



**Exeter Township,  
Berks County, Pennsylvania**

**Financial Statements and  
Supplementary Information**

**December 31, 2015**



REINSEL KUNTZ LESHER  
certified public accountants & consultants

FOCUSED. ON YOU.

**Exeter Township**

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December 31, 2015

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## Independent Auditor's Report

To the Board of Supervisors  
Exeter Township  
Berks County, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the related notes to the financial statements of Exeter Township (the Township), Berks County, Pennsylvania, as of and for the year ended December 31, 2015, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2. This includes that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**Auditor's Responsibility (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for Qualified Opinion**

Management has not included financial information for Exeter Township's component unit, the Exeter Community Library, in the Township's financial statements. Accounting principles applicable to the Township's modified cash basis of accounting requires inclusion of the financial information of the Exeter Community Library with the financial information of the Township.

**Qualified Opinion**

In our opinion, except for the effects of not including financial information for the component unit, the Exeter Community Library, as described in the basis for qualified opinion paragraph, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Exeter Township, Berks County, Pennsylvania, as of December 31, 2015, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 2.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 4 to 13 and other required supplementary information on Pages 57 to 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise Exeter Township's basic financial statements. The supplementary information presented in the table of contents under the heading Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 2.

### **Basis of Accounting**

We draw attention to Note 2 of the financial statements which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted on the United States of America. Our opinion is not modified with respect to this matter.

*Reinsel Huntz Lecker LLP*

June 14, 2016  
Wyomissing, Pennsylvania

# EXETER TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Exeter Township's (the Township) financial performance provides an overview of the Township's financial activities for the year ended December 31, 2015, within the limitations of the Township's modified cash basis of accounting. Please read it in conjunction with the Township's financial statements that begin on page 14.

### Financial Highlights

- The Township's total expenditures exceeded total revenues on the modified cash basis of accounting by \$303,548 for the year ended December 31, 2015, compared to an excess of expenditures over revenues of \$257,419 for the year ended December 31, 2014. This resulted in a decrease of total net position of 1.6% for the year ended December 31, 2015, compared to a decrease of 1.4% for the year ended December 31, 2014.
- At December 31, 2015, the Township's governmental funds reported combined ending fund balances of \$6,331,679 an increase of \$192,548 from the prior year. \$2,693,388 or 42.5% of the ending fund balance is *available for spending* at the Township's discretion (*unassigned fund balance*). The General Fund highlights are as follows:
  - The Township's General Fund had an increase in its fund balance of \$216,556 to \$3,155,450. As part of managing the finances of the Township, a fund balance is maintained in order to provide adequate financial resources to pay for services to the citizens of the Township during periods when tax and other revenue collections are not sufficient to fund daily operating costs. This generally occurs in the first few months of each year. This enables the Township to avoid having to borrow money to cover operating expenses prior to the receipt of tax revenues, which are assessed March 1 of each year. At December 31, 2015, the unassigned fund balance of the General Fund was \$2,693,388 or 27.53% of total General Fund expenditures.
- At December 31, 2015, the Township's business-type activities reported net position of \$11,885,940, a decrease of \$496,096 from the prior year.



## **USING THIS ANNUAL REPORT**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's modified cash basis of accounting.

### **Report Components**

This annual report consists of five parts as follows:

**Government-Wide Financial Statements:** The statement of net position – modified cash basis and the statement of activities – modified cash basis (pages 14 and 15) provide information about the activities of the Township government-wide (or "as a whole"). The statement of activities reports revenues and expenditures utilizing the modified cash basis of accounting as described in Note 2 to the financial statements.

**Fund Financial Statements:** Fund financial statements (starting on page 16) focus on the individual parts of the Township's government. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant ("major") funds. For governmental funds, these statements tell how these services were financed in the short-term as well as what remains for future spending. For the proprietary funds, these statements offer information about the funds the Township operates like a business, such as the sewer fund and the country club.

**Notes to the Financial Statements:** The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Required Supplementary Information:** The management's discussion and analysis (pages 4 through 13), the schedule of changes in net pension liability and related ratios (page 57), the schedules of pension contributions (pages 58 and 59), the schedule of funding progress (page 60) and the budgetary comparison schedule (pages 61 and 62) represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements and notes (referred to as "the basic financial statements").

**Other Supplementary Information:** This part of the annual report (starting on page 64) includes optional financial information such as combining statements for nonmajor funds (which are added together and shown in the fund financial statements in a single column). This other supplemental financial information is provided to address certain specific needs of various users of the Township's annual report.

### **Basis of Accounting**

The Township has elected to present its financial statements on the modified cash basis of accounting. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. The term "basis of accounting" is a reference to when financial events are recorded. Under the modified cash basis of accounting, only revenues collected and expenditures paid and intergovernmental due to and due from receivables and payables are recorded.

## **USING THIS ANNUAL REPORT (CONTINUED)**

### **Basis of Accounting (Continued)**

Under this basis, revenue is recognized when collected rather than when earned and expenditures are generally recognized when paid rather than when the related liability is incurred.

As a result of the use of the modified cash basis of accounting, other receivables, other payables, inventories, long-lived assets, accrued income and expenses, and amortization and depreciation are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

### **Reporting the Township as a Whole**

#### **The Township's Reporting Entity Presentation**

This annual report includes only the primary government of the Township which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Township's legal entity. Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the reporting entity, we have considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the Township. The following component unit meets the requirements for inclusion under the above criteria, but is not included in the Township's annual report: Exeter Community Library.

#### **The Government-Wide Statement of Net Position and the Statement of Activities**

The government-wide financial statements are presented on pages 14 and 15. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse as a result of the year's activities?" The statement of net position – modified cash basis and the statement of activities – modified cash basis report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include only the Township's assets and the related liabilities referred to above resulting from the use of the modified cash basis of accounting.

These two statements report the Township's net position and changes in them. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors to assess the overall health of the Township, i.e., changes in the Township's tax base, the condition of the Township's roads, etc. In addition, the limitations of the modified cash basis of accounting should be considered when analyzing the overall financial health of the Township.

## **USING THIS ANNUAL REPORT (CONTINUED)**

### **Reporting the Township as a Whole (Continued)**

#### **The Government-Wide Statement of Net Position and the Statement of Activities (continued)**

In the Statement of Net Position and the Statement of Activities, we divide the Township into two kinds of activities:

*Governmental activities:* Most of the Township's basic services are reported here, including general government services, public safety, public works, and culture and recreation. Charges for services finance a portion of the costs to provide these services. Costs not recovered through charges are financed from grants, contributions and general revenues of the Township, including real estate taxes and income taxes.

*Business-type activities:* The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's sewer system and country club are reported here.

### **Reporting the Township's Most Significant Funds**

#### **The Fund Financial Statements**

The fund financial statements begin on page 16 and provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by state law or by bond covenants. However, the Township establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The Township's two kinds of funds – governmental and proprietary – under the modified cash basis of accounting use the same accounting approaches.

**Governmental funds** – Most of the Township's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as cash disbursements and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

**Proprietary funds** – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities.

**Fiduciary funds** – Fiduciary funds are often used to account for assets that are held in a trustee or fiduciary capacity such as pension plan assets, assets held per trust agreements and similar arrangements.

## A FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

### Net Position – Modified Cash Basis

The Township's Primary Government net position, resulting from modified cash basis transactions, decreased by \$303,548 or 1.6%, from fiscal year 2014 to 2015. Combined net position was \$18,217,619 and \$18,521,167 at December 31, 2015 and 2014, respectively. Looking at the net position of governmental and business-type activities separately, governmental activities had an increase of \$192,548 while business-type activities had a decrease of \$496,096.

A condensed summary of the Township's Statement of Net Position at December 31, 2015 and 2014 is presented below:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Assets.</b>						
Total Assets (Non-Capital)	\$ 6,381,512	\$ 6,187,857	\$ 11,915,940	\$ 12,387,036	\$ 18,297,452	\$ 18,574,893
<b>Liabilities</b>						
Deposits held in escrow	\$ 49,833	\$ 48,726	\$ 30,000	\$ 5,000	\$ 79,833	\$ 53,726
Total liabilities	\$ 49,833	\$ 48,726	\$ 30,000	\$ 5,000	\$ 79,833	\$ 53,726
<b>Net Position.</b>						
Unrestricted	5,331,051	4,942,636	10,355,969	10,544,270	15,687,020	15,486,906
Restricted	1,000,628	1,196,495	1,529,971	1,837,766	2,530,599	3,034,261
Total Net Position	\$ 6,331,679	\$ 6,139,131	\$ 11,885,940	\$ 12,382,036	\$ 18,217,619	\$ 18,521,167

Net position is shown as restricted if it can only be used for a specific purpose. Net position of \$2,530,599 and \$3,034,261 at December 31, 2015 and 2014, respectively, is restricted and the remaining net position is unrestricted at the end of the year.

**A FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (CONTINUED)**

**Changes in Net Position – Modified Cash Basis**

For the year ended December 31, 2015 and 2014, net position of the Township (resulting from modified cash basis transactions) changed as follows:

	Activities		Activities		Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Program revenues:</b>						
Charges for services	\$ 1,608,198	\$ 1,599,986	\$ 7,237,757	\$ 7,741,673	\$ 8,845,955	\$ 9,341,659
Operating grants and contributions	1,529,019	1,691,554	4,697	19,331	1,533,716	1,710,885
<b>General revenues:</b>						
Real estate taxes	3,981,034	4,006,637	-	-	3,981,034	4,006,637
Per capita taxes	70,946	67,621	-	-	70,946	67,621
Real estate transfer taxes	365,174	331,340	-	-	365,174	331,340
Earned income taxes	3,489,454	3,342,864	-	-	3,489,454	3,342,864
Local services tax	314,942	329,174	-	-	314,942	329,174
Business privilege tax	474,796	474,185	-	-	474,796	474,185
Interest and rents	87,196	86,564	366,092	382,249	453,288	468,813
Proceeds asset disposal	682,991	28,215	-	-	682,991	28,215
Other income	270,351	191,400	-	-	270,351	191,400
Refunding bonds issued	11,563,000	-	-	-	11,563,000	-
<b>Total revenues</b>	<b>\$ 24,437,101</b>	<b>\$ 12,149,540</b>	<b>\$ 7,608,546</b>	<b>\$ 8,143,253</b>	<b>\$ 32,045,547</b>	<b>\$ 20,292,793</b>
<b>Expenditures:</b>						
General government	\$ 746,408	\$ 772,880	\$ -	\$ -	\$ 746,408	\$ 772,880
Public safety	6,755,186	6,108,383	-	-	6,755,186	6,108,383
Health and human services	35,897	26,383	-	-	35,897	26,383
Public works - sanitation	199,804	195,796	-	-	199,804	195,796
Public works - highways and streets	2,037,727	2,096,249	-	-	2,037,727	2,096,249
Culture and recreation	678,587	633,087	-	-	678,587	633,087
Community development	58,143	59,352	-	-	58,143	59,352
Debt service	1,632,112	1,351,943	-	-	1,632,112	1,351,943
Benefits	109,590	113,710	-	-	109,590	113,710
Property and casualty insurance	214,691	189,753	-	-	214,691	189,753
Capital outlay	863,484	622,214	-	-	863,484	622,214
Miscellaneous	171,605	173,110	-	-	171,605	173,110
Sewer	-	-	5,489,754	5,589,126	5,489,754	5,589,126
Country club	-	-	2,086,860	2,618,226	2,086,860	2,618,226
Payment to bond escrow agent and bond discount	11,269,347	-	-	-	11,269,347	-
<b>Total expenditures</b>	<b>\$ 24,772,581</b>	<b>\$ 12,342,860</b>	<b>\$ 7,576,814</b>	<b>\$ 8,207,352</b>	<b>\$ 32,349,195</b>	<b>\$ 20,550,212</b>
<b>Excess (deficiency) of revenues over (under) expenditures before transfers</b>	<b>\$ (335,480)</b>	<b>\$ (193,320)</b>	<b>\$ 31,932</b>	<b>\$ (64,099)</b>	<b>\$ (303,548)</b>	<b>\$ (257,419)</b>
<b>Transfers:</b>						
Transfers	\$ 528,028	\$ 280,000	\$ (528,028)	\$ (280,000)	\$ -	\$ -
<b>Changes in net position</b>	<b>\$ 192,548</b>	<b>\$ 86,680</b>	<b>\$ (496,096)</b>	<b>\$ (344,099)</b>	<b>\$ (303,548)</b>	<b>\$ (257,419)</b>
<b>Net position, beginning of year</b>	<b>6,139,131</b>	<b>6,052,451</b>	<b>12,382,036</b>	<b>12,726,135</b>	<b>18,521,167</b>	<b>18,778,586</b>
<b>Net position, end of year</b>	<b>\$ 6,331,679</b>	<b>\$ 6,139,131</b>	<b>\$ 11,885,940</b>	<b>\$ 12,382,036</b>	<b>\$ 18,217,619</b>	<b>\$ 18,521,167</b>

## **A FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (CONTINUED)**

### **Governmental Activities**

To aid in the understanding of the statement of activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical statement of revenues, expenditures and changes in net position. You will notice that expenditures are listed in the first column, with revenues from that particular program reported to the right. The result is a net revenue or expenditure. This type of format highlights the relative financial burden of each of the functions on the Township's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenues, even if restricted for a specific purpose.

For the years ended December 31, 2015 and 2014, total revenues for governmental activities, resulting from modified cash basis transactions amounted to \$24,437,101 and \$12,149,540, respectively.

For the year ended December 31, 2015, total disbursements for governmental activities, resulting from modified cash basis transactions, amounted to \$24,772,581. Of these total disbursements, taxpayers and other general revenues funded \$21,299,884 while those directly benefiting from the program funded \$1,529,019 from operating grants and contributions and \$1,608,198 from charges for services.

Some noteworthy events occurred in 2015 that are highlighted as follows:

- The Township real estate tax for 2015 was 1.815 mills for general purposes, .555 mills for the purchase of fire apparatus and making appropriations to the fire company, and .50 mills for the purpose of debt service related to the acquisition of the Reading Country Club.
- Earned Income Taxes increased \$146,590 or 4% from 2014.
- Real Estate Transfer Tax increased \$33,834 or 10% from 2014.
- Proceeds from disposal of assets increased \$654,776 from 2014. A majority of the increase was due to the sale of fire apparatus for \$550,000.
- During 2015, the Township advanced refunded portions of its General Obligation Note, Series of 2007. The Township issued General Obligation Bonds, Series of 2015 and Series A of 2015 totaling \$11,563,000, with a discount of \$35,751 and \$11,233,596 placed in an irrevocable trust to provide for future debt service payments on the portion of the 2007 Note that was refunded. For financial reporting purposes, the debt is considered defeased.

## **A FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (CONTINUED)**

### **Business-Type Activities**

In reviewing the business-type activities net revenues/expenditures resulting from the modified cash basis transactions, there are certain activities that need to be examined more closely. The business-type activities reported a net profit before transfers of \$31,932, transfers to other funds totaled \$528,028, resulting in a decrease in net position of \$496,096. The Sewer Fund had a \$125,917 decrease in net position. The decrease was due mainly to the use of 2009 unspent bond proceeds to pay for the 2015 capital expenditures. The Country Club had a \$370,179 decrease in net position. Net loss before transfers was \$84,773. Transfers of \$285,406 to the debt service fund will be used to pay off the debt incurred to purchase the property. The Food and Beverage portion of the Country Club ceased operations on August 31, 2015. The Township entered into a 15 year lease with a new lessee who has made major improvements to the building in addition to the monthly base rent and annual excess percentage rent payments.

## **A FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

In reviewing individual funds of the Township, certain funds experienced significant changes to be considered in analyzing the Township's funds:

- Golf Acquisition Fund – During 2015, \$149,376 was expended for capital improvements to the Country Club including \$122,840 for water damage from a broken pipe that was covered by insurance, \$12,503 for roof repairs and pro shop painting, \$8,533 for a tractor for the golf course and kitchen equipment and a \$5,500 appraisal fee.
- Park Improvement Fund – During 2015, \$50,023 was expended for construction of Farming Ridge Park. \$11,373 was expended for improvements to Community Park. \$3,169 was expended to purchase an aerator.
- Capital Improvement Fund – During 2015, \$32,395 was expended for capital improvements, including \$30,236 partial payment for replacement of the Gas Fueling System, \$2,159 for repairs to the Harvey Avenue Bridge.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The acquisition of capital assets by the Township is reported as expenditures in the year of acquisition in the fund acquiring the related assets.

### **Long-Term Debt**

Proceeds from the acquisition of long-term debt are reported as revenues in the respective fund acquiring the debt in the year the proceeds are received. Correspondingly, debt service payments are reported as expenditures in the year payment is made by the fund making the related debt service payments.

## CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

### Long-Term Debt (Continued)

As of December 31, 2015, the Township had \$21,860,526 and \$24,350,000 of general obligation debt outstanding in the Governmental and Business-Type Activities, respectively. See Note 7 to the financial statements for a detailed analysis of long-term debt. The following details activity related to the general obligation debt during 2015:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning Balance at January 1, 2015	\$ 21,110,008	\$ 26,015,000
Additions	11,563,000	-
Refunding Payments	(10,400,000)	-
Principal Payments	<u>(412,482)</u>	<u>(1,665,000)</u>
Ending Balance at December 31, 2015	<u>\$ 21,860,526</u>	<u>\$ 24,350,000</u>

### Budgetary Highlights

Over the course of the year, the Township's Board of Supervisors monitored actual results with budgeted results. Although actual results and budgeted results may differ due to circumstances that arise during the course of the year, the Township generally does not amend its budget after adoption.

For the year ended December 31, 2015, General Fund expenditures were \$32,035 below final appropriations, while actual revenues available for appropriation were \$502,425 above the budgeted amount.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Several events have occurred in 2015 that will have a positive benefit on Exeter Township. The Township received a \$78,240 Early Intervention Program (EIP) Grant from the Pa Department of Community and Economic Development (DCED) for the Plan Implementation Phase II Project. The grant funds will be used in 2016 toward the cost of implementing the recommendations provided within the PA Economy League (PEL) study from Phase I of the Project, i.e. program based budgeting and changing the basis of accounting to be in accordance with generally accepted accounting principles. The Reading Country Club was remodeled by the new lessee, JMH, Inc., along with a grand opening of ViVA's Castle Pub in November 2015. Senior Life Day Care and Penn State Health/St. Joseph's have opened in 2016. To spur more commercial economic development to broaden the Township's commercial tax base, the Strategic Planning Steering Committee, in conjunction with the Township Board of Supervisors, continues to actively seek new commercial business in the Township. The Board hired a professional planner to perform a market analysis in 2016. The Township's general tax millage for 2016 increased to 2.145 mills. Due to the overall economic climate, many revenue sources are expected to remain stagnant through 2016. However, the Township is fortunate to have a healthy General Fund balance to bridge any unexpected shortfalls. In addition, the Debt Service millage remained unchanged at .50 mills. The Fire Tax millage increased from .555 mills to .605 mills. The Street Light Tax and the Fire Hydrant Tax remained unchanged.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)**

The Township's current retail and service industry employment base is strong with several large employers already adding to the local economy. Some of the largest employers within the Township are as follows:

<b>Employer</b>	<b>Number of Employees</b>
Boscov's	951
Godiva Chocolatier	529
Wal-Mart	286
Giant Food	223
Golden Living Center	157
Genesis Eldercare, Berkshire Center	153
Lowe's	141
Target	131
Redner's	100
Home Depot	96

During 2016, the Township has budgeted to undertake or complete several major infrastructure and capital projects to add to the overall quality of life in the Township. These projects and the estimated costs include the following:

• Equipment for Farming Ridge Park and Community Park	\$ 11,865
• Improvements to Dunn Barn Community Center	44,690
• Replacement windows for Township Building and DJ Office	55,980
• Harvey Avenue Bridge repairs	149,000
• Capital projects for the Sewer plant and Collection system	1,196,550

All of these factors were considered in preparing the Township's budget for the 2016 fiscal year. As a result, General Fund revenues are anticipated to increase 9.6 percent to \$10,474,674, while expenditures are budgeted to increase 5.2 percent to \$10,324,527. Other governmental fund revenues for 2016 are budgeted at \$3,000,044 while expenditures are budgeted for \$4,948,291. The excess of budgeted expenditures over revenues will be covered by the fund balances at December 31, 2015. Proprietary Fund revenues are budgeted at \$6,064,680 while expenditures are budgeted for \$6,190,286.

## **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the monies it receives. If you have questions about this report or need additional financial information, contact Exeter Township, 4975 DeMoss Road, Reading, PA 19606.

**Exeter Township**

Statement of Net Position - Modified Cash Basis

December 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash:			
Unrestricted	\$ 4,615,161	\$ 3,385,969	\$ 8,001,130
Restricted	1,766,351	1,529,971	3,296,322
Certificate of deposit	-	7,000,000	7,000,000
<b>Total Assets</b>	<b>6,381,512</b>	<b>11,915,940</b>	<b>18,297,452</b>
<b>Liabilities</b>			
Deposits held in escrow	49,833	30,000	79,833
<b>Total Liabilities</b>	<b>49,833</b>	<b>30,000</b>	<b>79,833</b>
<b>Net Position</b>			
<b>Net Position</b>			
Unrestricted	5,331,051	10,355,969	15,687,020
Restricted	1,000,628	1,529,971	2,530,599
<b>Total Net Position</b>	<b>\$ 6,331,679</b>	<b>\$ 11,885,940</b>	<b>\$ 18,217,619</b>

See accompanying notes.

**Exeter Township**

Statement of Activities - Modified Cash Basis  
Year Ended December 31, 2015

Functions/Programs	Program Revenues			Net (Expenditures) Revenues and Changes in Net Position		
	Expenditures	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>						
General government	\$ 746,408	\$ 521,172	\$ 307,549	\$ 82,313	\$ -	\$ 82,313
Public safety	6,755,186	306,859	318,979	(6,129,348)	-	(6,129,348)
Health and human services	35,897	-	-	(35,897)	-	(35,897)
Public works - sanitation	199,804	587,391	-	387,587	-	387,587
Public works - highways and streets	2,037,727	18,592	188,266	(1,830,869)	-	(1,830,869)
Culture and recreation	678,587	174,184	33,800	(470,603)	-	(470,603)
Community development	58,143	-	-	(58,143)	-	(58,143)
Debt service	1,632,112	-	74,294	(1,557,818)	-	(1,557,818)
Benefits	109,590	-	-	(109,590)	-	(109,590)
Property and casualty insurance	214,691	-	-	(214,691)	-	(214,691)
Capital outlay	863,484	-	438,972	(424,512)	-	(424,512)
Miscellaneous	171,605	-	167,159	(4,446)	-	(4,446)
<b>Total Governmental Activities</b>	<b>13,503,234</b>	<b>1,608,198</b>	<b>1,529,019</b>	<b>(10,366,017)</b>	<b>-</b>	<b>(10,366,017)</b>
<b>Business-Type Activities</b>						
Sewer	5,489,754	5,237,057	4,697	-	(248,000)	(248,000)
Country Club	2,086,800	2,000,700	-	-	(86,160)	(86,160)
<b>Total Business-Type Activities</b>	<b>7,576,554</b>	<b>7,237,757</b>	<b>4,697</b>	<b>-</b>	<b>(334,160)</b>	<b>(334,160)</b>
	<b>\$ 21,079,848</b>	<b>\$ 8,845,955</b>	<b>\$ 1,533,716</b>	<b>(10,366,017)</b>	<b>(334,160)</b>	<b>(10,700,177)</b>
<b>General Revenues</b>						
Taxes						
Real estate				3,981,034	-	3,981,034
Real estate transfer				365,174	-	365,174
Per capita				70,946	-	70,946
Earned income				3,489,454	-	3,489,454
Local services				314,942	-	314,942
Business privilege				474,796	-	474,796
Interest income				87,196	366,092	453,288
Proceeds from disposal of assets				682,991	-	682,991
Miscellaneous				270,351	-	270,351
Refunding bonds issued				11,563,000	-	11,563,000
Discount on refunding bonds issued				(35,751)	-	(35,751)
Payment to refunded bond escrow agent				(11,233,596)	-	(11,233,596)
Transfers				528,028	(528,028)	-
<b>Total General Revenues and Transfers</b>				<b>10,568,565</b>	<b>(161,936)</b>	<b>10,396,629</b>
<b>Changes in Net Position</b>				<b>192,548</b>	<b>(496,096)</b>	<b>(303,548)</b>
<b>Net Position at Beginning of Year</b>				<b>6,139,131</b>	<b>12,382,036</b>	<b>18,521,167</b>
<b>Net Position at End of Year</b>				<b>\$ 6,331,679</b>	<b>\$ 11,885,940</b>	<b>\$ 18,217,616</b>

See accompanying notes

**Exeter Township****Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis - Governmental Funds**

December 31, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash:			
Unrestricted	\$ 3,101,869	\$ 1,513,292	\$ 4,615,161
Restricted	103,414	1,662,937	1,766,351
<b>Total Assets</b>	<u>3,205,283</u>	<u>3,176,229</u>	<u>6,381,512</u>
<b>Liabilities</b>			
Deposits held in escrow	49,833	-	49,833
<b>Total Liabilities</b>	<u>49,833</u>	<u>-</u>	<u>49,833</u>
<b>Fund Balances</b>			
Restricted	54,481	946,147	1,000,628
Committed	407,581	2,230,082	2,637,663
Unassigned	2,693,388	-	2,693,388
<b>Total Fund Balances</b>	<u>\$ 3,155,450</u>	<u>\$ 3,176,229</u>	<u>\$ 6,331,679</u>

See accompanying notes.

## Exeter Township

Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis -  
Governmental Funds  
Year Ended December 31, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes:			
Real estate	\$ 2,422,670	\$ 1,558,364	\$ 3,981,034
Real estate transfer	365,174	-	365,174
Per capita	70,946	-	70,946
Earned income	3,489,454	-	3,489,454
Local services	314,942	-	314,942
Business privilege	474,796	-	474,796
Licenses and permits	445,382	-	445,382
Fines and forfeits	116,396	-	116,396
Interest and rents	36,153	51,043	87,196
Intergovernmental revenues	793,687	735,332	1,529,019
Charges for services	1,020,558	25,862	1,046,420
Miscellaneous	265,298	5,053	270,351
	<u>9,815,456</u>	<u>2,375,654</u>	<u>12,191,110</u>
<b>Total Revenues</b>	<b>9,815,456</b>	<b>2,375,654</b>	<b>12,191,110</b>
<b>Expenditures</b>			
Current:			
General government	746,408	-	746,408
Public safety	5,577,978	1,177,208	6,755,186
Health and human services	35,897	-	35,897
Public works - sanitation	199,804	-	199,804
Public works - highways and streets	1,640,081	397,646	2,037,727
Culture and recreation	607,301	71,286	678,587
Community development	43,879	14,264	58,143
Debt service:			
Principal	300,864	183,721	484,585
Interest	59,693	814,189	873,882
Bond issuance costs	-	273,645	273,645
Benefits	109,590	-	109,590
Property and casualty insurance	214,691	-	214,691
Capital outlay	80,082	783,402	863,484
Miscellaneous	167,358	4,247	171,605
	<u>9,783,626</u>	<u>3,719,608</u>	<u>13,503,234</u>
<b>Total Expenditures</b>	<b>9,783,626</b>	<b>3,719,608</b>	<b>13,503,234</b>

See accompanying notes.

**Exeter Township**

Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis -  
Governmental Funds (continued)  
Year Ended December 31, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>\$ 31,830</b>	<b>\$ (1,343,954)</b>	<b>\$ (1,312,124)</b>
<b>Other Financing Sources (Uses)</b>			
Refunding bonds issued	-	11,563,000	11,563,000
Discount on refunding bonds issued	-	(35,751)	(35,751)
Payment to refunded bond escrow agent	-	(11,233,596)	(11,233,596)
Transfers in	242,622	522,401	765,023
Transfers out	(69,940)	(167,055)	(236,995)
Proceeds from disposal of assets	12,044	670,947	682,991
<b>Total Other Financing Sources (Uses)</b>	<b>184,726</b>	<b>1,319,946</b>	<b>1,504,672</b>
<b>Net Change in Fund Balances</b>	<b>216,556</b>	<b>(24,008)</b>	<b>192,548</b>
<b>Fund Balances at Beginning of Year</b>	<b>2,938,894</b>	<b>3,200,237</b>	<b>6,139,131</b>
<b>Fund Balances at End of Year</b>	<b>\$ 3,155,450</b>	<b>\$ 3,176,229</b>	<b>\$ 6,331,679</b>

See accompanying notes.

**Exeter Township**Statement of Net Position - Modified Cash Basis - Proprietary Funds  
December 31, 2015

	<u>Sewer</u>	<u>Country Club</u>	<u>Total</u>
<b>Assets</b>			
Cash:			
Unrestricted	\$ 3,115,806	\$ 270,163	\$ 3,385,969
Restricted	1,529,971	-	1,529,971
Certificate of deposit	7,000,000	-	7,000,000
<b>Total Assets</b>	<u>11,645,777</u>	<u>270,163</u>	<u>11,915,940</u>
<b>Liabilities</b>			
Deposits held in escrow	<u>5,000</u>	<u>25,000</u>	<u>30,000</u>
<b>Total Liabilities</b>	<u>5,000</u>	<u>25,000</u>	<u>30,000</u>
<b>Net Position</b>			
Unrestricted	10,110,806	245,163	10,355,969
Restricted	1,529,971	-	1,529,971
<b>Total Net Position</b>	<u>\$ 11,640,777</u>	<u>\$ 245,163</u>	<u>\$ 11,885,940</u>

See accompanying notes.

## Exeter Township

Statement of Revenues, Expenditures and Changes in Net Position - Modified Cash Basis -  
Proprietary Funds  
Year Ended December 31, 2015

	Sewer	Country Club	Total
<b>Operating Revenues</b>			
Sewer charges	\$ 5,095,691	\$ -	\$ 5,095,691
Tapping fees	38,140	-	38,140
Charges for services	-	1,883,961	1,883,961
Intergovernmental revenues	4,697	-	4,697
Lease rental revenue	-	116,739	116,739
Miscellaneous	103,226	-	103,226
<b>Total Operating Revenues</b>	<b>5,241,754</b>	<b>2,000,700</b>	<b>7,242,454</b>
<b>Operating Expenditures</b>			
Wastewater collection and treatment	2,569,149	-	2,569,149
Culture and recreation expenses	-	2,084,714	2,084,714
Capital outlay	329,372	2,146	331,518
<b>Total Operating Expenditures</b>	<b>2,898,521</b>	<b>2,086,860</b>	<b>4,985,381</b>
<b>Operating Income (Loss)</b>	<b>2,343,233</b>	<b>(86,160)</b>	<b>2,257,073</b>
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	364,705	1,387	366,092
Debt service:			
Principal	(1,665,000)	-	(1,665,000)
Interest	(924,790)	-	(924,790)
Fiscal agent fees	(1,443)	-	(1,443)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(2,226,528)</b>	<b>1,387</b>	<b>(2,225,141)</b>
<b>Income (Loss) before Other Financing Sources (Uses)</b>	<b>116,705</b>	<b>(84,773)</b>	<b>31,932</b>
<b>Other Financing Sources (Uses)</b>			
Transfers out	(242,622)	(285,406)	(528,028)
<b>Change in Net Position</b>	<b>(125,917)</b>	<b>(370,179)</b>	<b>(496,096)</b>
<b>Net Position at Beginning of Year</b>	<b>11,766,694</b>	<b>615,342</b>	<b>12,382,036</b>
<b>Net Position at End of Year</b>	<b>\$ 11,640,777</b>	<b>\$ 245,163</b>	<b>\$ 11,885,940</b>

See accompanying notes.



**Exeter Township**

Statement of Net Position - Modified Cash Basis - Fiduciary Funds  
December 31, 2015

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	<b>Pension Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 230,107
Investments	<u>16,145,169</u>
<b>Total Assets</b>	<u><b>16,375,276</b></u>
<b>Net Position</b>	
Assets held in trust for pension benefits	<u><b>\$ 16,375,276</b></u>

**Exeter Township**

Statement of Changes in Net Position - Modified Cash Basis - Fiduciary Funds  
Year Ended December 31, 2015

	<b>Pension Trust Funds</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 701,833
Employee	<u>187,619</u>
Total contributions	<u>889,452</u>
Investment income:	
Realized and unrealized losses on investments	(301,850)
Interest and dividends	<u>406,028</u>
Total investment income	<u>104,178</u>
<b>Total Additions</b>	<u><b>993,630</b></u>
<b>Deductions</b>	
Benefit payments	616,636
Administrative expenses	<u>97,161</u>
<b>Total Deductions</b>	<u><b>713,797</b></u>
<b>Change in Net Position</b>	<b>279,833</b>
<b>Net Position of Assets Held in Trust for Pension Benefits at Beginning of Year</b>	<u><b>16,095,443</b></u>
<b>Net Position of Assets Held in Trust for Pension Benefits at End of Year</b>	<u><u><b>\$ 16,375,276</b></u></u>

See accompanying notes.

## **Exeter Township**

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### **Notes to Financial Statements**

December 31, 2015

#### **Note 1 - Nature of Activity**

Exeter Township (the Township), Pennsylvania, (founded in 1741, has an approximate population of 25,550, based on a 2010 census report, living within an area of 24.1 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Berks County.

#### **Note 2 - Summary of Significant Accounting Policies**

The accompanying primary government financial statements conform to the modified cash basis method of accounting as applicable to governmental units. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant accounting policies used by the Township.

##### **The Financial Reporting Entity**

The Township is a Pennsylvania Second Class Township which operates under a Board of Supervisors form of government. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units, are such that exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria. The component unit, as determined under the above criteria and as discussed below, is not included in the Township's reporting entity, as these financial statements include only the activities of the primary government.

##### **Individual Component Unit Disclosure**

###### **Exeter Community Library**

The Exeter Community Library (the Library) is governed by a nine-member self-appointed board. Although it is legally separate from the Township, the Library is a component unit and its primary purpose is to provide library services to Township residents. The Township considers the Library to be fiscally dependent on the Township due to the Township's annual appropriation given to the Library.

## **Exeter Township**

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Notes to Financial Statements  
December 31, 2015

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Basis of Presentation**

##### **Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the reporting government as a whole. The statements include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole, or in part, by fees charged to external parties for goods or services.

##### **Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

Total assets, liabilities, revenues or expenditures of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or types, and total assets, liabilities, revenues or expenditures of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Township may also report as a major fund any fund it believes to be of particular importance to the financial statement users.

The funds of the financial reporting entity are described below:

##### **Governmental Funds**

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use and balances of the Township's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

## **Exeter Township**

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Notes to Financial Statements

December 31, 2015

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Basis of Presentation (continued)**

#### **Fund Financial Statements (continued)**

#### **Governmental Funds (continued)**

The following are the Township's governmental funds:

**General Fund** - is the primary operating fund of the Township and is always classified as a major fund. It is used to account for and report all financial resources not accounted for or reported in another fund.

**Special Revenue Funds** - are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted, committed or assigned revenues should be the foundation for a special revenue fund. The reporting entity includes the following special revenue funds which are reported as nonmajor funds:

**Utility Fund** - is used to account for the assessment received from property owners benefiting from public street lighting and fire hydrant service, and the expenditures incurred by the Township to provide these services.

**Fire Fund** - is used to account for revenues generated from the .555 mill assessment received from Township residents for the purpose of providing support for the Township's volunteer fire department.

**Detention Pond/Storm Water Fund** - is used to account for monies received from developers for the acceptance of Deeds of Dedication for detention or retention ponds within the Township.

**K-9 Fund** - is used to account for contributions to be used specifically for the improvement and continuation of the police K-9 program.

**Park Improvement Fund** - is used to account for monies received from developers to be used in the acquisition, improvement and/or maintenance of public open space areas.

**State Liquid Fuels Highway Aid Fund** - is used to account for the proceeds from the State Motor License Fund. Under the Act of June 1, 1956, P.L. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations. County liquid fuels tax payments to the local government are not accounted for in this fund.

## **Exeter Township**

### Notes to Financial Statements

December 31, 2015

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#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Basis of Presentation (continued)**

##### **Fund Financial Statements (continued)**

##### **Governmental Funds (continued)**

**Capital Project Funds** - are used to account for and report financial resources that are restricted, committed or assigned expenditures for capital outlays, including the acquisition or construction of major capital improvements. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments. The reporting entity includes the following capital project funds which are reported as nonmajor funds:

**Capital Expenditure Fund** - is used to account for the financial resources to be used for the acquisition of assets.

**Capital Improvement Fund** - is used to account for the financial resources to be used primarily for storm sewer improvements.

**Golf Acquisition Fund** - is used to account for the financial resources to be used to acquire and make improvements to a municipal golf course and banquet facility within the Township.

**Apparatus Fund** - is used to account for the financial resources to assist the fire company in purchasing equipment.

**Traffic Improvement Fund** - is used to account for the collection of transportation impact assessments against new developments that adversely affect the transportation facilities within the Township.

**Debt Service Fund** - is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest (debt service) resources. This fund includes financial resources that are being accumulated for principal and interest maturing in future years, and also includes financial resources that are legally mandated to be accounted for and reported in a debt service fund and is reported as a nonmajor fund.

##### **Proprietary Fund**

**Enterprise Funds** - are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private-sector. The reporting entity includes the following enterprise funds which are reported as major funds:

**Sewer Fund** - is used to account for the operation of the sewer system which is operated as a public utility.

**Country Club Fund** - is used to account for the operation of the Reading Country Club.

## **Exeter Township**

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Notes to Financial Statements

December 31, 2015

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Basis of Presentation (continued)**

##### **Fund Financial Statements (continued)**

###### **Fiduciary Fund Type**

Fiduciary fund types are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

The following is the Township's fiduciary fund type:

**Pension Trust Funds** - are used to account for assets held for the Township's pension plans which are funded by employer contributions. These Funds account for fiduciary resources legally held in trust for the receipt and distribution of retirement benefits. The Township sponsors two pension plans: the Exeter Township Police Pension Plan and the Exeter Township Employees' Pension Plan. During the year ended December 31, 2015, the Township determined that the pension plans were held in agency by the Township and are properly reported as a Trust and Agency Fund held by the Township.

#### **Basis of Accounting and Measurement Focus**

##### **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the primary government financial statements.

##### **Modified Cash Basis**

The Township's policy is to prepare its financial statements on the modified cash basis under which only revenues collected and expenditures paid, deposits held in escrow and intergovernmental due to and due from receivables and payables are recorded. Under this basis, revenue is recognized when collected rather than when earned and expenditures are generally recognized when paid rather than when the related liability is incurred. Consequently, other receivables, other payables, inventories, long-lived assets, accrued income and expenses, and amortization and depreciation, which may be material in amount, are not reflected in the accompanying financial statements which are not intended to present the financial position, results of operations or cash flows in conformity with accounting principles generally accepted in the United States of America.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

## **Exeter Township**

Notes to Financial Statements

December 31, 2015

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### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Basis of Accounting and Measurement Focus (continued)**

##### **Measurement Focus**

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or "financial flow" measurement focus. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary funds and nonexpendable trust funds are accounted for on a cost of services or "capital maintenance" measurement focus. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

##### **Assets and Liabilities**

##### **Cash**

The Township considers all cash accounts that are not subject to withdrawal restrictions or penalties to be cash.

For the purpose of financial reporting, cash includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

##### **Investments**

The Board of Supervisors is authorized by statutes to invest its funds as defined in the Township Code. Authorized types of investments include the following:

- A. U. S. Treasury Bills.
- B. Short-term obligations of the U. S. Government or its agencies or instrumentalities.
- C. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions.
- D. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.
- E. Shares of mutual funds whose investments are restricted to the above categories.

Investments are carried at fair value.

Investments of pension trust funds are pursuant to the guidelines established by the Pension Boards.



## **Exeter Township**

### Notes to Financial Statements

December 31, 2015

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#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Assets and Liabilities (continued)**

###### **Due to and from Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

###### **Capital Assets**

Purchased capital assets are recorded as expenditures in the governmental fund types. Proprietary fund type capital assets are recorded as expenditures in the fund in which they are utilized. Infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are recorded as expenditures in the fund types expending the funds.

###### **Long-Term Debt**

Debt proceeds from issuance of long-term debt are reported as other financing sources and the payments of principal and interest are reported as expenditures in the fund financial statements and government-wide statements. Debt service expenditures are recognized in the period paid.

###### **Compensated Absences**

Compensated absences for vacation and sick leave are recorded when paid.

##### **Equity**

###### **Government-Wide Statements**

The Township classifies net position into the following components:

Restricted - This component of net position consists of constraints placed on net position use either by (a) external groups, such as creditors, grantors, contributors or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted."

###### **Governmental Fund Financial Statements**

The Township classifies fund balance as follows:

Nonspendable - This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

Restricted - This classification consists of amounts that are restricted to specific purposes either by (a) external groups such as creditors, grantors, contributors or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation. The restriction is binding unless removed with the consent of the resource provider.

## **Exeter Township**

### **Notes to Financial Statements**

December 31, 2015

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#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Equity (continued)**

###### **Governmental Fund Financial Statements (continued)**

**Committed** - This classification consists of amounts used for specific purposes imposed by formal action of the Township's highest level of decision-making authority. The commitment is binding unless removed in the same manner imposed. Formal action must occur prior to fiscal year-end, however, the amount may be determined subsequent to year-end.

**Assigned** - This classification consists of amounts constrained by the Township's intent to be used for specific purposes that are neither restricted, nor committed.

**Unassigned** - This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance.

##### **Revenues and Expenditures**

###### **Program Revenues**

All revenues are recognized when received.

In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are program revenues. Amounts reported as program revenues include (a) charges to customers or applicants for goods and services or privileges provided, (b) operating grants and contributions and (c) capital grants and contributions, including special assessments.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Proprietary funds distinguish operating revenues and expenditures from nonoperating items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are sewer usage charges. The Township also recognizes as operating revenues, the portion of tapping fees intended to recover the cost of connecting new customers to the sewer system. The principal operating revenues of the Country Club Fund are charges for services at the Country Club. Operating expenditures of the Sewer and Country Club Funds include the cost of the services. All revenues and expenditures not meeting this definition are reported as nonoperating revenues and expenditures. The principal nonoperating revenues of the Township's proprietary funds are interest income, and transfers in and transfers out.

## **Exeter Township**

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Notes to Financial Statements  
December 31, 2015

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Revenues and Expenditures (continued)**

##### **Property Taxes**

The Township is permitted by state law to levy taxes up to 14 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Township for 2015 was 2.87 mills, consisting of 1.815 mills for general purposes, .555 mills for purchase of fire apparatus and .50 mills for debt service, as established by the Board of Supervisors. Current tax collections for the Township were approximately 98% of the total tax levy.

The Township's real estate taxes are based on assessed values established by the County's Board of Assessments. The taxes are collected by elected local tax collectors. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of 2% is applied to payments made prior to April 30. A penalty of 10% is added to the face amount of taxes paid after June 30. The County of Berks Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the County Tax Claim Bureau is made by January 15 of the subsequent year.

##### **Intergovernmental Revenues**

Intergovernmental revenues represent revenues received from the Commonwealth of Pennsylvania, federal agencies and local governmental units, generally to fund specific programs, and are recognized when received.

##### **Expenditures/Expenses**

Expenditures and expenses are recognized when paid.

#### **Internal and Interfund Balances and Activities**

##### **Fund Financial Statements**

Interfund activity, if any, within and among the governmental and proprietary fund categories, is reported as follows in the fund financial statements:

##### **Interfund Services**

Sales or purchases of goods and services between funds are reported as revenues and expenditures.

##### **Interfund Reimbursements**

Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements, but as adjustments to expenditures in the respective funds.

## **Exeter Township**

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Notes to Financial Statements  
December 31, 2015

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Internal and Interfund Balances and Activities (continued)**

##### **Fund Financial Statements (continued)**

###### **Interfund Transfers**

Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

###### **Recent Accounting Pronouncements**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*. The Township adopted GASB Statement No. 68 for its December 31, 2015 financial statements. The adoption of this Statement affected disclosures and supplementary information only, as the Township reports on the modified cash basis of accounting.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance and enhancing disclosures about fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Township is currently evaluating what effect, if any, this Statement will have on the Township's financial statements.

### **Note 3 - Stewardship, Compliance and Accountability**

#### **Compliance with Finance-Related Legal and Contractual Provisions**

The Township had no material violations of finance-related legal and contractual provisions.

#### **Excess of Expenditures over Appropriations in Individual Funds**

No individual fund, which was budgeted as required by the Commonwealth of Pennsylvania, contained an excess of expenditures over appropriations.

## Exeter Township

### Notes to Financial Statements

December 31, 2015

#### Note 4 - Deposits and Investments

The Township's available cash is invested in demand deposit accounts and a certificate of deposit. Pension fund assets are invested in fixed income bonds, equities, exchange traded and mutual funds. The carrying amount of cash and investments at December 31, 2015 consist of the following:

##### Cash and Cash Equivalents

Demand deposits	\$ 11,526,759
Time and savings deposits	7,000,000
Petty cash	800
	<u>18,527,559</u>

##### Investments

Mutual funds:	
Fixed income	5,437,649
Equities	9,802,118
Balanced	87,278
Common stocks	512,721
Other, real estate	305,403
	<u>16,145,169</u>
	<u>\$ 34,672,728</u>

#### Reconciliation to Statement of Net Position/Balance Sheet

##### Cash

Governmental activities	\$ 6,381,512
Business-type activities	11,915,940
Fiduciary funds	230,107
	<u>18,527,559</u>

##### Investments

Fiduciary	<u>16,145,169</u>
	<u>\$ 34,672,728</u>

#### Custodial Credit Risk, Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned to the Township. At December 31, 2015, the carrying amounts of the Township's bank deposits were \$18,526,759, and the corresponding bank balances were \$18,775,997, of which \$505,759 was covered by Federal Depository Insurance. The remaining \$18,040,131 of deposits was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. Pension fund deposits of \$230,107 were uninsured and uncollateralized.

## Exeter Township

Notes to Financial Statements  
December 31, 2015

### Note 4 - Deposits and Investments (continued)

#### Investments

As of December 31, 2015, the Township's pension funds have the following investments in debt securities:

#### Police Pension Plan Fund

	Fair Value	Investment Maturities (in Years)		Rating as of Year-End
		Less Than One Year	One to Five Years	
Fixed income mutual funds	\$ 4,906,697	\$ 4,906,697	\$ -	4 Star - 5 Star by Morningstar

#### Non-Uniformed Employees' Pension Plan Fund

	Fair Value	Investment Maturities (in Years)		Rating as of Year-End
		Less Than One Year	One to Five Years	
Fixed income mutual funds	\$ 530,952	\$ 530,952	\$ -	AA+

#### Credit Risk

The Township limits the type of investments permitted as defined in the Township Code. Permitted investments are defined in Note 2. When making investments, the Township can combine monies from more than one fund under the Township's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

#### Concentration of Credit Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments that represent 5% or more of the Township's total investments are as follows:

#### Fiduciary Funds (Pension Trust Funds)

Baird Core Plus Bond Fund	8%
Metropolitan West Total Return Bond Fund	8%
Vanguard Dividend Growth Investment	6%
Vanguard Interm-Term Investment-Grde Adm	8%
Vanguard Developed Markets Index Admiral	15%
Vanguard Total Stock Market Index Admiral	31%

## Exeter Township

Notes to Financial Statements  
December 31, 2015

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### Note 4 - Deposits and Investments (continued)

#### Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2015, \$16,145,169 is held by the investment's counterparties, not in the name of the Township.

### Note 5 - Restricted Cash

Cash and investments whose use is limited to a specific purpose have been classified as "restricted" in the financial statements. Restricted assets at December 31, 2015 consist of the following:

#### Governmental Activities

##### General Fund:

Police equipment	\$	45,033
Fire police		6,455
Developer escrows		48,933
Police National Night Out committee		2,993
K-9 Fund		12,988
State Liquid Fuels Highway Aid Fund		5,000
Capital Improvement Fund		206,451
Golf Acquisition Fund		686,340
Traffic Improvement Fund		35,368
Debt Service Fund		716,790

**Total Governmental Activities** **1,766,351**

#### Business-Type Activities

Sewer Fund, unspent note proceeds, Series A of 2009		1,529,971
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**Total Restricted Cash** **\$ 3,296,322**

**Exeter Township**

Notes to Financial Statements  
December 31, 2015

**Note 6 - Interfund Transfers**

Transfers between funds for the year ended December 31, 2015 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Funds</b>		
General Fund	\$ 242,622	\$ 69,940
Utility Fund	-	25,000
Fire Fund	-	142,055
Capital Expenditure Fund	69,940	-
Capital Improvement Fund	25,000	-
Apparatus Fund	142,055	-
Debt Service Fund	285,406	-
<b>Total Governmental Funds</b>	<u>765,023</u>	<u>236,995</u>
<b>Proprietary Funds</b>		
Sewer Fund	-	242,622
Country Club Fund	-	285,406
<b>Total Proprietary Funds</b>	<u>-</u>	<u>528,028</u>
	<u>\$ 765,023</u>	<u>\$ 765,023</u>

**Note 7 - Long-Term Debt**

At December 31, 2015, long-term debt consists of the following:

	<u>Balance Outstanding December 31, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance Outstanding December 31, 2015</u>
<b>Governmental Activities</b>				
Pennsylvania Infrastructure Investment Authority Loan, initial issue of \$299,193, interest due monthly at 1.387%, principal payments due monthly through February 2026	\$ 183,801	\$ -	\$ 14,241	\$ 169,560



**Exeter Township**Notes to Financial Statements  
December 31, 2015**Note 7 - Long-Term Debt (continued)**

	Balance Outstanding December 31, 2014	Additions	Payments	Balance Outstanding December 31, 2015
<b>Governmental Activities (continued)</b>				
General Obligation Notes, Series of 2007, in the initial amount of \$17,810,000, interest due semiannually at rates ranging from 4.200% to 4.700%, principal due annually through August 2046	\$ 17,520,000	\$ -	\$ 10,450,000	\$ 7,070,000
General Obligation Notes, Series of 2012, in the initial amount of \$3,615,000, interest due semiannually at rates ranging from 1.250% to 2.000%, principal due annually through July 2024	3,065,000	-	280,000	2,785,000
General Obligation Bonds, Series of 2015, in the initial amount of \$1,808,000, interest due semiannually at rates ranging from 4.050% to 6.250%, principal due annually through August 2030	-	1,808,000	-	1,808,000
General Obligation Bonds, Series A of 2015, in the initial amount of \$9,755,000, interest due semiannually at rates ranging from .550% to 3.800%, principal due annually through August 2046	-	9,755,000	-	9,755,000
Loan payable to the County of Berks, original principal amount of \$261,411, without interest, annual payments of \$37,344 through June 2019	186,723	-	37,344	149,379

**Exeter Township**Notes to Financial Statements  
December 31, 2015**Note 7 - Long-Term Debt (continued)**

	<b>Balance Outstanding December 31, 2014</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance Outstanding December 31, 2015</b>
<b>Governmental Activities (continued)</b>				
Loan payable to the County of Berks, original principal amount of \$31,997, without interest, annual payments of \$4,571 through June 2019	\$ 22,855	\$ -	\$ 4,571	\$ 18,284
Loan payable to the County of Berks, original principal amount of \$17,812, without interest, annual payments of \$2,545 through June 2019	12,722	-	2,545	10,177
Loan payable to the County of Berks, original principal amount of \$120,811, without interest, annual payments of \$17,259 through June 2019	86,293	-	17,259	69,034
Loan payable to the County of Berks, original principal amount of \$17,110, without interest, annual payments of \$2,444 through June 2019	12,222	-	2,444	9,778
Loan payable to the County of Berks, original principal amount of \$21,856, without interest, annual payments of \$3,122 through June 2019	15,612	-	3,122	12,490

**Exeter Township****Notes to Financial Statements**

December 31, 2015

**Note 7 - Long-Term Debt (continued)**

	Balance Outstanding December 31, 2014	Additions	Payments	Balance Outstanding December 31, 2015
<b>Governmental Activities</b>				
<b>(continued)</b>				
Loan payable to the County of Berks, original principal amount of \$6,692, without interest, annual payments of \$956 through June 2019	\$ 4,780	\$ -	\$ 956	\$ 3,824
<b>Total Governmental Activities</b>	<b>21,110,008</b>	<b>11,563,000</b>	<b>10,812,482</b>	<b>21,860,526</b>
<b>Business-Type Activities</b>				
General Obligation Notes, Series of 2007, in the initial amount of \$21,380,000, interest due semiannually at rates ranging from 4.750% to 5.300%, principal due annually through July 2021	12,550,000	-	1,530,000	11,020,000
General Obligation Notes, Series of 2012, in the initial amount of \$6,055,000, interest due semiannually at rates ranging from 1.250% to 2.000%, principal due annually through July 2026	5,920,000	-	60,000	5,860,000
General Obligation Bonds, Series of 2013, in the initial amount of \$7,755,000, interest due semiannually at rates ranging from .400% to 2.000%, principal due annually through July 2024	7,545,000	-	75,000	7,470,000
<b>Total Business-Type Activities</b>	<b>26,015,000</b>	<b>-</b>	<b>1,665,000</b>	<b>24,350,000</b>
<b>Total Debt</b>	<b>\$ 47,125,008</b>	<b>\$ 11,563,000</b>	<b>\$ 12,477,482</b>	<b>\$ 46,210,526</b>

**Exeter Township**

Notes to Financial Statements  
December 31, 2015

**Note 7 - Long-Term Debt (continued)**

Aggregate maturities required on long-term debt at December 31, 2015 are as follows:

**Governmental Activities**

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 571,882	\$ 296,204	\$ 868,086
2017	563,294	425,349	988,643
2018	571,717	414,278	985,995
2019	585,151	402,750	987,901
2020	525,357	392,500	917,857
2021-2025	2,856,943	1,780,174	4,637,117
2026-2030	3,356,182	3,027,300	6,383,482
2031-2035	3,200,000	2,369,891	5,569,891
2036-2040	3,850,000	1,701,945	5,551,945
2041-2045	4,715,000	834,862	5,549,862
2046	1,065,000	44,877	1,109,877
	<u>\$ 21,860,526</u>	<u>\$ 11,690,130</u>	<u>\$ 33,550,656</u>

**Business-Type Activities**

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 1,745,000	\$ 841,765	\$ 2,586,765
2017	1,830,000	754,540	2,584,540
2018	1,920,000	662,852	2,582,852
2019	2,020,000	565,712	2,585,712
2020	2,150,000	464,128	2,614,128
2021-2025	12,230,000	1,050,743	13,280,743
2026	2,455,000	49,100	2,504,100
	<u>\$ 24,350,000</u>	<u>\$ 4,388,840</u>	<u>\$ 28,738,840</u>

Substantially all of the Township's assets are pledged as collateral on the long-term debt.

**Debt Defeasance**

In September and December 2015, the Township advance refunded portions of the General Obligation Note, Series of 2007, by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on a portion of the 2007 Note. For financial reporting purposes, the debt has been considered defeased. As of December 31, 2015, there was \$10,400,000 of defeased debt outstanding.

**Exeter Township****Notes to Financial Statements**

December 31, 2015

**Note 8 - Capital Leases**

At December 31, 2015, the Township's capital leases consisted of the following:

	<u>Balance Outstanding December 31, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance Outstanding December 31, 2015</u>
2011 John Deere backhoe/loader, financed through a leasing company, payable in annual installments of \$26,986, including interest at a rate of 2.00%, through October 2015	\$ 26,457	\$ -	\$ 26,457	\$ -
2012 Mack dump truck, financed through a leasing company, payable in annual installments of \$38,136, including interest at a rate of 2.00%, through September 2019	74,044	-	36,655	37,389
2016 Mack dump truck, financed through a leasing company, payable in annual installments of \$9,056, including interest at a rate of 2.25%, through September 2020	-	171,609	8,991	162,618
	<u>\$ 100,501</u>	<u>\$ 171,609</u>	<u>\$ 72,103</u>	<u>\$ 200,007</u>

The following is a schedule of future minimum annual lease payments under the capital lease agreement as of December 31, 2015:

Total future minimum lease payments	\$ 209,199
Amount representing interest	<u>(9,192)</u>
Present value of net minimum lease payments	<u>\$ 200,007</u>

## Exeter Township

### Notes to Financial Statements

December 31, 2015

#### Note 9 - Fund Balance

The fund balances of the Township's governmental funds at December 31, 2015 consist of the following:

	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>	<u>Total Fund Balance</u>
Reported in:				
General Fund	<u>\$ 54,481</u>	<u>\$ 407,581</u>	<u>\$ 2,693,388</u>	<u>\$ 3,155,450</u>
Other governmental funds:				
Utility fund	-	30,371	-	30,371
Fire protection	-	68,980	-	68,980
Detention pond/storm water maintenance	-	79,955	-	79,955
K-9 program	12,988	-	-	12,988
Parks	-	43,985	-	43,985
Public works, highways and streets	5,000	-	-	5,000
Debt service	-	716,790	-	716,790
Capital projects	<u>928,159</u>	<u>1,290,001</u>	<u>-</u>	<u>2,218,160</u>
	<u>946,147</u>	<u>2,230,082</u>	<u>-</u>	<u>3,176,229</u>
	<u>\$ 1,000,628</u>	<u>\$ 2,637,663</u>	<u>\$ 2,693,388</u>	<u>\$ 6,331,679</u>

#### Fund Balance Policy

The Township established and maintains reservations of fund balance in accordance with its policy which applies to the Township's General Fund and all governmental funds. Fund balance is composed of nonspendable, restricted, committed, assigned and unassigned amounts.

Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing programs or enhance the financial position of the Township in accordance with policies established by the Board of Supervisors.

#### Spending Policy

The Township's policy is to first use restricted fund balance when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The Township's policy is to use unrestricted fund balance in the following order: committed, assigned and unassigned, when expenditure is incurred for purposes for which each of these fund balance classifications is available.

#### Minimum Fund Balance Policy

The Township has not formally adopted a minimum fund balance policy.

## **Exeter Township**

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Notes to Financial Statements  
December 31, 2015

### **Note 9 - Fund Balance (continued)**

#### **Committed Fund Balance**

The Board of Supervisors is the Township's highest level of decision-making authority. The Township has not formally adopted a policy as to the formal action that is required to be taken to establish, modify or rescind a fund balance commitment.

#### **Assigned Fund Balance**

The Township has not formally adopted a policy regarding the body or official authorized to assign amounts to a specific purpose and the policy established by the governing body pursuant to which that authorization is given.

#### **Reservations of Fund Balance**

##### **Restricted - General Fund**

The Township's restricted fund balance in the General Fund consists of contributions from third parties and funds held which are restricted to be used on specific expenditures.

##### **Restricted - Other Governmental Funds**

The Township hereby establishes the following restricted fund balance reserves in the other governmental funds:

**K-9 Program Reserve** - The Township's restricted fund balance in the K-9 Fund consists of contributions from third parties which are restricted for Exeter Police K-9 Unit expenses.

**Highways and Streets Reserve** - The Township's restricted fund balance in the State Highway Aid Fund consists of proceeds from the State Motor License Fund accounted for in the State Liquid Fuels Highway Aid Fund. Expenditure of these funds is legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations.

**Capital Project Reserves** - The Township's restricted fund balances in the Capital Improvement Fund and the Golf Acquisition Fund consist of unspent bond proceeds which are restricted for specific capital projects. The Township's restricted fund balance in the Traffic Improvement Fund consists of contributions from third parties restricted for expenditures for traffic improvements.

##### **Committed - General Fund**

The Township's committed fund balance in the General Fund consists of an amount to be used for tree replacement as approved by the Board of Supervisors and contract commitments.

## **Exeter Township**

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Notes to Financial Statements

December 31, 2015

### **Note 9 - Fund Balance (continued)**

#### **Reservations of Fund Balance (continued)**

##### **Committed - Other Governmental Funds**

The Township established the following committed fund balance reserves in the other governmental funds:

**Utility Reserve** - is committed as set forth by Township ordinance and consists of funds to be used for public street lighting and fire hydrant services. Revenues are generated from assessments collected from Township residents.

**Fire Protection Reserve** - is committed by the Township Board of Supervisors, as set forth in the annual budget and any amendments thereto to provide funds for support of the volunteer fire department and is generated from the .555 mill assessment received from Township residents.

**Detention Pond/Storm Water Maintenance Reserve** - is committed by the Township Board of Supervisors, as set forth by Township Ordinance, to provide funds for the maintenance of detention ponds and storm water systems within the Township.

**Park Improvement Reserve** - is committed by the Township Board of Supervisors, as set forth by Township Ordinance, to collect certain fees to be used for park improvement projects within the Township.

**Debt Service Reserve** - is committed by the Township Board of Supervisors, as set forth in the annual budget and any amendments thereto, to provide funds for the repayment of principal and interest on Township debt.

**Capital Project Reserves** - Township committed fund balances in the Capital Expenditure Fund and Apparatus Fund are committed by the Township Board of Supervisors as set forth in the annual budget and any amendments thereto to provide funds for capital projects.

#### **Disbursement of Fund Balance Reserves**

No formal policy has been adopted by the Township regarding disbursement of funds within the fund balance reserves, however, disbursement is approved by the Board of Supervisors by inclusion in the approved annual budget and amendments thereto.

#### **Annual Review and Determination of Fund Balance Reserve Amounts**

Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process, and the amounts of nonspendable, restricted, committed, assigned and the minimum level of unassigned fund balance shall be determined during this process.



## **Exeter Township**

Notes to Financial Statements

December 31, 2015

### **Note 10 - Exeter Township Police Pension Plan**

#### **Plan Description**

The Exeter Township Police Pension Plan (Police Pension Plan) is a single-employer defined benefit pension plan administered by a trustee. The Police Pension Plan provides pension benefits for normal retirement after attainment of age 50 and completion of 25 years of service.

#### **Benefits Provided**

Benefits are calculated based on a monthly benefit equal to 50% of average monthly pay, plus a service increment of \$50 per year of service in excess of 25 years of service, up to a maximum of \$100 additional per month. Average monthly pay is based upon the last 36 months of employment. The Police Pension Plan provides retirement, disability and death benefits to the Police Pension Plan members and beneficiaries. The Police Pension Plan's assets may be used only for the payment of benefits to the members of the Police Pension Plan in accordance with the terms of the Police Pension Plan.

#### **Employees Covered by Benefit Terms**

At December 31, 2015, the following employees were covered by the Police Pension Plan:

Inactive members or beneficiaries currently receiving benefits	17
Inactive members entitled to but not yet receiving benefits	-
Active members	<u>25</u>
	<u>42</u>

#### **Contributions**

Pennsylvania Act 205 requires that annual contributions to the Police Pension Plan be based upon the Police Pension Plan's Minimum Municipal Obligation (MMO) which is based on the Police Pension Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participants are required to contribute 8.0% of annual compensation. The Township is required to contribute amounts necessary to fund the Police Pension Plan using the actuarial basis specified by statute.

#### **Net Pension Liability**

The Township's net pension liability was measured as of December 31, 2015 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

## Exeter Township

### Notes to Financial Statements

December 31, 2015

#### Note 10 - Exeter Township Police Pension Plan (continued)

##### Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.00%, average, including inflation
Investment rate of return	8.00%, including inflation
Postretirement cost of living increase	3.00%

Mortality rates were based on the RP-2000 Table for males and females. This table does not include projected mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	60.00%	5.50 - 7.50%
International equity	3.00	4.50 - 6.50%
Fixed income	34.00	1.00 - 3.00%
Real estate	2.00	4.50 - 6.50%
Cash	1.00	0.00 - 1.00%
	<b>100.00%</b>	

##### Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The Police Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the Police Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania Act 205 of 1984. Pennsylvania Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**Exeter Township**

## Notes to Financial Statements

December 31, 2015

**Note 10 - Exeter Township Police Pension Plan (continued)****Changes in Net Pension Liability**

The following table shows the changes in net pension liability for the year ended December 31, 2015.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at December 31, 2014</b>	<b>\$ 15,486,686</b>	<b>\$ 14,661,395</b>	<b>\$ 825,291</b>
Changes for the year:			
Service cost	413,963	-	413,963
Interest cost	1,240,342	-	1,240,342
Contributions - employer	-	577,080	(577,080)
Contributions - member	-	187,619	(187,619)
Net investment income (loss)	-	42,786	(42,786)
Benefit payments, including refunds of member contributions	(590,938)	(590,938)	-
Administrative expense	-	(5,750)	5,750
<b>Balance at December 31, 2015</b>	<b>\$ 16,550,053</b>	<b>\$ 14,872,192</b>	<b>\$ 1,677,861</b>

**Net Pension Liability (Asset) Sensitivity**

The following presents the net pension liability (asset) of the Police Pension Plan, calculated using the discount rate of 8.00% as well as what the Police Pension Plan's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability (asset)	<u>\$ 3,754,544</u>	<u>\$ 1,677,861</u>	<u>\$ (8,769)</u>

**Pension Expense and Deferred Outflows of Resources Related to Pensions**

For the year ended December 31, 2015, the actuarial determined pension expense is \$520,173. However, the Township recognizes pension expense on the modified cash basis which totaled \$577,080 for the year ended December 31, 2015. The Township has deferred outflows of resources related to the Police Pension Plan from the following source at December 31, 2015:

Differences between projected and actual investment earnings	<u>\$ 909,477</u>
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## Exeter Township

### Notes to Financial Statements

December 31, 2015

#### Note 10 - Exeter Township Police Pension Plan (continued)

##### Pension Expense and Deferred Outflows of Resources Related to Pensions (continued)

Actuarially determined deferred outflows of resources related to the Police Pension Plan are as follows for the year ended December 31, 2015:

2016	\$	227,369
2017		227,369
2018		227,369
2019		227,370

#### Note 11 - Exeter Township Employees' Pension Plan

##### Plan Description

The Exeter Township Employees' Pension Plan (Employees' Pension Plan) is a single-employer defined benefit pension plan administered by a trustee. The Employees' Pension Plan provides pension benefits for normal retirement at the age of 62 and completion of five years of service.

##### Benefits Provided

Benefits are calculated based on 1.75% of average monthly pay multiplied by the number of years of service. If a member was a participant prior to December 31, 1996, an additional monthly benefit is payable of \$10 multiplied by the number of years of service as of December 31, 1995. Average monthly pay is based upon the last 36 months of W-2 pay excluding unused vacation, sick and personal days. The Employees' Pension Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Employees' Pension Plan's assets may be used only for the payment of benefits to the members of the Employees' Pension Plan in accordance with the terms of the Employees' Pension Plan.

##### Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the Employees' Pension Plan:

Inactive members or beneficiaries currently receiving benefits	5
Inactive members entitled to but not yet receiving benefits	2
Active members	7
	<hr/>
	14
	<hr/>

## Exeter Township

Notes to Financial Statements

December 31, 2015

### Note 11 - Exeter Township Employees' Pension Plan (continued)

#### Contributions

Pennsylvania Act 205 requires that annual contributions to the Employees' Pension Plan be based upon the Employees' Pension Plan's MMO which is based on the Employees' Pension Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participant contributions are currently suspended. The Township is required to contribute amounts necessary to fund the Employees' Pension Plan using the actuarial basis specified by statute.

#### Net Pension Liability

The net pension liability was measured as of December 31, 2015, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

#### Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.00%, average, including inflation
Investment rate of return	7.75%, including inflation

Mortality rates were based on the RP-2000 Table for males and females. This table does not include projected mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	51.00%	5.50 - 7.50%
International equity	13.00	1.50 - 6.50%
Fixed income	35.00	1.00 - 3.00%
Real estate	-	4.50 - 6.50%
Cash	1.00	0.00 - 1.00%
	<u>100.00%</u>	

**Exeter Township**Notes to Financial Statements  
December 31, 2015**Note 11 - Exeter Township Employees' Pension Plan (continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The Employees' Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the Employees' Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania Act 205 of 1984. Pennsylvania Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**Changes in Net Pension Liability**

The following table shows the changes in net pension liability for the year ended December 31, 2015.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at December 31, 2014</b>	<b>\$ 1,741,479</b>	<b>\$ 1,434,900</b>	<b>\$ 306,579</b>
Changes for the year:			
Service cost	46,673	-	46,673
Interest cost	137,586	-	137,586
Contributions - employer	-	124,753	(124,753)
Net investment income (loss)	-	(19,771)	19,771
Benefit payments, including refunds of member contributions	(25,698)	(25,698)	-
Administrative expense	-	(4,150)	4,150
<b>Balance at December 31, 2015</b>	<b>\$ 1,900,040</b>	<b>\$ 1,510,034</b>	<b>\$ 390,006</b>

## Exeter Township

Notes to Financial Statements

December 31, 2015

### Note 11 - Exeter Township Employees' Pension Plan (continued)

#### Net Pension Liability Sensitivity

The following presents the net pension liability of the Employees' Pension Plan, calculated using the discount rate of 7.75% as well as what the Employees' Pension Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Plan's net pension liability	<u>\$ 616,184</u>	<u>\$ 390,006</u>	<u>\$ 195,404</u>

#### Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2015, the actuarial determined pension expense is \$100,458. However, the Township recognizes pension expense on the modified cash basis which totaled \$124,753 for the year ended December 31, 2015. The Township has deferred outflows of resources related to the Employees' Pension Plan from the following sources at December 31, 2015:

Differences between projected and actual investment earnings	<u>\$ 107,722</u>
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Actuarially determined deferred outflows of resources related to the Employees' Pension Plan are as follows for the year ended December 31, 2015:

2016	\$ 26,931
2017	26,931
2018	26,931
2019	26,929

### Note 12 - Central Pennsylvania Teamsters Pension Fund

The Township contributes to the Central Pennsylvania Teamsters Pension Fund, a union sponsored, multiemployer retirement plan in accordance with negotiated labor contracts. The plan covers all of the Township's eligible union employees. Contributions to the plan are based on varying rates for hours worked by the employees. Contributions totaled \$181,440 for the year ended December 31, 2015.

Governmental regulations impose certain requirements relative to multiemployer plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Township has not received information from the plan's administrators to determine its share of unfunded vested benefits. The Township does not anticipate withdrawal from the plan, nor is the Township aware of any expected plan termination.

## Exeter Township

### Notes to Financial Statements

December 31, 2015

#### Note 13 - Post-Employment Benefits Other than Pensions

##### Plan Descriptions

The Township sponsors a post-employment benefit plan that covers health and life insurance benefits for eligible retirees. Groups of retirees that are eligible for these benefits are police, teamsters and management. The plan does not issue a publicly available financial report. Benefit provisions are established and amended through negotiations between the Township and the respective union.

##### Funding Policy and Annual OPEB Cost

The Township currently funds other post-employment benefit (OPEB) costs as they occur. For 2015, the Township's contribution to the plan was \$132,961 for current premiums, including the implicit rate study.

The Township's annual other OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Township's annual OPEB cost for 2015 and the related information for each plan are as follows:

Annual required contribution	\$	948,327
Interest on net OPEB obligation		207,975
Adjustment to the annual required contribution		<u>(283,731)</u>
Annual OPEB cost		872,571
Contributions made		<u>(132,961)</u>
Increase in net OPEB obligation		739,610
Net OPEB obligation at beginning of year		<u>4,621,669</u>
Net OPEB obligation at end of year	\$	<u>5,361,279</u>

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for each of the plans were as follows:

Year Ended	Annual OPEB Cost (APC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/13	\$ 790,495	12%	\$ 3,848,135
12/31/14	885,250	13%	4,621,669
12/31/15	872,571	15%	5,361,279



**Exeter Township**Notes to Financial Statements  
December 31, 2015**Note 13 - Post-Employment Benefits Other than Pensions (continued)****Funded Status and Funding Progress**

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation, was as follows:

Actuarial present value at attained age (APVAA):	
Active members	\$ 12,581,563
Retired members	964,086
	<hr/>
Total APVAA	\$ 13,545,649
	<hr/>
Actuarial accrued liability (AAL):	
Active members	\$ 7,631,983
Retired members	964,086
	<hr/>
Total AAL	\$ 8,596,069
	<hr/>
Actuarial value of assets (AVA)	\$ -
	<hr/>
Unfunded actuarial accrued liability (UAAL)	\$ 8,596,069
	<hr/>
Funded ratio	<hr/> -%
Covered payroll	\$ 5,082,182
	<hr/>
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	<hr/> 169%
	<hr/>
Annual required contribution (ARC):	
Normal cost	\$ 420,601
30-year amortization of UAAL	527,726
	<hr/>
Total ARC	\$ 948,327
	<hr/>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedules of funding progress presented as supplementary information provide multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

## **Exeter Township**

### **Notes to Financial Statements**

December 31, 2015

#### **Note 13 - Post-Employment Benefits Other than Pensions (continued)**

##### **Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Township and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Actuarial valuation date	January 1, 2014
Actuarial cost method	Entry age normal
Amortization method	Level dollar method
Remaining amortization period	30-year closed period
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.50% per annum
Projected salary increases	5.00% per annum
Healthcare inflation rate	6.5% in 2014, decreasing by 0.5% each year to 5.5% in 2016

#### **Note 14 - Exeter Township Tax Increment Financing District**

In March 2008, the Township, along with the County of Berks and the Exeter Township School District, entered into a Cooperation Agreement with the Berks County Industrial Development Authority (the Authority). The Authority has prepared a Tax Increment Financing (TIF) Plan referred to as the Exeter Township TIF District. The agreement sets forth the terms by which Tax Increment Revenues shall be raised from the Exeter Township TIF District and the means of financing.

Under the terms of this agreement, the taxing bodies (the Township, the County of Berks and the Exeter Township School District) will remit their respective share of the positive real estate tax increments to the Authority. The Authority will deposit these funds into the Tax Increment Fund established for this project and use these funds for repayment of debt service incurred in connection with the project. The Exeter Township TIF District began on December 1, 2007 and has a term of 20 years.

In 2015, the Township remitted \$59,143 to the Authority. This amount represents less than 2% of total real estate taxes collected by the Township.

At December 31, 2015, the outstanding balance was \$4,704,000. The Township has guaranteed the Series of 2008 Tax Incremental Financing Revenue Note issued by the Authority.

## **Exeter Township**

### **Notes to Financial Statements**

December 31, 2015

#### **Note 15 - Commitments and Contingencies**

##### **Commitments**

###### **Capital Projects**

The Township is committed to make payments on various capital construction projects in the approximate amount of \$167,000 at December 31, 2015.

###### **Recycling Contract**

In 2014, the Township extended an agreement for the processing and marketing of recycling materials. The contract extension is for a term of two years beginning January 1, 2015 and ending December 31, 2016. Minimum payments under this agreement for the year ending December 31, 2016 are \$198,187.

###### **Leases**

The Township has entered into lease agreements, as lessee, for financing the acquisition of vehicles and other equipment. The leases have expiration dates extending through 2018.

As of December 31, 2015, the future minimum lease payments are as follows:

2016	\$	74,359
2017		36,224
2018		36,224
2019		35,224
2020		27,169
		<u>209,200</u>
	\$	<u>209,200</u>

##### **Contingencies**

###### **Litigation**

The Township is a defendant in lawsuits that have been referred to the lawyers who represent the Township's insurance carrier. While it is not feasible to determine the outcome of these matters, in the opinion of management, any total ultimate liability would not have a material effect on the Township's financial position.

###### **Concentration of Labor**

The Township entered into a collective bargaining agreement with the Police Officers Association effective January 1, 2014 through December 31, 2016. The Township also entered into a collective bargaining agreement with the nonuniform employees, effective January 1, 2015 through December 31, 2017. Of the Township's total workforce, 40% is covered by the agreement with the police officers and 49% is covered by the agreement with the nonuniform employees.

**Exeter Township**

Notes to Financial Statements  
December 31, 2015

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**Note 16 - Subsequent Events**

The Township has evaluated subsequent events through June 14, 2016. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2015 were noted.

## Exeter Township

Schedule of Changes in Net Pension Liability and Related Ratios  
Last Ten Fiscal Years\*  
Year Ended December 31, 2015

	<u>Police</u>	<u>Employees'</u>
<b>Total Pension Liability</b>		
Service cost	\$ 413,963	\$ 46,673
Interest	1,240,342	137,586
Benefit payments, including refunds of member contributions	<u>(590,938)</u>	<u>(25,698)</u>
<b>Net Change in Total Pension Liability</b>	1,063,367	158,561
<b>Total Pension Liability, Beginning</b>	<u>15,486,686</u>	<u>1,741,479</u>
<b>Total Pension Liability, Ending</b>	<u>\$ 16,550,053</u>	<u>\$ 1,900,040</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 577,080	\$ 124,753
Contributions - member	187,619	-
Net investment income (loss)	42,786	(19,771)
Benefit payments, including refunds of member contributions	(590,938)	(25,698)
Administrative expense	<u>(5,750)</u>	<u>(4,150)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	210,797	75,134
<b>Plan Net Position, Beginning</b>	<u>14,661,395</u>	<u>1,434,900</u>
<b>Plan Net Position, Ending</b>	<u>\$ 14,872,192</u>	<u>\$ 1,510,034</u>
<b>Township's Net Pension Liability</b>	<u>\$ 1,677,861</u>	<u>\$ 390,006</u>
<b>Plan Net Position as a Percentage of the Total Pension Liability</b>	<u>89.9%</u>	<u>79.5%</u>
<b>Covered Employee Payroll</b>	<u>\$ 2,510,781</u>	<u>\$ 484,984</u>
<b>Township's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<u>66.8%</u>	<u>80.4%</u>

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

**Exeter Township**

Schedule of Pension Contributions - Police Pension Plan  
Last 10 Fiscal Years

Years	Actuarially Determined Contribution	Contributions from Employer	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Payroll
2006	\$ 200,000	\$ 200,000	\$ -		
2007	190,000	190,000	-		
2008	243,966	243,966	-		
2009	254,354	254,354	-		
2010	268,564	268,564	-		
2011	447,195	447,195	-		
2012	387,491	387,491	-		
2013	424,764	424,764	-		
2014	456,349	456,349	-		
2015	577,080	577,080	-	\$ 2,510,781	22.98%

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported

Methods and assumptions used to determine contribution rates are as follows:

<b>Actuarial Valuation Date</b>	1/1/2013
<b>Actuarial Cost Method</b>	Entry age normal
<b>Amortization Method</b>	Level dollar closed
<b>Remaining Amortization Period</b>	11 years
<b>Asset Valuation Method</b>	Smoothed value with a corridor of 80% to 120% of market value.
<b>Inflation</b>	3.00%
<b>Salary Increases</b>	5.00%
<b>Investment Rate of Return</b>	8.00%
<b>Retirement Age</b>	Normal Retirement Age
<b>Mortality</b>	RP-2000 Table This table does not include projected mortality improvements

Changes in benefit terms: None since January 1, 2013.

**Exeter Township**

Schedule of Pension Contributions - Employees' Pension Plan  
Last 10 Fiscal Years

Years	Actuarially Determined Contribution	Contributions from Employer	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Payroll
2006	\$ 47,838	\$ 47,838	\$ -		
2007	49,999	49,999	-		
2008	103,281	103,281	-		
2009	100,572	100,572	-		
2010	102,880	102,880	-		
2011	107,469	107,469	-		
2012	93,998	93,998	-		
2013	99,466	99,466	-		
2014	115,181	115,181	-		
2015	124,753	124,753	-	\$ 484,964	25.72%

Valuation Date. Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported

Methods and assumptions used to determine contribution rates are as follows:

<b>Actuarial Valuation Date</b>	1/1/2013
<b>Actuarial Cost Method</b>	Entry age normal
<b>Amortization Method</b>	Level dollar closed
<b>Remaining Amortization Period</b>	10 years
<b>Asset Valuation Method</b>	Smoothed value with a corridor of 80% to 120% of market value.
<b>Inflation</b>	3.00%
<b>Salary Increases</b>	5.00%
<b>Investment Rate of Return</b>	7.75%
<b>Retirement Age</b>	Normal Retirement Age
<b>Mortality</b>	RP-2000 Table. This table does not include projected mortality improvements.

Changes in benefit terms: None since January 1, 2013.

**Exeter Township****Schedule of Funding Progress - Post-Employment Benefits Other than Pensions**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Underfunded AAL UAAL (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b-a)/c</b>
January 1, 2008	\$ -	\$ 5,314,263	\$ 5,314,263	-	\$ 4,718,187	112.6%
January 1, 2011	-	7,207,203	7,207,203	-	4,995,780	144.3%
January 1, 2014	-	8,596,069	8,596,069	-	5,082,182	169.1%



**Exeter Township**Budgetary Comparison Schedule - Modified Cash Basis - General Fund  
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes:				
Real estate	\$ 2,431,000	\$ 2,431,000	\$ 2,422,670	\$ (8,330)
Real estate transfer	275,000	275,000	365,174	90,174
Per capita	72,273	72,273	70,946	(1,327)
Earned income	3,376,293	3,376,293	3,489,454	113,161
Local services	317,406	317,406	314,942	(2,464)
Business privilege	450,440	450,440	474,796	24,356
Licenses and permits	387,950	387,950	445,382	57,432
Fines and forfeits	126,800	126,800	116,396	(10,404)
Interest and rents	36,914	36,914	36,153	(761)
Intergovernmental revenues	798,879	798,879	793,687	(5,192)
Charges for services	928,076	928,076	1,020,558	92,482
Miscellaneous	112,000	112,000	265,298	153,298
<b>Total Revenues</b>	<b>9,313,031</b>	<b>9,313,031</b>	<b>9,815,456</b>	<b>502,425</b>
<b>Expenditures</b>				
Current:				
General government	725,876	725,876	746,408	(20,532)
Public safety	5,650,754	5,650,754	5,577,978	72,776
Health and human services	25,900	25,900	35,897	(9,997)
Public works - sanitation	201,500	201,500	199,804	1,696
Public works - highways and streets	1,663,011	1,663,011	1,640,081	22,930
Culture and recreation	607,917	607,917	607,301	616
Community development	43,880	43,880	43,879	1
Debt service:				
Principal	-	-	300,864	(300,864)
Interest	353,935	353,935	59,693	294,242
Benefits	31,680	31,680	109,590	(77,910)
Property and casualty insurance	206,035	206,035	214,691	(8,656)
Capital outlay	129,923	129,923	80,082	49,841
Miscellaneous	175,250	175,250	167,358	7,892
<b>Total Expenditures</b>	<b>9,815,661</b>	<b>9,815,661</b>	<b>9,783,626</b>	<b>32,035</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(502,630)</b>	<b>(502,630)</b>	<b>31,830</b>	<b>534,460</b>

**Exeter Township**

Budgetary Comparison Schedule - Modified Cash Basis - General Fund (continued)

Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 242,622	\$ 242,622	\$ 242,622	\$ -
Transfers out	-	-	(69,940)	(69,940)
Proceeds from disposal of assets	-	-	12,044	12,044
<b>Total Other Financing Sources (Uses)</b>	<u>242,622</u>	<u>242,622</u>	<u>184,726</u>	<u>(57,896)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (260,008)</u>	<u>\$ (260,008)</u>	216,556	<u>\$ 476,564</u>
<b>Fund Balance at Beginning of Year</b>			<u>2,938,894</u>	
<b>Fund Balance at End of Year</b>			<u>\$ 3,155,450</u>	

## **Exeter Township**

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Note to Budgetary Comparison Schedule  
December 31, 2015

### **Note 1 - Budget Matters**

The Board of Supervisors annually adopts the budget for the General, Utility, Fire, Park Improvement, State Liquid Fuels Highway Aid, Capital Expenditure, Capital Improvement, Golf Acquisition, Apparatus, Traffic Improvement, Debt Service, Sewer and Country Club Funds. Budgetary control is legally maintained at the fund level.

The Second Class Township Code provides for the modification of the budget and supplemental appropriations and transfers.

Appropriations, except open project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements.

**Exeter Township**

Combining Statement of Assets and Fund Balances - Modified Cash Basis - Other Governmental Funds  
 December 31, 2015

	Special Revenue Funds					Capital Project Funds					Debt Service Fund	Total Other Governmental Funds	
	Utility	Fire	Detention Pond/ Storm Water	K-9	Park Improvement	State Liquid Fuels Highway Aid	Capital Expenditure	Capital Improvement	Golf Acquisition	Apparatus			Traffic Improvement
<b>Assets</b>													
Cash													
Unrestricted	\$ 30,371	\$ 88,980	\$ 70,955	\$ -	\$ 43,985	\$ -	\$ 481,584	\$ -	\$ -	\$ 828,417	\$ -	\$ -	
Restricted	-	-	-	12,988	-	5,000	-	208,451	888,340	-	35,388	718,790	
<b>Total Assets</b>	<b>\$ 30,371</b>	<b>\$ 88,980</b>	<b>\$ 70,955</b>	<b>\$ 12,988</b>	<b>\$ 43,985</b>	<b>\$ 5,000</b>	<b>\$ 481,584</b>	<b>\$ 208,451</b>	<b>\$ 888,340</b>	<b>\$ 828,417</b>	<b>\$ 35,388</b>	<b>\$ 718,790</b>	<b>\$ 3,178,229</b>
<b>Fund Balances</b>													
Restricted	\$ -	\$ -	\$ -	\$ 12,988	\$ -	\$ 5,000	\$ -	\$ 208,451	\$ 888,340	\$ -	\$ 35,388	\$ -	\$ 948,147
Committed	30,371	88,980	70,955	-	43,985	-	481,584	-	-	828,417	-	718,790	2,230,082
<b>Total Fund Balances</b>	<b>\$ 30,371</b>	<b>\$ 88,980</b>	<b>\$ 70,955</b>	<b>\$ 12,988</b>	<b>\$ 43,985</b>	<b>\$ 5,000</b>	<b>\$ 481,584</b>	<b>\$ 208,451</b>	<b>\$ 888,340</b>	<b>\$ 828,417</b>	<b>\$ 35,388</b>	<b>\$ 718,790</b>	<b>\$ 3,178,229</b>

**Exeter Township**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis - Other Governmental Funds  
 Year Ended December 31, 2015

	Special Revenue Funds						Capital Project Funds					Debt Service Fund	Total Other Governmental Funds
	Utility	Fire	Detention Pond/ Storm Water	K-9	Park Improvement	State Liquid Fuels Highway Aid	Capital Expenditure	Capital Improvement	Golf Acquisition	Apparatus	Traffic Improvement		
<b>Revenues</b>													
Taxes, real estate	\$ 208,850	\$ 708,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 640,352	\$ 1,568,364
Interest and rents	100	1,234	198	28	71	528	43,879	452	1,751	1,399	91	1,115	51,043
Intergovernmental revenues	-	-	-	-	33,800	701,532	-	-	-	-	-	-	735,332
Charges for services	-	-	-	-	25,882	-	-	-	-	-	-	-	25,882
Miscellaneous	-	-	3,025	2,028	-	-	-	-	-	-	-	-	5,053
<b>Total Revenues</b>	<b>209,050</b>	<b>710,380</b>	<b>3,221</b>	<b>2,056</b>	<b>59,733</b>	<b>702,380</b>	<b>43,879</b>	<b>452</b>	<b>1,751</b>	<b>1,399</b>	<b>91</b>	<b>941,487</b>	<b>2,375,854</b>
<b>Expenditures</b>													
Current													
Public safety	97,144	710,823	-	-	-	-	-	-	-	388,541	-	-	1,177,268
Public works - highways and streets	80,919	-	1,188	-	-	313,058	-	-	-	-	2,475	-	397,648
Culture and recreation	-	-	-	-	65,786	-	-	-	5,500	-	-	-	71,286
Community development	2,178	-	-	-	-	-	-	-	-	-	-	12,088	14,264
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	19,703	-	-	-	72,103	41,915	-	-	-	-	50,000	183,721
Interest	-	-	-	-	-	2,101	-	-	-	-	-	911,988	914,089
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	273,645	273,645
Capital outlay	-	-	-	-	3,169	438,972	184,990	32,385	143,878	-	-	-	783,402
Miscellaneous	-	-	3,700	-	-	-	-	-	-	-	-	547	4,247
<b>Total Expenditures</b>	<b>180,238</b>	<b>730,328</b>	<b>4,888</b>	<b>-</b>	<b>68,955</b>	<b>528,322</b>	<b>206,905</b>	<b>32,385</b>	<b>149,378</b>	<b>388,541</b>	<b>2,475</b>	<b>1,148,278</b>	<b>3,710,808</b>
<b>Excess (Deficiency) of Revenue over (under) Expenditures</b>	<b>28,812</b>	<b>(19,948)</b>	<b>(1,675)</b>	<b>2,056</b>	<b>(9,222)</b>	<b>(123,942)</b>	<b>(163,226)</b>	<b>(31,943)</b>	<b>(147,625)</b>	<b>(388,942)</b>	<b>(2,384)</b>	<b>(608,811)</b>	<b>(1,343,964)</b>
<b>Other Financing Sources (Uses)</b>													
Bond proceeds	-	-	-	-	-	-	-	-	-	-	-	11,583,000	11,583,000
Discount on refunding bonds issued	-	-	-	-	-	-	-	-	-	-	-	(35,751)	(35,751)
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	(11,233,588)	(11,233,588)
Transfers in	-	-	-	-	-	-	89,940	25,000	-	142,055	-	285,408	522,401
Transfers out	(25,000)	(142,055)	-	-	-	-	-	-	-	-	-	-	(167,055)
Proceeds from disposal of assets	-	-	-	-	-	-	-	-	120,947	580,000	-	-	700,947
<b>Total Other Financing Sources (Uses)</b>	<b>(25,000)</b>	<b>(142,055)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,940</b>	<b>25,000</b>	<b>120,947</b>	<b>602,055</b>	<b>-</b>	<b>578,059</b>	<b>1,319,948</b>
<b>Net Change in Fund Balances</b>	<b>3,812</b>	<b>(162,001)</b>	<b>(1,675)</b>	<b>2,056</b>	<b>(9,222)</b>	<b>(123,942)</b>	<b>(93,286)</b>	<b>(6,943)</b>	<b>(28,678)</b>	<b>324,013</b>	<b>(2,384)</b>	<b>72,248</b>	<b>(24,008)</b>
<b>Fund Balances at Beginning of Year</b>	<b>28,545</b>	<b>230,981</b>	<b>81,430</b>	<b>10,932</b>	<b>53,207</b>	<b>128,942</b>	<b>554,870</b>	<b>213,394</b>	<b>713,018</b>	<b>504,404</b>	<b>37,752</b>	<b>844,542</b>	<b>3,200,237</b>
<b>Fund Balances at End of Year</b>	<b>\$ 30,371</b>	<b>\$ 88,980</b>	<b>\$ 79,065</b>	<b>\$ 12,988</b>	<b>\$ 43,985</b>	<b>\$ 5,000</b>	<b>\$ 461,584</b>	<b>\$ 206,451</b>	<b>\$ 884,340</b>	<b>\$ 828,417</b>	<b>\$ 35,368</b>	<b>\$ 716,790</b>	<b>\$ 3,176,229</b>

**Exeter Township**

Combining Statement of Net Position - Modified Cash Basis - Fiduciary Funds  
December 31, 2015

	<b>Pension Trust Funds</b>			
	<b>Police Pension Fund</b>	<b>Employees' Pension Fund</b>	<b>DROP Pension Funds</b>	<b>Total Pension Trust Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 205,133	\$ 15,711	\$ 9,263	\$ 230,107
Investments	<u>14,478,586</u>	<u>1,493,575</u>	<u>173,008</u>	<u>16,145,169</u>
<b>Total Assets</b>	<b><u>\$ 14,683,719</u></b>	<b><u>\$ 1,509,286</u></b>	<b><u>\$ 182,271</u></b>	<b><u>\$ 16,375,276</u></b>
<b>Net Position</b>				
Assets held in trust for pension benefits	<u>\$ 14,683,719</u>	<u>\$ 1,509,286</u>	<u>\$ 182,271</u>	<u>\$ 16,375,276</u>

**Exeter Township**Combining Statement of Changes in Net Position - Modified Cash Basis - Fiduciary Funds  
Year Ended December 31, 2015

	Pension Trust Funds			
	Police Pension Fund	Employees' Pension Fund	DROP Pension Funds	Total Pension Trust Funds
<b>Additions</b>				
Contributions:				
Employer	\$ 577,080	\$ 124,753	\$ -	\$ 701,833
Employee	187,619	-	-	187,619
Total contributions	<u>764,699</u>	<u>124,753</u>	<u>-</u>	<u>889,452</u>
Investment income (loss):				
Realized and unrealized losses on investments	(262,985)	(22,700)	(16,165)	(301,850)
Interest and dividends	377,633	18,389	10,006	406,028
Total investment income (loss)	<u>114,648</u>	<u>(4,311)</u>	<u>(6,159)</u>	<u>104,178</u>
<b>Total Additions</b>	<u>879,347</u>	<u>120,442</u>	<u>(6,159)</u>	<u>993,630</u>
<b>Deductions</b>				
Benefit payments	341,976	25,698	248,962	616,636
Administrative expenses	77,655	19,506	-	97,161
<b>Total Deductions</b>	<u>419,631</u>	<u>45,204</u>	<u>248,962</u>	<u>713,797</u>
<b>Transfers (to) from Other Funds</b>	<u>(104,819)</u>	<u>-</u>	<u>104,819</u>	<u>-</u>
<b>Change in Net Position</b>	<u>354,897</u>	<u>75,238</u>	<u>(150,302)</u>	<u>279,833</u>
<b>Net Position of Assets Held in Trust for Pension Benefits at Beginning of Year</b>	<u>14,328,822</u>	<u>1,434,048</u>	<u>332,573</u>	<u>16,095,443</u>
<b>Net Position of Assets Held in Trust for Pension Benefits at End of Year</b>	<u>\$ 14,683,719</u>	<u>\$ 1,509,286</u>	<u>\$ 182,271</u>	<u>\$ 16,375,276</u>





**EXETER TOWNSHIP,  
BERKS COUNTY, PENNSYLVANIA**

**ANNUAL FINANCIAL REPORT**

*Year Ended December 31, 2017*



*Expertise Beyond The Numbers*  
Certified Public Accountants and Business Consultants

## **INTRODUCTORY SECTION**

**EXETER TOWNSHIP**  
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**YEAR ENDED DECEMBER 31, 2017**

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**EXETER TOWNSHIP**  
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**YEAR ENDED DECEMBER 31, 2017**

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## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Board of Supervisors  
Exeter Township  
Exeter, Pennsylvania

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Exeter Township (the Township), Berks County, Pennsylvania, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Exeter Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis for Adverse Opinion***

As discussed in Note B to the financial statements, the Township has not recorded capital assets and depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated. The amount by which this departure would affect assets, net position, and changes in fund balance/net position is not reasonably determinable.

