

DRAFT

The Greenville Water Authority
Mercer County, Pennsylvania

**2009 Water System
Annual Report and
2010 Operating Budget**

February 2010



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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 First Supplemental Trust Indenture dated January 15, 1994, from the Authority to the First National Bank of Mercer County, which states:

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

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

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

This report is the sixty-seventh 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 2010, and the capital expenditures proposed for the fiscal year 2010. 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, four storage tanks, distribution mains, and associated appurtenances. This system serves Greenville Borough and a portion of Hempfield 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 2009 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 5,821 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 purchased in 2009 included new solenoid valves on the Greenleaf filter vacuum tank, a new pH meter and total chlorine analyzer, a new vacuum pump for filter operation, a new Hach 1720E Turbidity meter on filter three, a new raw water jet pump for raw water sampling in the lab, replaced colorimeter on the total chlorine analyzer, a new feeder for the poly phosphate feed, and a new jet pump motor for the chlorine analyzers, and a Hach Source Water Protection Analyzer. A new security gate was also installed at the Plant.

2.3 Distribution System

The distribution system has been properly maintained during the past year, and extensions were made as required to serve customers. A 2" loop on Donation Road was completed. 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, 452 remote meters were installed and 153 meters were tested or repaired in 2009.

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/May and October of 2009.

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 authorized Phase 2 of the modeling. Phase 2 consists primarily of remapping and updating of the distribution system onto one map. There are presently two maps covering the distribution system.

2.4 Distribution Storage Facilities

The exterior surfaces and grounds surrounding the two 750,000 gallon, 255,000-gallon, and the high level 250,000-gallon storage tanks are maintained in a satisfactory manner. Construction for a new 1 million gallon storage tank adjacent to the existing Hadley Road storage tank was started in October 2009. Construction is anticipated to be completed by October 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

2.5 General Office Structures and Equipment

The general office structure has been well maintained and is adequate in size for Authority operations. New software and computer hardware was added in 2009.

Under General Shop Equipment, general tools and equipment were purchased during 2009. 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, 2009, compared with those listed at the end of 2008, is as follows:

Number of Consumers

	<u>December 31, 2008</u>	<u>December 31, 2009</u>
Domestic	2,489	2,462
Commercial	398	398
Industrial	3	3
Public	<u>21</u>	<u>24</u>
	2,911	2,887
Private Fire Protection	45	45
Public Fire Protection	2	2

The customer total as of December 31, 2009, included 192 domestic multiple minimum accounts and 164 commercial multiple minimum accounts.

2.7 Use of Water

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

Classification	Total Gallons Sold (in 1,000 Gallons)				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Domestic	105,765	116,470	107,400	107,073	103,909
Commercial	79,925	69,321	67,456	55,136	52,732
Industrial	3,501	4,432	5,764	5,625	5,603
Public	2,324	5,637	16,693	17,444	13,934
Bulk Sales	<u>522.8</u>	<u>629.45</u>	<u>1,141.22</u>	<u>1,034.9</u>	<u>740.9</u>
TOTAL	192,038	196,489	200,461	186,313	176,919

Sales to metered consumers totaled 176,918,900 gallons or a daily average of approximately 484,709 gallons in 2009 and represents a decrease in total sales of 9,394,000 gallons from 2008. A breakdown of sales per customer class indicates that domestic sales decreased by 3,164,000 gallons, commercial decreased by 2,404,000 gallons, industrial decreased by 22,000 gallons,

public decreased by 3,510,000 gallons and Bulk sales decreased by 294,000 gallons in 2009.

