	H	I	J	K	L	M	
2	Greenville Water Authority 2013 Approved Budget		Page 5 of 5					Greenville Water Authority 2013 Approved Budget				
3			Debt Service									
4		2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	
5	1. Pennvest Principal Hadley Rd. Tank	0	33,118	27,456	33,324	28,503	30,632	31,016	31,303	29,650	29,650	
6	2. Pennvest Interest Hadley Rd. Tank	3,066	8,926	8,777	8,719	6,085	7,538	7,155	6,767	11,232	11,232	
7	3. Pennvest Principal Dist Improv				0	0	0	182,000	182,000	182,000	182,000	
8	4. Pennvest Interest Dist Improv		30,000		12,000	1,000	26,000	40,000	40,000	40,000	40,000	
9	3. USB Principal Pay Off September 2024	160,000	170,000	170,000	5,000	5,000	195,000	210,000	215,000	215,000	215,000	
10	4. USB Interest	124,908	119,708	119,708	56,268	56,268	83,678	81,338	75,038	68,588	68,588	
11	5. Hospital Principal Pay Off January 2012	20,528	21,723	21,723	1,866	1,866	0					
12	6. Hospital Interest	1,876	676	676	9	9	0					
13	Total Debt. Service	310,378	384,150	348,340	117,187	98,731	342,848	551,509	550,108	546,470	546,470	
14	BUDGET SUMMARY											
15	BUDGET SUMMARY											
16	BUDGET SUMMARY											
17		2010 Actual	2011 Budget	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	
18	I. Total Revenues	1,430,770	1,530,350	1,614,221	1,571,932	1,634,402	1,627,891	1,811,028	1,930,928	1,930,928	1,930,928	
19	II. Expenses	972,381	1,020,069	1,044,772	1,065,682	880,461	904,043	940,820	978,321	1,016,459	1,040,459	
20	Net Revenue	458,389	510,281	569,449	506,250	753,942	723,847	870,208	952,608	914,469	890,469	
21	III. Capital Improvements	63,753	171,800	80,454	313,675	60,329	381,000	318,700	402,500	368,000	344,000	
22	Debt. Service	324,392	384,150	348,340	117,187	98,731	342,848	551,509	550,108	546,470	546,470	
23	Indenture Coverage	1.41	1.33	1.63	4.32	7.64	2.11	1.58	1.73	1.67	1.63	
24	Balanced Budget +/-	70,243	-45,669	140,655	75,388	594,881	0	0	0	0	0	
25	When Calculating Debt Service, Divide Net Revenue Into Debt Service For Indenture Coverage Of No Less Than 1.1%											
26	When Calculating Debt Service, Divide Net Revenue Into Debt Service For Indenture Coverage Of No Less Than 1.1%											

The Greenville Water Authority
Mercer County, Pennsylvania

**2013 Water System
Annual Report and
2014 Operating Budget**

January 2014



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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 (i) 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 seventy-first 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 2014, and the capital expenditures proposed for the fiscal year 2014. 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 2013 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 5,575 hours during the past year for an average of approximately 16 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 addressed in 2013 included replacing the VFD on the finish pump, air release valve on #2 raw pump, fluoride #2 feed tube assembly, installed a new tankless boiler for the river screens, new pressure tank for the raw water sampling, new level gauges for the raw and sump chambers, new compressor valves, replaced head on caustic feeder head, replaced blowdown actuator motors and installed a pH meter on the finished water line, .

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 major improvement project was started in August 2012 in the east end of the distribution system. Approximately 25,900 feet of 12" to 1" pipe and

appurtenances were installed in 2013. Hydrants were regularly inspected, and repairs were made as required to the distribution system to provide for minimum interruption of service to customers. The old Hadley Road building was raised.

Under the Meter Account, 126 remote meters were installed and 41 meters were tested or repaired in 2013.

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 2013.

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.

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. 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 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 telephone system was installed in 2013 and billing software was purchased and is expected to be utilized in 2014.