To the Board of Supervisors  
Exeter Township  
Exeter, Pennsylvania

***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the statement of net position, statement of activities, statement of net position - proprietary funds, statement of revenues, expenditures and changes in net position - proprietary funds and statement of cash flows - proprietary funds do not present fairly the financial position of the governmental activities, business-type activities, and proprietary funds of the Township as of December 31, 2017, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the balance sheet - governmental funds, statement of revenues, expenditures, and changes in fund balances - governmental funds, statement of net position - fiduciary funds, and statement of changes in net position - fiduciary funds present fairly, in all material respects, the respective financial position of Exeter Township, Berks County, Pennsylvania, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 15 and other required supplementary information on pages 62 to 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Exeter Township's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Oaks, Pennsylvania  
August 1, 2018

## **EXETER TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2017**

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Our discussion and analysis of Exeter Township's (the Township) financial performance provides an overview of the Township's financial activities for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the Township's financial statements beginning on page 16.

#### **FINANCIAL HIGHLIGHTS**

- The basic financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) in accordance with GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. The Township's financial statements do not include the recording of capital assets nor the related depreciation. Prior to fiscal year ended December 31, 2016, the Township financial statements were presented on the modified cash basis of accounting where only revenues collected and expenditures paid and intergovernmental due to and due from receivables and payables are recorded.
- Capital assets (including buildings, equipment, infrastructure, and other long-term assets) are not included in the Township's Statement of Net Position. The Statement of Net Position does include general obligation debt and other long-term liabilities associated with the capital assets. Depreciation is also not recorded in the Township's expenditures.
- Due to the Township not recording capital assets, the liabilities of Exeter Township exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$29,073,552. Current assets, which may be used to meet the Township's on-going obligations to citizens and creditors, totaled \$21,393,913 at December 31, 2017.
- As of the close of fiscal year 2017, Exeter Township's governmental funds reported combined ending fund balances of \$4,874,185. Approximately 58.0% of this total amount is available for spending at the Township's discretion (unassigned fund balance). The remaining 42% is held for specific expenditures and capital projects.
- At the end of fiscal year 2017, the unassigned fund balance for the General Fund was \$2,826,661.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

The discussion and analysis are intended to serve as an introduction to Exeter Township's basic financial statements. Exeter Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements:** The government-wide financial statements are designed to provide the readers with a broad overview of Exeter Township's finances, in a manner similar to a private sector business.



## EXETER TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2017

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The statement of net position presents information on all of Exeter Township's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Exeter Township is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Exeter Township that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Exeter Township include general government, public safety, health and human services, highways and streets, culture and recreation, community development, debt service, benefits, property and casualty insurance, capital outlay and miscellaneous. The business-type activities of Exeter Township include sewer and country club activities.

The government-wide financial statements can be found on pages 16 and 17 of this report.

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Exeter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Exeter Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Exeter Township maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. Data from the other 13 funds are combined into a single, aggregated presentation.

**EXETER TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2017**

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Exeter Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

**Proprietary funds.** Exeter Township maintains one type of proprietary fund: enterprise funds to account for its sewer and country club operations. When the Township charges customers for the services it provides, whether to outside customers or the other units of the Township, these services are generally reported in proprietary funds. The Township's enterprise funds - the Sewer and Country Club Operations (components of proprietary funds) are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for sewer and country club operations, both of which are considered to be major funds of Exeter Township.

The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Exeter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 61 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Exeter Township's Police and Employees' Pension Plans, post-employment benefits other than pensions and the budgetary comparison schedule for the general fund. Required supplementary information can be found on pages 62 and 71 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on the budgetary comparison schedule. Combining and individual fund statements and schedules can be found on pages 72 through 75 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Township's net position increased \$229,610 when comparing December 31, 2017 over the prior year. The Township's total liabilities exceed total assets due to the exclusion of capital assets (land, buildings, infrastructure, machinery and equipment) from the financial statements.

Governmental net position decreased \$3,326,996 while business-type activity net position increased \$3,556,606.

**EXETER TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2017**

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A condensed summary of the Township's Statement of Net Position at December 31, 2017 and 2016 is presented below:

**Statement of Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>ASSETS</b>						
Cash	\$ 4,985,924	\$ 7,279,510	\$ 4,143,947	\$ 3,788,994	\$ 9,129,871	\$ 11,068,504
Certificate of deposit	-	-	7,000,000	7,000,000	7,000,000	7,000,000
Receivables, prepaids and inventory	1,704,561	1,857,009	3,559,481	2,614,666	5,264,042	4,471,675
<b>TOTAL ASSETS</b>	<b>6,690,485</b>	<b>9,136,519</b>	<b>14,703,428</b>	<b>13,403,660</b>	<b>21,393,913</b>	<b>22,540,179</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	2,189,760	2,556,530	670,580	774,521	2,860,340	3,331,051
<b>LIABILITIES</b>						
Other liabilities	1,167,310	1,477,459	523,305	2,419,074	1,690,615	3,896,533
Long-term liabilities	28,441,593	29,044,415	21,571,893	22,233,444	50,013,486	51,277,859
<b>TOTAL LIABILITIES</b>	<b>29,608,903</b>	<b>30,521,874</b>	<b>22,095,198</b>	<b>24,652,518</b>	<b>51,704,101</b>	<b>55,174,392</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	1,427,163	-	196,541	-	1,623,704	-
<b>NET POSITION (DEFICIT)</b>						
Net investment in capital assets	(19,422,283)	(19,803,790)	(20,539,401)	(22,390,955)	(39,961,684)	(42,194,745)
Restricted	1,142,882	1,669,865	-	-	1,142,882	1,669,865
Unrestricted	(3,876,420)	(694,900)	13,621,670	11,916,618	9,745,250	11,221,718
<b>TOTAL NET POSITION</b>	<b>\$ (22,155,821)</b>	<b>\$ (18,828,825)</b>	<b>\$ (6,917,731)</b>	<b>\$ (10,474,337)</b>	<b>\$ (29,073,552)</b>	<b>\$ (29,303,162)</b>

Net position is shown as restricted if it can only be used for a specific purpose. Net position of \$9,745,250 and \$1,669,865 at December 31, 2017 and 2016, respectively, is restricted.

**EXETER TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2017**

**Statement of Activities**

For the year ended December 31, 2017 and 2016, net position of the Township changed as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 2,169,244	\$ 1,466,750	\$ 7,962,186	\$ 6,617,753	\$ 10,131,430	\$ 8,084,513
Operating grants and contributions	1,636,504	1,775,775	-	-	1,336,504	1,775,775
General revenues						
Taxes						
Real estate	4,560,166	4,464,152	-	-	4,560,166	4,464,152
Real estate transfer	556,148	829,882	-	-	556,148	829,882
Per capita	64,302	70,495	-	-	64,302	70,495
Earned income	3,594,487	3,537,569	-	-	3,594,487	3,537,569
Local services	393,276	353,830	-	-	393,276	353,830
Business privilege	668,460	496,583	-	-	668,460	496,583
Interest income	111,433	94,011	380,523	378,757	491,956	472,778
Proceeds from sale of assets	28,002	3,160	-	-	28,002	3,160
Miscellaneous	171,482	315,710	-	-	171,482	315,710
<b>TOTAL REVENUES</b>	<b>13,953,504</b>	<b>13,407,917</b>	<b>8,342,709</b>	<b>6,996,530</b>	<b>22,296,213</b>	<b>20,404,447</b>
<b>EXPENDITURES</b>						
General government	3,056,259	1,547,433	-	-	3,056,259	1,547,433
Public safety	9,430,731	7,159,396	-	-	9,430,731	7,159,396
Health and human services	-	28,418	-	-	-	28,418
Public works - sanitation	227,775	181,656	-	-	227,775	181,656
Public works - highways and streets	2,934,280	2,313,370	-	-	2,934,280	2,313,370
Culture and recreation	1,068,242	680,735	-	-	1,068,242	680,735
Community development	138,708	65,756	-	-	138,708	65,756
Debt service	695,851	904,427	-	-	695,851	904,427
Insurance	417,825	434,368	-	-	417,825	434,368
Capital outlay	-	1,071,002	-	-	-	1,071,002
Sewer	-	-	3,320,993	3,705,985	3,320,993	3,705,985
Country club	-	-	870,242	730,900	870,242	730,900
Miscellaneous	5,697	168,669	-	-	5,697	168,669
<b>TOTAL EXPENDITURES</b>	<b>17,375,368</b>	<b>14,355,230</b>	<b>4,191,235</b>	<b>4,436,385</b>	<b>22,065,603</b>	<b>18,792,115</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,321,864)</b>	<b>(947,313)</b>	<b>4,151,474</b>	<b>2,559,645</b>	<b>229,610</b>	<b>1,612,332</b>
<b>TRANSFERS</b>	<b>594,868</b>	<b>2,026,190</b>	<b>(594,868)</b>	<b>(2,026,190)</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>(3,326,996)</b>	<b>1,078,877</b>	<b>3,556,606</b>	<b>533,455</b>	<b>229,610</b>	<b>1,612,332</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>(18,828,825)</b>	<b>(19,907,702)</b>	<b>(10,474,337)</b>	<b>(11,007,792)</b>	<b>(29,303,162)</b>	<b>(30,915,494)</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ (22,155,821)</b>	<b>\$ (18,828,825)</b>	<b>\$ (6,917,731)</b>	<b>\$ (10,474,337)</b>	<b>\$ (29,073,552)</b>	<b>\$ (29,303,162)</b>

**EXETER TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2017**

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The following table depicts revenues by source for governmental activities in 2017:

**Revenues by Source - Governmental Activities**

Property taxes	\$	4,560,166	32.68%
Earned income taxes		3,594,487	25.76%
Charges for services		2,169,244	15.55%
Operating grants and contributions		1,636,504	11.73%
Business privilege taxes		668,460	4.79%
Real estate transfer taxes		556,148	3.99%
Taxes - other		457,578	3.27%
Interest and rents		111,433	0.80%
Other		199,484	1.43%
		<u>13,953,504</u>	<u>100.00%</u>
TOTAL	\$	<u>13,953,504</u>	<u>100.00%</u>

Government-wide revenues were primarily derived from property tax collections at 32.68% and earned income tax collections at 25.76% of the total. Charges for services, at 15.55%, are the third largest source of revenue.

For the years ended December 31, 2017 and 2016, total revenues for governmental activities amounted to \$13,953,504 and \$13,407,917, respectively.

The following table depicts an expense breakdown for governmental activities in 2017:

**Expenses - Governmental Activities**

Public safety	\$	9,430,731	52.76%
General government		3,056,259	17.10%
Highways and streets		2,834,280	15.86%
Culture and recreation		1,068,242	5.98%
Debt service		695,851	3.89%
Other		790,005	4.42%
		<u>17,875,368</u>	<u>100.00%</u>
TOTAL	\$	<u>17,875,368</u>	<u>100.00%</u>

The expenses reflect the delivery of a wide range of services, with the largest being public safety at 52.76%. The second largest program is general government at 17.10%.

Governmental activities decreased Exeter Township's net position by \$3,326,996.

## **EXETER TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2017**

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#### Noteworthy events in 2017:

- The Township's real estate tax for 2017 was 2.145 mills for general purposes, .605 mills for the purchase of fire apparatus and making appropriations to the fire company, and .50 mills for the purpose of debt service related to the acquisition of the Reading Country Club. Real estate tax increased \$96,014 or 2% from 2016.
- Real estate transfer tax decreased \$273,734 in 2017 due to the Exeter Commons retail property ownership transfer which occurred in 2016.
- Earned income tax increased \$56,918 or 2% from 2016.
- Local services tax increased \$39,446 or 11% from 2016.
- Business privilege tax increased \$171,877 or 35% from 2016. The Township retained a new business privilege tax collection agency in 2016. The discovery actions of the new agency resulted in a more robust annual revenue stream.

#### **Business-Type Activities**

A review of the business-type activities for the year ended December 31, 2017 resulted in changes in net position for both the Sewer Fund and Country Club of \$3,813,249 and \$(256,643), respectively. Operating income for the Sewer Fund was \$4,433,156 compared to \$2,624,841 for the year ended December 31, 2016. Country Club operating income was \$36,429 compared to \$345,385 for the year ended December 31, 2016.

**EXETER TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2017**

Business-type activities increased Exeter Township's net position by \$3,556,606 in 2017.

	Sewer		Country Club		Totals	
	2017	2016	2017	2016	2017	2016
<b>OPERATING REVENUES</b>						
Sewer charges	\$ 6,924,015	\$ 5,421,493	\$ -	\$ -	\$ 6,924,015	\$ 5,421,493
Tapping fees	36,895	31,420	-	-	36,895	31,420
Charges for services	-	-	662,636	775,066	662,636	775,066
Lease rental revenues	-	-	244,035	301,219	244,035	301,219
Miscellaneous	94,305	88,565	-	-	94,305	88,565
<b>TOTAL OPERATING REVENUES</b>	<b>7,055,515</b>	<b>5,541,478</b>	<b>906,671</b>	<b>1,076,285</b>	<b>7,962,186</b>	<b>6,617,763</b>
<b>OPERATING EXPENDITURES</b>						
Wastewater collection and treatment	2,522,359	2,916,637	-	-	2,522,359	2,916,637
Culture and recreation expenses	-	-	970,242	730,900	970,242	730,900
<b>TOTAL OPERATING EXPENDITURES</b>	<b>2,522,359</b>	<b>2,916,637</b>	<b>970,242</b>	<b>730,900</b>	<b>3,492,601</b>	<b>3,647,537</b>
<b>OPERATING INCOME</b>	<b>4,433,156</b>	<b>2,624,841</b>	<b>36,429</b>	<b>345,385</b>	<b>4,469,585</b>	<b>2,970,226</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	378,727	377,652	1,796	1,115	380,523	378,767
Debt service						
Interest:	(698,634)	(787,905)	-	-	(698,634)	(787,905)
Fiscal agent fees	-	(1,443)	-	-	-	(1,443)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(319,907)</b>	<b>(411,696)</b>	<b>1,796</b>	<b>1,115</b>	<b>(318,111)</b>	<b>(410,581)</b>
<b>INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>4,113,249</b>	<b>2,213,145</b>	<b>38,225</b>	<b>346,500</b>	<b>4,151,474</b>	<b>2,559,645</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	20,673	-	20,673
Transfers out	(300,000)	(1,729,971)	(294,868)	(316,392)	(594,868)	(2,046,863)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(300,000)</b>	<b>(1,729,971)</b>	<b>(294,868)</b>	<b>(296,219)</b>	<b>(594,868)</b>	<b>(2,026,190)</b>
<b>CHANGE IN NET POSITION</b>	<b>3,313,249</b>	<b>493,174</b>	<b>(256,643)</b>	<b>50,281</b>	<b>3,556,606</b>	<b>533,455</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>(10,745,028)</b>	<b>(11,228,202)</b>	<b>270,691</b>	<b>220,410</b>	<b>(10,474,337)</b>	<b>(11,007,792)</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ (6,931,779)</b>	<b>\$ (10,745,028)</b>	<b>\$ 14,048</b>	<b>\$ 270,691</b>	<b>\$ (6,917,731)</b>	<b>\$ (10,474,337)</b>

## **EXETER TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2017**

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#### **A FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

In reviewing individual funds of the Township, certain funds experienced significant changes to be considered in analyzing the Township's funds:

- Capital Projects Fund - During 2017, the following equipment was purchased:
  - \* 2018 Ford F-550 with lift gate
  - \* 2018 Chevrolet Silverado 3500H
  - \* 2017 Ford Explorer
  - \* 2017 Ford Utility Police Interceptor
  - \* 2017 Ford Utility Police Interceptor
  - \* 2017 Chevrolet Tahoe
  - \* 2017 Chevrolet Tahoe
  - \* 2017 Chevrolet Tahoe
  - \* 2017 Ford Fusion
  - \* Crafcoc crack sealer
  - \* 2017 Elgin Whirlwind street sweeper
  - \* Erskine Model 925FM snowblower
  - \* Pole building for ambulance building
  - \* Rooftop HVAC replacement at Reading Country Club
  - \* Food service equipment and building upgrades at Reading Country Club
  - \* Sewer treatment equipment (headworks fan, collector chain, chopper pumps, & flame bank assembly)
  - \* Lorane Hollow Park upgrades
  - \* Engineering Department Office Furniture
- Capital Improvement Fund - \$48,000 was expended to install LED street light fixtures in the Reiffon area.
- Apparatus Fund – a 2017 Seagrave Marauder Rescue Engine was purchased for \$722,007.

#### **Capital Assets**

Capital assets (including buildings, equipment, infrastructure, and other long-term assets) are not included in the Township's Statement of Net Position. The Statement of Net Position includes general obligation debt and other long-term liabilities associated with the capital assets. At December 31, 2017, the capital assets associated with \$39,961,684 in long-term liabilities not included on the Statement of Net Position resulted in a deficit Net Position of \$29,073,552.

Depreciation is also not included in the Township's expenditures.



## EXETER TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2017

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#### Long-Term Debt

As of December 31, 2017, the Township had \$20,620,351 and \$20,775,000 of general obligation debt outstanding in the Governmental and Business-Type Activities, respectively. See Note H to the financial statements for a detailed analysis of long-term debt. The following details activity related to the general obligation debt during 2017:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
BEGINNING BALANCE AT JANUARY 1, 2017	\$ 21,203,644	\$ 22,605,000
Principal payments	<u>(583,293)</u>	<u>(1,830,000)</u>
ENDING BALANCE AT DECEMBER 31, 2017	<u>\$ 20,620,351</u>	<u>\$ 20,775,000</u>

#### Budgetary Highlights

Over the course of the year, the Township's Board of Supervisors monitored actual results with budgeted results. Although actual results and budgeted results may differ due to circumstances that arise during the course of the year, the Township generally does not amend its budget after adoption.

For the year ended December 31, 2017, General Fund revenues were over budgetary estimates by \$1,472,036. Real estate transfer tax was \$220,942 over budget. Earned income tax was \$88,703 over budget. Business privilege tax was \$183,849 over budget. Landfill host fees were \$200,000 over budget. Engineering fees were \$69,303 over budget. General Fund expenditures were over budget \$1,441,363 which was mostly attributable to increased legal fees.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

##### Overview

The Township continued to institute a number of positive initiatives in 2017 that will positively impact the Township not only in 2018 but for many years into the future. Several of these changes have their origin with Exeter's participation in the Early Intervention Program funded through the Pennsylvania Department of Community and Economic Development.

The new collection agency retained for the collection of the Business Privilege Tax exceeded expectations. The actual collections for 2017 totaled \$631,849 which exceeded budget by \$183,849.

Following an analysis of the cost to operate and maintain the Brush Recycling Center at Trout Run, the Board decided to outsource the mulching operation and to reduce the hours of availability for mulch. The Township reassigned the employee working at that site to the Highway Department. This effort resulted in a savings to the Township of \$80,000.

The most important action undertaken in 2017 was the authorization to accept proposals from qualified vendors for the potential sale of the wastewater system. The Township accepted proposals and reviewed them during the year.

To assist with the potential sale of the wastewater system, the Township applied for and received an Early Intervention Program Phase 3 grant from the Pennsylvania Department of Community and Economic Development in the amount of \$80,000. This funding assisted the Township in determining the potential use of proceeds of a sale and the impact on the General Fund that the use of the proceeds would have.

## EXETER TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2017

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The Township embarked on a Master Plan for the Township wide park and recreation system. This endeavor was funded in part (50%) from a grant from the Pennsylvania Department of Conservation and Natural Resources.

#### Employment Base

The Township's current retail and service industry employment base is strong with several large employers already adding to the economy. Some of the largest employers within the Township are as follows.

<u>Employer</u>	<u>Number of Employees</u>
Bosco's	960
Godiva Chocolatier	529
Wal-Mart	318
Giant Food Stores	231
Fairlane Gardens	144
Genesis Eldercare, Berkshire Center	153
Lowe's	141
Target	131
Redner's	100
Home Depot	96

#### Capital Projects

During 2018, the Township has budgeted to complete several major infrastructure and capital projects to add to the overall quality of life in the Township. These projects and the estimated costs include the following:

• Lorane Hollow Park Improvements	\$100,000
• Traffic Camera Installation (Gibraltar/DeMoss/422)	69,000
• Trout Run Master Plan	36,000
• Dunn Center Improvements	25,000
• Reiffon LED Street Light Installation (Phase II)	17,000

#### Budget Highlights

All of these factors were considered in preparing the Township's budget for the 2018 fiscal year. General Fund revenues are anticipated to decrease 1.9 percent to \$11,499,373. Expenditures are budgeted to decrease 3.1 percent to \$11,894,605. Other governmental fund revenues for 2018 are budgeted at \$2,878,187 while expenditures are budgeted at \$2,975,963. The excess of expenditures over revenues will be covered by the fund balances at December 31, 2017. Proprietary fund revenues are budgeted at \$7,550,972 while expenditures are budgeted at \$6,907,047.

#### **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of Exeter Township's finances for all those with an interest in the government's finances. If you have any questions about this report or need additional financial information, contact the Finance Director at Exeter Township, 4975 DeMoss Road, Reading, PA 19606.

**EXETER TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash - unrestricted	\$ 3,640,785	\$ 4,143,947	\$ 7,784,732
Cash - restricted	1,345,139	-	1,345,139
Certificate of deposit	-	7,000,000	7,000,000
Accounts receivable	183,614	3,307,684	3,491,298
Accrued interest receivable	-	150,653	150,653
Taxes receivable	1,464,764	-	1,464,764
Prepays	56,183	26,848	83,031
Inventory	-	38,402	38,402
Net pension asset	-	35,894	35,894
TOTAL ASSETS	<u>6,690,485</u>	<u>14,703,428</u>	<u>21,393,913</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on debt refinancing	1,555,747	625,601	2,181,348
Pension	634,013	44,979	678,992
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,189,760</u>	<u>670,580</u>	<u>2,860,340</u>
<b>LIABILITIES</b>			
Accounts payable	504,350	105,301	609,651
Accrued salaries	347,688	47,166	394,854
Accrued interest payable	265,370	303,807	569,177
Deposits held in escrow	49,902	30,000	79,902
Unearned revenues	-	37,031	37,031
Long-term liabilities			
Bonds and notes payable, current portion	591,716	1,920,000	2,511,716
Bonds and notes payable, long-term portion	19,999,519	19,245,002	39,244,521
Capital leases, current portion	96,191	-	96,191
Capital leases, long-term portion	290,604	-	290,604
Compensated absences payable	915,603	107,432	1,023,035
Net pension liability	32,381	-	32,381
OPEB liability	6,515,579	299,459	6,815,038
TOTAL LIABILITIES	<u>29,608,903</u>	<u>22,095,198</u>	<u>51,704,101</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	1,427,163	196,541	1,623,704
<b>NET POSITION</b>			
Net investment in capital assets	(19,422,283)	(20,539,401)	(39,961,684)
Restricted	1,142,882	-	1,142,882
Unrestricted	(3,876,420)	13,621,670	9,745,250
TOTAL NET POSITION	<u>\$ (22,155,821)</u>	<u>\$ (6,917,731)</u>	<u>\$ (29,073,552)</u>

See accompanying notes to the basic financial statements.

**EXETER TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>			
General government	\$ 3,056,259	\$ 861,416	\$ 189,734
Public safety	9,430,731	417,693	576,209
Public works - sanitation	227,775	742,905	-
Public works - highways and streets	2,834,280	20,416	870,561
Culture and recreation	1,068,242	126,814	-
Community development	138,708	-	-
Debt service	695,851	-	-
Insurance	417,825	-	-
Miscellaneous	5,697	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>17,875,368</b>	<b>2,169,244</b>	<b>1,636,504</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Sewer	3,320,993	7,055,515	-
Country Club	870,242	906,671	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>4,191,235</b>	<b>7,962,186</b>	<b>-</b>
	<b>\$ 22,066,603</b>	<b>\$ 10,131,430</b>	<b>\$ 1,636,504</b>

**GENERAL REVENUES**

Taxes

Real estate taxes

Real estate transfer

Per capita

Earned income

Local services

Business privilege

Interest income

Proceeds from disposal of assets

Miscellaneous

TRANSFERS (TO) AND FROM OTHER FUNDS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u>	<u>Business-Type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Totals</u>
\$ (2,005,109)	\$ -	\$ (2,005,109)
(8,436,829)	-	(8,436,829)
515,130	-	515,130
(1,943,303)	-	(1,943,303)
(941,428)	-	(941,428)
(138,708)	-	(138,708)
(695,851)	-	(695,851)
(417,825)	-	(417,825)
(5,697)	-	(5,697)
<u>(14,069,620)</u>	<u>-</u>	<u>(14,069,620)</u>
-	3,734,522	3,734,522
-	36,429	36,429
-	<u>3,770,951</u>	<u>3,770,951</u>
<u>(14,069,620)</u>	<u>3,770,951</u>	<u>(10,298,669)</u>
4,560,166	-	4,560,166
556,148	-	556,148
64,302	-	64,302
3,594,487	-	3,594,487
393,276	-	393,276
668,460	-	668,460
111,433	380,523	491,956
28,002	-	28,002
171,482	-	171,482
<u>594,868</u>	<u>(594,868)</u>	<u>-</u>
<u>10,742,624</u>	<u>(214,345)</u>	<u>10,528,279</u>
(3,326,996)	3,556,606	229,610
<u>(18,828,825)</u>	<u>(10,474,337)</u>	<u>(29,303,162)</u>
<u>\$ (22,155,821)</u>	<u>\$ (6,917,731)</u>	<u>\$ (29,073,552)</u>

**EXETER TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash, unrestricted	\$ 2,788,011	\$ 852,774	\$ 3,640,785
Cash, restricted	83,009	1,262,130	1,345,139
Accounts receivable	183,614	-	183,614
Taxes receivable	1,396,638	68,126	1,464,764
Prepays	56,183	-	56,183
	<u>56,183</u>	<u>-</u>	<u>56,183</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>4,507,455</u></b>	<b>\$ <u>2,183,030</u></b>	<b>\$ <u>6,690,485</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 363,229	\$ 141,121	\$ 504,350
Accrued salaries	347,688	-	347,688
Deposits held in escrow	49,902	-	49,902
<b>TOTAL LIABILITIES</b>	<b><u>760,819</u></b>	<b><u>141,121</u></b>	<b><u>901,940</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue, property taxes	107,951	50,568	158,519
Unavailable revenue, earned income taxes	755,841	-	755,841
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>863,792</u></b>	<b><u>50,568</u></b>	<b><u>914,360</u></b>
<b>FUND BALANCES</b>			
Nonspendable	56,183	-	56,183
Restricted	-	1,142,882	1,142,882
Committed	-	848,612	848,612
Unassigned	2,826,661	(153)	2,826,508
<b>TOTAL FUND BALANCES</b>	<b><u>2,882,844</u></b>	<b><u>1,991,341</u></b>	<b><u>4,874,185</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>4,507,455</u></b>	<b>\$ <u>2,183,030</u></b>	<b>\$ <u>6,690,485</u></b>

*See accompanying notes to the basic financial statements.*

## EXETER TOWNSHIP

### RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2017

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TOTAL GOVERNMENTAL FUNDS BALANCES	\$	4,874,185
<p>Amounts reported for governmental activities in the statement of net position are different because.</p>		
Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.		914,360
Deferred outflows of resources related to the refinancing of debt will not be paid or received in the current period and, therefore, are not reported in the funds.		1,555,747
Deferred outflows and inflows of resources related to the pension plans will not be paid or received in the current period and, therefore, are not reported in the funds		(793,150)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in as liabilities in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at December 31, 2017 are as follows.</p>		
Bonds and notes payable		(20,620,351)
Bond premium		(4,297)
Bond discounts		33,413
Capital leases		(386,795)
Accrued interest payable		(265,370)
Net pension liability		(32,381)
OPEB liability		(6,515,579)
Compensated absences payable		(915,603)
TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES	\$	<u>(22,155,821)</u>

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
<b>Taxes</b>			
Real estate	\$ 2,949,612	\$ 1,657,925	\$ 4,607,537
Real estate transfer	556,148	-	556,148
Per capita	64,302	-	64,302
Earned income	3,649,556	-	3,649,556
Local services	393,276	-	393,276
Business privilege	668,460	-	668,460
Licenses and permits	864,268	-	864,268
Fines and forfeits	107,555	-	107,555
Interest and rents	43,728	67,705	111,433
Intergovernmental revenues	747,031	846,855	1,593,886
Charges for services	1,197,671	20,000	1,217,671
Miscellaneous	172,204	21,646	193,850
<b>TOTAL REVENUES</b>	<u>11,413,811</u>	<u>2,614,131</u>	<u>14,027,942</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	2,311,127	669,728	2,980,855
Public safety	6,839,955	1,770,613	8,610,568
Public works - sanitation	227,775	-	227,775
Public works - highway and streets	1,508,682	1,302,531	2,811,213
Culture and recreation	875,618	178,213	1,053,831
Community development	105,147	33,561	138,708
<b>Debt service</b>			
Principal	316,675	336,912	653,587
Interest	47,582	605,560	653,142
Insurance	417,825	-	417,825
Miscellaneous	-	5,697	5,697
<b>TOTAL EXPENDITURES</b>	<u>12,650,386</u>	<u>4,902,815</u>	<u>17,553,201</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(1,236,575)</u>	<u>(2,288,684)</u>	<u>(3,525,259)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt proceeds	-	224,564	224,564
Transfers in	300,000	517,274	817,274
Transfers out	-	(222,406)	(222,406)
Proceeds from disposal of assets	28,002	-	28,002
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>328,002</u>	<u>519,432</u>	<u>847,434</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(908,573)</u>	<u>(1,769,252)</u>	<u>(2,677,825)</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>3,791,417</u>	<u>3,760,593</u>	<u>7,552,010</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 2,882,844</u>	<u>\$ 1,991,341</u>	<u>\$ 4,874,185</u>

*See accompanying notes to the basic financial statements.*



## EXETER TOWNSHIP

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017

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NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (2,677,825)

The change in net position reported for governmental activities in the statement of activities is different because:

Some taxes will not be collected for several months after year-end. These taxes are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased (increased) by this amount during the year.

Real estate	(47,371)	
Earned income taxes	<u>(55,069)</u>	
		(102,440)

Governmental funds report interest paid on bonds payable as expenditures. However, in the statement of activities, interest is matched to the period in which it was incurred. This amount is the net effect of matching interest expense to the proper period.

4,807

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt uses current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effects of these differences in the current period are:

Principal repayments	583,293	
Amortization of premium discount, prepaid insurance, and refinancing loss	(45,516)	
Capital lease proceeds	(224,564)	
Payments on capital leases	<u>68,294</u>	
		381,507

Certain governmental activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net pension expense	253,813	
Compensated absences payable	(99,970)	
Other postemployment benefits (OPEB) liability	<u>(1,086,888)</u>	
		<u>(933,045)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (3,326,996)

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

	<u>Sewer</u>	<u>Country Club</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash, unrestricted	\$ 4,036,528	\$ 107,419	\$ 4,143,947
Certificate of deposit	7,000,000	-	7,000,000
Accounts receivable	3,307,684	-	3,307,684
Accrued interest receivable	150,653	-	150,653
Prepays	26,848	-	26,848
Inventory	-	38,402	38,402
Net pension asset	35,894	-	35,894
TOTAL CURRENT ASSETS	<u>14,557,607</u>	<u>145,821</u>	<u>14,703,428</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on debt refinancing	625,601	-	625,601
Pension	44,979	-	44,979
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>670,580</u>	<u>-</u>	<u>670,580</u>
<b>LIABILITIES</b>			
Accounts payable	44,851	60,450	105,301
Accrued salaries	37,874	9,292	47,166
Accrued interest payable	303,807	-	303,807
Deposits held in escrow	5,000	25,000	30,000
Unearned revenue	-	37,031	37,031
Bonds payable, current portion	1,920,000	-	1,920,000
Bonds payable, long-term portion	19,245,002	-	19,245,002
Compensated absences payable	107,432	-	107,432
OPEB liability	299,459	-	299,459
TOTAL LIABILITIES	<u>21,963,425</u>	<u>131,773</u>	<u>22,095,198</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	196,541	-	196,541
<b>NET POSITION</b>			
Net investment in capital assets	(20,539,401)	-	(20,539,401)
Unrestricted	13,607,622	14,048	13,621,670
TOTAL NET POSITION	<u>\$ (6,931,779)</u>	<u>\$ 14,048</u>	<u>\$ (6,917,731)</u>

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Sewer	Country Club	Total
<b>OPERATING REVENUES</b>			
Sewer charges	\$ 6,924,015	\$ -	\$ 6,924,015
Tapping fees	36,695	-	36,695
Charges for services	-	662,636	662,636
Lease rental revenue	-	244,035	244,035
Miscellaneous	94,805	-	94,805
TOTAL OPERATING REVENUES	<u>7,055,515</u>	<u>906,671</u>	<u>7,962,186</u>
<b>OPERATING EXPENSES</b>			
Wastewater collection treatment	2,622,359	-	2,622,359
Culture and recreation expenses	-	870,242	870,242
TOTAL OPERATING EXPENSES	<u>2,622,359</u>	<u>870,242</u>	<u>3,492,601</u>
OPERATING INCOME	<u>4,433,156</u>	<u>36,429</u>	<u>4,469,585</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	378,727	1,796	380,523
Debt service			
Interest	<u>(698,634)</u>	<u>-</u>	<u>(698,634)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(319,907)</u>	<u>1,796</u>	<u>(318,111)</u>
INCOME BEFORE OTHER FINANCING SOURCES (USES)	<u>4,113,249</u>	<u>38,225</u>	<u>4,151,474</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(300,000)</u>	<u>(294,868)</u>	<u>(594,868)</u>
CHANGE IN NET POSITION	3,813,249	(256,643)	3,556,606
NET POSITION AT BEGINNING OF YEAR	<u>(10,745,028)</u>	<u>270,691</u>	<u>(10,474,337)</u>
NET POSITION AT END OF YEAR	<u>\$ (6,931,779)</u>	<u>\$ 14,048</u>	<u>\$ (6,917,731)</u>

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Sewer	Country Club	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 6,107,493	\$ 840,093	\$ 6,947,586
Payments to suppliers	(1,278,405)	(366,555)	(1,644,960)
Payments to employees	(1,706,211)	(438,155)	(2,144,366)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,122,877</u>	<u>35,383</u>	<u>3,158,260</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund activity	<u>(300,000)</u>	<u>(294,868)</u>	<u>(594,868)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid	(762,212)	-	(762,212)
Principal paid on bonds	(1,830,000)	-	(1,830,000)
NET CASH USED BY IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,592,212)</u>	<u>-</u>	<u>(2,592,212)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	<u>381,977</u>	<u>1,796</u>	<u>383,773</u>
NET INCREASE (DECREASE) IN CASH	612,642	(257,689)	354,953
CASH AT BEGINNING OF YEAR	<u>3,423,886</u>	<u>365,108</u>	<u>3,788,994</u>
CASH AT END OF YEAR	<u>\$ 4,036,528</u>	<u>\$ 107,419</u>	<u>\$ 4,143,947</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 4,433,156	\$ 36,429	\$ 4,469,585
Adjustments to reconcile operating income to net cash provided by operating activities			
(Increase) decrease in assets			
Accounts receivable	(948,022)	-	(948,022)
Prepays	38,448	-	38,448
Inventory	-	(2,597)	(2,597)
Net pension asset	(250,317)	-	(250,317)
Decrease in deferred outflows of resources			
Pension	18,376	-	18,376
Increase (decrease) in liabilities			
Accounts payable	(10,405)	58,837	48,432
Accrued salaries	(14,891)	9,292	(5,599)
Compensated absences payable	(26,392)	-	(26,392)
OPEB liability	(313,617)	-	(313,617)
Unearned revenue	-	(66,578)	(66,578)
Increase in deferred inflows of resources			
Pension	<u>196,541</u>	<u>-</u>	<u>196,541</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,122,877</u>	<u>\$ 35,383</u>	<u>\$ 3,158,260</u>

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

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	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash	\$ 286,282
Investments	<u>20,647,824</u>
<b>TOTAL ASSETS</b>	<u>20,934,106</u>
<b>NET POSITION</b>	
Assets held in trust for pension benefits	<u>\$ 20,934,106</u>

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 573,905
Employee	205,799
<b>TOTAL CONTRIBUTIONS</b>	<u>779,704</u>
Investment income	
Realized and unrealized losses on investments	2,381,299
Interest and dividends	422,338
<b>TOTAL INVESTMENT EARNINGS</b>	<u>2,803,637</u>
Less investment expense	(93,158)
<b>NET INVESTMENT EARNINGS</b>	<u>2,710,479</u>
<b>TOTAL ADDITIONS</b>	<u>3,490,183</u>
<b>DEDUCTIONS</b>	
Benefit payments	370,668
Administrative expenses	12,224
<b>TOTAL DEDUCTIONS</b>	<u>382,892</u>
<b>CHANGE IN NET POSITION</b>	3,107,291
<b>NET POSITION OF ASSETS HELD IN TRUST FOR PENSION BENEFITS AT BEGINNING OF YEAR</b>	<u>17,826,815</u>
<b>NET POSITION OF ASSETS HELD IN TRUST FOR PENSION BENEFITS AT END OF YEAR</b>	<u>\$ 20,934,106</u>

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE A - NATURE OF ACTIVITY**

Exeter Township (the Township), Pennsylvania, founded in 1741, has an approximate population of 25,550, based on a 2010 census report, living within an area of 24.1 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Berks County.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except for not recording the Township's capital assets and related depreciation, the Township follows the practice of presenting its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**The Financial Reporting Entity**

The Township is a Pennsylvania Second Class Township which operates under a Board of Supervisors form of government. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units, are such that exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria. There are no agencies or entities which should be presented with the Township.

**Basis of Presentation**

***Government-Wide Financial Statements***

The statement of net position and the statement of activities display information about the reporting government as a whole. The statements include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole, or in part, by fees charged to external parties for goods or services.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria.

Total assets, liabilities, revenues, or expenditures of that individual governmental or proprietary fund are at least 10% of the corresponding total for all funds of that category or type, and total assets, liabilities, revenues, or expenditures of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Township may also report as a major fund any fund it believes to be of particular importance to the financial statement users.

The funds of the financial reporting entity are described below:

***Governmental Funds***

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use, and balance of the Township's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

The following are the Township's governmental funds:

**General Fund** - is the primary operating fund of the Township and is always classified as a major fund. It is used to account for and report all financial resources not accounted for or reported in another fund.

**Special Revenue Funds** - are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted, committed, or assigned revenues should be the foundation for a special revenue fund. The reporting entity includes the following special revenue funds which are reported as nonmajor funds:

**Utility Fund** - is used to account for the assessment received from property owners benefiting from public street lighting and fire hydrant service, and the expenditures incurred by the Township to provide these services.



**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fire Fund** - is used to account for revenues generated from the .605 mill assessment received from Township residents for the purpose of providing support for the Township's volunteer fire department.

**Detention Pond/Storm Water Fund** - is used to account for monies received from developers for the acceptance of Deeds of Dedication for detention or retention ponds within the Township.

**K-9 Fund** - is used to account for contributions to be used specifically for the improvement and continuation of the police K-9 program.

**Park Improvement Fund** - is used to account for monies received from developers to be used in the acquisition, improvement and/or maintenance of public open space areas.

**State Liquid Fuels Highway Aid Fund** - is used to account for the proceeds from the State Motor License Fund. Under the Act of June 1, 1956, P.L. 1944, No. 145, this Fund must be kept separate from all other funds and no other funds shall be commingled with this Fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations. County liquid fuels tax payments to the local government are not accounted for in this Fund.

**Capital Project Funds** - are used to account for and report financial resources that are restricted, committed, or assigned expenditures for capital outlays, including the acquisition or construction of major capital improvements. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The reporting entity includes the following capital project funds which are reported as nonmajor funds:

**Capital Expenditure Fund** - is used to account for the financial resources to be used for the acquisition of assets.

**GOB 2009 Capital Projects Fund** - is used to account for the financial resources to be used for improvements within the Township and acquisition of assets.

**Capital Improvement Fund** - is used to account for the financial resources to be used primarily for storm sewer improvements.

**Golf Acquisition Fund** - is used to account for the financial resources to be used to acquire and make improvements to a municipal golf course and banquet facility within the Township.

**Apparatus Fund** - is used to account for the financial resources to assist the fire company in purchasing equipment.

**Traffic Improvement Fund** - is used to account for the collection of transportation impact assessments against new developments that adversely affect the transportation facilities within the Township.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Debt Service Fund** - is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest (debt service) resources. This Fund includes financial resources that are being accumulated for principal and interest maturing in future years, and also includes financial resources that are legally mandated to be accounted for and reported in a debt service fund and is reported as a nonmajor fund.

***Proprietary Fund***

**Enterprise Funds** - are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private-sector. The reporting entity includes the following enterprise funds which are reported as major funds:

**Sewer Fund** - is used to account for the operation of the sewer system which is operated as a public utility.

**Country Club Fund** - is used to account for the operation of the Reading Country Club.

***Fiduciary Fund Type***

Fiduciary fund types are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

The following is the Township's fiduciary fund type:

**Pension Trust Funds** - are used to account for assets held for the Township's pension plans which are funded by employer contributions. These Funds account for fiduciary resources legally held in trust for the receipt and distribution of retirement benefits. The Township sponsors two pension plans: the Exeter Township Police Pension Plan and the Exeter Township Employees' Pension Plan.

**Measurement Focus and Basis of Accounting**

The basic financial statements of the Township are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

***Government-Wide Financial Statements***

Government-wide financial statements display information about the reporting government as a whole except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and the agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported instead as general revenues.

***Fund Financial Statements***

The fund financial statements are presented on a current financial resources and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities of the government-wide financial statements.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, and pension expenditures which are recorded as a fund liability when expected to be paid with expendable available financial resources.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one type, funds must be expended for a specific purpose or project before any amounts will be paid to the Township, therefore, revenues are recognized based upon the expenditures incurred. In the other type, funds are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt, or earlier, if the susceptible-to-accrual criteria are met.

Investment income is recognized as earned.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Township's fiduciary funds are presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (other local governments, litigants, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Operating revenues in the proprietary funds, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**Assets, Liabilities, and Deferred Outflows and Inflows of Resources**

**Cash**

The Township considers all cash accounts that are not subject to withdrawal restrictions or penalties to be cash.

For the purpose of the statement of cash flows, cash includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

**Investments**

The Board of Supervisors is authorized by statutes to invest its funds as defined in the Township Code. Authorized types of investments include the following:

- A. U.S. Treasury Bills.
- B. Short-term obligations of the U.S. Government or its agencies or instrumentalities.
- C. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions.
- D. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.
- E. Shares of mutual funds whose investments are restricted to the above categories.

Investments are carried at fair value

Investments of pension trust funds are pursuant to the guidelines established by the Pension Boards.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable**

Accounts receivable are shown net of allowances for uncollectible amounts.

**Due to and From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Capital Assets**

Purchased capital assets are recorded as expenditures in the governmental fund types. Proprietary fund type capital assets are recorded as expenditures in the fund in which they are utilized. Infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are recorded as expenditures in the fund types expending the funds.

Accounting principles generally accepted in the United States of America requires the Township to report and depreciate capital assets. Management has not recorded the Township's capital assets and the related depreciation on those assets in accordance with these accounting principles.

**Bond Premiums and Discounts**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line amortization method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reports as other financing uses.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. A deferred charge on refunding and a deferred amount related to the Township's pension plans reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow of resources related to pensions is reported in the government-wide and proprietary fund statement of net position and is the result of the difference between projected and actual investment earnings on pension plan investments.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items which qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes and earned income taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide and proprietary fund statement of net position and is the result of the difference between expected and actual experience of the pension plan and the difference between projected and actual investment earnings on pension plan investments.

**Long-Term Debt**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

**Compensated Absences**

The Township accrues accumulated compensation and sick pay benefits when earned, or estimated to be earned, by the employee. Accrued vacation must be used during the calendar year without carryover to future years, except with advance approval of the Township Manager.

**Equity**

***Government-Wide Statements***

The Township classifies net position into the following components.

**Net Investment in Capital Assets** - This component of net position consists of the cost of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of these assets. The Township has not recorded the cost or accumulated depreciation on capital assets, but has recorded the debt incurred for capital assets. As a result, the Township reports a negative balance in this component.

**Restricted** - This component of net position consists of constraints placed on net position use either by (a) external groups, such as creditors, grantors, contributors or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Unrestricted** - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Township's policy is to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available.

***Governmental Fund Financial Statements***

Fund balance is classified into specifically designed classifications as follows:

**Nonspendable** - This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

**Restricted** - This classification consists of amounts that are restricted to specific purposes either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation. The restriction is binding unless removed with the consent of the resource provider.

**Committed** - This classification consists of amounts used for specific purposes imposed by formal action of the Township's highest level of decision-making authority. The commitment is binding unless removed in the same manner imposed. Formal action must occur prior to fiscal year-end, however, the amount may be determined subsequent to year-end.

**Assigned** - This classification consists of amounts constrained by the Township's intent to be used for specific purposes that are neither restricted, nor committed. The Township has not formally adopted a policy regarding the body or official authorized to assign amounts to a specific purpose.

**Unassigned** - This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance.

**Revenues and Expenditures**

**Program Revenues**

All revenues are recognized when earned.

In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are program revenues. Amounts reported as program revenues include (a) charges to customers or applicants for goods and services or privileges provided, (b) operating grants and contributions, and (c) capital grants and contributions, including special assessments.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary funds distinguish operating revenues and expenditures from nonoperating items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are sewer usage charges. The Township also recognizes as operating revenues, the portion of tapping fees intended to recover the cost of connecting new customers to the sewer system. The principal operating revenues of the Country Club Fund are charges for services at the Country Club. Operating expenditures of the Sewer and Country Club Funds include the cost of the services. All revenues and expenditures not meeting this definition are reported as nonoperating revenues and expenditures. The principal nonoperating revenues and expenses of the Township's proprietary funds are interest income and interest expense.

**Property Taxes**

The Township is permitted by state law to levy taxes up to 14 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Township for 2017 was 3.34 mills, consisting of 2.145 mills for general purposes, .605 mills for fire services/purchase of fire apparatus, .09 mills for hydrant service and .50 mills for debt service, as established by the Board of Supervisors. Current tax collections for the Township were approximately 98% of the total tax levy.

The Township's real estate taxes are based on assessed values established by the County's Board of Assessments. The taxes are collected by elected local tax collectors. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of 2% is applied to payments made prior to April 30. A penalty of 10% is added to the face amount of taxes paid after June 30. The County of Berks Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the County Tax Claim Bureau is made by January 15 of the subsequent year.

In the government-wide financial statements, taxes receivable and related revenue include all amounts due to the Township regardless of when the cash is received. Over time, substantially all property taxes are collected.

In the fund financial statements, delinquent property taxes not paid within 60 days of December 31 are recorded as deferred inflows of resources.

**Intergovernmental Revenues**

Intergovernmental revenues represent revenues received from the Commonwealth of Pennsylvania, federal agencies, and local governmental units, generally to fund specific programs, and are recognized when received.



**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Internal and Interfund Balances and Activities**

***Fund Financial Statements***

Interfund activity, if any, within and among the governmental and proprietary fund categories, is reported as follows in the fund financial statements:

**Interfund Services** - Sales or purchases of goods and services between funds are reported as revenues and expenditures.

**Interfund Reimbursements** - Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements, but as adjustments to expenditures in the respective funds.

**Interfund Transfers** - Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Compliance with Finance-Related Legal and Contractual Provisions**

The Township had no material violations of finance-related legal and contractual provisions.

**Excess of Expenditures over Appropriations in Individual Funds**

No individual fund, which was budgeted as required by the Commonwealth of Pennsylvania, contained an excess of expenditures over appropriations that was not covered by the cash balance at December 31, 2016, and the cash received for the year ended December 31, 2017. For the year ended December 31, 2017, expenditures exceeded appropriations in the General Fund by \$1,811,562.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE D - DEPOSITS AND INVESTMENTS**

The Township's available cash is invested in demand deposit accounts and a certificate of deposit. Pension fund assets are invested in equities, mutual funds, other investments, and collective investment funds. The carrying amount of cash and investments at December 31, 2017 consists of the following:

Cash	
Demand deposits	\$ 9,415,153
Petty cash	<u>1,000</u>
	<u>\$ 9,416,153</u>
Investments	
Certificates of deposit	\$ <u>7,000,000</u>
Mutual Funds	
Fixed income	5,310,766
Equities	13,749,198
Real estate	261,872
Other	768,907
Common stock	<u>557,081</u>
	<u>27,647,824</u>
	<u>\$ 37,063,977</u>

**Reconciliation to Statement of Net Position/Balance Sheet**

Cash	
Governmental activities	\$ 4,985,924
Business-type activities	4,143,947
Fiduciary funds	<u>286,282</u>
	<u>9,416,153</u>
Investments	
Business-type activities	7,000,000
Fiduciary funds	<u>20,647,824</u>
	<u>27,647,824</u>
	<u>\$ 37,063,977</u>

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**NOTE D - DEPOSITS AND INVESTMENTS (Continued)**

**Custodial Credit Risk, Deposits**

Custodial credit risk is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned to the Township. At December 31, 2017, the carrying amounts of the Township's bank deposits were \$9,416,153, and the corresponding bank balances were \$9,713,327, of which \$250,000 was covered by Federal Depository Insurance. Pension fund deposits of \$286,282 were uninsured and uncollateralized. The remaining \$9,213,327 of deposits was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**Investments**

As of December 31, 2017, the Township had the following investments:

Investment Type	Amortized Cost	Fair Value Level 1	Investment Maturities Less Than One Year
<b>PROPRIETARY ACTIVITIES</b>			
Certificates of deposit	\$ 7,000,000	\$ -	\$ 7,000,000
<b>PENSION ACTIVITIES</b>			
Mutual funds, fixed income	\$ -	\$ 5,310,766	\$ 5,310,766
Mutual funds, equities	-	13,749,198	13,749,198
Mutual funds, real estate	-	261,872	261,872
Mutual funds, other	-	768,907	768,907
Common stocks	-	557,081	557,081
<b>TOTAL PENSION ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 20,647,824</b>	<b>\$ 20,647,824</b>

**Fair Value Measurement** - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2017:

Investments in mutual funds, fixed income of \$5,310,766, mutual funds, equities of \$13,749,198, mutual funds, real estate of \$261,872, mutual funds, other of \$768,907 and common stocks of \$557,081 are valued using quoted market prices (Level 1 inputs).

**Interest Rate Risk** - This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE D - DEPOSITS AND INVESTMENTS (Continued)**

**Credit Risk** - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of government funds as described in Note B. The Township limits the type of investments permitted as defined in the Township Code. When making investments, the Township can combine monies from more than one fund under the Township's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

**Concentration of Credit Risk** - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. There were no investments that exceeded 5% of the total investments reported in the Governmental, Proprietary, or Fiduciary Funds that would be considered a concentration of credit risk.

**NOTE E - RESTRICTED CASH**

Cash and investments whose use is limited to a specific purpose have been classified as "restricted" in the financial statements. Restricted assets at December 31, 2017 consist of the following:

GOVERNMENTAL ACTIVITIES	
General Fund	
Police equipment	\$ 24,658
Fire police	6,251
Developer escrows	49,002
Police National Night Out committee	2,998
Other	100
K-9 Fund	29,844
State Liquid Fuels Highway Aid Fund	29,978
GOB 2009 Capital Projects Fund	87,416
Capital Improvement Fund	154,192
Traffic Improvement Fund	35,660
Debt Service Fund	<u>925,040</u>
TOTAL RESTRICTED CASH	<u>\$ 1,345,139</u>

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE F - INTERFUND TRANSFERS**

Transfers between funds for the year ended December 31, 2017 were as follows.

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
General Fund	\$ 300,000	\$ -
Nonmajor governmental funds	<u>517,274</u>	<u>222,406</u>
TOTAL GOVERNMENTAL FUNDS	<u>817,274</u>	<u>222,406</u>
<b>PROPRIETARY FUNDS</b>		
Sewer Fund	-	300,000
Country Club Fund	<u>-</u>	<u>294,868</u>
TOTAL PROPRIETARY FUNDS	<u>-</u>	<u>594,868</u>
	<u>\$ 817,274</u>	<u>\$ 817,274</u>

In general, transfers are made from various funds to the Debt Service Fund for that fund's share of debt service payments and to capital project funds to cover capital outlays. During 2017, the Township also transferred \$300,000 from the Sewer Fund to the General Fund as reimbursement for expenses paid by the General Fund on behalf of the Sewer Fund.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE G - LONG-TERM DEBT**

At December 31, 2017, long-term debt consists of the following:

	Balance Outstanding December 31, 2016	Additions	Payments	Balance Outstanding December 31, 2017	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Pennsylvania Infrastructure Investment Authority Loan, initial issue of \$299,193, interest due monthly at 1.387% principal payments due monthly through February 2026	\$ 154,919	\$ -	\$ (15,052)	\$ 139,867	\$ 15,475
General Obligation Notes, Series of 2012, in the initial amount of \$3,615,000, interest due semiannually at rates ranging from 1.250% to 2.000% principal due annually through July 2024	2,500,000	-	(295,000)	2,205,000	300,000
General Obligation Bonds, Series of 2015, in the initial amount of \$1,808,000, interest due semiannually at rates ranging from 4.050% to 6.250% principal due annually through August 2030	1,704,000	-	(95,000)	1,609,000	98,000
General Obligation Bonds, Series A of 2015, in the initial amount of \$9,755,000, interest due semiannually at rates ranging from 0.550% to 3.800% principal due annually through August 2046	9,555,000	-	(90,000)	9,565,000	90,000
General Obligation Bonds, Series of 2016, in the initial amount of \$7,005,000, interest due semiannually at rates ranging from 1.500% to 3.450% principal due annually through August 2046	6,985,000	-	(20,000)	6,965,000	20,000
<b>SUBTOTAL FORWARD</b>	<b>\$ 20,998,919</b>	<b>\$ -</b>	<b>\$ (515,052)</b>	<b>\$ 20,483,867</b>	<b>\$ 523,475</b>

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE G - LONG-TERM DEBT (Continued)**

	Balance Outstanding December 31, 2016	Additions	Payments	Balance Outstanding December 31, 2017	Due Within One Year
SUBTOTAL FORWARDED	\$ 20,998,919	\$ -	\$ (515,052)	\$ 20,483,867	\$ 523,475
Loan payable to the County of Berks, original principal amount of \$261,411, without interest, annual payments of \$37,344 through June 2019	112,035	-	(37,344)	74,691	37,344
Loan payable to the County of Berks, original principal amount of \$31,997, without interest, annual payments of \$4,571 through June 2019	13,713	-	(4,571)	9,142	4,571
Loan payable to the County of Berks, original principal amount of \$17,812, without interest, annual payments of \$2,545 through June 2019	7,632	-	(2,545)	5,087	2,545
Loan payable to the County of Berks, original principal amount of \$120,811, without interest, annual payments of \$17,259 through June 2019	51,775	-	(17,259)	34,516	17,259
Loan payable to the County of Berks, original principal amount of \$17,110, without interest, annual payments of \$2,444 through June 2019	7,334	-	(2,444)	4,890	2,444
Loan payable to the County of Berks, original principal amount of \$21,856, without interest, annual payments of \$3,122 through June 2019	9,368	-	(3,122)	6,246	3,122
Loan payable to the County of Berks, original principal amount of \$6,692, without interest, annual payments of \$956 through June 2019	2,868	-	(956)	1,912	956
TOTAL GOVERNMENTAL ACTIVITIES FORWARD	\$ 21,203,644	\$ -	\$ (583,293)	\$ 20,620,351	\$ 591,716

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**NOTE G - LONG-TERM DEBT (Continued)**

	Balance Outstanding December 31 2016	Additions	Payments	Balance Outstanding December 31, 2017	Due Within One Year
TOTAL GOVERNMENTAL ACTIVITIES FORWARDED	\$ 21,203,644	\$ -	\$ (583,293)	\$ 20,620,351	\$ 591,716
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Notes, Series of 2007, in the initial amount of \$21,380,000, interest due semiannually at rates ranging from 4.750% to 5.300%, principal due annually through July 2021	9,410,000	-	(1,695,000)	7,715,000	1,780,000
General Obligation Notes Series of 2012, in the initial amount of \$6,055,000, interest due semiannually at rates ranging from 1.250% to 2.000%, principal due annually through July 2026	5,800,000	-	(60,000)	5,740,000	65,000
General Obligation Notes, Series of 2013, in the initial amount of \$7,755,000, interest due semiannually at rates ranging from 0.400% to 2.000%, principal due annually through July 2024	7,395,000	-	(75,000)	7,320,000	75,000
TOTAL BUSINESS-TYPE ACTIVITIES	22,605,000	-	(1,830,000)	20,775,000	1,920,000
TOTAL DEBT	\$ 43,808,644	\$ -	\$ (2,413,293)	\$ 41,395,351	\$ 2,511,716

Aggregate maturities required on long-term debt at December 31, 2017 are as follows:

**Governmental Activities**

Year Ending December 31,	Principal	Interest	Total Debt Service
2018	\$ 591,716	\$ 636,815	\$ 1,228,531
2019	610,153	624,986	1,235,139
2020	550,357	614,361	1,164,718
2021	563,817	602,972	1,166,789
2022	572,289	590,650	1,162,939
2023 to 2027	3,158,019	2,759,895	5,917,914
2028 to 2032	3,379,000	2,252,725	5,631,725
2033 to 2037	3,420,000	1,723,360	5,143,360
2038 to 2042	4,015,000	1,111,183	5,126,183
2043 to 2046	3,760,000	345,265	4,105,265
	\$ 20,620,351	\$ 11,262,212	\$ 31,882,563



**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**NOTE G - LONG-TERM DEBT (Continued)**

**Business-Type Activities**

Year Ending December 31.	Principal	Interest	Total Debt Service
2018	\$ 1,920,000	\$ 662,853	\$ 2,582,853
2019	2,020,000	565,713	2,585,713
2020	2,150,000	464,128	2,614,128
2021	2,285,000	356,178	2,641,178
2022	2,400,000	241,965	2,641,965
2023 to 2026	10,000,000	501,700	10,501,700
	<u>\$ 20,775,000</u>	<u>\$ 2,792,535</u>	<u>\$ 23,567,535</u>

Substantially all of the Township's assets are pledged as collateral on the long-term debt.

**NOTE H - CAPITAL LEASES**

At December 31, 2017, the Township's capital leases consisted of the following:

	Balance Outstanding December 31, 2016	Additions	Payments	Balance Outstanding December 31, 2017	Due Within One Year
2016 Mack dump truck, financed through a leasing company, payable in quarterly installments of \$9,056, including interest at a rate of 2.25%, through September 2020	\$ 129,829	\$ -	\$ 33,544	\$ 96,285	\$ 34,317
2016 John Deere loader, financed through a leasing company, payable in quarterly installments of \$6,265, including interest at a rate of 2.52%, through March 2021	100,696	-	22,735	77,961	23,314
2018 Elgin Whirlwind street sweeper, financed through a leasing company, payable in quarterly installments of \$12,015, including interest at a rate of 2.61%, through December 2022	-	224,564	12,015	212,549	38,560
	<u>\$ 230,525</u>	<u>\$ 224,564</u>	<u>\$ 68,294</u>	<u>\$ 386,795</u>	<u>\$ 96,191</u>

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**NOTE H - CAPITAL LEASES (Continued)**

The following is a schedule of future minimum annual lease payments under the capital lease agreement as of December 31, 2017:

Year Ended December 31,	Principal	Interest
2018	\$ 96,190	\$ 13,151
2019	99,455	9,886
2020	93,790	6,496
2021	50,708	3,615
2022	46,652	1,405
	<u>\$ 386,795</u>	<u>\$ 34,553</u>
Total future minimum lease payments		\$ 421,348
Amount representing interest		<u>34,553</u>
Present value of net minimum lease payments		<u>\$ 386,795</u>

**NOTE I - CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended December 31, 2017 are as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation debt					
Bonds and notes payable	\$ 21203,644	\$ -	\$ (583,293)	\$ 20,620,351	\$ 591,716
Less deferred amounts					
Bond and note premiums	33,997	-	(29,700)	4,297	-
Bond and note discounts	(34,582)	-	1,69	(33,413)	-
Capital leases	230,525	224,564	(68,294)	386,795	96,791
Compensated absences	815,633	99,370	-	915,003	-
Net pension liability	2,306,080	-	(1973,699)	332,381	-
Net OPEB liability	3,428,591	1,086,888	-	6,515,479	-
<b>TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES</b>	<u>\$ 29,883,988</u>	<u>\$ 1,411,422</u>	<u>\$ (2,653,817)</u>	<u>\$ 28,441,593</u>	<u>\$ 687,907</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General obligation debt					
Bonds and notes payable	\$ 22,605,000	\$ -	\$ (1,830,000)	\$ 20,775,000	\$ 1,920,000
Less deferred amounts					
Bond premiums	503,793	-	(108,002)	395,791	-
Bond discounts	(6,662)	-	883	(5,779)	-
Compensated absences	133,824	-	(26,392)	107,432	-
Net pension liability	214,423	-	(214,423)	-	-
Net OPEB liability	813,076	-	(313,617)	299,459	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES</b>	<u>\$ 24,063,444</u>	<u>\$ -</u>	<u>\$ (2,491,551)</u>	<u>\$ 21,571,893</u>	<u>\$ 1,920,000</u>

Compensated absences have been liquidated in the General Fund in prior years.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE J - FUND BALANCE**

The fund balances of the Township's governmental funds at December 31, 2017 consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>	<u>Total Fund Balance</u>
Reported in					
General Fund	\$ 56,183	\$ -	\$ -	\$ 2,826,661	\$ 2,882,844
Other governmental funds					
Utility Fund	-	-	-	(153)	(153)
Fire Protection Fund	-	-	28,942	-	28,942
Detention Pond/ Storm Water Maintenance	-	-	85,047	-	85,047
K-9 Program Fund	-	29,844	-	-	29,844
Park Improvement Fund	-	-	59,912	-	59,912
State Liquid Fuels					
Highway Aid Fund	-	3,545	-	-	3,545
Debt Service Fund	-	931,471	-	-	931,471
Capital Projects Funds	-	178,022	674,711	-	852,733
	<u>-</u>	<u>1,142,882</u>	<u>848,612</u>	<u>(153)</u>	<u>1,991,341</u>
	<u>\$ 56,183</u>	<u>\$ 1,142,882</u>	<u>\$ 848,612</u>	<u>\$ 2,826,508</u>	<u>\$ 4,874,185</u>

**Fund Balance Policy**

The Township established and maintains reservations of fund balance in accordance with its policy which applies to the Township's General Fund and all governmental funds. Fund balance is composed of nonspendable, restricted, committed, assigned, and unassigned amounts.

Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing programs, or enhance the financial position of the Township in accordance with policies established by the Board of Supervisors.

**Spending Policy**

The Township's policy is to first use restricted fund balance when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The Township's policy is to use unrestricted fund balance in the following order: committed, assigned, and unassigned, when expenditure is incurred for purposes for which each of these fund balance classifications is available.

**Minimum Fund Balance Policy**

The Township has not formally adopted a minimum fund balance policy.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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**NOTE J - FUND BALANCE (Continued)**

**Reservations of Fund Balance**

***Nonspendable - General Fund***

The nonspendable fund balance in the Township's General Fund is related to prepaid expenses.

***Restricted - General Fund***

The Township's restricted fund balance in the General Fund consists of contributions from third parties and funds held which are restricted to be used on specific expenditures.

***Restricted - Other Governmental Funds***

The Township hereby establishes the following restricted fund balance reserves in the other governmental funds:

**K-9 Program Fund** - The Township's restricted fund balance in the K-9 Fund consists of contributions from third parties which are restricted for Exeter Police K-9 Unit expenses.

**State Liquid Fuels Highway Aid Fund** - The Township's restricted fund balance in the State Highway Aid Fund consists of proceeds from the State Motor License Fund accounted for in the State Liquid Fuels Highway Aid Fund. Expenditure of these funds is legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations.

**Capital Project Funds** - The Township's restricted fund balances in the GOB 2009 Capital Projects Fund and Capital Improvement Fund consist of unspent bond proceeds which are restricted for specific capital projects. The Township's restricted fund balance in the Traffic Improvement Fund consists of contributions from third parties restricted for expenditures for traffic improvements.

***Committed - Other Governmental Funds***

The Township established the following committed fund balance reserves in the other governmental funds:

**Utility Fund** - is committed as set forth by Township ordinance and consists of funds to be used for public street lighting and fire hydrant services. Revenues are generated from assessments collected from Township residents.

**Fire Protection Fund** - is committed by the Township Board of Supervisors, as set forth in the annual budget and any amendments thereto to provide funds for support of the volunteer fire department and is generated from the .605 mill assessment received from Township residents.

**Detention Pond/Storm Water Maintenance Fund** - is committed by the Township Board of Supervisors, as set forth by Township Ordinance, to provide funds for the maintenance of detention ponds and storm water systems within the Township.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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**NOTE J - FUND BALANCE (Continued)**

**Park Improvement Fund** - is committed by the Township Board of Supervisors, as set forth by Township Ordinance, to collect certain fees to be used for park improvement projects within the Township.

**Debt Service Fund** - is committed by the Township Board of Supervisors, as set forth in the annual budget and any amendments thereto, to provide funds for the repayment of principal and interest on Township debt.

**Capital Project Funds** - Township committed fund balances in the Capital Expenditure Fund and Apparatus Fund are committed by the Township Board of Supervisors as set forth in the annual budget and any amendments thereto to provide funds for capital projects.

**Disbursement of Fund Balance Reserves**

No formal policy has been adopted by the Township regarding disbursement of funds within the fund balance reserves, however, disbursement is approved by the Board of Supervisors by inclusion in the approved annual budget and amendments thereto.

**Annual Review and Determination of Fund Balance Reserve Amounts**

Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process, and the amounts of nonspendable, restricted, committed, assigned, and the minimum level of unassigned fund balance shall be determined during this process.

**NOTE K - EXETER TOWNSHIP POLICE PENSION PLAN**

**Plan Description**

The Exeter Township Police Pension Plan (Police Pension Plan) is a single-employer defined benefit pension plan administered by a trustee. The Police Pension Plan provides pension benefits for normal retirement after attainment of age 50 and completion of 25 years of service.

**Benefits Provided**

Benefits are available to all officers hired before January 1, 2017, who have attained the age of fifty (50) years, and all officers hired after January 1, 2017 who have attained the age of fifty-five (55) years. All officers must also have completed 25 years of service. Benefits are calculated based on a monthly benefit equal to 50% of average monthly pay, plus a service increment of \$50 per year of service in excess of 25 years of service, up to a maximum of \$100 additional per month. Average monthly pay is based upon the last 36 months of employment. The Police Pension Plan provides retirement, disability, and death benefits to the Police Pension Plan members and beneficiaries. The Police Pension Plan's assets may be used only for the payment of benefits to the members of the Police Pension Plan in accordance with the terms of the Police Pension Plan.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE K - EXETER TOWNSHIP POLICE PENSION PLAN (Continued)**

**Employees Covered by Benefit Terms**

At December 31, 2017, the following employees were covered by the Police Pension Plan.

Inactive members or beneficiaries currently receiving benefits	20
Inactive members entitled to but not yet receiving benefits	-
Active members	<u>26</u>
	<u>46</u>

**Contributions**

Pennsylvania Act 205 requires that annual contributions to the Police Pension Plan be based upon the Police Pension Plan's Minimum Municipal Obligation (MMO) which is based on the Police Pension Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participants are required to contribute 8.0% of annual compensation. The Township is required to contribute amounts necessary to fund the Police Pension Plan using the actuarial basis specified by statute.

**Net Pension Liability**

The Township's net pension liability was measured as of December 31, 2017 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

The components of the net pension liability of the Township at December 31, 2017, were as follows:

Total pension liability	\$ 19,064,008
Plan fiduciary net position	<u>(18,973,277)</u>
<b>NET PENSION LIABILITY</b>	<b>\$ <u>90,731</u></b>
Plan fiduciary net position as a percentage of the total pension liability	<u>99.52%</u>

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE K - EXETER TOWNSHIP POLICE PENSION PLAN (Continued)**

**Actuarial Assumptions**

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.00%
Salary increases	5.00%, average, including inflation	
Investment rate of return	8.00%, including inflation	
Postretirement cost of living increase		3.00%

Mortality rates were based on the RP-2000 Table for males and females. This table does not include projected mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

ASSET CLASS	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	60%	5.50 - 7.50%
International equity	3%	4.50 - 6.50%
Fixed income	34%	1.00 - 3.00%
Real estate	2%	4.50 - 6.50%
Cash	1%	0.00 - 1.00%
	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 8.00%. The Police Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the Police Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania Act 205 of 1984. Pennsylvania Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**Rate of Return** - For the year ended December 31, 2017, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 16.63%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE K - EXETER TOWNSHIP POLICE PENSION PLAN (Continued)**

**Changes in Net Pension Liability**

The following table shows the changes in net pension liability for the year ended December 31, 2017.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
BALANCE AT DECEMBER 31, 2016	\$ 17,975,054	\$ 16,158,716	\$ 1,816,338
Changes for the year			
Service cost	393,335	-	393,335
Interest cost	1,399,522	-	1,399,522
Changes for experience	(352,605)	-	(352,605)
Contributions - employer	-	473,035	(473,035)
Contributions - member	-	205,799	(205,799)
Net investment income	-	2,493,400	(2,493,400)
Benefit payments, including refunds of member contributions	(351,298)	(351,298)	-
Administrative expense	-	(6,375)	6,375
BALANCE AT DECEMBER 31, 2017	<u>\$ 19,064,008</u>	<u>\$ 18,973,277</u>	<u>\$ 90,731</u>

**Net Pension Liability Sensitivity**

The following presents the net pension liability of the Police Pension Plan, calculated using the discount rate of 8.00%, as well as what the Police Pension Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
NET PENSION LIABILITY (ASSET)	<u>\$ 2,284,954</u>	<u>\$ 90,731</u>	<u>\$ (1,763,768)</u>



**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE K - EXETER TOWNSHIP POLICE PENSION PLAN (Continued)**

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year ended December 31, 2017, the Township recognized pension expense of \$254,308. The Township has deferred outflows and inflows of resources related to the Police Pension Plan from the following source at December 31, 2017:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 282,084
Net difference between projected and actual earnings on pension plan investments	<u>596,163</u>	<u>950,285</u>
Total	\$ <u>596,163</u>	\$ <u>1,232,369</u>

Actuarially determined deferred outflows and inflows of resources related to the Police Pension Plan are as follows for the year ended December 31, 2017:

2018	\$ (33,581)
2019	(33,581)
2020	(260,951)
2021	(308,093)

**NOTE L - EXETER TOWNSHIP EMPLOYEES' PENSION PLAN**

**Plan Description**

The Exeter Township Employees' Pension Plan (Employees' Pension Plan) is a single-employer defined benefit pension plan administered by a trustee. The Employees' Pension Plan provides pension benefits for normal retirement at the age of 62 and completion of five years of service.

**Benefits Provided**

Benefits are calculated based on 1.75% of average monthly pay multiplied by the number of years of service. If a member was a participant prior to December 31, 1995, an additional monthly benefit is payable of \$10 multiplied by the number of years of service as of December 31, 1995. Average monthly pay is based upon the last 36 months of W-2 pay excluding unused vacation, sick, and personal days. The Employees' Pension Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Employees' Pension Plan's assets may be used only for the payment of benefits to the members of the Employees' Pension Plan in accordance with the terms of the Employees' Pension Plan.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE L - EXETER TOWNSHIP EMPLOYEES' PENSION PLAN (Continued)**

**Employees Covered by Benefit Terms**

At December 31, 2017, the following employees were covered by the Employees' Pension Plan:

Inactive members or beneficiaries currently receiving benefits	6
Inactive members entitled to but not yet receiving benefits	5
Active members	<u>11</u>
	<u>22</u>

**Contributions**

Pennsylvania Act 205 requires that annual contributions to the Employees' Pension Plan be based upon the Employees' Pension Plan's MMO which is based on the Employees' Pension Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participant contributions are currently suspended. The Township is required to contribute amounts necessary to fund the Employees' Pension Plan using the actuarial basis specified by statute.

**Net Pension Liability (Asset)**

The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability (asset) was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

The components of the net pension liability (asset) of the Township at December 31, 2017, were as follows:

Total pension liability	\$ 1,866,585
Plan fiduciary net position	<u>(1,960,829)</u>
<b>NET PENSION LIABILITY (ASSET)</b>	<b>\$ <u>(94,244)</u></b>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>105.05%</u>

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE L - EXETER TOWNSHIP EMPLOYEES' PENSION PLAN (Continued)**

**Actuarial Assumptions**

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.00%
Salary increases	5.00%, average, including inflation	
Investment rate of return	7.75%, including inflation	

Mortality rates were based on the RP-2000 Table for males and females. This table does not include projected mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASSET CLASS	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	51%	5.50 - 7.50%
International equity	13%	4.50 - 6.50%
Fixed income	35%	1.00 - 3.00%
Cash	1%	0.00 - 1.00%
	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75%. The Employees' Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the Employees' Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania Act 205 of 1984. Pennsylvania Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**Rate of Return** - For the year ended December 31, 2017, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 12.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE L - EXETER TOWNSHIP EMPLOYEES' PENSION PLAN (Continued)**

**Changes in Net Pension Liability (Asset)**

The following table shows the changes in net pension liability (asset) for the year ended December 31, 2017.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
BALANCE AT DECEMBER 31, 2016	\$ 2,072,265	\$ 1,668,099	\$ 404,166
Changes for the year			
Service cost	51,159	-	51,159
Interest cost	139,877	-	139,877
Changes for experience	(377,346)	-	(377,346)
Contributions - employer	-	100,870	(100,870)
Net investment income	-	217,079	(217,079)
Benefit payments, including refunds of member contributions	(19,370)	(19,370)	-
Administrative expense	-	(5,849)	5,849
BALANCE AT DECEMBER 31, 2017	<u>\$ 1,866,585</u>	<u>\$ 1,960,829</u>	<u>\$ (94,244)</u>

**Net Pension Liability (Asset) Sensitivity**

The following presents the net pension liability of the Employees' Pension Plan, calculated using the discount rate of 7.75% as well as what the Employees' Pension Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
PLAN'S NET PENSION LIABILITY (ASSET)	<u>\$ 93,836</u>	<u>\$ (94,244)</u>	<u>\$ (254,627)</u>

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE L - EXETER TOWNSHIP EMPLOYEES' PENSION PLAN (Continued)**

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year ended December 31, 2017, the Township recognized pension expense of \$65,784. The Township has deferred outflows and inflows of resources related to the Employees' Pension Plan from the following sources at December 31, 2017:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 160,997
Net difference between projected and actual earnings on pension plan investments	<u>37,850</u>	<u>33,796</u>
Total	<u>\$ 37,850</u>	<u>\$ 194,794</u>

	<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 162,442
Net difference between projected and actual earnings on pension plan investments	<u>44,979</u>	<u>34,100</u>
Total	<u>\$ 44,979</u>	<u>\$ 196,541</u>

Actuarially determined deferred outflows and inflows of resources related to the Employees' Pension Plan are as follows for the year ended December 31, 2017:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2018	\$ (17,446)	\$ (16,848)
2019	(17,447)	(16,848)
2020	(31,147)	(30,078)
2021	(36,058)	(34,822)
2022	(27,423)	(26,483)
Thereafter	(27,423)	(26,483)

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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**NOTE M - CENTRAL PENNSYLVANIA TEAMSTERS PENSION FUND**

The Township contributes to the Central Pennsylvania Teamsters Pension Fund, a union sponsored, cost-sharing multi-employer retirement plan in accordance with negotiated labor contracts. The plan covers all of the Township's eligible union employees. The plan issues a publicly available financial report available upon request from the Board of Trustees for the Central Pennsylvania Teamsters Defined Benefit Plan.

As of December 31, 2017, 33 employees of the Township are covered under this plan. Contributions to the plan are based on varying rates for hours worked by the employees. Employer contribution rates for 2017 were \$440 per month for each full-time employee, and \$220 per month for each part-time employee working at least 86 hours per month. Teamster employees do not contribute to the plan. Contributions totaled \$188,455 for the year ended December 31, 2017.

The collective bargaining agreement requiring contributions to the plan expired December 31, 2017, with negotiations for a new agreement underway as of year-end. Governmental regulations impose certain requirements relative to multi-employer plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Township has not received information from the plan's administrators to determine its share of unfunded vested benefits. The Township does not anticipate withdrawal from the plan, nor is the Township aware of any expected plan termination.

**NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Descriptions**

The Township sponsors a post-employment benefit plan that covers health and life insurance benefits for eligible retirees. Groups of retirees that are eligible for these benefits are police, teamsters, and management. The plan does not issue a publicly available financial report. Benefit provisions are established and amended through negotiations between the Township and the respective union.

**Funding Policy and Annual OPEB Cost**

The Township currently funds other post-employment benefit (OPEB) costs as they occur. For 2017, the Township's contribution to the plan was \$152,859.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

The Township's annual other OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Township's annual OPEB cost for 2016 and the related information for each plan are as follows:

Annual required contribution	\$ 1,025,163
Interest on net OPEB obligation	271,880
Adjustment to the annual required contribution	<u>(370,913)</u>
Annual OPEB cost	926,130
Contributions made	<u>(152,859)</u>
Increase in net OPEB obligation	773,271
Net OPEB obligation at beginning of year	<u>6,041,767</u>
 NET OPEB OBLIGATION AT END OF YEAR	 <u>\$ 6,815,038</u>

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for each of the plans were as follows:

Year Ended	Annual OPEB Cost (APC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 872,571	15%	\$ 5,361,279
12/31/2016	860,448	21%	6,041,767
12/31/2017	926,130	17%	6,815,038

**Funded Status and Funding Progress**

The funded status of the plan as of January 1, 2017, the most recent actuarial valuation, was as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
\$ -	\$ 9,594,856	\$ 9,594,856	0.00%	\$ 5,830,243	164.57%

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedules of funding progress presented as supplementary information provide multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Township and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Actuarial valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar method
Remaining amortization period	30-year open period
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	4.50% per annum
Projected salary increases	5.00% per annum
Healthcare inflation rate	6.0% in 2017, 5.5% in 2018 to 2023, then decreasing from 5.4% in 2024 to 3.8% in 2075 and later

**NOTE O - EXETER TOWNSHIP TAX INCREMENT FINANCING DISTRICT**

In March 2008, the Township, along with the County of Berks and the Exeter Township School District, entered into a Cooperation Agreement with the Berks County Industrial Development Authority (the Authority). The Authority has prepared a Tax Increment Financing (TIF) Plan referred to as the Exeter Township TIF District. The agreement sets forth the terms by which Tax Increment Revenues shall be raised from the Exeter Township TIF District and the means of financing.

Under the terms of this agreement, the taxing bodies (the Township, the County of Berks, and the Exeter Township School District) will remit their respective share of the positive real estate tax increments to the Authority. The Authority will deposit these funds into the Tax Increment Fund established for this project and use these funds for repayment of debt service incurred in connection with the project. The Exeter Township TIF District began on December 1, 2007 and has a term of 20 years.

In 2017, the Township remitted \$134,068 to the Authority. This amount represents less than 2% of total real estate taxes collected by the Township.



**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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**NOTE O - EXETER TOWNSHIP TAX INCREMENT FINANCING DISTRICT (Continued)**

At December 31, 2017, the outstanding balance was \$4,075,000. The Township has guaranteed the Series of 2008 Tax Incremental Financing Revenue Note issued by the Authority.

**NOTE P - COMMITMENTS AND CONTINGENCIES**

**Contingencies**

***Litigation***

The Township is a defendant in lawsuits that have been referred to lawyers who represent the Township's insurance carrier. While it is not feasible to determine the outcome of these matters, in the opinion of management, any total ultimate liability would not have a material effect on the Township's financial position.

***Concentration of Labor***

The Township entered into a collective bargaining agreement with the Police Officers Association effective January 1, 2017 through December 31, 2032. The Township also entered into a collective bargaining agreement with the nonuniform employees, effective January 1, 2015 through December 31, 2017. Of the Township's total workforce, 39% is covered by the agreement with the police officers and 46% is covered by the agreement with the nonuniform employees.

**NOTE Q - SUBSEQUENT EVENTS**

In June 2018, the Township issued General Obligation Note, Series of 2018, in the amount of \$3,050,000. The purpose of the Note was to refund a portion of the Township's General Obligation Bonds, Series A of 2015 and to pay the costs and expenses of issuing the Note.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**EXETER TOWNSHIP**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS - POLICE PENSION PLAN**  
**LAST TEN FISCAL YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 393,335	\$ 434,661	\$ 413,963
Interest	1,399,522	1,340,840	1,240,342
Changes for experience	(352,605)	-	-
Benefit payments, including refunds of member contributions	<u>(351,298)</u>	<u>(350,500)</u>	<u>(590,938)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	1,088,954	1,425,001	1,063,367
Total pension liability, beginning	<u>17,975,054</u>	<u>16,550,053</u>	<u>15,486,686</u>
TOTAL PENSION LIABILITY, ENDING	<u>\$ 19,064,008</u>	<u>\$ 17,975,054</u>	<u>\$ 16,550,053</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 473,035	\$ 485,992	\$ 577,080
Contributions - member	205,799	185,978	187,619
Net investment income	2,493,400	966,854	42,786
Benefit payments, including refunds of member contributions	(351,298)	(350,500)	(590,938)
Administrative expense	<u>(6,375)</u>	<u>(1,800)</u>	<u>(5,750)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,814,561	1,286,524	210,797
Plan net position, beginning	<u>16,158,716</u>	<u>14,872,192</u>	<u>14,661,395</u>
PLAN NET POSITION, ENDING	<u>\$ 18,973,277</u>	<u>\$ 16,158,716</u>	<u>\$ 14,872,192</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ 90,731</u>	<u>\$ 1,816,338</u>	<u>\$ 1,677,861</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>99.5%</u>	<u>89.9%</u>	<u>89.9%</u>
COVERED EMPLOYEE PAYROLL	<u>\$ 2,767,887</u>	<u>\$ 2,491,272</u>	<u>\$ 2,510,781</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	<u>3.3%</u>	<u>72.9%</u>	<u>66.8%</u>

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year, for which information is available, is shown.

**EXETER TOWNSHIP**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS - EMPLOYEES' PENSION PLAN**  
**LAST TEN FISCAL YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 51,159	\$ 49,007	\$ 46,673
Interest	139,877	148,916	137,586
Changes for experience	(377,346)	-	-
Benefit payments, including refunds of member contributions	<u>(19,370)</u>	<u>(25,696)</u>	<u>(25,698)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	(205,680)	172,227	158,561
Total pension liability, beginning	<u>2,072,265</u>	<u>1,900,040</u>	<u>1,741,479</u>
TOTAL PENSION LIABILITY, ENDING	<u>\$ 1,866,585</u>	<u>\$ 2,072,267</u>	<u>\$ 1,900,040</u>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	\$ 100,870	\$ 114,937	\$ 124,753
Net investment income (loss)	217,079	72,077	(19,771)
Benefit payments, including refunds of member contributions	(19,370)	(25,698)	(25,698)
Administrative expense	<u>(5,849)</u>	<u>(3,250)</u>	<u>(4,150)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	292,730	158,066	75,134
Plan net position, beginning	<u>1,668,099</u>	<u>1,510,034</u>	<u>1,434,900</u>
PLAN NET POSITION, ENDING	<u>\$ 1,960,829</u>	<u>\$ 1,668,100</u>	<u>\$ 1,510,034</u>
TOWNSHIP'S NET PENSION LIABILITY	<u>\$ (94,244)</u>	<u>\$ 404,167</u>	<u>\$ 390,006</u>
PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>105.0%</u>	<u>80.5%</u>	<u>79.5%</u>
COVERED EMPLOYEE PAYROLL	<u>\$ 506,325</u>	<u>\$ 431,842</u>	<u>\$ 484,984</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	<u>-18.6%</u>	<u>93.6%</u>	<u>80.4%</u>

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year for which information is available, is shown.

**EXETER TOWNSHIP**  
**SCHEDULE OF PENSION CONTRIBUTIONS -**  
**POLICE PENSION PLAN**  
**LAST TEN FISCAL YEARS**

<u>Years</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Employer</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a % of Payroll</u>
2008	\$ 243,966	\$ 243,966	\$ -		
2009	254,354	254,354	-		
2010	268,564	268,564	-		
2011	447,195	447,195	-		
2012	387,491	387,491	-		
2013	424,764	424,764	-		
2014	456,349	456,349	-		
2015	577,080	577,080	-	\$ 2,510,781	22.98%
2016	485,992	485,992	-	2,491,272	19.51%
2017	473,035	473,035	-	2,767,887	17.09%

Valuation date Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates are as follows.

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	9 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value.
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	8.00%
Retirement age	Normal retirement age
Mortality	RP-2000 Table. This table does not include projected mortality improvements.

Changes in benefit terms Non since January 1, 2015.

**EXETER TOWNSHIP**  
**SCHEDULE OF PENSION CONTRIBUTIONS -**  
**EMPLOYEES' PENSION PLAN**  
**LAST TEN FISCAL YEARS**

<u>Years</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Employer</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a % of Payroll</u>
2008	\$ 103,281	\$ 103,281	\$ -		
2009	100,572	100,572	-		
2010	102,880	102,880	-		
2011	107,469	107,469	-		
2012	93,998	93,998	-		
2013	99,466	99,466	-		
2014	115,181	115,181	-		
2015	124,753	124,753	-	\$ 484,984	25.72%
2016	114,937	114,937	-	431,842	26.62%
2017	100,870	100,870	-	506,325	19.92%

Valuation date. Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	10 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value.
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	7.75%
Retirement age	Normal retirement age
Mortality	RP-2000 Table. This table does not include projected mortality improvements.

Changes in benefit terms: Non since January 1, 2015.

**EXETER TOWNSHIP**  
**SCHEDULE OF PENSION PLAN INVESTMENT RETURNS -**  
**POLICE PENSION PLAN**  
**LAST TEN FISCAL YEARS\***

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	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	<u>16.63%</u>	<u>6.61%</u>	<u>0.98%</u>

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year, for which information is available, is shown.

**EXETER TOWNSHIP**  
**SCHEDULE OF PENSION PLAN INVESTMENT RETURNS -**  
**EMPLOYEES' PENSION PLAN**  
**LAST TEN FISCAL YEARS\***

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	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	<u>12.87%</u>	<u>5.38%</u>	<u>-0.30%</u>

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year, for which information is available, is shown.



**EXETER TOWNSHIP**  
**SCHEDULE OF PENSION PLAN CONTRIBUTIONS -**  
**CENTRAL PENNSYLVANIA TEAMSTERS PENSION FUND**  
**LAST TEN FISCAL YEARS\***

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	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township contributions	\$ <u>188,455</u>	\$ <u>190,920</u>	\$ <u>181,440</u>

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those year, for which information is available, is shown.

