

The Greenville Water Authority
Mercer County, Pennsylvania

**2014 Water System
Annual Report and
2015 Operating Budget**

January 2015



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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 2015, and the capital expenditures proposed for the fiscal year 2015. 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 2014 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 5,533 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 addressed in 2014 included installing a new Hach colorimeter, new fluoride feeder, new pH analyzer, new compressor and performing routine maintenance.

2.3 Distribution System

The distribution system has been properly maintained during the past year, and extensions were made as required to serve customers. Approximately 25,900 feet of 12" to 1" pipe and appurtenances were installed in 2013 in the east end of the distribution system. In 2014, a waterline extension consisting of approximately 4,650 feet of 8" pipe was installed. Also, a waterline replacement project encompassing 1,380 feet of 12" pipe was commenced. 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, 221 remote meters were installed and 7 meters were tested or repaired in 2014.

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.

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.

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. The Hadley Road 250,000 gallon tank was repainted in 2014 and a tank mixing system was also provided.

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	2014
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. The new billing software was utilized in 2014. Windows in the shop area were replaced.

Under General Shop Equipment, general tools and equipment were purchased during 2014. 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, 2014, compared with those listed at the end of 2013, is as follows:

	<u>Number of Consumers</u>	
	<u>December 31, 2013</u>	<u>December 31, 2014</u>
Residential	2,682	2,472
Commercial	264	230
Industrial	3	3
Public	<u>21</u>	<u>21</u>
	2,970	2,726
Private Fire Protection	53	53
Public Fire Protection	2	2

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential	102,718	100,357	101,687	104,940	102,932
Commercial	53,187	58,940	58,923	52,607	50,881
Industrial	5,389	5,909	6,078	5,232	2,891
Public	12,489	12,721	15,120	11,187	11,737
Bulk Sales	<u>1,247</u>	<u>1,126</u>	<u>1,943</u>	<u>3,115</u>	<u>1,646</u>
TOTAL	175,030	179,053	183,751	177,081	170,087

Sales to metered consumers totaled 170,087,000 gallons or a daily average of approximately 465,992 gallons in 2014 and represents a decrease in total sales of 6,994,000 gallons from 2013. A breakdown of sales per customer class indicates that residential sales decreased by 2,008,000 gallons, commercial decreased by 1,726,000 gallons, industrial decreased by 2,341,000 gallons, public increased by 550,000 gallons and bulk sales decreased by 1,469,000 gallons in 2014.

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 unbilled 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 Unbilled</u>
2014	255,805	170,087	0	701	33.5
2013	255,760	177,081	15,000	700	30.8
2012	268,303	183,751	7,500	733	31.5
2011	240,000	179,052	1,000	658	25.4

<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 Unbilled</u>
2010	245,171	175,030	3,000	672	28.6
2009	256,327	176,827	2,024	702	31.0
2008	265,236	186,294	5,500	725	29.8
2007	314,148	199,421	11,497	861	36.5
2006	336,783	211,846	2,965 ⁽⁴⁾	923	37.1
2005	315,901 ⁽³⁾	192,038	0 ⁽⁴⁾	865	39.2

- 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 Unbilled percentage is based on the Plant Output and Water Sold values. This accounts for unmetered water usage from hydrant flushing, leaks, tank drawdowns, fire protection, etc.

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

<u>Chemical</u>	<u>2013</u>		<u>2014</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	347	4,388	330	4,484
Caustic Soda	13,465	4,168	25,733	7,731
Chlorine	10,790	4,963	10,711	4,959
Fluoride	12,718	7,599	12,106	7,096
PolyEZ N1986	112	319	93	265
Stern PAC	163,560	29,441	184,890	33,280
EX 692/300-53 Polymer (Sludge Press)	840	1,436	1,306	2,233
Potassium Permanganate	1,113	4,019	1,232	4,797
Ammonia	9,591	<u>3,136</u>	8,436	<u>2,802</u>
TOTAL		\$59,470		\$67,647

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 2013 revenues and expenses compared with the projected actual (unaudited) and budgeted revenues and expenses for 2014.