Under General Shop Equipment, general tools and equipment were purchased during 2013. 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, 2013, compared with those listed at the end of 2012, is as follows:

Number of Consumers

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Residential	2,700	2,702
Commercial	264	264
Industrial	3	3
Public	<u>21</u>	<u>21</u>
	2,988	2,990
Private Fire Protection	53	53
Public Fire Protection	2	2

The customer total as of December 31, 2013, included 353 residential multiple minimum accounts and 44 commercial multiple minimum accounts. The customer classification was adjusted for residential and commercial accounts in 2013. Classification does not reflect rates charged to customer and is for reporting purposes only.

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential	103,909	102,718	100,357	101,687	104,940
Commercial	51,732	53,187	58,940	58,923	52,607
Industrial	5,547	5,389	5,909	6,078	5,232
Public	14,897	12,489	12,721	15,120	11,187
Bulk Sales	<u>739</u>	<u>1,247</u>	<u>1,126</u>	<u>1,943</u>	<u>3,115</u>
TOTAL	176,824	175,030	179,053	183,751	177,081

Sales to metered consumers totaled 177,080,880 gallons or a daily average of approximately 485,153 gallons in 2013 and represents a decrease in total sales of 6,670,610 gallons from 2012.

A breakdown of sales per customer class indicates that residential sales increased by 3,253,000 gallons, commercial decreased by 6,316,000 gallons, industrial decreased by 846,000 gallons, public decreased by 3,933,000 gallons and bulk sales increased by 1,172,000 gallons in 2013.

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>
2013	255,760	177,081	15,000	700	24.9
2012	268,303	183,751	7,500	733	28.7
2011	240,000	179,052	1,000	658	25.0
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	27.7
2007	314,148	199,421	11,497	861	32.9
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

- 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>2012</u>		<u>2013</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	426	5,387	347	4,388
Caustic Soda	9,813	3,074	13,465	4,168
Chlorine	12,182	5,604	10,790	4,963
Fluoride	13,147	7,566	12,718	7,599
PolyEZ N1986	182	519	112	319
Stern PAC	176,140	32,675	163,560	29,441
EX 692/300-53 Polymer (Sludge Press)	1,097	2,125	840	1,436
Potassium Permanganate	1,624	5,792	1,113	4,019
Ammonia	10,892	<u>3,385</u>	9,591	<u>3,136</u>
TOTAL		\$66,126		\$59,470

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 2012 revenues and expenses compared with the projected actual (unaudited) and budgeted revenues and expenses for 2013.

TABLE 1
REVENUES AND EXPENSES FOR THE YEARS 2012 AND 2013
AND 2013 BUDGET

OPERATING REVENUE	Actual 2012	2013 Year End (unaudited)	Budget 2013
Metered Residential	\$1,022,419	\$1,068,573	\$1,022,932
Metered Commercial	402,185	338,995	397,911
Metered Industrial	33,039	30,142	32,655
Metered Public	32,371	28,750	31,568
Private Fire Protection	29,651	31,179	29,371
Public Fire Protection	23,820	23,820	23,163
Tap Fees	<u>9,005</u>	<u>5,290</u>	<u>4,112</u>
Subtotals Operating Revenue	\$1,552,490	\$1,526,749	\$1,541,712
NON-OPERATING REVENUE			
Bulk Water Sales	\$11,712	\$18,425	\$11,712
Well Sample Test	5,235	6,041	4,500
Turn on/off Service Fee (\$20)	10,368	9,241	9,000
Lien Letter Receipts (\$20)	1,467	1,600	1,500
Collection Costs Recovered @ \$10.00	25,086	26,271	26,000
Miscellaneous	4,129	2,978	1,500
Theft of Service Recovered	0	0	500
Job Work Revenue	2,587	31,483	2,500
Sewer Collection Fees	27,743	25,431	27,743
Interest Earnings	1,916	1,793	800
Uncollectible Recovery	1,257	371	325
Grants, Land & Timber Sales	0	453,403	0
FNB Trust - Debt Interest	15	54	15
FNB Trust - Debt Holdings	74	35	75
FNB Capital Interest	<u>4</u>	<u>6</u>	<u>10</u>
Subtotals Non-Operating Revenue	\$91,593	\$577,132	\$86,180
TOTAL REVENUES	\$1,644,083	\$2,103,881	\$1,627,892