2.8 Filter Plant

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>
2009	256,327	176,919	2,024	702	30.2
2008	265,236	186,313	5,500	725	26.5
2007	314,148	198,454	11,497	861	33.2
2006	336,783	211,846	2,965 ⁽⁴⁾	923	36.2
2005	315,901 ⁽³⁾	192,038	0 ⁽⁴⁾	865	39.2
2004	328,425 ⁽³⁾	191,741	0 ⁽⁴⁾	897	41.6
2003	234,345	190,009	0 ⁽⁴⁾	642	18.9
2002	283,317	225,500	0 ⁽⁴⁾	776	20.4
2001	269,868	205,514	0 ⁽⁴⁾	739	23.8
2000	244,087	234,917	0 ⁽⁴⁾	668	10.0

Notes: ⁽¹⁾ Water unit in 1,000 gallons.

⁽²⁾ Water use estimated for hydrant flushing, fire protection, sludge building, etc.

⁽³⁾ Water use estimated due to meter inaccuracies.

⁽⁴⁾ Water used in plant operation is supplied before output meter.

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

<u>Chemical</u>	<u>2008</u>		<u>2009</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	311	3,517	379	4,793
Caustic Soda	4,264	1,173	10,419	2,663
Chlorine	10,349	4,761	11,417	5,673
Fluoride	12,516	5,446	11,138	6,277
PolyEZ N1986	149	364	120	306
Stern PAC	157,650	26,012	155,050	29,460
EX 692/300-53 Polymer (Sludge Press)	2,549	6,041	2,172	5,148
Potassium Permanganate	1,809	4,794	811	2,736
Ammonia	9,853	<u>2,820</u>	9,507	<u>2,483</u>
TOTAL		\$54,928		\$59,539

Bacteriological analysis reports (10 reports per month) were submitted to the Department of Environmental Protection during the year.

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 2008 revenues and expenses compared with the projected actual (unaudited) and budgeted revenues and expenses for 2009.

TABLE 1
REVENUES AND EXPENSES FOR THE YEARS 2008 AND 2009
AND 2009 BUDGET

OPERATING REVENUE	<u>Actual 2008</u>	<u>2009 Year End (unaudited)</u>	<u>Budget 2009</u>
Metered Domestic	\$833,050	\$832,577	\$850,000
Metered Commercial	329,166	309,061	339,000
Metered Industrial	25,492	25,216	26,000
Metered Public	27,041	25,851	28,000
Private Fire Protection	18,933	20,882	19,000
Public Fire Protection	21,548	21,549	21,548
Tap Fees	<u>4,112</u>	<u>8,157</u>	<u>4,112</u>
Subtotals Operating Revenue	\$1,259,342	\$1,243,293	\$1,287,660
NON-OPERATING REVENUE			
Bulk Water Sales	\$5,607	\$4,757	\$6,000
Well Sample Test	3,320	2,980	3,000
Turn on/off Service Fee (\$20)	10,620	9,921	10,800
Lien Letter Receipts (\$ 20)	1,340	1,000	1,500
Collection Costs Recovered @ \$10.00	21,466	23,306	22,000
Miscellaneous	27,254	1,138	1,000
Theft of Service Recovered	2,846	530	300
Job Work Revenue	12,526	7,141	3,500
Sewer Collection Fees	25,273	25,273	25,273
Interest Earnings	8,081	2,238	7,000
Uncollectible Recovery	933	367	550
Grants, Land & Timber Sales	332,300	0	36,500
FNB Trust - Debt Interest	1,541	555	1,500
FNB Trust - Debt Holdings	7,696	2,525	8,200
FNB Capital Interest	<u>4,715</u>	<u>1,634</u>	<u>5,400</u>
Subtotals Non-Operating Revenue	\$465,518	\$83,365	\$132,523
TOTAL REVENUES	\$1,724,860	\$1,326,658	\$1,420,183

TABLE 1 (Cont'd)

