

The Greenville Water Authority
Mercer County, Pennsylvania

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

January 2015



1.	INTRODUCTION	
1.1	Introduction	1.1
1.2	Greenville Water Authority Water System Description	1.2
2.	OPERATIONAL AND MAINTENANCE STATUS OF AUTHORITY FACILITIES	
2.1	System Operational and Maintenance Status	2.1
2.2	Water Treatment Plant	2.1
2.3	Distribution System.....	2.1
2.4	Distribution Storage Facilities.....	2.2
2.5	General Office Structures and Equipment	2.3
2.6	Consumers.....	2.3
2.7	Use of Water	2.4
2.8	Water Treatment Plant Operation	2.4
3.	REVENUES AND EXPENDITURES	
3.1	Revenues and Expenses	3.1
3.2	Comparative Statement of Revenues, Expenses, and Debt Service.....	3.10
4.	CAPITAL IMPROVEMENTS AND REDEMPTION FUND	
4.1	Capital Improvements 2014	4.1
4.2	Capital Improvements Program 2015-2017	4.2
5.	RATES, RENTS AND CHARGES FOR WATER.....	5.1
6.	INSURANCE.....	6.1
7.	CONCLUSIONS AND RECOMMENDATIONS.....	7.1
8.	ACKNOWLEDGEMENT.....	8.1
<u>TABLES</u>		
	1 - Revenues and Expenses for the Years 2013 and 2014 and 2014 Budget	3.2
	2 - Operating Budget for 2015	3.6
	3 - Comparative Statement of Revenues, Expenses and Debt Service	3.10
	4 - Capital Improvements Program 2014	4.1
	5 - Capital Improvements Program 2015, 2016 and 2017	4.2

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	<u>Actual 2013</u>	<u>2014 Year End (unaudited)</u>	<u>Budget 2014</u>
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

	<u>2014</u> <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