**EXETER TOWNSHIP**  
**SCHEDULE OF FUNDING PROGRESS -**  
**POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Underfunded AAL UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2011	\$ -	\$ 7,207,203	\$ 7,207,203	\$ -	\$ 4,995,780	144.30%
January 1, 2014	-	8,596,069	8,596,069	-	5,082,182	169.10%
January 1, 2017	-	9,594,856	9,594,856	-	5,830,243	164.57%

**EXETER TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes				
Real estate	\$ 2,965,839	\$ 2,965,839	\$ 2,949,612	\$ (16,227)
Real estate transfer	330,000	330,000	556,148	226,148
Per capita	73,100	73,100	64,302	(8,798)
Earned income	3,570,350	3,570,350	3,649,556	79,206
Local services	330,000	330,000	393,276	63,276
Business privilege	448,000	448,000	668,460	220,460
Licenses and permits	388,550	388,550	864,268	475,718
Fines and forfeits	126,500	126,500	107,555	(18,945)
Interest and rents	50,000	50,000	43,728	(6,272)
Intergovernmental revenues	814,725	814,725	747,031	(67,694)
Charges for services	1,048,482	1,048,482	1,197,671	149,189
Miscellaneous	108,500	108,500	172,204	63,704
<b>TOTAL REVENUES</b>	<u>10,254,046</u>	<u>10,254,046</u>	<u>11,413,811</u>	<u>1,159,765</u>
<b>EXPENDITURES</b>				
Current				
General government	1,334,538	1,334,538	2,311,127	(976,589)
Public safety	6,331,452	6,331,452	6,839,955	(508,503)
Public works, sanitation	-	-	227,775	(227,775)
Public works, highways and streets	1,806,528	1,806,528	1,508,682	297,846
Culture and recreation	685,476	685,476	875,618	(190,142)
Community development	-	-	105,147	(105,147)
Debt service				
Principal	316,675	316,675	316,675	-
Interest	92,781	92,781	47,582	45,199
Insurance	271,374	271,374	417,825	(146,451)
<b>TOTAL EXPENDITURES</b>	<u>10,838,824</u>	<u>10,838,824</u>	<u>12,650,386</u>	<u>(1,811,562)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(584,778)</u>	<u>(584,778)</u>	<u>(1,236,575)</u>	<u>(651,797)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	300,000	300,000
Proceeds from disposal of assets	-	-	28,002	28,002
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>328,002</u>	<u>328,002</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (584,778)</u>	<u>\$ (584,778)</u>	<u>(908,573)</u>	<u>\$ (323,795)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<u>3,791,417</u>	
<b>FUND BALANCE AT END OF YEAR</b>			<u>\$ 2,882,844</u>	

**EXETER TOWNSHIP**  
**NOTE TO BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE A - BUDGET MATTERS**

The Board of Supervisors annually adopts the budget for the General, Utility, Fire, Park Improvement, State Liquid Fuels Highway Aid, Capital Expenditure, Capital Improvement, Golf Acquisition, Apparatus, Traffic Improvement, Debt Service, Sewer, and Country Club Funds. Budgetary control is legally maintained at the fund level.

The Second Class Township Code provides for the modification of the budget and supplemental appropriations and transfers.

Appropriations, except open project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

## **SUPPLEMENTARY INFORMATION SECTION**

**EXETER TOWNSHIP**  
**COMBINING BALANCE SHEET -**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	Special Revenue Funds					
	Utility	Fire Protection	Detention Pond/ Storm Water Maintenance	K-9 Program	Park Improvement	State Liquid Fuels Highway Aid
<b>ASSETS</b>						
Cash, unrestricted	\$ 10,632	\$ 22,472	\$ 85,047	\$ -	\$ 59,912	\$ -
Cash, restricted	-	-	-	29,844	-	29,978
Taxes receivable	8,386	32,708	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 19,018</b>	<b>\$ 55,180</b>	<b>\$ 85,047</b>	<b>\$ 29,844</b>	<b>\$ 59,912</b>	<b>\$ 29,978</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 13,027	\$ 1,915	\$ -	\$ -	\$ -	\$ 26,433
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue, property taxes	6,144	24,323	-	-	-	-
<b>FUND BALANCES</b>						
Restricted	-	-	-	29,844	-	3,545
Committed	-	28,942	85,047	-	59,912	-
Unassigned	(153)	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>(153)</b>	<b>28,942</b>	<b>85,047</b>	<b>29,844</b>	<b>59,912</b>	<b>3,545</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 19,018</b>	<b>\$ 55,180</b>	<b>\$ 85,047</b>	<b>\$ 29,844</b>	<b>\$ 59,912</b>	<b>\$ 29,978</b>

Capital Project Funds							
Capital Expenditure	GOB 2009 Capital Projects	Capital Improvement	Golf Acquisition	Apparatus	Traffic Improvement	Debt Service Fund	Total Other Governmental Funds
\$ 380,436	\$ -	\$ -	\$ -	\$ 294,275	\$ -	\$ -	\$ 852,774
-	87,416	154,192	-	-	35,660	925,040	1,262,130
-	-	-	-	-	-	27,032	68,126
<u>\$ 380,436</u>	<u>\$ 87,416</u>	<u>\$ 154,192</u>	<u>\$ -</u>	<u>\$ 294,275</u>	<u>\$ 35,660</u>	<u>\$ 952,072</u>	<u>\$ 2,183,030</u>
\$ -	\$ 50,105	\$ 49,141	\$ -	\$ -	\$ -	\$ 500	\$ 141,121
-	-	-	-	-	-	20,101	50,568
-	37,311	105,051	-	-	35,660	931,471	1,142,882
380,436	-	-	-	294,275	-	-	848,612
-	-	-	-	-	-	-	(153)
<u>380,436</u>	<u>37,311</u>	<u>105,051</u>	<u>-</u>	<u>294,275</u>	<u>35,660</u>	<u>931,471</u>	<u>1,991,341</u>
<u>\$ 380,436</u>	<u>\$ 87,416</u>	<u>\$ 154,192</u>	<u>\$ -</u>	<u>\$ 294,275</u>	<u>\$ 35,660</u>	<u>\$ 952,072</u>	<u>\$ 2,183,030</u>

**EXETER TOWNSHIP**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**OTHER GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Special Revenue Funds					
	Utility	Fire Protection	Detention Pond/ Storm Water Maintenance	K-9 Program	Park Improvement	State Liquid Fuels Highway Aid
<b>REVENUES</b>						
Taxes, real estate	\$ 211,596	\$ 791,884	\$ -	\$ -	\$ -	\$ -
Interest and rents	515	2,429	479	110	309	1,984
Intergovernmental revenues	-	-	-	-	-	846,355
Charges for services	-	-	-	-	20,000	-
Miscellaneous	-	-	3,706	17,940	-	-
<b>TOTAL REVENUES</b>	<b>212,111</b>	<b>794,313</b>	<b>4,185</b>	<b>18,050</b>	<b>20,309</b>	<b>848,339</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	97,595	526,216	-	-	-	-
Public works - highway and streets	102,283	-	-	-	-	1,067,188
Culture and recreation	-	-	-	-	3,200	-
Community development	4,412	-	-	-	-	-
Debt service						
Principal	-	19,703	-	-	-	70,294
Interest	-	-	-	-	-	5,004
Miscellaneous	-	-	1,458	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>204,390</b>	<b>645,919</b>	<b>1,458</b>	<b>-</b>	<b>3,200</b>	<b>1,142,486</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>7,721</b>	<b>148,394</b>	<b>2,727</b>	<b>18,050</b>	<b>17,109</b>	<b>(293,647)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt proceeds	-	-	-	-	-	224,564
Transfers in	-	-	-	-	-	-
Transfers out	(25,000)	(150,706)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(25,000)</b>	<b>(150,706)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>224,564</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(17,279)</b>	<b>(2,312)</b>	<b>2,727</b>	<b>18,050</b>	<b>17,109</b>	<b>(59,383)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>17,126</b>	<b>31,254</b>	<b>82,320</b>	<b>11,794</b>	<b>42,803</b>	<b>72,628</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ (153)</b>	<b>\$ 28,942</b>	<b>\$ 85,047</b>	<b>\$ 29,844</b>	<b>\$ 59,912</b>	<b>\$ 3,545</b>



Capital Project Funds							
Capital Expenditure	GOB 2009 Capital Projects	Capital Improvement	Golf Acquisition	Apparatus	Traffic Improvement	Debt Service Fund	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 654,445	\$ 1,657,925
46,241	5,101	1,007	-	4,733	204	4,593	67,705
-	-	-	-	-	-	-	846,855
-	-	-	-	-	-	-	20,000
-	-	-	-	-	-	-	21,646
<u>46,241</u>	<u>5,101</u>	<u>1,007</u>	<u>-</u>	<u>4,733</u>	<u>204</u>	<u>659,038</u>	<u>2,614,131</u>
-	669,728	-	-	-	-	-	669,728
47,297	277,398	-	-	722,007	-	-	1,770,613
-	-	133,060	-	-	-	-	1,302,531
-	175,013	-	-	-	-	-	178,213
4,639	-	-	-	-	-	24,510	33,561
41,915	-	-	-	-	-	205,000	336,912
-	-	-	-	-	-	800,556	605,560
-	-	-	-	-	-	4,239	5,697
<u>93,851</u>	<u>1,122,139</u>	<u>133,060</u>	<u>-</u>	<u>722,007</u>	<u>-</u>	<u>834,305</u>	<u>4,902,615</u>
(47,610)	(1,117,038)	(132,053)	-	(717,274)	204	(175,267)	(2,286,684)
-	-	-	-	-	-	-	224,564
46,700	-	25,000	-	150,706	-	294,868	517,274
-	(46,700)	-	-	-	-	-	(222,406)
<u>46,700</u>	<u>(46,700)</u>	<u>25,000</u>	<u>-</u>	<u>150,706</u>	<u>-</u>	<u>294,868</u>	<u>519,432</u>
(310)	(1,163,738)	(107,053)	-	(586,568)	204	119,601	(1,769,252)
<u>381,346</u>	<u>1,201,049</u>	<u>212,104</u>	<u>-</u>	<u>860,843</u>	<u>35,456</u>	<u>811,870</u>	<u>3,760,593</u>
<u>\$ 380,436</u>	<u>\$ 37,311</u>	<u>\$ 105,051</u>	<u>\$ -</u>	<u>\$ 294,275</u>	<u>\$ 35,660</u>	<u>\$ 931,471</u>	<u>\$ 1,991,341</u>

**EXETER TOWNSHIP**  
**COMBINING STATEMENT OF NET POSITION -**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Pension Trust Funds		
	Police Pension Fund	Employees' Pension Fund	Total Pension Trust Funds
ASSETS			
Cash	\$ 268,626	\$ 17,656	\$ 286,282
Investments	18,704,651	1,943,173	20,647,824
TOTAL ASSETS	<u>\$ 18,973,277</u>	<u>\$ 1,960,829</u>	<u>\$ 20,934,106</u>
NET POSITION			
Assets held in trust for pension benefits	<u>\$ 18,973,277</u>	<u>\$ 1,960,829</u>	<u>\$ 20,934,106</u>

**EXETER TOWNSHIP**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION -**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Pension Trust Funds		
	Police Pension Fund	Employees' Pension Fund	Total Pension Trust Funds
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 473,035	\$ 100,870	\$ 573,905
Employee	205,799	-	205,799
<b>TOTAL CONTRIBUTIONS</b>	<u>678,834</u>	<u>100,870</u>	<u>779,704</u>
Investment income			
Realized and unrealized losses on investments	2,185,084	196,215	2,381,299
Interest and dividends	382,886	39,452	422,338
<b>TOTAL INVESTMENT INCOME</b>	<u>2,567,970</u>	<u>235,667</u>	<u>2,803,637</u>
Less investment expense	(74,570)	(18,588)	(93,158)
<b>NET INVESTMENT EARNINGS</b>	<u>2,493,400</u>	<u>217,079</u>	<u>2,710,479</u>
<b>TOTAL ADDITIONS</b>	<u>3,172,234</u>	<u>317,949</u>	<u>3,490,183</u>
<b>DEDUCTIONS</b>			
Benefit payments	351,298	19,370	370,668
Administrative expenses	6,375	5,849	12,224
<b>TOTAL DEDUCTIONS</b>	<u>357,673</u>	<u>25,219</u>	<u>382,892</u>
<b>CHANGE IN NET POSITION</b>	2,814,561	292,730	3,107,291
<b>NET POSITION OF ASSETS HELD IN TRUST FOR BENEFITS AT BEGINNING OF YEAR</b>			
	<u>16,158,716</u>	<u>1,668,099</u>	<u>17,826,815</u>
<b>NET POSITION OF ASSETS HELD IN TRUST AT END OF YEAR</b>			
	<u>\$ 18,973,277</u>	<u>\$ 1,960,829</u>	<u>\$ 20,934,106</u>



**TOWNSHIP OF EXETER  
WASTEWATER SYSTEM ASSETS**

**FAIR MARKET VALUE APPRAISAL**

**AT**

**APRIL 30, 2018**

Prepared by:

**GANNETT FLEMING**  
VALUATION AND RATE CONSULTANTS, LLC



**Valley Forge, Pennsylvania**



**Gannett Fleming**

*Excellence Delivered **As Promised***

August 24, 2018

VIA EMAIL

Mr. John Granger  
Township Manager  
Township of Exeter  
4975 DeMoss Road  
Reading, PA 19606

**Re: Fair Market Value Appraisal**

In accordance with your request, we have prepared a fair market value appraisal of Exeter Township's wastewater system assets ("Wastewater System") as of April 30, 2018.

Fair market value is defined as "the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."

Based on our analysis, as described in the attached appraisal report, the estimate of the fair market value of the Wastewater System as of April 30, 2018 is \$104,120,000 (rounded).

Our appraisal was developed consistent with the Uniform Standards of Professional Appraisal Practices. Our fair market value appraisal of the Wastewater System was based on the Cost, Market and Income Approaches to valuation. We used seven methods under the Cost, Market and Income Approaches to valuation: Original Cost Method, Reproduction Cost Method, Capitalization of Earnings Method, Market Multiple Discounted Cash Flow Method, Capitalization Discounted Cash Flow Method, Market Multiples Method, and the Selected Transactions Method.

The attached narrative appraisal, present our findings and conclusions regarding the fair market value of the Wastewater System's assets of April 30, 2018. The report describes the valuation methodologies employed and the Exhibits that present the valuation results.

**Gannett Fleming Valuation and Rate Consultants, LLC**

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Mr. John Granger  
Reading, PA 19606

- 2 -

August 24, 2018

The results of the analyses and calculations completed for each applicable approach are detailed throughout the report and the Exhibits and are summarized as follows:

<u>Valuation Approach</u>	<u>Indicated Value</u>
Cost Approach	\$116,870,920
Income Approach	90,593,221
Market Approach	104,894,486

We thank Exeter for this opportunity to provide valuation services in connection with the fair market value appraisal of the Wastewater System's assets.

Respectfully Submitted,

GANNETT FLEMING VALUATION  
AND RATE CONSULTANTS, LLC



HAROLD WALKER, III  
Manager, Financial Studies

HW: mle

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## INTRODUCTION

Introduction and Summary. The following narrative report, present our findings and conclusions regarding the fair market value of the wastewater system assets of Exeter Township as of April 30, 2018. The report describes the valuation methodologies employed and the Exhibits that present the valuation results. Based upon the analyses, we believe the fair market value of the wastewater system assets of Exeter Township is \$104.1 million. This conclusion is based upon the values suggested by the Cost, Income and Market approaches. During our analysis we found indications of value that ranged from \$90.6 million to \$116.9 million. However, most of the appropriate indicated values approximated \$104.1 million.

Description of the Assignment. Gannett Fleming Valuation and Rate Consultants, LLC was retained by Exeter Township to estimate the fair market value of Exeter Township's wastewater system assets ("Wastewater System") as of April 30, 2018.

Standard and Premise of Value. The fair market value appraisal of the Wastewater System complies with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches. Fair market value is defined as "the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."<sup>1</sup>

As stated, the standard of value for this engagement is fair market value. The premise of value is going concern. The going concern premise of business value assumes that the business

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<sup>1</sup> The International Glossary of Business Valuation Standards

will continue running normally using all of its assets to produce income and will continue operating beyond the valuation date.

We valued the Wastewater System's assets as a group under the premise that the assets collectively comprise an ongoing operating business enterprise. Additionally, in accordance with 66 Pa. C.S. Section 1329 the original source of funding for any part of the Wastewater System's assets was not relevant to the determination of the value of said assets.

Intended Use of the Valuation. The intended use of the valuation is to comply with 66 Pa. C.S. Section 1329, Valuation of Acquired Water and Sewer System and conduct a fair market value appraisal of the Wastewater System in compliance with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches.

Client and Users. The client is Exeter Township. The intended users of the valuation are Exeter Township, Pennsylvania American Water Company, Inc. and the Pennsylvania Public Utility Commission.

Extraordinary Assumptions. There were no extraordinary assumptions required for this appraisal. We accepted all information and data provided by Exeter Township as it pertains to this assignment "as is" after a limited review. That is, we neither audited nor verified any data, engineering assessment, financial record or operating data provided for this assignment.

Site Inspection. We viewed or observed the Wastewater System's facilities in 2017 and on July 18, 2018. We also relied on engineering assessment of the Wastewater System's facilities report, "Township of Exeter Wastewater System Engineering Assessment and Original Cost" and related files (August 2018) prepared by Roger Phillips, P.E. of Gannett Fleming, Inc., to confirm the condition of the Wastewater System's property and equipment.

Sources of Information. The following sources of information were reviewed during the assignment:

Engineer's assessment report "Township of Exeter Wastewater System Engineering Assessment and Original Cost" and related files (August 2018) prepared by Roger Phillips, P.E. of Gannett Fleming, Inc.;

Exeter Township provided electronic files (PDF and Excel);

Wastewater System's Customer data;

Exeter Township 2018 Fee Schedule;

Exeter Township 2017 Fee Schedule;

Exeter Township's Inter Municipal Agreements;

Exeter Township's Chapter 94 Reports (2016 and 2017);

Exeter Township's Act 537 Plan;

Asset Purchase Agreement (draft 5/18);

Exeter Township's Authority Audited Financials (2013-2016);

Exeter Township's Budgets for Sewer Fund (2017 and 2018);

The Joint Comprehensive Plan for Amity Township, Exeter Township, and St. Lawrence Borough;

Exeter Township Town Center and Waterfront Master Plan;

Berks County's Comprehensive Plan;

Exeter Township Sewer Ordinances;

Pennsylvania State Data Center for the Center for Rural Pennsylvania, Pennsylvania Population Projections 2010-2040;

Blue Chip Financial Forecasts;

US Census Bureau, various data files;

Value Line Investment Survey; and

S&P Research Insight.

Description of the Exeter Township. The Exeter Township (“Township”) is located within the Reading Metropolitan Area in the south central section of Berks County, Pennsylvania, about 1 ½ miles east of the City of Reading. The Township has the 6th largest land mass of Berks County’s 73 municipalities and was the third most populous with 25,874 people (2015) and 10,053 housing units (2015). The Township consists of 24.1 square miles and is bounded by the Townships of Alsace, Amity, Cumru, Lower Alsace, Oley and Robeson; by the Boroughs of Birdsboro, Mount Penn and St. Lawrence; and by the Schuylkill River.

According to U.S. Census figures, Township population grew 20.7% from 2000 to 2010, while population in Pennsylvania grew 3.4% and 10.1% in Berks County.

Description of the Wastewater System. The Township owns and operates the Wastewater System which consists of wastewater treatment facilities, gravity mains, force mains, pump houses, associated infrastructure and appurtenances, and related land and land rights. The Wastewater System serves the Township, St. Lawrence Borough, the Shady Lane Estates area of Alsace Township, and a small portion of Lower Alsace Township. Currently, the Wastewater System provides service to 8,984 customers.

The Township’s wastewater treatment plant (“WWTP”) treats wastewater originating from Township, St. Lawrence Borough, and small portions of Alsace Township and Lower Alsace Township in Berks County and consists of two separate treatment flow trains, the East WWTP and the West WWTP. The East WWTP is used exclusively for the equalization of high-strength residual waste, as needed. The West WWTP consists of the Main Pumping Station, Headworks

Building, four Primary Clarifiers, three 1st Stage Aeration Tanks, two 2nd Stage Aeration Tanks, four Final Clarifiers, and two Chlorine Contact Tanks.

The WWTP (combined East and West treatment trains) is currently permitted for an annual average daily flow capacity of 7.10 million gallons per day (mgd) and a maximum month average daily flow capacity of 9.63 mgd. Additionally, the WWTP (combined East and West treatment trains) is permitted for a maximum month organic loading capacity of 20,289 pounds of BOD5 per day (lbs. BOD5/day). Hydraulic and organic loadings from 2013 through 2017 indicate the WWTP has been operating at about half of permitted capacity during the 2013-2017 period.

Solids production and handling occurs in several stages. Raw sludge from the Primary Clarifiers is pumped directly to one of the two Primary Anaerobic Digesters. Waste Activated Sludge from the biological system is gravity thickened before also being pumped to one of the two Primary Anaerobic Digesters. After digestion, the stabilized biosolids are transferred to an aerated Sludge Holding Tank before being dewatered by one of two Centrifuges. A Sludge Dryer (“Biosolids Drying Facility”) provides drying of dewatered biosolids.

The Biosolids Drying Facility reduces operating costs for the Wastewater System, and, at the same time, creates the opportunity to convert a waste product into fertilizer or an energy source. The Wastewater System’s sludge averages approximately 24% solid and 76% water. By using a dryer, the sludge becomes approximately 94% solid and 6% water. Using this process, only 1/5th of the amount of dewatered sludge must be disposed of for approximately 20% of the disposal cost, or at no cost at all because of local farmers taking and using byproduct from the WWTP in farming operations. The biosolids meet the most stringent trace element limits, Class A pathogen, and vector reduction standards set forth by the Pennsylvania Department of Environmental Protection.

The Wastewater System continues operation of an USEPA-approved Industrial Pretreatment Program. Five significant industrial users are connected to the system, of which two are considered categorical industrial users by definition. All permitted industrial users are inspected and sampled, and all have submitted the required self-monitoring reports under the terms of their industrial discharge permits.

The Wastewater System routinely receives hauled leachate from several landfills, assorted commercial and industrial waste, residential septage, grease, and sludge that is delivered to the WWTP by multiple contract haulers. Hauled waste is discharged from the tanker trucks at several customized discharge locations throughout the WWTP. Grease is discharged into the Primary Clarifier scum pit and pumped directly to the Primary Anaerobic Digester.

The Wastewater System's collection system collects domestic wastes and industrial wastes through 123 miles of gravity sewers and convey the wastes to the WWTP. In addition, six pumping stations convey less than 3% of the total collection system flow to the WWTP. Township personnel are responsible for operation and maintenance of the WWTP, as well as the Wastewater System's collection system and pumping stations. Collection system maintenance consists of regular flushing of main lines, maintenance of rights-of-way, and repair and replacement of sewer lines, as needed. The Wastewater System's collection system is in satisfactory condition. Repair and replacement of damaged main lines and manholes is performed in a timely manner.

The Wastewater System also provides service to St. Lawrence Borough and a portion Lower Alsace and Alsace Townships under Inter-municipal Agreements. Areas included under agreement are the Borough of St. Lawrence, and small portions of the Alsace Township and Lower Alsace Township, all located in Berks County. Except for the billing agreement with Lower

Alsace Township, none of the current Inter-municipal Agreements between the Township and St. Lawrence, Alsace Township, or Lower Alsace Township contain termination provisions

The St. Lawrence Borough collection system contains multiple connection points to the Wastewater System's collection system including a portion of Antietam Creek Trunk Sewer located within the Borough, and owned by the Borough. Shady Lane Estates in Alsace Township is connected the Wastewater System. Various properties within Lower Alsace Township connect to the Antietam Creek Trunk Sewer where it is located within Lower Alsace Township.

The Wastewater System's collection system is divided into three main drainage basins where waste is conveyed to the WWTP though the Schuylkill River, Heisters Creek and Antietam Creek Trunk Sewers. The Schuylkill River Trunk Sewer begins at the WWTP and continues along the southern border of the Township and the Schuylkill River, then turning north along East Neversink Road ending at S.R. 422. The Schuylkill River Trunk Sewer is 15-inches in diameter up to the connection point of the Antietam Creek Trunk Sewer where it is enlarged to 30-inches in diameter up to the WWTP.

The Heisters Creek Trunk Sewer begins at the WWTP and continues upstream along the Heisters Creek, where it branches to the collection system. The Heisters Creek Trunk Sewer ranges in diameter from 8-inches at its upper reaches to 16-inches at the connection point to the Schuylkill River Trunk Sewer.

The Antietam Creek Trunk Sewer begins at the Schuylkill River Trunk Sewer at the southern border of the Township and extends north through St. Lawrence Borough near Butter Lane. The Antietam Creek Trunk Sewer ranges in diameter from 12-inches at its upper reaches to 27-inches at the connection point to the Schuylkill River Trunk Sewer. St. Lawrence Borough

and parts of Lower Alsace and Alsace Townships are served by the Antietam Creek Trunk Sewer and the WWTP.

The Wastewater System includes six pumping stations within its collection system: Lincoln Road, Buddies Place, Pottstown Avenue, South Baumstown, Pineland Road, and Glen Oley. All six pumping stations are maintained and inspected by WWTP operators and Township maintenance personnel on a regular basis. Pumping station inspections typically occur three times per week, except at the Lincoln Road Pumping Station, which is checked daily. Cleaning, repairs, and routine maintenance items are performed regularly.

The Township utilizes an enterprise fund, the Sewer Fund, to account for the Wastewater System's operations. The Sewer Fund provides for the day-to-day operations of the Wastewater System. Exhibit 1 summarizes selected financial information from the Township's annual budgets and audited financial statements. The Township does not record capital assets or depreciation on their financial statements. For the year ended December 31, 2017, (Exhibit 1) the Wastewater System had operating revenues of \$6.245 million.<sup>2</sup> At year end December 31, 2016 the Wastewater System was capitalized with \$11.860 million of capital: including \$22.605 million of long-term debt (including current maturities); and -\$10.745 million (negative) fund equity. At the same point in time, the Wastewater System had total assets of \$13.003 million and did not report total net utility plant.<sup>3</sup> The Township's audited financial statements provide limited information for the Wastewater System and therefore we relied mainly on information presented in the Township's annual budgets.

The Wastewater System is exempt from Pennsylvania Public Utility Commission ("PUC")

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<sup>2</sup> The information for the year ended December 31, 2017 on Exhibit 1, "Projected 2017," was reported in the Township's 2018 preliminary budget approved November 27, 2017.

<sup>3</sup> The Township does not record capital assets or depreciation on their financial statements.



regulation as a municipal utility. The Wastewater System's rate requirements are established by the needed funds to run the system. Most municipalities, including Wastewater System, use a Government Accounting Standards Board ("GASB") process of accounting or the PA Department of Community and Economic Development ("DCED") versus Financial Accounting Standards Board ("FASB") method of accounting used by investor owned utilities ("IOU"). Municipalities are not typically concerned with the return on and the return of their investments of their utility systems since they deem they are providing a public service to their tax payers. Municipalities typically expense (i.e., maintenance expense) minor collection, renewals replacement, and customer collection services capital expenditures and they do not typically fully account for the replacement of all capital assets which are all typically capitalized (i.e., construction of capital asset, construction expenditure, etc.) and "booked" at original cost by IOUs. For these reasons, we do not believe Wastewater System's financial statements should be fully relied upon without recognizing their limitations.

As shown on Exhibit 2, the Wastewater System provides service to 8,984 customers. The Wastewater System's business does not require large amounts of working capital. The Wastewater System is not dependent on industrial customers.

Demographics and Growth for the Wastewater System. As shown on Exhibit 3, Table 3.1, according to U.S. Census figures, the U.S. population grew 9.7% from 2000 to 2010, and the population in Pennsylvania grew 3.4%. During this same period, Berks County's population grew 10.1% and the Township's population grew 20.7% (Exhibit 3, Table 3.2). The Township's population growth was ranked 189 of the 2,572 municipalities in Pennsylvania. The Township's population growth rate has consistently been several times higher than both Berks County's and Pennsylvania's growth rates since 1960 as shown on Exhibit 3, Table 3.3.

The Census Bureau and planning agencies provide population projections for future time periods. Population projections are a primary indicator of expected future growth, and they help determine predictable demand for utility services, housing, roads, business services and facilities. The Center for Rural Pennsylvania publishes population projections for Pennsylvania and its 67 counties for 2010 to 2030. As shown on Exhibit 3, Table 3.4, Berks County's population growth is projected to be more than twice the growth rate projected for Pennsylvania from 2015 through 2030. According to the Township's master plan, the Township's population will grow almost three times the rate of Berks County's growth through 2030. This fact is not surprising since the Township lies within the Berks County's designated growth areas (Existing Development, Designated Growth, and Future Growth areas).

In 2017, the Waste System's service area total population was approximately 27,609 people (Exhibit 2). There are 10,847 household units in the Waste System's service area, and the ratio of people in households to households is 2.55 persons per household. The housing unit vacancy is less than 4% in the service area.

The Wastewater System's service area density is 3.1 people per customer based on an estimated population of 27,609 and 8,984 customers. The Wastewater System's service area density is equal to about 84% of the 3.7 per customer density of water and wastewater systems (see Table 2 in this report). The Township's higher than average population growth indicates a potential greater future demand for the Wastewater System's services.

## HISTORY AND NATURE OF THE BUSINESS

Economic Outlook. In the valuation of any company, the general economic outlook as of the valuation date is important since it influences how investors perceive alternative investment

opportunities at that point in time. As part of our analysis, we considered the forecasts for the U.S. economy that prevailed as of April 30, 2018. In particular, we focused on the forecasts and economic commentary presented in Blue Chip Financial Forecasts in the April 1, 2018 edition. Some of these economic forecasts are presented in Table 1.

<u>Economic Indicators</u>			
	<u>Latest Qtr</u>	<u>Consensus Forecasts</u>	
	<u>1Q 2018</u>	<u>2Q 2018</u>	<u>3Q 2018</u>
<u>Key Assumptions</u>			
Real GDP	2.2	3.1	3.0
GDP Price Index	2.3	2.0	2.2
Consumer Price Index	3.3	1.9	2.2
<u>Interest Rates</u>			
3-mo. Treasury Bills	1.56	1.8	2.0
10 Year Notes	2.75	2.9	3.1
30 Year Notes	3.03	3.2	3.3
Aaa Corporate Bond Yield	3.86	4.1	4.2
Baa Corporate Bond Yield	4.43	4.8	5.0
State & Local Bonds	3.53	3.8	3.9
Home Mortgage Rate	4.27	4.5	4.6

**Table 1**

Industry Review. A review of the industry in which the company operates is important in determining value. The trends and stability of the specific economic environment affecting operations need to be reviewed to gain further insight regarding the prospects and risks associated with the industry and each company.

The wastewater utility industry has a Standard Industrial Classification ("SIC") code of

4952 (Sewerage Systems), has sewer utilities, and includes establishments primarily engaged in the collection and disposal of wastes conducted through a sewer system, including such treatment processes as may be provided. There are currently 1,870 U.S. Businesses with an SIC code of 4952.

The wastewater utility industry is a fragmented industry, although not as fragmented as the water supply industry. According to the U.S. Environmental Protection Agency's ("EPA") most recent survey of publicly-owned wastewater treatment facilities in 2012, there are approximately 15,000 such facilities in the nation, serving approximately 76% of the U.S. population. Eighty percent of domestic wastewater systems are government owned rather than IOUs. Currently, there are no wastewater utility companies that have actively traded stock.

A comparative industry to the wastewater utility industry is the water supply industry. The water supply industry has a SIC code of 4941 (Water Supply), has water utilities, and includes establishments primarily engaged in distributing water for sale for residential, commercial, and industrial uses. Government controlled establishments such as municipal service districts and public utilities dominate the industry. Private companies or IOUs are active in the construction and improvement of water supply facilities and infrastructure. There are currently 8,840 U.S. Businesses with an SIC code of 4941.

The water supply industry is the most fragmented of the major utility industries with more than 53,000 community water systems in the U.S. (82% of which serve less than 3,300 customers). The nation's water systems range in size from large municipally owned systems, such as the New York City water system that serves approximately 9 million people, to small systems, where a few customers share a common well.

An estimated 14% of all water supplies are managed or owned by IOUs. IOUs consist of

companies with common stock that is either actively traded or inactively traded, as well as companies that are closely held, or not publicly traded. Currently (April 30, 2018), there are only about 10 investor owned water utility companies with publicly traded stock in the U.S.

The wastewater utility industry and water utility industry's increased compliance with state and federal water purity levels and large infrastructure replacements are driving consolidation of the wastewater utility and water utility industries. Because many wastewater utility and water utility operations do not have the means to finance the significant capital expenditures needed to comply with these requirements, many have been selling their operations to larger, financially stronger operations.

The larger IOUs have been following an aggressive acquisition program to expand their operations by acquiring smaller wastewater and water systems. Generally, they enter a new market by acquiring one or several wastewater or water utilities. After their initial entry into a new market, the larger investor-owned water utility companies continually seek to expand their market share and services through the acquisition of wastewater and water utility businesses and operations that can be integrated with their existing operations. Such acquisitions may allow a company to expand market share and increase asset utilization by eliminating duplicate management, administrative, and operational functions.

Acquisitions of small, independent utilities can often add earning assets without necessarily incurring the costs associated with the SDWA if such acquisitions are contiguous to the potential purchaser.

In summary, the result of increased capital spending, to meet the SDWA requirements<sup>4</sup>

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<sup>4</sup> The SDWA, or Safe Drinking Water Act, is the principal federal law in the United States intended to ensure safe drinking water for the public. Pursuant to the act, the EPA is required to set standards for drinking water quality and oversee all states, localities, and water suppliers who implement these standards. The CWA, or Clean Water Act, is

and the replace the aging infrastructure of many systems, has moved the wastewater and water industries toward consolidation. Moreover, Federal and State regulations and controls concerning water quality are still in the process of being developed and it is not possible to predict the scope or the enforceability of regulations or standards which may be established in the future, or the cost and effect of existing and potential regulations and legislation upon the sewer and water systems. However, as a medium to small sewer system, the Wastewater System faces the cost of compliance with significantly limited financial resources when compared to larger IOU water utilities.

#### QUANTITATIVE AND QUALITATIVE ANALYSIS

Comparison Review. The comparison review considers the financial and operating statistics for the Wastewater System, and a group of companies (“Comparable Group”) that operate in the same basic or similar industry as the Wastewater System. Since no marketplace exists for the common stock of the Wastewater System, an alternative to estimate the value of the Wastewater System is to analyze the price investors are willing to pay for the publicly traded common stock of companies that are similar to the Wastewater System. We list the Comparable Group chosen for study in Table 2.

The Comparable Group were selected based upon: (1) the availability of financial information; (2) a April 30, 2018 market value of common stock, the product of multiplying the closing stock price by the number of common shares outstanding, greater than \$75.0 million; (3) inclusion in the Standard and Poor's Research Insight database; (4) were not the subject of a known

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the primary federal law in the United States governing water pollution. The CWA's objective is to restore and maintain the chemical, physical, and biological integrity of the nation's waters by preventing point and nonpoint pollution sources, providing assistance to publicly owned treatment works for the improvement of wastewater treatment, and maintaining the integrity of wetlands.

acquisition at April 30, 2018; and (5) with a Global Industry Classification Standard (“GICS”) of 55104010 (i.e., Water Utility). The eight companies (“Comparable Group”) that met the criteria for selection are listed in Table 2.

<u>Acquisition Date Size Statistics</u>				
	<u>Revenues</u> (Mill. \$)	<u>Customers</u>	<u>Population</u>	<u>Customer Density</u>
Exeter Township Wastewater System Assets	<u>\$7.736</u>	<u>8,984</u>	<u>27,609</u>	<u>3.1</u>
<u>Comparable Group</u>				
American States Water Co	\$440.603	283,223	1,000,000	3.5
American Water Works Co Inc	3,357.000	3,353,000	15,000,000	4.5
Aqua America Inc	809.525	982,949	3,000,000	3.1
Artesian Resources -CL A	82.235	86,500	290,000	3.4
California Water Service Gp	666.890	514,300	2,000,000	3.9
Middlesex Water Co	130.775	114,920	412,000	3.6
SJW Corp	389.225	244,133	1,100,200	4.5
York Water Co	<u>48.589</u>	<u>69,604</u>	<u>198,000</u>	<u>2.8</u>
Median	<u>\$414.914</u>	<u>263,678</u>	<u>1,050,100</u>	<u>3.7</u>

**Table 2**

We believe that similar economic, industry and business risks have affected the Comparable Group as those faced by the Wastewater System. However, consideration must be given to the fact that no two companies are exactly alike. Table 2 presents comparative statistics regarding total revenues, customers, population of the area served, and customer density (population ÷ customers). On average, the Comparable Group are much larger than the Wastewater System. The relative size difference between the group and the Wastewater System suggests that the risk of the Wastewater System is greater than the Comparable Group. We will

discuss the difference in risk resulting from size later in this report.

Financial Review. We conducted a financial review that considered the financial and operating statistics for the Wastewater System and the Comparable Group for the three-year period, 2015 to 2017. It is our opinion that the economic, industry and business risks affecting the Comparable Group selected are similar to those faced by the Wastewater System. However, consideration must be given to the fact that no two companies are exactly alike.

The determination of reasonable water rates and sewer rates for the Comparable Group is subject to rate regulation. For the Comparable Group, rate regulation serves as a substitute for competition in the marketplace since utility companies are precluded from exercising complete control over the price to be charged their customers. Under rate regulation, a cost of service formula is used to set the price for service charged to customers. The cost of service formula equates revenues to the sum of annual operating expenses, taxes other than income, depreciation expense, income taxes, and the product of the rate base times a fair rate of return.

It is the responsibility of the utility seeking changes in rates to present sufficient evidence to their regulators in support of their request. Historically, the Wastewater System's rates have not considered a fair rate of return nor taxes. That is, the Wastewater System's rates would have been higher and their financial results would have been healthier if they included a provision for a fair rate of return and taxes. Therefore, the results of the Wastewater System's historical financial performance shown on Exhibits 4 and 6 should be viewed with this knowledge.

Financial Benchmark Analysis. To gain insight into the risk differences between the Wastewater System and the Comparable Group, we reviewed financial ratios and coverages. Unfortunately, there is no single measure that best indicates investment risk from a common stockholder's perspective. However, from a creditor's viewpoint, the best measure of investment



risk is debt rating. The debt rating process generally provides a good measure of investment risk for common stockholders because the factors considered in the debt rating process are usually relevant factors that a common stock investor would consider in assessing the risk of an investment.

The types of financial benchmarks applied by credit rating agencies such as Standard and Poor's ("S&P") for rating IOU public utility debt are broader than the traditional measure of financial risk, leverage. Besides reviewing the amounts of leverage employed (i.e., percentage of debt used in the capital structure), S&P also focuses on earnings protection and cash flow adequacy. During the period 2015-2017, the Wastewater System's financial benchmark ratios show (Exhibit 4) higher investment risk than the Comparable Group based on coverage and cash flow.

Risk Analysis. From an operations standpoint, the Wastewater System and the Comparable Group are indistinguishable. Both are required to meet SDWA and CWA requirements and are also required to provide safe and reliable services to their customers.

A basic premise of finance is the tradeoff between risk and return. That is, the higher the perceived risk, the higher the required return. Conversely, the lower the perceived risk, the lower the required return.

As mentioned previously, size is a determinant of risk. Based on size, the Wastewater System's risk is higher than the Comparable Group given Wastewater System's relatively small size. Table 2 details the large size difference between the Wastewater System and the Comparable Group. As shown on Table 2, the Wastewater System is many times smaller than the Comparable Group.

Size is a determinant of risk because the loss of a large customer impacts a small company much more than a large company because a large customer of a small company usually accounts for a larger percentage of the small company's sales. Further, a larger company has much more diversification in customer mix, economic conditions, source of supplies, weather, demographic, and financing than the Wastewater System. Because the larger Comparable Group has a more diverse geographic operation than the Wastewater System, it enables them to sustain earnings fluctuations caused by adverse weather conditions in one portion of its service territory. Further, the larger Comparable Group has a more diverse customer base and is less susceptible to local downturns associated with regional economic conditions than the Wastewater System.

Exhibit 5, Table 5.1, provides an illustration which shows company size has been inversely related to returns and the volatility of their common stock. Specifically, Ibbotson Associates sorted 3,221 publicly traded common stocks based on size of market value (market price multiples by the number of shares) and placed them into four different portfolios (quartiles). The common stock quartile return and the resultant size premium, column B, increased at an increasing rate as you move from a larger stock quartile to a smaller stock quartile. Similarly, the total risk, or standard deviation of annual returns (a measure of risk), also increased with decreasing company size (column C).

The Comparable Group's market value on April 30, 2018 ranged from \$352 million to \$15,616 million as shown on Table 5.2 of Exhibit 5. Based on their market value, the Comparable Group's median market quartile was 3. Wastewater System's market value would place them in quartile 4 based upon Wastewater System's financial statements and since the largest company in quartile 4 had a market value of \$569 million.

The change in risk adjusted common stock return rate between quartile 3 and quartile 4 (column J) is 96 basis points. The results of the illustration shown on Exhibit 5 suggests the Wastewater System's common equity cost rate could be about 96 basis points higher than the Comparable Group. The history of common stock returns indicates small company stocks are riskier than large company stocks because as one moves from the larger to smaller quartiles, the standard deviation (a measure of risk) of returns increases. Historically, common stock investors have been compensated for taking on this additional risk by the higher returns provided by small company stocks.

In general, it is reasonable to expect small companies to be more risky than large ones. Exhibit 5 shows small company stocks have been riskier over a long period of time than larger company stocks. This makes sense due to the various advantages that larger companies have over smaller companies. For example, small capitalized firms generally have less access to capital and, overall, not as many financial resources. Further, small capitalized stocks have lower trading liquidity than larger ones.

The bond market, particularly the corporate bond market, also differentiates between large and small bond issues, where many large institutional investors such as pension funds and insurance companies require large blocks of bonds for liquidity and performance. Because of this size preference, smaller bond issuers often pay a cost rate premium when compared to larger bond issuers.

A higher return requirement for companies the size of Wastewater System translates into a higher capitalization rate. All else being equal, a higher capitalization rate will produce a lower value. However, all things are seldom equal as shown by the array of market multiples for the companies that comprise the Comparable Group (Exhibit 16, page 2). As shown on Exhibit 16,

the Comparable Group's current market multiples do not suggest a higher capitalization rate due to size as there are numerous other risks affecting the Comparable Group's market values.

Property Plant and Equipment Analysis. The Wastewater System can best be characterized as a wastewater collection and fully integrated treatment system. The Wastewater System does not have the number of large treatment facilities that the Comparable Group has. The Wastewater System's gross property, plant and equipment is in relatively good condition given its age (Exhibit 6, Table 6.1) with 62% of their gross property, plant and equipment remaining undepreciated while 75% of the Comparable Group's gross property, plant and equipment remained undepreciated.

Property Plant and Equipment Analysis for Contributions. Most regulatory commissions determine rates for utilities based on a cost of service formula reflective of gross plant, property and equipment less accumulated depreciation (i.e., net property, plant and equipment) being roughly equal to investor provided capital (i.e., debt and equity capital) plus "cost free" capital such as customer contributions. Under 66 Pa. C.S. Section 1329 (Valuation of Acquired Water and Wastewater System'), the original source of funding for any part of the assets of a selling utility is not relevant to determining the value of a selling utility's assets.

We found a 27% (100% - 73%) differences between the Comparable Group's net property, plant and equipment and the Comparable Group's investor provided capital on the valuation date (Exhibit 6, page 1, Table 6.2). The difference between the Comparable Group's net property, plant and equipment and the Comparable Group's investor provided capital is comprised of "cost free" capital such as customer contributions.<sup>5</sup> This is evidenced by the 27% difference in the

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<sup>5</sup> Under rate regulation "cost free" capital, such as customer contributions, is subtracted from plant assets in determining the dollar amount of property on which a utility may earn a "fair rate of return" and therefore, "cost free" capital has no economic value to investors.

Comparable Group's net property, plant and equipment and the Comparable Group's investor provided capital (Exhibit 6, page 1, Table 6.2). Additionally, we verified 96% (26% ÷ 27%) of known components of the Comparable Group's "cost free" capital by reviewing their individual balance sheets (Exhibit 6, page 1, Table 6.2).

We did not analyze the Wastewater System's property, plant and equipment for "cost free" capital "cost free" capital, or customer contributions, because the original source of funding for any part of the assets of a selling utility is irrelevant to the valuation process under 66 Pa. C.S. Section 1329.

Capital Expenditures Analysis. The level of capital expenditures required for business purposes is an indicator of risk. Over the next four years (2019-2022), the Wastewater System estimates it will require \$3.000 million of capital expenditures by the terms of the Assets Purchase Agreement ("APA"). Over the last four years, the Comparable Group had annual capital expenditures of about 8% of net plant (Exhibit 6, page 2, Table 6.3). During this same time, 2014-17, capital assets (plant) were not reported for the Wastewater System. Therefore, a comparison of capital expenditures cannot be done. However, based on plant vintage dates contained in the inventory, the Wastewater System historical capital spending was substantially less than the Comparable Group's average.

Growth Rate Analyses. Higher growth rates are an indication of less risk. A review of the growth rates in revenue, operating income plus depreciation and operating income, reveal that the Wastewater System has been growing faster than the Comparable Group (Exhibit 6, page 4, Table 6.4) over the last three years. Despite the natural market limitations that exist in the Wastewater System's finite service territory, we believe the prospective gap in growth rates will increase due to the combination of the Township's higher than average projected population

growth (see section “Demographics and Growth for the Wastewater System” in this report) and the change in rates for service under new ownership.

Prospectively, the Comparable Group may be able to enhance their growth rates through the continued acquisition of water and sewer systems outside their existing service territory.

Profit Margin Analyses. Higher profit margins are an indication of less risk. We compared earnings before interest and taxes (“EBIT”) to revenues to see how successful the Wastewater System’s management has been at generating income from the operation of the business. We also compared operating profitability or earnings before interest, tax, depreciation and amortization (“EBITDA”) divided by total revenue to gain a clearer view of the Wastewater System’s core profitability. The Wastewater System’s EBITDA profit margins are higher than the Comparable Group’s and the EBIT profit margins are higher than the Comparable Group’s indicating less risk (Exhibit 6, page 5, Table 6.5).

## VALUATION

The purpose of this valuation is to comply with 66 Pa. C.S. Section 1329 (Valuation of Acquired Water and Wastewater System’) and conduct a fair market value appraisal of the Wastewater System’s assets as of April 30, 2018 in compliance with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches. Consequently, three basic valuation approaches were considered in this analysis: the cost approach, the income approach and the market approach.

The Cost Approach. In general terms, the cost approach measure value by determining the amount of money required to replace the future service capability of an asset. The cost approach is based on the premise that an informed purchaser will not pay more for a property than

the cost of constructing an equally desirable substitute property, minus applicable depreciation, and assuming no undue delay.

The cost approach can include the use of the: original cost method; trended original cost method; reproduction cost method; and replacement cost method. From these cost bases, the calculated accrued depreciation (accumulated depreciation) is subtracted.

The original cost method begins with determining the original cost new (“OCN”) measure of the cost of the assets when first constructed. The OCN is based on (1) a review and summary of the utility’s accounting records, contractors’ invoices and bid tabulations to determine the most appropriate data sources of each type of asset; (2) and the “pricing out” of assets using unit costs for each vintage year that property was placed in service.

Under the trended cost method, the trended original cost (“TOC”) measures the reproduction cost by multiplying the OCN by specific cost indices. The TOC is based on (1) a review and summary of the OCN at each location to determine those elements that would be replaced-in-kind, those that would be replaced with current methods and technologies and those that would not be replaced; (2) the selection of cost indexes and the calculation of trended original cost for those elements that would be replaced-in-kind; and (3) the estimation of the cost to purchase or construct those elements that would be replaced with current methods and technologies. The TOC is a procedure for estimating reproduction cost new of property and is sometimes used as a substitute for reproduction cost method and may be considered a form of the reproduction cost method, though not as precise.

The reproduction cost method begins with determining the reproduction cost new by determining the current cost of constructing identical new property (“RCN”). The replacement cost method begins with estimating the replacement cost new based on approximating the current

cost of replacing service of existing property with similar new property having the nearest equivalent utility to the property being valued (as defined by the *International Glossary of Business Valuation Terms*).

The RCN and the replacement cost new method include the research and verification of the inventory of a company's tangible personal property. Upon verification of the inventory, current material costs, current construction costs, engineering costs, administration costs, interest during construction, and entrepreneurial profit<sup>6</sup> are applied to the inventory listing in order to determine the RCN and to determine the replacement cost new.

The RCN method assumes the assets would be recreated under the conditions existing at the date certain or valuation date, using the exact materials, standards, design, layout, and quality of workmanship used to create the original assets. The replacement cost new assumes the assets would be recreated under the conditions existing at the date certain or valuation date, using similar materials, current standards, under current conditions with similarly functional property.

From these cost bases (i.e., OCN, TOC, RCN and replacement cost new), the calculated accrued depreciation (accumulated depreciation) is subtracted ("LD"). The calculated accrued depreciation is based on the assets' attained ages, and the service life of the assets. The cost bases of depreciable assets are reduced annually by the accumulated depreciation to reflect the loss in the service value of the assets since being constructed.

Depreciation represents the loss in property value from: physical deterioration; functional obsolescence; and external obsolescence. The accrued depreciation represents the sum of the annual depreciation amounts that would have been charged for depreciation at a point in time.

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<sup>6</sup> The administration costs and entrepreneurial profit are those of the contractors and engineers. The cost of overhead of the entity having the assets constructed can also be included. Generally overhead costs are allocated as part of an asset's cost, and usually represent 5% to 15% of infrastructure asset total costs.



Accrued depreciation is a calculated amount that would be in the book reserve account at a point in time using the current depreciation parameters (i.e., average service life). The average service lives of depreciable assets are based on the materials used for construction and how long the depreciable assets are likely to meet service demands.

The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized “survivor curves” known as the Iowa type curves. The accrued depreciation ratio from a survivor curve is a concept that is used to estimate the consumed service capacity of plant at a point in time. The survivor curve is used to find the applicable accrued depreciation factors of the assets to result in the total accumulated depreciation.

The Original Cost Method. For this report the Wastewater System provided us a copy of the engineering assessment of the Wastewater System’s facilities report, “Township of Exeter Wastewater System Engineering Assessment and Original Cost” and related files (August 2018) prepared by Roger Phillips, P.E. of Gannett Fleming, Inc. (“Engineering Assessment”). We utilized the Engineering Assessment and calculated the Original Cost and Related Accrued Depreciation of the Wastewater System as of April 30, 2018 (“OCNLD Study”) shown on Exhibit 7.

Page 1 of Exhibit 7 summarizes the original cost and related accrued depreciation by account for the Wastewater System as of April 30, 2018. The original cost was brought forward from page 2 of Exhibit 7 and the accrued depreciation from page 3 of Exhibit 7.

The original cost of the Wastewater System was determined from the Engineering Assessment and is summarized on page 2 of Exhibit 7. A summarizing analysis of the original cost of the Wastewater System by account and vintage year is shown on Exhibit 8.

The accrued depreciation calculation, shown on page 3 of Exhibit 7, was based on

recognized methods using estimated survivor characteristics and the straight-line depreciation method. The estimated survivor curves are those used by other Pennsylvania wastewater companies. The average service life procedure was used to apply the methods of depreciation to group properties for which a survivor curve was used to recognize the existence of life dispersion. The detailed calculations of accrued depreciation applicable to original cost by account and vintage are included in Exhibit 9.

The results of the OCNLD Study established that the OCN of the Wastewater System's utility plant in service as of April 30, 2018 was not less than \$68.4 million (\$68,404,345 rounded). The OCNLD Study also determined a theoretical calculated accrued depreciation reserve of the utility plant in service of \$25.7 million (\$25,725,994 rounded) as of April 30, 2018. After factoring in the OCNLD Study's accrued depreciation reserve, the OCNLD of Wastewater System's utility plant in service as of April 30, 2018 was determined to be \$42.7 million ( $\$68,404,345 - \$25,725,994 = \$42,678,351$ ).

The Reproduction Cost Method. We utilized the OCN to calculate the trended original cost measures, or the reproduction cost of the depreciable assets (RCN), by multiplying the OCN by specific cost indices. The result of this analysis is shown in the Reproduction Cost and Related Accrued Depreciation of the Wastewater System as of April 30, 2018 ("RCNLD Study") shown on Exhibit 10.

Page 1 of Exhibit 10 summarizes the reproduction cost new and related accrued depreciation by account for the Wastewater System as of April 30, 2018. The reproduction cost new was brought forward from page 2 of Exhibit 10 and the accrued depreciation from page 3 of Exhibit 10.

The reproduction cost new of the Wastewater System (see page 2 of Exhibit 10) was

calculated by trending the original cost measures by multiplying the OCN by Handy-Whitman indices. A summarizing analysis of the reproduction cost new of the Wastewater System by account and vintage year and related cost indices is shown on Exhibit 11.<sup>7</sup>

The accrued depreciation calculation, shown on page 3 of Exhibit 10, was based on recognized methods using estimated survivor characteristics and the straight-line depreciation method. The estimated survivor curves are those used in the OCNLD Study. The average service life procedure was used to apply the methods of depreciation to group properties for which a survivor curve was used to recognize the existence of life dispersion. The detailed calculations of accrued depreciation applicable to reproduction cost new by account and vintage are included in Exhibit 12.

The results of the RCNLD Study established that the RCN of the Wastewater System's utility plant in service as of April 30, 2018 was not less than \$223.8 million (\$223,788,020 rounded). The RCNLD Study also determined a theoretical calculated accrued depreciation reserve of the utility plant in service of \$106.9 million (\$106,917,100 rounded) as of April 30, 2018. After factoring in the RCNLD Study's accrued depreciation reserve, the RCNLD of Wastewater System's utility plant in service as of April 30, 2018 was determined to be \$116.9 million ( $\$223,788,020 - \$106,917,100 = \$116,870,920$ ).

The results of the OCNLD and RCNLD Cost Approaches show a range of value for the Wastewater System of \$42.7 million to \$116.9 million and collectively, indicated value of \$116.9 million (\$116,870,920 rounded) for the Wastewater System based on the results of the RCNLD.

Benchmark Metrics. Besides providing an indication of value based upon a cost method,

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<sup>7</sup> All land and land rights were valued at original cost.

the OCN and OCNLD also provides a meaningful metric to evaluate the reasonableness of other indications of value produced by other valuation methods. For example, the Comparable Group's market value of common equity plus minority interest, preferred stock, and total debt net of cash and cash equivalents ("Enterprise Value") is currently 1.54-times (Exhibit 16, page 2) their OCNLD or net property, plant and equipment. Similarly, the Comparable Group's Enterprise Value is currently 1.17-times (Exhibit 16, page 2) their OCN or gross property, plant and equipment.

The above-mentioned property, plant and equipment "multiples" understate the multiple applicable to the Wastewater System because some of the Comparable Group's property, plant and equipment includes assets that were originally financed with "cost free" capital such as customer contributions.<sup>8</sup> Subtracting customer contributions ("CIAC") from the Comparable Group's property, plant and equipment (Exhibit 16, page 3) results in CIAC adjusted multiples of 2.08-times OCNLD and 1.58-times OCN for the Comparable Group.

Multiplying the Wasterwater System's OCN of \$68.4 million by the Comparable Group's 1.17-times OCN multiple or the 1.58-times contributions adjusted OCN multiple indicates a range of market value of \$80.0 million to \$108.1 million for the Wasterwater System, similar to the RCNLD of \$116.9 million. Further, multiplying the Wasterwater System's OCNLD of \$42.7 million by the Comparable Group's 1.54-times OCNLD multiple or the 2.08-times contributions adjusted OCNLD multiple indicates a range of market value of \$65.8 million to \$88.8 million for the Wasterwater System, similar to the RCNLD of \$116.9 million.

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<sup>8</sup> Under rate regulation "cost free" capital, such as customer contributions, is subtracted from plant assets in determining the dollar amount of property on which a utility may earn a "fair rate of return" and therefore, "cost free" capital has no economic value to investors.

The aforementioned range of market value for the Wastewater System are not a substitute for an appraisal. However, the referenced range of market value for the Wastewater System are meaningful metrics to evaluate the reasonableness of other indication of value produced by other valuation methods.

Comparing the results of the OCNLD method and RCNLD method to the benchmark metrics indicates the value indicated by the OCNLD method of \$42.8 million to be inconsistent with the benchmark metrics. Therefore, the results of the \$116.9 million RCNLD method form the basis for our Cost Approach conclusion of \$116.9 million (\$116,870,920 rounded) and is used as the Cost Approach as part of our fair market value determination for the Wastewater System.

The Income Approach. Capitalizing or discounting a future income stream to a present value provides an indication of the value of a business. The capitalization or discount rate reflects future growth, business risk, economic factors, financial risk and industry risk of the assets. The theory behind the income approach is that the value of a business is the future economic benefit that ownership will provide.

The two most common methods of the income approach to valuation are the capitalization of earning or cash flow method and the discounted cash flow method (“DCF”). The capitalization of earning method converts a single base economic income number to a value by dividing it by a capitalization rate. The capitalization of earnings is best suited when the future earnings, or cash flow, can be predicted. The implicit assumption in the capitalization of earning method is that the cash flow is a perpetuity and the capitalization rate is a constant.

The DCF method uses estimates of future free cash flow and discounts them to arrive at a present value or price of the cash flows. Generally, the DCF analysis begins with an estimate of the Debt Free Net Cash Flow over the next five to twenty years along with a terminal value. In

each year, the Debt Free Net Cash Flow is comprised of projected EBIT, minus income taxes, plus projected depreciation and amortization, plus or minus projected changes in net cash working capital, less projected capital expenditures. The second element of the DCF analysis is the determination of an appropriate discount rate.

The capitalization rate used in the capitalization of earnings method and the discount rate used in the DCF method are related. The discount rate is the opportunity cost rate related to the risk of the cash flows. For the Wastewater System, the appropriate discount rate is the current municipal revenue bond yield on April 30, 2018 of 3.84%. The appropriate IOU discount rate is the current pre-tax overall cost of capital on April 30, 2018 and ranges from 7.12% to 8.48%. The capitalization rate is simply the discount rate minus the expected growth rate. If no growth is assumed, the capitalization rate is equal to the discount rate.

The capitalization of earnings method is generally a reasonable approach for valuing the Wastewater System as it is currently owned (i.e., non-IOU) and operated. However, change in ownership of the Wastewater System to a large regional municipal authority (“MUNI”) or IOU produces a myriad of problems for both the capitalization of earnings method and the DCF Method because any future cash flow estimates would be hypothetical or estimated due to the uncertain nature that would accompany new ownership including future rates, future expenses, future capital expenditures, taxes, and regulation.

We began the Income Approach for the Wastewater System by first determining the Debt Free Net Cash Flow to be capitalized or discounted. The Debt Free Net Cash Flow is comprised of EBIT, minus income taxes, plus depreciation and amortization, plus or minus projected changes in net cash working capital, less projected capital expenditures. The development of Wastewater System’s Debt Free Net Cash Flow begins on Exhibit 1 and ends on Exhibits 13 through 15.

Differences in accounting practices exist between GASB, DCED and FASB because there are differences in their purpose. That is, the GASB's and DCED's motivations are to make sure government entities are accountable for the money they receive from the public or taxpayers, while the FASB's focus is to help investors and creditors make decisions. These differences in accounting objectives between GASB, DCED and FASB can present a problem when it comes to comparing the financial statements of entities that are either publicly or privately owned, such as the Wastewater System and the Comparable Group.

Exhibit 1 presents the Wastewater System's financial information contained in their financial statement so it is more consistent with the Comparable Group and more practical for valuation purposes. The information on Exhibit 1 was used to develop Exhibits 13 through 15. As noted previously, the Wastewater System's financial statements and their rates did not include taxes nor a fair rate of return. Accordingly, on Exhibits 14 and 15 we adjusted the Wastewater System's post-2018 financial information for pro forma expenses and returns to be reflective of a MUNI or IOU ownership.

The Capitalization of Earnings Method. The capitalization of earnings method begins with an estimate of the income or cash flow producing capabilities of the business (Exhibit 13) for a recent time period and assumes current ownership and operations. We began the capitalization of earning method for the Wastewater System by first determining the Debt Free Net Cash Flow to be capitalized. The Debt Free Net Cash Flow is comprised of current EBIT, minus income taxes, plus current depreciation and amortization, plus or minus projected changes in net cash working capital, less projected capital expenditures. Specifically, our capitalization of earnings method capitalizes Wastewater System's current (2018) budgeted Debt Free Net Cash Flow. The second element of the capitalization of earnings method is the determination of an appropriate

capitalization rate. Our analysis uses the current municipal revenue bond yield on April 30, 2018 of 3.84% (Exhibit 13, line 24) as a capitalization rate. We also did a second capitalization of earnings calculation based on a 3.64% capitalization rate (Exhibit 13, line 27), or 20-basis points below the current level to reflect the unique population growth projected for the Wastewater System's because we assumed the Wastewater System's Debt Free Net Cash Flow growth will be at least 0.2% (20-basis points).

We computed the Wastewater System's indicated value based on the capitalization of earnings method by dividing the projected Debt Free Net Cash Flow by the capitalization factor. The capitalization factor is equal to the discount rate minus assumed growth in projected Debt Free Net Cash Flow. Essentially, we considered two ranges of growth in the capitalization of earnings method, no growth and 0.2% growth. However, based upon our quantitative and qualitative analysis, and the projected population growth, we believe the 0.2% growth scenario is the most probable for the Wastewater System based on current ownership and operations.

We adjusted the Wastewater System's Debt Free Net Cash Flow (Exhibit 13, line 22) to account (subtract) for the 10-year average capital expenditures of \$1,730,695 if system is not sold. We also made a pro forma adjustment to the Wastewater System's Debt Free Net Cash Flow to include the APA's required 29% rate increase. Exhibit 13 shows the results of the capitalization of earnings method. For the Wastewater System, the capitalization of earnings method using a 3.84% capitalization rate (no growth) indicates a value of \$51.6 million (without rate increase) and \$90.5 million on pro forma 2018 results including the APA's rate increase. The capitalization of earnings method using a 3.64% capitalization rate (growth) indicates a value of \$54.5 million (without rate increase) and \$95.4 million on pro forma 2018 results including the APA's rate increase. Collectively, for Wastewater System, we believe the 0.2% growth scenario is the most



probable result based on current ownership and operations and therefore, the capitalization of earnings method suggests a value of \$95.4 million based on pro forma 2018 results including the APA's rate increase.

The DCF Method. For the Wastewater System, the DCF method considers two types of discounted cash flow analyses, the EBIT and EBITDA terminal value model ("Market Multiple DCF") and the capitalization of terminal value model ("Capitalization DCF"). We show the results of these models on Exhibits 14 and 15.

The DCF method begins with an estimate of the income or cash flow producing capabilities of the business. Specifically, our DCF methods use estimates of the results of the Wastewater System's operations over the next 13 years. We use two different assumptions for the Wastewater System's future operations in the DCF methods: MUNI ownership shown on Exhibit 14 and IOU ownership shown on Exhibit 15.

Under the MUNI ownership the discount rate is the current 3.84% municipal revenue bond yield and under the IOU ownership the discount rate is the current pre-tax overall cost of capital, reflecting the upper and lower range of the pre-tax overall cost of capital for the Comparable Group of 7.12% to 8.48%. For the Capitalization DCF, the capitalization rate reflects a scenario of no additional growth (i.e., discount rate = capitalization rate) and a scenario of minimal growth of 0.4% (i.e., discount rate – 0.4% growth = capitalization rate) under MUNI ownership and 0.4% (i.e., discount rate – 0.4% growth = capitalization rate) under IOU ownership based on changes in Debt Free Net Cash Flows.

We computed the Market Multiple DCF terminal values by multiplying the Wastewater System's projected EBIT and EBITDA by the Comparable Group's adjusted multiples of 22.9-times and 15.9-times, respectively. We computed the Capitalization DCF terminal value by

dividing the projected Debt Free Net Cash Flow by the capitalization factor. The capitalization factor is equal to the discount rate minus assumed growth in projected Debt Free Net Cash Flow.

Exhibit 14 shows the results of the DCF method under the MUNI ownership scenario. The results of the Capitalization DCF shown on Exhibit 14 show a range of value for the Wastewater System of \$131.4 million to \$140.9 million. The results of the Market Multiple DCF shown on Exhibit 14 show a value of \$110.8 million. Collectively, the DCF method based on the MUNI ownership scenario indicates a value of \$125.8 million for the Wastewater System based on the 0.4% growth assumption.

Exhibit 15 shows the results of the DCF method under the IOU ownership scenario. The results of the Capitalization DCF shown on Exhibit 15 show a range of value for Wastewater System of \$41.7 million to \$50.6 million. The results of the Market Multiple DCF shown on Exhibit 15 show a range of value of \$60.1 million to \$67.6 million. Collectively, the DCF method based on the IOU ownership scenario and a 0.4% growth assumption indicates a value of \$55.3 million for the Wastewater System.

The DCF method based on the MUNI ownership scenario indicates a value of \$125.8 million and the DCF method based on the IOU ownership scenario indicates a value of \$55.3 million. Collectively, the DCF method indicates a value of \$90.6 million for the Wastewater System based on the Income Approach.

The Market Approach. There are two methods of doing the Market Approach to valuation: the market multiples method; and the selected transaction method. We developed both the market multiples method and the selected transaction method in our valuation analysis.

The Market Multiples Method. The market multiples method valuation begins by reviewing market price data of corporations engaged in the same or a similar line of business as

the Wastewater System. We relied upon market data for the Comparable Group for these purposes since they are equally affected by similar economic, industry, and business risks as the Wastewater System. Since no marketplace exists for the common stock of the Wastewater System, an alternative to estimate the value of the Wastewater System is to analyze the price investors are willing to pay for the publicly traded common stock of companies that are similar to the Wastewater System. The specific market price data reviewed includes the market value of common equity plus minority interest, preferred stock, and total debt net of cash and cash equivalents (i.e., Enterprise Value). Where the market value of common equity is the product of multiplying the closing stock price by the number of common shares outstanding. The Enterprise Value provides an indication of the value of the entire business. The Enterprise Value multiples (“Market Multiples”) are shown on Exhibit 16. For the Comparable Group, the Market Multiples were calculated as of April 30, 2018 based on the latest twelve months of financial data available at the appraisal date.

We used the Comparable Group’s Enterprise Value at April 30, 2018 and calculated Market Multiples of: revenue (“Revenue”); EBITDA; EBIT; gross property plant and equipment (“GPPE”); net property plant and equipment (“NPPE”); investor provided capital (“ICAP”); utility customers (“Customers”); and population of the area served (“Population”).

The next step in the market multiples method valuation was applying the Comparable Group’s Market Multiples to corresponding financial and operating statistics of the Wastewater System. The Comparable Group’s Market Multiples reflect their capitalization rate of each financial and operating statistic. For example, a Market Multiple of EBIT of 16.14 times equates to a capitalization of EBIT of 6.20% ( $1 \div 16.14 = 6.20\%$ ). Each capitalization rate is unique to the entity and the statistic being evaluated and reflects the growth and investment risk of the entity.

We believe that similar economic, industry and business risks have affected the Comparable Group as those faced by the Wastewater System. However, consideration must be given to the fact that no two companies are exactly alike. On average, the Comparable Group are much larger than the Wastewater System. The relative size difference between the Comparable Group and Wastewater System suggests that the risk to the investors of the Wastewater System is greater than the Comparable Group. Further, based upon our abridged quantitative and qualitative analysis, we concluded that the Wastewater System has more risk than the Comparable Group.

Accordingly, the Comparable Group's Market Multiples are not directly applicable to the Wastewater System. We assumed the higher risk due to the Wastewater System's small size is added to lower risk assumed from our abridged quantitative and qualitative analysis. This combined risk was assumed to result in the Wastewater System being 10% less risky than the Comparable Group and produces a 110% (100% + 10%) base risk adjustment to the Comparable Group's Market Multiples. We applied the 110% base risk adjustment to all financial multiples. For example, the Comparable Group's ICAP multiple was multiplied by 110% to produce a lower multiple applicable to the Wastewater System to account for risk differences.

The Comparable Group's Market Multiples of Revenue, EBITDA, and EBIT were adjusted for the base risk adjustment to produce multiples applicable to the Wastewater System (Exhibit 16, page 3). The Comparable Group's Market Multiples of GPPE and NPPE were adjusted for the base risk adjustment and for their percentage of property plant and equipment (Exhibit 16, page 3) financed with "cost free" capital such as contributions because "cost free" capital should not be part of this valuation process. The Comparable Group's Market Multiples of Customers and Population were adjusted for the type of assets of the Wastewater System and growth.

The net risk adjustments to the Comparable Group's Market Multiples are shown on page 1 of Exhibit 16. The adjustments to the Comparable Group's Market Multiples are: 110% of ICAP (less risk/higher growth), 149% of GPPE (less risk/higher growth and contributions), 149% of NPPE (less risk/higher growth and contributions), 110% of Revenue (less risk/higher growth); 110% of EBIT and 110% EBITDA (less risk/higher growth); and 150% of Customers and Population (higher growth and contributions).

As shown on page 1 of Exhibit 16, the market multiples method indicated values based on Revenue, EBIT and EBITDA (collectivity called "Income Statement Items") are far below the Wastewater System's market multiples method indicated values based ICAP, GPPE and NPPE (collectivity called "Capital Items"), and those based on Customers and Population (collectivity called "Demographics Items"). We attribute this to the fact the Wastewater System's dollars of Revenue, EBIT and EBITDA do not reflect any provision for taxes while the multiples for the Comparable Group do.<sup>9</sup> Consequently, we do not believe the results of the multiples of Revenue, EBIT and EBITDA are meaningful and should not be used.

In the market multiples method, the meaningful Market Multiples of the Comparable Group are used to develop an indicated value of the Wastewater System. This is accomplished by multiplying the Wastewater System's financial and operating data by the Comparable Group's median Market Multiples (Exhibit 16, page 1). The results of the market multiples method (Exhibit 16, page 1) show a range of value for the Wastewater System of \$86.2 million to \$108.4 million and collectively, indicate value of \$97.3 million based on the meaningful Market Multiples.

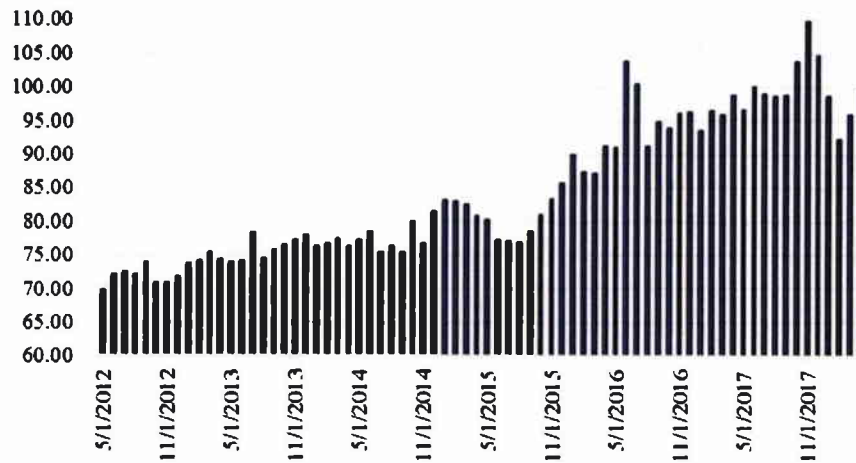
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<sup>9</sup> The Revenue, EBIT and EBITDA for the Wastewater Systems also do not include a fair rate of return.

The Selected Transactions Method. The selected transactions method entails analyzing certain public information relating to selected transactions involving the purchase or sales of businesses involved in the same or similar business line. The number of selected transactions available for review is limited because most acquisitions in the water and wastewater industry involve small acquisitions for which no public information exists. Additionally, not all transactions are comparable since some purchase prices may only involve the acquisition of the common stock, purchase prices may be net of cash and others may only involve assets. In any of these instances, the derived multiples (e.g., purchase price as a multiple of: Revenues; EBITDA; EBIT; etc.) would understate (overstate) the multiples involving a purchase price for an entire business enterprise (common stock) or business assets.

The selected transactions method provides a valuation of a business, or assets, at the time the acquisition of that business was completed, rather than the appraisal date market value (April 30, 2018). The change in the Comparable Group's market multiples of NPPE and ICAP, shown in Figure 1, shows the change in market valuation over the last 72 months. In Figure 1 the Comparable Group's market multiples of NPPE and ICAP were indexed to April 30, 2018 valuation multiples so that the April 30, 2018 valuation multiples have an index value of 100.

### Recent 72 Months of Valuation Metrics



**Figure 1**

The Comparable Group’s appraisal date (April 30, 2018) valuation multiples are 8% higher than 2018’s lowest levels and equal to the 2018’s highest levels and 8% higher than 2017’s lowest levels and 10% below the 2017’s highest levels. The Comparable Group’s April 30, 2018 valuation multiples are 13% higher than 2016’s lowest levels and 4% below the 2016’s highest levels, are 14% to 23% higher than 2015’s, are 19% to 25% higher than 2014’s, and are 22% to 26% higher than 2013’s multiples.

Because of the rapid rise in valuation multiples over the last 28 months we limited our search for selected transactions to: (1) those that occurred in 2016 or later; (2) purchases of water or sewer systems; (3) assets being purchased; and (4) those that did not discount “cost free” capital/customer contributions in the valuation. The selected transactions that met the stated selection criteria are shown on pages 2 and 3 of Exhibit 17.

Using certain public information, we calculated sales price multiples of selected transactions involving the purchase or sale of businesses that met the stated selection criteria. The calculated sales price multiples included transactions multiples of: Revenue; EBITDA; EBIT;

Customers; and Population. As shown on pages 2 and 3 of Exhibit 17, the selected transactions method indicated values based on the Income Statement Items are far below the Wastewater System's selected transactions method indicated values based on Capital Items and those based on Demographics Items. We attribute this to the fact the selling utilities' dollars of Income Statement Items do not reflect any provision for taxes.<sup>10</sup> Consequently, we do not believe the results of the multiples of Income Statement Items are meaningful.

In the selected transactions method, the significant selected transactions multiples of the selling utilities are used to develop an indicated value of the Wastewater System. This is accomplished by multiplying the Wastewater System's financial and operating data by the selling utilities' transactions multiples (Exhibit 17, pages 2 and 3). The results of the selected transactions method (Exhibit 17, page 1) show a range of value for the Wastewater System of \$80.7 million to \$107.0 million when all transactions are considered and a range of value of \$93.4 million to \$229.6 million when fully integrated assets are solely considered. Collectively, the indicate value for the Wastewater System is of \$127.7 million after giving additional weight to the more comparable selected transactions multiples.

The results of the market multiples method shown on Exhibit 16 show a range of value for the Wastewater System of \$86.2 million to \$108.4 million and collectively, indicate value of \$97.3. The results of the selected transactions method shown on Exhibit 17 show a range of value of \$93.9 million to \$161.5 million and collectively, indicate value of \$127.7 million. Based on the aforesaid, the Market Approach to valuation indicates a value of \$104.9 million for the Wastewater System based predominantly on the results of the market multiples method.

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<sup>10</sup> Further, Revenue, EBIT and EBITDA for the Wastewater Systems also do not include a fair rate of return.



Conclusion. We summarize our findings for the Wastewater System on Exhibit 18. Our findings for the Wastewater System is based on the Cost, Market and Income Approaches to valuation. We used seven methods under the Cost, Market and Income Approaches to valuation: Original Cost Method, Reproduction Cost Method, Capitalization of Earnings Method, Market Multiple Discounted Cash Flow Method, Capitalization Discounted Cash Flow Method, Market Multiples Method, and the Selected Transactions Method.

The results from the capitalization of earnings method, market multiple discounted cash flow method and the capitalization discounted cash flow method form the basis for our Income Approach. Our Market Approach is supported by the market multiples method and selected transactions method. The results from the original cost method form the basis for our reproduction cost method, and both methods form the basis for our Cost Approach.

We considered the results of each approach as an indicator of value individually, or as independent indicators of value. Therefore, all three approaches to valuation were given consideration in arriving at our estimate of the fair market value conclusion. Based on these facts, our conclusion regarding the fair market value is \$104.1 million. Our conclusion regarding the fair market value can be described by the weights and the specific results of the three approaches to valuation that are shown on Exhibit 18. The results of our analyses, shown on Exhibit 18, indicate a range of value for the Wastewater System of \$90.6 million to \$116.9 million and collectively indicate a fair market value of \$104,120,000 for the Wastewater System.

## COMPLIANCE & APPRAISAL CERTIFICATION

**Compliance with Uniform Standards of Professional  
Appraisal Practice (USPAP) 2018-2019**

**Fulfillment of Requirements for a Personal Property Appraisal and Report**

- **State the identity of the client and any intended users, by name or type:**

The client is Exeter Township. The intended users of the valuation are Exeter Township, Pennsylvania American Water Company, Inc. and the Pennsylvania Public Utility Commission.

- **State the intended use of the appraisal**

The intended use of the valuation is to comply with 66 Pa. C.S. Section 1329, Valuation of Acquired Water and Wastewater Systems and conduct a fair market value appraisal of the Exeter Township's wastewater system assets in compliance with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches.

- **Describe information sufficient to identify the property, real, personal, and intangible, involved in the appraisal, including the physical and economic property characteristics relevant to the assignment.**

Exeter Township owns and operates the Wastewater System which consists of wastewater treatment facilities, gravity mains, force mains, pump houses, associated infrastructure and appurtenances, and related land and land rights. The Wastewater System serves Exeter Township, St. Lawrence Borough, the Shady Lane Estates area of Alsace Township, and a small portion of Lower Alsace Township. Currently, the Wastewater System provides service to 8,984 customers.

Exeter Township's wastewater treatment plant ("WWTP") treats wastewater originating from Township, St. Lawrence Borough, and small portions of Alsace Township and Lower Alsace Township in Berks County and consists of two separate treatment flow trains, the East WWTP and the West WWTP. The East WWTP is used exclusively for the equalization of high-strength residual waste, as needed. The West WWTP consists of the Main Pumping Station, Headworks Building, four Primary Clarifiers, three 1st Stage Aeration Tanks, two 2nd Stage Aeration Tanks, four Final Clarifiers, and two Chlorine Contact Tanks.

Solids production and handling occurs in several stages. Raw sludge from the Primary Clarifiers is pumped directly to one of the two Primary Anaerobic Digesters. Waste Activated Sludge from the biological system is gravity thickened before also being pumped to one of the two Primary Anaerobic Digesters. After digestion, the stabilized biosolids are transferred to an aerated Sludge Holding Tank

## **Compliance with Uniform Standards of Professional Appraisal Practice (USPAP) 2018-2019**

### **Fulfillment of Requirements for a Personal Property Appraisal and Report**

before being dewatered by one of two Centrifuges. A Sludge Dryer (“Biosolids Drying Facility”) provides drying of dewatered biosolids.

The Biosolids Drying Facility reduces operating costs for the Wastewater System, and, at the same time, creates the opportunity to convert a waste product into fertilizer or an energy source. The Biosolids Drying Facility produces only 1/5th of the amount of dewatered sludge for disposal for approximately 20% of the disposal cost, or at no cost at all as a result of local farmers taking and using byproduct from the WWTP in farming operations. The biosolids meet the most stringent trace element limits, Class A pathogen, and vector reduction standards set forth by the Pennsylvania Department of Environmental Protection.

The Wastewater System also operates an USEPA-approved Industrial Pretreatment Program. Additionally, the Wastewater System routinely receives hauled leachate from several landfills, assorted commercial and industrial waste, residential septage, grease, and sludge that is delivered to the WWTP by multiple contract haulers.

The Wastewater System’s collection system collects domestic wastes and industrial wastes through 123 miles of gravity sewers and convey the wastes to the WWTP. In addition, six pumping stations convey less than 3% of the total collection system flow to the WWTP. The Wastewater System’s collection system is in satisfactory condition. Repair and replacement of damaged main lines and manholes is performed in a timely manner.

The Wastewater System also provides service to St. Lawrence Borough and a portion Lower Alsace and Alsace Townships under Inter-municipal Agreements. Areas included under agreement are the Borough of St. Lawrence, and small portions of the Alsace Township and Lower Alsace Township, all located in Berks County. Except for the billing agreement with Lower Alsace Township, none of the current Inter-municipal Agreements between the Township and St. Lawrence, Alsace Township, or Lower Alsace Township contain termination provisions

The Wastewater System includes six pumping stations within its collection system: Lincoln Road, Buddies Place, Pottstown Avenue, South Baumstown, Pineland Road, and Glen Oley. All six pumping stations are maintained and inspected by WWTP operators and Township maintenance personnel on a regular basis. Pumping station inspections typically occur three times per week, except at the Lincoln Road Pumping Station, which is checked daily. Cleaning, repairs, and routine maintenance items are performed regularly.

The Exeter Township’s Wastewater System property is in reasonable condition for their age based on physical observations and reviews of operating and financial

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statements. The property is an operating wastewater utility, the economics of which were analyzed from audited and budgeted financial statements which were incorporated into the income approach to value in this appraisal.

The Exeter Township's Wastewater System land and land rights include land used for wastewater treatment facilities, 126 miles of sewers, six pump houses, and multiple easements and rights-of-way necessary to operate the Wastewater System.

- **State the type and definition of value and cite the source of the definition, including whether the opinion of value is in terms of cash or of financing terms equivalent to cash, or based on non-market financing or financing with unusual conditions or incentives**

Fair market value is defined as:

“The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.” The International Glossary of Business Valuation Standards

- **State the effective date of the appraisal and the date of the report**

The effective date of the appraisal is as of April 30, 2018 and the appraisal report date is July 2018.

- **Describe sufficient information to disclose to the client and any other intended users of the appraisal the scope of work used to develop the appraisal**

Conduct a fair market value appraisal of the Exeter Township's Wastewater System assets in compliance with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches.

The premise of value is going concern and the assets are valued as a group under the premise that they collectively comprise an ongoing operating business enterprise.

We accepted all information and data provided by Exeter Township as it pertains to this assignment “as is” after a limited review. That is, we neither audited nor

## **Compliance with Uniform Standards of Professional Appraisal Practice (USPAP) 2018-2019**

### **Fulfillment of Requirements for a Personal Property Appraisal and Report**

verify any data, original cost data, financial records or operating data provided for this assignment.

The appraisal considered all three approaches to value: the cost, income and market. Briefly the scopes of work for each are as follows:

The cost approach utilized the original cost method and reproduction cost method. The reproduction cost method was calculated by trending (trended cost method) the asset inventory developed by Gannett Fleming Valuation and Rate Consultants, LLC from its original cost new method. The original cost method determined the original cost new measure of the cost of the assets when first constructed. The original cost new inventory was trended using the Handy Whitman Index of Public Utility Construction Costs for the water industry to produce the reproduction cost new. The calculated accrued depreciation was determined for the original cost new and for the reproduction cost new. The calculated accrued depreciation was based on the assets' attained ages, and the service life of the assets. The cost basis of depreciable assets was reduced annually by the accumulated depreciation to reflect the loss in the service value of the assets since being constructed. All land and land rights were valued at original cost.

**Income Approach** - The income approach utilized the capitalization of earning (cash flow) method and the discounted cash flow method. The capitalization of earning method converted a single base economic income number to a value by dividing it by a capitalization rate. The discounted cash flow method used estimates of future debt free net cash flow and discounted them to arrive at a present value or price of the cash flows. The capitalization rate and the discount rate were developed based on market debt and equity rates at the appraisal date. The discounted cash flow method reflected two types of discounted cash flow analyses, the EBIT and EBITDA terminal value model and a capitalization of terminal value model.

**Market Approach** - The market approach was developed based on the market multiples method and the selected transaction method. The market multiples method was based on the market price data of publicly traded corporations engaged in the same or a similar line of business as the Wastewater System. The market price data of these comparable publicly traded corporations was used to calculate the market multiples for the comparable publicly traded corporations at the appraisal date. The selected transactions method used certain public information relating to the purchase or sales of businesses involved in the same or a similar business line as the Wastewater System to calculated market multiples at the time of transaction (sale/purchase). The calculated market multiples determined by the market multiples method and the selected transaction method were then multiplied

**Compliance with Uniform Standards of Professional  
Appraisal Practice (USPAP) 2018-2019**

**Fulfillment of Requirements for a Personal Property Appraisal and Report**

by the corresponding the Wastewater System financial and operating statistic to produce an indicated value for the Sewer and Water Systems.

Reconciliation of the Valuation Approaches - The fair market value conclusion was based on reconciliation of each of the three approaches to value and the intended purpose of the appraisal.

- **Clearly and conspicuously:**

- **State all extraordinary assumptions and hypothetical conditions;**

- There were no extraordinary assumptions required or hypothetical conditions in this appraisal.

- **State that their use might have affected the assignment results**

- Not applicable.

- **Clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment**

- Not applicable.

- **Describe the information analyzed, the appraisal procedures followed, and the reasoning that supports the analyses, opinions, and conclusions**

- See scope of work above.

- **State the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal**

- The Exeter Township Wastewater System land and land rights include land used for the wastewater treatment facilities, 126 miles of sewers, six pump houses, and multiple easements and rights-of-way necessary to operate the Wastewater System.

- The Exeter Township Wastewater System's land and land rights were assumed to be used for the operation of the wastewater system for the appraisal.

**Compliance with Uniform Standards of Professional  
Appraisal Practice (USPAP) 2018-2019  
Fulfillment of Requirements for a Personal Property Appraisal and Report**

- **State and describe the support and rationale for the appraiser's opinion of the highest and best use of the real estate**

All land and land rights were assumed to be used for the operation of the Wastewater System for the appraisal, were valued at original cost, and not at highest and best use of the real estate.

- **State and explain any permitted departures from specific requirements of STANDARD 1 and the reason for excluding any of the usual valuation approaches. The appraisal then becomes a limited appraisal - a limited appraisal report must contain a prominent section that clearly identifies the extent of the appraisal process performed and the departures taken**

No departures for Standard 1 were made.

- **Include a signed certification in accordance with Standards Rule 2-3**

See attached for signed certification.



**APPRAISAL CERTIFICATION**  
**Exeter Township, Pennsylvania**  
**Township of Exeter Wastewater System Assets**  
**Fair Market Value Appraisal Report**  
**As of April 30, 2018**

Gannett Fleming Valuation and Rate Consultants, LLC certify that, to the best of its knowledge and belief:

- The statements of fact contained in this report are true and correct.
  
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
  
- Gannett Fleming Valuation and Rate Consultants, LLC has not performed an appraisal of the Exeter Township Wastewater System prior to this current appraisal.
  
- Gannett Fleming Valuation and Rate Consultants, LLC, nor its professional staff has any present or prospective interest in the property that is the subject of this report, and has no interest or bias with respect to the parties involved.
  
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
  
- Our engagement in this assignment is not contingent upon developing or reporting predetermined results.
  
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
  
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (2018-2019)

**APPRAISAL CERTIFICATION**  
**Exeter Township, Pennsylvania**  
**Township of Exeter Wastewater System Assets**  
**Fair Market Value Appraisal Report**  
**As of April 30, 2018**

- The signers of this report have made a personal inspection of the property that is the subject of this report.
  
- Individuals providing significant appraisal assistance to the person signing this certification include: John J. Spanos, Senior Vice President, and Joanna Lappin, Depreciation Analyst at Gannett Fleming Valuation and Rate Consultants, LLC.

Gannett Fleming Valuation and Rate Consultants, LLC

By,



HAROLD WALKER, III

Manager, Financial Studies

## APPENDIX A - QUALIFICATIONS

## **APPENDIX A**

Professional Qualifications  
of  
Harold Walker, III  
Manager, Financial Studies  
Gannett Fleming Valuation and Rate Consultants, LLC.

### **EDUCATION**

Mr. Walker graduated from Pennsylvania State University in 1984 with a Bachelor of Science Degree in Finance. His studies concentrated on securities analysis and portfolio management with an emphasis on economics and quantitative business analysis. He has also completed the regulation and the rate-making process courses presented by the College of Business Administration and Economics Center for Public Utilities at New Mexico State University. Additionally, he has attended programs presented by The Institute of Chartered Financial Analysts (CFA).

Mr. Walker was awarded the professional designation "Certified Rate of Return Analyst" (CRRA) by the Society of Utility and Regulatory Financial Analysts. This designation is based upon education, experience and the successful completion of a comprehensive examination. He is also a member of the Society of Utility and Regulatory Financial Analysts (SURFA) and has attended numerous financial forums sponsored by the Society. The SURFA forums are recognized by the Association for Investment Management and Research (AIMR) and the National Association of State Boards of Accountancy for continuing education credits.

Mr. Walker is also a licensed Municipal Advisor Representative (Series 50) by Municipal Securities Rulemaking Board (MSRB) and Financial Industry Regulatory Authority (FINRA).

### **BUSINESS EXPERIENCE**

In 1996, Mr. Walker joined Gannett Fleming Valuation and Rate Consultants, LLC. In his capacity as Manager, Financial Studies and for the past twenty years, he has continuously studied rates of return requirements for regulated firms. In this regard, he supervised the preparation of rate of return studies in connection with his testimony and in the past, for other individuals. He also assisted and/or developed dividend policy studies, nuclear prudence studies, calculated fixed charge rates for avoided costs involving cogeneration projects, financial decision studies for capital budgeting purposes and developed financial models for determining future capital requirements and the effect of those requirements on investors and ratepayers, valued utility property and common stock for acquisition and divestiture, and assisted in the private placement of fixed capital securities for public utilities.

Head, Gannett Fleming GASB 34 Task Force responsible for developing Governmental Accounting Standards Board (GASB) 34 services, and educating Gannett Fleming personnel and

Gannett Fleming clients on GASB 34 and how it may affect them. The GASB 34 related services include inventory of assets, valuation of assets, salvage estimation, annual depreciation rate determination, estimation of depreciation reserve, asset service life determination, asset condition assessment, condition assessment documentation, maintenance estimate for asset preservation, establishment of condition level index, geographic information system (GIS) and data management services, management discussion and analysis (MD&A) reporting, required supplemental information (RSI) reporting, auditor interface, and GASB 34 compliance review.

In 2004, Mr. Walker was elected to serve on the Board of Directors of SURFA. Previously, he served as an ex-officio directors as an advisor to SURFA's existing President. In 2000, Mr. Walker was elected President of SURFA for the 2001-2002 term. Prior to that, he was elected to serve on the Board of Directors of SURFA during the period 1997-1998 and 1999-2000. Currently, he also serves on the Pennsylvania Municipal Authorities Association, Electric Deregulation Committee.

Prior to joining Gannett Fleming Valuation and Rate Consultants, LLC., Mr. Walker was employed by AUS Consultants - Utility Services. He held various positions during his eleven years with AUS, concluding his employment there as a Vice President. His duties included providing and supervising financial and economic studies on behalf of investor owned and municipally owned water, waste water, electric, natural gas distribution and transmission, oil pipeline and telephone utilities as well as resource recovery companies.