TABLE 1
REVENUES AND EXPENSES FOR THE YEARS 2013 AND 2014
AND 2014 BUDGET

OPERATING REVENUE	Actual 2013	2014 Year End (unaudited)	Budget 2014
Metered Residential	\$1,061,952	\$1,197,952	\$1,170,874
Metered Commercial	336,894	368,481	375,671
Metered Industrial	29,955	22,509	32,995
Metered Public	28,572	31,815	32,087
Private Fire Protection	31,179	32,625	34,267
Public Fire Protection	23,820	28,906	26,290
Tap Fees	<u>5,290</u>	<u>0</u>	<u>18,504</u>
Subtotals Operating Revenue	\$1,517,662	\$1,682,288	\$1,690,688
NON-OPERATING REVENUE			
Bulk Water Sales	\$18,425	\$15,673	\$13,500
Well Sample Test	6,041	6,606	5,275
Turn on/off Service Fee (\$20)	9,241	7,357	9,000
Lien Letter Receipts (\$20)	1,600	2,421	1,400
Collection Costs Recovered @ \$10.00	26,271	34,398	26,000
Miscellaneous	2,978	3,313	2,500
Theft of Service Recovered	0	0	250
Job Work Revenue	25,008	3,882	2,500
Sewer Collection Fees	27,743	30,055	27,743
Interest Earnings	1,795	859	1,400
Uncollectible Recovery	371	515	250
Grants, Land & Timber Sales	0	0	0
FNB Trust - Debt Interest	54	40	75
FNB Trust - Debt Holdings	35	17	40
FNB Capital Interest	<u>6</u>	<u>3</u>	<u>10</u>
Subtotals Non-Operating Revenue	\$119,568	\$105,139	\$89,943
TOTAL REVENUES	\$1,637,230	\$1,787,427	\$1,780,631

TABLE 1 (Cont'd)

**REVENUES AND EXPENSES FOR THE YEARS 2013 AND 2014
AND 2014 BUDGET**

GENERAL AND ADMINISTRATIVE	<u>Actual 2013</u>	<u>2014 Year End (unaudited)</u>	<u>Budget 2014</u>
Authority Board	\$5,700	\$6,000	\$6,000
Office Salaries	99,584	97,676	99,234
Supplies & Expense (including Postage)	23,993	33,412	32,000
Contracted Services	28,240	32,190	32,000
Utility Expenses (Building)	13,533	17,424	14,425
Office Building Maintenance	827	8,214	1,075
Pipe Line Permits (Railroad and Borough)	6,230	5,085	6,334
General/Adj Bank Fees	4,768	4,550	4,930
Uncollectible Consumer (Writeoffs)	0	0	1,551
Engineer Expense (Not including Projects)	5,000	5,056	5,000
Legal and Professional	15,363	14,777	20,000
Insurance Expense (Liability & Workers Comp)	36,229	42,392	39,000
Social Security	31,388	32,439	33,000
Employee Health Benefits	75,747	80,518	105,500
Mileage Reimbursement	303	396	1,000
Education Expense	2,693	2,228	4,353
Unemployment Comp.	3,431	2,670	3,300
Retirement Expense	2,646	2,311	2,750
Miscellaneous	<u>538</u>	<u>1,243</u>	<u>1,000</u>
Subtotal General & Administrative	\$356,213	\$388,581	\$412,452
PURIFICATION SYSTEM			
Operating Labor	\$139,575	\$150,053	\$145,000
Labor Overtime	6,422	4,904	6,630
Operating Expenses	13,498	20,187	17,000
Chemicals	59,470	68,774	64,000
Contracted Services	31,921	33,825	26,000
Utilities	53,740	58,758	58,433
Lab Chemicals	13,201	13,040	13,000
Water Treatment Plant Evaluation	<u>*</u>	<u>3,296</u>	<u>*</u>
Subtotals Purification System	\$317,827	\$352,837	\$330,063

*Expenses capitalized prior to 2014

TABLE 1 (Cont'd)

REVENUES AND EXPENSES FOR THE YEARS 2013 AND 2014
AND 2014 BUDGET

	<u>Actual 2013</u>	<u>2014 Year End (unaudited)</u>	<u>Budget 2014</u>
HADLEY BOOSTER PUMP			
Electric/Building	\$ 879	\$ 777	\$ 547
Electric/Pumps	5,813	7,007	6,149
National Fuel	1,453	2,108	1,669
Pump Maintenance	0	0	1,604
Contracted Service	<u>6,000</u>	<u>0</u>	<u>0</u>
Subtotals Pumping	\$14,145	\$9,892	\$9,969
DISTRIBUTION SYSTEM			
General Labor	\$148,626	\$163,662	\$149,827
Labor Overtime	6,617	5,655	8,000
Services, Materials	4,432	2,786	4,960
Mains, Materials	11,565	9,644	5,000
Meters, Materials	761	24,041	118
Operating Expense	11,020	15,781	11,492
Contracted Service	39,760	37,170	46,478
Vehicle Expense	3,487	529	2,500
Gasoline Expense	<u>8,441</u>	<u>6,422</u>	<u>7,000</u>
Subtotal Distribution System	\$234,709	\$265,690	\$235,375
TOTAL EXPENSES	\$922,894	\$1,017,000	\$987,859