**REVENUES AND EXPENSES FOR THE YEARS 2008 AND 2009
AND 2009 BUDGET**

GENERAL AND ADMINISTRATIVE	<u>Actual 2008</u>	<u>2009 Year End (unaudited)</u>	<u>Budget 2009</u>
Authority Board	\$6,900	\$6,000	\$7,200
Office Salaries	103,320	105,021	105,000
Supplies & Expense (including Postage)	39,981	40,675	40,781
Contracted Services	18,621	18,477	20,000
Utility Expenses (Building)	15,332	15,785	15,639
Office Building Maintenance	1,812	102	2,500
Pipe Line Permits (Railroad and Borough)	5,405	7,104	5,500
Uncollectible Consumer (Writeoffs)	2,150	2,061	2,200
Engineer Expense (Not including Projects)	5,000	5,664	5,000
Legal and Professional	31,023	17,508	20,000
Insurance Expense (Liability & Workers Comp)	38,113	38,500	38,500
Social Security	31,623	30,886	32,256
Employee Health Benefits	92,736	98,139	98,432
Mileage Reimbursement	237	249	500
Education Expense	1,606	1,683	3,000
Unemployment Comp.	3,531	2,376	3,637
Retirement Expense	23,441	17,359	17,359
Miscellaneous	<u>13,786</u>	<u>13,583</u>	<u>12,500</u>
Subtotal General & Administrative	\$434,617	\$421,172	\$430,004
PURIFICATION SYSTEM			
Operating Labor	\$126,480	\$141,252	\$137,565
Labor Overtime	12,094	9,909	12,336
Operating Expenses	26,376	26,287	24,000
Chemicals	54,913	59,552	56,011
Contracted Services	32,811	23,669	35,000
Utilities	69,726	71,682	71,120
Lab Chemicals	<u>6,818</u>	<u>10,677</u>	<u>6,954</u>
Subtotals Purification System	\$329,218	\$343,028	\$342,986

TABLE 1 (Cont'd)

**REVENUES AND EXPENSES FOR THE YEARS 2008 AND 2009
AND 2009 BUDGET**

	<u>Actual 2008</u>	<u>2009 Year End (unaudited)</u>	<u>Budget 2009</u>
HADLEY BOOSTER PUMP			
Electric/Building	\$1,168	\$625	\$1,191
Electric/Pumps	6,050	6,587	6,232
National Fuel	2,444	2,311	2,517
Pump Maintenance	<u>431</u>	<u>1,617</u>	<u>1,000</u>
Subtotals Pumping	\$10,093	\$11,140	\$10,940
DISTRIBUTION SYSTEM			
General Labor	\$50,103	\$58,022	\$53,000
Labor Overtime	9,879	6,060	10,077
Meter Reading	12,145	11,453	13,500
Distribution Labor @ Plant	11,819	4,281	14,000
Gratuitous Labor (No charge, 1-Call, On/Off)	24,680	27,053	25,174
Mains, Labor	8,399	1,970	10,000
Maintenance - Hydrants	6,592	15,683	6,952
Services, Labor	16,179	12,107	14,000
Meters, Labor	6,195	6,226	7,000
Maintenance - Tanks	380	2,167	2,000
Services, Materials	10,901	12,130	9,482
Mains, Materials	4,153	1,664	4,236
Meters, Materials	923	853	942
Operating Expense	8,872	5,824	7,000
Contracted Service	66,948	34,691	50,000
Vehicle Expense	676	1,767	689
Gasoline Expense	<u>6,289</u>	<u>4,874</u>	<u>5,500</u>
Subtotal Distribution System	\$245,133	\$206,825	\$233,552
TOTAL EXPENSES	\$1,019,061	\$982,165	\$1,017,482

As shown in Table 1, for Fiscal Year 2009 the total unaudited operating revenue was \$93,525 under budget due to decreases in domestic and commercial sales. For the same year, the total operating expenses were under budget by \$35,317 and the net operating income available for depreciation, debt service and capital additions is \$344,493.

Table 2 has been prepared to show the actual (unaudited) revenues and expenses of the Authority compared to the 2010 budget of revenues and expenses adopted by the Authority.