Mr. Walker was also the Publisher of C.A. Turner Utility Reports from 1988 to 1996. C.A. Turner Utility Reports is a financial publication which provides financial data and related ratios and forecasts covering the utility industry. From 1993 to 1994, he became a contributing author for the Fortnightly, a utility trade journal. His column was the Financial News column and focused mainly on the natural gas industry.

## **EXPERT TESTIMONY**

Mr. Walker has submitted testimony or been deposed on various topics before regulatory commissions and courts in 22 states including: Arizona, California, Colorado, Connecticut, Delaware, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia. His testimonies covered various subjects including: fair market value, the taking of natural resources, appropriate capital structure and fixed capital cost rates, depreciation, fair rate of return, purchased water adjustments, synchronization of interest charges for income tax purposes, valuation, cash working capital, lead-lag studies, financial analyses of investment alternatives, and fair value.

## **PROFESSIONAL AFFILIATIONS**

Society of Utility and Regulatory Financial Analysts  
Board of Directors, 1996-2000, 2005-2008  
President, 2000-2002  
Treasurer, 1996-1998

National Association of Water Companies  
Pennsylvania Municipal Authorities Association  
Electric Deregulation Committee

## **TECHNICAL PUBLICATIONS & PRESENTATIONS**

Walker, Harold. Panelist "Leveraging Water & Sewer to Address Roads, Schools, and Pension Obligations." Presented at the Maryland Association of Counties 2018 Summer Conference, August 2018.

Walker, Harold. Panelist "Is the Glass Half Full or Half Empty? Valuing Municipal Water Acquisitions." Presented at the Mid-Atlantic Conference of Regulatory Utilities Commissioners 23rd Annual Education Conference, June 2018.

Walker, Harold. "Valuation and Inventory of Governmental Assets Under GASB 34." Presented at the Society of Depreciation Professionals 21st Annual Conference, September 2007.

Walker, Harold. "The Paradox of State Regulatory Opinions and Investor Behavior." Presented at the National Association of Water Companies New England Chapter conference, November 2006.

Walker, Harold. "Valuation and Inventory Under GASB 34." Presented at the Government Finance Officers Association South Central Pennsylvania Regional Chapter conference, August 2003.

Walker, Harold. "Valuation and Inventory under GASB 34." Presented at the Government Finance Officers Association Southeastern Pennsylvania Regional Chapter conference, April 2002.

Walker, Harold. "GASB 34 & Your Infrastructure." *The Authority*, August 2001, Volume XXXII, No. 4, pages 10-13.

Walker, Harold. "Managing Risk." Conference Chairperson, presented at the Society of Utility & Regulatory Financial Analysts 33rd Financial Forum, April 2001.

Walker, Harold. "Paying for Your MSW System - Waste Generation Fees." Presented at the Federation of New York Solid Waste Association Solid Waste/Recycling Conference and Trade Show, May 2001.

Walker, Harold. "Statement No. 34 of the Government Accounting Standards Board." Presented at the Pennsylvania Association of Township Supervisors 79th Annual State Convention, April 2001.

Walker, Harold. "Cost of Capital Issues." Presented at the National Association of Water Companies New England Chapter conference, October 2000.

Walker, Harold, Timothy Hartman, and Mark Everett. "Waste Generation Study: Life After Flow Control." Presented at Waste Con 2000, October 1999.

Walker, Harold, and Timothy Hartman. "The Enhancement of Revenues Through a Waste Generation Study." Presented at SWANA's Planning and Management Symposium, July 1999.

## EXHIBITS

Exeter Township Wastewater System Assets  
Selected Financial Information

	<u>2014</u>	<u>2015</u>	<u>2016</u>	Projected <u>2017</u>
<b>1. <u>OPERATING REVENUES</u></b>				
2. Sewer Charges	4,776,238	5,095,691	5,339,276	6,135,000
3. Other Operating Revenues	50,987	81,388	116,743	67,326
4. Tap Fees	64,785	38,140	31,420	42,500
<b>5. Total Operating Revenues</b>	<u>4,892,010</u>	<u>5,215,219</u>	<u>5,487,439</u>	<u>6,244,826</u>
<b>6. <u>OPERATING EXPENSES</u></b>				
7. Wages & Benefits	1,594,223	1,631,210	1,683,209	1,687,159
8. Financial Services	5,047	8,884	14,552	21,581
9. Professional Services	95,546	88,160	172,503	480,500
10. Utilities	361,369	338,603	309,776	337,900
11. Other O & M Expenses	520,630	506,215	576,002	547,681
<b>12. O&amp;M Expenses Before Depreciation</b>	<u>2,576,815</u>	<u>2,573,072</u>	<u>2,756,042</u>	<u>3,074,821</u>
13. Depreciation	0	0	0	0
<b>14. Total Operating Expenses</b>	<u>2,576,815</u>	<u>2,573,072</u>	<u>2,756,042</u>	<u>3,074,821</u>
<b>15. Operating Income</b>	<u>2,315,195</u>	<u>2,642,147</u>	<u>2,731,397</u>	<u>3,170,005</u>
16. CAPX	349,394	178,962	158,587	25,222
17. Assets			13,002,747	
18. Bonds payable				
19. LT Debt	26,015,000	24,350,000	22,605,000	20,775,000
20. Equity			(10,745,028)	
21. Income (Loss) Before Transfers	1,313,822	1,717,379	1,889,632	2,415,465
22. Principal paid	1,590,000	1,665,000	1,745,000	1,830,000
23. Interest Paid	1,001,373	924,768	841,765	754,540

Source of Information: Annual Budgets and Audited Financial Statements



Exeter Township Wastewater System Assets

## Population and Housing Units

## Customer Count

## Penetration of Service Area

Estimated Flows

	Township <u>2017</u>	Borough of St. Lawrence <u>2017</u>	<u>Total</u>	
Population	25,787	1,822	27,609	3.1
Housing Units	<u>10,080</u>	<u>767</u>	<u>10,847</u>	80%
Average Size	<u>2.56</u>	<u>2.38</u>	<u>2.55</u>	

Exeter Township Wastewater System AssetsCurrentCustomers

Residential	8,708
Apartment	49
Trailer Park	7
Commercial	187
Industrial	12
Public	21
Total	<u><u>8,984</u></u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Wastewater System Annual Flows (MG)</u>					
WWTP Avg Max Flows (MG)	3.728	4.700	3.947	3.818	3.950
Max to Permitted	39%	49%	41%	40%	41%

Source: Chapter 94 Reports

TABLE 3.1 US Population Census Counts, 2000 & 2010			
State	Population		Percentage Change
	2000	2010	
Alabama	4,447,351	4,779,736	7.5%
Alaska	626,931	710,231	13.3%
Arizona	5,130,632	6,392,017	24.6%
Arkansas	2,673,400	2,915,918	9.1%
California	33,871,653	37,253,956	10.0%
Colorado	4,302,015	5,029,196	16.9%
Connecticut	3,405,602	3,574,097	4.9%
Delaware	783,600	897,934	14.6%
District of Columbia	572,059	601,723	5.2%
Florida	15,982,824	18,801,310	17.6%
Georgia	8,186,816	9,687,653	18.3%
Hawaii	1,211,537	1,360,301	12.3%
Idaho	1,293,956	1,567,582	21.1%
Illinois	12,419,647	12,830,632	3.3%
Indiana	6,080,517	6,483,802	6.6%
Iowa	2,926,382	3,046,355	4.1%
Kansas	2,688,824	2,853,118	6.1%
Kentucky	4,042,285	4,339,367	7.3%
Louisiana	4,468,958	4,533,372	1.4%
Maine	1,274,923	1,328,361	4.2%
Maryland	5,296,507	5,773,552	9.0%
Massachusetts	6,349,105	6,547,629	3.1%
Michigan	9,938,480	9,883,640	-0.6%
Minnesota	4,919,492	5,303,925	7.8%
Mississippi	2,844,656	2,967,297	4.3%
Missouri	5,596,683	5,988,927	7.0%
Montana	902,195	989,415	9.7%
Nebraska	1,711,265	1,826,341	6.7%
Nevada	1,998,257	2,700,551	35.1%
New Hampshire	1,235,786	1,316,470	6.5%
New Jersey	8,414,347	8,791,894	4.5%
New Mexico	1,819,046	2,059,179	13.2%
New York	18,976,821	19,378,102	2.1%
North Carolina	8,046,485	9,535,483	18.5%
North Dakota	642,200	672,591	4.7%
Ohio	11,353,145	11,536,504	1.6%
Oklahoma	3,450,652	3,751,351	8.7%
Oregon	3,421,436	3,831,074	12.0%
Pennsylvania	12,281,054	12,702,379	3.4%
Rhode Island	1,048,319	1,052,567	0.4%
South Carolina	4,011,816	4,625,364	15.3%
South Dakota	754,844	814,180	7.9%
Tennessee	5,689,267	6,346,105	11.3%
Texas	20,851,790	25,145,561	20.6%
Utah	2,233,198	2,763,885	23.8%
Vermont	608,827	625,741	2.8%
Virginia	7,079,030	8,001,024	13.0%
Washington	5,894,141	6,724,540	14.1%
West Virginia	1,808,350	1,852,994	2.5%
Wisconsin	5,363,715	5,686,986	6.0%
Wyoming	493,782	563,626	14.1%
Total - States & D.C.	281,424,603	308,745,538	9.7%

Source: U.S. Census Bureau, Population Division

TABLE 3.2 Pennsylvania Population Census by County and Municipality, 2000 & 2010				
Geographic Area	Population		Percentage Change	Municipal Growth Rank
	2000	2010		
Pennsylvania	12,281,054	12,702,379	3.4%	-
Berks County	373,638	411,442	10.1%	-
Exeter Township	21,161	25,550	20.7%	189 out of 2,372

Source: U.S. Census Bureau, Census 2000 & 2010 Redistricting Data (Public Law 94-171) Summary File

TABLE 3.3 Pennsylvania Municipal Population Changes 1960-2015						
Pennsylvania 2017 Municipal Profiles 1960-2015						
Source: Pennsylvania State Data Center for the Center for Rural Pennsylvania						
	Exeter Twp	Berks County	Pennsylvania	Percent Change		
				Exeter Township	Berks County	Pennsylvania
1960	8,488	275,398	11,319,366			
1970	10,607	296,378	11,793,909	25.0%	7.6%	4.2%
1980	14,419	312,497	11,863,895	35.9%	5.4%	0.6%
1990	17,260	336,559	11,881,643	19.7%	7.7%	0.1%
2000	21,357	373,636	12,281,071	23.7%	11.0%	3.4%
2010	25,550	411,558	12,702,884	19.6%	10.1%	3.4%
2015	25,874	415,257	12,802,503	1.3%	0.9%	0.8%

TABLE 3.4 Pennsylvania Population Projections 2010-2030				
Pennsylvania Population Projections 2010-2030				
Source: Pennsylvania State Data Center for the Center for Rural Pennsylvania Exeter Township Town Center and Waterfront Master Plan				
	Exeter Twp	Berks County	Pennsylvania	
			2010 to 2030	2015 to 2030
July 1, 2010	22,550	18,301	12,711,308	
July 1, 2015	25,874	18,853	12,962,624	
July 1, 2020	30,090	19,524	13,230,170	
July 1, 2025	32,325	20,258	13,504,614	
July 1, 2030	34,560	21,037	13,759,594	
Percent Change				
2010 to 2030	53%	15%	8%	
2015 to 2030	34%	12%	6%	

Comparison of Credit Market Financial Risk Metrics  
For Exeter Township Wastewater System Assets  
And the Comparable Group  
2015 - 2017 (1)

	Exeter Township Wastewater System Assets			Comparable Group		
	2017	2016	2015	2017	2016	2015
Debt Service Coverage	1.2	1.1	1.0	3.3	3.6	3.3
Pre-Tax Interest Coverage - Including AFC(2)(x)	4.2	3.2	2.9	4.4	4.3	3.8
Post-Tax Interest Coverage - Including AFC(2)(x)	4.2	3.2	2.9	3.4	3.2	3.1
GCF / Interest Coverage(3)(x)	4.2	3.2	2.9	5.4	5.2	5.3
GCF / Tot. Debt(4)(%)	11.6	8.4	7.1	23.2	22.9	22.8
GCF / Construction(5)(%)	9577.0	1191.5	959.6	82.6	94.2	111.8

- Notes: (1) Average of the achieved results for each individual company based upon the financials as originally reported.
- (2) Represents the number of times available earnings, including AFC, cover all interest charges.
- (3) GCF or gross cash flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFC), plus interest charges, divided by interest charges.
- (4) GCF (see note 3) as a percentage of total debt.
- (5) The percent of GCF (see note 3) which cover gross construction expenditures.

Source: 2015-17 budgets and financial statements  
S&P Research Insight  
EXHIBIT 1

Exeter Township Wastewater System Assets  
 Illustrating the Impact of Size on Risk and Return  
 Through Common Stock Returns

**TABLE 5.1 Change in Return and Risk for Size-Quartiles Portfolio of the NYSE/AMEX/NASDAQ Common Stocks (1)**

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>	<u>J</u>
		Average	Standard	Change in	Largest	Quartile	Comparison	Beta	Beta Adjusted	
Market	Market	Quartile	Deviation	Quartile	Market Value	Beta	Group	Ratio	Quartile	Change in
Quartile	Quartile	Premium	of	Premium	in the Quartile		Beta		Size	Quartile
	Name	1926-16	Return	Change	(Mill \$)				Premium	Premium
		(%)	(%)	(%)					(%)	(%)
(Largest Stocks)										
1	Large-Cap	0.00	19.6	—	609,163	1.00	0.75	75%	0.00	
2	Mid-Cap	1.02	24.6	1.02	10,712	1.12	0.75	67%	0.68	0.68
3	Low-Cap	1.75	28.9	0.73	2,392	1.22	0.75	61%	1.07	0.39
4	Mico-Cap	3.67	39.1	1.92	569	1.35	0.75	55%	2.03	0.96
(Smallest Stocks)										

Notes: (1) 2017 Ibbotson Stocks, Bonds, Bills, and Inflation (SBB) Classic Yearbook

**TABLE 5.2 Recent Market Values and Ibbotson Associates Market Quartiles for the Comparable Group**

<u>Comparable Group</u>	4/30/2018 Market Value (Mill \$)	Market Quartile Name	Market Quartile
American States Water Co	2,047	Low-Cap	3
American Water Works Co Inc	15,616	Large-Cap	1
Aqua America Inc	6,253	Mid-Cap	2
Artesian Resources -CI A	352	Mico-Cap	4
California Water Service Gp	1,863	Low-Cap	3
Middlesex Water Co	681	Low-Cap	3
SJW Corp	1,244	Low-Cap	3
York Water Co	415	Mico-Cap	4
Median	1,554	Low-Cap	3

Exeter Township Wastewater System Assets  
Property Plant & Equipment Analysis  
Capital Expenditures Analysis  
Growth Rate Analyses  
Profit Margin Analyses

**TABLE 6.1 Property Plant & Equipment Analysis**

(Current Know Statistics)			
Gross Property, Plant & Equipment	Net Property, Plant & Equipment	Percentage of Property, Plant & Equipment Not Depreciated	
(Millions of \$)			
Exeter Township Wastewater System Assets	\$68 404	\$42 678	62%
<u>Comparable Group</u>			
American States Water Co	\$1,738 362	\$1,204 992	69%
American Water Works Co Inc	20,440 000	14,970 000	73%
Aqua America Inc	7,003 992	5,399 859	77%
Artesian Resources -CL A	582 018	464 384	80%
California Water Service Gp	3,025 611	2,083 038	69%
Middlesex Water Co	703 512	557 240	79%
SJW Corp	1,877 993	1,299 718	69%
York Water Co	363 657	289 524	80%
Median			75%

**TABLE 6.2 Property Plant & Equipment Analysis for Contributions**

(As of 12/31/2017)				
Net Property, Plant & Equipment	Investor's Capital	Percentage of Property, Plant & Equipment Net of Contributions	2017 Percentage of Known "Cost Free" Capital	
(Millions of \$)				
<u>Comparable Group</u>				
American States Water Co	\$1,204 992	\$910 308	76%	20%
American Water Works Co Inc	14,970 000	13,110 000	88%	21%
Aqua America Inc	5,399 859	4,104 422	76%	27%
Artesian Resources -CL A	464 384	263 489	57%	41%
California Water Service Gp	2,083 038	1,478 005	71%	27%
Middlesex Water Co	557 240	405 518	73%	26%
SJW Corp	1,299 718	928 005	71%	25%
York Water Co	289 524	210 547	73%	28%
Median			73%	26%

Exeter Township Wastewater System Assets  
 Property Plant & Equipment Analysis  
 Capital Expenditures Analysis  
 Growth Rate Analyses  
 Profit Margin Analyses

**TABLE 6.3 Capital Expenditures Analysis**

	PP&E-Total Net				Capital Expenditures			
	2017	2016	2015	2014	2017	2016	2015	2014
	(Millions of \$)				(Millions of \$)			
Exeter Township Wastewater System Assets	NA	NA	NA	NA	\$0 025	\$0 159	\$0 179	\$0 349
<u>Comparable Group</u>								
American States Water Co	\$1,204 992	\$1,150 926	\$1,060 794	\$1,003 520	\$113 126	\$129 867	\$87 323	\$72 553
American Water Works Co Inc	14,970 000	13,774 000	12,812 000	11,824 832	1,434 000	1,311 000	1,160 000	956 119
Aqua America Inc	5,399 860	5,001 615	4,688 925	4,401 990	478 089	382 996	364 689	328 605
Artesian Resources -CL A	464 384	429 383	409 562	397 823	41 094	28 251	20 694	23 730
California Water Service Gp	2,036 971	1,847 460	1,689 252	1,579 060	259 194	228 938	176 833	132 015
Middlesex Water Co	557 240	517 776	481 870	465 406	50 301	47 375	25 773	22 596
SJW Corp	1,284 345	1,196 822	1,098 247	1,025 215	149 055	142 220	106 774	101 936
York Water Co	289 524	271 652	262 189	253 959	24 602	13 158	13 844	14 139
	Capital Expenditures / PP&E-Total Net							
	2017	2016	2015	2014				
Exeter Township Wastewater System Assets	NA	NA	NA	NA				
<u>Comparable Group</u>								
American States Water Co	9%	11%	8%	7%				
American Water Works Co Inc	10%	10%	9%	8%				
Aqua America Inc	9%	8%	8%	7%				
Artesian Resources -CL A	9%	7%	5%	6%				
California Water Service Gp	13%	12%	10%	8%				
Middlesex Water Co	9%	9%	5%	5%				
SJW Corp	12%	12%	10%	10%				
York Water Co	8%	5%	5%	6%				
<b>Median</b>	<b>9%</b>	<b>9%</b>	<b>8%</b>	<b>7%</b>				

Exeter Township Wastewater System Assets  
Property Plant & Equipment Analysis  
Capital Expenditures Analysis  
Growth Rate Analyses  
Profit Margin Analyses

Revenues				EBITDA			
2017	2016	2015	2014	2017	2016	2015	2014

(Millions of \$)

(Millions of \$)

Exeter Township Wastewater System Assets	\$6 245	\$5 487	\$5 215	\$4 892	\$3 170	\$2 731	\$2 642	\$2 315
<u>Comparable Group</u>								
American States Water Co	\$440 603	\$436 087	\$458 641	\$465 791	\$157 789	\$153 566	\$160 522	\$160 063
American Water Works Co Inc	3,357 000	3,302 000	3,159 000	3,011 328	1,306 476	1,154 957	1,102 741	917 849
Aqua America Inc	809 525	819 875	814 204	779 903	433 284	387 423	380 137	340 460
Artesian Resources -CL A	82 235	79 089	77 024	72 465	30 401	25 800	26 382	25 061
California Water Service Gp	666 890	609 370	588 368	597 499	147 867	140 577	127 710	122 709
Middlesex Water Co	130 775	132 906	126 025	117 139	38 056	33 947	35 841	28 720
SJW Corp	389 225	339 706	305 082	319 668	86 302	83 532	68 003	63 335
York Water Co	48 589	47 584	47 089	45 900	25 743	24 780	24 359	21 800

EBIT			
2017	2016	2015	2014

(Millions of \$)

Exeter Township Wastewater System Assets	\$3 170	\$2 731	\$2 642	\$2 315
<u>Comparable Group</u>				
American States Water Co	\$118 758	\$114 716	\$118 489	\$118 990
American Water Works Co Inc	1,222 000	1,145 000	1,075 000	1,014 026
Aqua America Inc	328 967	325 585	321 100	314 359
Artesian Resources -CL A	26 895	27 150	25 366	22 421
California Water Service Gp	123 551	100 998	95 681	108 574
Middlesex Water Co	38 620	40 632	35 840	34 392
SJW Corp	98 079	93 116	79 960	92 878
York Water Co	22 473	22 888	22 661	22 077

Exeter Township Wastewater System Assets  
Property Plant & Equipment Analysis  
Capital Expenditures Analysis  
Growth Rate Analyses  
Profit Margin Analyses

**TABLE 6.4 Growth Rate Analyses**

	Revenue Growth			EBITDA Growth		
	2017	2016	2015	2017	2016	2015
Exeter Township Wastewater System Assets	13.8%	5.2%	6.6%	16.1%	3.4%	14.1%
<b>Comparable Group</b>						
American States Water Co	1.0%	-4.9%	-1.5%	2.7%	-4.3%	0.3%
American Water Works Co Inc	1.7%	4.5%	4.9%	13.1%	4.7%	20.1%
Aqua America Inc	-1.3%	0.7%	4.4%	11.8%	1.9%	11.7%
Artesian Resources -CL A	4.0%	2.7%	6.3%	17.8%	-2.2%	5.3%
California Water Service Gp	9.4%	3.6%	-1.5%	5.2%	10.1%	4.1%
Middlesex Water Co	-1.6%	5.5%	7.6%	12.1%	-5.3%	24.8%
SJW Corp	14.6%	11.3%	-4.6%	3.3%	22.8%	7.4%
York Water Co	2.1%	1.1%	2.6%	3.9%	1.7%	11.7%
<b>Median</b>	<b>1.9%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>8.5%</b>	<b>1.8%</b>	<b>9.6%</b>
	EBIT Growth					
	2017	2016	2015			
Exeter Township Wastewater System Assets	16.1%	3.4%	14.1%			
<b>Comparable Group</b>						
American States Water Co	3.5%	-3.2%	-0.4%			
American Water Works Co Inc	6.7%	6.5%	6.0%			
Aqua America Inc	1.0%	1.4%	2.1%			
Artesian Resources -CL A	-0.9%	7.0%	13.1%			
California Water Service Gp	22.3%	5.6%	-11.9%			
Middlesex Water Co	-5.0%	13.4%	4.2%			
SJW Corp	5.3%	16.5%	-13.9%			
York Water Co	-1.8%	1.0%	2.6%			
<b>Median</b>	<b>2.3%</b>	<b>6.1%</b>	<b>2.4%</b>			



Exeter Township Wastewater System Assets  
Property Plant & Equipment Analysis  
Capital Expenditures Analysis  
Growth Rate Analyses  
Profit Margin Analyses

<b>TABLE 6.5 Profit Margin Analyses</b>			
	<b>EBITDA / Revenue - Margin</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Exeter Township Wastewater System Assets	50.8%	49.8%	50.7%
<b>Comparable Group</b>			
American States Water Co	35.8%	35.2%	35.0%
American Water Works Co Inc	38.9%	35.0%	34.9%
Aqua America Inc	53.5%	47.3%	46.7%
Artesian Resources -CL A	37.0%	32.6%	34.3%
California Water Service Gp	22.2%	23.1%	21.7%
Middlesex Water Co	29.1%	25.5%	28.4%
SJW Corp	22.2%	24.6%	22.3%
York Water Co	53.0%	52.1%	51.7%
Median	36.4%	33.8%	34.6%
	<b>EBIT / Revenue - Margin</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Exeter Township Wastewater System Assets	50.8%	49.8%	50.7%
<b>Comparable Group</b>			
American States Water Co	27.0%	26.3%	25.8%
American Water Works Co Inc	36.4%	34.7%	34.0%
Aqua America Inc	40.6%	39.7%	39.4%
Artesian Resources -CL A	32.7%	34.3%	32.9%
California Water Service Gp	18.5%	16.6%	16.3%
Middlesex Water Co	29.5%	30.6%	28.4%
SJW Corp	25.2%	27.4%	26.2%
York Water Co	46.3%	48.1%	48.1%
Median	31.1%	32.5%	30.7%

Source S&P Research Insight  
EXHIBIT 1

**EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS**

**SUMMARY OF ORIGINAL COST AND ACCRUED DEPRECIATION  
OF WASTEWATER SYSTEMS AS OF APRIL 30, 2018**

<b>ACCOUNT</b>	<b>DESCRIPTION</b>	<b>ORIGINAL COST</b>	<b>ACCRUED DEPRECIATION</b>
(1)	(2)	(3)	(4)
353.20	LAND AND LAND RIGHTS - COLLECTION	336,068.94	
353.30	LAND AND LAND RIGHTS - PUMPING	63,244.16	
353.40	LAND AND LAND RIGHTS - TREATMENT	735,535.35	
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	1,000,471.00	372,358
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	36,457,669.12	13,721,456
355.30	POWER GENERATION EQUIPMENT - PUMPING	46,258.60	30,993
360.21	COLLECTION SEWERS - FORCE - MAINS	724,186.15	178,546
360.22	COLLECTION SEWERS - FORCE - MANHOLES	165,868.09	50,235
361.21	COLLECTION SEWERS - GRAVITY - MAINS	15,521,588.52	5,530,125
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	4,120,729.96	1,758,750
363.20	SERVICES TO CUSTOMERS	8,107,147.46	3,769,106
364.20	FLOW MEASURING DEVICES	28,200.34	9,295
365.20	FLOW MEASURING INSTALLATIONS	95,497.64	47,004
371.30	PUMPING EQUIPMENT	241,702.36	71,903
380.40	TREATMENT AND DISPOSAL EQUIPMENT	515,491.49	42,408
390.70	COMPUTER AND SOFTWARE	89,011.30	67,702
391.70	TRANSPORTATION EQUIPMENT	24,623.01	19,887
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	42,074.30	12,998
394.70	LABORATORY EQUIPMENT	80,810.59	39,267
396.70	COMMUNICATION EQUIPMENT	3,996.00	1,819
397.70	MISCELLANEOUS EQUIPMENT	4,170.76	2,142
	<b>TOTAL COMPANY</b>	<b>68,404,345.14</b>	<b>25,725,994</b>

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

SUMMARY OF ANALYSIS OF ORIGINAL COST  
OF WASTEWATER SYSTEMS AS OF APRIL 30, 2018

ACCOUNT	DESCRIPTION	ORIGINAL COST
(1)	(2)	(3)
353.20	LAND AND LAND RIGHTS - COLLECTION	336,068.94
353.30	LAND AND LAND RIGHTS - PUMPING	63,244.16
353.40	LAND AND LAND RIGHTS - TREATMENT	735,535.35
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	1,000,471.00
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	36,457,669.12
355.30	POWER GENERATION EQUIPMENT - PUMPING	46,258.60
360.21	COLLECTION SEWERS - FORCE - MAINS	724,186.15
360.22	COLLECTION SEWERS - FORCE - MANHOLES	165,868.09
361.21	COLLECTION SEWERS - GRAVITY - MAINS	15,521,588.52
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	4,120,729.96
363.20	SERVICES TO CUSTOMERS	8,107,147.46
364.20	FLOW MEASURING DEVICES	28,200.34
365.20	FLOW MEASURING INSTALLATIONS	95,497.64
371.30	PUMPING EQUIPMENT	241,702.36
380.40	TREATMENT AND DISPOSAL EQUIPMENT	515,491.49
390.70	COMPUTER AND SOFTWARE	89,011.30
391.70	TRANSPORTATION EQUIPMENT	24,623.01
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	42,074.30
394.70	LABORATORY EQUIPMENT	80,810.59
396.70	COMMUNICATION EQUIPMENT	3,996.00
397.70	MISCELLANEOUS EQUIPMENT	4,170.76
	<b>TOTAL COMPANY</b>	<b>68,404,345.14</b>

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

SUMMARY OF SERVICE LIFE ESTIMATES AND CALCULATED ACCRUED  
DEPRECIATION RELATED TO ORIGINAL COST AS OF APRIL 30, 2018

ACCOUNT (1)	DESCRIPTION (2)	SURVIVOR CURVE (3)	ORIGINAL COST (4)	ACCRUED DEPRECIATION (5)
353.20	LAND AND LAND RIGHTS - COLLECTION	NONDEPRECIABLE	336,068.94	
353.30	LAND AND LAND RIGHTS - PUMPING	NONDEPRECIABLE	63,244.16	
353.40	LAND AND LAND RIGHTS - TREATMENT	NONDEPRECIABLE	735,535.35	
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	55-R2.5	1,000,471.00	372,358
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	65-R3	36,457,669.12	13,721,456
355.30	POWER GENERATION EQUIPMENT - PUMPING	30-S2	46,258.60	30,993
360.21	COLLECTION SEWERS - FORCE - MAINS	70-R2.5	724,186.15	178,546
360.22	COLLECTION SEWERS - FORCE - MANHOLES	60-R3	165,868.09	50,235
361.21	COLLECTION SEWERS - GRAVITY - MAINS	70-R2.5	15,521,588.52	5,530,125
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	60-R3	4,120,729.96	1,758,750
363.20	SERVICES TO CUSTOMERS	50-R2.5	8,107,147.46	3,769,106
364.20	FLOW MEASURING DEVICES	30-L3	28,200.34	9,295
365.20	FLOW MEASURING INSTALLATIONS	50-R3	95,497.64	47,004
371.30	PUMPING EQUIPMENT	40-R1.5	241,702.36	71,903
380.40	TREATMENT AND DISPOSAL EQUIPMENT	45-S0.5	515,491.49	42,408
390.70	COMPUTER AND SOFTWARE	5-SQ	89,011.30	67,702
391.70	TRANSPORTATION EQUIPMENT	11-S1.5	24,623.01	19,887
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	25-SQ	42,074.30	12,998
394.70	LABORATORY EQUIPMENT	20-SQ	80,810.59	39,267
396.70	COMMUNICATION EQUIPMENT	15-SQ	3,996.00	1,819
397.70	MISCELLANEOUS EQUIPMENT	15-SQ	4,170.76	2,142
	<b>TOTAL COMPANY</b>		<b>68,404,345.14</b>	<b>25,725,994</b>

**EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS**

**SUMMARY OF ORIGINAL COST BY ACCOUNT AND VINTAGE YEAR  
OF WASTEWATER SYSTEM AS OF APRIL 30, 2018**

ACCOUNT	DESCRIPTION	VINTAGE YEAR	ORIGINAL COST
(1)	(2)	(3)	(4)
353.20	LAND AND LAND RIGHTS - COLLECTION	1966	37,581.96
353.20	LAND AND LAND RIGHTS - COLLECTION	1970	630.28
353.20	LAND AND LAND RIGHTS - COLLECTION	1975	6,715.66
353.20	LAND AND LAND RIGHTS - COLLECTION	1980	1,069.89
353.20	LAND AND LAND RIGHTS - COLLECTION	1985	4,481.18
353.20	LAND AND LAND RIGHTS - COLLECTION	1987	1,818.17
353.20	LAND AND LAND RIGHTS - COLLECTION	1990	18,634.90
353.20	LAND AND LAND RIGHTS - COLLECTION	1992	867.41
353.20	LAND AND LAND RIGHTS - COLLECTION	1995	126,808.41
353.20	LAND AND LAND RIGHTS - COLLECTION	2000	15,285.86
353.20	LAND AND LAND RIGHTS - COLLECTION	2005	76,604.25
353.20	LAND AND LAND RIGHTS - COLLECTION	2010	45,449.75
353.20	LAND AND LAND RIGHTS - COLLECTION	2012	121.22
353.30	LAND AND LAND RIGHTS - PUMPING	1992	12,796.70
353.30	LAND AND LAND RIGHTS - PUMPING	1993	34,194.59
353.30	LAND AND LAND RIGHTS - PUMPING	1996	92.99
353.30	LAND AND LAND RIGHTS - PUMPING	2006	16,159.88
353.40	LAND AND LAND RIGHTS - TREATMENT	1965	110,204.70
353.40	LAND AND LAND RIGHTS - TREATMENT	1967	36,966.92
353.40	LAND AND LAND RIGHTS - TREATMENT	1977	53,000.00
353.40	LAND AND LAND RIGHTS - TREATMENT	1984	150,000.00
353.40	LAND AND LAND RIGHTS - TREATMENT	1993	23,463.73
353.40	LAND AND LAND RIGHTS - TREATMENT	1998	325,000.00
353.40	LAND AND LAND RIGHTS - TREATMENT	2003	36,900.00
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	1993	796,519.60
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	1997	55,313.20
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	2004	148,638.20
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	1967	2,353,885.64
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	1978	4,885,804.76
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	1986	91,897.59
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	1992	23,110,970.29
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	2002	389,734.00
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	2010	5,436,302.84
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	2013	53,603.00
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	2014	31,707.00
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	2016	103,764.00
355.30	POWER GENERATION EQUIPMENT - PUMPING	1993	46,258.60
360.21	COLLECTION SEWERS - FORCE - MAINS	1990	17,235.23
360.21	COLLECTION SEWERS - FORCE - MAINS	1995	413,974.46
360.21	COLLECTION SEWERS - FORCE - MAINS	2005	292,976.46
360.22	COLLECTION SEWERS - FORCE - MANHOLES	1990	4,044.08
360.22	COLLECTION SEWERS - FORCE - MANHOLES	1995	98,188.67
360.22	COLLECTION SEWERS - FORCE - MANHOLES	2005	63,635.34
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1966	2,571,070.53
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1970	99,929.53
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1975	571,803.86
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1980	184,388.48
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1985	1,102,214.88
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1987	409,580.74
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1990	2,551,316.88
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1992	294,871.54
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1995	4,979,726.68
361.21	COLLECTION SEWERS - GRAVITY - MAINS	2000	379,942.51
361.21	COLLECTION SEWERS - GRAVITY - MAINS	2005	1,279,091.45
361.21	COLLECTION SEWERS - GRAVITY - MAINS	2008	148,625.00
361.21	COLLECTION SEWERS - GRAVITY - MAINS	2010	224,452.48
361.21	COLLECTION SEWERS - GRAVITY - MAINS	2012	724,573.96
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1966	598,282.49
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1970	24,194.85

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

SUMMARY OF ORIGINAL COST BY ACCOUNT AND VINTAGE YEAR  
OF WASTEWATER SYSTEM AS OF APRIL 30, 2018

ACCOUNT	DESCRIPTION	VINTAGE YEAR	ORIGINAL COST
(1)	(2)	(3)	(4)
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1975	150,289.15
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1980	44,262.72
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1985	297,567.45
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1987	111,081.54
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1990	665,251.72
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1992	76,685.46
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1995	1,514,910.92
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	2000	114,307.32
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	2005	353,176.16
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	2010	86,478.18
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	2012	74,063.00
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	2015	10,179.00
363.20	SERVICES TO CUSTOMERS	1966	958,567.95
363.20	SERVICES TO CUSTOMERS	1970	50,304.30
363.20	SERVICES TO CUSTOMERS	1975	307,593.89
363.20	SERVICES TO CUSTOMERS	1980	71,435.10
363.20	SERVICES TO CUSTOMERS	1985	562,151.53
363.20	SERVICES TO CUSTOMERS	1987	224,924.42
363.20	SERVICES TO CUSTOMERS	1990	1,361,328.35
363.20	SERVICES TO CUSTOMERS	1992	153,749.62
363.20	SERVICES TO CUSTOMERS	1995	3,130,400.29
363.20	SERVICES TO CUSTOMERS	2000	236,530.49
363.20	SERVICES TO CUSTOMERS	2005	847,339.97
363.20	SERVICES TO CUSTOMERS	2010	173,123.46
363.20	SERVICES TO CUSTOMERS	2012	29,698.09
364.20	FLOW MEASURING DEVICES	1991	3,672.99
364.20	FLOW MEASURING DEVICES	2006	5,888.17
364.20	FLOW MEASURING DEVICES	2010	10,026.46
364.20	FLOW MEASURING DEVICES	2011	8,612.72
365.20	FLOW MEASURING INSTALLATIONS	1991	95,497.64
371.30	PUMPING EQUIPMENT	1993	118,738.78
371.30	PUMPING EQUIPMENT	1997	8,296.98
371.30	PUMPING EQUIPMENT	2006	22,080.65
371.30	PUMPING EQUIPMENT	2011	7,441.39
371.30	PUMPING EQUIPMENT	2012	24,684.45
371.30	PUMPING EQUIPMENT	2013	18,316.00
371.30	PUMPING EQUIPMENT	2014	26,246.23
371.30	PUMPING EQUIPMENT	2015	3,453.86
371.30	PUMPING EQUIPMENT	2016	6,085.00
371.30	PUMPING EQUIPMENT	2017	6,359.02
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2008	8,391.00
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2012	30,010.04
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2013	131,242.64
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2014	234,763.80
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2015	56,302.51
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2016	35,919.00
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2017	18,862.50
390.70	COMPUTER AND SOFTWARE	2011	2,332.00
390.70	COMPUTER AND SOFTWARE	2012	15,398.85
390.70	COMPUTER AND SOFTWARE	2013	14,570.45
390.70	COMPUTER AND SOFTWARE	2014	31,808.00
390.70	COMPUTER AND SOFTWARE	2015	12,083.00
390.70	COMPUTER AND SOFTWARE	2016	12,819.00
391.70	TRANSPORTATION EQUIPMENT	2001	21,441.01
391.70	TRANSPORTATION EQUIPMENT	2014	3,182.00
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	1997	2,134.65
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2000	1,680.67
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2004	1,621.78
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2006	8,886.32

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

SUMMARY OF ORIGINAL COST BY ACCOUNT AND VINTAGE YEAR  
OF WASTEWATER SYSTEM AS OF APRIL 30, 2018

ACCOUNT	DESCRIPTION	VINTAGE YEAR	ORIGINAL COST
(1)	(2)	(3)	(4)
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2012	4,995.67
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2013	12,764.21
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2014	3,910.00
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2015	6,081.00
394.70	LABORATORY EQUIPMENT	2002	3,307.76
394.70	LABORATORY EQUIPMENT	2003	6,126.19
394.70	LABORATORY EQUIPMENT	2004	5,105.16
394.70	LABORATORY EQUIPMENT	2005	5,067.71
394.70	LABORATORY EQUIPMENT	2006	10,015.47
394.70	LABORATORY EQUIPMENT	2007	9,379.66
394.70	LABORATORY EQUIPMENT	2008	18,843.64
394.70	LABORATORY EQUIPMENT	2011	5,173.00
394.70	LABORATORY EQUIPMENT	2014	15,511.00
394.70	LABORATORY EQUIPMENT	2015	2,281.00
396.70	COMMUNICATION EQUIPMENT	2011	3,996.00
397.70	MISCELLANEOUS EQUIPMENT	2002	911.76
397.70	MISCELLANEOUS EQUIPMENT	2008	993.00
397.70	MISCELLANEOUS EQUIPMENT	2014	2,266.00
<b>TOTAL COMPANY</b>			<b>68,404,345.14</b>

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 353.20 LAND AND LAND RIGHTS - COLLECTION

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
NONDEPRECIABLE							
1966	37,581.96						
1970	630.28						
1975	6,715.66						
1980	1,069.89						
1985	4,481.18						
1987	1,818.17						
1990	18,634.90						
1992	867.41						
1995	126,808.41						
2000	15,285.86						
2005	76,604.25						
2010	45,449.75						
2012	121.22						
	336,068.94						

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 0.00



EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 353.30 LAND AND LAND RIGHTS - PUMPING

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
NONDEPRECIABLE							
1992	12,796.70						
1993	34,194.59						
1996	92.99						
2006	16,159.88						
	63,244.16						

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 0.00

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 353.40 LAND AND LAND RIGHTS - TREATMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
NONDEPRECIABLE							
1965	110,204.70						
1967	36,966.92						
1977	53,000.00						
1984	150,000.00						
1993	23,463.73						
1998	325,000.00						
2003	36,900.00						
	735,535.35						

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 0.00

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 354.30 STRUCTURES AND IMPROVEMENTS - PUMPING

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 55-R2.5							
NET SALVAGE PERCENT.. 0							
1993	796,519.60	55.00	1.82	14,496.66	32.96	0.4007	319,189
1997	55,313.20	55.00	1.82	1,006.70	36.26	0.3407	18,847
2004	148,638.20	55.00	1.82	2,705.22	42.30	0.2309	34,322
	1,000,471.00			18,208.58			372,358
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.82							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 354.40 STRUCTURES AND IMPROVEMENTS - TREATMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 65-R3							
NET SALVAGE PERCENT.. 0							
1967	2,353,885.64	65.00	1.54	36,249.84	21.19	0.6740	1,586,519
1978	4,885,804.76	65.00	1.54	75,241.39	29.09	0.5525	2,699,212
1986	91,897.59	65.00	1.54	1,415.22	35.52	0.4535	41,679
1992	23,110,970.29	65.00	1.54	355,908.94	40.66	0.3745	8,654,134
2002	389,734.00	65.00	1.54	6,001.90	49.74	0.2348	91,498
2010	5,436,302.84	65.00	1.54	83,719.06	57.35	0.1177	639,798
2013	53,603.00	65.00	1.54	825.49	60.26	0.0729	3,909
2014	31,707.00	65.00	1.54	488.29	61.24	0.0579	1,834
2016	103,764.00	65.00	1.54	1,597.97	63.20	0.0277	2,873
	36,457,669.12			561,448.10			13,721,456

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.54

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 355.30 POWER GENERATION EQUIPMENT - PUMPING

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 30-S2							
NET SALVAGE PERCENT.. 0							
1993	46,258.60	30.00	3.33	1,540.41	9.90	0.6700	30,993
	46,258.60			1,540.41			30,993

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 3.33

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 360.21 COLLECTION SEWERS - FORCE - MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 70-R2.5							
NET SALVAGE PERCENT.. 0							
1990	17,235.23	70.00	1.43	246.46	45.04	0.3566	6,146
1995	413,974.46	70.00	1.43	5,919.83	49.27	0.2961	122,594
2005	292,976.46	70.00	1.43	4,189.56	58.10	0.1700	49,806
	724,186.15			10,355.85			178,546

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.43

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 360.22 COLLECTION SEWERS - FORCE - MANHOLES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 60-R3							
NET SALVAGE PERCENT.. 0							
1990	4,044.08	60.00	1.67	67.54	34.09	0.4318	1,746
1995	98,188.67	60.00	1.67	1,639.75	38.42	0.3597	35,316
2005	63,635.34	60.00	1.67	1,062.71	47.58	0.2070	13,173
	165,868.09			2,770.00			50,235

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.67

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 361.21 COLLECTION SEWERS - GRAVITY - MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 70-R2.5							
NET SALVAGE PERCENT.. 0							
1966	2,571,070.53	70.00	1.43	36,766.31	26.99	0.6144	1,579,743
1970	99,929.53	70.00	1.43	1,428.99	29.70	0.5757	57,530
1975	571,803.86	70.00	1.43	8,176.80	33.28	0.5246	299,951
1980	184,388.48	70.00	1.43	2,636.76	37.03	0.4710	86,847
1985	1,102,214.88	70.00	1.43	15,761.67	40.96	0.4149	457,265
1987	409,580.74	70.00	1.43	5,857.00	42.58	0.3917	160,437
1990	2,551,316.88	70.00	1.43	36,483.83	45.04	0.3566	909,723
1992	294,871.54	70.00	1.43	4,216.66	46.72	0.3326	98,065
1995	4,979,726.68	70.00	1.43	71,210.09	49.27	0.2961	1,474,696
2000	379,942.51	70.00	1.43	5,433.18	53.63	0.2339	88,853
2005	1,279,091.45	70.00	1.43	18,291.01	58.10	0.1700	217,446
2008	148,625.00	70.00	1.43	2,125.34	60.84	0.1309	19,449
2010	224,452.48	70.00	1.43	3,209.67	62.67	0.1047	23,502
2012	724,573.96	70.00	1.43	10,361.41	64.53	0.0781	56,618
	15,521,588.52			221,958.72			5,530,125

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.43



EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 361.22 COLLECTION SEWERS - GRAVITY - MANHOLES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 60-R3							
NET SALVAGE PERCENT.. 0							
1966	598,282.49	60.00	1.67	9,991.32	16.47	0.7255	434,054
1970	24,194.85	60.00	1.67	404.05	18.96	0.6840	16,549
1975	150,289.15	60.00	1.67	2,509.83	22.36	0.6273	94,281
1980	44,262.72	60.00	1.67	739.19	26.04	0.5660	25,053
1985	297,567.45	60.00	1.67	4,969.38	29.96	0.5007	148,983
1987	111,081.54	60.00	1.67	1,855.06	31.59	0.4735	52,597
1990	665,251.72	60.00	1.67	11,109.70	34.09	0.4318	287,276
1992	76,685.46	60.00	1.67	1,280.65	35.80	0.4033	30,930
1995	1,514,910.92	60.00	1.67	25,299.01	38.42	0.3597	544,868
2000	114,307.32	60.00	1.67	1,908.93	42.93	0.2845	32,520
2005	353,176.16	60.00	1.67	5,898.04	47.58	0.2070	73,107
2010	86,478.18	60.00	1.67	1,444.19	52.36	0.1273	11,011
2012	74,063.00	60.00	1.67	1,236.85	54.29	0.0952	7,049
2015	10,179.00	60.00	1.67	169.99	57.22	0.0463	472
	4,120,729.96			68,816.19			1,758,750

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.67

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 363.20 SERVICES TO CUSTOMERS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 50-R2.5							
NET SALVAGE PERCENT.. 0							
1966	958,567.95	50.00	2.00	19,171.36	11.14	0.7772	744,999
1970	50,304.30	50.00	2.00	1,006.09	12.98	0.7404	37,245
1975	307,593.89	50.00	2.00	6,151.88	15.68	0.6864	211,132
1980	71,435.10	50.00	2.00	1,428.70	18.75	0.6250	44,647
1985	562,151.53	50.00	2.00	11,243.03	22.15	0.5570	313,118
1987	224,924.42	50.00	2.00	4,498.49	23.59	0.5282	118,805
1990	1,361,328.35	50.00	2.00	27,226.57	25.83	0.4834	658,066
1992	153,749.62	50.00	2.00	3,074.99	27.37	0.4526	69,587
1995	3,130,400.29	50.00	2.00	62,608.01	29.76	0.4048	1,267,186
2000	236,530.49	50.00	2.00	4,730.61	33.89	0.3222	76,210
2005	847,339.97	50.00	2.00	16,946.80	38.22	0.2356	199,633
2010	173,123.46	50.00	2.00	3,462.47	42.71	0.1458	25,241
2012	29,698.09	50.00	2.00	593.96	44.55	0.1090	3,237
	8,107,147.46			162,142.96			3,769,106
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.00							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 364.20 FLOW MEASURING DEVICES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 30-L3							
NET SALVAGE PERCENT.. 0							
1991	3,672.99	30.00	3.33	122.31	9.61	0.6797	2,496
2006	5,888.17	30.00	3.33	196.08	18.52	0.3827	2,253
2010	10,026.46	30.00	3.33	333.88	22.24	0.2587	2,594
2011	8,612.72	30.00	3.33	286.80	23.20	0.2267	1,952
	28,200.34			939.07			9,295
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 3.33							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 365.20 FLOW MEASURING INSTALLATIONS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 50-R3							
NET SALVAGE PERCENT.. 0							
1991	95,497.64	50.00	2.00	1,909.95	25.39	0.4922	47,004
	95,497.64			1,909.95			47,004

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.00

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 371.30 PUMPING EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 40-R1.5							
NET SALVAGE PERCENT.. 0							
1993	118,738.78	40.00	2.50	2,968.47	21.43	0.4643	55,124
1997	8,296.98	40.00	2.50	207.42	24.11	0.3973	3,296
2006	22,080.65	40.00	2.50	552.02	30.64	0.2340	5,167
2011	7,441.39	40.00	2.50	186.03	34.50	0.1375	1,023
2012	24,684.45	40.00	2.50	617.11	35.28	0.1180	2,913
2013	18,316.00	40.00	2.50	457.90	36.08	0.0980	1,795
2014	26,246.23	40.00	2.50	656.16	36.88	0.0780	2,047
2015	3,453.86	40.00	2.50	86.35	37.68	0.0580	200
2016	6,085.00	40.00	2.50	152.12	38.50	0.0375	228
2017	6,359.02	40.00	2.50	158.98	39.31	0.0173	110
	241,702.36			6,042.56			71,903

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.50

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 380.40 TREATMENT AND DISPOSAL EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 45-S0.5							
NET SALVAGE PERCENT.. 0							
2008	8,391.00	45.00	2.22	186.28	36.31	0.1931	1,620
2012	30,010.04	45.00	2.22	666.22	39.61	0.1198	3,595
2013	131,242.64	45.00	2.22	2,913.59	40.49	0.1002	13,153
2014	234,763.80	45.00	2.22	5,211.76	41.38	0.0804	18,884
2015	56,302.51	45.00	2.22	1,249.92	42.29	0.0602	3,391
2016	35,919.00	45.00	2.22	797.40	43.22	0.0396	1,421
2017	18,862.50	45.00	2.22	418.75	44.18	0.0182	344
	515,491.49			11,443.92			42,408

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.22

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 390.70 COMPUTER AND SOFTWARE

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. 5-SQUARE							
NET SALVAGE PERCENT.. 0							
2011	2,332.00	5.00				1.0000	2,332
2012	15,398.85	5.00				1.0000	15,399
2013	14,570.45	5.00	20.00	2,914.09	0.17	0.9660	14,075
2014	31,808.00	5.00	20.00	6,361.60	1.17	0.7660	24,365
2015	12,083.00	5.00	20.00	2,416.60	2.17	0.5660	6,839
2016	12,819.00	5.00	20.00	2,563.80	3.17	0.3660	4,692
	89,011.30			14,256.09			67,702

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 16.02

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 391.70 TRANSPORTATION EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 11-S1.5							
NET SALVAGE PERCENT.. 0							
2001	21,441.01	11.00	9.09	1,948.99	1.33	0.8791	18,849
2014	3,182.00	11.00	9.09	289.24	7.41	0.3264	1,038
	24,623.01			2,238.23			19,887

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 9.09



EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 393.70 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. 25-SQUARE							
NET SALVAGE PERCENT.. 0							
1997	2,134.65	25.00	4.00	85.39	4.17	0.8332	1,779
2000	1,680.67	25.00	4.00	67.23	7.17	0.7132	1,199
2004	1,621.78	25.00	4.00	64.87	11.17	0.5532	897
2006	8,886.32	25.00	4.00	355.45	13.17	0.4732	4,205
2012	4,995.67	25.00	4.00	199.83	19.17	0.2332	1,165
2013	12,764.21	25.00	4.00	510.57	20.17	0.1932	2,466
2014	3,910.00	25.00	4.00	156.40	21.17	0.1532	599
2015	6,081.00	25.00	4.00	243.24	22.17	0.1132	688
	42,074.30			1,682.98			12,998
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 4.00							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 394.70 LABORATORY EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. 20-SQUARE							
NET SALVAGE PERCENT.. 0							
2002	3,307.76	20.00	5.00	165.39	4.17	0.7915	2,618
2003	6,126.19	20.00	5.00	306.31	5.17	0.7415	4,543
2004	5,105.16	20.00	5.00	255.26	6.17	0.6915	3,530
2005	5,067.71	20.00	5.00	253.39	7.17	0.6415	3,251
2006	10,015.47	20.00	5.00	500.77	8.17	0.5915	5,924
2007	9,379.66	20.00	5.00	468.98	9.17	0.5415	5,079
2008	18,843.64	20.00	5.00	942.18	10.17	0.4915	9,262
2011	5,173.00	20.00	5.00	258.65	13.17	0.3415	1,767
2014	15,511.00	20.00	5.00	775.55	16.17	0.1915	2,970
2015	2,281.00	20.00	5.00	114.05	17.17	0.1415	323
	80,810.59			4,040.53			39,267

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 5.00

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 396.70 COMMUNICATION EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. 15-SQUARE							
NET SALVAGE PERCENT.. 0							
2011	3,996.00	15.00	6.67	266.53	8.17	0.4553	1,819
	3,996.00			266.53			1,819
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 6.67							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 397.70 MISCELLANEOUS EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. 15-SQUARE							
NET SALVAGE PERCENT.. 0							
2002	911.76	15.00				1.0000	912
2008	993.00	15.00	6.67	66.23	5.17	0.6553	651
2014	2,266.00	15.00	6.67	151.14	11.17	0.2553	579
	4,170.76			217.37			2,142
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 5.21							

**EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS**

**SUMMARY OF REPRODUCTION COST AND ACCRUED DEPRECIATION  
OF WASTEWATER SYSTEMS AS OF APRIL 30, 2018**

<b>ACCOUNT</b>	<b>DESCRIPTION</b>	<b>REPRODUCTION COST</b>	<b>ACCRUED DEPRECIATION</b>
(1)	(2)	(3)	(4)
353.20	LAND AND LAND RIGHTS - COLLECTION	336,068.94	
353.30	LAND AND LAND RIGHTS - PUMPING	63,244.16	
353.40	LAND AND LAND RIGHTS - TREATMENT	735,535.35	
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	2,218,611.23	840,986
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	113,522,930.70	52,633,999
355.30	POWER GENERATION EQUIPMENT - PUMPING	137,337.71	92,016
360.21	COLLECTION SEWERS - FORCE - MAINS	1,523,794.82	391,741
360.22	COLLECTION SEWERS - FORCE - MANHOLES	351,445.33	110,805
361.21	COLLECTION SEWERS - GRAVITY - MAINS	60,057,628.06	27,867,086
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	15,360,455.71	8,300,078
363.20	SERVICES TO CUSTOMERS	27,819,749.55	16,151,642
364.20	FLOW MEASURING DEVICES	41,579.97	15,861
365.20	FLOW MEASURING INSTALLATIONS	255,839.36	125,924
371.30	PUMPING EQUIPMENT	536,682.53	192,622
380.40	TREATMENT AND DISPOSAL EQUIPMENT	571,707.02	47,659
390.70	COMPUTER AND SOFTWARE	78,677.09	58,962
391.70	TRANSPORTATION EQUIPMENT	27,111.74	21,988
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	47,062.16	14,914
394.70	LABORATORY EQUIPMENT	94,064.65	46,562
396.70	COMMUNICATION EQUIPMENT	3,861.54	1,758
397.70	MISCELLANEOUS EQUIPMENT	4,632.26	2,497
	<b>TOTAL COMPANY</b>	<b>223,788,019.88</b>	<b>106,917,100</b>

**EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS**

**SUMMARY OF ANALYSIS OF REPRODUCTION COST  
OF WASTEWATER SYSTEMS AS OF APRIL 30, 2018**

<b>ACCOUNT</b>	<b>DESCRIPTION</b>	<b>REPRODUCTION COST</b>
(1)	(2)	(3)
353.20	LAND AND LAND RIGHTS - COLLECTION	336,068.94
353.30	LAND AND LAND RIGHTS - PUMPING	63,244.16
353.40	LAND AND LAND RIGHTS - TREATMENT	735,535.35
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	2,218,611.23
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	113,522,930.70
355.30	POWER GENERATION EQUIPMENT - PUMPING	137,337.71
360.21	COLLECTION SEWERS - FORCE - MAINS	1,523,794.82
360.22	COLLECTION SEWERS - FORCE - MANHOLES	351,445.33
361.21	COLLECTION SEWERS - GRAVITY - MAINS	60,057,628.06
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	15,360,455.71
363.20	SERVICES TO CUSTOMERS	27,819,749.55
364.20	FLOW MEASURING DEVICES	41,579.97
365.20	FLOW MEASURING INSTALLATIONS	255,839.36
371.30	PUMPING EQUIPMENT	536,682.53
380.40	TREATMENT AND DISPOSAL EQUIPMENT	571,707.02
390.70	COMPUTER AND SOFTWARE	78,677.09
391.70	TRANSPORTATION EQUIPMENT	27,111.74
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	47,062.16
394.70	LABORATORY EQUIPMENT	94,064.65
396.70	COMMUNICATION EQUIPMENT	3,861.54
397.70	MISCELLANEOUS EQUIPMENT	4,632.26
	<b>TOTAL COMPANY</b>	<b>223,788,019.88</b>

**EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS**

**SUMMARY OF SERVICE LIFE ESTIMATES AND CALCULATED ACCRUED  
DEPRECIATION RELATED TO REPRODUCTION COST AS OF APRIL 30, 2018**

ACCOUNT (1)	DESCRIPTION (2)	SURVIVOR CURVE (3)	REPRODUCTION COST (4)	ACCRUED DEPRECIATION (5)
353.20	LAND AND LAND RIGHTS - COLLECTION	NONDEPRECIABLE	336,068.94	
353.30	LAND AND LAND RIGHTS - PUMPING	NONDEPRECIABLE	63,244.16	
353.40	LAND AND LAND RIGHTS - TREATMENT	NONDEPRECIABLE	735,535.35	
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	55-R2.5	2,218,611.23	840,986
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	65-R3	113,522,930.70	52,633,999
355.30	POWER GENERATION EQUIPMENT - PUMPING	30-S2	137,337.71	92,016
360.21	COLLECTION SEWERS - FORCE - MAINS	70-R2.5	1,523,794.82	391,741
360.22	COLLECTION SEWERS - FORCE - MANHOLES	60-R3	351,445.33	110,805
361.21	COLLECTION SEWERS - GRAVITY - MAINS	70-R2.5	60,057,628.06	27,867,086
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	60-R3	15,360,455.71	8,300,078
363.20	SERVICES TO CUSTOMERS	50-R2.5	27,819,749.55	16,151,642
364.20	FLOW MEASURING DEVICES	30-L3	41,579.97	15,861
365.20	FLOW MEASURING INSTALLATIONS	50-R3	255,839.36	125,924
371.30	PUMPING EQUIPMENT	40-R1.5	536,682.53	192,622
380.40	TREATMENT AND DISPOSAL EQUIPMENT	45-S0.5	571,707.02	47,659
390.70	COMPUTER AND SOFTWARE	5-SQ	78,677.09	58,962
391.70	TRANSPORTATION EQUIPMENT	11-S1.5	27,111.74	21,988
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	25-SQ	47,062.16	14,914
394.70	LABORATORY EQUIPMENT	20-SQ	94,064.65	46,562
396.70	COMMUNICATION EQUIPMENT	15-SQ	3,861.54	1,758
397.70	MISCELLANEOUS EQUIPMENT	15-SQ	4,632.26	2,497
	<b>TOTAL COMPANY</b>		<b>223,788,019.88</b>	<b>106,917,100</b>

**EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS**

**SUMMARY OF REPRODUCTION COST AND TREND FACTORS BY ACCOUNT AND VINTAGE YEAR  
OF WASTEWATER SYSTEM AS OF APRIL 30, 2018**

<b>ACCOUNT</b>	<b>DESCRIPTION</b>	<b>VINTAGE YEAR</b>	<b>ORIGINAL COST</b>	<b>INDEX FACTOR</b>	<b>FACTOR REFERENCE</b>	<b>REPRODUCTION COST</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
353.20	LAND AND LAND RIGHTS - COLLECTION	1966	37,581.96	1.00	(1)	37,581.96
353.20	LAND AND LAND RIGHTS - COLLECTION	1970	630.28	1.00	(1)	630.28
353.20	LAND AND LAND RIGHTS - COLLECTION	1975	6,715.66	1.00	(1)	6,715.66
353.20	LAND AND LAND RIGHTS - COLLECTION	1980	1,069.89	1.00	(1)	1,069.89
353.20	LAND AND LAND RIGHTS - COLLECTION	1985	4,481.18	1.00	(1)	4,481.18
353.20	LAND AND LAND RIGHTS - COLLECTION	1987	1,818.17	1.00	(1)	1,818.17
353.20	LAND AND LAND RIGHTS - COLLECTION	1990	18,634.90	1.00	(1)	18,634.90
353.20	LAND AND LAND RIGHTS - COLLECTION	1992	867.41	1.00	(1)	867.41
353.20	LAND AND LAND RIGHTS - COLLECTION	1995	126,808.41	1.00	(1)	126,808.41
353.20	LAND AND LAND RIGHTS - COLLECTION	2000	15,285.86	1.00	(1)	15,285.86
353.20	LAND AND LAND RIGHTS - COLLECTION	2005	76,604.25	1.00	(1)	76,604.25
353.20	LAND AND LAND RIGHTS - COLLECTION	2010	45,449.75	1.00	(1)	45,449.75
353.20	LAND AND LAND RIGHTS - COLLECTION	2012	121.22	1.00	(1)	121.22
353.30	LAND AND LAND RIGHTS - PUMPING	1992	12,796.70	1.00	(1)	12,796.70
353.30	LAND AND LAND RIGHTS - PUMPING	1993	34,194.59	1.00	(1)	34,194.59
353.30	LAND AND LAND RIGHTS - PUMPING	1996	92.99	1.00	(1)	92.99
353.30	LAND AND LAND RIGHTS - PUMPING	2006	16,159.88	1.00	(1)	16,159.88
353.40	LAND AND LAND RIGHTS - TREATMENT	1965	110,204.70	1.00	(1)	110,204.70
353.40	LAND AND LAND RIGHTS - TREATMENT	1967	36,966.92	1.00	(1)	36,966.92
353.40	LAND AND LAND RIGHTS - TREATMENT	1977	53,000.00	1.00	(1)	53,000.00
353.40	LAND AND LAND RIGHTS - TREATMENT	1984	150,000.00	1.00	(1)	150,000.00
353.40	LAND AND LAND RIGHTS - TREATMENT	1993	23,463.73	1.00	(1)	23,463.73
353.40	LAND AND LAND RIGHTS - TREATMENT	1998	325,000.00	1.00	(1)	325,000.00
353.40	LAND AND LAND RIGHTS - TREATMENT	2003	36,900.00	1.00	(1)	36,900.00
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	1993	796,519.60	2.34	(2)	1,861,254.98
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	1997	55,313.20	2.08	(2)	114,804.13
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	2004	148,638.20	1.63	(2)	242,552.12
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	1967	2,353,885.64	11.26	(2)	26,510,154.67
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	1978	4,885,804.76	4.64	(2)	22,679,377.50
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	1986	91,897.59	2.95	(2)	270,959.85
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	1992	23,110,970.29	2.44	(2)	56,502,621.31
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	2002	389,734.00	1.77	(2)	688,296.29
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	2010	5,436,302.84	1.23	(2)	6,669,178.66
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	2013	53,603.00	1.12	(2)	59,976.00
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	2014	31,707.00	1.09	(2)	34,520.93
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	2016	103,764.00	1.04	(2)	107,845.49
355.30	POWER GENERATION EQUIPMENT - PUMPING	1993	46,258.60	2.97	(3)	137,337.71
360.21	COLLECTION SEWERS - FORCE - MAINS	1990	17,235.23	2.62	(4)	45,235.32
360.21	COLLECTION SEWERS - FORCE - MAINS	1995	413,974.46	2.38	(4)	985,059.71
360.21	COLLECTION SEWERS - FORCE - MAINS	2005	292,976.46	1.68	(4)	493,499.79
360.22	COLLECTION SEWERS - FORCE - MANHOLES	1990	4,044.08	2.62	(4)	10,614.03
360.22	COLLECTION SEWERS - FORCE - MANHOLES	1995	98,188.67	2.38	(4)	233,641.71
360.22	COLLECTION SEWERS - FORCE - MANHOLES	2005	63,635.34	1.68	(4)	107,189.59
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1966	2,571,070.53	10.53	(4)	27,081,942.92
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1970	99,929.53	9.40	(4)	939,813.44
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1975	571,803.86	5.41	(4)	3,094,007.19
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1980	184,388.48	3.91	(4)	721,123.26
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1985	1,102,214.88	3.11	(4)	3,428,148.64
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1987	409,580.74	3.00	(4)	1,230,299.56
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1990	2,551,316.88	2.62	(4)	6,696,147.29
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1992	294,871.54	2.54	(4)	749,030.60
361.21	COLLECTION SEWERS - GRAVITY - MAINS	1995	4,979,726.68	2.38	(4)	11,849,349.63
361.21	COLLECTION SEWERS - GRAVITY - MAINS	2000	379,942.51	2.10	(4)	796,166.00
361.21	COLLECTION SEWERS - GRAVITY - MAINS	2005	1,279,091.45	1.68	(4)	2,154,546.37
361.21	COLLECTION SEWERS - GRAVITY - MAINS	2008	148,625.00	1.34	(4)	199,683.25
361.21	COLLECTION SEWERS - GRAVITY - MAINS	2010	224,452.48	1.27	(4)	284,162.59
361.21	COLLECTION SEWERS - GRAVITY - MAINS	2012	724,573.96	1.15	(4)	833,207.32
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1966	598,282.49	10.53	(4)	6,301,908.89
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1970	24,194.85	9.40	(4)	227,546.80



**EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS**

**SUMMARY OF REPRODUCTION COST AND TREND FACTORS BY ACCOUNT AND VINTAGE YEAR  
OF WASTEWATER SYSTEM AS OF APRIL 30, 2018**

<b>ACCOUNT</b>	<b>DESCRIPTION</b>	<b>VINTAGE YEAR</b>	<b>ORIGINAL COST</b>	<b>INDEX FACTOR</b>	<b>FACTOR REFERENCE</b>	<b>REPRODUCTION COST</b>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1975	150,289.15	5.41	(4)	813,208.41
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1980	44,262.72	3.91	(4)	173,106.68
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1985	297,567.45	3.11	(4)	925,505.06
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1987	111,081.54	3.00	(4)	333,666.98
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1990	665,251.72	2.62	(4)	1,746,009.50
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1992	76,685.46	2.54	(4)	194,795.86
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	1995	1,514,910.92	2.38	(4)	3,604,757.91
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	2000	114,307.32	2.10	(4)	239,529.93
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	2005	353,176.16	1.68	(4)	594,902.27
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	2010	86,478.18	1.27	(4)	109,483.59
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	2012	74,063.00	1.15	(4)	85,167.06
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	2015	10,179.00	1.07	(4)	10,866.77
363.20	SERVICES TO CUSTOMERS	1966	958,567.95	11.02	(5)	10,560,223.58
363.20	SERVICES TO CUSTOMERS	1970	50,304.30	8.37	(5)	420,900.54
363.20	SERVICES TO CUSTOMERS	1975	307,593.89	5.37	(5)	1,653,004.56
363.20	SERVICES TO CUSTOMERS	1980	71,435.10	3.78	(5)	269,820.58
363.20	SERVICES TO CUSTOMERS	1985	562,151.53	2.99	(5)	1,681,367.25
363.20	SERVICES TO CUSTOMERS	1987	224,924.42	2.87	(5)	646,413.22
363.20	SERVICES TO CUSTOMERS	1990	1,361,328.35	2.52	(5)	3,434,496.33
363.20	SERVICES TO CUSTOMERS	1992	153,749.62	2.34	(5)	359,111.30
363.20	SERVICES TO CUSTOMERS	1995	3,130,400.29	2.15	(5)	6,740,047.53
363.20	SERVICES TO CUSTOMERS	2000	236,530.49	1.90	(5)	449,271.99
363.20	SERVICES TO CUSTOMERS	2005	847,339.97	1.61	(5)	1,366,077.37
363.20	SERVICES TO CUSTOMERS	2010	173,123.46	1.19	(5)	206,188.48
363.20	SERVICES TO CUSTOMERS	2012	29,698.09	1.11	(5)	32,826.82
364.20	FLOW MEASURING DEVICES	1991	3,672.99	2.68	(6)	9,839.99
364.20	FLOW MEASURING DEVICES	2006	5,888.17	1.75	(6)	10,304.30
364.20	FLOW MEASURING DEVICES	2010	10,026.46	1.15	(6)	11,573.09
364.20	FLOW MEASURING DEVICES	2011	8,612.72	1.15	(6)	9,862.59
365.20	FLOW MEASURING INSTALLATIONS	1991	95,497.64	2.68	(6)	255,839.36
371.30	PUMPING EQUIPMENT	1993	118,738.78	2.97	(3)	352,524.98
371.30	PUMPING EQUIPMENT	1997	8,296.98	2.42	(3)	20,102.20
371.30	PUMPING EQUIPMENT	2006	22,080.65	1.84	(3)	40,551.96
371.30	PUMPING EQUIPMENT	2011	7,441.39	1.52	(3)	11,340.20
371.30	PUMPING EQUIPMENT	2012	24,684.45	1.45	(3)	35,898.96
371.30	PUMPING EQUIPMENT	2013	18,316.00	1.37	(3)	25,107.82
371.30	PUMPING EQUIPMENT	2014	26,246.23	1.28	(3)	33,569.40
371.30	PUMPING EQUIPMENT	2015	3,453.86	1.21	(3)	4,188.49
371.30	PUMPING EQUIPMENT	2016	6,085.00	1.13	(3)	6,856.84
371.30	PUMPING EQUIPMENT	2017	6,359.02	1.03	(3)	6,541.68
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2008	8,391.00	1.36	(7)	11,412.33
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2012	30,010.04	1.17	(7)	35,173.53
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2013	131,242.64	1.14	(7)	149,642.90
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2014	234,763.80	1.10	(7)	258,078.27
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2015	56,302.51	1.08	(7)	60,557.49
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2016	35,919.00	1.05	(7)	37,618.19
380.40	TREATMENT AND DISPOSAL EQUIPMENT	2017	18,862.50	1.02	(7)	19,224.31
390.70	COMPUTER AND SOFTWARE	2011	2,332.00	0.79	(8)	1,852.05
390.70	COMPUTER AND SOFTWARE	2012	15,398.85	0.83	(8)	12,705.55
390.70	COMPUTER AND SOFTWARE	2013	14,570.45	0.86	(8)	12,558.19
390.70	COMPUTER AND SOFTWARE	2014	31,808.00	0.88	(8)	27,931.31
390.70	COMPUTER AND SOFTWARE	2015	12,083.00	0.92	(8)	11,144.72
390.70	COMPUTER AND SOFTWARE	2016	12,819.00	0.97	(8)	12,485.27
391.70	TRANSPORTATION EQUIPMENT	2001	21,441.01	1.11	(9)	23,772.83
391.70	TRANSPORTATION EQUIPMENT	2014	3,182.00	1.05	(9)	3,338.91
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	1997	2,134.65	1.21	(10)	2,585.16
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2000	1,680.67	1.21	(10)	2,026.04
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2004	1,621.78	1.17	(10)	1,894.75
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2006	8,886.32	1.16	(10)	10,341.03

**EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS**

**SUMMARY OF REPRODUCTION COST AND TREND FACTORS BY ACCOUNT AND VINTAGE YEAR  
OF WASTEWATER SYSTEM AS OF APRIL 30, 2018**

ACCOUNT (1)	DESCRIPTION (2)	VINTAGE YEAR (3)	ORIGINAL COST (4)	INDEX FACTOR (5)	FACTOR REFERENCE (6)	REPRODUCTION COST (7)
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2012	4,995.67	1.11	(10)	5,522.71
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2013	12,764.21	1.10	(10)	14,015.20
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2014	3,910.00	1.08	(10)	4,232.24
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	2015	6,081.00	1.06	(10)	6,445.03
394.70	LABORATORY EQUIPMENT	2002	3,307.76	1.25	(11)	4,121.76
394.70	LABORATORY EQUIPMENT	2003	6,126.19	1.23	(11)	7,538.58
394.70	LABORATORY EQUIPMENT	2004	5,105.16	1.23	(11)	6,282.15
394.70	LABORATORY EQUIPMENT	2005	5,067.71	1.23	(11)	6,236.07
394.70	LABORATORY EQUIPMENT	2006	10,015.47	1.23	(11)	12,324.53
394.70	LABORATORY EQUIPMENT	2007	9,379.66	1.17	(11)	10,949.10
394.70	LABORATORY EQUIPMENT	2008	18,843.64	1.15	(11)	21,577.89
394.70	LABORATORY EQUIPMENT	2011	5,173.00	1.12	(11)	5,789.95
394.70	LABORATORY EQUIPMENT	2014	15,511.00	1.08	(11)	16,812.68
394.70	LABORATORY EQUIPMENT	2015	2,281.00	1.07	(11)	2,431.94
396.70	COMMUNICATION EQUIPMENT	2011	3,996.00	0.97	(12)	3,861.54
397.70	MISCELLANEOUS EQUIPMENT	2002	911.76	1.27	(13)	1,155.20
397.70	MISCELLANEOUS EQUIPMENT	2008	993.00	1.14	(13)	1,135.92
397.70	MISCELLANEOUS EQUIPMENT	2014	2,266.00	1.03	(13)	2,341.14
<b>TOTAL COMPANY</b>			<b>68,404,345.14</b>			<b>223,788,019.88</b>

- NOTES
- (1) Not trended
  - (2) Handy-Whitman Index of Public Utility Costs, 1/1/18, Cost Trends of Water Utility Construction, North Atlantic Region, Line 8
  - (3) Handy-Whitman Index of Public Utility Costs, 1/1/18, Cost Trends of Water Utility Construction, North Atlantic Region, Line 9
  - (4) Handy-Whitman Index of Public Utility Costs, 1/1/18, Cost Trends of Water Utility Construction, North Atlantic Region, Line 34
  - (5) Handy-Whitman Index of Public Utility Costs, 1/1/18, Cost Trends of Water Utility Construction, North Atlantic Region, Line 39
  - (6) Handy-Whitman Index of Public Utility Costs, 1/1/18, Cost Trends of Water Utility Construction, North Atlantic Region, Line 40
  - (7) Handy-Whitman Index of Public Utility Costs, 1/1/18, Cost Trends of Water Utility Construction, North Atlantic Region, Line 16
  - (8) U.S. Bureau of Labor Statistics, Producer Price Index: Series Title: PPI industry data for Computer & peripheral equipment mfg, not seasonally adjusted
  - (9) U.S. Bureau of Labor Statistics, Producer Price Index: Series Title: PPI industry data for Automobile, light truck and utility vehicle mfg, not seasonally adjusted
  - (10) U.S. Bureau of Labor Statistics, Producer Price Index: Series Title: PPI industry data for Power-driven handtool mfg, not seasonally adjusted
  - (11) U.S. Bureau of Labor Statistics, Producer Price Index: Series Title: PPI industry data for Analytical laboratory instrument mfg-Analytical and scientific instruments, excluding optical, not seasonally adjusted
  - (12) U.S. Bureau of Labor Statistics, Producer Price Index: Series Title: PPI industry group data for Communications equipment mfg, not seasonally adjusted
  - (13) U.S. Bureau of Labor Statistics, Producer Price Index: Series Title: PPI industry data for Major household appliance mfg, not seasonally adjusted

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 353.20 LAND AND LAND RIGHTS - COLLECTION

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
NONDEPRECIABLE							
1966	37,581.96						
1970	630.28						
1975	6,715.66						
1980	1,069.89						
1985	4,481.18						
1987	1,818.17						
1990	18,634.90						
1992	867.41						
1995	126,808.41						
2000	15,285.86						
2005	76,604.25						
2010	45,449.75						
2012	121.22						
	336,068.94						
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 0.00							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 353.30 LAND AND LAND RIGHTS - PUMPING

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
NONDEPRECIABLE							
1992	12,796.70						
1993	34,194.59						
1996	92.99						
2006	16,159.88						
	63,244.16						

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 0.00

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 353.40 LAND AND LAND RIGHTS - TREATMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
NONDEPRECIABLE							
1965	110,204.70						
1967	36,966.92						
1977	53,000.00						
1984	150,000.00						
1993	23,463.73						
1998	325,000.00						
2003	36,900.00						
	735,535.35						

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 0.00

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 354.30 STRUCTURES AND IMPROVEMENTS - PUMPING

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 55-R2.5							
NET SALVAGE PERCENT.. 0							
1993	1,861,254.98	55.00	1.82	33,874.84	32.96	0.4007	745,861
1997	114,804.13	55.00	1.82	2,089.44	36.26	0.3407	39,117
2004	242,552.12	55.00	1.82	4,414.45	42.30	0.2309	56,008
	2,218,611.23			40,378.73			840,986

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.82

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 354.40 STRUCTURES AND IMPROVEMENTS - TREATMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 65-R3							
NET SALVAGE PERCENT.. 0							
1967	26,510,154.67	65.00	1.54	408,256.38	21.19	0.6740	17,867,844
1978	22,679,377.50	65.00	1.54	349,262.41	29.09	0.5525	12,529,449
1986	270,959.85	65.00	1.54	4,172.78	35.52	0.4535	122,891
1992	56,502,621.31	65.00	1.54	870,140.37	40.66	0.3745	21,157,972
2002	688,296.29	65.00	1.54	10,599.76	49.74	0.2348	161,591
2010	6,669,178.66	65.00	1.54	102,705.35	57.35	0.1177	784,896
2013	59,976.00	65.00	1.54	923.63	60.26	0.0729	4,373
2014	34,520.93	65.00	1.54	531.62	61.24	0.0579	1,997
2016	107,845.49	65.00	1.54	1,660.82	63.20	0.0277	2,986
	113,522,930.70			1,748,253.12			52,633,999
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.54							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 355.30 POWER GENERATION EQUIPMENT - PUMPING

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 30-S2							
NET SALVAGE PERCENT.. 0							
1993	137,337.71	30.00	3.33	4,573.35	9.90	0.6700	92,016
	137,337.71			4,573.35			92,016
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 3.33							



EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 360.21 COLLECTION SEWERS - FORCE - MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 70-R2.5							
NET SALVAGE PERCENT.. 0							
1990	45,235.32	70.00	1.43	646.87	45.04	0.3566	16,130
1995	985,059.71	70.00	1.43	14,086.35	49.27	0.2961	291,716
2005	493,499.79	70.00	1.43	7,057.05	58.10	0.1700	83,895
	1,523,794.82			21,790.27			391,741
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.43							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 360.22 COLLECTION SEWERS - FORCE - MANHOLES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 60-R3							
NET SALVAGE PERCENT.. 0							
1990	10,614.03	60.00	1.67	177.25	34.09	0.4318	4,583
1995	233,641.71	60.00	1.67	3,901.82	38.42	0.3597	84,034
2005	107,189.59	60.00	1.67	1,790.07	47.58	0.2070	22,188
	351,445.33			5,869.14			110,805

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.67

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 361.21 COLLECTION SEWERS - GRAVITY - MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 70-R2.5							
NET SALVAGE PERCENT.. 0							
1966	27,081,942.92	70.00	1.43	387,271.78	26.99	0.6144	16,639,958
1970	939,813.44	70.00	1.43	13,439.33	29.70	0.5757	541,060
1975	3,094,007.19	70.00	1.43	44,244.30	33.28	0.5246	1,623,023
1980	721,123.26	70.00	1.43	10,312.06	37.03	0.4710	339,649
1985	3,428,148.64	70.00	1.43	49,022.53	40.96	0.4149	1,422,202
1987	1,230,299.56	70.00	1.43	17,593.28	42.58	0.3917	481,921
1990	6,696,147.29	70.00	1.43	95,754.91	45.04	0.3566	2,387,645
1992	749,030.60	70.00	1.43	10,711.14	46.72	0.3326	249,105
1995	11,849,349.63	70.00	1.43	169,445.70	49.27	0.2961	3,509,066
2000	796,166.00	70.00	1.43	11,385.17	53.63	0.2339	186,191
2005	2,154,546.37	70.00	1.43	30,810.01	58.10	0.1700	366,273
2008	199,683.25	70.00	1.43	2,855.47	60.84	0.1309	26,131
2010	284,162.59	70.00	1.43	4,063.53	62.67	0.1047	29,755
2012	833,207.32	70.00	1.43	11,914.86	64.53	0.0781	65,107
	60,057,628.06			858,824.07			27,867,086

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.43

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 361.22 COLLECTION SEWERS - GRAVITY - MANHOLES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 60-R3							
NET SALVAGE PERCENT.. 0							
1966	6,301,908.89	60.00	1.67	105,241.88	16.47	0.7255	4,572,035
1970	227,546.80	60.00	1.67	3,800.03	18.96	0.6840	155,642
1975	813,208.41	60.00	1.67	13,580.58	22.36	0.6273	510,150
1980	173,106.68	60.00	1.67	2,890.88	26.04	0.5660	97,978
1985	925,505.06	60.00	1.67	15,455.93	29.96	0.5007	463,373
1987	333,666.98	60.00	1.67	5,572.24	31.59	0.4735	157,991
1990	1,746,009.50	60.00	1.67	29,158.36	34.09	0.4318	753,979
1992	194,795.86	60.00	1.67	3,253.09	35.80	0.4033	78,567
1995	3,604,757.91	60.00	1.67	60,199.46	38.42	0.3597	1,296,523
2000	239,529.93	60.00	1.67	4,000.15	42.93	0.2845	68,146
2005	594,902.27	60.00	1.67	9,934.87	47.58	0.2070	123,145
2010	109,483.59	60.00	1.67	1,828.38	52.36	0.1273	13,941
2012	85,167.06	60.00	1.67	1,422.29	54.29	0.0952	8,105
2015	10,866.77	60.00	1.67	181.48	57.22	0.0463	503
	15,360,455.71			256,519.62			8,300,078

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.67

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 363.20 SERVICES TO CUSTOMERS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL RATE (4)	ACCRUAL-- AMOUNT (5)	EXP. (6)	--ACCRUED FACTOR (7)	DEPREC.-- AMOUNT (8)
SURVIVOR CURVE.. IOWA 50-R2.5							
NET SALVAGE PERCENT.. 0							
1966	10,560,223.58	50.00	2.00	211,204.47	11.14	0.7772	8,207,406
1970	420,900.54	50.00	2.00	8,418.01	12.98	0.7404	311,635
1975	1,653,004.56	50.00	2.00	33,060.09	15.68	0.6864	1,134,622
1980	269,820.58	50.00	2.00	5,396.41	18.75	0.6250	168,638
1985	1,681,367.25	50.00	2.00	33,627.34	22.15	0.5570	936,522
1987	646,413.22	50.00	2.00	12,928.26	23.59	0.5282	341,435
1990	3,434,496.33	50.00	2.00	68,689.93	25.83	0.4834	1,660,236
1992	359,111.30	50.00	2.00	7,182.23	27.37	0.4526	162,534
1995	6,740,047.53	50.00	2.00	134,800.95	29.76	0.4048	2,728,371
2000	449,271.99	50.00	2.00	8,985.44	33.89	0.3222	144,755
2005	1,366,077.37	50.00	2.00	27,321.55	38.22	0.2356	321,848
2010	206,188.48	50.00	2.00	4,123.77	42.71	0.1458	30,062
2012	32,826.82	50.00	2.00	656.54	44.55	0.1090	3,578
	27,819,749.55			556,394.99			16,151,642
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.00							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 364.20 FLOW MEASURING DEVICES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 30-L3							
NET SALVAGE PERCENT.. 0							
1991	9,839.99	30.00	3.33	327.67	9.61	0.6797	6,688
2006	10,304.30	30.00	3.33	343.13	18.52	0.3827	3,943
2010	11,573.09	30.00	3.33	385.38	22.24	0.2587	2,994
2011	9,862.59	30.00	3.33	328.42	23.20	0.2267	2,236
	41,579.97			1,384.60			15,861

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 3.33

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 365.20 FLOW MEASURING INSTALLATIONS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 50-R3							
NET SALVAGE PERCENT.. 0							
1991	255,839.36	50.00	2.00	5,116.79	25.39	0.4922	125,924
	255,839.36			5,116.79			125,924
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.00							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 371.30 PUMPING EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL RATE (4)	ACCRUAL-- AMOUNT (5)	EXP. (6)	--ACCRUED FACTOR (7)	DEPREC.-- AMOUNT (8)
SURVIVOR CURVE.. IOWA 40-R1.5							
NET SALVAGE PERCENT.. 0							
1993	352,524.98	40.00	2.50	8,813.12	21.43	0.4643	163,660
1997	20,102.20	40.00	2.50	502.56	24.11	0.3973	7,986
2006	40,551.96	40.00	2.50	1,013.80	30.64	0.2340	9,489
2011	11,340.20	40.00	2.50	283.50	34.50	0.1375	1,559
2012	35,898.96	40.00	2.50	897.47	35.28	0.1180	4,236
2013	25,107.82	40.00	2.50	627.70	36.08	0.0980	2,461
2014	33,569.40	40.00	2.50	839.24	36.88	0.0780	2,618
2015	4,188.49	40.00	2.50	104.71	37.68	0.0580	243
2016	6,856.84	40.00	2.50	171.42	38.50	0.0375	257
2017	6,541.68	40.00	2.50	163.54	39.31	0.0173	113
	536,682.53			13,417.06			192,622

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.50



EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 380.40 TREATMENT AND DISPOSAL EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 45-S0.5							
NET SALVAGE PERCENT.. 0							
2008	11,412.33	45.00	2.22	253.35	36.31	0.1931	2,204
2012	35,173.53	45.00	2.22	780.85	39.61	0.1198	4,213
2013	149,642.90	45.00	2.22	3,322.07	40.49	0.1002	14,997
2014	258,078.27	45.00	2.22	5,729.34	41.38	0.0804	20,760
2015	60,557.49	45.00	2.22	1,344.38	42.29	0.0602	3,647
2016	37,618.19	45.00	2.22	835.12	43.22	0.0396	1,488
2017	19,224.31	45.00	2.22	426.78	44.18	0.0182	350
	571,707.02			12,691.89			47,659
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.22							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 390.70 COMPUTER AND SOFTWARE

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL--		EXP. (6)	--ACCRUED DEPREC.--	
			RATE (4)	AMOUNT (5)		FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. 5-SQUARE							
NET SALVAGE PERCENT.. 0							
2011	1,852.05	5.00				1.0000	1,852
2012	12,705.55	5.00				1.0000	12,706
2013	12,558.19	5.00	20.00	2,511.64	0.17	0.9660	12,131
2014	27,931.31	5.00	20.00	5,586.26	1.17	0.7660	21,395
2015	11,144.72	5.00	20.00	2,228.94	2.17	0.5660	6,308
2016	12,485.27	5.00	20.00	2,497.05	3.17	0.3660	4,570
	78,677.09			12,823.89			58,962

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 16.30

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 391.70 TRANSPORTATION EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 11-S1.5							
NET SALVAGE PERCENT.. 0							
2001	23,772.83	11.00	9.09	2,160.95	1.33	0.8791	20,898
2014	3,338.91	11.00	9.09	303.51	7.41	0.3264	1,090
	27,111.74			2,464.46			21,988

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 9.09

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 393.70 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. 25-SQUARE							
NET SALVAGE PERCENT.. 0							
1997	2,585.16	25.00	4.00	103.41	4.17	0.8332	2,154
2000	2,026.04	25.00	4.00	81.04	7.17	0.7132	1,445
2004	1,894.75	25.00	4.00	75.79	11.17	0.5532	1,048
2006	10,341.03	25.00	4.00	413.64	13.17	0.4732	4,893
2012	5,522.71	25.00	4.00	220.91	19.17	0.2332	1,288
2013	14,015.20	25.00	4.00	560.61	20.17	0.1932	2,708
2014	4,232.24	25.00	4.00	169.29	21.17	0.1532	648
2015	6,445.03	25.00	4.00	257.80	22.17	0.1132	730
	47,062.16			1,882.49			14,914

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 4.00

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 394.70 LABORATORY EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. 20-SQUARE							
NET SALVAGE PERCENT.. 0							
2002	4,121.76	20.00	5.00	206.09	4.17	0.7915	3,262
2003	7,538.58	20.00	5.00	376.93	5.17	0.7415	5,590
2004	6,282.15	20.00	5.00	314.11	6.17	0.6915	4,344
2005	6,236.07	20.00	5.00	311.80	7.17	0.6415	4,000
2006	12,324.53	20.00	5.00	616.23	8.17	0.5915	7,290
2007	10,949.10	20.00	5.00	547.46	9.17	0.5415	5,929
2008	21,577.89	20.00	5.00	1,078.89	10.17	0.4915	10,606
2011	5,789.95	20.00	5.00	289.50	13.17	0.3415	1,977
2014	16,812.68	20.00	5.00	840.63	16.17	0.1915	3,220
2015	2,431.94	20.00	5.00	121.60	17.17	0.1415	344
	94,064.65			4,703.24			46,562

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 5.00

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 396.70 COMMUNICATION EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. 15-SQUARE							
NET SALVAGE PERCENT.. 0							
2011	3,861.54	15.00	6.67	257.56	8.17	0.4553	1,758
	3,861.54			257.56			1,758
COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 6.67							

EXETER TOWNSHIP  
EXETER TOWNSHIP WASTEWATER SYSTEM ASSETS

ACCOUNT 397.70 MISCELLANEOUS EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPRODUCTION COST AT APRIL 30, 2018

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	--ACCRUED DEPREC.-- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. 15-SQUARE							
NET SALVAGE PERCENT.. 0							
2002	1,155.20	15.00				1.0000	1,155
2008	1,135.92	15.00	6.67	75.77	5.17	0.6553	744
2014	2,341.14	15.00	6.67	156.15	11.17	0.2553	598
	4,632.26			231.92			2,497

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 5.01

Income Approach  
Exeter Township Wastewater System Assets  
Pro Forma Operations  
Earnings Capitalization Model

	Actual		Projected	Budget
	2015	2016	2017	2018
<b>1. OPERATING REVENUES (1)</b>				
2. Charges for services	5,095,691	5,339,276	6,135,000	6,471,248
3. Other operating income	81,388	116,743	67,326	67,000
4. Tap Fees	38,140	31,420	42,500	55,000
<b>5. Total Operating Revenues</b>	<b>5,215,219</b>	<b>5,487,439</b>	<b>6,244,826</b>	<b>6,593,248</b>
6. <b>Rate Increase</b>				
<b>7. OPERATING EXPENSES (1)</b>				
8. Operating & Maintenance Expenses	2,573,072	2,756,042	3,074,821	2,874,963
<b>9. Operating Expenses Before Depreciation</b>	<b>2,573,072</b>	<b>2,756,042</b>	<b>3,074,821</b>	<b>2,874,963</b>
10. Depreciation (2)	0	0	0	0
<b>11. Total Operating Expenses</b>	<b>2,573,072</b>	<b>2,756,042</b>	<b>3,074,821</b>	<b>2,874,963</b>
<b>12. Operating Income</b>	<b>2,642,147</b>	<b>2,731,397</b>	<b>3,170,005</b>	<b>3,718,285</b>
13. Revenues (3)	5,215,219	5,487,439	6,244,826	6,593,248
14. EBITDA (4)	2,642,147	2,731,397	3,170,005	3,718,285
15. EBIT (5)	2,642,147	2,731,397	3,170,005	3,718,285
16. EBIT	2,642,147	2,731,397	3,170,005	3,718,285
17. (-) Income Taxes	0	0	0	0
<b>18. Debt Free Net Income</b>	<b>2,642,147</b>	<b>2,731,397</b>	<b>3,170,005</b>	<b>3,718,285</b>
19. (+) Depreciation & Amortization	0	0	0	0
20. (-) Capital Expenditures (6)	178,962	158,587	0	0
21. (-) Changes in Working Capital (7)	12,517	3,841	4,371	4,615
<b>22. Debt Free Net Cash Flow</b>	<b>\$2,450,668</b>	<b>\$2,568,969</b>	<b>\$3,165,634</b>	<b>\$3,713,670</b>

	2018 (11)	Pro Forma 2018 (12)
23. Debt Free Net Cash Flow (10)	\$1,982,975	\$3,473,937
24. Capitalization Factor (8)	3.84%	3.84%
25. Indicated Value (line 23 - line 24)	\$51,639,967	\$90,467,102

3.84% Capitalization Rate Model (No Growth)	3.84% Capitalization Rate Model (No Growth)
--	--

26. Debt Free Net Cash Flow (10)	\$1,982,975	\$3,473,937
27. Capitalization Factor (9)	3.64%	3.64%
28. Indicated Value (line 26 - line 27)	\$54,477,328	\$95,437,822

3.64% Capitalization Rate Model (0.20% Growth)	3.64% Capitalization Rate Model (0.20% Growth)
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**See last page of this EXHIBIT for notes and assumptions.**



Income Approach  
 Exeter Township Wastewater System Assets  
 Pro Forma Operations  
Earnings Capitalization Model

Notes: (1) Assumptions:

Charges for services - Pre-2019 are actual or budget. Post-2018 based on customer growth (EDU) and average revenue per customer.