As shown in Table 1, for Fiscal Year 2014 the total unaudited operating revenue exceeded the budgeted revenues by \$6,796. For the same year, the total operating expenses were more than the budget by \$29,141 and the net operating income available for depreciation, debt service and capital additions is \$770,427.

Table 2 has been prepared to show the actual (unaudited) revenues and expenses of the Authority compared to the 2015 budget of revenues and expenses adopted by the Authority.

TABLE 2

OPERATING BUDGET FOR 2015

	2014	
	<u>Year End (unaudited)</u>	<u>2015 Budget</u>
OPERATING REVENUE		
Metered Residential	\$1,197,952	\$1,275,172
Metered Commercial	368,481	393,523
Metered Industrial	22,509	24,125
Metered Public	31,815	34,863
Private Fire Protection	32,625	34,339
Public Fire Protection	28,906	26,892
Tap Fees	<u>0</u>	<u>2,000</u>
Subtotals Operating Revenue	\$1,682,288	\$1,790,914
NON-OPERATING REVENUE		
Bulk Water Sales	\$15,673	\$8,400
Well Sample Test	6,606	6,000
Turn on/off Service Fee (\$20)	7,357	7,560
Lien Letter Receipts (\$20)	2,421	1,800
Collection Cost Recovery (\$10)	34,398	26,000
Miscellaneous	3,313	3,000
Theft of Service Recovered	0	240
Job Work Revenue	3,882	2,400
Sewer Collection Fees	30,055	27,744
Interest Earnings	859	600
Uncollectible Recovery	515	240
Loans and Grants	0	0
FNB Trust - Debt Interest	40	48
FNB Trust Debt Holding	17	18
FNB - Capital Interest	<u>3</u>	<u>4</u>
Subtotals Non-Operating Revenue	\$105,139	\$84,054
TOTAL REVENUES	\$1,787,427	\$1,874,968

TABLE 2 (Cont'd)

OPERATING BUDGET FOR 2015

	<u>2014</u>	<u>2015 Budget</u>
	<u>Year End (unaudited)</u>	
GENERAL AND ADMINISTRATIVE		
Authority Board	\$6,000	\$6,000
Office Salaries	97,676	108,540
Office Supplies and Expenses (Incl. Postage)	33,412	39,000
Contracted Services	32,190	33,000
Utility Expense (Building)	17,424	18,000
Office Building Maintenance	8,214	1,200
Pipe Line Permits (Railroad and Borough)	5,085	6,000
General/Adj Bank Fees	4,550	4,800
Uncollectible Consumer (Writeoffs)	0	1,200
Engineer Expense (Not including Projects)	5,056	5,000
Legal & Professional	14,777	12,000
Insurance Expense (Liability & Workers Comp)	42,392	40,500
Social Security	32,439	33,300
Employee Health Benefits	80,518	87,600
Mileage Reimbursement	396	600
Education Expense	2,228	4,800
Unemployment Comp,	2,670	3,300
Retirement Expense	2,311	6,200
Miscellaneous	<u>1,243</u>	<u>1,200</u>
Subtotals General and Administrative	\$388,581	\$412,240
PURIFICATION SYSTEM		
Operating Labor	\$150,053	\$150,000
Labor Overtime	4,904	5,400
Operating Expense	20,187	21,300
Chemicals	68,774	72,000
Contracted Services	33,825	30,000
Utilities	58,758	60,000
Lab Chemicals	13,040	12,000
Water Treatment Plant Evaluation	<u>3,296</u>	<u>3,600</u>
Subtotals Purification System	\$352,837	\$354,300

TABLE 2 (Cont'd)