TABLE 2

OPERATING BUDGET FOR 2010

	2009	2010 Budget
	<u>Year End (unaudited)</u>	<u>2010 Budget</u>
OPERATING REVENUE		
Metered Domestic	\$832,577	\$841,576
Metered Commercial	309,061	311,130
Metered Industrial	25,216	25,527
Metered Public	25,851	26,599
Private Fire Protection	20,882	19,426
Public Fire Protection	21,549	23,163
Tap Fees	<u>8,157</u>	<u>6,168</u>
Subtotals Operating Revenue	\$1,243,293	\$1,253,589
NON-OPERATING REVENUE		
Bulk Water Sales	\$4,757	\$4,893
Well Sample Test	2,980	4,700
Turn on/off Service Fee (\$20)	9,921	10,000
Lien Letter Receipts (\$20)	1,000	1,100
Collection Cost Recovery (\$10)	23,306	23,500
Miscellaneous	1,138	1,200
Theft of Service Recovered	530	500
Job Work Revenue	7,141	5,000
Sewer Collection Fees	25,273	27,743
Interest Earnings	2,238	3,000
Uncollectible Recovery	367	500
Loans and Grants	0	36,500
FNB Trust - Debt Interest	555	1,500
FNB Trust Debt Holding	2,525	2,934
FNB - Capital Interest	<u>1,634</u>	<u>1,860</u>
Subtotals Non-Operating Revenue	\$83,365	\$124,930
TOTAL REVENUES	\$1,326,658	\$1,378,519

TABLE 2 (Cont'd)

OPERATING BUDGET FOR 2010

	<u>2009</u>	<u>2010 Budget</u>
	<u>Year End (unaudited)</u>	
GENERAL AND ADMINISTRATIVE		
Authority Board	\$6,000	\$6,000
Office Salaries	105,021	103,000
Office Supplies and Expenses (Incl. Postage)	40,675	40,600
Contracted Services	18,477	17,500
Utility Expense (Building)	15,785	15,526
Office Building Maintenance	102	1,500
Pipe Line Permits (Railroad and Borough)	7,104	6,000
Uncollectible Consumer (Writeoffs)	2,061	2,000
Engineer Expense (Not including Projects)	5,664	5,700
Legal & Professional	17,508	12,000
Insurance Expense (Liability & Workers Comp)	38,500	39,655
Social Security	30,886	32,480
Employee Health Benefits	98,139	106,555
Mileage Reimbursement	249	500
Education Expense	1,683	1,545
Unemployment Comp,	2,376	3,600
Retirement Expense	17,359	17,570
Miscellaneous	<u>13,583</u>	<u>16,000</u>
Subtotals General and Administrative	\$421,172	\$427,731
PURIFICATION SYSTEM		
Operating Labor	\$141,252	\$135,500
Labor Overtime	9,909	8,900
Operating Expense	26,287	27,260
Chemicals	59,552	61,200
Contracted Services	23,669	35,000
Utilities	71,682	74,832
Lab Chemicals	<u>10,677</u>	<u>8,500</u>
Subtotals Purification System	\$343,028	\$351,192

TABLE 2 (Cont'd)

OPERATING BUDGET FOR 2010

	2009	2010 Budget
	<u>Year End (unaudited)</u>	<u>2010 Budget</u>
HADLEY BOOST PUMP		
Electric/Building	\$625	\$638
Electric/Pumps	6,587	6,850
National Fuel	2,311	2,495
Pump Maintenance	<u>1,617</u>	<u>1,530</u>
Subtotals Pumping System	\$11,140	\$11,513
DISTRIBUTION SYSTEM		
General Labor	\$58,022	\$54,500
Labor Overtime	6,060	6,600
Meter Reading	11,453	11,500
Distribution Labor @ Plant	4,281	5,000
Gratuitous Labor (No charge, 1-call, On/Off)	27,053	26,650
Mains Labor	1,970	2,150
Maintenance - Hydrants	15,683	7,000
Services Labor	12,107	13,000
Meters Labor	6,226	5,900
Maintenance - Tanks	2,167	2,210
Services Materials	12,130	11,600
Mains Materials	1,664	1,650
Meters Materials	853	870
Operating Expense	5,824	5,450
Contracted Services	34,691	30,500
Vehicle Expense	1,767	1,700
Gasoline Expense	<u>4,874</u>	<u>4,500</u>
Subtotals Distribution	\$206,825	\$190,780
TOTAL EXPENSES	\$982,165	\$981,216