OPERATING EXPENSES - increase at 2% annually after 2018 unless noted elsewhere. Assumed economies of scale are shown on lines below.

Utilities - Post-2018 assumed 10% savings due to economies of scale. Increase at 2% afterwards.

Financial Services - Post-2019 removed due to economies of scale. Increase at 2% afterwards.

- (2) OCNLD depreciation rate plus same rate on half of CAPX.
- (3) Line 5.
- (4) Line 12 + line 10.
- (5) Line 12.
- (6) Capital Expenditures - Pre-2019 based on budget. Post-2018 years are estimates at 1.10% of prior year-end GROSS Property, plant and equipment.
- (7) Changes in Working Capital - based on water industry 0.07% of revenues.
- (8) Discount rate is the current MUNI discount rate. Capitalization rate, "K", at 4/30/2018 equal to discount rate, where capitalization rate =  $K - g$ .
- (10) Final year shown, line 22.
- (11) Debt Free Net Cash Flow adjusted for 10-year average CAPX of \$1,730,695 if system is not sold.
- (12) Debt Free Net Cash Flow adjusted for 10-year average CAPX of \$1,730,695 if system is not sold and for APA required 29% rate increase.

**Terms:**

CAPX - Capital Expenditures  
 CIP - Capital improvement plan  
 Dep - Depreciation expense  
 GROSS PPE - GROSS Property, plant and equipment  
 IOU - Investor owned utility  
 MUNI - Large regional municipally owned utility  
 NET PPE - NET Property, plant and equipment

Income Approach  
 Exeter Township Wastewater System Assets  
 Pro Forma and Estimated Operations With MUNI Ownership  
 DCF With Capitalization of Terminal Value Model and  
DCF With EBIT & EBITDA Terminal Value Model

	Actual		Projected	Budget	Estimated
	2015	2016	2017	Year 0	Year 1
<b>1. OPERATING REVENUES (1)</b>					
2. Charges for services	5,095,691	5,339,276	6,135,000	6,471,248	7,962,210
3. Other operating income	81,388	116,743	67,326	67,000	67,000
4. Tap Fees	38,140	31,420	42,500	55,000	40,800
5. Other (Rate Increase)	0	0	0	0	0
<b>6. Total Operating Revenues</b>	<b>5,215,219</b>	<b>5,487,439</b>	<b>6,244,826</b>	<b>6,593,248</b>	<b>8,070,010</b>
7. <b>Rate Increase</b>					
<b>8. OPERATING EXPENSES (1)</b>					
9. Operating & Maintenance Expenses	2,573,072	2,756,042	3,074,821	2,874,963	2,932,462
10. Remove Economies of Scale					
11. LESS: EOS - Wages & Benefits	0	0	0	0	(268,774)
12. LESS: EOS - Professional Services	0	0	0	0	(54,825)
13. LESS: EOS - Utilities	0	0	0	0	(34,466)
14. LESS: EOS - Financial Services	0	0	0	0	(27,522)
<b>15. Operating Expenses Before Depreciation</b>	<b>2,573,072</b>	<b>2,756,042</b>	<b>3,074,821</b>	<b>2,874,963</b>	<b>2,546,876</b>
16. Depreciation (2)	0	0	0	0	1,098,670
<b>17. Total Operating Expenses</b>	<b>2,573,072</b>	<b>2,756,042</b>	<b>3,074,821</b>	<b>2,874,963</b>	<b>3,645,546</b>
<b>18. Operating Income</b>	<b>2,642,147</b>	<b>2,731,397</b>	<b>3,170,005</b>	<b>3,718,285</b>	<b>4,424,464</b>
19. Revenues (3)	5,215,219	5,487,439	6,244,826	6,593,248	8,070,010
20. EBITDA (4)	2,642,147	2,731,397	3,170,005	3,718,285	5,523,134
21. EBIT (5)	2,642,147	2,731,397	3,170,005	3,718,285	4,424,464
22. EBIT	2,642,147	2,731,397	3,170,005	3,718,285	4,424,464
23. (-) Income Taxes	0	0	0	0	0
24. Debt Free Net Income	2,642,147	2,731,397	3,170,005	3,718,285	4,424,464
25. (+) Depreciation & Amortization	0	0	0	0	1,098,670
26. (-) Capital Expenditures (6)	178,962	158,587	0	0	750,000
27. (-) Changes in Working Capital (7)	12,517	3,841	4,371	4,615	5,649
28. Debt Free Net Cash Flow	\$2,450,668	\$2,568,969	\$3,165,634	\$3,713,670	\$4,767,485
29. PV Time Period (mid-year)				(0.5)	0.5
30. Present Value Factor 3.84% (8)					0.9813
31. Present Value Debt Free Net Cash Flow					<u>\$4,678,333</u>
32. Present Value Factor 3.44% (9)					0.9832
33. Present Value Debt Free Net Cash Flow					<u>\$4,687,391</u>

See last page of this EXHIBIT for notes.

Income Approach  
Exeter Township Wastewater System Assets  
Pro Forma and Estimated Operations With MUNI Ownership  
DCF With Capitalization of Terminal Value Model and  
DCF With EBIT & EBITDA Terminal Value Model

	Estimated Year 2 2020	Estimated Year 3 2021	Estimated Year 4 2022	Estimated Year 5 2023	Estimated Year 6 2024	Estimated Year 7 2025
<b>1. OPERATING REVENUES (1)</b>						
2. Charges for services	8,036,952	8,052,436	8,067,920	8,116,040	8,197,201	8,279,173
3. Other operating income	67,000	67,000	67,000	67,000	67,000	67,000
4. Tap Fees	40,800	40,800	40,800	212,160	214,200	216,240
5. Other (Rate Increase)	0	0	0	0	0	0
<b>6. Total Operating Revenues</b>	<b>8,144,752</b>	<b>8,160,236</b>	<b>8,175,720</b>	<b>8,395,200</b>	<b>8,478,401</b>	<b>8,562,413</b>
7. <span style="float: right;">Rate Increase</span>						
<b>8. OPERATING EXPENSES (1)</b>						
9. Operating & Maintenance Expenses	2,991,112	3,050,934	3,111,952	3,174,191	3,237,675	3,302,429
10. Remove Economies of Scale						
11. LESS: EOS - Wages & Benefits	(274,149)	(279,632)	(285,225)	(290,929)	(296,748)	(302,683)
12. LESS: EOS - Professional Services	(55,922)	(57,040)	(58,181)	(59,344)	(60,531)	(61,742)
13. LESS: EOS - Utilities	(35,155)	(35,858)	(36,575)	(37,307)	(38,053)	(38,814)
14. LESS: EOS - Financial Services	(28,072)	(28,634)	(29,206)	(29,790)	(30,386)	(30,994)
<b>15. Operating Expenses Before Depreciation</b>	<b>2,597,814</b>	<b>2,649,770</b>	<b>2,702,765</b>	<b>2,756,821</b>	<b>2,811,957</b>	<b>2,868,196</b>
16. Depreciation (2)	1,108,870	1,119,070	1,129,270	1,139,696	1,150,487	1,161,380
<b>17. Total Operating Expenses</b>	<b>3,706,683</b>	<b>3,768,840</b>	<b>3,832,035</b>	<b>3,896,517</b>	<b>3,962,445</b>	<b>4,029,577</b>
<b>18. Operating Income</b>	<b>4,438,069</b>	<b>4,391,396</b>	<b>4,343,685</b>	<b>4,498,683</b>	<b>4,515,956</b>	<b>4,532,836</b>
19. Revenues (3)	8,144,752	8,160,236	8,175,720	8,395,200	8,478,401	8,562,413
20. EBITDA (4)	5,546,938	5,510,466	5,472,955	5,638,379	5,666,444	5,694,217
21. EBIT (5)	4,438,069	4,391,396	4,343,685	4,498,683	4,515,956	4,532,836
22. EBIT	4,438,069	4,391,396	4,343,685	4,498,683	4,515,956	4,532,836
23. (-) Income Taxes	0	0	0	0	0	0
24. Debt Free Net Income	4,438,069	4,391,396	4,343,685	4,498,683	4,515,956	4,532,836
25. (+) Depreciation & Amortization	1,108,870	1,119,070	1,129,270	1,139,696	1,150,487	1,161,380
26. (-) Capital Expenditures (6)	750,000	750,000	750,000	790,489	797,787	805,341
27. (-) Changes in Working Capital (7)	5,701	5,712	5,723	5,877	5,935	5,994
<b>28. Debt Free Net Cash Flow</b>	<b>\$4,791,237</b>	<b>\$4,754,754</b>	<b>\$4,717,232</b>	<b>\$4,842,014</b>	<b>\$4,862,722</b>	<b>\$4,882,882</b>
29. <span style="float: right;">PV Time Period (mid-year)</span>	1.5	2.5	3.5	4.5	5.5	6.5
30. Present Value Factor 3.84% (8)	0.9450	0.9101	0.8764	0.8440	0.8128	0.7828
<b>31. Present Value Debt Free Net Cash Flow</b>	<b>\$4,527,719</b>	<b>\$4,327,301</b>	<b>\$4,134,182</b>	<b>\$4,086,659</b>	<b>\$3,952,420</b>	<b>\$3,822,320</b>
32. Present Value Factor 3.44% (9)	0.9505	0.9189	0.8884	0.8588	0.8303	0.8026
<b>33. Present Value Debt Free Net Cash Flow</b>	<b>\$4,554,071</b>	<b>\$4,369,143</b>	<b>\$4,190,789</b>	<b>\$4,158,321</b>	<b>\$4,037,518</b>	<b>\$3,919,001</b>

**See last page of this EXHIBIT for notes.**

**Income Approach**  
Exeter Township Wastewater System Assets  
Pro Forma and Estimated Operations With MUNI Ownership  
DCF With Capitalization of Terminal Value Model and  
DCF With EBIT & EBITDA Terminal Value Model

	Estimated Year 8 2026	Estimated Year 9 2027	Estimated Year 10 2028	Estimated Year 11 2029	Estimated Year 12 2030	Estimated Year 13 2031
<b>1. OPERATING REVENUES (1)</b>						
2. Charges for services	8,361,964	8,445,584	8,530,040	8,615,340	8,701,494	8,788,508
3. Other operating income	67,000	67,000	67,000	67,000	67,000	67,000
4. Tap Fees	218,280	222,360	224,400	226,440	228,480	230,520
5. Other (Rate Increase)	0	0	0	0	0	0
<b>6. Total Operating Revenues</b>	<b>8,647,244</b>	<b>8,734,944</b>	<b>8,821,440</b>	<b>8,908,780</b>	<b>8,996,974</b>	<b>9,086,028</b>
7. <b>Rate Increase</b>						
<b>8. OPERATING EXPENSES (1)</b>						
9. Operating & Maintenance Expenses	3,368,477	3,435,847	3,504,564	3,574,655	3,646,148	3,719,071
10. Remove Economies of Scale						
11. LESS: EOS - Wages & Benefits	(308,736)	(314,911)	(321,209)	(327,633)	(334,186)	(340,870)
12. LESS: EOS - Professional Services	(62,977)	(64,236)	(65,521)	(66,831)	(68,168)	(69,531)
13. LESS: EOS - Utilities	(39,590)	(40,382)	(41,190)	(42,014)	(42,854)	(43,711)
14. LESS: EOS - Financial Services	(31,614)	(32,246)	(32,891)	(33,549)	(34,220)	(34,904)
<b>15. Operating Expenses Before Depreciation</b>	<b>2,925,560</b>	<b>2,984,071</b>	<b>3,043,753</b>	<b>3,104,628</b>	<b>3,166,720</b>	<b>3,230,055</b>
16. Depreciation (2)	1,172,335	1,183,337	1,194,441	1,205,650	1,216,963	1,228,384
<b>17. Total Operating Expenses</b>	<b>4,097,895</b>	<b>4,167,408</b>	<b>4,238,194</b>	<b>4,310,278</b>	<b>4,383,684</b>	<b>4,458,439</b>
<b>18. Operating Income</b>	<b>4,549,349</b>	<b>4,567,536</b>	<b>4,583,246</b>	<b>4,598,502</b>	<b>4,613,290</b>	<b>4,627,589</b>
19. Revenues (3)	8,647,244	8,734,944	8,821,440	8,908,780	8,996,974	9,086,028
20. EBITDA (4)	5,721,684	5,750,873	5,777,687	5,804,152	5,830,254	5,855,973
21. EBIT (5)	4,549,349	4,567,536	4,583,246	4,598,502	4,613,290	4,627,589
22. EBIT	4,549,349	4,567,536	4,583,246	4,598,502	4,613,290	4,627,589
23. (-) Income Taxes	0	0	0	0	0	0
24. Debt Free Net Income	4,549,349	4,567,536	4,583,246	4,598,502	4,613,290	4,627,589
25. (+) Depreciation & Amortization	1,172,335	1,183,337	1,194,441	1,205,650	1,216,963	1,228,384
26. (-) Capital Expenditures (6)	805,798	813,359	820,992	828,696	836,473	844,322
27. (-) Changes in Working Capital (7)	6,053	6,114	6,175	6,236	6,298	6,360
<b>28. Debt Free Net Cash Flow</b>	<b>\$4,909,833</b>	<b>\$4,931,399</b>	<b>\$4,950,520</b>	<b>\$4,969,220</b>	<b>\$4,987,483</b>	<b>\$5,005,291</b>
29. PV Time Period (mid-year)	7.5	8.5	9.5	10.5	11.5	12.5
30. Present Value Factor: 3.84% (8)	0.7538	0.7259	0.6991	0.6732	0.6483	0.6244
<b>31. Present Value Debt Free Net Cash Flow</b>	<b>\$3,701,032</b>	<b>\$3,579,703</b>	<b>\$3,460,909</b>	<b>\$3,345,279</b>	<b>\$3,233,385</b>	<b>\$3,125,304</b>
32. Present Value Factor: 3.44% (9)	0.7760	0.7501	0.7252	0.7011	0.6778	0.6552
<b>33. Present Value Debt Free Net Cash Flow</b>	<b>\$3,810,030</b>	<b>\$3,699,042</b>	<b>\$3,590,117</b>	<b>\$3,483,920</b>	<b>\$3,380,516</b>	<b>\$3,279,467</b>

**See last page of this EXHIBIT for notes.**

Income Approach

Exeter Township Wastewater System Assets  
 Pro Forma and Estimated Operations With MUNI Ownership  
 DCF With Capitalization of Terminal Value Model and  
DCF With EBIT & EBITDA Terminal Value Model

DCF With Capitalization of Terminal Value Model @ 3.84%	
	Terminal Value
Projected Debt Free Net Cash Flow (10)	\$5,005,291
Divided by Capitalization Factor (8)	<u>3.84%</u>
13th Year Terminal Value	130,346,117
13th Year Present Value Factor (11)	<u>0.6244</u>
Present Value of Terminal Value	81,388,115
Present Value Debt Free Net	
Cash Flow for 13 Years	<u>49,974,545</u>
Indicated Value	<u>\$131,362,660</u>

DCF With EBIT & EBITDA Terminal Value Model - Discount Rate of 3.84%			
		Multiples (13)	Terminal Value
Projected EBIT	\$4,627,589	22.9	\$105,971,798
Projected EBITDA	5,855,973	15.9	<u>93,109,972</u>
Weighted (1/3 EBIT 2/3 EBITDA) Terminal Value			97,354,375
13th Year Present Value Factor (11)			<u>0.6244</u>
Present Value of Terminal Value			60,788,072
Present Value Debt Free Net			
Cash Flow for 13 Years			<u>49,974,545</u>
Indicated Value			<u>\$110,762,617</u>

DCF With Capitalization of Terminal Value Model @ 3.44%	
	Terminal Value
Projected Debt Free Net Cash Flow (10)	\$5,005,291
Divided by Capitalization Factor (9)	<u>3.44%</u>
13th Year Terminal Value	145,502,642
13th Year Present Value Factor (12)	<u>0.6244</u>
Present Value of Terminal Value	90,851,849
Present Value Debt Free Net	
Cash Flow for 13 Years	<u>49,974,545</u>
Indicated Value	<u>\$140,826,395</u>

DCF With EBIT & EBITDA Terminal Value Model - Discount Rate of 3.44%			
		Multiples (13)	Terminal Value
Projected EBIT	\$4,627,589	22.9	\$105,971,798
Projected EBITDA	5,855,973	15.9	<u>93,109,972</u>
Weighted (1/3 EBIT 2/3 EBITDA) Terminal Value			97,354,375
13th Year Present Value Factor (12)			<u>0.6244</u>
Present Value of Terminal Value			60,788,072
Present Value Debt Free Net			
Cash Flow for 13 Years			<u>49,974,545</u>
Indicated Value			<u>\$110,762,617</u>

**See last page of this EXHIBIT for notes and assumptions.**

Income Approach

Exeter Township Wastewater System Assets  
Pro Forma and Estimated Operations With MUNI Ownership  
DCF With Capitalization of Terminal Value Model and  
DCF With EBIT & EBITDA Terminal Value Model

Notes: (1) Assumptions:

Charges for services - Pre-2019 are actual or budget. Post-2018 based on customer growth (EDU) and average revenue per customer. Rate increases (Other rate increase line item) are added year after they occur.

Tap Fees - Pre-2019 are actual or budget. Post-2018 based on customer growth.

Other (Rate Increase) - Assumed purchase by MUNI at end of 2018 with 29% rate increase per APA.

OPERATING EXPENSES - increase at 2% annually after 2018 unless noted elsewhere. Assumed economies of scale are shown on lines below.

Wages & Benefits - Post-2018 assumed 15% savings due to economies of scale. Increase at 2% afterwards.

Net Professional Services - Post-2018 assumed 50% savings due to economies of scale. Increase at 2% afterwards.

Utilities - Post-2018 assumed 10% savings due to economies of scale. Increase at 2% afterwards.

Financial Services - Post-2019 removed due to economies of scale. Increase at 2% afterwards.

- (2) OCNLD depreciation rate plus same rate on half of CAPX.
- (3) Line 6.
- (4) Line 18 + line 16.
- (5) Line 18.
- (6) Capital Expenditures - Pre-2019 based on budget. Post-2018 years are based on APA and estimates at 1.10% of prior year-end GROSS Property, plant and equipment.
- (7) Changes in Working Capital - based on water industry 0.07% of revenues.
- (8) Discount rate is the current MUNI discount rate. Capitalization rate, "K", at 4/30/2018 equal to discount rate, where capitalization rate =  $K - g$ .
- (9) Discount rate is the current MUNI discount rate. Capitalization rate, "K", at 4/30/2018 adjusted for stated growth, "g", where capitalization rate =  $K - g$ .
- (10) Final year shown, line 28.
- (11) Final year shown, line 30.
- (12) Final year shown, line 30.
- (13) Developed on Market Multiples EXHIBIT 16.

**Terms:**

CAPX - Capital Expenditures  
CIP - Capital improvement plan  
Dep - Depreciation expense  
GROSS PPE - GROSS Property, plant and equipment  
IOU - Investor owned utility  
MUNI - Large regional municipally owned utility  
NET PPE - NET Property, plant and equipment

Income Approach  
Exeter Township Wastewater System Assets  
Pro Forma and Estimated Operations With IOU Ownership  
DCF With Capitalization of Terminal Value Model and  
DCF With EBIT & EBITDA Terminal Value Model

	Actual		Projected	Budget	Estimated
	2015	2016	2017	Year 0	Year 1
<b>1. OPERATING REVENUES (1)</b>					
2. Charges for services	5,095,691	5,339,276	6,135,000	6,471,248	7,962,210
3. Other operating income	81,388	116,743	67,326	67,000	67,000
4. Tap Fees	38,140	31,420	42,500	55,000	0
5. Other (Rate Increase)	0	0	0	0	0
<b>6. Total Operating Revenues</b>	<b>5,215,219</b>	<b>5,487,439</b>	<b>6,244,826</b>	<b>6,593,248</b>	<b>8,029,210</b>
7. <b>Rate Increase</b>					
<b>8 OPERATING EXPENSES (1)</b>					
9. Operating & Maintenance Expenses	2,573,072	2,756,042	3,074,821	2,874,963	2,932,462
10. Remove Economies of Scale					
11. LESS EOS - Wages & Benefits	0	0	0	0	(268,774)
12. LESS EOS - Professional Services	0	0	0	0	(54,825)
13. LESS EOS - Utilities	0	0	0	0	(34,466)
14. LESS EOS - Financial Services	0	0	0	0	(27,522)
15. ADD PURTA & Reg Assessment					98,631
<b>16. Operating Expenses Before Depreciation</b>	<b>2,573,072</b>	<b>2,756,042</b>	<b>3,074,821</b>	<b>2,874,963</b>	<b>2,645,507</b>
17. Depreciation (2)	0	0	0	0	1,098,670
<b>18. Total Operating Expenses</b>	<b>2,573,072</b>	<b>2,756,042</b>	<b>3,074,821</b>	<b>2,874,963</b>	<b>3,744,177</b>
<b>19. Operating Income</b>	<b>2,642,147</b>	<b>2,731,397</b>	<b>3,170,005</b>	<b>3,718,285</b>	<b>4,285,033</b>
20. Revenues (3)	5,215,219	5,487,439	6,244,826	6,593,248	8,029,210
21. EBITDA (4)	2,642,147	2,731,397	3,170,005	3,718,285	5,383,703
22. EBIT (5)	2,642,147	2,731,397	3,170,005	3,718,285	4,285,033
23. EBIT	2,642,147	2,731,397	3,170,005	3,718,285	4,285,033
24. (-) Income Taxes	0	0	0	0	1,237,946
25. Debt Free Net Income	2,642,147	2,731,397	3,170,005	3,718,285	3,047,087
26. (+) Depreciation & Amortization	0	0	0	0	1,098,670
27. (-) Capital Expenditures (6)	178,962	158,587	0	0	750,000
28. (-) Changes in Working Capital (7)	12,517	3,841	4,371	4,615	5,620
29. Debt Free Net Cash Flow	<b>\$2,450,668</b>	<b>\$2,568,969</b>	<b>\$3,165,634</b>	<b>\$3,713,670</b>	<b>\$3,390,136</b>
30. PV Time Period (mid-year)				(0.5)	0.5
31. Present Value Factor 7.12% (8)					0.9662
32. Present Value Debt Free Net Cash Flow					<b>\$3,275,550</b>
33. Present Value Factor 8.48% (9)					0.9601
34. Present Value Debt Free Net Cash Flow					<b>\$3,254,870</b>
35. Present Value Factor 6.72% (8)					0.9680
36. Present Value Debt Free Net Cash Flow					<b>\$3,281,652</b>
37. Present Value Factor 8.08% (9)					0.9619
38. Present Value Debt Free Net Cash Flow					<b>\$3,260,972</b>

See last page of this EXHIBIT for notes.

Income Approach  
 Exeter Township Wastewater System Assets  
 Pro Forma and Estimated Operations With IOU Ownership  
 DCF With Capitalization of Terminal Value Model and  
DCF With EBIT & EBITDA Terminal Value Model

	Estimated Year 2 2020	Estimated Year 3 2021	Estimated Year 4 2022	Estimated Year 5 2023	Estimated Year 6 2024	Estimated Year 7 2025
<b>1. OPERATING REVENUES (1)</b>						
2. Charges for services	8,036,952	8,052,436	8,067,920	8,116,040	8,197,201	8,279,173
3. Other operating income	67,000	67,000	67,000	67,000	67,000	67,000
4. Tap Fees	0	0	0	0	0	0
5. Other (Rate Increase)	0	0	0	0	0	0
<b>6. Total Operating Revenues</b>	<b>8,103,952</b>	<b>8,119,436</b>	<b>8,134,920</b>	<b>8,183,040</b>	<b>8,264,201</b>	<b>8,346,173</b>
7. <b>Rate Increase</b>						
<b>8. OPERATING EXPENSES (1)</b>						
9. Operating & Maintenance Expenses	2,991,112	3,050,934	3,111,952	3,174,191	3,237,675	3,302,429
10. Remove Economies of Scale						
11. LESS EOS - Wages & Benefits	(274,149)	(279,632)	(285,225)	(290,929)	(296,748)	(302,683)
12. LESS EOS - Professional Services	(55,922)	(57,040)	(58,181)	(59,344)	(60,531)	(61,742)
13. LESS EOS - Utilities	(35,155)	(35,858)	(36,575)	(37,307)	(38,053)	(38,814)
14. LESS EOS - Financial Services	(28,072)	(28,634)	(29,206)	(29,790)	(30,386)	(30,994)
15. ADD PURTA & Reg Assessment	106,302	106,213	105,774	105,319	105,092	105,048
<b>16. Operating Expenses Before Depreciation</b>	<b>2,704,116</b>	<b>2,755,983</b>	<b>2,808,539</b>	<b>2,862,140</b>	<b>2,917,049</b>	<b>2,973,244</b>
17. Depreciation (2)	1,108,870	1,119,070	1,129,270	1,139,696	1,150,487	1,161,380
<b>18. Total Operating Expenses</b>	<b>3,812,985</b>	<b>3,875,053</b>	<b>3,937,809</b>	<b>4,001,836</b>	<b>4,067,537</b>	<b>4,134,625</b>
<b>19. Operating Income</b>	<b>4,290,967</b>	<b>4,244,383</b>	<b>4,197,111</b>	<b>4,181,204</b>	<b>4,196,664</b>	<b>4,211,548</b>
20. Revenues (3)	8,103,952	8,119,436	8,134,920	8,183,040	8,264,201	8,346,173
21. EBITDA (4)	5,399,836	5,363,453	5,326,381	5,320,900	5,347,152	5,372,929
22. EBIT (5)	4,290,967	4,244,383	4,197,111	4,181,204	4,196,664	4,211,548
23. EBIT	4,290,967	4,244,383	4,197,111	4,181,204	4,196,664	4,211,548
24. (-) Income Taxes	1,239,660	1,226,202	1,212,545	1,207,950	1,212,416	1,216,716
25. Debt Free Net Income	3,051,307	3,018,181	2,984,566	2,973,254	2,984,248	2,994,832
26. (+) Depreciation & Amortization	1,108,870	1,119,070	1,129,270	1,139,696	1,150,487	1,161,380
27. (-) Capital Expenditures (6)	750,000	750,000	750,000	790,489	797,787	805,341
28. (-) Changes in Working Capital (7)	5,673	5,684	5,694	5,728	5,785	5,842
<b>29. Debt Free Net Cash Flow</b>	<b>\$3,404,503</b>	<b>\$3,381,567</b>	<b>\$3,358,141</b>	<b>\$3,316,733</b>	<b>\$3,331,164</b>	<b>\$3,345,029</b>
30. PV Time Period (mid-year)	1.5	2.5	3.5	4.5	5.5	6.5
31. Present Value Factor 7.12% (8)	0.9020	0.8420	0.7861	0.7338	0.6850	0.6395
<b>32. Present Value Debt Free Net Cash Flow</b>	<b>\$3,070,862</b>	<b>\$2,847,280</b>	<b>\$2,639,835</b>	<b>\$2,433,819</b>	<b>\$2,281,847</b>	<b>\$2,139,146</b>
33. Present Value Factor 8.48% (9)	0.8851	0.8159	0.7521	0.6933	0.6391	0.5892
<b>34. Present Value Debt Free Net Cash Flow</b>	<b>\$3,013,326</b>	<b>\$2,759,021</b>	<b>\$2,525,658</b>	<b>\$2,299,491</b>	<b>\$2,128,947</b>	<b>\$1,970,891</b>
35. Present Value Factor 6.72% (8)	0.9071	0.8499	0.7964	0.7463	0.6993	0.6552
<b>36. Present Value Debt Free Net Cash Flow</b>	<b>\$3,088,225</b>	<b>\$2,873,994</b>	<b>\$2,674,424</b>	<b>\$2,475,278</b>	<b>\$2,329,483</b>	<b>\$2,191,663</b>
37. Present Value Factor 8.08% (9)	0.8900	0.8234	0.7619	0.7049	0.6522	0.6035
<b>38. Present Value Debt Free Net Cash Flow</b>	<b>\$3,030,008</b>	<b>\$2,784,383</b>	<b>\$2,558,568</b>	<b>\$2,337,965</b>	<b>\$2,172,585</b>	<b>\$2,018,725</b>

**See last page of this EXHIBIT for notes.**



Income Approach  
 Exeter Township Wastewater System Assets  
 Pro Forma and Estimated Operations With IOU Ownership  
 DCF With Capitalization of Terminal Value Model and  
 DCF With EBIT & EBITDA Terminal Value Model

	Estimated Year 8 2026	Estimated Year 9 2027	Estimated Year 10 2028	Estimated Year 11 2029	Estimated Year 12 2030	Estimated Year 13 2031
<b>1. OPERATING REVENUES (1)</b>						
2. Charges for services	8,361,964	8,445,584	8,530,040	8,615,340	8,701,494	8,788,508
3. Other operating income	67,000	67,000	67,000	67,000	67,000	67,000
4. Tap Fees	0	0	0	0	0	0
5. Other (Rate Increase)	0	0	0	0	0	0
<b>6. Total Operating Revenues</b>	<b>8,428,964</b>	<b>8,512,584</b>	<b>8,597,040</b>	<b>8,682,340</b>	<b>8,768,494</b>	<b>8,855,508</b>
7. <b>Rate Increase</b>						
<b>8. OPERATING EXPENSES (1)</b>						
9. Operating & Maintenance Expenses	3,368,477	3,435,847	3,504,564	3,574,655	3,646,148	3,719,071
10. Remove Economies of Scale						
11. LESS EOS - Wages & Benefits	(308,736)	(314,911)	(321,209)	(327,633)	(334,186)	(340,870)
12. LESS EOS - Professional Services	(62,977)	(64,236)	(65,521)	(66,831)	(68,168)	(69,531)
13. LESS EOS - Utilities	(39,590)	(40,382)	(41,190)	(42,014)	(42,854)	(43,711)
14. LESS EOS - Financial Services	(31,614)	(32,246)	(32,891)	(33,549)	(34,220)	(34,904)
15. ADD PURTA & Reg Assessment	105,006	104,952	104,898	104,843	104,789	104,734
<b>16. Operating Expenses Before Depreciation</b>	<b>3,030,566</b>	<b>3,089,023</b>	<b>3,148,651</b>	<b>3,209,471</b>	<b>3,271,509</b>	<b>3,334,789</b>
17. Depreciation (2)	1,172,335	1,183,337	1,194,441	1,205,650	1,216,963	1,228,384
<b>18. Total Operating Expenses</b>	<b>4,202,901</b>	<b>4,272,360</b>	<b>4,343,092</b>	<b>4,415,121</b>	<b>4,488,473</b>	<b>4,563,173</b>
<b>19. Operating Income</b>	<b>4,226,063</b>	<b>4,240,224</b>	<b>4,253,948</b>	<b>4,267,219</b>	<b>4,280,021</b>	<b>4,292,335</b>
20. Revenues (3)	8,428,964	8,512,584	8,597,040	8,682,340	8,768,494	8,855,508
21. EBITDA (4)	5,398,398	5,423,561	5,448,389	5,472,869	5,496,985	5,520,719
22. EBIT (5)	4,226,063	4,240,224	4,253,948	4,267,219	4,280,021	4,292,335
23. EBIT	4,226,063	4,240,224	4,253,948	4,267,219	4,280,021	4,292,335
24. (-) Income Taxes	1,220,910	1,225,001	1,228,966	1,232,800	1,236,498	1,240,056
25. Debt Free Net Income	3,005,153	3,015,223	3,024,982	3,034,419	3,043,523	3,052,279
26. (+) Depreciation & Amortization	1,172,335	1,183,337	1,194,441	1,205,650	1,216,963	1,228,384
27. (-) Capital Expenditures (6)	805,798	813,359	820,992	828,696	836,473	844,322
28. (-) Changes in Working Capital (7)	5,900	5,959	6,018	6,078	6,138	6,199
29. Debt Free Net Cash Flow	\$3,365,789	\$3,379,242	\$3,392,413	\$3,405,295	\$3,417,876	\$3,430,142
30. PV Time Period (mid-year)	7.5	8.5	9.5	10.5	11.5	12.5
31. Present Value Factor 7 12% (8)	0.5970	0.5573	0.5203	0.4857	0.4534	0.4233
32. Present Value Debt Free Net Cash Flow	\$2,009,376	\$1,883,251	\$1,765,073	\$1,653,952	\$1,549,665	\$1,451,979
33. Present Value Factor 8 48% (9)	0.5431	0.5006	0.4615	0.4254	0.3922	0.3615
34. Present Value Debt Free Net Cash Flow	\$1,827,960	\$1,691,648	\$1,565,599	\$1,448,613	\$1,340,491	\$1,239,996
35. Present Value Factor 6 72% (8)	0.6140	0.5753	0.5391	0.5051	0.4733	0.4435
36. Present Value Debt Free Net Cash Flow	\$2,066,595	\$1,944,078	\$1,828,850	\$1,720,015	\$1,617,681	\$1,521,268
37. Present Value Factor 8 08% (9)	0.5584	0.5166	0.4780	0.4423	0.4092	0.3786
38. Present Value Debt Free Net Cash Flow	\$1,879,457	\$1,745,716	\$1,621,574	\$1,506,162	\$1,398,595	\$1,298,652

**See last page of this EXHIBIT for notes.**

Income Approach

Exeter Township Wastewater System Assets  
 Pro Forma and Estimated Operations With IOU Ownership  
 DCF With Capitalization of Terminal Value Model and  
 DCF With EBIT & EBITDA Terminal Value Model

DCF With Capitalization of Terminal Value Model @ 7.12%	
	Terminal Value
Projected Debt Free Net Cash Flow (10)	\$3,430,142
Divided by Capitalization Factor (8)	<u>7.12%</u>
13th Year Terminal Value	48,176,155
13th Year Present Value Factor (11)	<u>0.4233</u>
Present Value of Terminal Value	20,392,966
Present Value Debt Free Net	
Cash Flow for 13 Years	<u>29,001,635</u>
Indicated Value	<u>\$49,394,601</u>

DCF With EBIT & EBITDA Terminal Value Model - Discount Rate of 7.12%			
		Multiples (13)	Terminal Value
Projected EBIT	\$4,292,335	22.9	\$98,294,481
Projected EBITDA	5,520,719	15.9	<u>87,779,434</u>
Weighted (1/3 EBIT 2/3 EBITDA) Terminal Value			91,249,399
13th Year Present Value Factor (11)			<u>0.4233</u>
Present Value of Terminal Value			38,625,871
Present Value Debt Free Net			
Cash Flow for 13 Years			<u>29,001,635</u>
Indicated Value			<u>\$67,627,505</u>

DCF With Capitalization of Terminal Value Model @ 8.48%	
	Terminal Value
Projected Debt Free Net Cash Flow (10)	\$3,430,142
Divided by Capitalization Factor (9)	<u>8.48%</u>
13th Year Terminal Value	40,449,791
13th Year Present Value Factor (12)	<u>0.3615</u>
Present Value of Terminal Value	14,622,599
Present Value Debt Free Net	
Cash Flow for 13 Years	<u>27,066,511</u>
Indicated Value	<u>\$41,689,110</u>

DCF With EBIT & EBITDA Terminal Value Model - Discount Rate of 8.48%			
		Multiples (13)	Terminal Value
Projected EBIT	\$4,292,335	22.9	\$98,294,481
Projected EBITDA	5,520,719	15.9	<u>87,779,434</u>
Weighted (1/3 EBIT 2/3 EBITDA) Terminal Value			91,249,399
13th Year Present Value Factor (12)			<u>0.3615</u>
Present Value of Terminal Value			32,986,658
Present Value Debt Free Net			
Cash Flow for 13 Years			<u>27,066,511</u>
Indicated Value			<u>\$60,053,169</u>

DCF With Capitalization of Terminal Value Model @ 6.72%	
	Terminal Value
Projected Debt Free Net Cash Flow (10)	\$3,430,142
Divided by Capitalization Factor (8)	<u>6.72%</u>
13th Year Terminal Value	51,043,783
13th Year Present Value Factor (11)	<u>0.4233</u>
Present Value of Terminal Value	21,606,833
Present Value Debt Free Net	
Cash Flow for 13 Years	<u>29,001,635</u>
Indicated Value	<u>\$50,608,468</u>

DCF With Capitalization of Terminal Value Model @ 8.08%	
	Terminal Value
Projected Debt Free Net Cash Flow (10)	\$3,430,142
Divided by Capitalization Factor (9)	<u>8.08%</u>
13th Year Terminal Value	42,452,255
13th Year Present Value Factor (12)	<u>0.3615</u>
Present Value of Terminal Value	15,346,490
Present Value Debt Free Net	
Cash Flow for 13 Years	<u>27,066,511</u>
Indicated Value	<u>\$42,413,001</u>

See last page of this EXHIBIT for notes and assumptions.

Income Approach

Exeter Township Wastewater System Assets  
 Pro Forma and Estimated Operations With IOU Ownership  
 DCF With Capitalization of Terminal Value Model and  
DCF With EBIT & EBITDA Terminal Value Model

**Notes: (1) Assumptions:**

Charges for services - Pre-2019 are actual or budget. Post-2018 based on customer growth (EDU) and average revenue per customer. Rate increases (Other rate increase line item) are added year after they occur.

Other (Rate Increase) - Assumed purchase by IOU at end of 2018 with 29% rate increase per APA.

OPERATING EXPENSES - increase at 2% annually after 2018 unless noted elsewhere. Assumed economies of scale are shown on lines below.

Wages & Benefits - Post-2018 assumed 15% savings due to economies of scale. Increase at 2% afterwards.

Net Professional Services - Post-2018 assumed 50% savings due to economies of scale. Increase at 2% afterwards.

Utilities - Post-2018 assumed 10% savings due to economies of scale. Increase at 2% afterwards.

Financial Services - Post-2019 removed due to economies of scale. Increase at 2% afterwards.

PURTA & Reg Assessment - 2019 assumed due to IOU purchase at the end of 2018.

- (2) OCNLD depreciation rate plus same rate on half of CAPX.
- (3) Line 6.
- (4) Line 19 + line 17.
- (5) Line 19.
- (6) Capital Expenditures - Pre-2019 based on budget. Post-2018 years are based on APA and estimates at 1.10% of prior year-end GROSS Property, plant and equipment.
- (7) Changes in Working Capital - based on water industry 0.07% of revenues.
- (8) Discount rate is the current lower end of the IOU discount rate. Capitalization rate, "K", at 4/30/2018 adjusted for stated growth, "g", where capitalization rate =  $K - g$ .
- (9) Discount rate is the current upper end of the IOU discount rate. Capitalization rate, "K", at 4/30/2018 adjusted for stated growth, "g", where capitalization rate =  $K - g$ .
- (10) Final year shown, line 29.
- (11) Final year shown, line 31.
- (12) Final year shown, line 33.
- (13) Developed on Market Multiples EXHIBIT 16.

**Terms:**

CAPX - Capital Expenditures  
 CIP - Capital improvement plan  
 Dep - Depreciation expense  
 GROSS PPE - GROSS Property, plant and equipment  
 IOU - Investor owned utility  
 MUNI - Large regional municipally owned utility  
 NET PPE - NET Property, plant and equipment

Market Multiples Method  
Exeter Township Wastewater System Assets  
2018 Operations  
Market Multiple Method

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u> (Col B × Col C)	<u>E</u> (Col A × Col D)
	Subject Company Statistic (1)	Comparison Group's Valuation Multiples 4/30/2018	Exeter's Growth & Risk Adjustment	Exeter's Risk Adjusted Valuation Multiples 4/30/2018	Exeter's Market Multiples Valuation
<b>Risk Adjusted Multiple</b>					
1	<u>Exeter Township Wastewater System Assets</u>				
2	Investor Provided Capital	\$0	1.94	110.00%	NA
3	Gross PP&E	\$68,404,345	1.17	149.00%	119,023,560
4	Net PP&E	\$42,678,351	1.54	149.00%	97,733,424
5	Revenues	\$7,735,788	6.11	110.00%	51,984,495
6	EBITDA	\$4,660,967	14.48	110.00%	74,249,204
7	EBIT	\$4,660,967	20.78	110.00%	106,549,706
8	Customers	8,984	\$7,131	150.00%	\$10,697
9	Population	27,609	\$1,843	150.00%	\$2,765
10					<u>76,338,885</u>
11	Average				<u>\$88,854,446</u>

<b>Conclusion of Market Multiple Method Valuation</b>					
		<u>Low</u>	<u>High</u>		<u>Conclusion</u>
12	Capital Items	\$97,733,424	\$119,023,560		\$108,378,492
13	(Items 3-4)				
14	Income Statement Items	51,984,495	106,549,706		-
15	(Items 5 -7)				
16	Demographics Items	76,338,885	96,101,848		<u>86,220,367</u>
17	(Item 8)			Conclusion	<u>\$97,299,429</u>

Market Multiples Method  
Exeter Township Wastewater System Assets  
Development of Market Multiples Method for the Market Multiples Method

	Latest Quarter End			Latest 12 Months			2017		4/30/2018
	Gross PP&E (\$ Mill)	Net PP&E (\$ Mill)	Invest Total Capital (\$ Mill)	12 Mos Rev (\$ Mill)	12 Mos EBITDA (\$ Mill)	12 Mos EBIT (\$ Mill)	Customers	Population	Enterprise Value (\$ Mill)
American States Water Co	\$1,738,362	\$1,204,992	\$910,308	\$440,603	\$157,789	\$118,758	283,223	1,000,000	\$2,426,912
American Water Works Company Inc	\$20,440,000	\$14,970,000	\$13,110,000	\$3,357,000	\$1,714,000	\$1,222,000	3,353,000	15,000,000	\$23,258,742
Aqua America Inc	\$7,003,992	\$5,399,859	\$4,104,422	\$809,525	\$465,269	\$328,967	982,949	3,000,000	\$8,395,536
Artesian Resources Corp	\$582,018	\$464,384	\$263,489	\$82,235	\$36,450	\$26,895	86,500	290,000	\$468,391
California Water Service Group	\$3,025,611	\$2,083,038	\$1,478,005	\$677,101	\$202,506	\$124,209	514,300	2,000,000	\$2,624,859
Middlesex Water Co	\$703,512	\$557,240	\$405,518	\$130,775	\$52,542	\$38,620	114,920	412,000	\$852,880
SIW Corp	\$1,877,993	\$1,299,718	\$928,005	\$395,222	\$148,139	\$98,383	244,133	1,100,200	\$1,707,584
York Water Company (The)	\$363,657	\$289,524	\$210,547	\$48,589	\$29,242	\$22,473	69,604	198,000	\$505,908
Average	\$4,466,893	\$3,283,594	\$2,676,287	\$742,631	\$350,742	\$247,538	706,079	2,875,025	\$5,030,102
Max	\$20,440,000	\$14,970,000	\$13,110,000	\$3,357,000	\$1,714,000	\$1,222,000	3,353,000	15,000,000	\$23,258,742
Min	\$363,657	\$289,524	\$210,547	\$48,589	\$29,242	\$22,473	69,604	198,000	\$468,391
Median	\$1,808,177	\$1,252,355	\$919,156	\$417,912	\$152,964	\$108,570	263,678	1,050,100	\$2,067,248

	Enterprise Value as a Multiple of							Population Per Customer	
	Invest Capital (x)	Gross PP&E (x)	Net PP&E (x)	Rev (x)	EBITDA (x)	EBIT (x)	Customers (\$)		Population (\$)
American States Water Co	2.67	1.40	2.01	5.51	15.38	20.44	\$8,569	\$2,427	3.53
American Water Works Company Inc	1.77	1.14	1.55	6.93	13.57	19.03	\$6,937	\$1,551	4.47
Aqua America Inc	2.05	1.20	1.55	10.37	18.04	25.52	\$8,541	\$2,799	3.05
Artesian Resources Corp	1.78	0.80	1.01	5.70	12.85	17.42	\$5,415	\$1,015	3.35
California Water Service Group	1.78	0.87	1.26	3.88	12.96	21.13	\$5,104	\$1,312	3.89
Middlesex Water Co	2.10	1.21	1.53	6.52	16.23	22.08	\$7,422	\$2,070	3.59
SIW Corp	1.84	0.91	1.31	4.32	11.53	17.36	\$6,994	\$1,552	4.51
York Water Company (The)	2.40	1.39	1.75	10.41	17.30	22.51	\$7,268	\$2,555	2.84
Average	2.05	1.11	1.50	6.70	14.73	20.69	\$7,031	\$1,985	3.65
Max	2.67	1.40	2.01	10.41	18.04	25.52	\$8,569	\$2,799	4.51
Min	1.77	0.80	1.01	3.88	11.53	17.36	\$5,104	\$1,312	2.84
Median	1.94	1.17	1.54	6.11	14.48	20.78	\$7,131	\$1,843	3.56

Market Multiples Method  
Exeter Township Wastewater System Assets  
Quantification of the Effective Risk/Growth Adjustments

	Net PP&E	Gross PP&E	Invest Capital
Comparable Group Multiple	1.54	1.17	1.94
Implied Capitalization Rate (1-Multiple)	64.94%	85.47%	51.55%
Ratio of Net PP&E Mult to Invest Capital Mult	126.0%		
Less 1	- 1.00		
Difference in Capital Source due to Contributions	25.97%		
Assumed Investor Financed (1-Difference in Capital Source)	74.03%	74.03%	
Implied Capitalization Rate (1-Multiple)	x 64.94%	85.47%	
Not Contributed Cap Rate	48.07% 63.27%		
Not Contributed Multiple (1-Cap Rate)	2.08 1.58		
Base Risk Factor	x 110% 110%		
Subject Company Adjusted Multiple	<u>2.29 1.74</u>		
Subject Company Adjusted Multiple	2.29	1.74	
Comparable Group Multiple	- 1.54 1.17		
Effective Risk/Growth Adjustment	<u>149% 149%</u>		

	Net PP&E	Gross PP&E
Plant Assets	100%	100%
Ratio of Known "Cost Free" Capital	26%	26%
Plant Assets Less Known "Cost Free" Capital	<u>74% 74%</u>	
Comparable Group Multiple	1.54	1.17
Plant Assets Less Known "Cost Free" Capital	- 74% 74%	
Multiple Without "Cost Free" Capital	2.08 1.58	
Base Risk Factor	x 110% 110%	
Subject Company Adjusted Multiple	<u>2.29 1.74</u>	
Subject Company Adjusted Multiple	2.29	1.74
Comparable Group Multiple	- 1.54 1.17	
Effective Risk/Growth Adjustment	<u>149% 149%</u>	

	Rev	EBITDA	EBIT
Comparable Group Multiple	6.11	14.48	20.78
Implied Capitalization Rate (1-Multiple)	16.37%	6.91%	4.81%
(-) Growth Adjustment	- 0.00% 0.00% 0.00%		
Adjusted Capitalization Rate (k-G)	16.37% 6.91% 4.81%		
Adjusted Multiple (1-Adj. Cap Rate)	6.11 14.48 20.78		
Base Risk Factor	x 110% 110% 110%		
Subject Company Adjusted Multiple	<u>6.72 15.93 22.86</u>		
Subject Company Adjusted Multiple	6.72	15.93	22.86
Comparable Group Multiple	- 6.11 14.48 20.78		
Effective Risk/Growth Adjustment	<u>110% 110% 110%</u>		

Selected Transactions Method  
For Exeter Township Wastewater System Assets  
Summary

	<u>Low</u>	<u>High</u>	<u>Value</u>
<u>All Selected Transactions Companies</u>			
1. Capital Items	70,072,299.30	144,024,126.38	\$107,048,213
2. (Pages 2 and 3)			
3. Income Statement Items	34,217,885.79	467,930,989.48	-
4. (Pages 2 and 3)			
5. Demographics Items	13,885,033.19	147,565,701.56	<u>80,725,367</u>
6. (Pages 2 and 3)			
7.		Indicated Value	<u>\$93,886,790</u>
<u>Fully Integrated Selected Transactions Companies</u>			
8. Capital Items	70,072,299.30	116,705,690.44	\$93,388,995
9. (Page 2)			
10. Income Statement Items	92,489,067.77	391,717,347.47	-
11. (Page 2)			
12. Demographics Items	391,717,347.47	67,394,745.55	<u>229,556,047</u>
13. (Page 2)			
14.		Indicated Value	<u>\$161,472,521</u>
<u>Mostly Collection/Distribution Selected Transactions Companies</u>			
15. Capital Items	119,017,611.67	144,024,126.38	\$131,520,869
16. (Page 3)			
17. Income Statement Items	34,217,885.79	467,930,989.48	-
18. (Page 3)			
19. Demographics Items	13,885,033.19	35,993,589.74	<u>24,939,311</u>
20. (Page 3)			
21.		Indicated Value	<u>\$78,230,090</u>

Selected Transactions Method  
 For Exeter Township Wastewater System Assets  
 Based on 2016 - 2018 Acquisitions of Assets of Water or Sewer System, Without Discount for Customer Contributions

Municipal Authority of the City of Mckeesport			Exeter Township Wastewater System Assets			
Purchase Price was \$156,000,000			Exeter Township Wastewater System Assets's Company			
	<u>Subject Company Statistics</u>	<u>Transaction Multiple</u>		<u>Exeter Township Wastewater System Assets's Company</u>	<u>Selected Transactions Multiples Valuation</u>	
1	Investor Provided Capital	\$83,903,219	1.86	Investor Provided Capital	\$0	NA
2	Gross PP&E	\$91,435,797	1.71	Gross PP&E	\$68,404,345	116,705,690
3	Net PP&E	\$73,813,794	2.11	Net PP&E	\$42,678,351	90,197,542
4	Revenues	\$13,047,844	11.96	Revenues	\$7,735,788	92,489,068
5	EBITDA	\$6,180,616	25.24	EBITDA	\$4,660,967	117,643,751
6	EBIT	\$3,811,679	40.93	EBIT	\$4,660,967	190,758,679
7	Customers	20,320	\$7,677	Customers	8,984	68,971,654
8	Population	61,752	\$2,526	Population	27,609	69,746,794
9						
10	Average					<u>\$106,644,740</u>

New Garden Township and Authority's Sewage Collection and Treatment System			Exeter Township Wastewater System Assets			
Purchase Price was \$29,500,000			Exeter Township Wastewater System Assets's Company			
	<u>Subject Company Statistics</u>	<u>Transaction Multiple</u>		<u>Exeter Township Wastewater System Assets's Company</u>	<u>Selected Transactions Multiples Valuation</u>	
11	Investor Provided Capital	\$23,001,140	1.28	Investor Provided Capital	\$0	NA
12	Gross PP&E	\$25,988,330	1.14	Gross PP&E	\$68,404,345	77,647,474
13	Net PP&E	\$17,967,319	1.64	Net PP&E	\$42,678,351	70,072,299
14	Revenues	\$2,261,294	13.05	Revenues	\$7,735,788	100,918,211
15	EBITDA	\$907,386	32.51	EBITDA	\$4,660,967	151,532,563
16	EBIT	\$499,638	59.04	EBIT	\$4,660,967	275,196,295
17	Customers	1,796	\$16,425	Customers	8,984	147,565,702
18	Population	12,085	\$2,441	Population	27,609	67,394,746
19						
20	Average					<u>\$127,189,613</u>

Limerick Township Wastewater System's Assets			Exeter Township Wastewater System Assets			
Purchase Price was \$75,100,000			Exeter Township Wastewater System Assets's Company			
	<u>Subject Company Statistics</u>	<u>Transaction Multiple</u>		<u>Exeter Township Wastewater System Assets's Company</u>	<u>Selected Transactions Multiples Valuation</u>	
21	Investor Provided Capital	\$43,501,755	1.73	Investor Provided Capital	\$0	NA
22	Gross PP&E	\$60,847,250	1.23	Gross PP&E	\$68,404,345	84,427,255
23	Net PP&E	\$36,113,701	2.08	Net PP&E	\$42,678,351	88,751,473
24	Revenues	\$4,418,775	17.00	Revenues	\$7,735,788	131,474,827
25	EBITDA	\$2,487,775	30.19	EBITDA	\$4,660,967	140,703,489
26	EBIT	\$893,600	84.04	EBIT	\$4,660,967	391,717,347
27	Customers	5,416	\$13,866	Customers	8,984	124,575,037
28	Population	18,798	\$3,995	Population	27,609	110,300,878
29						
30	Average					<u>\$153,135,758</u>



Selected Transactions Method  
For Exeter Township Wastewater System Assets  
Based on 2016 - 2018 Acquisitions of Assets of Water or Sewer System, Without Discount for Customer Contributions

East Bradford Township Wastewater System Assets			Exeter Township Wastewater System Assets			
Purchase Price was \$5,000,000			Purchase Price was \$9,500,000			
	<u>Subject Company Statistics*</u>	<u>Transaction Multiple</u>		<u>Exeter Township Wastewater System Assets's Company</u>	<u>Selected Transactions Multiples Valuation</u>	
1	Investor Provided Capital	\$1,298,627	3.85	Investor Provided Capital	\$0	NA
2	Gross PP&E	NA	NA	Gross PP&E	\$68,404,345	NA
3	Net PP&E	NA	NA	Net PP&E	\$42,678,351	NA
4	Revenues	\$1,130,372	4.42	Revenues	\$7,735,788	34,217,886
5	EBITDA	\$49,804	100.39	EBITDA	\$4,660,967	467,930,989
6	EBIT	\$49,804	100.39	EBIT	\$4,660,967	467,930,989
7	Customers	1,248	\$4,006	Customers	8,984	35,993,590
8	Population	9,942	\$503	Population	27,609	13,885,033
9						
10	Average					<u>\$203,991,698</u>
Mahoning Township Water & Sewer System's Assets			Exeter Township Wastewater System Assets			
Purchase Price was \$9,500,000			Purchase Price was \$9,500,000			
	<u>Subject Company Statistics*</u>	<u>Transaction Multiple</u>		<u>Exeter Township Wastewater System Assets's Company</u>	<u>Selected Transactions Multiples Valuation</u>	
11	Investor Provided Capital	\$2,815,114	3.37	Investor Provided Capital	\$0	NA
12	Gross PP&E	\$5,460,043	1.74	Gross PP&E	\$68,404,345	119,017,612
13	Net PP&E	\$2,815,114	3.37	Net PP&E	\$42,678,351	144,024,126
14	Revenues	\$2,143,688	4.43	Revenues	\$7,735,788	34,282,035
15	EBITDA	\$295,873	32.11	EBITDA	\$4,660,967	149,656,057
16	EBIT	\$164,652	57.70	EBIT	\$4,660,967	268,925,895
17	Customers	2,403	\$3,953	Customers	8,984	35,517,270
18	Population (Doubled)	8,472	\$1,121	Population	27,609	30,959,101
19						
20	Average					<u>\$111,768,871</u>

\* - Known at bid

Exeter Township Wastewater System Assets  
 Summary of Approach Results and  
Fair Market Value Conclusion at Appraisal Date

<u>Valuation Approach</u>	<u>Indicated Value</u>	<u>Conclusion</u>	<u>Consideration</u>
Cost Approach	\$116,870,920		33%
Income Approach	90,593,221		33%
Market Approach	104,894,486		33%
		<b>Conclusion</b> <b>\$104,120,000</b>	

**WORKPAPERS**



**2017 SEWER BUDGET**

ACCOUNT NUMBER	DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 BUDGET	2016 PROJECTED	2017 BUDGET
08-428-140	Wages-Collection Syst	\$101,224	\$99,884	\$99,485	\$97,075	\$108,097	\$113,926	\$113,926	\$117,799
08-428-161	FICA/Medicare	\$7,744	\$7,716	\$7,611	\$7,426	\$8,189	\$8,700	\$8,715	\$9,012
08-428-162	Unemployment Comp	\$146	\$346	\$805	\$922	\$817	\$684	\$750	\$773
08-428-250	Maint Supplies - Collection	\$28,631	\$17,096	\$15,386	\$25,417	\$25,261	\$38,500	\$38,500	\$40,425
08-428-251	Maint of Equipment	\$2,847	\$1,230	\$7,537	\$3,582	\$4,404	\$5,513	\$9,000	\$6,000
08-428-260	Tools & Minor Equip	\$446	\$52	\$376	\$0	\$300	\$500	\$500	\$500
08-428-313	Engineering - Sewer	\$0	\$0	\$0	\$0	\$0	\$4,000	\$4,000	\$30,000
08-428-450	Contracted Services-Collection	\$10,631	\$256	\$4,294	\$2,970	\$3,464	\$4,000	\$3,000	\$200,000
08-428-742	Capital Purchase - Meters	\$16,797	\$14,955	\$21,422	\$7,978	\$12,176	\$20,000	\$15,000	\$20,000
08-428-743	Installation - Meters	\$0	\$0	\$0	\$80	\$0	\$300	\$300	\$300
08-428-744	Capital Purchase-Equip	\$3,240	\$0	\$11,158	\$3,910	\$0	\$0	\$0	\$8,300
	<b>Total Collection System</b>	<b>\$171,705</b>	<b>\$141,535</b>	<b>\$168,074</b>	<b>\$149,359</b>	<b>\$162,707</b>	<b>\$196,122</b>	<b>\$193,691</b>	<b>\$433,109</b>
08-429-140	Wages-Treatment System	\$690,754	\$733,083	\$733,883	\$741,921	\$741,519	\$768,095	\$768,095	\$794,210
08-429-141	Wages-Veh Maint	\$3,951	\$5,954	\$5,208	\$6,259	\$6,130	\$6,289	\$7,000	\$7,238
08-429-161	FICA/Medicare	\$53,316	\$56,596	\$56,685	\$57,453	\$56,271	\$59,240	\$59,295	\$61,311
08-429-162	Unemployment Comp	\$978	\$2,196	\$5,286	\$6,140	\$4,424	\$4,491	\$4,491	\$4,626
08-429-220	Gen Operating Supplies	\$10,437	\$7,966	\$10,537	\$8,460	\$8,669	\$12,500	\$12,500	\$13,000
08-429-221	Misc Chemicals	\$63,634	\$74,060	\$68,618	\$58,184	\$61,349	\$70,000	\$70,000	\$80,000
08-429-222	Chlorine	\$15,144	\$11,818	\$12,950	\$12,065	\$6,466	\$11,000	\$10,000	\$10,000
08-429-223	Chemicals - Biosolids Dust Control	\$0	\$11,970	\$16,879	\$8,489	\$4,244	\$15,000	\$13,000	\$13,650
08-429-225	Lab Supplies	\$10,722	\$11,122	\$9,989	\$7,838	\$6,816	\$13,650	\$13,650	\$14,332
08-429-230	Fuel - Plant	\$72,033	\$94,637	\$69,496	\$79,068	\$67,782	\$75,000	\$73,000	\$73,000
08-429-238	Uniform Rental	\$2,452	\$2,413	\$1,698	\$3,313	\$2,217	\$3,000	\$3,000	\$3,000
08-429-251	Veh Maint-Gas/Oil	\$15,673	\$18,578	\$16,101	\$15,362	\$10,457	\$15,000	\$12,000	\$15,450
08-429-252	Veh Maint-Tires	\$2,705	\$1,055	\$223	\$2,516	\$4,906	\$1,500	\$2,000	\$1,500
08-429-253	Veh Maint-Repair Parts	\$4,968	\$7,233	\$3,229	\$8,845	\$4,968	\$11,025	\$10,000	\$10,500
08-429-254	Maint/Rep-Building	\$8,845	\$3,133	\$2,975	\$14,576	\$10,550	\$12,600	\$10,000	\$10,500
08-429-255	Maint/Rep H&E	\$39,883	\$67,014	\$57,638	\$71,861	\$79,034	\$85,000	\$85,000	\$89,250
08-429-256	Maint/Rep-Pump Stations	\$4,381	\$522	\$5,994	\$2,945	\$2,804	\$3,800	\$14,000	\$3,990
08-429-257	Maint/Rep-Meters	\$347	\$21	\$219	\$8	\$217	\$500	\$0	\$500
08-429-258	Maint/Rep-Grinder Pumps	\$4,153	\$2,827	\$2,275	\$3,273	\$338	\$3,000	\$2,000	\$3,000
08-429-260	Tools/Minor Equip	\$600	\$570	\$1,390	\$1,258	\$949	\$1,000	\$1,000	\$1,000
08-429-316	Lab Fees	\$20,974	\$40,977	\$24,255	\$27,856	\$24,514	\$35,000	\$35,000	\$36,750

**2017 SEWER BUDGET**

ACCOUNT NUMBER	DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 BUDGET	2016 PROJECTED	2017 BUDGET
08-429-317	Sludge Removal	\$262,217	\$44,084	\$75,866	\$39,101	\$51,325	\$50,000	\$90,000	\$75,000
08-429-320	Communications	\$12,774	\$13,990	\$12,478	\$14,389	\$16,453	\$14,500	\$14,500	\$15,225
08-429-329	Communications-PA One Call	\$642	\$603	\$598	\$1,249	\$1,243	\$1,000	\$1,100	\$1,155
08-429-361	Electricity	\$385,082	\$311,203	\$311,084	\$276,265	\$264,778	\$260,000	\$260,000	\$250,000
08-429-362	Electricity-Pump Stations	\$8,706	\$7,122	\$6,741	\$6,036	\$6,043	\$7,500	\$7,500	\$7,500
08-429-451	Contracted Serv-Vehicles	\$4,845	\$0	\$408	\$7,614	\$829	\$9,000	\$9,000	\$9,450
08-429-452	Contracted Serv-Building	\$6,244	\$9,011	\$9,796	\$12,920	\$10,808	\$10,500	\$8,500	\$10,500
08-429-453	Contracted Serv-Equipment	\$8,821	\$9,655	\$10,640	\$10,894	\$9,281	\$8,500	\$8,500	\$9,000
08-429-454	Contracted Serv-Instrument	\$10,191	\$10,226	\$10,135	\$9,158	\$15,808	\$14,000	\$15,000	\$14,500
08-429-740	Capital Purchase M & E	\$0	\$47,367	\$33,965	\$13,293	\$0	\$8,700	\$8,700	\$1,330,307
	<b>Total Treatment System</b>	<b>\$1,725,469</b>	<b>\$1,607,004</b>	<b>\$1,577,239</b>	<b>\$1,528,605</b>	<b>\$1,481,193</b>	<b>\$1,590,390</b>	<b>\$1,627,831</b>	<b>\$2,969,444</b>
08-480-140	Wages-Other Staff	\$123,030	\$124,744	\$111,401	\$126,569	\$138,728	\$138,720	\$138,720	\$141,494
08-480-141	Wages-Billing	\$51,839	\$52,177	\$52,820	\$53,884	\$54,955	\$55,080	\$55,080	\$56,182
08-480-161	FICA/Medicare	\$13,405	\$13,565	\$12,592	\$13,837	\$14,604	\$14,219	\$14,826	\$15,122
08-480-162	Unemployment Comp	\$357	\$849	\$1,519	\$2,105	\$1,582	\$1,516	\$1,516	\$1,561
08-480-200	DP Supplies	\$241	\$123	\$419	\$102	\$74	\$1,000	\$1,000	\$1,000
08-480-210	Office Supplies	\$3,101	\$2,884	\$2,256	\$2,352	\$2,961	\$2,500	\$3,200	\$3,000
08-480-212	Billing Supplies	\$12,284	\$16,622	\$12,763	\$14,494	\$19,144	\$18,500	\$23,000	\$20,000
08-480-260	Minor Equip	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
08-480-302	Training	\$5,992	\$5,271	\$6,895	\$5,643	\$12,209	\$10,500	\$9,000	\$10,000
08-480-311	Auditing Services	\$9,995	\$9,750	\$10,000	\$10,300	\$10,600	\$10,900	\$10,900	\$11,445
08-480-313	Engineering Services	\$19,250	\$12,343	\$23,428	\$15,321	\$20,016	\$20,000	\$0	\$90,000
08-480-314	Legal Service	\$28,751	\$22,420	\$5,227	\$18,499	\$13,355	\$25,000	\$25,000	\$26,250
08-480-316	DP Tech Support	\$13,287	\$13,627	\$14,112	\$14,657	\$13,251	\$13,834	\$18,000	\$16,000
08-480-317	Bank Charges	\$780	\$780	\$780	\$0	\$0	\$0	\$0	\$0
08-480-318	Misc Services	\$3,508	\$1,606	\$1,930	\$1,535	\$3,634	\$3,000	\$3,000	\$3,000
08-480-320	Consulting Services	\$0	\$450	\$9,468	\$20,740	\$8,160	\$7,000	\$55,000	\$7,350
08-480-321	Meter Readings	\$4,700	\$4,735	\$3,516	\$5,382	\$4,696	\$4,789	\$4,789	\$5,028
08-480-340	Advertising/Printing	\$716	\$2,530	\$1,269	\$1,749	\$848	\$1,000	\$2,000	\$2,000
08-480-374	DP Equip Maint	\$445	\$1,000	\$438	\$709	\$0	\$1,000	\$1,000	\$1,000
08-480-384	Equipment Rental	\$3,863	\$3,158	\$2,651	\$2,559	\$2,998	\$2,600	\$2,900	\$3,045
08-480-390	Credit Card Fees/Sewer	\$1,669	\$2,298	\$2,652	\$2,832	\$6,669	\$2,913	\$10,000	\$5,000
08-480-420	Dues/Subscriptions	\$2,036	\$3,280	\$4,254	\$2,958	\$4,013	\$3,800	\$3,800	\$3,990
08-480-700	Capital Purchase	\$489	\$611	\$408	\$4,417	\$0	\$1,000	\$1,000	\$1,000
	<b>Total Sewer Administration</b>	<b>\$299,339</b>	<b>\$294,823</b>	<b>\$280,798</b>	<b>\$320,643</b>	<b>\$332,498</b>	<b>\$338,871</b>	<b>\$383,731</b>	<b>\$423,467</b>

**2017 SEWER BUDGET**

ACCOUNT NUMBER	DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 BUDGET	2016 PROJECTED	2017 BUDGET
08-481-161	FICA/Medicare	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
08-481-162	Unemployment Comp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
08-483-300	Union Pension	\$61,038	\$65,632	\$65,759	\$66,177	\$64,915	\$66,048	\$66,048	\$67,567
08-483-310	Non-Uniformed Pension	\$54,324	\$47,514	\$50,303	\$58,234	\$62,655	\$66,414	\$66,414	\$70,399
08-484-000	Workman's Comp Insurance	\$23,754	\$29,695	\$35,203	\$42,688	\$41,913	\$46,702	\$46,702	\$48,103
08-486-351	Vehicle Insurance	\$6,064	\$5,849	\$5,685	\$6,971	\$6,951	\$7,479	\$7,469	\$7,703
08-486-352	Casualty Insurance	\$84,552	\$83,609	\$87,998	\$96,336	\$103,791	\$96,340	\$115,511	\$99,230
08-486-353	Bonding	\$1,951	\$2,068	\$2,112	\$2,215	\$2,215	\$2,281	\$2,281	\$2,349
08-487-100	Health & Hospital	\$72,946	\$73,139	\$76,651	\$82,934	\$83,132	\$87,300	\$87,300	\$92,538
	Co-pay				(\$3,743)	(\$3,774)	(\$3,800)	(\$3,800)	(\$3,800)
08-487-150	Union Health & Welfare	\$188,275	\$202,616	\$213,636	\$229,248	\$241,945	\$251,475	\$251,475	\$264,049
	Co-pay				(\$11,575)	(\$11,440)	(\$13,500)	(\$13,500)	(\$15,000)
08-487-200	Life Insurance	\$932	\$942	\$938	\$883	\$872	\$883	\$883	\$901
08-487-250	Long-term Disability Insurance	\$462	\$469	\$471	\$468	\$462	\$470	\$470	\$479
	<b>Total Insurance &amp; Benefits</b>	<b>\$494,298</b>	<b>\$511,532</b>	<b>\$538,756</b>	<b>\$570,835</b>	<b>\$593,637</b>	<b>\$608,093</b>	<b>\$627,253</b>	<b>\$634,519</b>
	<b>TOTAL O &amp; M</b>	<b>\$2,690,811</b>	<b>\$2,554,894</b>	<b>\$2,564,867</b>	<b>\$2,569,441</b>	<b>\$2,570,035</b>	<b>\$2,733,477</b>	<b>\$2,832,506</b>	<b>\$4,460,539</b>
08-471-120	Debt Service - 05 GO Notes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
08-471-130	Debt Service - 12-13 GO Bonds	\$497,030	\$501,830	\$334,284	\$398,350	\$397,057	\$394,357	\$394,357	\$391,658
08-471-100	Debt Service - 07 GO Bonds	\$2,192,458	\$2,189,708	\$2,193,300	\$2,192,665	\$2,192,733	\$2,192,408	\$2,192,408	\$2,192,883
08-475-000	Fiscal Agent Fees	\$250	\$250	\$250	\$1,557	\$1,443	\$250	\$250	\$250
	<b>Total Debt Service</b>	<b>\$2,689,738</b>	<b>\$2,691,788</b>	<b>\$2,527,834</b>	<b>\$2,592,571</b>	<b>\$2,591,233</b>	<b>\$2,587,015</b>	<b>\$2,587,015</b>	<b>\$2,584,791</b>
08-489-388	Authority Expenses	\$40,000	\$60,000	\$40,000	\$21,726	\$0	\$0	\$0	\$0
08-491-000	Refunds-Prior Year Revenue	\$228	\$8,420	\$2,105	\$0	\$0	\$0	\$0	\$0
08-492-017	Transfer to Sewer Capital Proj Fd 17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
08-492-010	Transfer to General Fund	\$0	\$0	\$0	\$0	\$242,622	\$200,000	\$0	\$0
	<b>TOTAL EXPENSES</b>	<b>\$5,420,776</b>	<b>\$5,315,102</b>	<b>\$5,134,805</b>	<b>\$5,183,738</b>	<b>\$5,403,890</b>	<b>\$5,520,492</b>	<b>\$5,419,521</b>	<b>\$7,045,330</b>

**Statement of Revenues & Expenditures**

Exeter Township  
 For Period Ending 12/31/2016  
 Selecting on FUND equals 08

ACCOUNT	DESCRIPTION	ANNUAL BUDGET	CURRENT PERIOD	YEAR TO DATE	% USED	BUDGET REMAINING	PRIOR YEAR TO DATE
08-340-010	INTEREST - SEWER	375,000.00	450.20	378,450.07	100.92	3,450.07-	360,630.39
<b>Totals for Department: 340 (INTEREST INCOME)</b>		<b>375,000.00</b>	<b>450.20</b>	<b>378,450.07</b>	<b>100.92</b>	<b>3,450.07-</b>	<b>360,630.39</b>
08-364-131	SEWER RENTS	3,333,000.00	231,464.16	3,147,742.38	94.44	185,257.62	3,255,628.01
08-364-132	ST LAWRENCE TREATMENT	117,312.00	23,367.90	151,519.66	129.16	34,207.66-	22,727.11
08-364-133	INDUSTRIAL SURCHARGE - S	400,000.00	62,875.54	648,861.52	162.22	248,861.52-	579,301.65
08-364-140	SEPTAGE/SLUDGE RECEIV	900,000.00	70,793.77	1,142,077.50	126.90	242,077.50-	921,690.41
08-364-160	PENALTIES & INTEREST - S	90,000.00	8,220.64	128,864.84	143.18	38,864.84-	116,857.86
08-364-170	MISCELLANEOUS SERVICE C	15,000.00	2,665.00	120,209.48	801.40	105,209.48-	199,486.44
<b>Totals for Department: 364 (SOLID WASTE &amp; WASTEWATER)</b>		<b>4,855,312.00</b>	<b>399,387.01</b>	<b>5,339,275.38</b>	<b>109.97</b>	<b>483,963.38-</b>	<b>5,095,691.48</b>
08-380-100	STATE GRANT - SEWER OP					0.00	4,697.00
08-380-110	MISCELLANEOUS - SEWER		8.68	834.24		834.24-	375.00
08-380-112	CERTIFICATION FEES - SEW	13,000.00	1,680.00	19,800.00	152.31	6,800.00-	16,155.00
08-380-120	TAPPING FEES - SEWER	5,000.00	470.00	2,860.00	57.20	2,140.00	910.00
08-380-130	ST LAWRENCE - ADDITION		4,795.00	9,590.00		9,590.00-	9,590.00
08-380-160	CAPACITY FEES - SEWER	50,000.00	4,080.00	28,560.00	57.12	21,440.00	37,230.00
<b>Totals for Department: 380 (MISC REVENUES)</b>		<b>68,000.00</b>	<b>11,033.68</b>	<b>61,644.24</b>	<b>90.65</b>	<b>6,355.76</b>	<b>68,957.00</b>
08-393-110	ST LAWRENCE BOND REVENUE	54,000.00	28,916.41	86,519.09	160.22	32,519.09-	55,267.50
<b>Totals for Department: 393 (PROCEEDS OF LONG-TERM DEBT)</b>		<b>54,000.00</b>	<b>28,916.41</b>	<b>86,519.09</b>	<b>160.22</b>	<b>32,519.09-</b>	<b>55,267.50</b>
08-394-000	REFUND PR YEAR EXPENS					0.00	4,335.95
<b>Totals for Department: 394 (PROCEEDS OF SHORT-TERM DEBT)</b>					<b>0.00</b>	<b>0.00</b>	<b>4,335.95</b>
<b>Total Revenues</b>		<b>5,352,312.00</b>	<b>439,787.30</b>	<b>5,865,888.78</b>	<b>109.60</b>	<b>513,576.78-</b>	<b>5,584,882.32</b>
08-428-140	WAGES - COLLECTION SY	113,926.00	8,647.57	97,140.33	85.27	16,785.67	108,097.13
08-428-155	UNION HEALTH & WELFARE		181.11-	1,985.25-		1,985.25	1,803.04-
08-428-161	FICA/MEDICARE - COLLECTI	8,700.00	647.69	7,303.51	83.95	1,396.49	8,188.61
08-428-162	UNEMPLOYMENT COMP - C	684.00		701.62	102.58	17.62-	816.84
08-428-250	MAINTENANCE SUPPLIES - S	38,500.00		25,504.16	66.24	12,995.84	25,260.75
08-428-251	MAINTENANCE OF EQUIP - S	5,513.00	1,566.69	13,472.29	244.37	7,959.29-	4,403.84
08-428-260	TOOLS & MINOR EQUIP - SE	500.00		536.70	107.34	36.70-	300.00
08-428-313	ENGINEERING - SEWER CO	4,000.00				4,000.00	
08-428-450	CONTRACTED SERVICES - S	4,000.00		4,930.00	123.25	930.00-	3,464.17
08-428-742	CAPITAL PURCHASE/METE	20,000.00	1,225.30	10,871.58	54.36	9,128.42	12,175.50
08-428-743	INSTALLATION - METERS	300.00		8.68	2.89	291.32	
<b>Totals for Department: 428 (WASTEWATER COLLECTION SYSTEM)</b>		<b>196,123.00</b>	<b>11,906.14</b>	<b>158,483.62</b>	<b>80.81</b>	<b>37,639.38</b>	<b>160,903.88</b>
08-429-140	WAGES - TREATMENT SYS	768,095.00	68,396.18	780,553.24	101.62	12,458.24-	741,518.63
08-429-141	WAGES - VEHICLE MAINT/S	6,289.00	413.60	7,444.80	118.38	1,155.80-	6,129.99
08-429-155	UNION HEALTH & WELFARE		952.89-	11,418.25-		11,418.25	8,962.35
08-429-157	HEALTH & HOSPITAL INS - T		200.00-	2,400.00-		2,400.00	2,400.00



**Statement of Revenues & Expenditures**

**Exeter Township  
 For Period Ending 12/31/2016**

Selecting on FUND equals 08

ACCOUNT	DESCRIPTION	ANNUAL BUDGET	CURRENT PERIOD	YEAR TO DATE	% USED	BUDGET REMAINING	PRIOR YEAR TO DATE
08-429-161	FICA/MEDICARE - TREATMEI	59,240.00	5,373.60	59,682.84	100.75	442.84-	56,270.55
08-429-162	UNEMPLOYMENT COMP - T	4,491.00		4,243.34	94.49	247.66	4,424.47
08-429-220	GEN OPERATING SUPPLIES	12,500.00	496.69	10,328.15	82.63	2,171.85	8,669.17
08-429-221	OTHER CHEMICALS - SEWE	70,000.00	9,016.00	62,861.67	89.80	7,138.33	61,348.60
08-429-222	CHLORINE - SEWER	11,000.00	359.00	6,932.86	63.03	4,067.14	6,466.00
08-429-223	CHEMICALS - BIOSOLIDS D	15,000.00		12,950.65	86.34	2,049.35	4,244.20
08-429-225	LAB SUPPLIES - SEWER	13,650.00	1,225.00	10,172.56	74.52	3,477.44	6,815.94
08-429-230	FUEL - SEWER PLANT	75,000.00	4,829.26	66,169.99	88.23	8,830.01	67,781.96
08-429-238	UNIFORM RENTAL - SEWER	3,000.00		1,500.00	50.00	1,500.00	2,216.94
08-429-251	VEH MAINT/GAS & OIL - SEW	15,000.00	414.44	7,307.60	48.72	7,692.40	10,456.70
08-429-252	VEHICLE MAINT/TIRES - SE	1,500.00		2,315.64	154.38	815.64-	4,906.48
08-429-253	VEH MAINT/REPAIR PARTS -	11,025.00	394.26	9,610.69	87.17	1,414.31	4,968.41
08-429-254	MAINT & REP/BLDG - SEWE	12,600.00		5,837.52	46.33	6,762.48	10,550.37
08-429-255	MAINT & REP/M & E - SEWE	85,000.00	2,167.24	80,928.31	95.21	4,071.69	79,033.85
08-429-256	MAINT & REP/PUMP STN - S	3,800.00		13,456.57	354.12	9,656.57-	2,804.32
08-429-257	MAINT & REP/METERS - SEV	500.00	18.04	389.27	77.85	110.73	217.46
08-429-258	MAINT & REP/GRNDR PUMP	3,000.00	2,273.17	3,170.86	105.70	170.86-	337.67
08-429-260	TOOLS & MINOR EQUIP - SE	1,000.00	600.00	730.09	73.01	269.91	949.43
08-429-316	LAB FEES - SEWER	35,000.00	1,770.81-	21,762.61	62.18	13,237.39	24,514.17
08-429-317	SLUDGE REMOVAL - SEWE	50,000.00	3,310.35	87,481.86	174.96	37,481.86-	51,324.78
08-429-320	COMMUNICATIONS - SEWE	14,500.00	1,132.94	15,212.06	104.91	712.06-	16,452.52
08-429-329	COMMUNICATIONS - PA ON	1,000.00	67.24	865.10	86.51	134.90	1,243.48
08-429-361	ELECTRICITY - SEWER	260,000.00	16,474.40	237,689.11	91.42	22,310.89	264,778.03
08-429-362	ELECTRICITY - PUMP STAT	7,500.00	464.74	5,917.31	78.90	1,582.69	6,043.20
08-429-451	CONTRACTED SERV VEH - S	9,000.00	500.00	4,662.82	51.81	4,337.18	828.50
08-429-452	CONTRACTED SERV/BLDG -	10,500.00	104.64	7,866.39	74.92	2,633.61	10,808.40
08-429-453	CONTRACTED SERV/EQUIP	8,500.00	31.46	5,036.07	59.25	3,463.93	9,281.34
08-429-454	CONTRACT SERV/INSTRUM	14,000.00	1,080.60	15,009.49	107.21	1,009.49-	15,807.55
08-429-740	CAPITAL PURCH M & E - SE	8,700.00		1,794.50	20.63	6,905.50	
<b>Totals for Department: 429 (WASTEWATER COLL &amp; DISPOSAL)</b>		<b>1,590,390.00</b>	<b>116,219.15</b>	<b>1,536,065.72</b>	<b>96.58</b>	<b>54,324.28</b>	<b>1,469,830.72</b>
08-471-100	DEBT SERVICE - '07 GO BO	2,192,408.00		2,192,407.50	100.00	0.50	2,192,732.50
08-471-130	DEBT SERVICE - '12 & '13 G	394,357.00		394,357.36	100.00	0.36-	397,057.40
<b>Totals for Department: 471 (DEBT SERVICE)</b>		<b>2,586,765.00</b>		<b>2,586,764.86</b>	<b>100.00</b>	<b>0.14</b>	<b>2,589,789.90</b>
08-475-000	FISCAL AGENT FEES/SEWE	250.00		1,442.66	577.06	1,192.66-	1,442.66
<b>Totals for Department: 475 (Department - 475)</b>		<b>250.00</b>		<b>1,442.66</b>	<b>577.06</b>	<b>1,192.66-</b>	<b>1,442.66</b>
08-480-140	WAGES - OTHER STAFF/SE	138,720.00	13,211.33	131,990.02	95.15	6,729.98	138,728.49
08-480-141	WAGES - SEWER BILLING	55,080.00	5,535.00	78,216.15	142.00	23,136.15-	54,955.25
08-480-155	UNION HEALTH & WELFARE			135.00-		135.00	674.88
08-480-157	HEALTH & HOSPITAL INS - S		121.50-	1,027.00-		1,027.00	1,374.00-
08-480-161	FICA/MEDICARE - SEWER AI	14,219.00	1,463.53	15,977.45	112.37	1,758.45-	14,604.41
08-480-162	UNEMPLOYMENT COMP - S	1,516.00		2,060.51	135.92	544.51-	1,582.41
08-480-200	DP SUPPLIES - SEWER	1,000.00		127.50	12.75	872.50	73.88

**Statement of Revenues & Expenditures**

Exeter Township  
 For Period Ending 12/31/2016  
 Selecting on FUND equals 08

ACCOUNT	DESCRIPTION	ANNUAL BUDGET	CURRENT PERIOD	YEAR TO DATE	% USED	BUDGET REMAINING	PRIOR YEAR TO DATE
08-480-210	OFFICE SUPPLIES - SEWER	2,500.00		2,347.37	93.89	152.63	2,960.86
08-480-212	BILLING SUPPLIES - SEWER	18,500.00	1,259.36	25,261.78	136.55	6,761.78-	19,143.73
08-480-302	TRAINING - SEWER	10,500.00	2,500.00	6,552.25	62.40	3,947.75	12,208.65
08-480-311	AUDITING SERVICES - SEWE	10,900.00		10,900.00	100.00	0.00	10,600.00
08-480-313	ENGINEERING SERVICE - S	20,000.00	290.00	18,538.10	92.69	1,461.90	20,015.56
08-480-314	LEGAL SERVICE - SEWER	25,000.00	9,380.29	28,788.95	115.16	3,788.95-	13,354.94
08-480-316	DP TECH SUPPORT - SEWE	13,834.00	455.49	14,051.27	101.57	217.27-	13,250.57
08-480-318	MISC SERVICES - SEWER	3,000.00	200.00	1,386.88	46.23	1,613.12	3,634.26
08-480-320	CONSULTING SERVICES - S	7,000.00	831.87	73,575.90	1,051.08	66,575.90-	8,160.36
08-480-321	METER READINGS - SEWER	4,789.00	729.28	4,705.12	98.25	83.88	4,696.37
08-480-340	ADVERTISING/PRINTING - S	1,000.00	64.75	1,797.80	179.78	797.80-	848.36
08-480-374	DP EQUIP MAINT - SEWER	1,000.00				1,000.00	
08-480-384	EQUIPMENT RENTAL - SEWE	2,600.00	455.26	3,051.47	117.36	451.47-	2,997.76
08-480-390	CREDIT CARD FEES/SEWER	2,914.00	1,390.77	12,336.50	423.35	9,422.50-	6,669.34
08-480-420	DUES/SUBSCRIPTIONS - SE	3,800.00	145.89	3,853.45	101.41	53.45-	4,013.03
08-480-700	CAPITAL PURCHASE - SEWE	1,000.00				1,000.00	
<b>Totals for Department: 480 (WASTEWATER ADMINISTRATION)</b>		<b>338,872.00</b>	<b>37,791.32</b>	<b>434,356.47</b>	<b>128.18</b>	<b>95,484.47-</b>	<b>330,449.32</b>
08-483-300	UNION PENSION - SEWER	66,048.00	5,353.00	65,363.00	98.96	685.00	64,915.00
08-483-310	NON-UNIFORMED PENSION	66,414.00		60,978.00	91.81	5,436.00	62,655.00
<b>Totals for Department: 483 (EMPLOYEE PENSIONS)</b>		<b>132,462.00</b>	<b>5,353.00</b>	<b>126,341.00</b>	<b>95.38</b>	<b>6,121.00</b>	<b>127,570.00</b>
08-484-000	WORKER'S COMP INS - SE	46,702.00		44,841.00	96.02	1,861.00	41,913.00
<b>Totals for Department: 484 (WORKER'S COMP)</b>		<b>46,702.00</b>		<b>44,841.00</b>	<b>96.02</b>	<b>1,861.00</b>	<b>41,913.00</b>
08-486-351	VEHICLES INSURANCE - SE	7,479.00		7,193.11	96.18	285.89	6,951.11
08-486-352	CAUALTY INSURANCE - SE	96,340.00		115,541.15	119.93	19,201.15-	103,791.13
08-486-353	BONDING - SEWER	2,281.00		2,214.50	97.08	66.50	2,214.50
<b>Totals for Department: 486 (PROP/CASUALTY INSURANCES)</b>		<b>106,100.00</b>		<b>124,948.76</b>	<b>117.77</b>	<b>18,848.76-</b>	<b>112,956.74</b>
08-487-100	HEALTH & HOSPITAL INS - S	83,500.00	10,032.12	91,793.33	109.93	8,293.33-	83,131.88
08-487-150	UNION HEALTH & WELFARE	237,975.00	20,932.56	250,855.32	105.41	12,880.32-	241,945.35
08-487-200	LIFE INSURANCE - SEWER	883.00	49.13	684.39	77.51	198.61	872.37
08-487-250	LT DISABILITY INS - SEWER	470.00	25.43	345.55	73.52	124.45	462.04
<b>Totals for Department: 487 (EMPLOYEE HEALTH INSURANCES)</b>		<b>322,828.00</b>	<b>31,039.24</b>	<b>343,678.59</b>	<b>106.46</b>	<b>20,850.59-</b>	<b>326,411.64</b>
08-492-010	TRANSFER TO GENERAL FU	200,000.00	200,000.00	200,000.00	100.00	0.00	242,622.00
<b>Totals for Department: 492 (INTERFUND OPERATING TRANSFERS)</b>		<b>200,000.00</b>	<b>200,000.00</b>	<b>200,000.00</b>	<b>100.00</b>	<b>0.00</b>	<b>242,622.00</b>
<b>Total Expenditures</b>		<b>5,520,492.00</b>	<b>402,308.85</b>	<b>5,556,922.68</b>	<b>100.66</b>	<b>36,430.68-</b>	<b>5,403,889.74</b>
<b>Excess of Revenues over Expenditures for Report</b>		<b>168,180.00-</b>	<b>37,478.45</b>	<b>308,966.10</b>		<b>550,007.46-</b>	<b>180,992.54</b>

BUCKS COUNTY WATER AND SEWER AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2016 AND 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 5,089,665	\$ 5,731,089
Investments	24,374,913	17,814,990
Accounts Receivable, Net of Allowance for Doubtful Accounts	10,620,665	10,570,311
Unbilled Revenue	8,573,348	7,935,326
Prepaid Expenses	<u>789,370</u>	<u>260,954</u>
Total Current Assets	<u>49,447,961</u>	<u>42,312,670</u>
<b>Non-Current Assets</b>		
<b>Restricted Assets</b>		
Cash and Cash Equivalents	3,216,792	3,161,760
Investments	94,684,066	135,009,814
Interest Receivable	<u>59,621</u>	<u>64,688</u>
Total Restricted Assets	<u>97,960,479</u>	<u>138,236,262</u>
<b>Capital Assets</b>		
Land, Rights-of-Way and CIP	77,719,725	74,796,483
Other Capital Assets, Net of Accumulated Depreciation	<u>365,717,807</u>	<u>335,450,721</u>
Total Capital Assets, Net	<u>443,437,532</u>	<u>410,247,204</u>
Total Non-Current Assets	<u>541,398,011</u>	<u>548,483,466</u>
Total Assets	<u>590,845,972</u>	<u>590,796,136</u>
<b>Deferred Outflows of Resources</b>		
Deferred Amount from Debt Refundings	3,184,947	3,396,951
Pension Difference between expected and Actual Experience	144,527	173,432
Pension Difference between projected and actual earnings on investments	1,676,529	181,362
Pension Contributions made subsequent to measurement date	<u>1,754,573</u>	<u>1,714,497</u>
Total Deferred Outflows of Resources	<u>6,760,576</u>	<u>5,466,242</u>
<b><u>LIABILITIES AND NET POSITION</u></b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	5,516,076	4,231,827
Current Portion of Bonds Payable	19,765,000	17,535,000
Interest Payable	<u>1,031,332</u>	<u>1,073,303</u>
Total Current Liabilities	<u>26,312,408</u>	<u>22,840,130</u>
<b>Non-Current Liabilities</b>		
Customer and Developer Deposits	3,216,788	3,161,756
Bonds Payable, Net of Unamortized Bond Discount and Premium	293,958,458	315,287,483
Net Pension Liability	<u>6,800,663</u>	<u>5,114,435</u>
Total Non-Current Liabilities	<u>303,975,909</u>	<u>323,563,674</u>
Total Liabilities	<u>330,288,317</u>	<u>346,403,804</u>
<b>Deferred Inflows of Resources</b>		
Pension Changes in Assumptions	64,329	-
Proceeds from sale of future revenues	<u>5,196,730</u>	<u>5,206,301</u>
Total Deferred Inflows of Resources	<u>5,261,059</u>	<u>5,206,301</u>
<b>Net Position</b>		
Net Investment in Capital Assets	163,868,064	171,371,418
Restricted for Capital Activity	24,324,428	20,752,536
Restricted for Debt Service	30,964,216	34,304,360
Unrestricted	<u>42,900,464</u>	<u>18,223,959</u>
Total Net Position	<u>\$ 262,057,172</u>	<u>\$ 244,652,273</u>

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>		
Retail Sewer Service	\$ 43,421,110	\$ 40,074,901
Wholesale Sewer Service	14,897,563	15,357,443
Retail Water Service	11,916,548	8,704,536
Wholesale Water Service	12,191,561	11,633,096
Improvement and Tapping Fees	110,550	320,175
Other Revenues	<u>4,481,483</u>	<u>4,144,208</u>
Total Operating Revenues	<u>87,018,815</u>	<u>80,234,359</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Sewage Treatment and Water Procurement		
Sewage Treatment	16,253,379	13,646,982
Water Procurement	<u>8,547,084</u>	<u>8,073,320</u>
Total Sewage Treatment and Water Procurement	<u>24,800,463</u>	<u>21,720,302</u>
Plant Operations		
Payroll and Related Costs	1,755,388	1,633,434
Repairs and Maintenance	968,414	984,929
Electricity	470,001	386,706
Water and Sewage Testing	<u>165,530</u>	<u>118,633</u>
Total Plant Operations	<u>3,359,333</u>	<u>3,123,702</u>
Collection, Transmission and Distribution Service		
Payroll and Related Costs	8,220,765	8,072,542
Repairs and Maintenance	1,468,471	1,540,762
Electricity	874,124	995,081
Other Related Costs	<u>178,188</u>	<u>257,882</u>
Total Collection, Transmission and Distribution Service	<u>10,741,548</u>	<u>10,866,267</u>
Total Operating Expenses	<u>38,901,344</u>	<u>35,710,271</u>
<b>General and Administrative Expenses</b>		
Payroll and Related Costs	3,343,236	3,444,298
Professional Fees	1,133,397	1,573,043
Insurance	471,189	518,425
Bad Debt	-	-
Other	<u>3,844,235</u>	<u>2,781,201</u>
Total General and Administrative Expense	<u>8,792,057</u>	<u>8,316,967</u>
Total Expenses	<u>47,693,401</u>	<u>44,027,238</u>
Income From Operations Before Depreciation	39,325,414	36,207,121
Depreciation	<u>(15,983,865)</u>	<u>(15,105,344)</u>
Operating Income	<u>23,341,549</u>	<u>21,101,777</u>
<b>Non-Operating Revenue (Expense)</b>		
Interest Expense		
Net of Amounts Capitalized	(10,941,064)	(10,312,121)
Investment Income	1,338,537	903,993
Other	3,012	-
Improvement and Tapping Fees	4,048,410	3,033,482
Amortization	<u>(385,545)</u>	<u>(1,174,018)</u>
Total Non-Operating Expense	<u>(5,936,650)</u>	<u>(7,548,664)</u>
Increase In Net Position, Before Contributed Capital	17,404,899	13,553,113
Contributed Capital	-	192,833
Increase in Net Position	17,404,899	13,745,946
Net Position - Beginning of Year	244,652,273	234,178,514
Cumulative Change	<u>-</u>	<u>(3,272,187)</u>
Net Position - Beginning of Year, Restated	<u>244,652,273</u>	<u>230,906,327</u>
Net Position - End of Year	<u>\$ 262,057,172</u>	<u>\$ 244,652,273</u>

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 5,731,089	\$ 7,741,035
Investments	17,814,990	12,213,129
Accounts Receivable, Net of Allowance for Doubtful Accounts	10,570,311	10,346,130
Unbilled Revenue	7,935,326	7,836,048
Prepaid Expenses	260,954	475,678
Total Current Assets	42,312,670	38,612,020
<b>Non-Current Assets</b>		
<b>Restricted Assets</b>		
Cash and Cash Equivalents	3,161,760	2,203,150
Investments	135,009,814	121,172,038
Interest Receivable	64,688	83,517
Total Restricted Assets	138,236,262	123,458,705
<b>Capital Assets</b>		
Land, Rights-of-Way and CIP	74,796,483	73,591,020
Other Capital Assets, Net of Accumulated Depreciation	335,450,721	318,224,639
Total Capital Assets, Net	410,247,204	391,815,659
Total Non-Current Assets	548,483,466	515,274,364
Total Assets	590,796,136	553,886,384
<b>Deferred Outflows of Resources</b>		
Deferred Amount from Debt Refundings	3,396,951	2,961,278
Pension: Difference between expected and Actual Experience	173,432	-
Pension: Difference between projected and actual earnings on investments	181,362	-
Pension: Contributions made subsequent to measurement date	1,714,497	-
Total Deferred Outflows of Resources	5,466,242	2,961,278
<u>LIABILITIES AND NET POSITION</u>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	4,231,827	5,848,481
Current Portion of Bonds Payable	17,535,000	18,465,000
Interest Payable	1,073,303	1,058,854
Total Current Liabilities	22,840,130	25,372,335
<b>Non-Current Liabilities</b>		
Customer and Developer Deposits	3,161,756	2,203,146
Bonds Payable, Net of Unamortized Bond Discount and Premium	315,287,483	289,693,532
Net Pension Liability	5,114,435	-
Total Non-Current Liabilities	323,563,674	291,896,678
Total Liabilities	346,403,804	317,269,013
<b>Deferred Inflows of Resources</b>		
Proceeds from sale of future revenues	5,206,301	5,400,135
<b>Net Position</b>		
Net Investment in Capital Assets	171,371,418	172,428,232
Restricted for Capital Activity	20,752,536	17,640,885
Restricted for Debt Service	34,304,360	31,140,834
Unrestricted	18,223,959	12,968,563
Total Net Position	\$ 244,652,273	\$ 234,178,514

See accompanying notes to the financial statements.