OPERATING BUDGET FOR 2015

	2014	2015 Budget
	<u>Year End (unaudited)</u>	<u>2015 Budget</u>
HADLEY BOOST PUMP		
Electric/Building	\$ 777	\$ 720
Electric/Pumps	7,007	7,200
National Fuel	2,108	2,400
Pump Maintenance	0	1,800
Contracted Service	<u>0</u>	<u>0</u>
Subtotals Pumping System	\$9,892	\$12,120
DISTRIBUTION SYSTEM		
General Labor	\$163,662	\$163,080
Labor Overtime	5,655	8,000
Services Materials	2,786	3,600
Mains Materials	9,644	9,000
Meters Materials	24,041	28,000
Operating Expense	15,781	12,000
Contracted Services	37,170	40,000
Vehicle Expense	529	2,400
Gasoline Expense	<u>6,422</u>	<u>7,200</u>
Subtotals Distribution	\$265,690	\$273,280
TOTAL EXPENSES	\$1,017,000	\$1,051,940

The Operating Budgeted Expenses for 2015, included herein, total \$1,051,940. This represents an increase of approximately 3.4 percent over the unaudited operating expenses in 2014. Expenses are based on present and anticipated 2015 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 \$1,790,914 in 2015. Non-operating revenues are estimated to amount to \$84,054, 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 2015 have been anticipated to amount to \$1,874,968.

3.2 Comparative Statement of Revenues, Expenses, and Debt Service

A comparative statement of operating revenues, expenses, and debt service for Fiscal Years 2014 and 2015 is shown in Table. The Budget FY2015 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 2014</u>	<u>Budget FY 2015</u>
<u>Net Revenue</u>		
Total Revenue	\$1,787,427	\$1,874,968
Total Expenses	<u>1,017,000</u>	<u>1,051,940</u>
Total Revenue Available for Debt Service	\$770,427	\$823,028
<u>Debt Service</u>		
2011 Bond Issue	\$291,338	\$290,038
PENNVEST Waterline	<u>230,010</u>	<u>248,400</u>
Total Debt Service	\$521,348	\$538,438
<u>Capital Additions</u>		
Revenue Available for Debt Service	\$770,427	\$823,028
Total Debt Service	<u>(\$521,348)</u>	<u>(\$538,438)</u>
Available for Capital Additions	\$249,079	\$284,590
Coverage provided	1.48	1.53

The above summary indicates that revenues produced by the rate schedule effective January 1, 2015 together with other non-operating revenue will provide revenues for the year 2015 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 2014

Cost of capital additions to plant and equipment of the Waterworks System in 2014 totaled \$398,012. 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 2014

<u>ITEM</u>	<u>Budget 2014</u>	<u>Actual 2014</u>
Lab / Plant Equipment	\$ 26,000	\$ 13,909
Raw Pumps/Finish Pumps	15,000	0
Sludge/Press Pump Improvements	1,750	0
Building & Parking Lot Repairs	15,000	7,634
System Map and Model	2,450	0
Meter Reading & Meter Replacement Program	23,091	28,468
Hydrant/Valve Program	5500	0
Tools & Equipment	7,000	0
Main Line Improvements	9142	0
Storage Tank Maintenance/Painting	153,000	197,026
Office Equipment	7,500	0
Fredonia Road Waterline Extension	140,000	150,975
River Crossing	200,000	0
Booster Station Study and Replacement	<u>85,000</u>	<u>0</u>
Total	\$690,433	\$398,012

4.2 Capital Improvements Program 2015-2017

Proposed capital improvements for the years 2015, 2016 and 2017 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 2015, 2016 AND 2017

<u>ITEM</u>	<u>Budget 2015</u>	<u>Budget 2016</u>	<u>Budget 2017</u>
Lab / Plant Equipment	\$18,000	\$22,000	\$25,000
Raw/Finish Pumps	12,000	15,000	0
Sludge/Press Pump Improvements	2,000	2,000	2,000
Building & Parking Lot Repairs	5,000	0	0
System Map and Model	3,000	1,500	1,500
New Vehicles	0	0	40,000
Hydrant/Valve Program	4,800	4,800	4,800
Tools & Equipment	3,600	3,600	3,600
Storage Tank Maintenance/Painting	0	0	120,000
Office Equipment	6,000	2,400	2,400
College Avenue Waterline	200,000	0	0
River Crossing	244,000	76,000	0
West Tank Piping Improvement	250,000	0	0
Booster Station Study and Replacement	0	277,000	123,000
Total	\$748,400	\$404,300	\$322,300

5. RATES, RENTS AND CHARGES FOR WATER

The Authority's current rate schedule, which became effective January 1, 2015, is summarized as follows:

Monthly minimum charge for which 500 gallons of water is allowed

<u>Size of meter</u>	<u>Rate</u>
5/8"	\$17.11
3/4"	\$25.32
1"	\$37.64
1 1/4"	\$45.11
1 1/2"	\$51.15
2"	\$77.88
3"	\$156.94
4"	\$257.14
6"	\$487.09

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

for the next	3,500 gallons	\$7.48
for the next	29,500 gallons	\$7.73
for the next	66,500 gallons	\$7.47
for the next	233,500 gallons	\$5.54
over	333,500 gallons	\$3.92

STAND BY SERVICE FOR PRIVATE FIRE PROTECTION

(Annual Cost – billed monthly)

2" Hydrant - each	\$91.28
4" Hydrant - each	\$385.50
6" Hydrant - each	\$507.21

Sprinkler Systems

2" Connection - each	\$91.28
4" Connection - each	\$385.50
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	\$18,256.92 per year
Hempfield Township	\$8,604.12 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: \$7.54 per thousand billed monthly.

6. INSURANCE

Insurance in force as of December 31, 2014, is tabulated on the following page and includes General Liability, Property Coverage, Employees, Vehicles, Public Officials Liability, Employee Workers Compensation, 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, 2014

<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	5/1/15
	Property Coverage	Building Coverage	\$8,038,598	5/1/15
		Hydrants	\$25,000	5/1/15
		Mobile Equipment	\$38,000	5/1/15
		Flood & Earthquake		
	Umbrella Coverage		\$1,000,000	5/1/15
	Public Officials and Employment Practices Liability		\$3,000,000	5/1/15
Commercial Crime		\$100,000	5/1/15	
Computer Fraud		\$500,000	5/1/15	
Arch Insurance Co.	4 Vehicles, 2 Trailers	Property damage	\$1,000,000	5/1/15
		Comprehensive	\$1,000,000	5/1/15
		Collision	\$1,000,000	5/1/15
		Physical Damage	\$1,000,000	5/1/15
		Uninsured Motorists	\$1,000,000	5/1/15
Erie Insurance Co. of New York	Employee Workers Compensation		PA Standard	2/28/15

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. Total Expenses in the amount of \$1,051,940 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 2015 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-second 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

Gannett Fleming is registered to provide engineering services as Gannett Fleming, Inc. In the performance of its services on behalf of the Authority, which is a municipal entity, Gannett Fleming is not recommending any financing action, is not acting as a municipal advisor to the Client and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to the Authority with respect to the information and material contained in this Report; the Authority should discuss any information and material contained in this Report with any and all internal and/or external financial advisors and experts deemed appropriate before acting on the information contained in this Report.

ACKNOWLEDGMENT

Gannett Fleming, Inc. would like to take this opportunity to express its sincere thanks to the Authority Board and Ms. Carol J. Paul and her staff for their work and valuable contributions to this report.

Respectfully submitted,

GANNETT FLEMING, INC.



THOMAS L. THOMPSON, P.E.