TABLE 1 (Cont'd)

**REVENUES AND EXPENSES FOR THE YEARS 2012 AND 2013
AND 2013 BUDGET**

GENERAL AND ADMINISTRATIVE	<u>Actual 2012</u>	<u>2013 Year End (unaudited)</u>	<u>Budget 2013</u>
Authority Board	\$6,000	\$5,700	\$6,000
Office Salaries	104,658	97,288	95,000
Supplies & Expense (including Postage)	25,353	23,993	28,017
Contracted Services	26,065	28,240	22,219
Utility Expenses (Building)	13,485	13,533	13,417
Office Building Maintenance	1,061	827	1,082
Pipe Line Permits (Railroad and Borough)	1,605	6,286	3,500
General/Adj Bank Fees	2,755	4,768	0
Uncollectible Consumer (Writeoffs)	0	0	1,500
Engineer Expense (Not including Projects)	4,583	5,417	5,894
Legal and Professional	7,950	15,363	10,000
Insurance Expense (Liability & Workers Comp)	38,556	37,318	39,136
Social Security	32,848	31,388	34,250
Employee Health Benefits	73,663	75,747	85,000
Mileage Reimbursement	1,254	303	1,551
Education Expense	3,527	2,693	4,190
Unemployment Comp.	3,398	3,431	3,516
Retirement Expense	10,416	2,646	10,300
Miscellaneous	<u>(1,446)</u>	<u>538</u>	<u>2,000</u>
Subtotal General & Administrative	\$355,731	\$355,478	\$366,572
PURIFICATION SYSTEM			
Operating Labor	\$141,549	\$135,567	\$140,820
Labor Overtime	8,027	6,422	7,755
Operating Expenses	24,248	13,290	19,536
Chemicals	66,114	59,470	68,415
Contracted Services	28,088	25,753	27,427
Utilities	53,613	53,740	53,606
Lab Chemicals	<u>9,809</u>	<u>13,201</u>	<u>9,306</u>
Subtotals Purification System	\$331,448	\$307,443	\$326,865

TABLE 1 (Cont'd)

**REVENUES AND EXPENSES FOR THE YEARS 2012 AND 2013
AND 2013 BUDGET**

	<u>Actual 2012</u>	<u>2013 Year End (unaudited)</u>	<u>Budget 2013</u>
HADLEY BOOSTER PUMP			
Electric/Building	\$ 459	\$ 879	\$ 529
Electric/Pumps	5,427	5,813	5,425
National Fuel	1,733	1,453	1,614
Pump Maintenance	1,664	0	1,551
Contracted Service	<u>0</u>	<u>6,000</u>	<u>0</u>
Subtotals Pumping	\$9,283	\$14,145	\$9,119
DISTRIBUTION SYSTEM			
General Labor	\$152,992	\$167,266	\$142,966
Labor Overtime	5,887	6,617	6,070
Services, Materials	4,415	4,432	4,796
Mains, Materials	5,269	11,565	3,309
Meters, Materials	110	761	114
Operating Expense	11,245	11,020	11,116
Contracted Service	57,396	39,760	26,137
Vehicle Expense	942	6,357	517
Gasoline Expense	<u>6,451</u>	<u>8,441</u>	<u>6,463</u>
Subtotal Distribution System	\$244,707	\$256,219	\$201,488
TOTAL EXPENSES	\$941,169	\$933,286	\$904,044

As shown in Table 1, for Fiscal Year 2013 the total unaudited operating revenue exceeded the budgeted revenues by \$475,989. For the same year, the total operating expenses were more than the budget by \$29,242 and the net operating income available for depreciation, debt service and capital additions is \$1,170,595.