BUCKS COUNTY WATER AND SEWER AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Operating Revenues		
Retail Sewer Service	\$ 40,074,901	\$ 39,741,582
Wholesale Sewer Service	15,357,443	17,054,415
Retail Water Service	8,704,536	8,563,187
Wholesale Water Service	11,633,096	10,933,242
Improvement and Tapping Fees	320,175	102,350
Other Revenues	4,144,208	4,668,861
Total Operating Revenues	80,234,359	81,063,637
Expenses		
Operating Expenses		
Sewage Treatment and Water Procurement		
Sewage Treatment	13,646,982	14,487,654
Water Procurement	8,073,320	8,737,116
Total Sewage Treatment and Water Procurement	21,720,302	23,224,770
Plant Operations		
Payroll and Related Costs	1,633,434	1,483,282
Repairs and Maintenance	984,929	1,037,192
Electricity	386,706	480,754
Water and Sewage Testing	118,633	82,788
Total Plant Operations	3,123,702	3,084,016
Collection, Transmission and Distribution Service		
Payroll and Related Costs	8,072,542	7,378,571
Repairs and Maintenance	1,540,762	1,331,421
Electricity	995,081	1,190,915
Other Related Costs	257,882	307,579
Total Collection, Transmission and Distribution Service	10,866,267	10,208,486
Total Operating Expenses	35,710,271	36,517,272
General and Administrative Expenses		
Payroll and Related Costs	3,444,298	3,550,569
Professional Fees	1,573,043	1,609,101
Insurance	518,425	498,135
Bad Debt	-	2,000,000
Other	2,781,201	1,676,431
Total General and Administrative Expense	8,316,967	9,334,236
Total Expenses	44,027,238	45,851,508
Income From Operations Before Depreciation	36,207,121	35,212,129
Depreciation	(15,105,344)	(12,292,960)
Operating Income	21,101,777	22,919,169
Non-Operating Revenue (Expense)		
Interest Expense,		
Net of Amounts Capitalized	(10,312,121)	(5,992,119)
Investment Income	903,993	1,166,033
Improvement and Tapping Fees	3,033,482	1,079,378
Amortization	(1,174,018)	(326,223)
Total Non-Operating Expense	(7,548,664)	(4,072,931)
Increase In Net Position, Before Contributed Capital	13,553,113	18,846,238
Contributed Capital	192,833	192,833
Increase in Net Position	13,745,946	19,039,071
Net Position - Beginning of Year	234,178,514	215,139,443
Cumulative Change	(3,272,187)	-
Net Position - Beginning of Year, Restated	230,906,327	215,139,443
Net Position - End of Year	\$ 244,652,273	\$ 234,178,514

See accompanying notes to the financial statements.

DELAWARE COUNTY REGIONAL WATER QUALITY  
CONTROL AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31,

	<u>2016</u> <u>(AUDITED)</u>	<u>2015</u> <u>(UNAUDITED)</u>
<b>ASSETS</b>		
Current:		
Cash and cash equivalents	\$ 30,185,381	\$ 24,565,838
Investments	121,010,490	76,816,846
Receivables:		
Western Region		
Residential, net of allowance for doubtful accounts of \$113,943 and \$247,401 in 2016 and 2015, respectively	717,098	822,244
Municipal	1,281,388	1,325,712
Major industries	1,263,198	591,702
Permit industries	117,205	457,168
Eastern Region		
Muckinipates Authority	-	89,169
Notes receivable, current portion	2,857,281	28,124
Other receivables	1,364,173	1,231,298
Prepaid expenses	406,434	475,700
Total current assets	<u>159,202,648</u>	<u>106,403,801</u>
Non Current:		
Capital assets, net of accumulated depreciation	190,825,742	182,422,188
Notes receivable, net of current portion	1,742,031	47,655
Restricted investments	11,537,699	7,494,053
Total non current assets	<u>204,105,472</u>	<u>189,963,896</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension plan related deferred outflows	<u>3,809,566</u>	<u>4,668,185</u>
Total assets and deferred outflows of resources	<u>\$ 367,117,686</u>	<u>\$ 301,035,882</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 5,326,187	\$ 4,314,291
Payable to the City of Philadelphia	1,544,746	1,313,145
Current portion of long-term debt	4,056,378	3,569,381
Accrued bond interest payable	1,312,930	823,158
Advances on services		
Central Delaware County Authority	173,306	9,098
Muckinipates Authority	244,460	-
Darby Creek Joint Authority	865,122	1,056,007
Municipal	374,063	379,282
Major industries	837,488	344,854
Permit industries	149,882	91,428
Residential	18,890	27,382
Total current liabilities	<u>14,903,452</u>	<u>11,928,026</u>
Noncurrent		
Long term debt, net of current portion	172,089,769	113,036,859
Deferred revenue - Philadelphia rate stabilization	8,609,026	8,556,436
Net pension liability	4,224,756	5,530,165
Deferred revenue - long term control plan	1,424,002	1,422,000
Total non current liabilities	<u>186,347,553</u>	<u>128,545,460</u>
Total liabilities	<u>201,251,005</u>	<u>140,473,486</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	92,201,416	101,699,396
Restricted for debt service	10,627,348	6,677,573
Unrestricted	63,037,917	52,185,427
Total net position	<u>165,866,681</u>	<u>160,562,396</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 367,117,686</u>	<u>\$ 301,035,882</u>

The accompanying notes to the financial statements are an integral part of these statements.

**DELAWARE COUNTY REGIONAL WATER QUALITY  
CONTROL AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2016</u> <u>(AUDITED)</u>	<u>2015</u> <u>(UNAUDITED)</u>
<b>Operating revenues</b>		
Western Region:		
Major Industries	\$ 6,685,024	\$ 6,609,628
Residential	6,869,903	5,622,353
Municipal	7,615,471	7,759,954
Contract operation fees	506,878	450,529
Permit Industries	1,760,954	1,579,289
Total Western Region	<u>23,438,230</u>	<u>22,021,753</u>
Eastern Region:		
Darby Creek Joint Authority	15,790,209	15,555,731
Central Delaware County Authority	8,294,187	8,096,008
Muckinipates Authority	3,566,903	3,705,057
Total Eastern Region	<u>27,651,299</u>	<u>27,356,796</u>
Sludge disposal and processing	4,760,262	4,377,766
Total operating revenues	<u>55,849,791</u>	<u>53,756,315</u>
Operating expenses, including depreciation of \$6,744,284 in 2016 and \$5,422,490 in 2015	<u>43,534,852</u>	<u>42,544,084</u>
Operating income	<u>12,314,939</u>	<u>11,212,231</u>
<b>Nonoperating revenues (expense)</b>		
Interest income	725,185	362,188
Interest expense	(4,731,444)	(2,810,276)
Bond premium amortization	590,080	480,745
EPA - DEP civil penalty	-	(1,376,638)
Debt issuance costs	(448,365)	(369,233)
Loss on asset disposition	(2,643)	-
Other income	388,975	201,186
Special item - construction related sludge removal	(3,532,442)	(1,667,902)
Total non operating revenues (expense)	<u>(7,010,654)</u>	<u>(5,179,930)</u>
Net income before capital contributions	5,304,285	6,032,301
Capital contributions:		
Net income	5,304,285	2,392,191
<b>Net position - beginning</b>	<u>160,562,396</u>	<u>152,137,904</u>
<b>Net position - ending</b>	<u>\$ 165,866,681</u>	<u>\$ 160,562,396</u>

The accompanying notes to the financial statements are an integral part of these statements.



**DELAWARE COUNTY REGIONAL WATER  
QUALITY CONTROL AUTHORITY**  
Statements of Net Position  
December 31, 2015 and 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>	<u>LIABILITIES</u>	<u>2015</u>	<u>2014</u>
Current:			Current:		
Cash and Cash Equivalents	\$ 3,923,402	\$ 8,240,136	Accounts Payable and Accrued Expenses	\$ 4,314,291	\$ 4,749,366
Certificates of Deposit with Original Maturities Beyond Three Months	2,076,997	2,062,305	Payable to the City of Philadelphia	1,313,145	703,371
Investments	95,382,285	65,950,422	Current Portion of Long-Term Debt	3,569,381	5,073,632
Receivables:			Accrued Bond Interest Payable	823,158	577,547
Western Region:			Advances on Services:		
Residential, Net of Allowance for Doubtful Accounts			Central Delaware County Authority	9,098	130,165
of \$247,401 and \$150,819 in 2015 and 2014, Respectively	822,244	753,235	Muckinipates Authority	0	56,880
Municipal	1,325,712	1,581,531	Darby Creek Joint Authority	1,056,007	941,793
Major Industries	591,702	787,705	Municipal	379,282	77,073
Permit Industries	457,168	284,589	Major Industries	344,854	346,977
Eastern Region:			Permit Industries	91,428	98,152
Muckinipates Authority	89,169	0	Residential	27,382	20,002
Note Receivable, Current Portion	28,124	26,689	<b>TOTAL CURRENT LIABILITIES</b>	<b>11,928,026</b>	<b>12,774,958</b>
Other Receivables	1,231,298	1,034,229	Noncurrent:		
Prepaid Expenses	475,700	634,717	Long-Term Debt	113,036,859	77,755,316
<b>TOTAL CURRENT ASSETS</b>	<b>106,403,801</b>	<b>81,355,558</b>	Payable to the City of Philadelphia (2015 additions of \$2,556,436)	8,556,436	6,000,000
Noncurrent:			Net Pension Liability	5,530,165	3,912,118
Capital Assets, Net of Accumulated Depreciation	182,422,188	163,200,336	Deferred Revenue - Long-Term Control Plan	1,422,000	0
Note Receivable, Net of Current Portion	47,655	75,779	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>128,545,460</b>	<b>87,667,434</b>
Restricted Investments	7,494,053	7,948,623	<b>TOTAL LIABILITIES</b>	<b>140,473,486</b>	<b>100,442,392</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>189,963,896</b>	<b>171,224,738</b>	<b>NET POSITION</b>		
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			Net Investment in Capital Assets	101,699,396	93,177,543
Deferred Outflows of Resources - Pension Plan	4,668,185	0	Restricted for Debt Service	6,677,573	7,383,735
			Unrestricted	52,185,427	51,576,626
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 301,035,882</b>	<b>\$ 252,580,296</b>	<b>TOTAL NET POSITION</b>	<b>160,562,396</b>	<b>152,137,904</b>
			<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 301,035,882</b>	<b>\$ 252,580,296</b>

The accompanying notes are an integral part of these statements.

**DELAWARE COUNTY REGIONAL WATER**  
**QUALITY CONTROL AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Western Region:		
Major Industries	\$ 6,609,628	\$ 6,751,251
Residential	5,622,353	5,569,475
Municipal	7,759,954	4,043,630
Permit Industries	<u>1,579,289</u>	<u>1,474,611</u>
TOTAL WESTERN REGION	21,571,224	17,838,967
Eastern Region:		
Darby Creek Joint Authority	15,555,731	14,907,180
Central Delaware County Authority	8,096,008	7,603,060
Muckinipates Authority	<u>3,705,057</u>	<u>3,403,140</u>
TOTAL EASTERN REGION	27,356,796	25,913,380
Sludge Disposal and Processing	<u>4,377,766</u>	<u>3,707,977</u>
TOTAL OPERATING REVENUES	53,305,786	47,460,324
Operating Expenses, Including Depreciation of \$5,422,490 in 2015 and \$5,088,028 in 2014	<u>44,211,986</u>	<u>40,225,128</u>
OPERATING INCOME	9,093,800	7,235,196
Nonoperating Revenues (Expenses):		
Interest Income	362,188	288,783
Interest Expense	(2,329,531)	(1,986,942)
EPA - DEP Civil Penalty	(1,376,638)	0
Debt Issue Costs	(369,233)	0
Other Income	<u>651,715</u>	<u>872,215</u>
TOTAL NONOPERATING EXPENSE	<u>(3,061,499)</u>	<u>(825,944)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	6,032,301	6,409,252
Capital Contributions	<u>2,392,191</u>	<u>0</u>
CHANGE IN NET POSITION	8,424,492	6,409,252
Net Position - Beginning	<u>152,137,904</u>	<u>145,728,652</u>
NET POSITION - ENDING	<u>\$ 160,562,396</u>	<u>\$ 152,137,904</u>

The accompanying notes are an integral part of these statements.

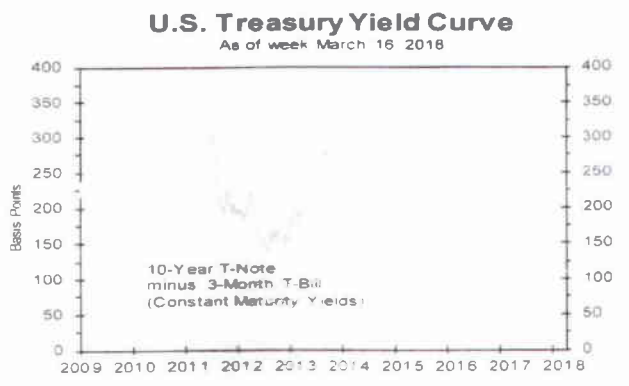
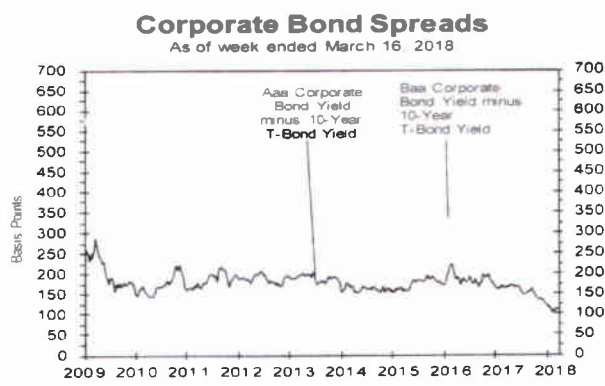
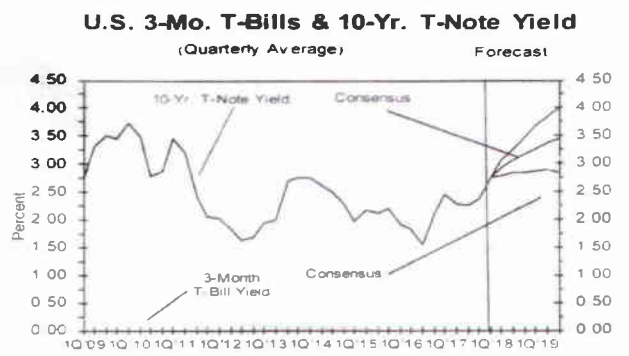
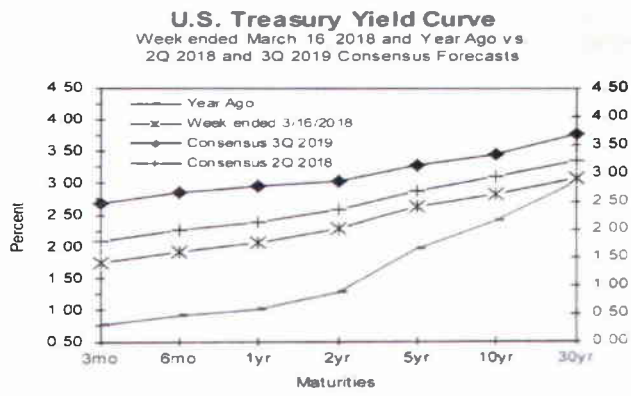
### Consensus Forecasts Of U.S. Interest Rates And Key Assumptions<sup>1</sup>

Interest Rates	History								Consensus Forecasts-Quarterly Avg.						
	Average For Week Ending				Average For Month				Latest Qtr	2Q	3Q	4Q	1Q	2Q	3Q
	Mar. 16	Mar. 9	Mar. 2	Feb. 23	Feb	Jan	Dec	1Q 2018*	2018	2018	2018	2019	2019	2019	
Federal Funds Rate	1.42	1.42	1.41	1.42	1.42	1.41	1.29	1.42	1.7	2.0	2.2	2.4	2.6	2.7	
Prime Rate	4.50	4.50	4.50	4.50	4.50	4.50	4.38	4.50	4.8	5.0	5.2	5.4	5.6	5.8	
LIBOR, 3-mo.	2.15	2.06	2.01	1.92	1.84	1.73	1.59	1.88	2.1	2.3	2.5	2.7	2.9	3.1	
Commercial Paper, 1-mo.	1.79	1.68	1.64	1.56	1.52	1.50	1.38	1.57	1.8	2.0	2.3	2.5	2.7	2.9	
Treasury bill, 3-mo.	1.75	1.68	1.65	1.64	1.56	1.43	1.33	1.56	1.8	2.0	2.2	2.3	2.5	2.7	
Treasury bill, 6-mo.	1.93	1.88	1.86	1.85	1.76	1.62	1.49	1.76	2.0	2.2	2.3	2.5	2.7	2.9	
Treasury bill, 1 yr.	2.06	2.05	2.06	2.02	1.94	1.80	1.69	1.93	2.1	2.3	2.5	2.7	2.8	3.0	
Treasury note, 2 yr.	2.28	2.25	2.24	2.25	2.16	2.02	1.83	2.15	2.4	2.5	2.7	2.8	2.9	3.0	
Treasury note, 5 yr.	2.63	2.65	2.63	2.66	2.59	2.36	2.17	2.53	2.7	2.8	2.9	3.1	3.2	3.3	
Treasury note, 10 yr.	2.84	2.88	2.86	2.91	2.84	2.56	2.40	2.75	2.9	3.1	3.2	3.3	3.4	3.4	
Treasury note, 30 yr.	3.08	3.15	3.14	3.19	3.11	2.86	2.77	3.03	3.2	3.3	3.5	3.6	3.7	3.8	
Corporate Aaa bond	3.97	4.00	3.97	3.99	3.91	3.68	3.63	3.86	4.1	4.2	4.4	4.6	4.7	4.8	
Corporate Baa bond	4.58	4.61	4.56	4.56	4.47	4.24	4.21	4.43	4.8	5.0	5.1	5.3	5.4	5.5	
State & Local bonds	3.61	3.60	3.60	3.59	3.57	3.42	3.46	3.53	3.8	3.9	4.1	4.2	4.3	4.4	
Home mortgage rate	4.44	4.46	4.43	4.40	4.33	4.03	3.95	4.27	4.5	4.6	4.8	4.9	5.0	5.2	

Key Assumptions	History								Consensus Forecasts-Quarterly					
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q*	2Q	3Q	4Q	1Q	2Q	3Q
	2016	2016	2016	2017	2017	2017	2017	2018	2018	2018	2018	2019	2019	2019
Major Currency Index	89.6	90.3	93.7	94.4	93.0	88.3	88.9	86.3	86.4	86.4	86.5	86.5	86.6	86.7
Real GDP	2.2	2.8	1.8	1.2	3.1	3.2	2.6	2.2	3.1	3.0	2.8	2.5	2.4	2.1
GDP Price Index	2.4	1.4	2.0	2.0	1.0	2.1	2.4	2.3	2.0	2.2	2.1	2.2	2.1	2.2
Consumer Price Index	2.3	1.8	3.0	3.1	-0.3	2.0	3.7	3.3	1.9	2.2	2.1	2.2	2.2	2.3

Forecasts for interest rates and the Federal Reserve's Major Currency Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index and Consumer Price Index are seasonally-adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data: Treasury rates from the Federal Reserve Board's H.15; AAA-AA and A-BBB corporate bond yields from Bank of America-Merrill Lynch and are 15+ years, yield to maturity; State and local bond yields from Bank of America-Merrill Lynch, A-rated, yield to maturity; Mortgage rates from Freddie Mac, 30-year, fixed; LIBOR quotes from Intercontinental Exchange. All interest rate data is sourced from Haver Analytics. Historical data for Fed's Major Currency Index is from FRSR H.10. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS). <sup>1</sup>Interest rate data for 1Q 2018 based on historical data through the week ended March 16<sup>th</sup>. <sup>2</sup>Data for 1Q 2018 Major Currency Index is based on data through week ended March 16<sup>th</sup>. <sup>3</sup>Figures for 1Q 2018 Real GDP, GDP Chained Price Index and Consumer Price Index are consensus forecasts based on a special question asked of the panelists this month.



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Company Name	Month End 4/30/2018	Month End 3/31/2018	Month End 2/28/2018	Month End 1/31/2018	Month End 12/31/2017	Month End 11/30/2017	Month End 10/31/2017	Month End 9/30/2017	Month End 8/31/2017	Month End 7/31/2017	Month End 6/30/2017	Month End 5/31/2017	Month End 4/30/2017	Month End 3/31/2017	Month End 2/28/2017	Month End 1/31/2017	Month End 12/31/2016	Month End 11/30/2016	Month End 10/31/2016	Month End 9/30/2016
	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12	-13	-14	-15	-16	-17	-18	-19	-20
	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE
AMERICAN STATES WATER CO	2.014	1.932	1.934	1.996	2.103	2.096	1.972	1.877	1.878	1.882	1.893	1.841	1.800	1.765	1.779	1.748	1.827	1.724	1.645	1.666
AMERICAN WATER WORKS CO	1.554	1.487	1.457	1.502	1.642	1.643	1.595	1.540	1.540	1.542	1.517	1.520	1.538	1.518	1.524	1.464	1.472	1.474	1.494	1.531
AQUA AMERICA INC	1.555	1.518	1.522	1.588	1.710	1.669	1.584	1.536	1.543	1.542	1.553	1.531	1.545	1.519	1.504	1.456	1.465	1.454	1.489	1.501
ARIZONIAN RESOURCES -CL A	1.009	0.973	0.904	0.984	1.036	1.114	1.080	1.040	1.026	1.057	1.053	0.997	1.059	0.941	0.949	0.912	0.941	0.928	0.863	0.885
CALIFORNIA WATER SERVICE	1.260	1.227	1.244	1.309	1.463	1.469	1.381	1.321	1.304	1.340	1.294	1.239	1.266	1.271	1.295	1.236	1.223	1.240	1.146	1.201
MIDDLESEX WATER CO	1.531	1.385	1.347	1.412	1.501	1.687	1.608	1.500	1.460	1.497	1.524	1.391	1.478	1.455	1.477	1.482	1.679	1.608	1.458	1.453
SJW GROUP	1.314	1.194	1.196	1.305	1.373	1.442	1.300	1.276	1.258	1.215	1.184	1.165	1.179	1.179	1.182	1.209	1.332	1.292	1.240	1.147
YORK WATER CO	1.747	1.694	1.563	1.721	1.824	1.969	1.880	1.844	1.799	1.884	1.926	1.845	2.051	1.955	1.998	1.988	2.138	2.051	1.821	1.745

Company Name	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap
AMERICAN STATES WATER CO	2.666	2.558	2.560	2.643	2.782	2.773	2.609	2.468	2.470	2.475	2.352	2.287	2.236	2.243	2.260	2.222	2.319	2.189	2.089	2.141
AMERICAN WATER WORKS CO	1.774	1.698	1.664	1.715	1.822	1.823	1.770	1.697	1.696	1.699	1.675	1.678	1.698	1.686	1.693	1.626	1.626	1.628	1.650	1.673
AQUA AMERICA INC	2.045	1.997	2.002	2.090	2.258	2.203	2.091	2.016	2.022	2.024	2.061	2.032	2.050	2.029	2.009	1.945	1.946	1.931	1.978	1.994
ARIZONIAN RESOURCES -CL A	1.778	1.714	1.593	1.735	1.805	1.939	1.881	1.792	1.769	1.822	1.809	1.713	1.819	1.618	1.631	1.568	1.630	1.607	1.495	1.507
CALIFORNIA WATER SERVICE	1.776	1.666	1.689	1.777	2.015	2.023	1.903	1.810	1.886	1.835	1.824	1.747	1.785	1.787	1.820	1.738	1.749	1.773	1.639	1.683
MIDDLESEX WATER CO	2.103	1.903	1.851	1.941	2.066	2.323	2.213	2.081	2.026	2.077	2.108	1.924	2.045	2.017	2.047	2.054	2.292	2.196	1.991	1.995
SJW GROUP	1.840	1.668	1.672	1.823	1.948	2.046	1.844	1.825	1.799	1.717	1.678	1.651	1.670	1.628	1.665	1.841	1.785	1.714	1.585	1.585
YORK WATER CO	2.403	2.329	2.149	2.366	2.534	2.735	2.613	2.574	2.511	2.630	2.673	2.560	2.847	2.673	2.731	2.718	2.870	2.753	2.445	2.347

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Company Name	Month End 4/30/2018	Month End 3/31/2018	Month End 2/28/2018	Month End 1/31/2018	Month End 12/31/2017	Month End 11/30/2017	Month End 10/31/2017	Month End 9/30/2017	Month End 8/31/2017	Month End 7/31/2017	Month End 6/30/2017	Month End 5/31/2017	Month End 4/30/2017	Month End 3/31/2017	Month End 2/28/2017	Month End 1/31/2017	Month End 12/31/2016	Month End 11/30/2016	Month End 10/31/2016	Month End 9/30/2016
	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12	-13	-14	-15	-16	-17	-18	-19	-20
	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE
AMERICAN STATES WATER CO	1.000	0.959	0.960	0.991	1.044	1.041	0.979	0.932	0.933	0.934	0.940	0.914	0.894	0.876	0.883	0.868	0.907	0.856	0.817	0.827
AMERICAN WATER WORKS CO	1.000	0.957	0.938	0.966	1.057	1.057	1.027	0.991	0.991	0.992	0.977	0.979	0.990	0.977	0.981	0.942	0.947	0.948	0.962	0.986
AQUA AMERICA INC	1.000	0.976	0.979	1.022	1.100	1.073	1.019	0.988	0.992	0.992	0.999	0.985	0.994	0.977	0.967	0.937	0.942	0.935	0.958	0.965
ARIZONIAN RESOURCES -CL A	1.000	0.964	0.896	0.976	1.027	1.104	1.071	1.031	1.018	1.048	1.044	0.988	1.050	0.933	0.941	0.904	0.933	0.920	0.856	0.878
CALIFORNIA WATER SERVICE	1.000	0.974	0.987	1.039	1.161	1.166	1.096	1.048	1.035	1.063	1.027	0.984	1.005	1.009	1.027	0.981	0.970	0.984	0.909	0.953
MIDDLESEX WATER CO	1.000	0.905	0.880	0.923	0.981	1.103	1.050	0.980	0.954	0.978	0.996	0.909	0.965	0.951	0.965	0.968	1.097	1.051	0.953	0.949
SJW GROUP	1.000	0.909	0.911	0.993	1.045	1.098	0.989	0.971	0.958	0.924	0.901	0.887	0.897	0.897	0.900	0.920	1.014	0.984	0.944	0.873
YORK WATER CO	1.000	0.969	0.894	0.985	1.044	1.127	1.076	1.055	1.029	1.078	1.102	1.056	1.174	1.119	1.143	1.138	1.223	1.174	1.042	0.998

Company Name	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap
AMERICAN STATES WATER CO	1.000	0.959	0.960	0.991	1.044	1.040	0.979	0.926	0.927	0.928	0.882	0.858	0.839	0.841	0.848	0.833	0.870	0.821	0.783	0.803
AMERICAN WATER WORKS CO	1.000	0.957	0.938	0.966	1.027	1.028	0.998	0.956	0.956	0.957	0.944	0.946	0.950	0.950	0.954	0.916	0.917	0.918	0.930	0.943
AQUA AMERICA INC	1.000	0.976	0.979	1.022	1.104	1.077	1.022	0.985	0.990	0.989	1.007	0.993	1.002	0.992	0.982	0.951	0.951	0.944	0.967	0.975
ARIZONIAN RESOURCES -CL A	1.000	0.964	0.896	0.976	1.015	1.091	1.058	1.008	0.995	1.025	1.017	0.963	1.023	0.910	0.912	0.882	0.917	0.904	0.841	0.847
CALIFORNIA WATER SERVICE	1.000	0.938	0.951	1.000	1.135	1.139	1.072	1.019	1.006	1.033	1.027	0.984	1.005	1.006	1.025	0.978	0.985	0.999	0.923	0.948
MIDDLESEX WATER CO	1.000	0.905	0.880	0.923	0.983	1.104	1.052	0.990	0.963	0.987	1.002	0.915	0.972	0.959	0.973	0.976	1.090	1.044	0.947	0.948
SJW GROUP	1.000	0.906	0.908	0.991	1.112	1.062	0.992	0.978	0.944	0.912	0.897	0.908	0.882	0.885	0.905	1.000	0.970	0.931	0.865	0.885
YORK WATER CO	1.000	0.969	0.894	0.985	1.055	1.138	1.087	1.071	1.045	1.095	1.113	1.065	1.185	1.112	1.137	1.131	1.194	1.146	1.018	0.985

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Company Name	Month End 4/30/2018	Month End 3/31/2018	Month End 2/28/2018	Month End 1/31/2018	Month End 12/31/2017	Month End 11/30/2017	Month End 10/31/2017	Month End 9/30/2017	Month End 8/31/2017	Month End 7/31/2017	Month End 6/30/2017	Month End 5/31/2017	Month End 4/30/2017	Month End 3/31/2017	Month End 2/28/2017	Month End 1/31/2017	Month End 12/31/2016	Month End 11/30/2016	Month End 10/31/2016	Month End 9/30/2016
Enterprise value to Net PPE	100%	96%	92%	99%	104%	100%	104%	99%	99%	99%	100%	98%	99%	96%	97%	94%	96%	97%	95%	98%
Enterprise value to Inv Cap	100%	96%	92%	99%	105%	110%	104%	99%	98%	99%	100%	95%	99%	95%	96%	93%	97%	96%	93%	98%

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Company Name	Month End 3/31/2016	Month End 7/31/2016	Month End 9/30/2016	Month End 9/30/2016	Month End 12/31/2016	Month End 3/31/2016	Month End 6/30/2016	Month End 9/30/2016	Month End 12/31/2016	Month End 3/31/2016	Month End 6/30/2016	Month End 9/30/2016	Month End 12/31/2016	Month End 3/31/2015	Month End 6/30/2015	Month End 9/30/2015	Month End 12/31/2015	Month End 3/31/2015	Month End 6/30/2015	Month End 9/30/2015	Month End 12/31/2015
	-20	-21	-22	-23	-24	-25	-26	-27	-28	-29	-30	-31	-32	-33	-34	-35	-36	-37	-38	-39	-40
	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE
AMERICAN STATES WATER CO	1.631	1.770	1.814	1.652	1.741	1.685	1.790	1.901	1.797	1.792	1.774	1.796	1.662	1.712	1.651	1.690	1.696	1.769	1.778	1.778	1.766
AMERICAN WATER WORKS CO	1.520	1.635	1.673	1.531	1.514	1.464	1.407	1.416	1.374	1.345	1.343	1.325	1.278	1.277	1.239	1.304	1.328	1.326	1.323	1.352	1.352
AQUA AMERICA INC	1.499	1.654	1.708	1.583	1.559	1.464	1.537	1.569	1.522	1.505	1.479	1.418	1.374	1.379	1.354	1.427	1.447	1.431	1.432	1.456	1.456
ARIZONIAN RESOURCES -CT A	0.863	0.997	1.015	0.895	0.868	0.901	0.905	0.936	0.894	0.867	0.826	0.834	0.791	0.775	0.774	0.781	0.784	0.795	0.801	0.809	0.809
CALIFORNIA WATER SERVICE	1.158	1.245	1.289	1.130	1.096	1.079	1.022	1.033	0.975	0.954	0.968	0.924	0.924	0.950	0.993	1.024	1.023	1.049	1.077	1.050	1.050
MIDDLESEX WATER CO	1.192	1.648	1.732	1.517	1.505	1.338	1.241	1.274	1.228	1.198	1.200	1.144	1.107	1.105	1.111	1.086	1.118	1.134	1.151	1.102	1.102
SJW GROUP	1.130	1.123	1.078	0.990	0.988	1.052	1.051	0.982	0.933	0.947	0.972	0.973	0.974	0.954	0.977	0.966	0.949	0.999	1.045	1.053	1.053
YORK WATER CO	1.678	1.829	1.877	1.641	1.758	1.815	1.677	1.623	1.553	1.501	1.474	1.373	1.383	1.388	1.381	1.457	1.596	1.556	1.522	1.522	1.522

Company Name	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap
AMERICAN STATES WATER CO	2.096	2.275	2.354	2.145	2.261	2.181	2.316	2.461	2.287	2.281	2.258	2.270	2.101	2.164	2.021	2.069	2.076	2.131	2.142	2.128	2.128
AMERICAN WATER WORKS CO	1.660	1.786	1.832	1.676	1.657	1.617	1.554	1.563	1.474	1.443	1.440	1.414	1.364	1.362	1.336	1.405	1.432	1.441	1.439	1.470	1.470
AQUA AMERICA INC	1.990	2.196	2.279	2.113	2.080	2.110	2.046	2.089	2.011	1.989	1.954	1.865	1.807	1.814	1.791	1.888	1.914	1.913	1.914	1.947	1.947
ARIZONIAN RESOURCES -CT A	1.469	1.697	1.700	1.499	1.454	1.487	1.493	1.561	1.470	1.426	1.358	1.355	1.285	1.260	1.262	1.273	1.278	1.263	1.272	1.286	1.286
CALIFORNIA WATER SERVICE	1.623	1.745	1.821	1.596	1.548	1.525	1.445	1.460	1.322	1.315	1.320	1.289	1.326	1.380	1.423	1.423	1.464	1.503	1.466	1.466	1.466
MIDDLESEX WATER CO	1.911	2.264	2.405	2.106	2.089	1.820	1.689	1.734	1.603	1.562	1.565	1.493	1.444	1.442	1.447	1.415	1.457	1.463	1.485	1.422	1.422
SJW GROUP	1.561	1.552	1.512	1.387	1.440	1.438	1.343	1.292	1.311	1.346	1.333	1.280	1.340	1.340	1.324	1.301	1.351	1.413	1.423	1.423	1.423
YORK WATER CO	2.258	2.460	2.530	2.198	2.369	2.423	2.240	2.167	2.085	2.014	1.978	1.843	1.858	1.864	1.850	1.951	2.137	2.086	2.041	2.041	2.041

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Company Name	Month End 3/31/2016	Month End 7/31/2016	Month End 9/30/2016	Month End 9/30/2016	Month End 12/31/2016	Month End 3/31/2016	Month End 6/30/2016	Month End 9/30/2016	Month End 12/31/2016	Month End 3/31/2015	Month End 6/30/2015	Month End 9/30/2015	Month End 12/31/2015	Month End 3/31/2015	Month End 6/30/2015	Month End 9/30/2015	Month End 12/31/2015	Month End 3/31/2015	Month End 6/30/2015	Month End 9/30/2015	Month End 12/31/2015
	-20	-21	-22	-23	-24	-25	-26	-27	-28	-29	-30	-31	-32	-33	-34	-35	-36	-37	-38	-39	-40
	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE
AMERICAN STATES WATER CO	0.810	0.879	0.901	0.820	0.865	0.836	0.889	0.944	0.892	0.890	0.881	0.892	0.825	0.850	0.820	0.839	0.842	0.878	0.883	0.877	0.877
AMERICAN WATER WORKS CO	0.978	1.052	1.077	0.985	0.974	0.942	0.906	0.911	0.885	0.866	0.865	0.853	0.823	0.822	0.798	0.839	0.855	0.853	0.852	0.870	0.870
AQUA AMERICA INC	0.964	1.064	1.099	0.918	1.002	0.919	0.988	1.009	0.979	0.968	0.951	0.912	0.884	0.887	0.871	0.918	0.931	0.920	0.921	0.937	0.937
ARIZONIAN RESOURCES -CT A	0.856	0.988	1.007	0.887	0.861	0.894	0.898	0.938	0.886	0.860	0.819	0.826	0.784	0.769	0.768	0.774	0.777	0.788	0.794	0.802	0.802
CALIFORNIA WATER SERVICE	0.919	0.988	1.023	0.896	0.870	0.856	0.811	0.819	0.774	0.757	0.753	0.768	0.733	0.754	0.788	0.812	0.812	0.833	0.855	0.834	0.834
MIDDLESEX WATER CO	0.909	1.077	1.131	0.991	0.983	0.874	0.811	0.833	0.803	0.782	0.747	0.723	0.723	0.726	0.710	0.731	0.741	0.752	0.720	0.720	0.720
SJW GROUP	0.860	0.855	0.821	0.751	0.801	0.800	0.747	0.710	0.721	0.740	0.740	0.711	0.727	0.744	0.735	0.722	0.760	0.756	0.801	0.801	0.801
YORK WATER CO	0.961	1.046	1.074	0.933	1.006	1.039	0.960	0.929	0.889	0.859	0.843	0.786	0.792	0.794	0.790	0.834	0.913	0.890	0.871	0.871	0.871

Company Name	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap
AMERICAN STATES WATER CO	0.786	0.853	0.883	0.804	0.848	0.818	0.869	0.923	0.858	0.856	0.847	0.851	0.788	0.812	0.758	0.776	0.779	0.799	0.803	0.798	0.798
AMERICAN WATER WORKS CO	0.936	1.007	1.031	0.945	0.934	0.911	0.876	0.881	0.831	0.811	0.812	0.797	0.768	0.768	0.753	0.807	0.812	0.811	0.829	0.829	0.829
AQUA AMERICA INC	0.973	1.074	1.114	0.933	1.017	0.932	1.000	1.021	0.983	0.972	0.955	0.912	0.884	0.887	0.876	0.923	0.936	0.935	0.936	0.952	0.952
ARIZONIAN RESOURCES -CT A	0.827	0.955	0.956	0.843	0.818	0.836	0.840	0.878	0.827	0.802	0.764	0.762	0.723	0.709	0.710	0.716	0.719	0.710	0.715	0.723	0.723
CALIFORNIA WATER SERVICE	0.914	0.983	1.025	0.899	0.872	0.859	0.814	0.822	0.761	0.744	0.740	0.760	0.726	0.747	0.777	0.801	0.801	0.825	0.846	0.846	0.846
MIDDLESEX WATER CO	0.909	1.076	1.143	1.002	0.993	0.866	0.803	0.825	0.762	0.741	0.744	0.710	0.687	0.686	0.688	0.673	0.693	0.696	0.706	0.706	0.706
SJW GROUP	0.848	0.843	0.821	0.754	0.783	0.783	0.781	0.730	0.702	0.713	0.732	0.724	0.696	0.711	0.728	0.720	0.707	0.734	0.768	0.768	0.768
YORK WATER CO	0.940	1.024	1.053	0.915	0.986	1.009	0.932	0.902	0.868	0.838	0.823	0.767	0.773	0.776	0.770	0.812	0.889	0.868	0.849	0.849	0.849

Company Name	Month End 3/31/2016	Month End 7/31/2016	Month End 9/30/2016	Month End 9/30/2016	Month End 12/31/2016	Month End 3/31/2016	Month End 6/30/2016	Month End 9/30/2016	Month End 12/31/2016	Month End 3/31/2015	Month End 6/30/2015	Month End 9/30/2015	Month End 12/31/2015	Month End 3/31/2015	Month End 6/30/2015	Month End 9/30/2015	Month End 12/31/2015	Month End 3/31/2015	Month End 6/30/2015	Month End 9/30/2015	Month End 12/31/2015
Enterprise value to Net PPE	91%	102%	105%	91%	92%	88%	89%	92%	89%	86%	83%	81%	79%	78%	79%	82%	83%	84%	85%	85%	85%
Enterprise value to Inv Cap	91%	99%	103%	91%	90%	86%	85%	88%	83%	81%	79%	76%	75%	76%	76%	78%	79%	81%	81%	81%	81%

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Company Name	Month End 12/31/2014	Month End 11/30/2014	Month End 10/31/2014	Month End 9/30/2014	Month End 8/31/2014	Month End 7/31/2014	Month End 6/30/2014	Month End 5/31/2014	Month End 4/30/2014	Month End 3/31/2014	Month End 2/28/2014	Month End 1/31/2014	Month End 12/31/2013	Month End 11/30/2013	Month End 10/31/2013	Month End 9/30/2013	Month End 8/31/2013	Month End 7/31/2013	Month End 6/30/2013	Month End 5/31/2013
	-H1	-H1	-H2	-H3	-H4	-H5	-H6	-H7	-H8	-H9	-H0	-H1	-H2	-H3	-H4	-H5	-H6	-H7	-H8	-H9
	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE
AMERICAN STATES WATER CO	1.713	1.606	1.652	1.448	1.522	1.456	1.596	1.479	1.482	1.574	1.485	1.420	1.468	1.486	1.457	1.472	1.420	1.654	1.439	1.428
AMERICAN WATER WORKS CO	1.327	1.323	1.327	1.276	1.314	1.264	1.300	1.287	1.237	1.244	1.235	1.197	1.203	1.205	1.212	1.215	1.206	1.237	1.215	1.194
AQUA AMERICA INC	1.476	1.471	1.458	1.371	1.433	1.381	1.502	1.467	1.454	1.446	1.449	1.396	1.416	1.437	1.483	1.493	1.474	1.592	1.518	1.511
ARIZONIAN RESOURCES -CI A	0.815	0.793	0.808	0.770	0.792	0.803	0.821	0.818	0.808	0.823	0.806	0.822	0.838	0.853	0.836	0.830	0.821	0.855	0.837	0.833
CALIFORNIA WATER SERVICE	1.050	1.064	1.093	1.009	1.069	1.020	1.072	1.005	1.019	1.062	1.048	1.041	1.025	1.018	0.984	0.966	0.954	1.013	0.938	0.945
MIDDLESEX WATER CO	1.170	1.134	1.149	1.058	1.092	1.081	1.110	1.085	1.080	1.143	1.083	1.072	1.128	1.166	1.118	1.148	1.099	1.138	1.090	1.066
SJW GROUP	1.025	0.981	1.021	0.927	0.937	0.926	0.938	0.935	0.939	0.986	0.985	0.965	0.992	0.943	0.958	0.962	0.922	0.956	0.963	0.982
YORK WATER CO	1.508	1.355	1.447	1.370	1.379	1.328	1.418	1.395	1.380	1.398	1.381	1.391	1.434	1.485	1.420	1.403	1.374	1.459	1.353	1.356

Company Name	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap
AMERICAN STATES WATER CO	2.061	1.933	1.987	1.731	1.819	1.739	1.842	1.708	1.712	1.874	1.767	1.690	1.729	1.750	1.716	1.739	1.679	1.954	1.678	1.665
AMERICAN WATER WORKS CO	1.419	1.415	1.419	1.343	1.382	1.335	1.374	1.360	1.307	1.314	1.305	1.265	1.275	1.277	1.285	1.264	1.255	1.287	1.272	1.250
AQUA AMERICA INC	1.947	1.940	1.924	1.799	1.881	1.812	1.966	1.919	1.903	1.927	1.931	1.861	1.850	1.877	1.938	1.953	1.928	2.083	1.968	1.959
ARIZONIAN RESOURCES -CI A	1.317	1.280	1.306	1.236	1.272	1.290	1.321	1.315	1.301	1.317	1.290	1.315	1.342	1.367	1.339	1.313	1.298	1.352	1.318	1.313
CALIFORNIA WATER SERVICE	1.471	1.491	1.532	1.404	1.487	1.418	1.507	1.412	1.432	1.479	1.460	1.450	1.415	1.406	1.359	1.325	1.309	1.390	1.202	1.211
MIDDLESEX WATER CO	1.468	1.423	1.442	1.327	1.368	1.355	1.405	1.373	1.366	1.436	1.361	1.347	1.398	1.444	1.385	1.428	1.366	1.415	1.368	1.338
SJW GROUP	1.384	1.325	1.379	1.304	1.318	1.302	1.324	1.329	1.403	1.402	1.373	1.420	1.349	1.371	1.380	1.371	1.322	1.371	1.394	1.421
YORK WATER CO	2.018	1.813	1.937	1.820	1.832	1.765	1.845	1.815	1.796	1.817	1.795	1.809	1.869	1.936	1.851	1.835	1.796	1.907	1.758	1.762

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Company Name	Month End 12/31/2014	Month End 11/30/2014	Month End 10/31/2014	Month End 9/30/2014	Month End 8/31/2014	Month End 7/31/2014	Month End 6/30/2014	Month End 5/31/2014	Month End 4/30/2014	Month End 3/31/2014	Month End 2/28/2014	Month End 1/31/2014	Month End 12/31/2013	Month End 11/30/2013	Month End 10/31/2013	Month End 9/30/2013	Month End 8/31/2013	Month End 7/31/2013	Month End 6/30/2013	Month End 5/31/2013
	-H1	-H1	-H2	-H3	-H4	-H5	-H6	-H7	-H8	-H9	-H0	-H1	-H2	-H3	-H4	-H5	-H6	-H7	-H8	-H9
	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE
AMERICAN STATES WATER CO	0.851	0.798	0.820	0.719	0.756	0.723	0.792	0.715	0.736	0.782	0.737	0.705	0.729	0.738	0.723	0.731	0.705	0.821	0.715	0.709
AMERICAN WATER WORKS CO	0.854	0.851	0.854	0.821	0.846	0.816	0.837	0.828	0.796	0.801	0.795	0.770	0.774	0.775	0.780	0.782	0.776	0.796	0.782	0.768
AQUA AMERICA INC	0.949	0.946	0.938	0.882	0.922	0.888	0.966	0.943	0.935	0.930	0.932	0.898	0.911	0.924	0.954	0.960	0.948	1.024	0.977	0.972
ARIZONIAN RESOURCES -CI A	0.808	0.786	0.801	0.763	0.785	0.796	0.814	0.811	0.801	0.816	0.799	0.815	0.810	0.846	0.829	0.823	0.814	0.848	0.829	0.826
CALIFORNIA WATER SERVICE	0.833	0.844	0.868	0.801	0.848	0.809	0.851	0.797	0.808	0.842	0.832	0.826	0.813	0.808	0.781	0.766	0.757	0.804	0.744	0.750
MIDDLESEX WATER CO	0.765	0.741	0.751	0.692	0.713	0.706	0.726	0.709	0.706	0.747	0.707	0.700	0.717	0.730	0.750	0.718	0.743	0.743	0.712	0.696
SJW GROUP	0.780	0.747	0.777	0.706	0.713	0.704	0.714	0.712	0.715	0.750	0.750	0.734	0.755	0.718	0.730	0.731	0.702	0.728	0.733	0.747
YORK WATER CO	0.863	0.775	0.828	0.784	0.789	0.760	0.812	0.798	0.790	0.800	0.790	0.796	0.821	0.850	0.812	0.803	0.786	0.835	0.774	0.776

Company Name	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap
AMERICAN STATES WATER CO	0.773	0.725	0.745	0.649	0.682	0.652	0.691	0.641	0.642	0.701	0.663	0.634	0.648	0.656	0.644	0.652	0.630	0.713	0.629	0.624
AMERICAN WATER WORKS CO	0.800	0.797	0.800	0.757	0.779	0.752	0.774	0.766	0.737	0.741	0.735	0.713	0.719	0.720	0.724	0.713	0.707	0.726	0.717	0.703
AQUA AMERICA INC	0.952	0.949	0.941	0.880	0.919	0.886	0.961	0.938	0.930	0.942	0.944	0.910	0.905	0.918	0.948	0.955	0.942	1.018	0.962	0.958
ARIZONIAN RESOURCES -CI A	0.741	0.720	0.734	0.695	0.715	0.726	0.743	0.740	0.732	0.741	0.725	0.740	0.755	0.769	0.753	0.738	0.740	0.760	0.742	0.738
CALIFORNIA WATER SERVICE	0.828	0.840	0.863	0.791	0.837	0.799	0.848	0.795	0.806	0.833	0.822	0.816	0.797	0.792	0.765	0.746	0.747	0.783	0.677	0.682
MIDDLESEX WATER CO	0.698	0.677	0.686	0.611	0.651	0.644	0.668	0.653	0.650	0.683	0.647	0.640	0.665	0.687	0.658	0.679	0.650	0.671	0.650	0.642
SJW GROUP	0.752	0.720	0.749	0.709	0.716	0.708	0.722	0.719	0.722	0.763	0.762	0.746	0.772	0.733	0.745	0.750	0.719	0.745	0.758	0.758
YORK WATER CO	0.840	0.751	0.806	0.757	0.763	0.733	0.768	0.755	0.747	0.756	0.747	0.753	0.778	0.806	0.770	0.763	0.748	0.794	0.732	0.732

Company Name	Month End 12/31/2014	Month End 11/30/2014	Month End 10/31/2014	Month End 9/30/2014	Month End 8/31/2014	Month End 7/31/2014	Month End 6/30/2014	Month End 5/31/2014	Month End 4/30/2014	Month End 3/31/2014	Month End 2/28/2014	Month End 1/31/2014	Month End 12/31/2013	Month End 11/30/2013	Month End 10/31/2013	Month End 9/30/2013	Month End 8/31/2013	Month End 7/31/2013	Month End 6/30/2013	Month End 5/31/2013
Enterprise value to Net PPE	84%	79%	82%	77%	79%	78%	81%	80%	79%	80%	79%	78%	79%	79%	78%	77%	77%	81%	76%	76%
Enterprise value to Inv Cap	79%	74%	77%	73%	74%	73%	76%	75%	73%	75%	74%	76%	75%	75%	75%	74%	72%	75%	72%	72%

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Company Name	Month End	Month End	Month End	Month End	Month End	Month End	Month End	Month End	Month End	Month End	Month End	Month End
	4/30/2013	3/31/2012	2/29/2012	1/31/2012	12/31/2011	11/30/2011	10/31/2011	9/30/2011	8/31/2011	7/31/2011	6/30/2011	5/31/2011
	-60	-61	-62	-63	-64	-65	-66	-67	-68	-69	-70	-71
	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE
AMERICAN STATES WATER CO	1.477	1.549	1.449	1.399	1.341	1.289	1.244	1.285	1.267	1.203	1.203	1.145
AMERICAN WATER WORKS CO	1.226	1.218	1.182	1.162	1.155	1.173	1.147	1.185	1.181	1.170	1.153	1.152
AQUA AMERICA INC	1.529	1.542	1.458	1.391	1.348	1.353	1.346	1.327	1.335	1.354	1.382	1.311
ARTESIAN RESOURCES -CL A	0.862	0.846	0.840	0.848	0.851	0.815	0.852	0.865	0.841	0.827	0.837	0.774
CALIFORNIA WATER SERVICE	0.956	1.015	0.951	0.935	0.900	0.890	0.902	0.941	0.930	0.936	0.926	0.894
MIDDLESEX WATER CO	1.079	1.102	1.097	1.092	1.096	1.065	1.088	1.087	1.072	1.069	1.082	1.053
SIW GROUP	0.945	0.947	0.946	0.959	0.947	0.901	0.896	0.937	0.894	0.891	0.910	0.891
YORK WATER CO	1.339	1.350	1.327	1.351	1.286	1.279	1.273	1.345	1.309	1.326	1.326	1.278

Company Name	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap
	4/30/2013	3/31/2012	2/29/2012	1/31/2012	12/31/2011	11/30/2011	10/31/2011	9/30/2011	8/31/2011	7/31/2011	6/30/2011	5/31/2011
AMERICAN STATES WATER CO	1.721	1.798	1.683	1.624	1.542	1.482	1.430	1.505	1.484	1.408	1.430	1.360
AMERICAN WATER WORKS CO	1.283	1.284	1.247	1.226	1.201	1.220	1.193	1.210	1.207	1.195	1.179	1.178
AQUA AMERICA INC	1.982	1.987	1.879	1.792	1.752	1.758	1.749	1.723	1.734	1.759	1.766	1.676
ARTESIAN RESOURCES -CL A	1.359	1.322	1.313	1.326	1.334	1.278	1.336	1.344	1.308	1.286	1.294	1.198
CALIFORNIA WATER SERVICE	1.224	1.403	1.314	1.292	1.271	1.257	1.274	1.302	1.287	1.294	1.319	1.274
MIDDLESEX WATER CO	1.354	1.349	1.343	1.336	1.357	1.319	1.347	1.349	1.331	1.327	1.357	1.321
SIW GROUP	1.368	1.346	1.345	1.361	1.355	1.290	1.283	1.327	1.266	1.264	1.273	1.246
YORK WATER CO	1.740	1.755	1.726	1.757	1.676	1.666	1.639	1.746	1.699	1.721	1.714	1.653

4/30/2018

Company Name	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE	Enterprise value to Net PPE
	4/30/2013	3/31/2012	2/29/2012	1/31/2012	12/31/2011	11/30/2011	10/31/2011	9/30/2011	8/31/2011	7/31/2011	6/30/2011	5/31/2011
AMERICAN STATES WATER CO	0.733	0.769	0.720	0.694	0.666	0.640	0.618	0.638	0.629	0.597	0.598	0.568
AMERICAN WATER WORKS CO	0.789	0.784	0.761	0.748	0.743	0.755	0.738	0.762	0.760	0.753	0.742	0.742
AQUA AMERICA INC	0.984	0.992	0.938	0.895	0.867	0.870	0.866	0.853	0.859	0.871	0.889	0.843
ARTESIAN RESOURCES -CL A	0.855	0.838	0.832	0.841	0.843	0.808	0.845	0.857	0.834	0.820	0.830	0.768
CALIFORNIA WATER SERVICE	0.758	0.806	0.755	0.742	0.714	0.706	0.716	0.747	0.738	0.742	0.735	0.709
MIDDLESEX WATER CO	0.705	0.720	0.717	0.713	0.716	0.696	0.711	0.710	0.700	0.699	0.707	0.688
SIW GROUP	0.719	0.721	0.720	0.730	0.721	0.686	0.682	0.713	0.681	0.680	0.693	0.678
YORK WATER CO	0.766	0.772	0.760	0.773	0.736	0.732	0.729	0.770	0.749	0.759	0.759	0.732

Company Name	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap	Enterprise value to Inv Cap
	4/30/2013	3/31/2012	2/29/2012	1/31/2012	12/31/2011	11/30/2011	10/31/2011	9/30/2011	8/31/2011	7/31/2011	6/30/2011	5/31/2011
AMERICAN STATES WATER CO	0.646	0.675	0.631	0.609	0.578	0.556	0.536	0.564	0.557	0.528	0.536	0.510
AMERICAN WATER WORKS CO	0.723	0.724	0.703	0.691	0.677	0.687	0.672	0.682	0.680	0.674	0.664	0.664
AQUA AMERICA INC	0.969	0.971	0.919	0.876	0.857	0.859	0.855	0.842	0.848	0.860	0.864	0.819
ARTESIAN RESOURCES -CL A	0.764	0.744	0.739	0.746	0.750	0.719	0.751	0.756	0.736	0.723	0.728	0.674
CALIFORNIA WATER SERVICE	0.689	0.790	0.740	0.727	0.716	0.708	0.717	0.733	0.725	0.729	0.743	0.717
MIDDLESEX WATER CO	0.644	0.641	0.639	0.635	0.645	0.627	0.640	0.641	0.633	0.631	0.645	0.628
SIW GROUP	0.743	0.732	0.731	0.741	0.737	0.701	0.697	0.721	0.688	0.687	0.692	0.677
YORK WATER CO	0.724	0.730	0.718	0.731	0.697	0.693	0.690	0.727	0.707	0.716	0.713	0.688

4/30/2018

	Month End	Month End	Month End	Month End	Month End	Month End	Month End	Month End	Month End	Month End	Month End	Month End
	4/30/2013	3/31/2012	2/29/2012	1/31/2012	12/31/2011	11/30/2011	10/31/2011	9/30/2011	8/31/2011	7/31/2011	6/30/2011	5/31/2011
Enterprise value to Net PPE	76%	78%	76%	75%	73%	72%	72%	75%	74%	75%	74%	72%
Enterprise value to Inv Cap	72%	73%	72%	73%	71%	70%	69%	72%	70%	70%	70%	68%

2017 Net Property, Plant & Equipment	Advances for construction	Contributions in aid of construction	Deferred income taxes. net	Deferred investment tax credits	2017 Known "Cost Free" Capital	2017 Percentage of Known "Cost Free" Capital
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(Millions of \$)

Comparable Group

American States Water Co	\$1,204,992	\$123,602	\$120,780	\$1,436	\$0,000	\$245,818	20%
American Water Works Co Inc	14,970,000	<b>\$271,000</b>	<b>\$1,276,000</b>	<b>\$1,551,000</b>	<b>\$22,000</b>	\$3,120,000	21%
Aqua America Inc	5,399,859	\$93,186	\$571,091	\$769,073	\$0,000	\$1,433,350	27%
Artesian Resources -CL A	464,384	\$7,797	\$128,286	\$54,137	\$0,526	\$190,746	41%
California Water Service Gp	2,083,038	\$182,502	\$186,721	\$192,946	\$0,000	\$562,169	27%
Middlesex Water Co	557,240	\$21,423	\$79,621	\$43,160	\$0,000	\$144,204	26%
SJW Corp	1,299,718	\$83,695	\$160,830	\$85,795	\$0,000	\$330,320	25%
York Water Co	289,524	\$6,324	\$38,661	\$34,754	\$0,000	\$79,739	28%
Median							26%



American States

CONSOLIDATED BALANCE SHEETS - USD (\$) \$ in Thousands		
	Dec 31, 2017	Dec 31, 2016
<b>Regulated utility plant, at cost</b>		
Water	\$ 1,559,209	\$ 1,514,419
Electric	99,726	94,009
Total	1,658,935	1,608,428
Non-regulated utility property, at cost	15,592	11,897
Total utility plant, at cost	1,674,527	1,620,325
Less — accumulated depreciation	(533,370)	(532,753)
Utility plant before construction work in progress	1,141,157	1,087,572
Construction work in progress	63,835	63,354
Net utility plant	1,204,992	1,150,926
<b>Other Property and Investments</b>		
Goodwill	1,116	1,116
Other property and investments	24,070	20,836
Total other property and investments	25,186	21,952
<b>Current Assets</b>		
Cash and cash equivalents	214	436
Accounts receivable-customers, less allowance for doubtful accounts	26,127	19,993
Unbilled revenue	26,411	24,391
Receivable from U.S. government, less allowance for doubtful accounts	3,725	8,467
Other accounts receivable, less allowance for doubtful accounts	8,251	3,151
Income taxes receivable	4,737	17,867
Materials and supplies	4,795	4,294
Regulatory assets — current	34,220	43,296
Prepayments and other current assets	5,596	3,735
Costs and estimated earnings in excess of billings on contracts	41,387	41,245
Total current assets	155,463	166,875
<b>Regulatory and Other Assets</b>		
Regulatory assets	0	102,985
Costs and estimated earnings in excess of billings on contracts	25,426	22,687
Other	5,667	5,068
Total regulatory and other assets	31,093	130,740
Total Assets	1,416,734	1,470,493
<b>Capitalization</b>		
Common shareholder's equity	529,945	494,297
Long-term debt	321,039	320,981
Total capitalization	850,984	815,278
<b>Current Liabilities</b>		
Notes payable to banks	59,000	90,000
Long-term debt — current	324	330
Income taxes payable	225	149
Accounts payable	50,978	43,724
Accrued other taxes	7,344	9,112
Accrued other taxes	12,969	12,304
Accrued employee expenses	3,861	3,864
Accrued interest	2,941	4,901
Billings in excess of costs and estimated earnings on contracts	3,911	2,263
Unrealized loss on purchased power contracts	15,109	11,297
Other	156,662	177,944
<b>Other Credits</b>		
Other Credits	67,465	69,722
Advances for construction	123,602	120,518
Contributions in aid of construction — net	115,703	224,530
Regulatory Liability, Noncurrent	32,178	0
Deferred income taxes	1,436	1,529
Unamortized investment tax credits	57,695	49,856
Accrued pension and other post-retirement benefits	11,009	11,116
Other	409,088	477,271
Commitments and Contingencies (Notes 13 and 14)	0	0
Total Capitalization and Liabilities	1,416,734	1,470,493
<b>GSWC</b>		
<b>Regulated utility plant, at cost</b>		
Water	1,559,209	1,514,419
Electric	99,726	94,009
Total utility plant, at cost	1,658,935	1,608,428
Less — accumulated depreciation	(524,481)	(524,927)
Utility plant before construction work in progress	1,134,454	1,083,501
Construction work in progress	63,486	61,810
Net utility plant	1,197,940	1,145,311
<b>Other Property and Investments</b>		
Other property and investments	21,956	18,719
Total other property and investments	21,956	18,719
<b>Current Assets</b>		
Cash and cash equivalents	214	209
Accounts receivable-customers, less allowance for doubtful accounts	26,127	19,993
Unbilled revenue	18,852	17,700
Other accounts receivable, less allowance for doubtful accounts	6,105	1,959
Income taxes receivable	6,590	21,856
Materials and supplies	4,046	3,724
Regulatory assets — current	34,220	43,296
Prepayments and other current assets	5,090	3,520
Total current assets	101,244	112,257
<b>Regulatory and Other Assets</b>		
Regulatory assets	0	102,985
Other	5,683	4,906
Total regulatory and other assets	5,683	107,891
Total Assets	1,326,823	1,384,178
<b>Capitalization</b>		
Common shareholder's equity	474,374	446,770
Long-term debt	321,039	320,981
Total capitalization	795,413	767,751
<b>Current Liabilities</b>		
Inter-company payable to Parent	34,836	61,726
Long-term debt — current	324	330
Accounts payable	42,497	34,648
Accrued other taxes	7,108	8,870
Accrued other taxes	11,338	10,983
Accrued employee expenses	3,585	3,588
Accrued interest	2,941	4,901
Unrealized loss on purchased power contracts	14,705	10,925
Other	117,334	135,971
<b>Other Credits</b>		
Other Credits	67,465	69,722
Advances for construction	123,602	120,518
Contributions in aid of construction — net	120,780	227,798
Regulatory Liability, Noncurrent	32,178	0
Deferred income taxes	1,436	1,529
Unamortized investment tax credits	57,695	49,856
Accrued pension and other post-retirement benefits	10,920	11,033
Other	414,076	480,456
Total Capitalization and Liabilities	\$ 1,326,823	\$ 1,384,178

American Water Works	Dec. 31, 2017	Dec. 31, 2016
<b>Consolidated Balance Sheets - USD (\$) \$ in Millions</b>		
<b>ASSETS</b>		
Property, plant and equipment	\$ 21,716	\$ 19,954
Accumulated depreciation	(5,470)	(4,962)
Property, plant and equipment, net	16,246	14,992
<b>Current assets:</b>		
Cash and cash equivalents	55	75
Restricted funds	27	20
Accounts receivable, net	272	269
Unbilled revenues	212	263
Materials and supplies	41	39
Other	113	118
Total current assets	720	784
<b>Regulatory and other long-term assets:</b>		
Regulatory assets	1,061	1,289
Goodwill	1,379	1,345
Other	76	72
Total regulatory and other long-term assets	2,516	2,706
<b>TOTAL ASSETS</b>	<b>19,482</b>	<b>18,482</b>
<b>Capitalization:</b>		
Common stock (\$0.01 par value, 500,000,000 shares authorized, 182,508,564 and 181,798,555 shares issued, respectively)	2	2
Paid-in-capital	6,432	6,388
Accumulated deficit	(723)	(873)
Accumulated other comprehensive loss	(79)	(86)
Treasury stock, at cost (4,064,010 and 3,701,867 shares, respectively)	(247)	(213)
Total common stockholders' equity	5,385	5,218
Long-term debt	6,490	5,749
Redeemable preferred stock at redemption value	8	10
Total long-term debt	6,498	5,759
Total capitalization	11,883	10,977
<b>Current liabilities:</b>		
Short-term debt	905	849
Current portion of long-term debt	322	574
Accounts payable	195	154
Accrued liabilities	630	609
Taxes accrued	33	31
Interest accrued	73	63
Other	167	112
Total current liabilities	2,325	2,392
<b>Regulatory and other long-term liabilities:</b>		
Advances for construction	271	300
Deferred income taxes, net	1,551	2,596
Deferred investment tax credits	22	23
Regulatory liabilities	1,664	403
Accrued pension expense	384	419
Accrued postretirement benefit expense	40	87
Other	66	67
Total regulatory and other long-term liabilities	3,998	3,895
Contributions in aid of construction	1,276	1,218
Commitments and contingencies (See Note 15)		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<b>\$ 19,482</b>	<b>\$ 18,482</b>

## Aqua America

## Consolidated Balance Sheets - USD (\$) \$ in Thousands

Dec. 31, 2017

Dec. 31, 2016

**Assets**

Property, plant and equipment, at cost	\$ 7,003,993	\$ 6,509,117
Less: accumulated depreciation	1,604,133	1,507,502
Net property, plant and equipment	5,399,860	5,001,615
<b>Current assets:</b>		
Cash and cash equivalents	4,204	3,763
Accounts receivable and unbilled revenues, net	98,596	97,394
Inventory, materials and supplies	14,361	12,961
Prepayments and other current assets	12,542	12,804
Assets held for sale	1,543	1,728
Total current assets	131,246	128,650
Regulatory assets	713,971	948,647
Deferred charges and other assets, net	38,485	30,845
Investment in joint venture	6,671	7,026
Goodwill	42,230	42,208
Total assets	6,332,463	6,158,991
<b>Aqua America stockholders' equity:</b>		
Common stock at \$.50 par value, authorized 300,000,000 shares, issued 180,700,251 and 180,311,345 in 2017 and 2016	90,350	90,155
Capital in excess of par value	807,135	797,513
Retained earnings	1,132,556	1,032,844
Treasury stock, at cost, 2,986,308 and 2,916,969 shares in 2017 and 2016	(73,280)	(71,113)
Accumulated other comprehensive income	860	669
Total stockholders' equity	1,957,621	1,850,068
Long-term debt, excluding current portion	2,029,358	1,759,962
Less: debt issuance costs	21,605	22,357
Long-term debt, excluding current portion, net of debt issuance costs	2,007,753	1,737,605
Commitments and contingencies (See Note 9)		
<b>Current liabilities:</b>		
Current portion of long-term debt	113,769	150,671
Loans payable	3,650	6,535
Accounts payable	59,165	47,256
Book overdraft	21,629	12,616
Accrued interest	21,359	18,367
Accrued taxes	23,764	25,607
Other accrued liabilities	41,152	40,484
Total current liabilities	284,488	301,536
<b>Deferred credits and other liabilities:</b>		
Deferred income taxes and investment tax credits	769,073	1,269,253
Customers' advances for construction	93,186	91,843
Regulatory liabilities	541,910	250,635
Other	107,341	115,583
Total deferred credits and other liabilities	1,511,510	1,727,314
Contributions in aid of construction	571,091	542,468
Total liabilities and equity	\$ 6,332,463	\$ 6,158,991

Artesian Resources	Dec. 31, 2017	Dec. 31, 2016
CONSOLIDATED BALANCE SHEETS - USD (\$) \$ in Thousands		
<b>ASSETS</b>		
Utility plant, at original cost (less accumulated depreciation 2017-\$116,945; 2016-\$109,684)	\$ 460,502	\$ 425,502
<b>Current assets</b>		
Cash and cash equivalents	952	226
Accounts receivable (less allowance for doubtful accounts 2017 - \$288; 2016 - \$263)	8,897	7,796
Income tax receivable	2,353	150
Unbilled operating revenues	1,427	1,403
Materials and supplies	1,519	1,564
Prepaid property taxes	1,795	1,669
Prepaid expenses and other	2,042	1,827
Total current assets	18,985	14,635
<b>Other assets</b>		
Non utility property (less accumulated depreciation 2017-\$689; 2016-\$611)	3,882	3,881
Other deferred assets	3,721	3,584
Total other assets	7,603	7,465
Regulatory assets, net	7,549	3,374
Total assets	494,639	450,976
<b>Stockholders' equity</b>		
Common stock	9,215	9,127
Preferred stock	0	0
Additional paid-in capital	99,526	97,480
Retained earnings	37,903	32,416
Total stockholders' equity	146,644	139,023
Long-term debt, net of current portion	105,587	102,331
Total stockholders' equity and long-term debt	252,231	241,354
<b>Current liabilities</b>		
Lines of credit	9,610	7,130
Current portion of long-term debt	1,344	1,316
Accounts payable	8,853	5,532
Accrued expenses	2,888	1,309
Overdraft payable	304	32
Accrued interest	1,805	1,000
Customer deposits	969	864
Other	2,688	2,145
Total current liabilities	28,461	19,328
Commitments and contingencies ( Note 10 )		
<b>Deferred credits and other liabilities</b>		
Net advances for construction	7,797	8,169
Regulatory liabilities	23,201	1,022
Deferred investment tax credits	526	544
Deferred income taxes	54,137	68,453
Total deferred credits and other liabilities	85,661	78,188
Net contributions in aid of construction	128,286	112,106
Liabilities and stockholders' equity	\$ 494,639	\$ 450,976

# California Water Services

Consolidated Balance Sheets - USD (\$) \$ in Thousands

EXHIBIT 19

Page 27 of 98

Dec. 31, 2017      Dec. 31, 2016

**Utility plant:**

Land	\$ 42,517	\$ 40,283
Depreciable plant and equipment	2,729,757	2,522,174
Construction work in progress	175,693	132,957
Intangible assets	22,212	21,925
Total utility plant	2,970,179	2,717,339
Less accumulated depreciation and amortization	(922,214)	(858,062)
Net utility plant	2,047,965	1,859,277

**Current assets:**

Cash and cash equivalents	94,776	25,492
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**Receivables: net of allowance for doubtful accounts of \$773 and \$830 in 2017 and 2016, respectively**

Customers	32,451	30,305
Regulatory balancing accounts	36,783	30,332
Other	16,464	17,158
Unbilled revenue	29,756	25,228
Materials and supplies at weighted average cost	6,463	6,292
Taxes, prepaid expenses, and other assets	11,180	7,262
Total current assets	227,873	142,069

**Other assets:**

Regulatory assets	401,147	355,930
Goodwill	2,615	2,615
Other	60,775	51,854
Total other assets	464,537	410,399
<b>TOTAL ASSETS</b>	<b>2,740,375</b>	<b>2,411,745</b>

**Capitalization:**

Common stock, \$0.01 par value; 68,000 shares authorized, 48,012 and 47,965 outstanding in 2017 and 2016, respectively	480	480
Additional paid-in capital	336,229	334,856
Retained earnings	356,753	324,135
Total common stockholders' equity	693,462	659,471
Long-term debt, less current maturities	515,793	531,745
Total capitalization	1,209,255	1,191,216

**Current liabilities:**

Current maturities of long-term debt	15,920	26,208
Short-term borrowings	275,100	97,100
Accounts payable	93,955	77,813
Regulatory balancing accounts	59,303	4,759
Accrued other taxes	3,888	3,629
Accrued interest	6,122	5,661
Other accrued liabilities	36,671	35,060
Total current liabilities	490,959	250,230
Unamortized investment tax credits	1,724	1,798
Deferred income taxes	192,946	298,924
Regulatory liabilities	179,706	38,735
Pension and postretirement benefits other than pensions	252,141	222,691
Advances for construction	182,502	182,448
Contributions in aid of construction	186,721	180,790
Other long-term liabilities	44,421	44,913
Commitments and contingencies		
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<b>\$ 2,740,375</b>	<b>\$ 2,411,745</b>

Middlesex Water

<b>CONSOLIDATED BALANCE SHEETS - USD (\$) \$ in Thousands</b>	Dec. 31, 2017	Dec. 31, 2016
<b>UTILITY PLANT:</b>		
Water Production	\$ 153,844	\$ 146,914
Transmission and Distribution	468,649	430,880
General	69,457	63,514
Construction Work in Progress	11,562	12,196
<b>TOTAL</b>	<b>703,512</b>	<b>653,504</b>
Less Accumulated Depreciation	146,272	135,728
<b>UTILITY PLANT - NET</b>	<b>557,240</b>	<b>517,776</b>
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	4,937	3,879
Accounts Receivable, net	10,785	10,129
Unbilled Revenues	6,999	6,590
Materials and Supplies (at average cost)	4,118	4,094
Prepayments	2,408	2,024
<b>TOTAL CURRENT ASSETS</b>	<b>29,247</b>	<b>26,716</b>
Preliminary Survey and Investigation Charges	4,676	2,365
Regulatory Assets	58,423	60,894
Operations Contracts, Developer and Other Receivables	439	1,139
Restricted Cash	1,460	439
Non-utility Assets - Net	9,478	9,131
Federal Income Tax Receivable		1,408
Other	177	293
<b>TOTAL DEFERRED CHARGES AND OTHER ASSETS</b>	<b>74,653</b>	<b>75,669</b>
<b>TOTAL ASSETS</b>	<b>661,140</b>	<b>620,161</b>
<b>CAPITALIZATION:</b>		
Common Stock, No Par Value	155,120	153,045
Retained Earnings	74,055	65,392
<b>TOTAL COMMON EQUITY</b>	<b>229,175</b>	<b>218,437</b>
Preferred Stock	2,433	2,436
Long-term Debt	139,045	134,538
<b>TOTAL CAPITALIZATION</b>	<b>370,653</b>	<b>355,411</b>
<b>CURRENT LIABILITIES:</b>		
Current Portion of Long-term Debt	6,865	6,159
Notes Payable	28,000	12,000
Accounts Payable	13,929	12,343
Accrued Taxes	11,418	12,385
Accrued Interest	1,093	1,084
Unearned Revenues and Advanced Service Fees	951	923
Other	2,281	2,162
<b>TOTAL CURRENT LIABILITIES</b>	<b>64,537</b>	<b>47,056</b>
<b>DEFERRED CREDITS AND OTHER LIABILITIES:</b>		
Customer Advances for Construction	21,423	20,846
Accumulated Deferred Income Taxes	43,160	72,825
Employee Benefit Plans	36,686	36,139
Regulatory Liabilities	43,745	11,337
Other	1,315	1,443
<b>TOTAL DEFERRED CREDITS AND OTHER LIABILITIES</b>	<b>146,329</b>	<b>142,590</b>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	<b>79,621</b>	<b>75,104</b>
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<b>\$ 661,140</b>	<b>\$ 620,161</b>

**SJW Group**  
**Consolidated Balance Sheets - USD (\$) \$ in Thousands**

Dec. 31, 2017      Dec. 31, 2016

<b>Utility plant:</b>		
Land	\$ 17,831	\$ 17,923
Depreciable plant and equipment	1,714,228	1,554,016
Construction in progress	45,851	70,453
Intangible assets	14,413	23,989
Property, Plant and Equipment, Gross	1,792,323	1,666,381
Less accumulated depreciation and amortization	553,059	520,018
Public Utilities, Property, Plant and Equipment, Net	1,239,264	1,146,363
Real estate investments	56,213	62,193
Less accumulated depreciation and amortization	11,132	11,734
Property, Plant and Equipment, Net	45,081	50,459
<b>Current assets:</b>		
Cash and cash equivalents	7,799	6,349
Restricted cash	0	19,001
<b>Accounts receivable:</b>		
Customers, net of allowances for uncollectible accounts of \$190 and \$200 in 2017 and 2016, respectively	17,305	16,361
Income tax	7,981	9,796
Other	1,118	3,383
Accrued unbilled utility revenue	27,905	24,255
Current regulatory assets, net	0	16,064
Other current assets	4,750	4,402
Assets, Current	66,858	99,611
<b>Other assets:</b>		
Investment in California Water Service Group	4,535	3,390
Net regulatory assets, less current portion	99,554	135,709
Other	2,709	7,844
Assets, Noncurrent	106,798	146,943
Assets	1,458,001	1,443,376
<b>Stockholders' equity:</b>		
Common stock, \$0.001 par value; authorized 36,000,000 shares; issued and outstanding 20,520,856 shares in 2017 and 20,456,225 shares in 2016	21	21
Additional paid-in capital	84,866	81,715
Retained earnings	376,119	338,386
Accumulated other comprehensive income	2,203	1,524
Total stockholders' equity	463,209	421,646
Long-term debt, less current portion	431,092	433,335
Capitalization, Long-term Debt and Equity	894,301	854,981
<b>Current liabilities:</b>		
Lines of credit	25,000	14,200
Current portion of long-term debt	0	125
Accrued groundwater extraction charges, purchased water and power	14,382	10,846
Accounts payable	22,960	18,739
Accrued interest	6,869	6,309
Accrued property taxes and other non-income taxes	1,904	1,681
Accrued payroll	6,011	4,696
Other current liabilities	7,926	6,977
Liabilities, Current	85,052	63,573
Deferred income taxes	85,795	205,203
Advances for construction	83,695	84,815
Contributions in aid of construction	160,830	151,576
Postretirement benefit plans	72,841	70,177
Regulatory liability	62,476	0
Other noncurrent liabilities	13,011	13,051
Commitments and contingencies	0	0
Liabilities and Equity	\$ 1,458,001	\$ 1,443,376

## York Water

## Balance Sheets - USD (\$) \$ in Thousands

Dec. 31, 2017

Dec. 31, 2016

**ASSETS**

UTILITY PLANT, at original cost	\$ 365,767	\$ 343,412
Plant acquisition adjustments	(3,234)	(3,667)
Accumulated depreciation	(73,746)	(68,838)
Net utility plant	288,787	270,907
OTHER PHYSICAL PROPERTY, net of accumulated depreciation of \$387 in 2017 and \$353 in 2016	737	745

**CURRENT ASSETS:**

Cash and cash equivalents	2	4,209
Accounts receivable, net of reserves of \$305 in 2017 and \$305 in 2016	4,547	4,296
Unbilled revenues	2,459	2,429
Recoverable income taxes	0	282
Materials and supplies inventories, at cost	906	746
Prepaid expenses	697	658
Total current assets	8,611	12,620

**OTHER LONG-TERM ASSETS:**

Notes receivable	255	255
Deferred regulatory assets	30,331	33,027
Other assets	3,309	2,940
Total other long-term assets	33,895	36,222
Total Assets	332,030	320,494

**COMMON STOCKHOLDERS' EQUITY:**

Common stock, no par value, authorized 46,500,000, shares issued 12,872,742 in 2017 and 12,852,295 in 2016, shares outstanding 12,872,742 and 12,852,295 in 2016	79,201	78,513
Retained earnings	40,204	35,548
Total common stockholders' equity	119,405	114,061
PREFERRED STOCK, authorized 500,000 shares, no shares issued	0	0
LONG-TERM DEBT, excluding current portion	90,098	84,609

**COMMITMENTS****CURRENT LIABILITIES:**

Short-term borrowings	1,000	0
Current portion of long-term debt	44	44
Accounts payable	3,136	3,669
Dividends payable	1,892	1,803
Accrued compensation and benefits	1,134	1,233
Accrued income taxes	531	0
Accrued interest	989	921
Other accrued expenses	419	514
Total current liabilities	9,145	8,184

**DEFERRED CREDITS:**

Customers' advances for construction	6,324	7,102
Deferred income taxes	34,754	54,169
Deferred employee benefits	7,075	8,990
Deferred regulatory liabilities	24,372	4,433
Other deferred credits	2,196	2,292
Total deferred credits	74,721	76,986
Contributions in aid of construction	38,661	36,654
Total Stockholders' Equity and Liabilities	\$ 332,030	\$ 320,494



5/15/2018

Company Name	Ticker Symbol	12/31/17			April-18			Book Ratios			Market Ratios											
		LT Debt	Total Qlty	Preferred S Minority	In Common Equity	Total-Qlty	Invested Capital	Total Qlty	Market Value	Mnthly	LTD	Pref	Equity	LTD	Pref	Equity						
AMERICAN ST	AWR	321	039	0	000	0	000	529	945	850	984	2,046	763	AMERICA	0.377	0.000	0.623	1.000	0.136	0.000	0.864	1.000
AMERICAN W	AWK	6,498	000	0	000	0	000	5,385	000	11,883	000	15,615	742	AMERICA	0.547	0.000	0.453	1.000	0.294	0.000	0.706	1.000
AQUA AMERIC	WTR	2,007	753	0	000	0	000	1,957	621	3,965	374	6,252	939	AQUA AV	0.506	0.000	0.494	1.000	0.243	0.000	0.757	1.000
ARTESIAN RES	ARTNA	105	587	0	000	0	000	146	644	252	231	352	498	ARTESIA	0.419	0.000	0.581	1.000	0.230	0.000	0.770	1.000
CALIFORNIA W	WCWT	515	793	0	000	0	000	693	462	1,209	255	1,862	868	CALIFOR	0.427	0.000	0.573	1.000	0.217	0.000	0.783	1.000
MIDDLESEX W	WMSEX	139	045	2	433	0	000	229	175	370	653	681	474	MIDDLES	0.375	0.007	0.618	1.000	0.169	0.003	0.828	1.000
SJW GROUP	SJW	431	092	0	000	0	000	463	209	894	301	1,244	363	SJW GRO	0.482	0.000	0.518	1.000	0.257	0.000	0.743	1.000
YORK WATER	YORW	90	098	0	000	0	000	119	405	209	503	414	768	YORK WA	0.430	0.000	0.570	1.000	0.178	0.000	0.822	1.000
										Avg			0.216	0.000	0.784							
										Med			0.224	0.000	0.777							

Assumptions	4/30/2018
Debt Cost	4.28
Pref Stock Cost	5.64
Equity Cost	10.02
Equity Cost	8.27

Ratio	Cost	Wt	Shield	Overall
22.40%	4.280	0.96	0.72	0.6902784
0.00%	5.640	0.00	1	0
77.70%	10.020	7.79	1	7.78554
		8.74		<b>8.48</b> <<<<ANSWER
22.40%	4.280	0.96	0.72	0.6902784
0.00%	5.640	0.00	1	0
77.70%	8.273	6.43	1	6.42800445
		7.39		<b>7.12</b> <<<<ANSWER

**Pennsylvania Municipalities, Total Decennial Population, 2010 & 2000**

Prepared by The Pennsylvania State Data Center

Source: U.S. Census Bureau, Census 2000 & 2010 Redistricting Data (Public Law 94-171) Summary File

March 9, 2011

2010 State, County & Munic. FIPS Code	Geographic Area	Census: April 1, 2010			Census: April 1, 2000			Change: 2000 to 2010			
		Number	Percent Share of State Total	Munic. Pop. Rank	Number	Percent Share of State Total	Munic. Pop. Rank	Number	Munic. Rank	Percent	Munic. Rank
4201100000	Berks County	411,442	3.2%	-	373,638	3.0%	-	37,804	-	10.1%	-
4201124384	Exeter township	25,550	0.2%	56	21,161	0.2%	73	4,389	21	20.7%	189

**Township Of Exeter Data &  
Demographics (As of July  
1, 2017)**

**POPULATION**

Total Population	25,787
Population in Households	25,482
Population in Families	21,721
Population in Group Qtrts	305
Population Density <sup>1</sup>	1,064
Diversity Index <sup>2</sup>	30

**HOUSEHOLDS**

Total Households	9,706
Average Household Size	2.63
Family Households	7,097
Average Family Size	3

**HOUSING**

Total Housing Units	10,080 (100%)
Owner Occupied HU	8,225 (81.6%)
Renter Occupied HU	1,481 (14.7%)
Vacant Housing Units	374 ( 3.7%)
Median Home Value	\$198,600
Average Home Value	\$223,757

**INCOME**

Median Household Income	\$78,993
Average Household Income	\$99,104
Per Capita Income	\$37,561

(Compound Annual Growth Rates)

<b>GROWTH RATES</b>	<b>2010-2014</b>	<b>2014-2019</b>
Population	0.13%	0.18%
Households	0.06%	0.13%
Families	-0.04%	0.06%
Median Household Income		1.97%
Per Capita Income		2.59%

1) Population Density = Total Population per square mile.

2) The Diversity Index is a scale of 0 to 100 that represents the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. If an area's entire population belongs to one race AND one ethnic group, then the area has zero diversity. An area's diversity index increases to 100 when the population is evenly divided into two or more race/ethnic groups.

Based on Census 2010 counts, the Diversity Index for the United States was 60.6 and it is expected to increase to 64.8 by July 1, 2018.