Senior Project Manager

	A	B	C	D	E	F	G	H	I	J	K
1	Page 1 of 5										Revenues
2	Approved / Actual										
	Operating Revenues	2011 Actual	2012 Budget	2012 Actual	2013 0% Budget	2013 Actual	2014 +10% Budget	2015 +6.5% Budget	2016 0% Budget	2017 0% Budget	2018 0% Budget
3	Metered Residential	1,014,005	990,344	1,022,419	1,022,932	1,068,573	1,170,874	1,246,981	1,246,981	1,246,981	1,246,981
4	Metered Commercial	397,490	384,159	402,185	397,911	338,995	375,671	400,090	400,090	400,090	400,090
5	Metered Industrial	32,362	31,846	33,039	32,655	30,142	32,995	35,140	35,140	35,140	35,140
6	Metered Public	27,602	27,239	32,371	31,568	28,750	32,087	34,173	34,173	34,173	34,173
7	Private Fire Protection	27,917	25,312	29,651	29,371	31,179	34,267	36,494	36,494	36,494	36,494
8	Public Fire Protection	23,820	23,163	23,820	23,163	23,820	26,290	26,290	26,290	26,290	26,290
9	Tap In Fees	4,112	4,112	9,005	4,112	5,290	18,504	2,000	2,000	2,000	2,000
10	Subtotal Operating	1,527,308	1,486,175	1,552,490	1,541,712	1,526,748	1,690,688	1,781,167	1,781,167	1,781,167	1,781,167
11											
12	Non-Operating Revenues	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
13	Bulk Water Sales	8,614	8,614	11,712	11,712	18,425	13,500	14,378	14,378	14,378	14,378
14	Well Sample Test (\$25)	5,275	6,000	5,235	4,500	6,041	5,275	5,275	5,275	5,275	5,275
15	Turn on/off Service (\$20)	8,630	9,000	10,368	9,000	9,241	9,000	9,000	9,000	9,000	9,000
16	Lien Letter Receipts (\$25)	1,545	1,600	1,467	1,500	1,600	1,400	1,400	1,400	1,400	1,400
17	Collection Cost Recovery (\$10)	25,899	26,750	25,086	26,000	26,271	26,000	26,000	26,000	26,000	26,000
18	Misc/Scrap	2,689	1,300	4,129	1,500	2,978	2,500	2,500	2,500	2,500	2,500
19	Theft Of Service Recovered	0	500	0	500	0	250	250	250	250	250
20	Work For Others	498	2,500	2,587	2,500	31,483	2,500	2,500	2,500	2,500	2,500
21	Sewer Collection Fees	24,743	27,743	27,743	27,743	25,431	27,743	27,743	27,743	27,743	27,743
22	Interest Earnings	1,010	800	1,916	800	1,793	1,400	1,400	1,400	1,400	1,400
23	Written Off Acc Recovery	126	325	1,257	325	371	250	250	250	250	250
24	Grant-Property-Lease	7,277	0	0	0	453,403	0	0	0	0	0
25	USB Trust - Debt Interest	135	140	15	15	54	75	75	75	75	75
26	USB Trust - Debt Holdings Interest	315	325	74	75	35	40	40	40	40	40
27	USB Capital Interest	156	160	4	10	6	10	10	10	10	10
28	Subtotal Non-Operating	86,913	85,757	91,593	86,180	577,132	89,943	90,821	90,821	90,821	90,821
29											
30	TOTAL REVENUES	1,614,221	1,571,932	1,644,083	1,627,892	2,103,880	1,780,631	1,871,987	1,871,987	1,871,987	1,871,987
31	01/01/2011 - 10% increase 2014 Approved with actual, 2015, 2016, 2017, 2018 Budgets are for planning purposes only.										

	A	B	C	D	E	F	G	H	I	J	K	
1	Approved / Actual	Page 2 of 5									ADMINISTRATION EXPENSES	
2	General & Administration	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	
3	Authority Board	5,700	6,000	6,000	6,000	5,700	6,000	6,000	6,000	6,000	6,000	
4	Office Salaries	105,978	105,500	104,658	95,000	97,288	99,234	101,218	103,243	105,308	107,414	
5	Billing Supplies	28,628	29,159	25,353	28,017	23,993	32,000	33,088	34,213	35,376	36,579	
6	Contracted Services	21,140	18,500	26,065	22,219	28,240	32,000	33,088	34,213	35,376	36,579	
7	Utilities	16,035	16,000	13,485	13,417	13,533	14,425	14,915	15,423	15,947	16,489	
8	Office Bldg Maint.	2,345	1,025	1,061	1,082	827	1,075	1,100	1,100	1,100	1,100	
9	Permits/ROW	3,209	3,500	1,605	3,500	6,286	6,334	6,549	6,772	7,002	7,240	
10	Gen/Adj Bank Fees	0	0	2,755	0	4,768	4,930	5,098	5,271	5,450	5,636	
11	Uncollectible Write Off	1,513	2,500	0	1,500	0	1,551	1,604	1,658	1,715	1,773	
12	Engineer Retainer	5,000	5,700	4,583	5,894	5,417	5,000	5,170	5,346	5,528	5,715	
13	Legal & Professional	55,740	90,000	7,950	10,000	15,363	20,000	20,680	21,383	22,110	22,862	
14	Insurance Premiums	44,887	36,050	38,556	39,136	37,318	39,000	40,326	41,697	43,115	44,581	
15	Social Security	32,477	33,000	32,848	34,250	31,388	33,000	34,122	35,282	36,482	37,722	
16	Health Benefits	120,073	101,500	73,663	85,000	75,747	105,500	109,087	114,541	120,268	126,282	
17	Mileage Reimbursement	524	700	1,254	1,551	303	1,000	1,034	1,069	1,106	1,143	
18	Educ/Safety/Med	2,698	4,000	3,527	4,190	2,693	4,353	4,501	4,654	5,085	5,258	
19	Unemploy-Comp	3,256	3,300	3,398	3,516	3,431	3,300	3,412	3,528	3,648	3,772	
20	Retirement	10,212	10,300	10,416	10,300	2,646	2,750	2,750	2,750	2,750	2,750	
21	Court Fees	12,195	12,000	(1,446)	2,000	538	1,000	1,034	1,069	1,106	1,143	
22	Provision for Renewal (Depreciation)	287,221	245,000	245,000	290,000	290,000	325,000	325,000	325,000	325,000	325,000	
23	Subtotals do not include "provision for renewals." Expenses Based On 3.4% Increase Yearly											
24	SubTotal G & A Expenses	471,608	478,734	355,731	366,572	355,478	412,452	424,777	439,213	454,471	470,038	