Table 2 has been prepared to show the actual (unaudited) revenues and expenses of the Authority compared to the 2014 budget of revenues and expenses adopted by the Authority.

TABLE 2

OPERATING BUDGET FOR 2014

	2013	
	<u>Year End (unaudited)</u>	<u>2014 Budget</u>
OPERATING REVENUE		
Metered Residential	\$1,068,573	\$1,170,874
Metered Commercial	338,995	375,671
Metered Industrial	30,142	32,995
Metered Public	28,750	32,087
Private Fire Protection	31,179	34,267
Public Fire Protection	23,820	26,290
Tap Fees	<u>5,290</u>	<u>18,504</u>
Subtotals Operating Revenue	\$1,526,749	\$1,690,688
NON-OPERATING REVENUE		
Bulk Water Sales	\$18,425	\$13,500
Well Sample Test	6,041	5,275
Turn on/off Service Fee (\$20)	9,241	9,000
Lien Letter Receipts (\$20)	1,600	1,400
Collection Cost Recovery (\$10)	26,271	26,000
Miscellaneous	2,978	2,500
Theft of Service Recovered	0	250
Job Work Revenue	31,483	2,500
Sewer Collection Fees	25,431	27,743
Interest Earnings	1,793	1,400
Uncollectible Recovery	371	250
Grants, Land & Timber Sales	453,403	0
FNB Trust - Debt Interest	54	75
FNB Trust Debt Holding	35	40
FNB - Capital Interest	<u>6</u>	<u>10</u>
Subtotals Non-Operating Revenue	\$577,132	\$89,943
TOTAL REVENUES	\$2,103,881	\$1,780,631

TABLE 2 (Cont'd)

OPERATING BUDGET FOR 2014

	<u>2013</u>	<u>2014 Budget</u>
	<u>Year End (unaudited)</u>	
GENERAL AND ADMINISTRATIVE		
Authority Board	\$5,700	\$6,000
Office Salaries	97,288	99,234
Office Supplies and Expenses (Incl. Postage)	23,993	32,000
Contracted Services	28,240	32,000
Utility Expense (Building)	13,533	14,425
Office Building Maintenance	827	1,075
Pipe Line Permits (Railroad and Borough)	6,286	6,334
General/Adj Bank Fees	4,768	4,930
Uncollectible Consumer (Writeoffs)	0	1,551
Engineer Expense (Not including Projects)	5,417	5,000
Legal & Professional	15,363	20,000
Insurance Expense (Liability & Workers Comp)	37,318	39,000
Social Security	31,388	33,000
Employee Health Benefits	75,747	105,500
Mileage Reimbursement	303	1,000
Education Expense	2,693	4,353
Unemployment Comp,	3,431	3,300
Retirement Expense	2,646	2,750
Miscellaneous	<u>538</u>	<u>1,000</u>
Subtotals General and Administrative	\$355,479	\$412,452
PURIFICATION SYSTEM		
Operating Labor	\$135,567	\$145,000
Labor Overtime	6,422	6,630
Operating Expense	13,290	17,000
Chemicals	59,470	64,000
Contracted Services	25,753	26,000
Utilities	53,740	58,433
Lab Chemicals	<u>13,201</u>	<u>13,000</u>
Subtotals Purification System	\$307,443	\$330,063

TABLE 2 (Cont'd)