The Operating Budgeted Expenses for 2010, included herein, total \$981,216. This represents an increase of approximately 2 percent over the unaudited operating expenses in 2009. Expenses are based on present and anticipated 2010 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 \$1,253,589 in 2010. Non-operating revenues are estimated to amount to \$124,930, which includes the fee charged to the Borough of Greenville for billing and collecting sewer charges, office rentals, and interest income from investments. On the above basis, total revenues for 2010 have been anticipated to amount to \$1,378,519.

3.2 Comparative Statement of Revenues, Expenses, and Debt Service

A comparative statement of operating revenues, expenses, and debt service for Fiscal Years 2009 and 2010 is shown in Table.

TABLE 3

COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND DEBT SERVICE

	Unaudited <u>FY 2009</u>	Budget <u>FY 2010</u>
<u>Net Revenue</u>		
Total Revenue	\$1,326,658	\$1,378,519
Total Operating Expenses	<u>\$982,165</u>	<u>981,216</u>
Total Revenue Available for Debt Service	\$344,493	\$397,303
<u>Debt Service</u>		
1989 Bond Issue	\$181,695	\$284,908
PENNVEST	89,880	14,014
Hospital Loan	<u>22,502</u>	<u>22,404</u>
Total Debt Service	\$294,077	\$321,326
<u>Capital Additions</u>		
Revenue Available for Debt Service	\$344,493	\$397,303
Total Debt Service	<u>(\$294,077)</u>	<u>(\$321,326)</u>
Available for Capital Additions	\$50,416	\$75,977
Coverage provided	1.17	1.24

The above summary indicates that revenues produced by the rate schedule effective January 1, 2010 together with other non-operating revenue will provide revenues for the year 2010 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 2009

Cost of capital additions to plant and equipment of the Waterworks System in 2009 totaled \$250,492. 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 2009

<u>ITEM</u>	<u>Budget 2009</u>	<u>Actual 2009</u>
Plant Evaluation	\$6,500	7,597
Lab / Plant Equipment	39,200	14,714
Raw Pumps	11,000	0
Finish Pumps	0	0
Sludge/Press Pump Improvements	10,000	7,730
Plant Rubber Roof	90,000	86,733
Building & Parking Lot Repairs	4,000	0
System Map and Model	5,000	9,483
Meter Reading & Meter Replacement Program	12,000	29,816
Pick-up Truck	16,000	0
Hydrant/Valve Program	7,000	5,399
Tools & Equipment	7,000	761
Main Line Improvements	250,000	34,135
Storage Tank Maintenance/Painting	10,000	20,812
Land Right of Way Acquisition River Crossing	70,000	0
Computer Hardware	350	7,534
Computer Software	350	230
Office Improvements	2,500	0
Source Water Protection Program	<u>4,500</u>	<u>25,548</u>
Total	\$545,400	\$250,492

4.2 Capital Improvements Program 2010-2012

Proposed capital improvements for the years 2010, 2011 and 2012 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 2010, 2011 AND 2012