Expenses

GREENVILLE WATER AUTHORITY 2014 APPROVED/2013 ACTUAL BUDGET

1/20/2014 1:12 PM

	A	B	C	D	E	F	G	H	I	J	K
26	Approved / Actual	Page 3 of 5					Treatment/Booster/Distribution Expenses				
27	Treatment Plant	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
28	Operating Labor	149,328	135,000	141,549	140,820	135,567	145,000	147,900	150,858	153,875	156,953
29	Overtime Labor	10,934	8,671	8,027	7,755	6,422	6,630	6,763	6,898	7,036	7,177
30	Operating Expense	10,972	27,540	24,248	19,536	13,290	17,000	17,578	18,176	18,794	19,433
31	Treat-Chemicals	59,745	65,280	66,114	68,415	59,470	64,000	66,176	68,426	70,752	73,158
32	Contracted Service	24,769	25,500	28,088	27,427	25,753	26,000	26,884	27,798	28,743	29,720
33	Utilities	60,733	65,000	53,613	53,606	53,740	58,433	60,336	62,303	64,337	66,441
34	Lab Chemicals	8,031	8,500	9,809	9,306	13,201	13,000	13,442	13,899	14,372	14,860
35	SubTotal Treatment	324,510	335,491	331,448	326,865	307,443	330,063	339,078	348,358	357,909	367,741
36											
37	Hadley Rd. Booster Pump	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
38	Electric / Building	602	597	459	529	879	547	566	585	605	625
39	Electric / Pumps	6,373	6,320	5,427	5,425	5,813	6,149	6,358	6,574	6,798	7,029
40	Heating	2,115	1,924	1,733	1,614	1,453	1,669	1,726	1,784	1,845	1,908
41	Pump Maint.	145	1,592	1,664	1,551	0	1,604	1,659	1,715	1,773	1,834
42	Contracted Service					6,000					
43	SubTotal Pumping	9,234	10,433	9,283	9,119	14,145	9,969	10,308	10,658	11,021	11,396
44											
45	Distribution	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
46	Operating Labor	144,404	156,601	152,992	142,966	167,266	149,827	152,824	155,880	158,998	162,178
47	Labor Overtime	9,210	9,900	5,887	6,070	6,617	8,000	8,160	8,323	8,490	8,659
48	Services Material	13,934	11,000	4,415	4,796	4,432	4,960	5,129	5,303	5,483	5,670
49	Mains Material	2,617	2,000	5,269	3,309	11,565	5,000	5,170	5,346	5,528	5,715
50	Meters Material	661	905	110	114	761	118	122	126	130	135
51	Operating Expense	10,476	7,000	11,245	11,116	11,020	11,492	11,884	12,288	12,706	13,138
52	Contracted Service	41,539	44,000	57,396	26,137	39,760	46,478	48,058	49,692	51,382	53,129
53	Vehicle Expense	10,338	3,000	942	517	6,357	2,500	2,585	2,673	2,764	2,858
54	Gasoline Expense	6,239	6,618	6,451	6,463	8,441	7,000	7,238	7,484	7,739	8,002
55	SubTotal Distribution	239,418	241,024	244,707	201,488	256,219	235,375	241,169	247,115	253,219	259,483
57	Total Expenses	1,044,771	1,065,682	941,169	904,044	933,285	987,859	1,015,333	1,045,344	1,076,620	1,108,658