OPERATING BUDGET FOR 2014

	<u>2013</u>	<u>2014 Budget</u>
	<u>Year End (unaudited)</u>	
HADLEY BOOST PUMP		
Electric/Building	\$ 879	\$ 547
Electric/Pumps	5,813	6,149
National Fuel	1,453	1,669
Pump Maintenance	0	1,604
Contracted Service	<u>6,000</u>	<u>0</u>
Subtotals Pumping System	\$14,145	\$9,969
DISTRIBUTION SYSTEM		
General Labor	\$167,266	\$149,827
Labor Overtime	6,617	8,000
Services Materials	4,432	4,960
Mains Materials	11,565	5,000
Meters Materials	761	118
Operating Expense	11,020	11,492
Contracted Services	39,760	46,478
Vehicle Expense	6,357	2,500
Gasoline Expense	<u>8,441</u>	<u>7,000</u>
Subtotals Distribution	\$256,219	\$235,375
TOTAL EXPENSES	\$933,286	\$987,859

The Operating Budgeted Expenses for 2014, included herein, total \$987,859. This represents an increase of approximately 6 percent over the unaudited operating expenses in 2013. Expenses are based on present and anticipated 2014 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 \$1,690,688 in 2014. Non-operating revenues are estimated to amount to \$89,943, which includes the fee charged to the Borough of Greenville for billing and collecting sewer charges, and interest income from investments. On the above basis, total revenues for 2014 have been anticipated to amount to \$1,780,631.

3.2 Comparative Statement of Revenues, Expenses, and Debt Service

A comparative statement of operating revenues, expenses, and debt service for Fiscal Years 2013 and 2014 is shown in Table. The Budget FY2014 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

	Unaudited <u>FY 2013</u>	Budget <u>FY 2014</u>
<u>Net Revenue</u>		
Total Revenue	\$2,103,881	\$1,780,631
Total Operating Expenses	<u>933,286</u>	<u>987,859</u>
Total Revenue Available for Debt Service	\$1,170,595	\$792,772
<u>Debt Service</u>		
2011 Bond Issue	\$278,678	\$291,338
PENNVEST Tank	625,059	0
PENNVEST Waterline	<u>24,242</u>	<u>230,500</u>
Total Debt Service	\$927,979	\$521,838
<u>Capital Additions</u>		
Revenue Available for Debt Service	\$1,170,595	\$792,772
Total Debt Service	<u>(\$927,979)</u>	<u>(\$521,838)</u>
Available for Capital Additions	\$242,616	\$270,934
Coverage provided	1.26	1.52

The above summary indicates that revenues produced by the rate schedule effective January 1, 2014 together with other non-operating revenue will provide revenues for the year 2014 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 2013

Cost of capital additions to plant and equipment of the Waterworks System in 2013 totaled \$109,622. 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 2013

<u>ITEM</u>	<u>Budget 2013</u>	<u>Actual 2013</u>
Plant Evaluation/Optimization	\$5,000	\$6,168
Lab / Plant Equipment	20,000	11,258
Raw Pumps/Finish Pumps	0	12,464
Sludge/Press Pump Improvements	1,500	0
Building & Parking Lot Repairs	7,500	0
System Map and Model	1,500	0
Meter Reading & Meter Replacement Program	26,000	36,884
Distribution Vehicles	25,000	23,997
Hydrant/Valve Program	7,000	4,747
Tools & Equipment	8,000	3,134
Main Line Improvements	150,000	4,482*
Storage Tank Maintenance/Painting	110,000	4,209
Office Equipment	7,500	2,279
River Crossing	12,000	0
Booster Station Study and Replacement	0	0
Fredonia Road Project	<u>0</u>	<u>0</u>
Total	\$381,000	\$109,622

*As mentioned in Section 2.3, the Authority performed extensive work on the Water System Improvements project in 2013. This project is being funded through a PennVEST loan. The funding obtained in 2013 totaled \$2,795,795.39.