<u>ITEM</u>	<u>Budget 2010</u>	<u>Budget 2011</u>	<u>Budget 2012</u>
Plant Evaluation	\$16,000	\$6,000	\$6,000
Lab / Plant Equipment	25,000	20,000	20,000
Raw Pumps	11,000	0	0
Finish Pumps	0	4,000	0
Sludge/Press Pump Improvements	7,500	1,000	1,000
Building & Parking Lot Repairs	2,000	1,500	1,500
System Map and Model	5,000	5,000	5,000
Meter Reading & Meter Replacement Program	15,000	15,000	15,000
Pick-up Truck	16,000	0	0
Hydrant/Valve Program	6,000	6,000	6,500
Tools & Equipment	7,000	7,000	7,000
Main Line Improvements	250,000	200,000	200,000
Storage Tank Maintenance/Painting	0	0	0
Land Right of Way Acquisition	70,000	0	0
River Crossing			
Computer Hardware	375	400	400
Computer Software	375	400	400
Office Improvements	2,500	2,500	2,500
Source Water Protection Program	<u>4,500</u>	<u>0</u>	<u>0</u>
Total	\$438,250	\$268,800	\$265,300

5. RATES, RENTS AND CHARGES FOR WATER

The Authority's current rate schedule, which became effective January 1, 2010, 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"	\$24.81
3/4"	\$36.71
1"	\$54.58
1 1/4"	\$66.43
1 1/2"	\$74.18
2"	\$112.96
3"	\$227.62
4"	\$372.97
6"	\$706.50

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

for the next	7,000 gallons	\$5.42
for the next	59,000 gallons	\$5.61
for the next	133,000 gallons	\$5.41
for the next	467,000 gallons	\$4.02
over	667,000 gallons	\$2.84

Sewer charge is 77% of gross water consumption charge. Industrial users for Sewer only accounts will be \$8.56 per employee. Private systems are charged \$52.10 gross bi-monthly.

STAND BY SERVICE FOR PRIVATE FIRE PROTECTION

2" Hydrant - each	\$70.52
4" Hydrant - each	\$297.75
6" Hydrant - each	\$391.77
2" Connection - each	\$70.52
4" Connection - each	\$297.75
6" Connection - each	\$391.77
8" Connection - each	\$673.85

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

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

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

for the first	1,000 gallons	\$10.82
over	1,000 gallons	\$5.41

6. INSURANCE

Insurance in force as of December 31, 2010, is tabulated on the following page and includes general Liability, Property Coverage, Earthquake/Flood, Employees, Vehicles, Public Officials Liability, Boiler and Machinery and Employee Dishonesty as noted. The insurance coverage is based on an appraisal by an independent professional appraiser. The appraisal is updated periodically. It is recommended that this practice be continued and that the Authority's appraisal be updated annually.

SCHEDULE OF INSURANCE
AS OF DECEMBER 31, 2009

<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	5/1/10
	Property Coverage	Building Coverage	\$6,748,084	5/1/10
		Content		
		Extra Expense		
		Flood & Earthquake		
	Umbrella Coverage		1,000,000	5/1/10
	2006 Ford Ranger	Property damage	1,000,000	5/1/10
1999 Ford Dump Truck	Comprehensive Collision			
2002 Ford Ranger				
	Public Officials and Employment Practices Liability		1,000,000	5/1/10
Rockwood Casualty Insurance Co. WC 620505	Employee Workers Compensation		PA Standard	2/2/10

7. CONCLUSIONS AND RECOMMENDATIONS

In accordance with the covenants of the Trust Indenture dated as of January 15, 1994, asset forth in Section 6.07, the following conclusions and recommendations are submitted:

1. Operating Expenses in the amount of \$981,216, 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 2010 fiscal year.
2. The operating budget, as provided herein, have been approved and adopted. In our opinion, they represent the required expenditures necessary to maintain the properties of the Authority in good repair and sound operating condition.
3. The insurance schedule, as set forth herein, is based on an independent professional appraisal. It is recommended that this appraisal be updated annually and insurance coverage be revised as necessary for the coming fiscal year.
4. The capital improvements budget has been developed to provide a listing of desirable improvements over the next three (3) years. These improvements will be completed based on the Authority's prioritization and available funding.
5. We recommend that the Authority develop and implement an inspection, maintenance, cleaning, and disinfection program of all distribution storage tanks.
6. We recommend that the Authority continue with the modeling study of the Distribution System.

In its sixty-eighth 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

ACKNOWLEDGMENT

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