	A	B	C	D	E	F	G	H	I	J	K
1	Approved / Actual	Page 4 of 5 CAPITAL IMPROVEMENTS									
2	Treatment Plant	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
3	Evaluation/Optimization	3,503	5,000	1,548	5,000	6,168	5,500	7,000	7,000	7,000	7,000
4	Lab / Plant Equip	5,803	30,000	18,338	20,000	11,258	26,000	24,000	24,000	30,000	30,000
5	Raw/Finish Pumps	0	0	0	0	12,464	15,000	0	0	0	0
6	Sludge Press/Pump Equip	0	1,250	0	1,500	0	1,750	2,000	2,000	10,000	2,500
7	Sub Total - Plant	9,306	36,250	19,886	26,500	29,890	48,250	33,000	33,000	47,000	39,500
8											
9	Distribution	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
10	Building & Lot Repairs	0	31,500	0	7,500	0	15,000	2,000	2,000	9,781	9,816
11	System Map & Model	0	1,500	2,115	1,500	0	2,450	2,500	2,000	2,000	2,000
12	Meter Replacement	15,079	16,000	34,178	26,000	36,884	23,091	22,643	18,534	18,553	18,571
13	New Vehicles	18,465	0	0	25,000	23,997	0	30,472	0	30,000	0
14	Hydrant/Valve Replace	0	6,500	0	7,000	4,747	5,500	6,000	6,520	10,000	10,000
15	Power Equipment	0	3,500	0	8,000	3,134	7,000	6,000	7,000	7,000	7,000
16	Main/Service Line Improvements	34,774	100,000	0	150,000	4,482	9,142	210,000	100,000	132,044	131,453
17	Storage Tanks Painting	2,830	110,000	0	110,000	4,209	153,000	0	120,000	0	0
18	Sub Total - Distribution	71,148	269,000	36,293	335,000	77,454	215,183	279,615	256,054	209,378	178,840
19											
20	Office	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
21	Office Equipment	0	8,425	4,150	7,500	2,279	7,500	8,000	8,000	8,000	8,000
22	Sub - Total Office	0	8,425	4,150	7,500	2,279	7,500	8,000	8,000	8,000	8,000
23											
24	Total	80,454	313,675	60,329	381,000	109,623	270,933	320,615	297,054	264,378	226,340
25											
26	FUNDED FROM AVAILABLE CASH RESERVE										
27	River Crossing	0	0	0	12,000	0	200,000	0	0	0	0
28	Booster Station Study and Replacement	0	0	0	0	0	85,000	100,000	0	0	0
29	Fredonia Rd. Project	0	0	0	0	0	140,000	0	0	0	0

	A	B	C	D	E	F	G	H	I	J	K	
1	Approved / Actual Page 5 of 5 DEBT SERVICE & SUMMARY											
2												
3		2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	
4	Pennvest Princ/Int Hadley Rd. Tank Paid Off July 2013	36,233	42,043	34,588	38,170	625,059	0	0	0	0	0	
5	Pennvest Princ/Int Dist Improvement		12,000	1,000	26,000	24,242	230,500	246,000	246,000	246,000	246,000	
6	USB Bonds Princ/Int Pay Off September 2024	289,708	61,268	61,268	278,678	278,678	291,338	290,038	283,588	284,988	290,988	
7	Hospital Princ/Int Pay Off January 2012	22,399	1,875	1,875	0	0	0	0	0	0	0	
8	Total Debt. Service	348,340	117,187	98,731	342,848	927,979	521,838	536,038	529,588	530,988	536,988	
9	BUDGET SUMMARY											
10		2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	
11	Revenues	1,614,221	1,571,932	1,644,083	1,627,892	2,103,880	1,780,631	1,871,987	1,871,987	1,871,987	1,871,987	
12	Expenses	1,044,771	1,065,682	941,169	904,044	933,285	987,859	1,015,333	1,045,344	1,076,620	1,108,658	
13	Net Revenue	569,450	506,250	702,915	723,848	1,170,595	792,772	856,655	826,643	795,368	763,329	
14	Capital Improvements	80,454	313,675	60,329	381,000	109,623	270,933	320,615	297,054	264,378	226,340	
15	Debt. Service	348,340	117,187	98,731	342,848	927,979	521,838	536,038	529,588	530,988	536,988	
16	Indenture Coverage	1.63	4.32	7.12	2.11	1.26	1.52	1.60	1.56	1.50	1.42	
17	Balanced Budget +/-	140,656	75,388	543,855	0	132,992	1	2	1	2	1	
18												
19	When Calculating Debt Service, Divide Net Revenue Into Debt Service For Indenture Coverage Of No Less Than 1.1%											
20												
21	Available cash in bank accounts less emergency fund as of December 31, 2013								797,839			
22	Expense River Crossing, Booster Station and Fredonia Rd. from available cash								425,000			
23	Available cash balance								372,839			