4.2 Capital Improvements Program 2014-2016

Proposed capital improvements for the years 2014, 2015 and 2016 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 2014, 2015 AND 2016

<u>ITEM</u>	<u>Budget 2014</u>	<u>Budget 2015</u>	<u>Budget 2016</u>
Plant Evaluation/Optimization	\$5,500	\$7,000	\$7,000
Lab / Plant Equipment	26,000	24,000	24,000
Raw/Finish Pumps	15,000	0	0
Sludge/Press Pump Improvements	1,750	2,000	2,000
Building & Parking Lot Repairs	15,000	2,000	2,000
System Map and Model	2,450	2,500	2,000
Meter Replacement Program	23,091	22,643	18,534
New Vehicles	0	30,472	0
Hydrant/Valve Program	5,500	6,000	6,520
Tools & Equipment	7,000	6,000	7,000
Main Line Improvements	9,142	210,000	100,000
Storage Tank Maintenance/Painting	153,000	0	120,000
Office Equipment	7,500	8,000	8,000
River Crossing	200,000	0	0
Booster Station Study and Replacement	85,000	100,000	0
Fredonia Road Project	<u>140,000</u>	<u>0</u>	<u>0</u>
Total	\$695,933	\$420,615	\$297,054

5. RATES, RENTS AND CHARGES FOR WATER

The Authority's current rate schedule, which became effective January 1, 2014, 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"	\$32.13
3/4"	\$47.53
1"	\$70.68
1 1/4"	\$84.72
1 1/2"	\$96.04
2"	\$146.26
3"	\$294.70
4"	\$482.89
6"	\$914.72

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

for the next	7,000 gallons	\$7.02
for the next	59,000 gallons	\$7.26
for the next	133,000 gallons	\$7.01
for the next	467,000 gallons	\$5.20
over	667,000 gallons	\$3.67

STAND BY SERVICE FOR PRIVATE FIRE PROTECTION

(Annual Cost – billed bimonthly)

2" Hydrant - each	\$91.28
4" Hydrant - each	\$385.51
6" Hydrant - each	\$507.21

Sprinkler Systems

2" Connection - each	\$91.28
4" Connection - each	\$385.51
6" Connection - each	\$507.21
8" Connection - each	\$872.45

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

Borough of Greenville	\$18,289.64 per year
Hempfield Township	\$7,973.26 per year

Bulk water rates

Metered bulk water use throughout system, \$25.00 minimum and bulk water obtained at the plant, \$5.00 service fee per load.

Bulk rate: \$7.08 per thousand billed monthly.

6. INSURANCE

Insurance in force as of December 31, 2013, is tabulated on the following page and includes General Liability, Property Coverage, Earthquake/Flood, Employees, Vehicles, Public Officials Liability, Employee Workers Compensation, Cyber and Employee Dishonesty as noted. The insurance coverage is based on an appraisal by an independent professional appraiser. The appraisal is updated annually. It is recommended that this practice be continued and that the Authority's appraisal be updated annually.

SCHEDULE OF INSURANCE
AS OF DECEMBER 31, 2013

<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	5/1/14
	Property Coverage	Building Coverage	\$7,821,234	5/1/14
		Content		
		Extra Expense		
		Flood & Earthquake		
Umbrella Coverage		\$1,000,000	5/1/14	
	Public Officials and Employment Practices Liability		\$1,000,000	5/1/14
Arch Insurance Co.	2006 Ford Ranger	Property damage	\$1,000,000	5/1/14
	1999 Ford Dump Truck	Comprehensive Collision		
	2011 Ford Ranger			
	2013 Ford F150			
Erie Insurance Co. of New York	Employee Workers Compensation		PA Standard	2/28/15
Travelers	Network and Information Security		\$1,000,000	1/1/15
	Communications and Media		\$1,000,000	1/1/15
	Regulatory Defense Expenses		\$500,000	1/1/15
	Crisis Management Event		\$250,000	1/1/15
	Security Breach Remediation and Notification		\$250,000	1/1/15
	Computer Program and Electronic Data Restoration		\$250,000	1/1/15
	Computer Fraud		\$250,000	1/1/15
	E-Commerce Extortion		\$250,000	1/1/15

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 \$987,859 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 2014 fiscal year.
2. The operating budget, as provided herein, has been approved and adopted. In our opinion, it represents 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 seventy-first 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