**Saint Lawrence, PA Data &  
Demographics (As of July  
1, 2017)**

**POPULATION**

Total Population	1,822
Daytime Population: Workers	761
Daytime Population: Residents	794
Total Daytime Population (TDP)	1,555
Ratio TDP/Total Population <sup>1</sup>	0.85
Population in Households	1,822
Population in Families	1,488
Population in Group Qtrts	0
Population Density <sup>2</sup>	2,067
Diversity Index <sup>3</sup>	39

**INCOME**

Median Household Income	\$58,877
Average Household Income	\$72,378
Per Capita Income	\$29,634

**HOUSING**

Total Housing Units	767 (100%)
Owner Occupied HU	505 (65.8%)
Renter Occupied HU	241 (31.4%)
Vacant Housing Units	21 ( 2.7%)
Median Home Value	\$168,750
Average Home Value	\$175,941

**HOUSEHOLDS**

Total Households	746
Average Household Size	2.44
Family Households	509
Average Family Size	3

	SBB1	SBB1
Equity Risk Premium	6 93	6 93
Beta (Value Line Med )	<u>0 75</u>	<u>0 75</u>
Risk Adjusted Equity Premium	5 16	5 16
Yield (RF)	3 11	3 11
Size Premium	<u>1 75</u>	<u>0 00</u>
	<u>10 02</u>	<u>8 27</u>

High 10 02  
Low 8 27

VL Beta - 4/13/18

0.75

11 95 Total Return SBB1 1926-2016  
5 02 Income Return SBB1 1926-2016

3.11 30-yr T-bond

	Recent Market <u>Value</u>	Market Quartile <u>Name</u>	Market Quartile	Quartile Size <u>Premium</u>	Value Line <u>Beta</u>
	(Mill \$)				
American States Water Co	2,046 76	Low-Cap	3	1 75	0 75
American Water Works Co Inc	15,615 74	Large-Cap	1	0	0 65
Aqua America Inc	6,252 94	Mid-Cap	2	1 02	0 7
Artesian Resources -CI A	352 50	Mico-Cap	4	3 67	0 74
California Water Service Gp	1,862 87	Low-Cap	3	1 75	0 75
Middlesex Water Co	681 47	Low-Cap	3	1 75	0 8
SJW Corp	1,244 36	Low-Cap	3	1 75	0 7
York Water Co	414 77	Mico-Cap	4	3 67	0 8
Average	3,558 93	Low-Cap	3	1 8	0 74
Median	1,553 62	Low-Cap	3	1 75	0 75

## U.S. States :

<u>State</u>	<u>1790</u>	<u>1800</u>	<u>1810</u>	<u>1820</u>	<u>1830</u>	<u>1840</u>	<u>1850</u>
Alabama	-	1,250	9,046	127,901	309,527	590,756	771,623
Alaska	-	-	-	-	-	-	-
Arizona	-	-	-	-	-	-	-
Arkansas	-	-	1,062	14,273	30,388	97,574	209,897
California	-	-	-	-	-	-	92,597
Colorado	-	-	-	-	-	-	-
Connecticut	237,946	251,002	261,942	275,248	297,675	309,978	370,792
Delaware	59,096	64,273	72,674	72,749	76,748	78,085	91,532
District of Columbia	-	8,144	15,471	23,336	30,261	33,745	51,687
Florida	-	-	-	-	34,730	54,477	87,445
Georgia	82,548	162,686	252,433	340,989	516,823	691,392	906,185
Hawaii	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	-	-
Illinois	-	-	12,282	55,211	157,445	476,183	851,470
Indiana	-	5,641	24,520	147,718	343,031	685,866	988,416
Iowa	-	-	-	-	-	43,112	192,914
Kansas	-	-	-	-	-	-	-
Kentucky	73,677	220,955	406,511	564,317	687,917	779,828	982,405
Louisiana	-	-	76,556	153,407	215,739	352,411	517,762
Maine	96,540	151,719	228,705	298,335	399,455	501,793	583,169
Maryland	319,728	341,548	380,546	407,350	447,040	470,019	583,034
Massachusetts	378,787	422,845	472,040	523,287	610,408	737,699	994,514
Michigan	-	-	4,762	8,896	31,639	212,267	397,654
Minnesota	-	-	-	-	-	-	6,077
Mississippi	-	7,600	31,306	75,448	136,621	375,651	606,526
Missouri	-	-	19,783	66,586	140,455	383,702	682,044
Montana	-	-	-	-	-	-	-
Nebraska	-	-	-	-	-	-	-
Nevada	-	-	-	-	-	-	-
New Hampshire	141,885	183,858	214,460	244,161	269,328	284,574	317,976
New Jersey	184,139	211,149	245,562	277,575	320,823	373,306	489,555
New Mexico	-	-	-	-	-	-	61,547
New York	340,120	589,051	959,049	1,372,812	1,918,608	2,428,921	3,097,394
North Carolina	393,751	478,103	555,500	638,829	737,987	753,419	869,039
North Dakota	-	-	-	-	-	-	-
Ohio	-	45,365	230,760	581,434	937,903	1,519,467	1,980,329
Oklahoma	-	-	-	-	-	-	-
Oregon	-	-	-	-	-	-	12,093
Pennsylvania	434,373	602,365	810,091	1,049,458	1,348,233	1,724,033	2,311,786
Rhode Island	68,825	69,122	76,931	83,059	97,199	108,830	147,545
South Carolina	249,073	345,591	415,115	502,741	581,185	594,398	668,507
South Dakota	-	-	-	-	-	-	-
Tennessee	35,691	105,602	261,727	422,823	681,904	829,210	1,002,717
Texas	-	-	-	-	-	-	212,592
Utah	-	-	-	-	-	-	11,380
Vermont	85,425	154,465	217,895	235,981	280,652	291,948	314,120
Virginia	691,737	807,557	877,683	938,261	1,044,054	1,025,227	1,119,348
Washington	-	-	-	-	-	-	1,201
West Virginia	55,873	78,592	105,469	136,808	176,924	224,537	302,313
Wisconsin	-	-	-	-	-	30,945	305,391
Wyoming	-	-	-	-	-	-	-
<b>Total - States &amp; D.C.</b>	<b>3,929,214</b>	<b>5,308,483</b>	<b>7,239,881</b>	<b>9,638,993</b>	<b>12,860,702</b>	<b>17,063,353</b>	<b>23,192,576</b>

## and District of Columbia Population Censu

<b>State</b>	<b>1860</b>	<b>1870</b>	<b>1880</b>	<b>1890</b>	<b>1900</b>	<b>1910</b>
Alabama	964,201	996,992	1,262,505	1,513,401	1,828,697	2,138,093
Alaska	-	-	33,426	32,052	63,592	64,356
Arizona	-	9,658	40,440	88,243	122,931	204,354
Arkansas	435,450	484,471	802,525	1,128,211	1,311,564	1,574,449
California	379,994	560,247	864,694	1,213,398	1,485,053	2,377,549
Colorado	34,277	39,864	194,327	413,249	539,700	799,024
Connecticut	460,147	537,454	622,700	746,258	908,420	1,114,756
Delaware	112,216	125,015	146,608	168,493	184,735	202,322
District of Columbia	75,080	131,700	177,624	230,392	278,718	331,069
Florida	140,424	187,748	269,493	391,422	528,542	752,619
Georgia	1,057,286	1,184,109	1,542,180	1,837,353	2,216,331	2,609,121
Hawaii	-	-	-	-	154,001	191,874
Idaho	-	14,999	32,610	88,548	161,772	325,594
Illinois	1,711,951	2,539,891	3,077,871	3,826,352	4,821,550	5,638,591
Indiana	1,350,428	1,680,637	1,978,301	2,192,404	2,516,462	2,700,876
Iowa	674,913	1,194,020	1,624,615	1,912,297	2,231,853	2,224,771
Kansas	107,206	364,399	996,096	1,428,108	1,470,495	1,690,949
Kentucky	1,155,684	1,321,011	1,648,690	1,858,635	2,147,174	2,289,905
Louisiana	708,002	726,915	939,946	1,118,588	1,381,625	1,656,388
Maine	628,279	626,915	648,936	661,086	694,466	742,371
Maryland	687,049	780,894	934,943	1,042,390	1,188,044	1,295,346
Massachusetts	1,231,066	1,457,351	1,783,085	2,238,947	2,805,346	3,366,416
Michigan	749,113	1,184,059	1,636,937	2,093,890	2,420,982	2,810,173
Minnesota	172,023	439,706	780,773	1,310,283	1,751,394	2,075,708
Mississippi	791,305	827,922	1,131,597	1,289,600	1,551,270	1,797,114
Missouri	1,182,012	1,721,295	2,168,380	2,679,185	3,106,665	3,293,335
Montana	-	20,595	39,159	142,924	243,329	376,053
Nebraska	28,841	122,993	452,402	1,062,656	1,066,300	1,192,214
Nevada	6,857	42,491	62,266	47,355	42,335	81,875
New Hampshire	326,073	318,300	346,991	376,530	411,588	430,572
New Jersey	672,035	906,096	1,131,116	1,444,933	1,883,669	2,537,167
New Mexico	93,516	91,874	119,565	160,282	195,310	327,301
New York	3,880,735	4,382,759	5,082,871	6,003,174	7,268,894	9,113,614
North Carolina	992,622	1,071,361	1,399,750	1,617,949	1,893,810	2,206,287
North Dakota	-	2,405	36,909	190,983	319,146	577,056
Ohio	2,339,511	2,665,260	3,198,062	3,672,329	4,157,545	4,767,121
Oklahoma	-	-	-	258,657	790,391	1,657,155
Oregon	52,465	90,923	174,768	317,704	413,536	672,765
Pennsylvania	2,906,215	3,521,951	4,282,891	5,258,113	6,302,115	7,665,111
Rhode Island	174,620	217,353	276,531	345,506	428,556	542,610
South Carolina	703,708	705,606	995,577	1,151,149	1,340,316	1,515,400
South Dakota	4,837	11,776	98,268	348,600	401,570	583,888
Tennessee	1,109,801	1,258,520	1,542,359	1,767,518	2,020,616	2,184,789
Texas	604,215	818,579	1,591,749	2,235,527	3,048,710	3,896,542
Utah	40,273	86,786	143,963	210,779	276,749	373,351
Vermont	315,098	330,551	332,286	332,422	343,641	355,956
Virginia	1,219,630	1,225,163	1,512,565	1,655,980	1,854,184	2,061,612
Washington	11,594	23,955	75,116	357,232	518,103	1,141,990
West Virginia	376,688	442,014	618,457	762,794	958,800	1,221,119
Wisconsin	775,881	1,054,670	1,315,497	1,693,330	2,069,042	2,333,860
Wyoming	-	9,118	20,789	62,555	92,531	145,965
<b>Total - States &amp; D.C.</b>	<b>31,443,321</b>	<b>38,558,371</b>	<b>50,189,209</b>	<b>62,979,766</b>	<b>76,212,168</b>	<b>92,228,496</b>

## is Counts: 1790 to 2010

<b>State</b>	<b>1920</b>	<b>1930</b>	<b>1940</b>	<b>1950</b>	<b>1960</b>	<b>1970</b>
Alabama	2,348,174	2,646,248	2,832,961	3,061,743	3,266,740	3,444,165
Alaska	55,036	59,278	72,524	128,643	226,167	300,382
Arizona	334,162	435,573	499,261	749,587	1,302,161	1,770,900
Arkansas	1,752,204	1,854,482	1,949,387	1,909,511	1,786,272	1,923,295
California	3,426,861	5,677,251	6,907,387	10,586,223	15,717,204	19,953,134
Colorado	939,629	1,035,791	1,123,296	1,325,089	1,753,947	2,207,259
Connecticut	1,380,631	1,606,903	1,709,242	2,007,280	2,535,234	3,031,709
Delaware	223,003	238,380	266,505	318,085	446,292	548,104
District of Columbia	437,571	486,869	663,091	802,178	763,956	756,510
Florida	968,470	1,468,211	1,897,414	2,771,305	4,951,560	6,789,443
Georgia	2,895,832	2,908,506	3,123,723	3,444,578	3,943,116	4,589,575
Hawaii	255,881	368,300	422,770	499,794	632,772	768,561
Idaho	431,866	445,032	524,873	588,637	667,191	712,567
Illinois	6,485,280	7,630,654	7,897,241	8,712,176	10,081,158	11,113,976
Indiana	2,930,390	3,238,503	3,427,796	3,934,224	4,662,498	5,193,669
Iowa	2,404,021	2,470,939	2,538,268	2,621,073	2,757,537	2,824,376
Kansas	1,769,257	1,880,999	1,801,028	1,905,299	2,178,611	2,246,578
Kentucky	2,416,630	2,614,589	2,845,627	2,944,806	3,038,156	3,218,706
Louisiana	1,798,509	2,101,593	2,363,880	2,683,516	3,257,022	3,641,306
Maine	768,014	797,423	847,226	913,774	969,265	992,048
Maryland	1,449,661	1,631,526	1,821,244	2,343,001	3,100,689	3,922,399
Massachusetts	3,852,356	4,249,614	4,316,721	4,690,514	5,148,578	5,689,170
Michigan	3,668,412	4,842,325	5,256,106	6,371,766	7,823,194	8,875,083
Minnesota	2,387,125	2,563,953	2,792,300	2,982,483	3,413,864	3,804,971
Mississippi	1,790,618	2,009,821	2,183,796	2,178,914	2,178,141	2,216,912
Missouri	3,404,055	3,629,367	3,784,664	3,954,653	4,319,813	4,676,501
Montana	548,889	537,606	559,456	591,024	674,767	694,409
Nebraska	1,296,372	1,377,963	1,315,834	1,325,510	1,411,330	1,483,493
Nevada	77,407	91,058	110,247	160,083	285,278	488,738
New Hampshire	443,083	465,293	491,524	533,242	606,921	737,681
New Jersey	3,155,900	4,041,334	4,160,165	4,835,329	6,066,782	7,168,164
New Mexico	360,350	423,317	531,818	681,187	951,023	1,016,000
New York	10,385,227	12,588,066	13,479,142	14,830,192	16,782,304	18,236,967
North Carolina	2,559,123	3,170,276	3,571,623	4,061,929	4,556,155	5,082,059
North Dakota	646,872	680,845	641,935	619,636	632,446	617,761
Ohio	5,759,394	6,646,697	6,907,612	7,946,627	9,706,397	10,652,017
Oklahoma	2,028,283	2,396,040	2,336,434	2,233,351	2,328,284	2,559,229
Oregon	783,389	953,786	1,089,684	1,521,341	1,768,687	2,091,385
Pennsylvania	8,720,017	9,631,350	9,900,180	10,498,012	11,319,366	11,793,909
Rhode Island	604,397	687,497	713,346	791,896	859,488	946,725
South Carolina	1,683,724	1,738,765	1,899,804	2,117,027	2,382,594	2,590,516
South Dakota	636,547	692,849	642,961	652,740	680,514	665,507
Tennessee	2,337,885	2,616,556	2,915,841	3,291,718	3,567,089	3,923,687
Texas	4,663,228	5,824,715	6,414,824	7,711,194	9,579,677	11,196,730
Utah	449,396	507,847	550,310	688,862	890,627	1,059,273
Vermont	352,428	359,611	359,231	377,747	389,881	444,330
Virginia	2,309,187	2,421,851	2,677,773	3,318,680	3,966,949	4,648,494
Washington	1,356,621	1,563,396	1,736,191	2,378,963	2,853,214	3,409,169
West Virginia	1,463,701	1,729,205	1,901,974	2,005,552	1,860,421	1,744,237
Wisconsin	2,632,067	2,939,006	3,137,587	3,434,575	3,951,777	4,417,731
Wyoming	194,402	225,565	250,742	290,529	330,066	332,416
<b>Total - States &amp; D.C.</b>	<b>106,021,537</b>	<b>123,202,624</b>	<b>132,164,569</b>	<b>151,325,798</b>	<b>179,323,175</b>	<b>203,211,926</b>



<b>State</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>
Alabama	3,893,888	4,040,587	4,447,351	4,779,736
Alaska	401,851	550,043	626,931	710,231
Arizona	2,718,215	3,665,228	5,130,632	6,392,017
Arkansas	2,286,435	2,350,725	2,673,400	2,915,918
California	23,667,902	29,760,021	33,871,653	37,253,956
Colorado	2,889,964	3,294,394	4,302,015	5,029,196
Connecticut	3,107,576	3,287,116	3,405,602	3,574,097
Delaware	594,338	666,168	783,600	897,934
District of Columbia	638,333	606,900	572,059	601,723
Florida	9,746,324	12,937,926	15,982,824	18,801,310
Georgia	5,463,105	6,478,216	8,186,816	9,687,653
Hawaii	964,691	1,108,229	1,211,537	1,360,301
Idaho	943,935	1,006,749	1,293,956	1,567,582
Illinois	11,426,518	11,430,602	12,419,647	12,830,632
Indiana	5,490,224	5,544,159	6,080,517	6,483,802
Iowa	2,913,808	2,776,755	2,926,382	3,046,355
Kansas	2,363,679	2,477,574	2,688,824	2,853,118
Kentucky	3,660,777	3,685,296	4,042,285	4,339,367
Louisiana	4,205,900	4,219,973	4,468,958	4,533,372
Maine	1,124,660	1,227,928	1,274,923	1,328,361
Maryland	4,216,975	4,781,468	5,296,507	5,773,552
Massachusetts	5,737,037	6,016,425	6,349,105	6,547,629
Michigan	9,262,078	9,295,297	9,938,480	9,883,640
Minnesota	4,075,970	4,375,099	4,919,492	5,303,925
Mississippi	2,520,638	2,573,216	2,844,656	2,967,297
Missouri	4,916,686	5,117,073	5,596,683	5,988,927
Montana	786,690	799,065	902,195	989,415
Nebraska	1,569,825	1,578,385	1,711,265	1,826,341
Nevada	800,493	1,201,833	1,998,257	2,700,551
New Hampshire	920,610	1,109,252	1,235,786	1,316,470
New Jersey	7,364,823	7,730,188	8,414,347	8,791,894
New Mexico	1,302,894	1,515,069	1,819,046	2,059,179
New York	17,558,072	17,990,455	18,976,821	19,378,102
North Carolina	5,881,766	6,628,637	8,046,485	9,535,483
North Dakota	652,717	638,800	642,200	672,591
Ohio	10,797,630	10,847,115	11,353,145	11,536,504
Oklahoma	3,025,290	3,145,585	3,450,652	3,751,351
Oregon	2,633,105	2,842,321	3,421,436	3,831,074
Pennsylvania	11,863,895	11,881,643	12,281,054	12,702,379
Rhode Island	947,154	1,003,464	1,048,319	1,052,567
South Carolina	3,121,820	3,486,703	4,011,816	4,625,364
South Dakota	690,768	696,004	754,844	814,180
Tennessee	4,591,120	4,877,185	5,689,267	6,346,105
Texas	14,229,191	16,986,510	20,851,790	25,145,561
Utah	1,461,037	1,722,850	2,233,198	2,763,885
Vermont	511,456	562,758	608,827	625,741
Virginia	5,346,818	6,187,358	7,079,030	8,001,024
Washington	4,132,156	4,866,692	5,894,141	6,724,540
West Virginia	1,949,644	1,793,477	1,808,350	1,852,994
Wisconsin	4,705,767	4,891,769	5,363,715	5,686,986
Wyoming	469,557	453,588	493,782	563,626
<b>Total - States &amp; D.C.</b>	<b>226,545,805</b>	<b>248,709,873</b>	<b>281,424,603</b>	<b>308,745,538</b>

## Minimum Capital Improvements Necessary if Township Retains Ownership

2018	\$	1,186,383
2019	\$	1,009,106
2020	\$	5,029,056
2021	\$	1,182,806
2022	\$	1,599,603
2023	\$	3,150,000
2024	\$	4,150,000
2025		TBD
2026		TBD
2027		TBD

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**MINIMUM CAPITAL NEEDS (10 YEARS)    \$    17,306,954**

WORKING NOTES							
	2013	2014	2015	2016	2017	2018	2019
GROSS Property, plant and equipment	-	-	-	-	68,404,345	68,404,345	69,041,845
Accumulated Depreciation	-	-	-	-	25,725,994	25,725,994	26,712,164
NET PPE	-	-	-	-	42,678,351	42,678,351	42,329,681
Total Debt	-	-	-	-	-	-	-
Net Equity	-	-	-	-	-	-	-
Investor Provided Capital	-	-	-	-	-	-	-

Depreciation / GROSS PPE #DIV/0! #DIV/0! #DIV/0! 1.60% 1.60% 1.60%

Muni CAPX	0	0	750,000
IOU savings	0%		100%
CAPX/Prior Yr GROSS PPE			
CAPX	0	0	750,000
Dep rate	1.60%	1.60%	1.60%
Half yr Dep	0.80%	0.80%	0.80%
Dep on CAPX	-	-	6,000
Rate of retirement	15.0%	15.0%	15.0%
Retired property	-	-	112,500
Dep on Retired property	-	-	1,800
Dep on Prior yr GROSS	-	-	1,094,470
Total Dep	-	-	1,098,670

Depreciation Expense - - - - -

NET PPE Rev PURTA 0.001527765 Reg Assessment Fee 0.005652534

<u>FIX CIP</u>	<u>CIP</u>	2017 2017	2018 2017	2019 based on APA
		0	0	750000
		2016 Oc adds 2017-2020 CIP		

<u>2017</u>	<u>2018</u>
	95,000.00
	95,000.00

Sewer Rental Charges	0	0	5,095,691	5,339,276	6,135,000	6,471,248	4,766,060
EDUs	0	0	0	0	10351	10351	10371
		0	0	0	5175.5	10351	10361
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	592,696,357.8	\$ 460.00	\$ 460.00
	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	1185,392,716	625,180,948.7	
					C 8,984	10,351	
					E 0.87		
					1742000		
Customer Growth Delivered to Customer		-	390	390	390	390	390
Customers		8,984	8,984	8,984	8,984	9,001	
Total Revenue (Less TAP)		5,177,079	5,456,019	6,202,326	6,538,248	8,029,210	
avg CUST rev		576.26	607.30	690.37	727.77	892.00	
avg CUST flow		-	0	0	0	0	
avg EDU rev	#DIV/0!	#DIV/0!	#DIV/0!	599.20	631.65	774.20	
avg EDU flow	#DIV/0!	#DIV/0!	#DIV/0!	0	0	0	
Rev Calculated					6,202,326	6,544,565	

	WORKING NOTES						
	2020	2021	2022	2023	2024	2025	2026
GROSS Property, plant and equipment	69,679,345	70,316,845	70,954,345	71,626,261	72,304,380	72,988,920	73,673,848
Accumulated Depreciation	27,708,533	28,715,103	29,731,872	30,752,995	31,783,815	32,824,394	33,875,859
NET PPE	41,970,812	41,601,742	41,222,473	40,873,266	40,520,565	40,164,526	39,797,989
Total Debt							
Net Equity							
Investor Provided Capital							

Depreciation / GROSS PPE

	750,000	750,000	750,000	790,489	797,787	805,341	
	100%	100%	100%	100%	100%	100%	
			110%	110%	110%	110%	110%
	750,000	750,000	750,000	790,489	797,787	805,341	805,798
	160%	160%	160%	160%	160%	160%	160%
	080%	080%	080%	080%	080%	080%	080%
	6,000	6,000	6,000	6,324	6,382	6,443	6,446
	150%	150%	150%	150%	150%	150%	150%
	112,500	112,500	112,500	118,573	119,668	120,801	120,870
	1,800	1,800	1,800	1,897	1,915	1,933	1,934
	1,104,670	1,114,870	1,125,070	1,135,270	1,146,020	1,156,870	1,167,823
	1,108,870	1,119,070	1,129,270	1,139,696	1,150,487	1,161,380	1,172,335

Depreciation Expense

2020	2021	2022			
based on APA	based on APA	based on % of Dep	based on % of Dep	based on % of Dep	based on % of Dep
750,000	750,000	750,000	790,489	797,787	805,341

	95,000 00	95,000 00	95,000 00	494,000 00	498,750 00	503,500 00	508,250 00
Sewer Rental Charges	4,775,260	4,784,460	4,793,660				
EDUs	10391	10411	10431	10535	10640	10746	10853
	20	20	20	104	105	106	107
	10381	10401	10421				
	\$ 460 00	\$ 460 00	\$ 460 00				

	20	20	20	100%	100%	100%	100%
	391	392	393	397	400	404	409
	9,019	9,036	9,053	9,144	9,235	9,328	9,421
	8,103,952	8,119,436	8,134,920	8,183,040	8,264,201	8,346,173	8,428,964
	898 57	898 56	898 55	894 91	894 84	894 77	894 70
	0	0	0	0	0	0	0
	779 90	779 89	779 88	776 75	776 71	776 68	776 65
	0	0	0	0	0	0	0
	8,036,952	8,111,751	8,127,235	8,175,595	8,223,955	8,305,522	8,387,904

	2027	2028	2029	2030	2031
GROSS Property, plant and equipment	74,365,203	75,063,046	75,767,438	76,478,440	77,196,114
Accumulated Depreciation	34,937,191	36,008,483	37,089,829	38,181,322	39,283,057
<b>NET PPE</b>	<b>39,428,012</b>	<b>39,054,563</b>	<b>38,677,609</b>	<b>38,297,118</b>	<b>37,913,057</b>
Total Debt					
Net Equity					
Investor Provided Capital					

Depreciation / GROSS PPE

1 10%	1 10%	1 10%	1 10%	1 10%
813,359	820,992	828,696	836,473	844,322
1 60%	1 60%	1 60%	1 60%	1 60%
0 80%	0 80%	0 80%	0 80%	0 80%
6,507	6,568	6,630	6,692	6,755
15 0%	15 0%	15 0%	15 0%	15 0%
122,004	123,149	124,304	125,471	126,648
1,952	1,970	1,989	2,008	2,026
1,178,782	1,189,843	1,201,009	1,212,279	1,223,655
1,183,337	1,194,441	1,205,650	1,216,963	1,228,384

Depreciation Expense

	517,750 00	522,500 00	527,250 00	532,000 00	536,750 00
Sewer Rental Charges					
EDUs	10962	11072	11183	11295	11408
	109	110	111	112	113

1 00%	1 00%	1 00%	1 00%	1 00%
413	417	421	425	429
9,515	9,610	9,707	9,804	9,902
8,512,584	8,597,040	8,682,340	8,768,494	8,855,508
894 63	894 56	894 49	894 42	894 35
0	0	0	0	0
776 55	776 47	776 39	776 32	776 25
0	0	0	0	0
8,471,109	8,555,147	8,640,025	8,725,752	8,812,336

**WORKING NOTES**

2013      2014      2015      2016      2017      2018      2019

	<u>2018</u>	<u>2019</u>
Change		
\$ 690,377	\$ 727,777	\$ 892,000
	-	6,317
	6,202,326	6,544,565
	-	-

Prior yr			
NET PURTA	0.1432%	61,115	61,115
REV Reg Assessment	0.5690%	35,533	37,516
		96,648	98,631

Sewer rents	3,147,742	4,500,000	5,141,248	1,490,962
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Exeter Township Wastewater System Assets				
Investor Provide	-			
Gross PP&E	68,404,345			
Net PP&E	42,678,351			
Revenues	6,244,826	6,593,248	8,029,210	
EBITDA	3,170,005	3,718,285	5,383,703	
EBIT	3,170,005	3,718,285	4,285,033	
Customers	8,984			
Population	27,609			

G PPE	-	-	68,404,345	68,404,345
NPPE	-	-	42,678,351	42,678,351
Cust	8,984	8,984	8,984	8,984

	2013	2014	2015	2016	2017	2018
LESS EOS - Wages & Benefits	0	0	0	0	1,687,159	1,756,690
LESS EOS - Professional Services	0	0	0	0	480,500	107,500
LESS EOS - Utilities	0	0	0	0	337,900	337,900
LESS EOS - Financial Services	0	0	0	0	21,581	26,982

EXETER

Wages	1,687,159	1,756,690
services	480,500	107,500
utilities	337,900	337,900
Financial Services	21,581	26,982

Reported CAPX	0	0	178,962	158,587	25,222	
<del>CAPX from 2017-2025 CIP</del>					<del>6,842,383</del>	<del>4,742,081</del>
					<del>11,782,781</del>	

	2013	2014	2015	2016	2017
GROSS Property, plant and equipment	-	-	-	-	68,404,345
Accumulated Depreciation	-	-	-	-	25,725,994
NET PPE	-	-	-	-	42,678,351

Total Debt	-	-	-	-	-
Net Equity	-	-	-	-	-

WORKING NOTES						
2020	2021	2022	2023	2024	2025	2026
\$ 892,000	\$ 892,000	\$ 892,000	\$ 892,000	\$ 892,000	\$ 892,000	\$ 892,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,742	8,052,436	7,799	40,675	40,915	41,321	41,731
8,036,952	8,052,436	8,067,920	8,116,040	8,197,201	8,279,173	8,361,964
60,616	60,102	59,574	59,031	58,531	58,025	57,516
45,686	46,111	46,200	46,288	46,561	47,023	47,490
106,302	106,213	105,774	105,319	105,092	105,048	105,006

68,404,345  
42,678,351  
7,735,788  
4,660,967  
4,660,967  
8,984  
27,609

LESS EOS - Wages & Benefits	0.15	LESS EOS - Wages & Benefits	15% savings
LESS EOS - Professional Services	0.5	LESS EOS - Professional Services	50% savings
LESS EOS - Utilities		LESS EOS - Utilities Electric & Power	10% savings
LESS EOS - Financial Services		LESS EOS - Financial Services	100% savings

EXETER

Wages  
services  
utilities  
Financial Services

Reported CAPX  
CAPX from 2017-2025 CIP

6,795,581	4,482,781	4,482,781	4,482,781	4,482,781	4,482,781
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GROSS Property, plant and equipment  
Accumulated Depreciation  
NET PPE

OC Study	Per Books	Difference
68,404,345	-	
25,725,994	-	
42,678,351	-	42,678,351
1,090,279		

Total Debt  
Net Equity

	2027	2028	2029	2030	2031
	2027	2028	2029	2030	2031
	\$ 892.00	\$ 892.00	\$ 892.00	\$ 892.00	\$ 892.00
	\$ -	\$ -	\$ -	\$ -	\$ -
	42,145	42,563	42,985	43,412	43,842
	8,445,584	8,530,040	8,615,340	8,701,494	8,788,508
	56,991	56,461	55,926	55,386	54,841
	47,961	48,437	48,917	49,403	49,893
	104,952	104,898	104,843	104,789	104,734

LESS EOS - Wages & Benefits	15%	0.15
LESS EOS - Professional Services	50%	0.5
LESS EOS - Utilities	10%	0.1
LESS EOS - Financial Services	100%	0.1

EXETER

Wages  
 services  
 utilities  
 Financial Services

Reported CAPX  
 CAPX from 2017-2025 CIP

GROSS Property, plant and equipment  
 Accumulated Depreciation  
 NET PPE

Total Debt  
 Net Equity



	WORKING NOTES					
	2013	2014	2015	2016	2017	2018
Investor Provided Capital	-	-	-	-	-	-
Depreciation Rate	0.00%	0.00%	0.00%	#DIV/0!	1.59%	
Depreciation Expense	-	-	-		1,090,279.00	
						Exeter Retained Ownership 10 yr total CAPX
						17,306,954
						1,730,695

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
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WORKING NOTES

Investor Provided Capital

Depreciation Rate

Depreciation Expense

	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Investor Provided Capital					

Depreciation Rate

Depreciation Expense

WORKING NOTES							
	2013	2014	2015	2016	2017	2018	2019
GROSS Property, plant and equipment	-	-	-	-	68,404,345	68,404,345	69,041,845
Accumulated Depreciation	-	-	-	-	25,725,994	25,725,994	26,712,164
NET PPE	-	-	-	-	42,678,351	42,678,351	42,329,681
Total Debt	-	-	-	-	-	-	-
Net Equity	-	-	-	-	-	-	-
Investor Provided Capital	-	-	-	-	-	-	-

Depreciation / GROSS PPE

#DIV/0! #DIV/0! #DIV/0! 1.60% 1.60% 1.60%

Muni CAPX	0	0	750,000
IOU savings	0%		100%
CAPX/Prior Yr GROSS PPE			
CAPX	0	0	750,000
Dep rate	1.60%	1.60%	1.60%
Half yr Dep	0.80%	0.80%	0.80%
Dep on CAPX	-	-	6,000
Rate of retirement	15.0%	15.0%	15.0%
Retired property	-	-	112,500
Dep on Retired property	-	-	1,800
Dep on Prior yr GROSS	-	-	1,094,470
Total Dep	-	-	1,098,670

Depreciation Expense

- - - - -

NET PPE Rev  
PURTA 0.001527765  
Reg Assessment Fee 0.005652534

FIX CIP CIP  
2017 2018 2019  
2017 2017 based on APA  
0 0 750000

2016 Oc adds  
2017-2020 CIP

2017	2018
95,000.00	95,000.00

Sewer Rental Charges	0	0	5,095,691	5,339,276	6,135,000	6,471,248	4,766,060
EDUs	0	0	0	0	10351	10351	10371
		0	0	0	5175.5	10351	10361
	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	592.6963578	\$ 460.00	\$ 460.00
		#DIV/0!	#DIV/0!	#DIV/0!	1185.392716	625.1809487	
					C 8.984	E 10.351	0.87

1742000

Customer Growth							
Delivered to Customer	-	390	390	390	390	390	390
Customers	8,984	8,984	8,984	8,984	8,984	9,001	9,001
Total Revenue (Less TAP)	5,177,079	5,456,019	6,202,326	6,538,248	8,029,210		
avg CUST rev	576.26	607.30	690.37	727.77	892.00		
avg CUST flow	-	0	0	0	0		
avg EDU rev	#DIV/0!	#DIV/0!	599.20	631.65	774.20		
avg EDU flow	#DIV/0!	#DIV/0!	0	0	0		
Rev Calculated				6,202,326	6,544,565		

	WORKING NOTES						
	2020	2021	2022	2023	2024	2025	2026
GROSS Property, plant and equipment	69,679,345	70,316,845	70,954,345	71,626,261	72,304,380	72,988,920	73,673,848
Accumulated Depreciation	27,708,533	28,715,103	29,731,872	30,752,995	31,783,815	32,824,394	33,875,859
NET PPE	41,970,812	41,601,742	41,222,473	40,873,266	40,520,565	40,164,526	39,797,989
Total Debt							
Net Equity							
Investor Provided Capital							

Depreciation / GROSS PPE

	750,000	750,000	750,000	790,489	797,787	805,341	
	100%	100%	100%	100%	100%	100%	
			110%	110%	110%	110%	110%
	750,000	750,000	750,000	790,489	797,787	805,341	805,798
	160%	160%	160%	160%	160%	160%	160%
	080%	080%	080%	080%	080%	080%	080%
	6,000	6,000	6,000	6,324	6,382	6,443	6,446
	150%	150%	150%	150%	150%	150%	150%
	112,500	112,500	112,500	118,573	119,668	120,801	120,870
	1,800	1,800	1,800	1,897	1,915	1,933	1,934
	1,104,670	1,114,870	1,125,070	1,135,270	1,146,020	1,156,870	1,167,823
	1,108,870	1,119,070	1,129,270	1,139,696	1,150,487	1,161,380	1,172,335

Depreciation Expense

2020	2021	2022			
<i>based on APA</i>	<i>based on APA</i>	<i>based on % of Dep</i>	<i>based on % of Dep</i>	<i>based on % of Dep</i>	<i>based on % of Dep</i>
750,000	750,000	750,000	790,489	797,787	805,341

	95,000 00	95,000 00	95,000 00	494,000 00	498,750 00	503,500 00	508,250 00
Sewer Rental Charges	4,775,260	4,784,460	4,793,660				
EDUs	10391	10411	10431	10535	10640	10746	10853
	20	20	20	104	105	106	107
	10381	10401	10421				
\$	460 00	\$ 460 00	\$ 460 00				

	20	20	20	100%	100%	100%	100%
	391	392	393	397	400	404	409
	9,019	9,036	9,053	9,144	9,235	9,328	9,421
	8,103,952	8,119,436	8,134,920	8,183,040	8,264,201	8,346,173	8,428,964
	898 57	898 56	898 55	894 91	894 84	894 77	894 70
	0	0	0	0	0	0	0
	779 90	779 89	779 88	776 75	776 71	776 68	776 65
	0	0	0	0	0	0	0
	8,036,952	8,111,751	8,127,235	8,175,595	8,223,955	8,305,522	8,387,904

	2027	2028	2029	2030	2031
GROSS Property, plant and equipment	74,365,203	75,063,046	75,767,438	76,478,440	77,196,114
Accumulated Depreciation	34,937,191	36,008,483	37,089,829	38,181,322	39,283,057
NET PPE	39,428,012	39,054,563	38,677,609	38,297,118	37,913,057
Total Debt					
Net Equity					
Investor Provided Capital					

Depreciation / GROSS PPE

1 10%	1 10%	1 10%	1 10%	1 10%
813,359	820,992	828,696	836,473	844,322
1 60%	1 60%	1 60%	1 60%	1 60%
0 80%	0 80%	0 80%	0 80%	0 80%
6,507	6,568	6,630	6,692	6,755
15 0%	15 0%	15 0%	15 0%	15 0%
122,004	123,149	124,304	125,471	126,648
1,952	1,970	1,989	2,008	2,026
1,178,782	1,189,843	1,201,009	1,212,279	1,223,655
1,183,337	1,194,441	1,205,650	1,216,963	1,228,384

Depreciation Expense

517,750 00	522,500 00	527,250 00	532,000 00	536,750 00
Sewer Rental Charges				
EDUs	10962	11072	11183	11295
	109	110	111	112

1 00%	1 00%	1 00%	1 00%	1 00%
413	417	421	425	429
9,515	9,610	9,707	9,804	9,902
8,512,584	8,597,040	8,682,340	8,768,494	8,855,508
894 63	894 56	894 49	894 42	894 35
0	0	0	0	0
776 55	776 47	776 39	776 32	776 25
0	0	0	0	0
8,471,109	8,555,147	8,640,025	8,725,752	8,812,336

WORKING NOTES

2013 2014 2015 2016 2017 2018 2019

	2018	2019
Change	\$ 690,377	\$ 892,000
	-	6,317
	6,202,326	6,544,565

Prior yr			
NET PURTA	0.1432%	61,115	61,115
REV Reg Assessment	0.5690%	35,533	37,516
		<u>96,648</u>	<u>98,631</u>

Sewer rents	3,147,742	4,500,000	5,141,248	1,490,962
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Exeter Township Wastewater System Assets

Investor Provide	-		
Gross PP&E	68,404,345		
Net PP&E	42,678,351		
Revenues	6,244,826	6,593,248	8,070,010
EBITDA	3,170,005	3,718,285	5,523,134
EBIT	3,170,005	3,718,285	4,424,464
Customers	8,984		
Population	27,609		

G PPE	-	-	68,404,345	68,404,345
NPPE	-	-	42,678,351	42,678,351
Cust	8,984	8,984	8,984	8,984

2013 2014 2015 2016 2017 2018

LESS EOS - Wages & Benefits	0	0	0	0	1,687,159	1,756,690
LESS EOS - Professional Services	0	0	0	0	480,500	107,500
LESS EOS - Utilities	0	0	0	0	337,900	337,900
LESS EOS - Financial Services	0	0	0	0	21,581	26,982

EXETER

Wages					1,687,159	1,756,690
services					480,500	107,500
utilities					337,900	337,900
Financial Services					21,581	26,982

Reported CAPX	0	0	178,962	158,587	25,222	
<del>CAPX from 2017-2025 CIP</del>					<del>6,842,383</del>	<del>4,742,081</del> <del>11,782,781</del>

2013 2014 2015 2016 2017

GROSS Property, plant and equipment	-	-	-	-	68,404,345
Accumulated Depreciation	-	-	-	-	25,725,994
NET PPE	-	-	-	-	<u>42,678,351</u>
Total Debt	-	-	-	-	-
Net Equity	-	-	-	-	-

WORKING NOTES						
2020	2021	2022	2023	2024	2025	2026
\$ 892,000	\$ 892,000	\$ 892,000	\$ 892,000	\$ 892,000	\$ 892,000	\$ 892,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,742	8,052,436	7,799	40,675	40,915	41,321	41,731
8,036,952	8,052,436	8,067,920	8,116,040	8,197,201	8,279,173	8,361,964
60,616	60,102	59,574	59,031	58,531	58,025	57,516
45,918	46,344	46,432	46,520	47,769	48,242	48,720
106,534	106,446	106,006	105,551	106,300	106,267	106,236

68,404,345  
42,678,351  
~~7,735,788~~  
4,660,967  
4,660,967  
8,984  
27,609

LESS EOS - Wages & Benefits	0.15	LESS EOS - Wages & Benefits	15% savings
LESS EOS - Professional Services	0.5	LESS EOS - Professional Services	50% savings
LESS EOS - Utilities		LESS EOS - Utilities	10% savings
LESS EOS - Financial Services		LESS EOS - Financial Services	100% savings

EXETER

Wages  
services  
utilities  
Financial Services

Reported CAPX  
CAPX from 2017-2025 CIP

<del>6,795,581</del>	<del>4,482,781</del>	<del>4,482,781</del>	<del>4,482,781</del>	<del>4,482,781</del>	<del>4,482,781</del>
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	OC Study	Per Books	Difference
GROSS Property, plant and equipment	68,404,345	-	
Accumulated Depreciation	25,725,994	-	
NET PPE	42,678,351	-	42,678,351
Total Debt	1,090,279		
Net Equity			



	2027	2028	2029	2030	2031
	2027	2028	2029	2030	2031
	\$ 892.00	\$ 892.00	\$ 892.00	\$ 892.00	\$ 892.00
	\$ -	\$ -	\$ -	\$ -	\$ -
	42,145	42,563	42,985	43,412	43,842
	8,445,584	8,530,040	8,615,340	8,701,494	8,788,508
	56,991	56,461	55,926	55,386	54,841
	49,203	49,702	50,194	50,691	51,193
	106,194	106,163	106,120	106,077	106,034

LESS EOS - Wages & Benefits	15%	0.15
LESS EOS - Professional Services	50%	0.5
LESS EOS - Utilities	10%	0.1
LESS EOS - Financial Services	100%	0.1

EXETER

Wages  
 services  
 utilities  
 Financial Services

Reported CAPX  
 CAPX from 2017-2025 CIP

GROSS Property, plant and equipment  
 Accumulated Depreciation  
 NET PPE

Total Debt  
 Net Equity

WORKING NOTES							Page 7 of 8
	2013	2014	2015	2016	2017	2018	2019
Investor Provided Capital	-	-	-	-	-	-	-
Depreciation Rate	0.00%	0.00%	0.00%	#DIV/0!	1.59%		
Depreciation Expense	-	-	-		1,090,279.00		
						Exeter Retained Ownership 10 yr total CAPX	17,306,954
							1,730,695

	2020	2021	2022	2023	2024	2025	2026
Investor Provided Capital							

Depreciation Rate

Depreciation Expense

	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Investor Provided Capital					

Depreciation Rate

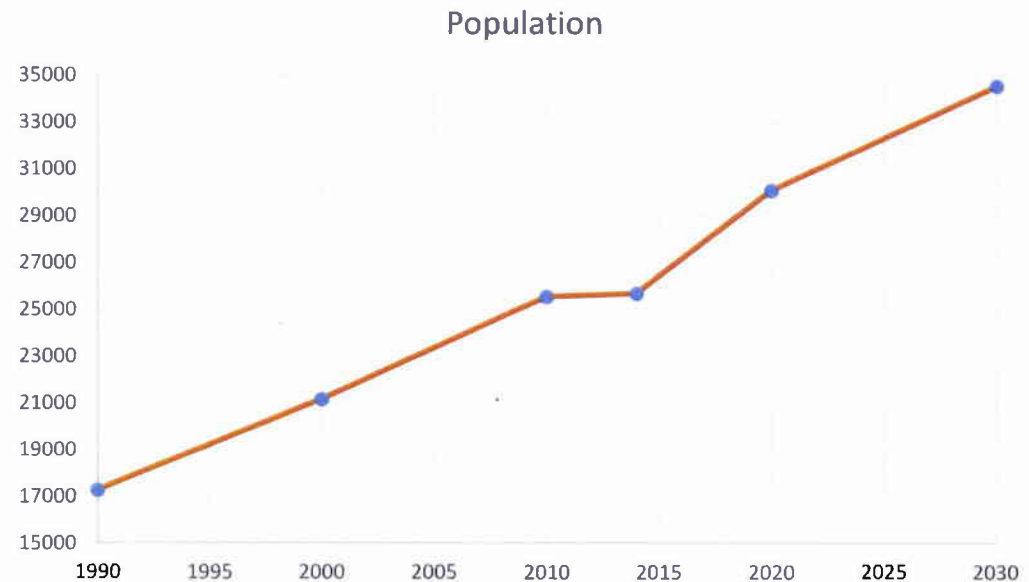
Depreciation Expense



# Township Background

Population

- 1990: 17,260
- 2000: 21,161 (+23%)
- 2010: 25,550 (+20%)
- 2014: 25,684 (+0.5%)
- 2020: 30,090
- 2030: 34,560



**Median Age: 41.8**

## Growing Township - Rising Expectations

**Exeter Township Wastewater System Assets**

Total Debt	20775000	22605000	24350000
Purchase of Capital Assets	25221 52	158587	178962 26

	2016	2015	2014
Income (Loss) Before Transfers	2415465	1889632	1717379
Interest paid	754540	841765	924768
Depreciation	0	0	0
Total Source	\$3 170 005	\$2,731 397	\$2 642,147

Income tax	0	0	0
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Principal	1830000	1745000	1665000
Interest paid	754540	841765	924768
Total Use	\$2 584,540	\$2 586,765	\$2,589 768

**W/Out Trans**

Debt Service Coverage	1 20	1 10	1 00
Pre-Tax Interest Coverage - Including AFC(3)(x)	4 20	3 20	2 90
Post-Tax Interest Coverage - Including AFC(3)(x)	4 20	3 20	2 90
GCF / Interest Coverage(4)(x)	4 20	3 20	2 90
GCF / Tot Debt(7)(%)	11 60	8 40	7 10
GCF / Construction(6)(%)	9577 00	1191 50	959 60

**Comparable Group**

Debt Service Coverage - As Reported							
	2017	2016	2015		2017	2016	2015
<b>Comparable Group</b>							
AMERICAN STATES WATER CO	5 7	5 4	5 6				
AMERICAN WATER WORKS CO INC	1 0	2 7	2 8				
AQUA AMERICA INC	1 0	1 0	0 8				
ARTESIAN RESOURCES -CL A	4 0	3 6	3 3				
CALIFORNIA WATER SERVICE GP	2 9	3 6	3 7				
MIDDLESEX WATER CO	3 6	3 6	3 2				
SJW GROUP	4 7	3 0	4 2				
YORK WATER CO	1 1	4 4	1 4				
Median	3 3	3 6	3 3				
	2017	2016	2015		2017	2016	2015
Company Name	DEPRECIATIO N	DEPRECIATIO N	DEPRECIATIO N	TOTAL INTEREST EXPENSE	TOTAL INTEREST EXPENSE	TOTAL INTEREST EXPENSE	
AMERICAN STATES WATER CO	39 031	38 850	42 033	22 582	22 093	21 782	
AMERICAN WATER WORKS CO INC	492 000	470 000	440 000	350 000	331 000	316 000	
AQUA AMERICA INC	136 302	130 987	125 290	88 543	80 811	76 808	
ARTESIAN RESOURCES -CL A	9 555	9 188	8 837	6 177	6 644	6 998	
CALIFORNIA WATER SERVICE GP	76 783	63 599	61 381	36 288	33 466	29 185	
MIDDLESEX WATER CO	13 922	12 796	12 051	5 506	5 293	5 554	
SJW GROUP	48 292	44 625	40 740	25 736	24 026	23 374	
YORK WATER CO	6 769	6 422	6 151	5 348	5 365	5 053	
	2017	2016	2015	2017	2016	2015	
	INCOME TO PREF+COMM	INCOME TO PREF+COMM	INCOME TO PREF+COMM	REPAY I/T DEBT	REPAY I/T DEBT	REPAY I/T DEBT	
AMERICAN STATES WATER CO	69 367	59 743	60 484	0 529	0 313	0 237	
AMERICAN WATER WORKS CO INC	426 000	468 000	476 000	896 000	144 000	130 000	
AQUA AMERICA INC	239 738	234 182	201 790	359 068	373 087	400 407	
ARTESIAN RESOURCES -CL A	13 983	12 954	11 305	1 218	1 289	1 263	
CALIFORNIA WATER SERVICE GP	67 181	48 675	45 017	26 829	6 996	7 003	
MIDDLESEX WATER CO	22 809	22 742	20 028	6 159	5 898	6 284	
SJW GROUP	59 204	52 839	37 882	2 717	16 599	0 633	
YORK WATER CO	12 974	11 846	12 489	17 533	0 053	11 886	

Company Name	Pretax Operating Income			Interest expense			Net Income		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
AMERICAN STATES WATER CO	130,923	116,571	119,997	22,582	22,093	21,782	69,367	59,743	60,484
AMERICAN WATER WORKS CO INC	1,262,000	1,101,000	1,098,000	350,000	331,000	316,000	426,000	468,000	476,000
AQUA AMERICA INC	345,195	335,971	293,560	88,543	80,811	76,808	239,738	234,182	201,790
ARTESIAN RESOURCES -CL A	27,455	27,929	26,087	6,177	6,644	6,998	13,983	12,954	11,305
CALIFORNIA WATER SERVICE GP	136,832	108,957	99,491	36,288	33,466	29,185	67,181	48,675	45,017
MIDDLESEX WATER CO	39,415	39,770	36,133	5,506	5,293	5,554	22,809	22,742	20,028
SJW CORP	122,229	110,407	84,528	25,736	24,026	23,174	59,204	52,839	37,882
YORK WATER CO	22,865	22,520	22,282	5,348	5,265	5,053	12,974	11,846	12,489

Company Name	Gross Cash Flow			Total debt			CAPX		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
AMERICAN STATES WATER CO	120,551	126,132	112,346	380,363	411,311	353,853	113,126	129,867	87,323
AMERICAN WATER WORKS CO INC	1,353,000	1,199,000	1,191,000	7,725,000	7,182,000	6,556,000	1,434,000	1,311,000	1,160,000
AQUA AMERICA INC	374,609	373,604	337,367	2,146,801	1,894,811	1,795,926	478,089	382,996	364,689
ARTESIAN RESOURCES -CL A	31,410	27,384	24,990	116,845	110,809	115,969	41,094	28,251	20,694
CALIFORNIA WATER SERVICE GP	162,691	136,127	128,876	806,813	655,053	552,502	259,194	228,938	176,833
MIDDLESEX WATER CO	43,973	38,472	47,452	173,910	152,697	144,986	50,301	47,375	25,773
SJW CORP	104,253	100,079	93,159	456,092	447,660	418,916	149,055	142,220	106,774
YORK WATER CO	21,363	19,686	20,704	91,142	84,653	87,305	34,602	33,158	13,844

Company Name	Pretax Interest Coverage			Posttax Interest Coverage			GCF Interest Coverage		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
AMERICAN STATES WATER CO	5.8	5.3	5.5	4.1	3.7	3.8	6.3	6.7	6.2
AMERICAN WATER WORKS CO INC	3.6	3.3	3.5	2.2	2.4	2.5	4.9	4.6	4.8
AQUA AMERICA INC	3.9	4.2	3.8	3.7	3.9	3.6	5.2	5.6	5.4
ARTESIAN RESOURCES -CL A	4.4	4.2	3.7	3.3	2.9	2.6	6.1	5.1	4.6
CALIFORNIA WATER SERVICE GP	3.8	3.3	3.4	2.9	2.5	2.5	5.5	5.1	5.4
MIDDLESEX WATER CO	7.2	7.5	6.5	5.1	5.3	4.6	9.0	8.3	9.5
SJW CORP	4.7	4.6	3.6	3.3	3.2	2.6	5.1	5.2	5.0
YORK WATER CO	4.3	4.3	4.4	3.4	3.2	3.5	5.0	4.7	5.1
Median	4.4	4.1	3.8	3.4	3.2	3.1	5.4	5.2	5.3

Company Name	GCF To Debt			GCF To CAPX		
	2017	2016	2015	2017	2016	2015
AMERICAN STATES WATER CO	31.7	30.7	31.7	106.6	97.1	128.5
AMERICAN WATER WORKS CO INC	17.5	16.7	18.2	94.4	91.5	102.7
AQUA AMERICA INC	17.4	19.7	18.8	78.4	97.5	92.5
ARTESIAN RESOURCES -CL A	26.9	24.7	21.5	76.4	96.9	120.8
CALIFORNIA WATER SERVICE GP	20.2	20.8	23.3	62.8	59.5	72.9
MIDDLESEX WATER CO	25.3	25.2	32.7	87.4	81.2	184.1
SJW CORP	22.9	22.4	22.3	69.9	70.4	87.4
YORK WATER CO	23.4	23.3	23.7	86.8	149.6	149.6
Median	23.2	22.9	22.8	82.6	94.2	111.8

	2017	2016	2015
Pre-Tax Interest Coverage - Including AFC(3)(s)	4.4	4.3	3.8
Post-Tax Interest Coverage - Including AFC(3)(s)	3.4	3.2	3.1
GCF / Interest Coverage(4)(s)	5.4	5.2	5.3
GCF / Tot. Debt(7)(%)	23.2	22.9	22.8
GCF / Construction(6)(%)	82.6	94.2	111.8

DATE	DAAA	DBAA	DGS10	DGS20	DGS30	
2018-04-02		3.78	4.59	2.73	2.85	2.97
2018-04-03		3.81	4.63	2.79	2.90	3.02
2018-04-04		3.81	4.64	2.79	2.91	3.03
2018-04-05		3.83	4.67	2.83	2.95	3.07
2018-04-06		3.78	4.61	2.77	2.89	3.01
2018-04-09		3.76	4.61	2.78	2.89	3.02
2018-04-10		3.77	4.60	2.80	2.89	3.02
2018-04-11		3.75	4.59	2.79	2.87	2.99
2018-04-12		3.79	4.62	2.83	2.92	3.05
2018-04-13		3.79	4.61	2.82	2.91	3.03
2018-04-16		3.79	4.60	2.83	2.91	3.03
2018-04-17		3.76	4.58	2.82	2.89	3.00
2018-04-18		3.81	4.63	2.87	2.95	3.06
2018-04-19		3.89	4.69	2.92	3.01	3.11
2018-04-20		3.90	4.74	2.96	3.04	3.14
2018-04-23		3.94	4.74	2.98	3.05	3.15
2018-04-24		3.94	4.77	3	3.08	3.18
2018-04-25		3.99	4.83	3.03	3.12	3.21
2018-04-26		3.99	4.80	3.00	3.08	3.18
2018-04-27		3.94	4.76	2.96	3.03	3.13
2018-04-30		3.95	4.74	2.95	3.01	3.11
2018-05-01		3.99	4.79	2.97	3.03	3.13
2018-05-02		3.99	4.8	2.97	3.04	3.14
2018-05-03		4	4.8	2.94	3.02	3.12
2018-05-04		4.01	4.81	2.95	3.02	3.12
2018-05-07		4.01	4.82	2.95	3.02	3.12
2018-05-08		4.02	4.84	2.97	3.04	3.13
2018-05-09		4.04	4.86	3	3.07	3.16
2018-05-10		3.99	4.81	2.97	3.04	3.12
2018-05-11		3.98	4.79	2.97	3.03	3.1
2018-05-14		3.99	4.81	3	3.06	3.13
2018-05-15		4.07	4.89	3.08	3.14	3.2
2018-05-16		4.06	4.89	3.09	3.16	3.21
2018-05-17		4.08	4.93	3.11	3.19	3.25
2018-05-18		4.04	4.89	3.06	3.14	3.2
2018-05-21		4.05	4.89			



**HANDY-WHITMAN INDEX  
OF PUBLIC UTILITY  
CONSTRUCTION COSTS**

**WHITMAN, REQUARDT AND ASSOCIATES**

*Bulletin No. 187*

*1912 to January 1, 2018*

The  
Handy-Whitman Index®  
of  
Public Utility  
Construction Costs™

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*Trends of Construction Costs*

COMPILED & PUBLISHED BY

**Whitman, Requardt & Associates, LLP**

**Engineers, Architects and Planners**

**801 South Caroline Street  
Baltimore, Maryland 21231**

**410-235-3450**

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Handy-Whitman	Handy-Whitman	Handy-Whitman	Handy-Whitman	Handy-Whitman	Handy-Whitman	Handy-Whitman	Handy-Whitman	Handy-Whitman	Handy-Whitman
Line #	Line #	Line #	Line #	Line #	Line #	Line #	Line #	Line #	Line #
8	9	16	23	34	38	39	40	42	

Series Id PCU3342--3342--

Series Title PPI industry group data for Communications equipment mfg, not seasonally adjusted

Industry Communications equipment mfg

Product Communications equipment mfg  
Base Date 198512

Year

1965	1965			57	74	62	45	74	na	58	93	58	
1966	1966			56	78	64	46	75	na	60	101	61	
1967	1967			61	81	67	47	76	na	63	101	64	
1968	1968			64	81	69	49	77	na	66	101	68	
1969	1969			69	84	73	53	80	na	72	106	72	
1970	1970			75	89	79	75	84	na	79	108	80	
1971	1971			84	93	89	82	94	na	89	108	90	
1972	1972			92	96	96	85	98	na	96	106	96	
1973	1973			100	100	100	100	100	na	100	100	100	
1974	1974			117	122	118	140	110		25	115	93	123
1975	1975			127	155	134	159	146	100	123	93	143	
1976	1976			130	174	144	171	154	104	130	98	157	
1977	1977			137	184	152	172	162	108	139	101	167	
1978	1978			148	192	162	173	173	113	145	105	182	
1979	1979			163	205	175	178	185	122	160	108	194	
1980	1980			181	222	191	191	202	132	175	122	207	
1981	1981			191	245	208	208	219	138	184	127	222	
1982	1982			198	260	227	210	231	137	198	128	245	
1983	1983			206	271	242	182	239	151	207	141	264	
1984	1984			218	277	251	184	244	149	215	148	270	
1985	1985			225	282	262	181	254	151	221	135	285	
1986	1986			233	284	269	184	255	150	226	135	296	
1987	1987			239	299	276	196	263	160	230	137	307	
1988	1988			251	311	286	220	280	197	245	140	320	
1989	1989			265	330	301	216	295	217	258	150	343	1989 105 775
1990	1990	1990		271	349	313	229	301	211	262	159	363	1990 107 475
1991	1991	1991		274	355	322	253	307	200	272	162	372	1991 108 5
1992	1992	1992		281	368	332	261	311	183	283	196	348	1992 109 7417
1993	1993	1993		294	386	342	248	321	193	292	195	385	1993 111 6833
1994	1994	1994		308	428	348	246	327	191	300	175	391	1994 113 325
1995	1995	1995		316	442	357	250	332	204	307	200	398	1995 113 9083
1996	1996	1996		321	450	367	251	339	211	321	207	418	1996 114 9833
1997	1997	1997		331	473	380	255	347	216	323	197	475	1997 115 7083
1998	1998	1998		337	489	391	268	355	216	330	197	493	1998 114 9833
1999	1999	1999		343	505	401	268	361	219	334	198	508	1999 112 975
2000	2000	2000		362	530	413	270	377	231	348	205	526	2000 110 4083
2001	2001	2001	jan	378	527	428	205	391	181	354	155	412	2001 108 625
2002	2002	2002	jan	389	529	443		404					2002 105 0333
2003	2003	2003	jan	394	543	452		407					2003 101 7167
2004	2004	2004	jan	421	572	466	308	432					2004 98 35833
2005	2005	2005	jan	448	612	486		469		410	NA		2005 97 04167
2006	2006	2006	jan	466	624	504		499		454	248		2006 95 88333
2007	2007	2007	jan	496	634	537		530			NA		2007 95 78333
2008	2008	2008	jan	538	663	586	676	588					2008 97 08333
2009	2009	2009	jan	544	691	619		614					2009 97 2
2010	2010	2010	jan	560	704	637		624	555	376			2010 96 925
2011	2011	2011	jan	584	752	654		648		379			2011 96 34167
2012	2012	2012	jan	604	788	680		687	598	NA		762	2012 95 625
2013	2013	2013	jan	614	836	699		701		381			2013 95 36667
2014	2014	2014	jan	631	896	725		731		NA			2014 95 625
2015	2015	2015	jan	647	945	741		740		402		927	2015 95 825
2016	2016	2016	jan	661	1017	761		755		403			2016 95 20833
2017	2017	2017	jan	671	1114	782		773	290	488	415		2017 93 725
SPOT	SPOT	2018	jan	687	1146	797	801	790	397	661	434	1012	SPOT 93 1

99

Series Id	Series Title	Industry	Product	Base Date	Series Id	Series Title	Industry	Product	Base Date	Series Id	Series Title	Industry	Product	Base Date	Series Id	Series Title	Industry	Product	Base Date					
PCU33411-33411-	PPI industry data for Computer & peripheral equipment mfg, not seasonally adjusted	Computer & peripheral equipment mfg	Computer & peripheral equipment mfg	200612	PCU333112333112	PPI industry data for Lawn and garden equipment mfg, not seasonally adjusted	Lawn and garden equipment mfg	Lawn and garden equipment mfg	198212	PCU333991333991	PPI industry data for Power-driven handtool mfg, not seasonally adjusted	Power-driven handtool mfg	Power-driven handtool mfg	198012	PCU33522-33522-	PPI industry data for Major household appliance mfg, not seasonally adjusted	Major household appliance mfg	Major household appliance mfg	200312	PCU336110336110	PPI industry data for Automobile, light truck and utility vehicle mfg, not seasonally adjusted	Automobile, light truck and utility vehicle mfg	Automobile, light truck and utility vehicle mfg	198206
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Series Id PCU3345163345160  
 Series Title PPI industry data for  
 Analytical laboratory instrument mfg-  
 Analytical and scientific instruments,  
 excluding optical, not seasonally  
 adjusted

Industry Analytical laboratory  
 instrument mfg

Product Analytical and scientific  
 instruments, excluding optical  
 Base Date 198512

1965		
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1985	1985	100 000
1986	1986	100 075
1987	1987	101 092
1988	1988	103 375
1989	1989	106 100
1990	1990	109 067
1991	1991	111 867
1992	1992	114 242
1993	1993	115 483
1994	1994	116 850
1995	1995	118 508
1996	1996	119 983
1997	1997	121 475
1998	1998	121 833
1999	1999	120 383
2000	2000	122 542
2001	2001	124 333
2002	2002	126 717
2003	2003	128 317
2004		128 31667
2005		128 31667
2006		128 31667
2007	2007	135 267
2008	2008	137 892
2009	2009	140.118
2010	2010	140 675
2011	2011	141 075
2012	2012	141 617
2013	2013	143 267
2014	2014	145 675
2015	2015	148 100
2016	2016	150 808
2017	2017	155 017
SPOT	SPOT	157 900

Utilities  
Aa  
A  
Baa

**4.28**

		<b>Decade Spread</b>	<b>Annual Spread</b>
10-Year	2.95		
20-Year	3.01	0.060	0.006
30-Year	3.11	0.100	

REVENUE BOND INDEX		3.71
10-20 Yr		0.03
20-30 Yr		0.10

**3.84**

30-Yr Rev Bond Est.

**3.84**

2016 Lt Debt	4.1	4.28
Prf Stk	5.4	132%
Pref Stock Est.	132%	<b>5.64</b>

4/30/2018

<b>A-Rated Rev Bonds</b>	<b>3.84</b>
<b>A-Rated PU Bonds</b>	<b>4.28</b>
<b>A-Rated PU Pref Stk</b>	<b>5.64</b>
<b>30-yr T-bond</b>	<b>3.11</b>

Legal Company Name	Enterprise Value	Sales-Net 12MM	EBITDA 12MM	EBIT 12MM	PP&E Total Gross Qlty	PP&E- Total Net Qlty	Invested Capital- w/ST debt Qlty	Enterprise value to Gross PPE	Enterprise value to Net PPE	Enterprise value to Inv Cap	Enterprise value to Sales x	Enterprise value to EBITDA x	Enterprise value to EBIT x	Current Period Monthly	Enterprise value to Population	Enterprise value to Customers	population	Customers	AVG INV CAP	TAX RATE 12MM
American S	2426 911626	440 60298	157 78896	118 75796	1738 3621	1204 9919	910 30788	1 396091	2 014048	2 6660339	5 5081598	15 380745	20 435781	Apr18	2426 9116	8568 9073	1000000	283223	13 214979	35 973457
American W	23258 74219	3357	1714	1222	20440	14970	13110	1 1379032	1 5536902	1 7741222	6 9284308	13 569861	19 033341	Apr18	1550 5828	6936 6961	1500000	3353000	9 5498593	53 289474
Aqua Amer	8395 535899	809 52499	465 269	328 96703	7003 9922	5399 8594	4104 422	1 1986786	1 5547694	2 0454855	10 370941	18 044477	25 520904	Apr18	2798 512	8541 1714	3000000	982949	8 4011336	6 5902594
Artesian Re	468 3907934	82 234955	36 45	26 895002	582 01782	464 38379	263 489	0 8047705	1 0086286	1 7776484	5 6957628	12 850228	17 415533	Apr18	1615 1407	5414 9225	290000	86500	10 490038	34 284244
California V	2624 859406	677 101	202 50598	124 20901	3025 6111	2083 0381	1478 0049	0 8675469	1 2601111	1 7759477	3 8766143	12 961886	21 1326	Apr18	1312 4297	5103 7515	2000000	514300	8 632554	33 763754
Middlesex V	852 8802929	130 77498	52 54199	38 619992	703 51196	557 23999	405 51782	1 2123181	1 5305439	2 1031882	6 5217391	16 232356	22 083906	Apr18	2070 0978	7421 5132	412000	114920	9 9708847	32 734672
SIW Group	1707 584086	395 22198	148 13896	98 382962	1877 9929	1299 718	928 00488	0 9092601	1 3138112	1 8400594	4 3205696	11 526907	17 356502	Apr18	1552 067	6994 4829	1100200	244133	11 010111	38 213775
York Water	505 9081801	48 589	29 242	22 473001	363 65698	289 52393	210 54701	1 3911686	1 7473795	2 4028277	10 41199	17 300738	22 511822	Apr18	2555 0918	7268 378	198000	69604	11 035157	25 934814
	2067 247856	417 91248	152 96396	108 57046	1808 1775	1252 355	919 15638	1 1682909	1 5421171	1 9427725	6 1087509	14 475303	20 784191		1842 6192	7131 4304	1050100	263678	10 230462	34 023999

## Daily Bond Yields and Key Indicators

Updated by 11 am ET with data from the Data as of 11-Apr-18

### Moody's Daily Long-term Corporate Bond Yield Averages

	Utilities	Industrial	Corporate
Aaa	NA	3.75	3.75
Aa	3.92	3.94	3.93
A	4.1	4.08	4.09
Baa	4.51	4.66	4.59
Avg	4.18	4.11	4.15

### Moody's Daily Treasury Yield Averages

Short-Term (3-5 yrs)	2.5
Medium-Term (5-10 yrs)	2.71
Long-Term (10+ yrs)	2.93

### Moody's Daily Public Utility Common Stock Yield Averages

Price	373.59
Yield	4.3
New Dividend	16.05

### Moody's Commodity and Scrap Price Indexes

Spot Commodity Index	6,064.52
Industrial Metals Index	2,176.34

\* Moody's "Aaa" Utilities Index was suspended on 12/10/01. Since 2000, TVA was the only issuer left in the index as a decade of deregulation, debt growth, competition, and consolidation eliminated the rest of the Aaa universe.



2018  
Exeter Township  
Preliminary Budget

Approved  
November 27, 2017

**2016 BUDGET**  
**EXETER TOWNSHIP**  
**FUND 08 SEWER**

Organization/Object	2017 Budget	2017 Projected	2018 Budget	% Change	2019 Outlook	% Change	2020 Outlook	% Change	2021 Outlook	% Change	2022 Outlook
<b>08 - Sewer Fund</b>	<b>\$375,000.00</b>	<b>\$186,576.49</b>	<b>\$188,423.51</b>	<b>-49.8%</b>	<b>\$0.00</b>	<b>-100.0%</b>	<b>\$0.00</b>	<b>N/A</b>	<b>\$0.00</b>	<b>N/A</b>	<b>\$0.00</b>
34100 - Interest	\$375,000.00	\$186,576.49	\$188,423.51	-49.8%	\$0.00	-100.0%	\$0.00	N/A	\$0.00	N/A	\$0.00
<b>08600571 - WWT Administration</b>	<b>\$6,586,733.00</b>	<b>\$6,244,826.39</b>	<b>\$6,593,248.00</b>	<b>0.1%</b>	<b>\$6,593,248.00</b>	<b>0.0%</b>	<b>\$6,593,248.00</b>	<b>0.0%</b>	<b>\$6,593,248.00</b>	<b>0.0%</b>	<b>\$6,593,248.00</b>
31901 - Penalties & Interest CY	\$90,000.00	\$90,000.00	\$90,000.00	0.0%	\$90,000.00	0.0%	\$90,000.00	0.0%	\$90,000.00	0.0%	\$90,000.00
36401 - Sewer Rents	\$5,141,248.00	\$4,500,000.00	\$5,141,248.00	0.0%	\$5,141,248.00	0.0%	\$5,141,248.00	0.0%	\$5,141,248.00	0.0%	\$5,141,248.00
36402 - St Lawrence Treatment Fee	\$117,312.00	\$130,000.00	\$125,000.00	6.6%	\$125,000.00	0.0%	\$125,000.00	0.0%	\$125,000.00	0.0%	\$125,000.00
36403 - Industrial Surcharge	\$400,000.00	\$400,000.00	\$400,000.00	0.0%	\$400,000.00	0.0%	\$400,000.00	0.0%	\$400,000.00	0.0%	\$400,000.00
36404 - Septage/Sludge Receiving	\$701,173.00	\$1,000,000.00	\$700,000.00	-0.2%	\$700,000.00	0.0%	\$700,000.00	0.0%	\$700,000.00	0.0%	\$700,000.00
36405 - Misc Service Charges	\$15,000.00	\$15,000.00	\$15,000.00	0.0%	\$15,000.00	0.0%	\$15,000.00	0.0%	\$15,000.00	0.0%	\$15,000.00
38010 - Miscellaneous	\$0.00	\$326.39	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00
38011 - Sewer Certification Fees	\$13,000.00	\$13,000.00	\$13,000.00	0.0%	\$13,000.00	0.0%	\$13,000.00	0.0%	\$13,000.00	0.0%	\$13,000.00
38012 - Sewer Tapping Fees	\$5,000.00	\$2,500.00	\$5,000.00	0.0%	\$5,000.00	0.0%	\$5,000.00	0.0%	\$5,000.00	0.0%	\$5,000.00
38013 - St Lawrence Addl Rent	\$0.00	\$0.00	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00
38014 - Sewer Capacity Fees	\$50,000.00	\$40,000.00	\$50,000.00	0.0%	\$50,000.00	0.0%	\$50,000.00	0.0%	\$50,000.00	0.0%	\$50,000.00
39311 - St Lawrence Bond Revenue	\$54,000.00	\$54,000.00	\$54,000.00	0.0%	\$54,000.00	0.0%	\$54,000.00	0.0%	\$54,000.00	0.0%	\$54,000.00
<b>TOTAL REVENUE</b>	<b>\$6,961,733.00</b>	<b>\$6,431,402.88</b>	<b>\$6,781,671.51</b>	<b>-2.6%</b>	<b>\$6,593,248.00</b>	<b>-2.8%</b>	<b>\$6,593,248.00</b>	<b>0.0%</b>	<b>\$6,593,248.00</b>	<b>0.0%</b>	<b>\$6,593,248.00</b>
<b>08600571 - WWT Administration</b>	<b>\$3,851,747.50</b>	<b>\$4,582,331.19</b>	<b>\$4,300,696.31</b>	<b>11.7%</b>	<b>\$4,329,719.56</b>	<b>0.7%</b>	<b>\$4,359,717.23</b>	<b>0.7%</b>	<b>\$4,390,723.93</b>	<b>0.7%</b>	<b>\$4,422,775.58</b>
41140 - Wages	\$415,722.00	\$483,841.14	\$493,721.49	18.8%	\$508,533.13	3.0%	\$523,789.13	3.0%	\$539,502.80	3.0%	\$555,687.89
41920 - FICA	\$31,802.73	\$37,013.85	\$37,769.69	18.8%	\$38,902.78	3.0%	\$40,069.86	3.0%	\$41,271.96	3.0%	\$42,510.12
41940 - Unemployment Compensation	\$4,157.22	\$2,488.12	\$1,520.00	-63.4%	\$1,565.60	3.0%	\$1,612.57	3.0%	\$1,660.95	3.0%	\$1,710.77
41950 - Workers Comp Insurance	\$4,157.22	\$2,790.44	\$2,708.97	-34.8%	\$2,790.24	3.0%	\$2,873.95	3.0%	\$2,960.16	3.0%	\$3,048.97
41960 - Health & Hosp Insurance	\$251,851.60	\$109,207.56	\$121,365.30	-51.8%	\$125,006.26	3.0%	\$128,756.45	3.0%	\$132,619.14	3.0%	\$136,597.71
41961 - Union Health & Welfare	\$0.00	\$20,409.10	\$67,801.35	N/A	\$69,835.39	3.0%	\$71,930.45	3.0%	\$74,088.37	3.0%	\$76,311.02
41970 - Non-Uniformed Pension	\$58,157.73	\$6,500.00	\$24,961.54	-57.1%	\$25,710.39	3.0%	\$26,481.70	3.0%	\$27,276.15	3.0%	\$28,094.43
41971 - Union Pension	\$0.00	\$5,500.00	\$10,935.00	N/A	\$11,263.05	3.0%	\$11,600.94	3.0%	\$11,948.97	3.0%	\$12,307.44
41980 - LT Disability Insurance	\$1,000.00	\$409.58	\$471.00	-52.9%	\$485.13	3.0%	\$499.68	3.0%	\$514.67	3.0%	\$530.11
41985 - Life Insurance	\$1,000.00	\$792.88	\$912.42	-8.8%	\$939.79	3.0%	\$967.99	3.0%	\$997.03	3.0%	\$1,026.94
41990 - Training	\$0.00	\$9,000.00	\$9,000.00	N/A	\$9,450.00	5.0%	\$9,922.50	5.0%	\$10,418.63	5.0%	\$10,939.56
42100 - Office Supplies	\$24,000.00	\$4,000.00	\$4,000.00	-83.3%	\$4,200.00	5.0%	\$4,410.00	5.0%	\$4,630.50	5.0%	\$4,862.03
42160 - Other Supplies	\$0.00	\$18,000.00	\$18,000.00	N/A	\$18,900.00	5.0%	\$19,845.00	5.0%	\$20,837.25	5.0%	\$21,879.11
42410 - General Expense	\$0.00	\$1,000.00	\$1,000.00	N/A	\$1,050.00	5.0%	\$1,102.50	5.0%	\$1,157.63	5.0%	\$1,215.51
42600 - Equipment Maintenance/Repair	\$0.00	\$2,000.00	\$2,000.00	N/A	\$2,100.00	5.0%	\$2,205.00	5.0%	\$2,315.25	5.0%	\$2,431.01
43110 - Auditing Services	\$0.00	\$8,500.00	\$8,500.00	N/A	\$8,925.00	5.0%	\$9,371.25	5.0%	\$9,839.81	5.0%	\$10,331.80
43120 - Consulting Services	\$0.00	\$10,000.00	\$10,000.00	N/A	\$10,500.00	5.0%	\$11,025.00	5.0%	\$11,576.25	5.0%	\$12,155.06
43130 - Engineering Reviews/Inspection	\$20,000.00	\$35,000.00	\$35,000.00	75.0%	\$36,750.00	5.0%	\$38,587.50	5.0%	\$40,516.88	5.0%	\$42,542.72
43140 - Legal General Counsel	\$26,250.00	\$275,000.00	\$50,000.00	90.5%	\$50,000.00	0.0%	\$50,000.00	0.0%	\$50,000.00	0.0%	\$50,000.00
43142 - Legal Special Counsel	\$0.00	\$150,000.00	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00
43180 - Dues/Subscriptions/Publication	\$64,813.00	\$8,000.00	\$8,000.00	-87.7%	\$8,400.00	5.0%	\$8,820.00	5.0%	\$9,261.00	5.0%	\$9,724.05
43196 - Meter Readings	\$0.00	\$3,400.00	\$3,400.00	N/A	\$3,570.00	5.0%	\$3,748.50	5.0%	\$3,935.93	5.0%	\$4,132.72
43197 - DP IT/Software Maint	\$0.00	\$12,210.00	\$11,960.00	N/A	\$12,199.20	2.0%	\$12,443.18	2.0%	\$12,692.05	2.0%	\$12,945.89
43200 - Communications	\$0.00	\$5,000.00	\$5,000.00	N/A	\$5,250.00	5.0%	\$5,512.50	5.0%	\$5,788.13	5.0%	\$6,077.53
43410 - Advertising	\$0.00	\$800.00	\$800.00	N/A	\$840.00	5.0%	\$882.00	5.0%	\$926.10	5.0%	\$972.41
43511 - Vehicle Insurance	\$0.00	\$5,669.00	\$5,669.00	N/A	\$5,669.00	0.0%	\$5,669.00	0.0%	\$5,669.00	0.0%	\$5,669.00
43512 - Casualty Insurance	\$0.00	\$92,680.00	\$92,680.00	N/A	\$92,680.00	0.0%	\$92,680.00	0.0%	\$92,680.00	0.0%	\$92,680.00
43530 - Bonding	\$0.00	\$1,528.50	\$1,528.50	N/A	\$1,528.50	0.0%	\$1,528.50	0.0%	\$1,528.50	0.0%	\$1,528.50
43600 - Utilities	\$0.00	\$500.00	\$500.00	N/A	\$525.00	5.0%	\$551.25	5.0%	\$578.81	5.0%	\$607.75
43840 - Equipment Rental	\$3,045.00	\$4,000.00	\$4,000.00	31.4%	\$4,200.00	5.0%	\$4,410.00	5.0%	\$4,630.50	5.0%	\$4,862.03
43901 - Credit Card Fees	\$0.00	\$20,051.52	\$20,452.55	N/A	\$20,861.60	2.0%	\$21,278.83	2.0%	\$21,704.41	2.0%	\$22,138.50
47000 - Capital Purchase	\$1,000.00	\$1,000.00	\$1,000.00	0.0%	\$1,050.00	5.0%	\$1,102.50	5.0%	\$1,157.63	5.0%	\$1,215.51
49003 - Fiscal Agent Fees	\$250.00	\$1,500.00	\$1,500.00	500.0%	\$1,500.00	0.0%	\$1,500.00	0.0%	\$1,500.00	0.0%	\$1,500.00
49005 - Debt Service '12 & 13 GO Bonds	\$391,658.00	\$391,657.00	\$391,657.00	0.0%	\$391,657.00	0.0%	\$391,657.00	0.0%	\$391,657.00	0.0%	\$391,657.00
49006 - Debt Service Expense	\$2,192,883.00	\$2,192,882.50	\$2,192,882.50	0.0%	\$2,192,882.50	0.0%	\$2,192,882.50	0.0%	\$2,192,882.50	0.0%	\$2,192,882.50

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**2018 JET**  
**EXETER TOWNSHIP**  
**FUND 08 SEWER**

Organization/Object	2017 Budget	2017 Projected	2018 Budget	% Change	2019 Outlook	% Change	2020 Outlook	% Change	2021 Outlook	% Change	2022 Outlook
49200 - Transfer to Other Funds	\$360,000.00	\$660,000.00	\$660,000.00	83.3%	\$660,000.00	0.0%	\$660,000.00	0.0%	\$660,000.00	0.0%	\$660,000.00
<b>08600572 - WWT Collection System</b>	<b>\$264,319.62</b>	<b>\$254,443.09</b>	<b>\$317,661.77</b>	<b>20.2%</b>	<b>\$327,286.98</b>	<b>3.0%</b>	<b>\$333,776.19</b>	<b>2.0%</b>	<b>\$343,793.82</b>	<b>3.0%</b>	<b>\$350,678.22</b>
41140 - Wages	\$113,022.00	\$111,332.64	\$113,649.20	0.6%	\$117,058.68	3.0%	\$120,570.44	3.0%	\$124,187.55	3.0%	\$127,913.18
41141 - Wages Vehicle Maintenance	\$0.00	\$6,654.94	\$14,300.52	N/A	\$14,729.54	3.0%	\$15,171.42	3.0%	\$15,626.56	3.0%	\$16,095.36
41920 - FICA	\$8,646.18	\$8,827.42	\$9,788.15	13.2%	\$10,081.80	3.0%	\$10,384.25	3.0%	\$10,695.78	3.0%	\$11,016.65
41940 - Unemployment Compensation	\$1,130.22	\$766.06	\$570.00	-49.6%	\$587.10	3.0%	\$604.71	3.0%	\$622.85	3.0%	\$641.54
41950 - Workers Comp Insurance	\$1,130.22	\$6,239.40	\$8,649.22	665.3%	\$8,908.70	3.0%	\$9,175.96	3.0%	\$9,451.24	3.0%	\$9,734.77
41961 - Union Health & Welfare	\$45,208.80	\$32,432.20	\$52,114.68	15.3%	\$53,678.12	3.0%	\$55,288.46	3.0%	\$56,947.12	3.0%	\$58,655.53
41971 - Union Pension	\$11,302.20	\$8,800.00	\$10,935.00	-3.2%	\$11,263.05	3.0%	\$11,600.94	3.0%	\$11,948.97	3.0%	\$12,307.44
42315 - Vehicle Fuel/Oil	\$0.00	\$5,000.00	\$5,000.00	N/A	\$5,250.00	5.0%	\$5,250.00	0.0%	\$5,355.00	2.0%	\$5,355.00
42360 - Maintenance Supplies	\$40,425.00	\$35,000.00	\$40,000.00	-1.1%	\$42,000.00	5.0%	\$42,000.00	0.0%	\$44,100.00	5.0%	\$44,100.00
42385 - Uniform Rental	\$0.00	\$200.00	\$200.00	N/A	\$210.00	5.0%	\$210.00	0.0%	\$220.50	5.0%	\$220.50
42450 - Tools/Minor Equipment	\$0.00	\$300.00	\$300.00	N/A	\$315.00	5.0%	\$315.00	0.0%	\$330.75	5.0%	\$330.75
42510 - Vehicle Maintenance	\$0.00	\$26.00	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00
42600 - Equipment Maintenance/Repair	\$6,800.00	\$5,000.00	\$6,000.00	-11.8%	\$6,300.00	5.0%	\$6,300.00	0.0%	\$6,615.00	5.0%	\$6,615.00
43130 - Engineering Reviews/Inspection	\$4,000.00	\$2,000.00	\$4,000.00	0.0%	\$4,200.00	5.0%	\$4,200.00	0.0%	\$4,410.00	5.0%	\$4,410.00
43190 - Contracted Services	\$4,000.00	\$16,450.93	\$20,000.00	400.0%	\$20,000.00	0.0%	\$20,000.00	0.0%	\$20,000.00	0.0%	\$20,000.00
43196 - Meter Readings	\$0.00	\$150.00	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00
43200 - Communications	\$0.00	\$500.00	\$500.00	N/A	\$525.00	5.0%	\$525.00	0.0%	\$551.25	5.0%	\$551.25
43600 - Utilities	\$7,500.00	\$9,000.00	\$9,000.00	20.0%	\$9,450.00	5.0%	\$9,450.00	0.0%	\$9,922.50	5.0%	\$9,922.50
43700 - Building Repairs/Maintenance	\$0.00	\$1,500.00	\$1,500.00	N/A	\$1,575.00	5.0%	\$1,575.00	0.0%	\$1,653.75	5.0%	\$1,653.75
47000 - Capital Purchase	\$1,155.00	\$5,520.00	\$1,155.00	0.0%	\$1,155.00	0.0%	\$1,155.00	0.0%	\$1,155.00	0.0%	\$1,155.00
47001 - Installation - Meters	\$20,000.00	(\$1,256.50)	\$20,000.00	0.0%	\$20,000.00	0.0%	\$20,000.00	0.0%	\$20,000.00	0.0%	\$20,000.00
<b>08600573 - WWT Lab Analysis</b>	<b>\$253,945.09</b>	<b>\$246,741.96</b>	<b>\$269,310.81</b>	<b>6.1%</b>	<b>\$276,701.77</b>	<b>2.7%</b>	<b>\$282,758.58</b>	<b>2.2%</b>	<b>\$290,323.33</b>	<b>2.7%</b>	<b>\$297,019.22</b>
41140 - Wages	\$118,810.00	\$131,279.48	\$121,096.56	1.9%	\$124,729.46	3.0%	\$128,471.34	3.0%	\$132,325.48	3.0%	\$136,295.25
41920 - FICA	\$9,088.96	\$10,042.88	\$9,263.89	1.9%	\$9,541.80	3.0%	\$9,828.06	3.0%	\$10,122.90	3.0%	\$10,426.59
41940 - Unemployment Compensation	\$796.03	\$780.04	\$380.00	-52.3%	\$391.40	3.0%	\$403.14	3.0%	\$415.24	3.0%	\$427.69
41950 - Workers Comp Insurance	\$1,188.10	\$6,558.92	\$8,053.36	577.8%	\$8,294.96	3.0%	\$8,543.81	3.0%	\$8,800.12	3.0%	\$9,064.13
41961 - Union Health & Welfare	\$47,524.00	\$32,598.64	\$55,590.00	17.0%	\$57,257.70	3.0%	\$58,975.43	3.0%	\$60,744.69	3.0%	\$62,567.03
41971 - Union Pension	\$11,881.00	\$8,800.00	\$9,720.00	-18.2%	\$10,011.60	3.0%	\$10,311.95	3.0%	\$10,621.31	3.0%	\$10,939.95
42160 - Other Supplies	\$1,950.00	\$3,000.00	\$3,000.00	53.8%	\$3,150.00	5.0%	\$3,150.00	0.0%	\$3,307.50	5.0%	\$3,307.50
42250 - Lab Supplies	\$14,332.00	\$9,332.00	\$11,332.00	-20.9%	\$11,898.60	5.0%	\$11,898.60	0.0%	\$12,493.53	5.0%	\$12,493.53
42360 - Maintenance Supplies	\$0.00	\$2,000.00	\$2,000.00	N/A	\$2,100.00	5.0%	\$2,100.00	0.0%	\$2,205.00	5.0%	\$2,205.00
42385 - Uniform Rental	\$0.00	\$200.00	\$200.00	N/A	\$210.00	5.0%	\$210.00	0.0%	\$220.50	5.0%	\$225.50
42450 - Tools/Minor Equipment	\$8,525.00	\$300.00	\$300.00	-96.5%	\$315.00	5.0%	\$315.00	0.0%	\$330.75	5.0%	\$330.75
42600 - Equipment Maintenance/Repair	\$0.00	\$2,000.00	\$3,525.00	N/A	\$3,701.25	5.0%	\$3,701.25	0.0%	\$3,886.31	5.0%	\$3,886.31
43190 - Contracted Services	\$39,850.00	\$39,850.00	\$39,850.00	0.0%	\$39,850.00	0.0%	\$39,850.00	0.0%	\$39,850.00	0.0%	\$39,850.00
47000 - Capital Purchase	\$0.00	\$0.00	\$5,000.00	N/A	\$5,250.00	5.0%	\$5,000.00	-4.8%	\$5,000.00	0.0%	\$5,000.00
<b>08600574 - WWT Dryer</b>	<b>\$306,078.71</b>	<b>\$259,518.09</b>	<b>\$302,336.15</b>	<b>-1.2%</b>	<b>\$315,275.74</b>	<b>4.3%</b>	<b>\$318,589.33</b>	<b>1.1%</b>	<b>\$332,210.96</b>	<b>4.3%</b>	<b>\$335,726.36</b>
41140 - Wages	\$61,043.00	\$67,089.04	\$61,350.08	0.5%	\$63,190.58	3.0%	\$65,086.30	3.0%	\$67,038.89	3.0%	\$69,050.06
41920 - FICA	\$4,669.79	\$5,132.31	\$4,693.28	0.5%	\$4,834.08	3.0%	\$4,979.10	3.0%	\$5,128.47	3.0%	\$5,282.33
41940 - Unemployment Compensation	\$408.99	\$389.98	\$190.00	-53.5%	\$195.70	3.0%	\$201.57	3.0%	\$207.62	3.0%	\$213.85
41950 - Workers Comp Insurance	\$610.43	\$3,369.88	\$4,137.71	577.8%	\$4,261.84	3.0%	\$4,389.70	3.0%	\$4,521.39	3.0%	\$4,657.03
41961 - Union Health & Welfare	\$24,417.20	\$16,299.32	\$32,005.08	31.1%	\$32,965.23	3.0%	\$33,954.19	3.0%	\$34,972.82	3.0%	\$36,022.00
41971 - Union Pension	\$6,104.30	\$4,400.00	\$4,860.00	-20.4%	\$5,005.80	3.0%	\$5,155.97	3.0%	\$5,310.65	3.0%	\$5,469.97
42160 - Other Supplies	\$650.00	\$650.00	\$650.00	0.0%	\$650.00	0.0%	\$650.00	0.0%	\$650.00	0.0%	\$650.00
42210 - Chemical Supplies	\$93,650.00	\$50,000.00	\$50,000.00	-46.6%	\$52,500.00	5.0%	\$52,500.00	0.0%	\$55,125.00	5.0%	\$55,125.00
42212 - Chemical Biosolids Dust Contro	\$0.00	\$19,000.00	\$20,000.00	N/A	\$21,000.00	5.0%	\$21,000.00	0.0%	\$22,050.00	5.0%	\$22,050.00
42360 - Maintenance Supplies	\$0.00	\$650.00	\$650.00	N/A	\$682.50	5.0%	\$682.50	0.0%	\$716.63	5.0%	\$716.63
42385 - Uniform Rental	\$0.00	\$100.00	\$100.00	N/A	\$105.00	5.0%	\$105.00	0.0%	\$110.25	5.0%	\$110.25
42450 - Tools/Minor Equipment	\$8,925.00	\$300.00	\$300.00	-96.6%	\$315.00	5.0%	\$315.00	0.0%	\$330.75	5.0%	\$330.75
42600 - Equipment Maintenance/Repair	\$0.00	\$4,000.00	\$8,000.00	N/A	\$8,400.00	5.0%	\$8,400.00	0.0%	\$8,820.00	5.0%	\$8,820.00
43190 - Contracted Services	\$7,200.00	\$3,000.00	\$5,000.00	-30.6%	\$5,250.00	5.0%	\$5,250.00	0.0%	\$5,512.50	5.0%	\$5,512.50

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**2016 JET  
EXETER TOWNSHIP  
FUND 08 SEWER**

Organization/Object	2017 Budget	2017 Projected	2018 Budget	% Change	2019 Outlook	% Change	2020 Outlook	% Change	2021 Outlook	% Change	2022 Outlook
43195 - Sludge Removal	\$15,000.00	\$2,000 00	\$12,000 00	-20.0%	\$12,600 00	5.0%	\$12,600 00	0.0%	\$13,230 00	5.0%	\$13,230.00
43600 - Utilities	\$83,400.00	\$83,400 00	\$83,400.00	0.0%	\$87,570.00	5.0%	\$87,570.00	0.0%	\$91,948 50	5.0%	\$91,948.50
47000 - Capital Purchase	\$0 00	\$0.00	\$15,000.00	N/A	\$15,750.00	5.0%	\$15,750.00	0.0%	\$16,537 50	5.0%	\$16,537 50
<b>08600575 - WWWT Treatment Cost</b>	<b>\$1,112,058.08</b>	<b>\$986,087.87</b>	<b>\$971,152.22</b>	<b>-12.7%</b>	<b>\$1,006,145.79</b>	<b>3.6%</b>	<b>\$1,054,068.17</b>	<b>4.8%</b>	<b>\$1,092,488.06</b>	<b>3.6%</b>	<b>\$1,108,063.35</b>
41140 - Wages	\$409,282 00	\$366,715.66	\$283,844.88	-30.6%	\$292,360.23	3.0%	\$301,131 03	3.0%	\$310,164 96	3.0%	\$319,469 91
41920 - FICA	\$31,310 07	\$28,053.75	\$21,714.13	-30.6%	\$22,365.56	3.0%	\$23,036.52	3.0%	\$23,727.62	3.0%	\$24,439 45
41940 - Unemployment Compensation	\$2,742 19	\$2,646 64	\$950.00	-65.4%	\$978 50	3.0%	\$1,007.86	3.0%	\$1,038 09	3.0%	\$1,069.23
41950 - Workers Comp Insurance	\$4,092 82	\$22,288.04	\$19,237.77	370.0%	\$19,814.90	3.0%	\$20,409.35	3.0%	\$21,021 63	3.0%	\$21,652.28
41961 - Union Health & Welfare	\$163,712 80	\$107,668.78	\$123,130.44	-24.8%	\$126,824.35	3.0%	\$130,629.08	3.0%	\$134,547.96	3.0%	\$138,584 39
41971 - Union Pension	\$40,928 20	\$29,040.00	\$24,300.00	-40.6%	\$25,029.00	3.0%	\$25,779.87	3.0%	\$26,553.27	3.0%	\$27,349 86
42160 - Other Supplies	\$0 00	\$3,000.00	\$3,000.00	N/A	\$3,060.00	2.0%	\$3,121.20	2.0%	\$3,183.62	2.0%	\$3,247 30
42210 - Chemical Supplies	\$0 00	\$200.00	\$210.00	N/A	\$210.00	0.0%	\$210.00	0.0%	\$220.50	5.0%	\$220.50
42211 - Chlorine Supplies	\$10,000 00	\$9,000.00	\$10,000 00	0.0%	\$10,500.00	5.0%	\$10,500.00	0.0%	\$11,025.00	5.0%	\$11,025 00
42315 - Vehicle Fuel/Oil	\$27,450.00	\$25,000.00	\$27,450 00	0.0%	\$28,822.50	5.0%	\$28,822 50	0.0%	\$30,263.63	5.0%	\$30,263.63
42360 - Maintenance Supplies	\$10,400.00	\$10,400.00	\$10,400.00	0.0%	\$10,920.00	5.0%	\$10,920 00	0.0%	\$11,466.00	5.0%	\$11,466.00
42385 - Uniform Rental	\$0.00	\$1,200 00	\$1,200 00	N/A	\$1,260 00	5.0%	\$12,600.00	900.0%	\$13,230 00	5.0%	\$13,230.00
42450 - Tools/Minor Equipment	\$0.00	\$1,000.00	\$1,000 00	N/A	\$1,050 00	5.0%	\$1,050 00	0.0%	\$1,102.50	5.0%	\$1,102.50
42510 - Vehicle Maintenance	\$0.00	\$2,000 00	\$2,000.00	N/A	\$2,100 00	5.0%	\$21,000.00	900.0%	\$22,050 00	5.0%	\$20,050.00
42511 - Vehicle Maintenance Tires	\$0.00	\$2,000 00	\$2,000 00	N/A	\$2,100.00	5.0%	\$2,100.00	0.0%	\$2,205 00	5.0%	\$2,205.00
42512 - Vehicle Maintenance Parts	\$0 00	\$2,500 00	\$2,500 00	N/A	\$2,625.00	5.0%	\$2,625.00	0.0%	\$2,756.25	5.0%	\$2,756 25
42515 - Contracted Vehicle Maintenance	\$0.00	\$4,000.00	\$4,000.00	N/A	\$4,200.00	5.0%	\$4,200.00	0.0%	\$4,410.00	5.0%	\$4,410.00
42600 - Equipment Maintenance/Repair	\$79,325 00	\$40,000.00	\$80,000 00	0.9%	\$80,000 00	0.0%	\$83,000 00	3.8%	\$83,000.00	0.0%	\$85,000 00
43190 - Contracted Services	\$0.00	\$16,000.00	\$16,000 00	N/A	\$16,800 00	N/A	\$16,800.00	0.0%	\$17,640.00	5.0%	\$17,640.00
43195 - Sludge Removal	\$60,000.00	\$40,000.00	\$60,000 00	0.0%	\$63,000 00	5.0%	\$63,000 00	0.0%	\$66,150 00	5.0%	\$66,150.00
43200 - Communications	\$15,225.00	\$15,225.00	\$15,225.00	0.0%	\$15,986.25	5.0%	\$15,986 25	0.0%	\$16,785.56	5.0%	\$16,785.56
43600 - Utilities	\$239,600.00	\$245,000 00	\$245,000 00	2.3%	\$257,250 00	5.0%	\$257,250.00	0.0%	\$270,112.50	5.0%	\$270,112 50
43700 - Building Repairs/Maintenance	\$14,990 00	\$10,000.00	\$14,990.00	0.0%	\$15,739.50	5.0%	\$15,739 50	0.0%	\$16,526.48	5.0%	\$16,526.48
43840 - Equipment Rental	\$0 00	\$150.00	\$0 00	N/A	\$0 00	N/A	\$0 00	N/A	\$0.00	N/A	\$0.00
47000 - Capital Purchase	\$3,000 00	\$3,000 00	\$3,000 00	0.0%	\$3,150 00	5.0%	\$3,150 00	0.0%	\$3,307.50	5.0%	\$3,307.50
<b>TOTAL EXPENDITURES</b>	<b>\$5,788,149.00</b>	<b>\$6,329,122.20</b>	<b>\$6,161,157.27</b>	<b>6.4%</b>	<b>\$6,255,129.84</b>	<b>1.5%</b>	<b>\$6,348,909.50</b>	<b>1.5%</b>	<b>\$6,449,540.11</b>	<b>1.6%</b>	<b>\$6,514,262.74</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES - 08 SEWER FUND</b>	<b>\$1,173,584.00</b>	<b>\$102,280.68</b>	<b>\$620,514.24</b>	<b>-47.1%</b>	<b>\$338,118.16</b>	<b>-45.5%</b>	<b>\$244,338.50</b>	<b>-27.7%</b>	<b>\$143,707.89</b>	<b>-41.2%</b>	<b>\$78,985.26</b>

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	DELCORA			BCWSA			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	
NET Property, plant and equipment	163,200,336	182,422,188	190,825,742	391,815,659	410,247,204	443,437,532	
Operating Income	7,235,196	9,093,800	12,314,939	22,919,169	21,101,777	23,341,549	
ROR/N PPE	4.43%	4.99%	6.45%	5.85%	5.14%	5.26%	5.2%
3-Year Average			5.29%			5.42%	5.4%

Series Id: PCU33411-33411-

Series Title: PPI industry data for Computer & peripheral equipment mfg, not seasonally adjusted

Industry: Computer & peripheral equipment mfg

Product: Computer & peripheral equipment mfg

Base Date: 200612


Download:

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1995	286.5	284.5	282.9	282.2	279.9	277.8	277	273.4	271.7	270.5	269.1	268.3
1996	265.5	260.9	258.4	253.3	252	249.8	245.8	244.9	243.7	240.5	238.2	235.6
1997	234.4	232	230.5	228.8	221.2	218.1	216.1	213.8	212.3	210.5	209.1	208.2
1998	204.4	201.3	199.1	195.2	193.5	192.5	190.9	187.5	186.8	184.7	183.6	181.1
1999	178.6	177.9	177.2	175.3	175.1	174.8	171.2	169.8	169.5	168.6	168.2	167.2
2000	165.4	165	164.3	163	162.1	161.6	161.8	161	160.9	160.9	160.5	159.4
2001	158.4	157	155.7	155.6	154.9	153.9	153.3	150.5	150.4	149.8	149	148.4
2002	146.4	144.7	143.8	143.2	142.8	141.6	139.2	136.9	136.1	134.7	132.9	132.1
2003	130.3	127.8	126.3	126.1	125	124.5	123.5	122.5	122.4	120.7	119.7	118.6
2004	118.2	117.8	117.4	117.2	116.8	115.7	115.5	114.7	113.9	113.6	111.7	111.7
2005	110.5	110.2	109.5	109.2	108.3	108	107.5	107.3	106.4	105.9	105.6	104.9
2006	104.7	104.2	104	103.2	102.8	102.1	101.7	101.1	100.6	100.3	100.1	100
2007	99.2	98.7	97.9	97.5	96.2	95.1	93.9	92.3	91.7	91	90.2	89.7
2008	88.8	88.4	87.3	86.9	86.9	86.8	86.5	86	85.5	84.9	84.6	84.5
2009	84.4	83.2	83	82.4	82.3	81.5	81.1	81.3	79.1	79.1	78	77.7
2010	77.8	77.6	77.8	77.2	77	76.6	76.2	76	75.6	75.4	75.4	75.1
2011	75	74.7	74.3	74.6	74.3	74.1	72.7	72.1	72	72.1	72.4	72.6
2012	72.7	72.5	71.5	71.4	71.4	70.7	70.6	70.3	69.4	69.7	69	68.7
2013	68.6	68.6	68.5	68.3	67.8	67.3	67.4	67.1	67.3	66.9	67	66.9
2014	66.8	66.7	66.5	66.7	66.6	66.7	66.4	66.3	66.2	66.2	65.8	65.8
2015	66	64.2	63.5	63.3	63.1	62.6	62.9	63	62.9	62.5	62.2	62.3
2016	62.4	62	59.5	59.8	60	60	59.5	59.2	59.2	58.8	58.9	59
2017	58.4	58.5	58.5	59.2	59.1	59	58.9	58.7	58.9	58.8	58.7	58.6
2018	58.7(P)	58.3(P)	58.7(P)	58.3								

P : Preliminary. All indexes are subject to revision four months after original publication.

58.3(P)

Series Id: PCU3342-3342-

Series Title: PPI industry group data for Communications equipment mfg, not seasonally adjusted

Industry: Communications equipment mfg

Product: Communications equipment mfg

Base Date: 198512

Download:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1985												100
1986	100.7	100.7	101.1	101.1	101.3	101.3	102.5	102.2	102.8	102.9	102.9	102.9
1987	103.6	103.4	103.4	103.4	103.4	103	103.6	103.6	103.4	103.6	103.7	103.8
1988	104.3	104.3	103.3	103.5	103.7	103.2	103.8	103.8	103.9	104.1	104.3	104.3
1989	105	105	104.9	105.2	105.3	105.5	106.5	106.3	106.3	106.4	106.4	106.5
1990	107.6	107.2	107.1	107.2	107.2	107.3	107.6	107.5	107.6	107.7	107.8	107.9
1991	108	108	108.2	108.4	108.4	108.4	108.7	108.7	108.7	108.7	108.9	108.9
1992	109.4	109.5	109.7	109.7	109.7	109.8	109.6	109.8	109.8	109.9	109.9	110.1
1993	111	111.3	111.4	111.1	111.1	111.2	111.6	112	112	112.6	112.3	112.6
1994	113.3	113.5	113.8	113.7	113.7	113.4	113.4	113.2	113.2	113	112.9	112.8
1995	114	114	114.1	114.3	114.3	113.8	113.7	113.8	113.8	113.8	113.7	113.6
1996	114.6	114.7	114.7	114.8	114.7	114.7	114.9	115.1	115.1	115.3	115.6	115.6
1997	115.7	115.8	115.4	115.5	115.7	115.7	116	115.7	115.8	115.8	115.7	115.7
1998	115.9	115.8	115.5	115.1	114.7	114.7	114.9	114.8	114.8	114.8	114.7	114.1
1999	114.5	113.8	113.8	113.5	113.4	113.1	113.2	113.2	111.9	112.1	111.9	111.3
2000	111.4	110.9	110.7	110.4	110.1	110.1	110.2	110.2	110.3	110.2	110.2	110.2
2001	110.4	110.4	110.4	108.5	108.6	108.5	108.1	107.6	107.8	107.8	107.7	107.7
2002	107.5	106.6	106.5	105.7	105.6	105.3	104.3	104.5	104.5	103.6	103.5	102.8
2003	102.7	101.9	102.8	102.7	102.6	102.1	101	101.1	101.4	100.5	100.9	100.9
2004	100.7	98.6	98.6	98.5	98.6	98.2	97.9	98.3	97.9	97.3	97.9	97.8
2005	97.5	97.3	97.4	97.5	97.4	97.2	97.1	97	96.6	96.6	96.5	96.4
2006	95.7	96.1	95.9	96	96	96.1	95.8	96	96.1	95.8	95.8	95.3
2007	95.5	95.7	95.9	95.8	95.8	95.8	95.8	95.8	95.8	95.9	95.8	95.8
2008	96.2	96.9	96.8	96.9	97.2	97.1	97.3	97.3	97.3	97.2	97.4	97.4
2009	97.5	97.2	97.2	97.2	97.1	97.1	97.2	97.1	97.2	97.2	97.2	97.2
2010	97.2	97.1	97.1	96.9	96.8	96.7	97	96.9	96.8	96.8	96.9	96.9
2011	96.8	96.7	96.8	96.4	96.4	96.2	96.3	96.4	96.4	95.9	95.9	95.9
2012	96	96	96	96	96.1	96.1	96	95.9	95	94.8	94.8	94.8
2013	95	95.1	95.1	95.3	95.2	95.5	95.5	95.6	95.8	95.4	95.4	95.5
2014	95.5	95.7	95.7	95.7	95.6	95.7	95.7	95.4	95.6	95.7	95.5	95.7
2015	95.8	95.8	95.9	95.9	96.1	96.1	96	95.9	95.4	95.7	95.7	95.6
2016	95.5	95.7	95.6	95.7	95.6	95.4	95.3	95.4	95.2	94.5	94.7	93.9
2017	94.1	93.9	94.1	94	93.8	93.9	93.9	93.6	93.3	93.2	93.5	93.4
2018	93.0(P)	93.7(P)	93.6(P)	93.1								

P : Preliminary. All indexes are subject to revision four months after original publication.

93.1(P)

xlsx

**Series Id:** PCU33522-33522-

**Series Title:** PPI industry data for Major household appliance mfg, not seasonally adjusted

**Industry:** Major household appliance mfg

**Product:** Major household appliance mfg

**Base Date:** 200312


**Download:**

xlsx

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003												100
2004	99.8	99.9	100.1	100.1	100.8	100.9	100.6	100.7	101	101.1	101.4	101.3
2005	103.8	104.2	104.4	104.6	104.2	104.3	104.4	104.1	104	103.9	104.2	104.2
2006	105.4	105.7	105.5	105.6	105.5	105.6	105.5	105.9	105.9	106	106.2	104.9
2007	105.2	106.4	107.2	106.7	107.2	106.7	107	107	106.9	107.2	107.1	107.1
2008	108.1	108.1	108.3	108.4	108.3	108.9	110.9	111.8	113	114	114.7	114.6
2009	116	117.1	117.2	116.7	117	116.6	116	115.5	115.4	115.4	115.3	115.5
2010	115.1	115.2	115.3	115.3	115.3	115.4	116.1	116	116.1	116.1	116.3	116
2011	115.6	115.1	115.5	116.3	116.8	117.3	117.8	117.5	117.7	118.3	118.7	118.7
2012	120.8	120.8	121	121.5	122	122.7	123.6	122.9	123	123.4	123.2	123.7
2013	122.3	122.3	122.6	122.8	122.8	122.7	122.4	122.5	122.5	122.5	122.3	122.7
2014	122.7	122.6	122.3	122.5	122.4	122.2	122.7	122.3	122.9	123	123	123
2015	123.1	123.2	122.7	123	122.8	123.3	123.2	122.9	123.2	123.5	123.4	122.9
2016	122.8	123.3	123.1	122.8	122.4	122.5	122.4	123.1	123.4	123.2	122.9	122.4
2017	123.5	123	123.2	123.2	123.3	123.4	123.2	122.9	123.5	123.7	124.1	123.4
2018	124.8	125.8(P)	127.2(P)	126.7	126.7(P)							

P : Preliminary. All indexes are subject to revision four months after original publication.

126.7(P)



Series Id: PCU336110336110

Series Title: PPI industry data for Automobile, light truck and utility vehicle mfg, not seasonally adjusted

Industry: Automobile, light truck and utility vehicle mfg

Product: Automobile, light truck and utility vehicle mfg

Base Date: 198206


Download:

XLSX

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1975												62.9
1976	63	62.9	63	63.1	62.9	63	63	63.3	63.4	66.9	66.9	66.9
1977	66.8	66.8	66.9	67.1	67.2	67.3	67.3	67.4	67.4	71.4	71.3	71.4
1978	71.4	71.4	71.4	71.4	72.5	72.7	72.5	72.5	72.5	75.4	75.4	75.6
1979	76.7	76.9	77	78.3	78.4	78.5	78.7	76.8	77	81.9	81.8	82
1980	83.5	82.8	82.9	85.2	84.6	84.6	86.3	86.7	82.7	90.9	91	90.6
1981	91.4	91.6	90.7	93.3	94.1	94.5	94.6	94.4	90.2	99.7	99.8	100.1
1982	100.5	97.5	97.5	97.4	98.8	100	100.1	100.4	94.9	102.5	102.5	102.7
1983	102.2	101.8	101.4	101.6	101.7	101.8	102	102.3	97.8	104.2	104.2	104.3
1984	104.5	104.5	104.6	104.9	104.6	104.4	104.7	104.4	101	106.1	106.3	105.5
1985	106.7	106.8	106.5	106.5	107	107.3	107.3	107.2	100.2	110.4	110.4	110.2
1986	109	109.3	108.7	110.3	110	110.2	110.3	109.7	105.6	116.9	116.7	115.4
1987	115.3	112.6	111.9	113.7	112.9	112.5	112.4	111.4	108.4	116.5	115.2	112.8
1988	113	113	112.5	112.6	113	113.1	113.2	113.3	110.2	119.5	118.1	117.9
1989	117.8	118.1	116.4	115.4	116.6	116.9	114.7	114.6	113.3	122.5	121.2	120.8
1990	118.4	118.5	118	117.8	117.3	119	119.2	118.2	117.2	125	124.8	124.8
1991	125.1	125.9	125.5	124.4	123.2	122.9	122.8	122.6	120.3	131	130.3	129.5
1992	129.2	129	129.3	129.2	128.9	128.3	128.4	127.5	123.5	132.1	132.1	131.8
1993	132.1	132.9	133	132.9	132.6	132.8	132.9	132.6	128	135.7	136.2	136.3
1994	137.3	137.5	137.4	137.4	138.3	138.1	138.2	138.2	133.9	140	139.3	139.8
1995	140.1	139.9	139.3	139.1	138.7	137.8	137.7	137.2	132.9	141.7	142.4	142.4
1996	141.2	141.1	141.1	140.5	140.6	140.7	139.5	139.2	135.6	142.2	141.9	141.6
1997	141.7	141.5	141.2	140.3	138.4	138	135.9	135.9	133.7	140.6	139.4	137.8
1998	137.8	138	137.8	137.2	135.4	134.3	134.8	133.9	132.7	140.6	140.4	139.2
1999	138.2	138.7	137.7	138	137.2	136	134.7	134.4	133.4	142.1	140.8	140.5
2000	139.9	139.4	139	138.9	138.9	137.4	136.8	135.8	135.5	141.2	141.3	141.1
2001	140.3	137.7	138.1	138.9	136.9	135.9	136.5	136	135.8	138.3	137.8	138.3
2002	136.8	137.7	136.4	136	134.9	134.4	131.3	130.3	130.4	139	136.5	135
2003	135.7	135.8	138.5	134	133.6	132	131.6	132	130.5	140.7	139	137.6
2004	137.4	136.8	137.1	135.9	136.2	136.2	132.8	132.4	131.5	142	139.9	139.5
2005	139.8	137.4	136.8	136.5	135.8	132.6	132.8	131.7	131.9	137.8	134.8	132.9
2006	133.7	133.7	133.4	132.3	132	130.6	123.7	125.7	126.5	129.4	135	133.8
2007	132.8	132.5	131.9	130.5	130.1	129.8	129.2	128.2	126.6	134.1	134.8	132.9
2008	133.6	133.5	132.1	133.1	132.2	129.5	128.2	129.1	128.7	139.4	137.7	137.6
2009	137	136.8	136	136.7	136.1	137.9	134.6	136.1	133.8	138.3	139.5	138.1
2010	139.3	139	137.8	137.2	137.3	135.4	134.8	135	134.5	137.7	137	136.4
2011	137	137	136.7	137.4	136.7	136.9	136.7	136.5	135.7	140.6	140.7	140.3
2012	141	140.4	140.3	140.6	139.7	140.1	140.9	140.8	139.6	143.9	144.1	143.6
2013	143.4	143.3	142.6	142.4	141.7	141.3	140.7	140.4	140.2	144.8	145.6	146.4
2014	146.8	146.6	145.5	145.2	144.4	143.8	143.6	143.4	142.6	148	147.8	146.3
2015	147.8	149.4	149.2	148.7	148.5	148.1	148.5	147.4	147.2	150.7	150.6	150.5
2016	149.9	150.2	149.8	149.6	149.7	149.8	148.5	147.7	147.6	152.7	152.4	153.4
2017	152.6	152.3	152.9	152.8	151.2	151.2	150.1	149.8	149.8	153.5	154.3	154.3
2018	153.3	152.8(P)	152.9(P)	152.5	152.5(P)							

P : Preliminary. All indexes are subject to revision four months after original publication.

152.5(P)

Series Id: PCU3345163345160

Series Title: PPI industry data for Analytical laboratory instrument mfg-Analytical and scientific instruments, excluding optical, not seasonally adjusted

Industry: Analytical laboratory instrument mfg

Product: Analytical and scientific instruments, excluding optical

Base Date: 198512


Download:

xlsx

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1985												100
1986	100.1	99.7	99.6	99.4	99.5	99.8	100	100.2	100.5	100.5	100.7	100.9
1987	101.6	101.6	101.6	101.6	101.6	99.9	100.2	100.3	101	101	101	101.7
1988	102.6	103.3	105.1	103.1	103.1	103.1	103.3	103.4	103.5	103.1	103.4	103.5
1989	105.2	105.5	105.5	105.8	105.6	105.9	106.3	106.5	106.2	106.3	106.3	108.1
1990	109.5	108.9	109.4	109.5	109.9	108.4	108.5	108.7	108.7	108.7	109.1	109.5
1991	111.4	111.6	111.5	111.5	111.5	111.8	111.9	111.9	112.1	112.2	112.3	112.7
1992	113.1	113.1	113.6	113.6	113.6	114	114.7	114.8	115.3	115.3	115	114.8
1993	115.4	115.5	115.4	115.5	115.4	115.3	115.3	115.2	115.3	115.8	115.8	115.9
1994	116	116.2	116.2	116.6	116.9	116.9	116.8	117.2	117.3	117.4	117.4	117.3
1995	117.6	117.8	117.8	118	118	118.3	119	118.9	119	119.1	119.4	119.2
1996	119.7	120.1	119.8	119.5	119.5	119.9	120	120	120	120.4	120.4	120.5
1997	120.5	120.8	121.1	121.5	121.9	121.7	121.6	121.9	122.1	121.7	121.3	121.6
1998	122	121.9	122.1	122.1	122.1	121.9	121.9	122	121.9	121.6	121.3	121.2
1999	122.3	122.1	120.1	119.8	119.9	119.9	119.9	119.9	119.8	120.3	120.3	120.3
2000	121.9	122.1	122.2	122.5	122.1	122.1	122.2	122.2	123.3	123.3	123.3	123.3
2001	123.4	123.8	124	124	124	124.5	124.5	124.5	124.6	124.7	124.9	125.1
2002	126.6	126.5	126.5	126.5	126.8	127	126.8	126.9	126.8	126.4	126.9	126.9
2003	128.2	128.4	128.4	128.3	128.3	128.4	128.3	128.3	128.3	128.3	128.3	128.3
2007							134.7	134.7	135.2	135.7	135.7	135.6
2008	136.8	136.9	137.3	137.4	137.3	137.5	137.4	137.8	139	139.1	139.1	139.1
2009	139.6	139.7	140	140.4	140.4	140.2	140.2	140.2	139.9	140.2	140.5	
2010	140.6	140.7	140.7	140.6	140.7	140.7	140.6	140.6	140.6	140.7	140.8	140.8
2011	140.9	141	140.9	141	141	141.1	141.1	141.1	141.1	141.2	141.2	141.3
2012	141.5	141.5	141.5	141.5	141.5	141.5	141.5	141.6	141.7	141.7	141.7	142.2
2013	143	143.2	143.2	143.2	143.2	143.2	143.2	143.4	143.4	143.4	143.4	143.4
2014	144.5	144.6	145.3	145.6	145.6	145.7	145.7	145.8	145.9	146.4	146.4	146.6
2015	147.8	147.8	147.8	147.8	148.1	148.1	148.2	148.2	147.6	148.6	148.6	148.6
2016	149.9	150.6	150.6	150.8	150.8	150.8	151	151	151	151	151	151.2
2017	153.7	154.5	155.1	155.1	155.1	155.1	155.1	155.3	155.3	155.3	155.3	155.3
2018	156.9	158.4(P)	158.5(P)	157.9	157.0(P)							

P : Preliminary. All indexes are subject to revision four months after original publication.

157.9(P)

Series Id: PCU333991333991  
 Series Title: PPI industry data for Power-driven handtool mfg, not seasonally adjusted  
 Industry: Power-driven handtool mfg  
 Product: Power-driven handtool mfg  
 Base Date: 198012


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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1976												72.5
1977	73.6	74.4	74.5	74.9	75.1	75.4	75.9	76.1	76.2	76.4	76.9	77
1978	78.8	79.1	79.4	79.7	79.9	80.1	80.2	80.7	81	82.2	82.7	82.9
1979	83.7	84.3	84.8	85.3	85.4	86.1	86.4	87.2	87.3	88.5	89	90.2
1980	91.6	91.8	92.3	93.6	95.2	95.1	96.8	97.5	98.1	99	99.1	100
1981	103.4	105.1	105.3	106.1	106.6	106.6	107.4	107.6	107.8	108.4	108.4	108.8
1982	111.2	111.1	111.6	112.2	113.3	113.3	114.9	115	114.7	115	114.8	114.8
1983	115.6	115.7	115.7	116.7	116.7	116.7	117.4	116.7	116.8	117.1	117	119.2
1984	118	118.9	118	118.3	118	117	119.1	119.2	119.7	120.3	120	120.2
1985	121.2	122.3	122.4	122.4	122.3	122.4	123.2	123.2	122.6	122.8	123	123.2
1986	123.1	123.1	124.2	124.2	124.2	124.7	124.4	124.9	125.1	125.7	125.7	125.8
1987	126.7	126.7	126.7	126.2	126	126	125.7	125.9	126	126.4	126.6	126.8
1988	128.3	128.5	128.6	129.2	129.3	129.3	129.4	129.6	129.6	129.7	130.9	133.2
1989	134.2	134.3	134.3	134	134	134	135.2	135.4	135.4	135.4	135.7	136.8
1990	138	138.3	138.3	138.7	138.9	139.2	139.6	139.6	139.6	139.7	139.8	140.1
1991	142.8	142.8	142.8	143.5	143.2	142.8	143.2	143.1	143.1	143.2	143.2	143.3
1992	143.7	144.4	144.4	144.7	144.8	144.8	144.8	144.8	144.8	144.8	144.8	144.9
1993	147.1	147.4	147.4	147.5	147.5	147.5	147.6	147.6	147.7	147.6	147.7	147.1
1994	150.1	150.6	153	153	153.5	156.2	156.4	157.1	156.7	156.7	156.6	156.8
1995	158.2	162.5	163.4	162.7	162.6	162	161.9	162.3	162.1	162.1	161.9	161.8
1996	164.5	165	164.5	164.6	164.2	164.3	168.6	168.7	166.9	166.7	166.7	164.5
1997	170.1	168.5	167.9	169	169.3	168.9	168.9	169.5	168.4	169.3	164.1	166.5
1998	168.2	168	169	168.4	167.3	166.9	167.9	168.3	169.1	169.2	168.3	169.1
1999	168.2	167.8	168.2	168	168.1	166.6	166.9	167.6	167.6	169.6	168.6	168.9
2000	168.4	169	167.5	168.4	169.8	170.2	169.9	169.2	169.2	169.2	169.3	169.6
2001	170.4	170.3	170.3	172	173	173	172.9	173	172.2	172.2	172.2	172.2
2002	173.3	173.2	173.2	173.1	173.1	173.1	173.1	172.3	172.3	172.3	172.3	172.3
2003	172.9	173.4	173.4	173.4	173.3	173.3	172.9	172.9	172.9	173.4	173.4	173.4
2004	173.7	173.8	173.8	173.6	173.8	174.8	174.8	175.2	175.2	175.2	175.2	175.2
2005	176.6	176.5	176.2	175.8	176	176.1	176	176.1	176.1	176.1	176.1	176
2006	175.8	175.8	175.3	175.4	174.5	174.5	174.6	174.6	174.3	175.8	176	176
2007	176	176.4	176.4	176.4	176.5	176.5	175	175.9	175.9	175.9	177.1	177.2
2008	176.1	176.3	178.2	178.4	178.9	179	180.8	180.5	179.6	179.7	179.7	180.5
2009	179.6	180.4	180.4	180.5	180.5	179.9	179.9	179.9	179.9	179.9	179.9	179.9
2010	180	180	178.1	178.6	178.7	178.4	178.4	178.3	178.7	178.4	178.4	178.4
2011	178.6	178.9	179.2	179.3	179.8	179.8	179.8	179.7	179.8	179.9	180	182.6
2012	183.4	183.4	184.7	184.7	184.3	184.3	184.3	184.7	184.8	184.8	184.8	185.1
2013	186.2	185.2	185.2	185.2	185.2	185.2	185.2	185.2	185.3	186.7	186.7	187.1
2014	187.2	188	188	188.5	188.5	188.5	188.5	188.5	188.5	188.5	188.5	189.3
2015	190.1	190.7	190.9	192.7	192.7	192.7	192.7	192.7	192.7	192.7	192.7	195.3
2016	196.1	196.1	196.8	196.8	196.8	196.8	196.8	196.8	196.8	196.8	196.8	196.8
2017	197.7	200.5	200.5	199.4	199.4	199.4	199.4	199.4	199.4	199.4	199.4	201.2
2018	203.9	203.6(P)	203.6(P)	203.9	203.9(P)							

P : Preliminary. All indexes are subject to revision four months after original publication.

203.9(P)

## NEW ACCT ACCT NAME

## YEAR

## OC by Vintage

## Vintage Index

## Spot Index

## Index Factor

## RCN Balances

NEW ACCT ACCT NAME	YEAR	OC by Vintage		Vintage Index	Spot Index	Index Factor	RCN Balances
353.2 LAND AND LAND RIGHTS - COLLECTION	1966	37,581.96	1	1.00	1.00	1.00	\$37,581.96
353.2 LAND AND LAND RIGHTS - COLLECTION	1970	630.28	1	1.00	1.00	1.00	\$630.28
353.2 LAND AND LAND RIGHTS - COLLECTION	1975	6,715.66	1	1.00	1.00	1.00	\$6,715.66
353.2 LAND AND LAND RIGHTS - COLLECTION	1980	1,069.89	1	1.00	1.00	1.00	\$1,069.89
353.2 LAND AND LAND RIGHTS - COLLECTION	1985	4,481.18	1	1.00	1.00	1.00	\$4,481.18
353.2 LAND AND LAND RIGHTS - COLLECTION	1987	1,818.17	1	1.00	1.00	1.00	\$1,818.17
353.2 LAND AND LAND RIGHTS - COLLECTION	1990	18,634.90	1	1.00	1.00	1.00	\$18,634.90
353.2 LAND AND LAND RIGHTS - COLLECTION	1992	867.41	1	1.00	1.00	1.00	\$867.41
353.2 LAND AND LAND RIGHTS - COLLECTION	1995	126,808.41	1	1.00	1.00	1.00	\$126,808.41
353.2 LAND AND LAND RIGHTS - COLLECTION	2000	15,285.86	1	1.00	1.00	1.00	\$15,285.86
353.2 LAND AND LAND RIGHTS - COLLECTION	2005	76,604.25	1	1.00	1.00	1.00	\$76,604.25
353.2 LAND AND LAND RIGHTS - COLLECTION	2010	45,449.75	1	1.00	1.00	1.00	\$45,449.75
353.2 LAND AND LAND RIGHTS - COLLECTION	2012	121.22	1	1.00	1.00	1.00	\$121.22
353.3 LAND AND LAND RIGHTS - PUMPING	1992	12,796.70	1	1.00	1.00	1.00	\$12,796.70
353.3 LAND AND LAND RIGHTS - PUMPING	1993	34,194.59	1	1.00	1.00	1.00	\$34,194.59
353.3 LAND AND LAND RIGHTS - PUMPING	1996	92.99	1	1.00	1.00	1.00	\$92.99
353.3 LAND AND LAND RIGHTS - PUMPING	2006	16,159.88	1	1.00	1.00	1.00	\$16,159.88
353.4 LAND AND LAND RIGHTS - TREATMENT	1965	110,204.70	1	1.00	1.00	1.00	\$110,204.70
353.4 LAND AND LAND RIGHTS - TREATMENT	1967	36,966.92	1	1.00	1.00	1.00	\$36,966.92
353.4 LAND AND LAND RIGHTS - TREATMENT	1977	53,000.00	1	1.00	1.00	1.00	\$53,000.00
353.4 LAND AND LAND RIGHTS - TREATMENT	1984	150,000.00	1	1.00	1.00	1.00	\$150,000.00
353.4 LAND AND LAND RIGHTS - TREATMENT	1993	23,463.73	1	1.00	1.00	1.00	\$23,463.73
353.4 LAND AND LAND RIGHTS - TREATMENT	1998	325,000.00	1	1.00	1.00	1.00	\$325,000.00
353.4 LAND AND LAND RIGHTS - TREATMENT	2003	36,900.00	1	1.00	1.00	1.00	\$36,900.00
354.3 STRUCTURES AND IMPROVEMENTS - PUMPING	1993	796,519.60	1	294.00	687	2.34	\$1,861,254.98
354.3 STRUCTURES AND IMPROVEMENTS - PUMPING	1997	55,313.20	1	331.00	687	2.08	\$114,804.13
354.3 STRUCTURES AND IMPROVEMENTS - PUMPING	2004	148,638.20	1	421.00	687	1.63	\$242,552.12
354.4 STRUCTURES AND IMPROVEMENTS - TREATMENT	1967	2,353,885.64	1	61.00	687	11.26	\$26,510,154.67
354.4 STRUCTURES AND IMPROVEMENTS - TREATMENT	1978	4,885,804.76	1	148.00	687	4.64	\$22,679,377.50
354.4 STRUCTURES AND IMPROVEMENTS - TREATMENT	1986	91,897.59	1	233.00	687	2.95	\$270,959.85
354.4 STRUCTURES AND IMPROVEMENTS - TREATMENT	1992	23,110,970.29	1	281.00	687	2.44	\$56,502,621.31
354.4 STRUCTURES AND IMPROVEMENTS - TREATMENT	2002	389,734.00	1	389.00	687	1.77	\$688,296.29
354.4 STRUCTURES AND IMPROVEMENTS - TREATMENT	2010	5,436,302.84	1	560.00	687	1.23	\$6,669,178.66
354.4 STRUCTURES AND IMPROVEMENTS - TREATMENT	2013	53,603.00	1	614.00	687	1.12	\$59,976.00
354.4 STRUCTURES AND IMPROVEMENTS - TREATMENT	2014	31,707.00	1	631.00	687	1.09	\$34,520.93
354.4 STRUCTURES AND IMPROVEMENTS - TREATMENT	2016	103,764.00	1	661.00	687	1.04	\$107,845.49
355.3 POWER GENERATION EQUIPMENT - PUMPING	1993	46,258.60	1	386.00	1146	2.97	\$137,337.71
360.21 COLLECTION SEWERS - FORCE - MAINS	1990	17,235.23	1	301.00	790	2.62	\$45,235.32
360.21 COLLECTION SEWERS - FORCE - MAINS	1995	413,974.46	1	332.00	790	2.38	\$985,059.71
360.21 COLLECTION SEWERS - FORCE - MAINS	2005	292,976.46	1	469.00	790	1.68	\$493,499.79
360.22 COLLECTION SEWERS - FORCE - MANHOLES	1990	4,044.08	1	301.00	790	2.62	\$10,614.03
360.22 COLLECTION SEWERS - FORCE - MANHOLES	1995	98,188.67	1	332.00	790	2.38	\$233,641.71
360.22 COLLECTION SEWERS - FORCE - MANHOLES	2005	63,635.34	1	469.00	790	1.68	\$107,189.59
361.21 COLLECTION SEWERS - GRAVITY - MAINS	1966	2,571,070.53	1	75.00	790	10.53	\$27,081,942.92

NEW ACCT ACCT NAME

	YEAR	OC by Vintage		Vintage Index	Spot Index	Index Factor	RCN Balances
361.21 COLLECTION SEWERS - GRAVITY - MAINS	1970	99,929.53	1	84.00	790	9.40	\$939,813.44
361.21 COLLECTION SEWERS - GRAVITY - MAINS	1975	571,803.86	1	146.00	790	5.41	\$3,094,007.19
361.21 COLLECTION SEWERS - GRAVITY - MAINS	1980	184,388.48	1	202.00	790	3.91	\$721,123.26
361.21 COLLECTION SEWERS - GRAVITY - MAINS	1985	1,102,214.88	1	254.00	790	3.11	\$3,428,148.64
361.21 COLLECTION SEWERS - GRAVITY - MAINS	1987	409,580.74	1	263.00	790	3.00	\$1,230,299.56
361.21 COLLECTION SEWERS - GRAVITY - MAINS	1990	2,551,316.88	1	301.00	790	2.62	\$6,696,147.29
361.21 COLLECTION SEWERS - GRAVITY - MAINS	1992	294,871.54	1	311.00	790	2.54	\$749,030.60
361.21 COLLECTION SEWERS - GRAVITY - MAINS	1995	4,979,726.68	1	332.00	790	2.38	\$11,849,349.63
361.21 COLLECTION SEWERS - GRAVITY - MAINS	2000	379,942.51	1	377.00	790	2.10	\$796,166.00
361.21 COLLECTION SEWERS - GRAVITY - MAINS	2005	1,279,091.45	1	469.00	790	1.68	\$2,154,546.37
361.21 COLLECTION SEWERS - GRAVITY - MAINS	2008	148,625.00	1	588.00	790	1.34	\$199,683.25
361.21 COLLECTION SEWERS - GRAVITY - MAINS	2010	224,452.48	1	624.00	790	1.27	\$284,162.59
361.21 COLLECTION SEWERS - GRAVITY - MAINS	2012	724,573.96	1	687.00	790	1.15	\$833,207.32
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	1966	598,282.49	1	75.00	790	10.53	\$6,301,908.89
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	1970	24,194.85	1	84.00	790	9.40	\$227,546.80
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	1975	150,289.15	1	146.00	790	5.41	\$813,208.41
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	1980	44,262.72	1	202.00	790	3.91	\$173,106.68
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	1985	297,567.45	1	254.00	790	3.11	\$925,505.06
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	1987	111,081.54	1	263.00	790	3.00	\$333,666.98
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	1990	665,251.72	1	301.00	790	2.62	\$1,746,009.50
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	1992	76,685.46	1	311.00	790	2.54	\$194,795.86
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	1995	1,514,910.92	1	332.00	790	2.38	\$3,604,757.91
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	2000	114,307.32	1	377.00	790	2.10	\$239,529.93
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	2005	353,176.16	1	469.00	790	1.68	\$594,902.27
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	2010	86,478.18	1	624.00	790	1.27	\$109,483.59
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	2012	74,063.00	1	687.00	790	1.15	\$85,167.06
361.22 COLLECTION SEWERS - GRAVITY - MANHOLES	2015	10,179.00	1	740.00	790	1.07	\$10,866.77
363.2 SERVICES TO CUSTOMERS	1966	958,567.95	1	60.00	661	11.02	\$10,560,223.58
363.2 SERVICES TO CUSTOMERS	1970	50,304.30	1	79.00	661	8.37	\$420,900.54
363.2 SERVICES TO CUSTOMERS	1975	307,593.89	1	123.00	661	5.37	\$1,653,004.56
363.2 SERVICES TO CUSTOMERS	1980	71,435.10	1	175.00	661	3.78	\$269,820.58
363.2 SERVICES TO CUSTOMERS	1985	562,151.53	1	221.00	661	2.99	\$1,681,367.25
363.2 SERVICES TO CUSTOMERS	1987	224,924.42	1	230.00	661	2.87	\$646,413.22
363.2 SERVICES TO CUSTOMERS	1990	1,361,328.35	1	262.00	661	2.52	\$3,434,496.33
363.2 SERVICES TO CUSTOMERS	1992	153,749.62	1	283.00	661	2.34	\$359,111.30
363.2 SERVICES TO CUSTOMERS	1995	3,130,400.29	1	307.00	661	2.15	\$6,740,047.53
363.2 SERVICES TO CUSTOMERS	2000	236,530.49	1	348.00	661	1.90	\$449,271.99
363.2 SERVICES TO CUSTOMERS	2005	847,339.97	1	410.00	661	1.61	\$1,366,077.37
363.2 SERVICES TO CUSTOMERS	2010	173,123.46	1	555.00	661	1.19	\$206,188.48
363.2 SERVICES TO CUSTOMERS	2012	29,698.09	1	598.00	661	1.11	\$32,826.82
364.2 FLOW MEASURING DEVICES	1991	3,672.99	1	162.00	434	2.68	\$9,839.99
364.2 FLOW MEASURING DEVICES	2006	5,888.17	1	248.00	434	1.75	\$10,304.30
364.2 FLOW MEASURING DEVICES	2010	10,026.46	1	376.00	434	1.15	\$11,573.09
364.2 FLOW MEASURING DEVICES	2011	8,612.72	1	379.00	434	1.15	\$9,862.59

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## NEW ACCT ACCT NAME

	YEAR	OC by Vintage			Vintage Index	Spot Index	Index Factor	RCN Balances
365.2 FLOW MEASURING INSTALLATIONS	1991	95,497.64	1		162.00	434	2.68	\$255,839.36
371.3 PUMPING EQUIPMENT	1993	118,738.78	1		386.00	1146	2.97	\$352,524.98
371.3 PUMPING EQUIPMENT	1997	8,296.98	1		473.00	1146	2.42	\$20,102.20
371.3 PUMPING EQUIPMENT	2006	22,080.65	1		624.00	1146	1.84	\$40,551.96
371.3 PUMPING EQUIPMENT	2011	7,441.39	1		752.00	1146	1.52	\$11,340.20
371.3 PUMPING EQUIPMENT	2012	24,684.45	1		788.00	1146	1.45	\$35,898.96
371.3 PUMPING EQUIPMENT	2013	18,316.00	1		836.00	1146	1.37	\$25,107.82
371.3 PUMPING EQUIPMENT	2014	26,246.23	1		896.00	1146	1.28	\$33,569.40
371.3 PUMPING EQUIPMENT	2015	3,453.86	1		945.00	1146	1.21	\$4,188.49
371.3 PUMPING EQUIPMENT	2016	6,085.00	1		1017.00	1146	1.13	\$6,856.84
371.3 PUMPING EQUIPMENT	2017	6,359.02	1		1114.00	1146	1.03	\$6,541.68
380.4 TREATMENT AND DISPOSAL EQUIPMENT	2008	8,391.00	1		586.00	797	1.36	\$11,412.33
380.4 TREATMENT AND DISPOSAL EQUIPMENT	2012	30,010.04	1		680.00	797	1.17	\$35,173.53
380.4 TREATMENT AND DISPOSAL EQUIPMENT	2013	131,242.64	1		699.00	797	1.14	\$149,642.90
380.4 TREATMENT AND DISPOSAL EQUIPMENT	2014	234,763.80	1		725.00	797	1.10	\$258,078.27
380.4 TREATMENT AND DISPOSAL EQUIPMENT	2015	56,302.51	1		741.00	797	1.08	\$60,557.49
380.4 TREATMENT AND DISPOSAL EQUIPMENT	2016	35,919.00	1		761.00	797	1.05	\$37,618.19
380.4 TREATMENT AND DISPOSAL EQUIPMENT	2017	18,862.50	1		782.00	797	1.02	\$19,224.31
390.7 COMPUTER AND SOFTWARE	2011	2,332.00	1		73.41	58.3	0.79	\$1,852.05
390.7 COMPUTER AND SOFTWARE	2012	15,398.85	1		70.66	58.3	0.83	\$12,705.55
390.7 COMPUTER AND SOFTWARE	2013	14,570.45	1		67.64	58.3	0.86	\$12,558.19
390.7 COMPUTER AND SOFTWARE	2014	31,808.00	1		66.39	58.3	0.88	\$27,931.31
390.7 COMPUTER AND SOFTWARE	2015	12,083.00	1		63.21	58.3	0.92	\$11,144.72
390.7 COMPUTER AND SOFTWARE	2016	12,819.00	1		59.86	58.3	0.97	\$12,485.27
391.7 TRANSPORTATION EQUIPMENT	2001	21,441.01	1		137.54	152.5	1.11	\$23,772.83
391.7 TRANSPORTATION EQUIPMENT	2014	3,182.00	1		145.33	152.5	1.05	\$3,338.91
393.7 TOOLS, SHOP AND GARAGE EQUIPMENT	1997	2,134.65	1		168.37	203.9	1.21	\$2,585.16
393.7 TOOLS, SHOP AND GARAGE EQUIPMENT	2000	1,680.67	1		169.14	203.9	1.21	\$2,026.04
393.7 TOOLS, SHOP AND GARAGE EQUIPMENT	2004	1,621.78	1		174.53	203.9	1.17	\$1,894.75
393.7 TOOLS, SHOP AND GARAGE EQUIPMENT	2006	8,886.32	1		175.22	203.9	1.16	\$10,341.03
393.7 TOOLS, SHOP AND GARAGE EQUIPMENT	2012	4,995.67	1		184.44	203.9	1.11	\$5,522.71
393.7 TOOLS, SHOP AND GARAGE EQUIPMENT	2013	12,764.21	1		185.70	203.9	1.10	\$14,015.20
393.7 TOOLS, SHOP AND GARAGE EQUIPMENT	2014	3,910.00	1		188.38	203.9	1.08	\$4,232.24
393.7 TOOLS, SHOP AND GARAGE EQUIPMENT	2015	6,081.00	1		192.38	203.9	1.06	\$6,445.03
394.7 LABORATORY EQUIPMENT	2002	3,307.76	1		126.72	157.9	1.25	\$4,121.76
394.7 LABORATORY EQUIPMENT	2003	6,126.19	1		128.32	157.9	1.23	\$7,538.58
394.7 LABORATORY EQUIPMENT	2004	5,105.16	1		128.32	157.9	1.23	\$6,282.15
394.7 LABORATORY EQUIPMENT	2005	5,067.71	1		128.32	157.9	1.23	\$6,236.07
394.7 LABORATORY EQUIPMENT	2006	10,015.47	1		128.32	157.9	1.23	\$12,324.53
394.7 LABORATORY EQUIPMENT	2007	9,379.66	1		135.27	157.9	1.17	\$10,949.10
394.7 LABORATORY EQUIPMENT	2008	18,843.64	1		137.89	157.9	1.15	\$21,577.89
394.7 LABORATORY EQUIPMENT	2011	5,173.00	1		141.08	157.9	1.12	\$5,789.95
394.7 LABORATORY EQUIPMENT	2014	15,511.00	1		145.68	157.9	1.08	\$16,812.68
394.7 LABORATORY EQUIPMENT	2015	2,281.00	1		148.10	157.9	1.07	\$2,431.94

NEW ACCT ACCT NAME

YEAR	OC by Vintage	
2011	3,996.00	1
2002	911.76	1
2008	993.00	1
2014	2,266.00	1

Vintage Index	Spot Index	Index Factor	RCN Balances
96.34	93.1	0.97	\$3,861.54
100.00	126.7	1.27	\$1,155.20
110.76	126.7	1.14	\$1,135.92
122.63	126.7	1.03	\$2,341.14
			\$223,788,019.88

396.7 COMMUNICATION EQUIPMENT  
397.7 MISCELLANEOUS EQUIPMENT  
397.7 MISCELLANEOUS EQUIPMENT  
397.7 MISCELLANEOUS EQUIPMENT

# **2017** SBBI Yearbook

## Stocks, Bonds, Bills, and Inflation

U.S. Capital Markets Performance by Asset Class 1926–2016

Duff & Phelps

**WILEY**



appropriate price adjustments are made to account for stock splits and dividends. The return on a portfolio for one month is calculated as the weighted average of the returns for its individual stocks. Annual portfolio returns are calculated by compounding the monthly portfolio returns.<sup>77</sup>

### Size of the Deciles

Exhibit 7.1 provides an overview of the CRSP deciles and size groupings in terms of relative size (by aggregate market capitalization) and number of companies as of December 31, 2016.

Decile 1 has 191 companies in it, and accounts for nearly two-thirds of aggregate market cap (66.12%). Decile 10 has 790 companies in it, and accounts for less than 1% of aggregate market cap (0.40%).

**Exhibit 7.1:** Aggregate Market Capitalization and Company Counts of the CRSP (NYSE/NYSE MKT/ NASDAQ) Deciles and Size Groupings  
December 31, 2016

Decile	Historic Average Percentage of Total Capitalization	Recent Number of Companies	Recent Decile Market Capitalization (in \$thousands)	Recent Percentage of Total Capitalization
1-Largest	63.13%	191	15,290,475,300	66.12%
2	13.95%	200	3,010,671,018	13.02%
3	7.55%	202	1,609,575,618	6.96%
4	4.73%	221	1,010,851,810	4.37%
5	3.26%	227	677,120,067	2.93%
6	2.41%	259	541,037,999	2.34%
7	1.79%	283	384,129,198	1.66%
8	1.33%	361	297,164,943	1.28%
9	1.03%	487	212,609,644	0.92%
10-Smallest	0.82%	790	92,882,169	0.40%
Mid-Cap 3-5	15.54%	650	3,297,547,494	14.26%
Low-Cap 6-8	5.53%	903	1,222,332,139	5.29%
Micro-Cap 9-10	1.85%	1,277	305,491,813	1.32%

**Source of underlying data:** Calculated (or derived) based on data from CRSP ©2017 Center for Research in Security Prices (CRSP<sup>®</sup>), The University of Chicago Booth School of Business (2017). Calculations by Duff & Phelps, LLC

<sup>77</sup> According to CRSP, in 2016 CRSP "performed a comprehensive check and found changes to index levels back to 1977. Almost all of the changes are due to CRSP adding factor(s) to adjust price values for distribution codes 5663 & 5773. These edits were made in the 201612 iteration." These edits are detailed in the CRSP document "STOCK & INDEX RELEASE NOTES, December 2016 Annual UPDATE" (available at: [http://www.crsp.com/files/images/release\\_notes/mdaz\\_201612\\_annual.pdf](http://www.crsp.com/files/images/release_notes/mdaz_201612_annual.pdf)). This review of the database caused small changes in the returns over the 1926-2015 period (calculated using the December 31, 2015 data cut) compared to the returns over the 1926-2015 period (calculated using the December 31, 2016 data cut). These changes were not material: the largest/smallest change to the geometric mean return of CRSP standard market-cap-weighted deciles 1-10 over this period was 0.0044%/-0.0146%; the average/median change was -0.0007%/0.0003%.

In Exhibit 7.2, the largest company in each of the CRSP (NYSE/NYSE MKT/NASDAQ) deciles and size groupings (by market capitalization) are listed as of September 30, 2016.

**Exhibit 7.2:** Largest Company (by market capitalization) in CRSP (NYSE/NYSE MKT/NASDAQ) Deciles and Size Groupings as of September 30, 2016

<u>Decile</u>	<u>Company Name</u>	<u>Recent Market Capitalization (in \$thousands)</u>
1-Largest	Apple Inc.	609,163,498
2	Apache Corp.	24,233,747
3	Textron Inc.	10,711,194
4	C F Industries Holdings Inc.	5,676,716
5	Ellie Mae Inc.	3,512,913
6	Generac Holdings Inc.	2,390,899
7	Flagstar Bancorp Inc.	1,569,984
8	SEACOR Holdings Inc.	1,030,426
9	Kadant Inc.	567,843
10-Smallest	Pioneer Energy Services Corp.	262,891

**Source of underlying data:** CRSP databases ©2017 Center for Research in Security Prices (CRSP<sup>®</sup>), The University of Chicago Booth School of Business (2017).

The CRSP deciles are re-constituted and rebalanced at the end of each calendar quarter (March, June, September, and December). These quarter-end portfolios are then followed for the subsequent three months. For example, the breakpoints in Exhibit 7.2 were a key input in defining the companies placed in each decile at the end of September 2016; these portfolio compositions were then used to calculate the October, November, and December 2016 returns associated with each decile.<sup>7,8</sup>

<sup>7,8</sup> According to the 2017 *Valuation Handbook – U.S. Guide to Cost of Capital*, large-capitalization companies (those in CRSP deciles 1–2) have equity capitalizations greater than \$10,711,194 million; mid-capitalization companies (those in CRSP deciles 3–5) have equity capitalizations between \$2,392,689 million and \$10,711,194 million (inclusive), low-capitalization companies (those in CRSP deciles 6–8) have equity capitalizations between \$569,279 million and \$2,390,899 million (inclusive), and micro-capitalization companies (those in CRSP deciles 9–10) have equity capitalizations of equal to or less than \$567,843 million.

History tells us that small companies are riskier than large companies. Exhibit 7.6 shows the standard deviation (a measure of risk) for each decile of the NYSE/ NYSE AMEX/NASDAQ. As one moves from CRSP decile 1 (comprised of the largest companies) to CRSP decile 10 (comprised of the smallest companies), the standard deviation of return grows. Investors are compensated for taking on this additional risk by the higher returns provided by small companies.

The increased risk faced by investors in small stocks is quite real. It is important to note, however, that the risk/return profile is over the *long-term*. The long-term expected return for any asset class is quite different from short-term expected returns. Investors in small-cap stocks should expect losses and periods of underperformance relative to large-cap stocks, however, the longer small-cap companies are given to "race" against large-cap companies, the greater the chance that small-cap companies outpace their larger counterparts.

**Exhibit 7.6:** Summary Statistics of Annual Returns (CRSP NYSE/NYSE MKT/NASDAQ Deciles) (%) 1926–2016

<u>Decile</u>	<u>Geometric Mean</u>	<u>Arithmetic Mean</u>	<u>Standard Deviation</u>	<u>Serial Correlation</u>
1 - Largest	9.3	11.1	18.9	0.07
2	10.6	12.8	21.5	0.01
3	11.0	13.6	23.3	-0.03
4	10.8	13.8	25.6	-0.03
5	11.5	14.6	26.2	-0.03
6	11.4	14.8	27.1	0.01
7	11.6	15.4	29.0	0.01
8	11.6	16.1	33.0	0.00
9	11.6	17.0	37.2	0.06
10	13.3	20.3	42.5	0.14
Mid-Cap	11.1	13.8	24.4	-0.03
Low-Cap	11.5	15.3	28.7	0.01
Micro-Cap	12.1	18.0	38.8	0.08
The "Market" (Deciles 1-10)	9.8	11.8	20.0	0.01

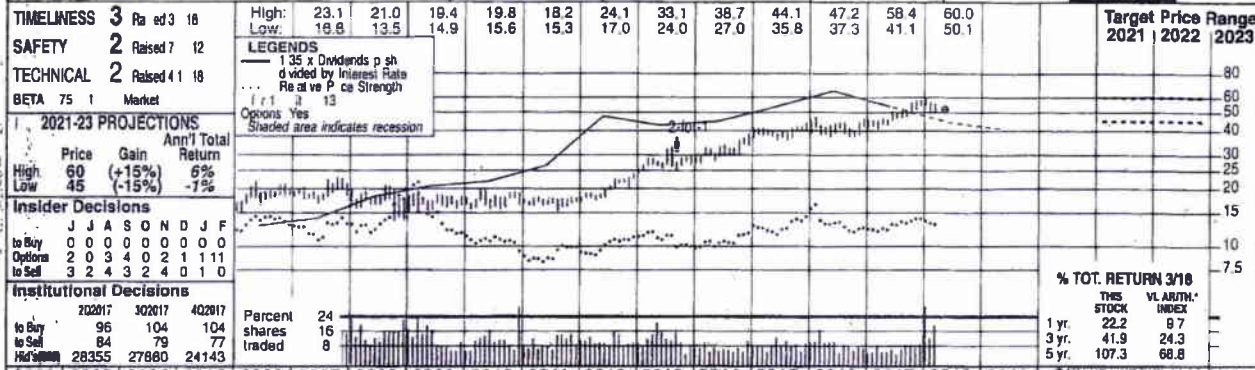
**Source of underlying data:** Calculated (or derived) based on data from CRSP US Stock Database and CRSP US Indices Database ©2017 Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business. Used with permission. All calculations performed by Duff & Phelps, LLC.

**Exhibit 7.8:** Size-Decile Portfolios of the NYSE/NYSE MKT/NASDAQ Long-Term Returns in Excess of CAPM  
1926–2016

<u>Size Grouping</u>	<u>OLS Beta</u>	<u>Arithmetic Mean</u>	<u>Return in Excess of Risk-free Rate (actual)</u>	<u>Return in Excess of Risk-free Rate (as predicted by CAPM)</u>	<u>Size Premium</u>
Mid-Cap (3–5)	1.12	13.82%	8.80%	7.79%	1.02%
Low-Cap (6–8)	1.22	15.26%	10.24%	8.49%	1.75%
Micro-Cap (9–10)	1.35	18.04%	13.02%	9.35%	3.67%
<u>Breakdown of Deciles 1–10</u>					
1-Largest	0.92	11.05%	6.04%	6.38%	-0.35%
2	1.04	12.82%	7.81%	7.19%	0.61%
3	1.11	13.57%	8.55%	7.66%	0.89%
4	1.13	13.80%	8.78%	7.80%	0.98%
5	1.17	14.62%	9.60%	8.09%	1.51%
6	1.17	14.81%	9.79%	8.14%	1.66%
7	1.25	15.41%	10.39%	8.67%	1.72%
8	1.30	16.14%	11.12%	9.04%	2.08%
9	1.34	16.97%	11.96%	9.28%	2.68%
10-Smallest	1.39	20.27%	15.25%	9.65%	5.59%

Betas are estimated from monthly returns in excess of the 30-day U.S. Treasury bill total return, January 1926–December 2016. Historical riskless rate measured by the 91-year arithmetic mean income return component of 20-year government bonds (5.02%). Calculated in the context of the CAPM by multiplying the equity risk premium by beta. The equity risk premium is estimated by the arithmetic mean total return of the S&P 500 (11.95%) minus the arithmetic mean income return component of 20-year government bonds (5.02%) from 1926–2016. Source: Morningstar Direct and CRSP. Calculated based on data from CRSP US Stock Database and CRSP US Indices Database ©2017 Center for Research. Used with permission. All calculations performed by Duff & Phelps, LLC.

**AMER. STATES WATER NYSE-AWR** RECENT PRICE **52.01** P/E RATIO **28.9** (Trailing: 27.7 Median: 20.0) RELATIVE P/E RATIO **1.56** DIV'D YLD **2.1%** VALUE LINE **1784**



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
6.89	6.99	6.81	7.03	7.88	8.75	9.21	9.74	10.71	11.12	12.12	12.19	12.17	12.56	11.92	12.01	12.65	12.45	12.45	12.45	12.45	12.45
1.27	1.04	1.11	1.32	1.45	1.65	1.69	1.70	2.11	2.13	2.48	2.65	2.67	2.81	2.70	2.96	3.05	3.25	3.25	3.25	3.25	3.25
.67	.39	.53	.66	.67	.81	.78	.81	1.11	1.12	1.41	1.61	1.57	1.61	1.62	1.88	1.85	2.00	2.00	2.00	2.00	2.00
.44	.44	.44	.45	.46	.48	.50	.51	.52	.55	.64	.76	.83	.87	.91	.99	1.07	1.15	1.15	1.15	1.15	1.15
1.34	1.88	2.51	2.12	1.95	1.45	2.23	2.09	2.12	2.13	1.77	2.52	1.89	2.39	3.55	3.09	3.40	3.40	3.40	3.40	3.40	3.40
7.02	6.98	7.51	7.86	8.32	8.77	8.97	9.70	10.13	10.84	11.80	12.72	13.24	12.77	13.52	14.45	15.20	15.95	15.95	15.95	15.95	15.95
30.36	30.42	33.50	33.60	34.10	34.46	34.60	37.06	37.26	37.70	38.53	38.72	38.29	36.50	36.57	36.68	36.80	37.00	37.00	37.00	37.00	37.00
18.3	31.9	23.2	21.9	27.7	24.0	22.6	21.2	15.7	15.4	14.3	17.2	20.1	24.6	25.6	25.7	25.7	25.7	25.7	25.7	25.7	25.7
1.00	1.82	1.23	1.17	1.50	1.27	1.36	1.41	1.00	.97	1.91	97	1.06	1.24	1.34	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3.6%	3.5%	3.6%	3.1%	2.5%	2.5%	2.9%	2.9%	3.0%	3.2%	3.1%	2.7%	2.6%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

CAPITAL STRUCTURE as of 12/31/17		2017	2018	2019	2020	2021	2022	2023
Total Debt \$380.3 mill. Due in 5 Yrs \$100.7 mill	LT Debt \$321.0 mill.	318.7	361.0	398.9	419.3	466.9	472.1	465.8
LT Debt % of Cap'l	LT Interest \$21.3 mill (38% of Cap'l)	26.8	29.5	41.4	42.0	54.1	62.7	61.1
LT Debt % of Cap'l	LT Interest % of Cap'l	37.8%	38.9%	43.2%	41.7%	39.9%	36.3%	38.4%
LT Debt % of Cap'l	LT Interest % of Cap'l	6.9%	3.2%	5.8%	2.0%	2.5%	--	2.5%
LT Debt % of Cap'l	LT Interest % of Cap'l	46.2%	45.9%	44.3%	45.4%	42.2%	39.8%	41.1%
LT Debt % of Cap'l	LT Interest % of Cap'l	53.8%	54.1%	55.7%	54.6%	57.8%	60.2%	60.9%
LT Debt % of Cap'l	LT Interest % of Cap'l	57.7%	66.5%	67.7%	74.9%	78.7%	81.4%	83.2%
LT Debt % of Cap'l	LT Interest % of Cap'l	825.3	866.4	855.0	896.5	917.8	981.5	1003.5
LT Debt % of Cap'l	LT Interest % of Cap'l	6.4%	5.9%	7.6%	7.1%	8.3%	8.9%	8.6%
LT Debt % of Cap'l	LT Interest % of Cap'l	8.6%	8.2%	11.0%	10.3%	11.9%	12.7%	12.0%
LT Debt % of Cap'l	LT Interest % of Cap'l	8.6%	8.2%	11.0%	10.3%	11.9%	12.7%	12.0%
LT Debt % of Cap'l	LT Interest % of Cap'l	3.1%	3.2%	5.8%	5.3%	6.6%	6.8%	5.7%
LT Debt % of Cap'l	LT Interest % of Cap'l	64%	61%	47%	49%	45%	47%	53%

**Business:** American States Water Co operates as a holding company. Through its principal subsidiary, Golden State Water Co., it supplies water to 258,949 customers in 70 cities in 10 counties. Service areas include the metropolitan areas of Los Angeles and Orange Counties. The company also provides electricity to 24,274 customers in Big Bear Lake and San Bernardino Only Prod s

**California regulators recently granted American States Water a better return than it originally proposed.** In February, the California Public Utility Commission (CPUC) recommended an allowed return on equity (ROE) of 8.23% for the Golden State Water subsidiary, compared to the previous permitted rate of 9.43%. In the final ruling in March, however, the CPUC raised the level to 8.9%. Management believes that the top line will only be impacted by \$3.6 million with this new decision, as compared to the \$9.5 million in revenues it thought would be lost with a ROE of 8.23%.

Cal-ender	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cash Assets	4.4	4	2	2.1	2.6	2.6	2.6	2.6	2.6
Accounts Receivable	18.9	20.0	26	26	26	26	26	26	26
Other	109.4	146.5	129.2	129.2	129.2	129.2	129.2	129.2	129.2
Current Assets	132.7	166.9	155.5	155.5	155.5	155.5	155.5	155.5	155.5
Accounts Payable	50.6	43.7	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Debt Due	28.3	90.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3
Other	44.6	43.9	46.4	46.4	46.4	46.4	46.4	46.4	46.4
Current Liab	123.5	177.9	156.7	156.7	156.7	156.7	156.7	156.7	156.7

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16	'17-'23
Revenues	5.5%	3.0%	4.5%	4.5%
"Cash Flow"	7.5%	6.5%	6.0%	6.0%
Earnings	10.0%	9.5%	6.5%	6.5%
Dividends	7.0%	1.5%	7.5%	7.5%
Book Value	5.5%	5.0%	4.0%	4.0%

Cal-ender	2015	2016	2017	2018	2019	2020	2021	2022	2023
Q1	100.9	114.6	133.0	110.1	458.6	458.6	458.6	458.6	458.6
Q2	93.5	112.0	123.8	106.8	436.1	436.1	436.1	436.1	436.1
Q3	98.8	113.2	124.4	104.2	440.6	440.6	440.6	440.6	440.6
Q4	100	115	130	105	450	450	450	450	450
Q5	102	118	133	107	460	460	460	460	460

**Share earnings should be better than they appear this year.** We expect the company's share net to fall 2%, to \$1.85 in 2018. Last year's figures include a \$0.13-a-share gain resulting from the forced sale of its Ojai operations. Without this asset sale, however, the rise in estimated earnings per share would be a healthy 6%.

**The momentum should continue into 2019.** We are introducing our share-earnings estimate for next year at \$2.00, reflecting a solid 8% increase over 2018. Our numbers are based upon the assumption of reasonable regulatory treatment. In 2017, American States filed a petition seeking higher revenues for 2019-2021. A final decision should be made by yearend. Lower taxes should not have an impact on the company. In 2017, the new tax legislation was basically a wash for American States. The savings generated from the reduced taxes in the years ahead will most certainly be passed on to customers.

**The nonutility segment continues to grow in importance.** Last year, the ASUS business, which provides water services to 11 military installations, posted an 11% gain in earnings per share, to \$0.37. As the U.S. military privatizes more bases, we expect ASUS to win its fair share of these 50-year contracts.

**The stock does not stand out at this juncture.** AWR's positives include low volatility, strong finances, and well-defined earnings and dividend growth prospects. Nevertheless, despite raising our 3-to-5-year total return projections, we think investors can find stocks with similar risk profiles at better prices.

(A) Primary earnings Excludes nonrecurring gains/(losses): '04, 7; '05, 13; '06, 3; '08, 14; '10, 23; '11, 10c. Next earnings report due early May.  
(B) Dividends historically paid in early March, June, September, and December. # Div'd reinvestment plan available.  
(C) In millions, adjusted for split.  
(D) Includes intangibles As of 12/31/17: \$7.9 million/\$0.22 a share.

**Company's Financial Strength**  
Stock's Price Stability A  
Price Growth Persistence 80  
Earnings Predictability 75

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AMERICAN WATER NYSE-AWK				RECENT PRICE	81.16	P/E RATIO	25.3 (Trailing: 26.4 Median: NMF)	RELATIVE P/E RATIO	1.37	DIV'D YLD	2.3%	VALUE LINE	1785
<b>TIMELINESS</b> 2	Raised 11/17/17	High: 23.7	23.0	25.8	32.8	39.4	45.1	56.2	61.2	85.2	92.4	91.5	Target Price Range
<b>SAFETY</b> 3	New 7/25/08	Low: 16.5	16.2	19.4	25.2	31.3	37.0	41.1	48.4	58.9	70.0	76.0	2021 2022 2023
<b>TECHNICAL</b> 3	Lowered 3/2/18	<b>LEGENDS</b> 1.10 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area indicates recession											
<b>BETA</b> .65	(1.00 = Market)	<b>2021-23 PROJECTIONS</b> Ann'l Total High 115 (+40%) 17% Low 75 (-10%) 1%											
<b>Insider Decisions</b> J A S O N D J F to Buy 0 0 0 0 0 0 0 0 0 0 0 0 0 0 Options 0 0 1 0 0 0 2 0 7 13 to Sell 0 0 1 0 0 3 0 0 0 0													
<b>Institutional Decisions</b> 3Q2017 3Q2017 4Q2017 to Buy 281 262 265 to Sell 291 292 237 Hld'g(\$M) 158865 160782 153130 Percent shares traded 21 14 7													
<b>2002-2019 VALUE LINE PUB. LLC 21-23</b> 2002 2003 2004 2005 2006 2007 2008 <sup>a</sup> 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019													
<b>REVENUES</b> Revenues per sh 22.95 "Cash Flow" per sh 7.70 Earnings per sh <sup>a</sup> 4.50 Div'd Decl'd per sh <sup>a</sup> 2.60 Cap'l Spending per sh 9.20 Book Value per sh <sup>b</sup> 42.00 Common Shs Outst'g <sup>c</sup> 187.50													
<b>CAPITAL STRUCTURE as of 12/31/17</b> Total Debt \$7717.0 mil. Due In 5 Yrs \$2192.0 mil. LT Debt \$6490.0 mil. (55% of Cap'l) Leases, Uncapitalized: Annual rentals \$15.0 mil. Pension Assets 12/16 \$1649.0 mil. Oblig. \$2034.0 mil. Pfd Stock \$8.0 mil. Pfd Div'd \$ .4 mil. Common Stock 178,551,923 shs. as of 2/15/17													
<b>MARKET CAP: \$14.5 billion (Large Cap)</b> <b>CURRENT POSITION 2015 2016 12/31/17 (\$MILL.)</b> Cash Assets 45.0 75.0 82.0 Accts Receivable 255.0 269.0 272.0 Other 357.0 440.0 366.0 Current Assets 657.0 784.0 720.0 Accts Payable 126.0 154.0 195.0 Debt Due 682.0 1423.0 1227.0 Other 725.0 815.0 903.0 Current Liab. 1533.0 2392.0 2325.0													
<b>ANNUAL RATES of change (per sh)</b> Past 10 Yrs Past 5 Yrs Est'd '14-'16 to '21-'23 Revenues 3.0% 3.5% 4.5% "Cash Flow" 23.0% 8.5% 7.0% Earnings -- 11.0% 8.5% Dividends -- 9.0% 10.0% Book Value 1.5% 4.0% 5.0%													
<b>QUARTERLY REVENUES (\$mill.)</b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2015 698.0 782.0 896.0 783.0 3159.0 2016 743.0 827.0 930.0 802.0 3302.0 2017 756.0 844.0 936.0 821.0 3357 2018 725 850 1010 825 3410 2019 765 890 1055 865 3575													
<b>EARNINGS PER SHARE <sup>a</sup></b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2015 .44 .68 .96 .56 2.64 2016 .46 .77 .83 .57 2.62 2017 .52 .73 1.13 .65 3.03 2018 .55 .82 1.19 .69 3.25 2019 .60 .88 1.27 .75 3.50													
<b>QUARTERLY DIVIDENDS PAID <sup>a</sup></b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2014 .28 .31 .31 .31 1.21 2015 .31 .34 .34 .34 1.33 2016 .34 .375 .375 .375 1.47 2017 .375 .415 .415 .415 1.62 2018 .415													
<b>BUSINESS:</b> American Water Works Company, Inc. is the largest investor-owned water and wastewater utility in the U.S., providing services to over 15 million people in 46 states and Canada. (Regulated presence in 16 states.) Nonregulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up 88% of 2017 revenues.													
<b>American Water Works' earnings and dividend growth prospects remain the most attractive in the water utility sector.</b> Over the next five-year period, management expects both the bottom line, and the distribution paid to shareholders to increase 7%-10% annually. This easily surpasses the market consensus for the other members of the group. How does the company achieve such success? Much can be attributed to its aggressive policy of acquiring small, inefficient water districts and reducing their expenses substantially. <b>The capital budget is very large.</b> American Water estimates that outlays to refurbish and modernize its infrastructure will average as much as \$1.7 billion per year through 2022. Financing these expenditures will require a fair amount of external financing. Management has stated that no major new equity offering is forthcoming. (We have shares outstanding rising only about 1% per annum.) Thus, the company's balance sheet should come under some pressure as it will probably become more leveraged. Even with the higher reliance on debt, however, American Water's finances should be adequate.													
<b>The regulatory climate will like continue to have a significant impact on the company's performance.</b> The utility is so large that its operates in all but four of the 50 states. As it is a regulated entity, state authorities determine the rate of return that can be earned on investments. Most regulators realize that all of the water utilities are playing catch-up as they try to modernize pipeline and wastewater facilities. In the past, mostly to keep water bills low, both utilities and authorities ignored the disrepair of the nation's water system. As a result, regulators have taken a constructive approach in dealing with utilities. Because it is by far the largest member of the group, American Water has benefited the most from the policy. Conversely, any change in the nation's regulatory climate would have the biggest effect on the company. <b>These shares are timely.</b> Also, AWK's yield is now not too much lower than the median for a water utility. Thus, investors do not have to pay much of a premium for the equity's better-than-average dividend growth potential.													
<b>James A. Flood</b> April 13, 2018													
<b>Company's Financial Strength</b> B+ <b>Stock's Price Stability</b> 100 <b>Price Growth Persistence</b> 85 <b>Earnings Predictability</b> 90													
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(A) Diluted earnings. Excludes nonrecr losses: '08, \$4.82; '09, \$2.63; '11, \$0.07. Disc. oper.: '06, (\$0.04); '11, \$0.03; '12, (\$0.10); '13, (\$0.01). GAAP used as of 2014, except for (\$0.65) loss in '17 due to change in tax law. Next earnings report due mid-May. Quarterly earnings do not sum in '16 due to rounding (B) Dividends paid in March, June, September, and December. = Div. reinvestment available. (C) In millions. (D) Includes intangibles. On 12/31/17: \$1.379 billion, \$7.72/share. (E) Pro forma numbers for '06 & '07.  
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# CALIFORNIA WATER NYSE-CWT

RECENT PRICE **36.50** P/E RATIO **24.2** (Trailing: 26.1 Median: 20.0) RELATIVE P/E RATIO **1.31** DIV'D YLD **2.1%** VALUE LINE **1787**



**2021-23 PROJECTIONS**

Price	Gain	Ann'l Total Return
High 50	(+35%)	10%
Low 35	(-5%)	1%

**Insider Decisions**

J	J	A	S	O	N	D	J	F
to Buy	1	1	1	1	1	1	1	1
Options	0	0	0	0	1	0	0	0
to Sell	1	0	0	0	0	0	0	0

**Institutional Decisions**

	202017	202017	4Q2017
to Buy	88	60	74
to Sell	77	71	70
Net Buy	38422	38931	33803

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
8.67	8.18	8.59	8.72	8.10	8.88	9.90	10.82	11.05	12.00	13.34	12.23	12.50	12.29	12.70	13.89	14.10	14.40	14.40	14.40	14.40	14.40
1.32	1.26	1.42	1.52	1.36	1.56	1.86	1.93	2.07	2.32	2.21	2.47	2.22	2.34	3.00	2.90	3.00	3.00	3.00	3.00	3.00	3.00
.63	.61	.73	.74	.67	.75	.95	.98	.91	.86	1.02	1.02	1.19	.94	1.01	1.40	1.55	1.65	1.65	1.65	1.65	1.65
.56	.56	.57	.57	.58	.58	.59	.59	.60	.62	.63	.64	.65	.67	.69	.72	.75	.78	.78	.78	.78	.78
2.91	2.19	1.87	2.01	2.14	1.84	2.41	2.66	2.97	2.83	3.04	2.58	2.76	3.69	4.77	5.40	4.35	3.95	3.95	3.95	3.95	3.95
6.56	7.22	7.83	7.90	9.07	9.25	9.72	10.13	10.45	10.76	11.28	12.54	13.11	13.41	13.75	14.44	14.75	15.00	15.00	15.00	15.00	15.00
30.36	33.86	36.73	36.78	41.31	41.33	41.45	41.53	41.67	41.82	41.98	47.74	47.81	47.88	47.97	48.01	48.50	49.00	49.00	49.00	49.00	49.00
19.8	22.1	20.1	24.9	29.2	26.1	19.8	19.7	20.3	21.3	17.9	20.1	19.7	24.8	29.6	26.9	29.6	29.6	29.6	29.6	29.6	29.6
1.08	1.26	1.06	1.33	1.58	1.39	1.19	1.31	1.29	1.34	1.14	1.13	1.04	1.25	1.55	1.34	1.55	1.55	1.55	1.55	1.55	1.55
4.5%	4.2%	3.9%	3.1%	2.9%	3.0%	3.1%	3.1%	3.2%	3.4%	3.5%	3.1%	2.8%	2.9%	2.3%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%

**CAPITAL STRUCTURE as of 12/31/17**

Total Debt \$806.8 mill. Due in 5 Yrs \$291.0 mill.  
LT Debt \$515.8 mill. LT Interest \$36.0 mill. (43% of Cap'l)

Pension Assets-12/17 \$460.9 mill. Oblig. \$671.3 mill.

Pfd Stock None

Common Stock 48,012,000 shs.

**MARKET CAP: \$1.6 billion (Mid Cap)**

CURRENT POSITION	2015	2016	12/31/17
Cash Assets (\$MILL.)	8.8	25.5	94.8
Other	118.8	116.6	133.1
Current Assets	127.6	142.1	227.9
Accs Payable	66.4	77.8	94.0
Debt Due	40.2	123.3	291.0
Other	41.9	49.1	106.0
Current Liab.	148.5	250.2	491.0

**ANNUAL RATES Past 10 Yrs. Past 5 Yrs. to '15-'17 of change (per sh)**

Revenues	4.0%	1.5%	2.5%
"Cash Flow"	5.5%	3.5%	4.5%
Earnings	4.5%	4.0%	9.5%
Dividends	2.0%	2.5%	6.5%
Book Value	4.5%	5.0%	3.0%

**QUARTERLY REVENUES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	122.0	144.4	183.5	138.5	588.4
2016	121.7	152.4	184.3	151.0	609.4
2017	122.1	171.1	211.7	162.0	666.9
2018	130	175	215	165	685
2019	135	180	220	170	705

**EARNINGS PER SHARE**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	.03	.21	.52	.18	.94
2016	.02	.24	.48	.31	1.01
2017	.02	.39	.70	.29	1.40
2018	.08	.42	.72	.33	1.55
2019	.11	.45	.74	.35	1.65

**QUARTERLY DIVIDENDS PAID**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.1625	.1625	.1625	.1625	.65
2015	.1675	.1675	.1675	.1675	.67
2016	.1725	.1725	.1725	.1725	.69
2017	.18	.18	.18	.18	.72
2018	.1875	.1875	.1875	.1875	.75

**BUSINESS:** California Water Service Group provides regulated and nonregulated water service to 484,800 customers in 100 communities in the state of California. Accounts for over 94% of total customers. Also operates in Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Ac-

quired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown, '17: residential, 72%; business, 19%; industrial, 4%; public authorities, 4%; other 1% Off. and dir. own 1% of common stock (4/17 proxy). Has 1,163 employees. Pres. and CEO: Martin A. Kropelnicki Inc.; DE. Addr.: 1720 North First St., San Jose, CA 95112-4598. Tel.: 408-367-8200. Internet: www.calwatergroup.com.

**Shares of California Water Service Group have struggled to maintain their elevated price point.** Indeed, investors bid up CWT stock over the past two years, seemingly applauding the company's financial progress. The equity approached its all-time high in January of this year (just about \$46 per share), but has subsequently lost steam, slipping almost 15% in value since our last review. A combination of general selling pressure from broader market indices, plus a relatively stretched valuation (forward-looking P/E ratio jumped above 30.0x over the March interim), likely fueled the pullback. **This issue no longer stands out for the year ahead.** CWT shares have been lowered two notches for Timeliness, to 4 (Below Average). **Top- and bottom-line growth is expected to moderate in 2018.** No doubt, rate increases stemming from the recent rate case decision ought to support revenues; however, increasing administrative, water production, and interest costs could be a drag on the bottom line. We are reiterating our \$685 million revenue call and \$1.55 share-net forecast. Still, this

pales in comparison to 2017's notable expansion, thus it isn't likely to be a catalyst for near-term stock price growth. **The proposed decision on the recent Cost of Capital filing is also a concern.** California Water anticipates a high rate of spending to persist, and in current market conditions, investments to upgrade water infrastructure are critical to its operations. There is some ambiguity on the California Public Utilities Commission's decision, and this could ultimately impact the utility's ability to recover costs or pass along associated rate hikes to customers. **On a positive note, the company boosted its quarterly dividend payout by 4%, to \$0.1875 per share.** At present, the annual yield is about even with that of all the dividend-paying stocks in *The Value Line Investment Survey*. **We recommend turning the page, for now.** The abovementioned risks in regard to the Cost of Capital filing are rather disuading. Too, even with the recent price decline, California Water stock offers subpar capital appreciation potential over the pull to 2021-2023.

*Nicholas P. Patrikis* April 13, 2018

(A) Basic EPS. Excl. nonrecurring gain (loss): '02, 4¢; '11, 4¢. Next earnings report due late May.  
(B) Dividends historically paid in late Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available.  
(C) Incl. intangible assets. In '17: \$24.8 mill., \$0.52/sh.

(D) In mill.ons, adjusted for splits  
(E) Excludes non-reg rev

Company's Financial Strength	B++
Stock's Price Stability	B0
Price Growth Persistence	B5
Earnings Predictability	B5

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MIDDLESEX WATER NDQ-MSEX										RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
										36.54	23.9	1.29	2.5%	1790	
										Trailing: 26.5 Median: 20.0					
<b>TIMELINESS</b> 3 Raised 3/23/18 <b>SAFETY</b> 2 New 10/21/11 <b>TECHNICAL</b> 3 Lowered 3/30/18 BETA .80 (1.00 = Market)										High: 20.2 19.8 17.9 19.3 19.4 19.6 22.5 23.7 28.0 Low: 16.9 12.0 11.6 14.7 16.5 17.5 18.6 19.1 21.2		44.5 48.7 41.4 25.0 32.2 34.0		Target Price Range 2021 2022 2023 64 48 40 32 24 20 16 12 8 6	
<b>2021-23 PROJECTIONS</b> Price Gain Return High 50 (+35%) 10% Low 35 (-5%) 2%										<b>Insider Decisions</b> J J A S O N D J F to Buy 0 0 0 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0 0 0 0		<b>Institutional Decisions</b> 2020 2021 2022 to Buy 60 46 49 to Sell 44 41 36 High/Low 9201 9500 8418		<b>% TOT. RETURN 3/18</b> THIS STOCK VLARML INDEX 1 yr. 1.6 9.7 3 yr. 74.2 24.3 5 yr. 118.4 68.8	
<b>2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019</b>										<b>VALUE LINE PUB. LLC 21-23</b>					
5.98 6.12 6.25 6.44 6.16 6.50 6.79 6.75 6.60 8.50 8.98 7.19 7.26 7.77 8.16 8.00 8.30 8.50 1.20 1.15 1.28 1.33 1.33 1.49 1.53 1.40 1.55 1.46 1.56 1.72 1.84 1.97 2.17 2.23 2.45 2.55 .73 .51 .73 .71 .82 .87 .89 .72 .96 .84 .90 1.03 1.13 1.22 1.38 1.38 1.55 1.65 .63 .65 .66 .67 .68 .69 .70 .71 .72 .73 .74 .75 .76 .78 .81 .86 .91 .96 1.59 1.87 2.54 2.18 2.31 1.66 2.12 1.49 1.90 1.50 1.36 1.26 1.40 1.59 2.91 1.80 2.85 2.75 7.39 7.50 8.02 8.26 9.52 10.05 10.03 10.33 11.13 11.27 11.48 11.82 12.24 12.74 13.40 14.02 14.85 15.15 10.36 10.48 11.36 11.58 13.17 13.25 13.40 13.52 15.57 15.70 15.82 15.96 16.12 16.23 16.30 16.35 16.50 16.75 23.5 30.0 26.4 27.4 22.7 21.6 19.8 21.0 17.8 21.7 20.8 19.7 18.5 19.1 25.6 28.4 28.4 28.4 1.28 1.71 1.39 1.46 1.23 1.15 1.19 1.40 1.13 1.36 1.32 1.11 .97 .96 1.34 1.41 3.7% 3.5% 3.4% 3.5% 3.7% 3.7% 4.0% 4.7% 4.2% 4.0% 4.0% 3.7% 3.7% 3.3% 2.3% 2.2%										Revenues per sh 9.40 "Cash Flow" per sh 3.15 Earnings per sh <sup>A</sup> 2.10 Div'd Decl'd per sh <sup>B</sup> 1.11 Cap'l Spending per sh 2.50 Book Value per sh 16.75 Common Shs Outst'g <sup>C</sup> 17.00 Avg Ann'l PIE Ratio 21.0 Relative P/E Ratio 1.15 Avg Ann'l Div'd Yield 2.6%					
<b>CAPITAL STRUCTURE as of 12/31/17</b> Total Debt \$173.9 mil. Due in 5 Yrs \$34.9 mil. LT Debt \$139.0 mil. LT Interest \$5.5 mil. (Total interest coverage 9.5x) (38% of Cap'l) <b>Pension Assets-12/17 \$69.2 mil.</b> <b>Oblig. \$68.0 mil.</b> <b>Pfd Stock \$2.4 mil. Pfd Div'd: \$ .1 mil.</b> <b>Common Stock 16,352,000 shs.</b> <b>MARKET CAP: \$600 million (Small Cap)</b>										91.0 91.2 102.7 102.1 110.4 114.8 117.1 126.0 132.9 130.8 137 142 12.2 10.0 14.3 13.4 14.4 16.6 18.4 20.0 22.7 22.6 25.5 27.5 32.2% 34.1% 32.1% 32.7% 33.9% 34.1% 35.0% 34.5% 34.0% 32.0% 21.0% 21.0% -- -- 6.8% 6.1% 3.4% 1.9% 1.7% 1.9% 2.7% 2.0% 2.0% 2.0% 45.6% 46.6% 43.1% 42.3% 41.5% 40.4% 40.5% 39.4% 37.9% 37.0% 37.0% 37.0% 51.8% 52.1% 55.8% 56.6% 57.4% 58.7% 58.8% 59.8% 61.5% 61.8% 62.5% 62.5% 259.4 267.9 310.5 312.5 316.5 321.4 335.8 345.4 355.4 370.6 390 410 366.3 376.5 405.9 422.2 435.2 446.5 465.4 481.9 517.8 557.2 565 575 5.8% 5.0% 5.7% 5.2% 5.4% 5.9% 6.3% 6.6% 7.1% 6.8% 7.0% 7.5% 8.6% 7.0% 8.1% 7.5% 7.8% 8.7% 9.2% 9.6% 10.3% 9.8% 10.5% 11.0% 8.9% 7.0% 8.2% 7.5% 7.8% 8.7% 9.3% 9.6% 10.3% 9.8% 10.5% 11.0% 2.0% .1% 2.1% 1.0% 1.4% 2.4% 3.1% 3.5% 4.3% 3.7% 4.5% 4.5% 78% 98% 75% 67% 83% 73% 67% 63% 58% 62% 59% 58%		Revenues (\$mill) 160 Net Profit (\$mill) 35.5 Income Tax Rate 21.0% AFUDC % to Net Profit 2.5% Long-Term Debt Ratio 37.0% Common Equity Ratio 62.5% Total Capital (\$mill) 460 Net Plant (\$mill) 600 Return on Total Cap'l 8.5% Return on Shr. Equity 12.5% Return on Com Equity 12.5% Retained to Com Eq 6.0% All Div's to Net Prof 53%			
<b>CURRENT POSITION</b> 2015 2016 12/31/17 (SMALL) Cash Assets 3.5 3.9 4.9 Other 20.9 22.8 24.3 Current Assets 24.4 26.7 29.2 Accts Payable 6.5 12.3 13.9 Debt Due 8.7 18.2 34.9 Other 13.1 16.6 15.7 Current Liab. 28.3 47.1 64.5										<b>BUSINESS:</b> Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey, Delaware, and Pennsylvania. It also operates water and wastewater systems under contract on behalf of municipal and private clients in NJ and DE. Its Middlesex System provides water services to 61,000 retail customers, primarily in Middlesex County, New Jersey. In 2016, the Middlesex System accounted for 58% of operating revenues. At 12/31/17, the company had 315 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers & directors own 3.5% of the common stock; BlackRock Institutional Trust Co., 7.2% (4/17 proxy). Add: 1500 Ronson Road, Iselin, NJ 08830. Tel.: 732-634-1500. Internet: www.middlesexwater.com.		normalize somewhat. <b>That said, we are scaling back our current-year revenue call by \$6.0 million, to \$137 million.</b> This still represents a notable 5% annual improvement. At the same time, we are unveiling our introductory projection for 2019. We look for revenues to increase to \$142 million (+4% year over year). <b>Substantial capital investment should remain the main theme into early next decade.</b> The company is embarking on its new plan, known as "Water for Tomorrow." With the abovementioned rate increase, plus savings on the income tax front (lower effective tax rate), MSEX aims to allocate nearly \$300 million over the next five years to a variety of infrastructure upgrades, water main replacements, and utility plant upgrades. <b>This issue has been raised one notch for Timeliness, to 3.</b> But aside from its above-average dividend yield, MSEX shares do not presently stand out for either the short or long haul. Therefore, we continue to recommend staying on the sidelines, for now. <i>Nicholas P. Patrikis April 13, 2018</i>			
<b>ANNUAL RATES</b> Past Past Est'd '14-'16 of change (per sh) 10 Yrs. 5 Yrs. to '21-'23 Revenues 2.0% 3.0% 3.0% "Cash Flow" 4.5% 6.5% 6.5% Earnings 5.0% 8.0% 8.0% Dividends 1.5% 1.5% 5.0% Book Value 4.0% 3.0% 4.0%										<b>Middlesex Water's 2017 bottom-line result was unchanged from the year-ago period.</b> The predominantly northeast utility operator delivered net income of \$1.38 a share last year, the same figure as reported in 2016. Revenues contracted a modest \$2.1 million, but margins improved fractionally, thanks largely to lower retirement benefit plan and insurance costs (water treatment and repair expenses increased, year over year). The slight top-line drag was likely attributed to lower overall average customer usage as a result of unfavorable and inconsistent weather in the region. <b>There are several catalysts that suggest moderate revenue growth is on the horizon.</b> Middlesex recently received approval to increase its customer base water rates by 7.2% (roughly \$5.5 million). The initial filing was submitted in October of last year, and took effect as of April 1st. Second, Middlesex expanded its regulated water customer base in Delaware by over 4% last year, and ought to continue moving in this direction. Meanwhile, we think New Jersey consumption should stabilize, assuming weather conditions		2015 2016 2017 2018 2019 28.8 31.7 34.7 30.8 126.0 30.6 32.7 37.8 31.8 132.9 30.1 33.0 36.2 31.5 130.8 32.0 34.0 38.0 33.0 137 33.0 36.0 39.0 34.0 142			
<b>QUARTERLY REVENUES (\$ mill.)</b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2015 28.8 31.7 34.7 30.8 126.0 2016 30.6 32.7 37.8 31.8 132.9 2017 30.1 33.0 36.2 31.5 130.8 2018 32.0 34.0 38.0 33.0 137 2019 33.0 36.0 39.0 34.0 142										<b>EARNINGS PER SHARE <sup>A</sup></b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2015 .22 .31 .41 .28 1.22 2016 .29 .36 .54 .19 1.38 2017 .27 .33 .46 .32 1.38 2018 .29 .37 .55 .34 1.55 2019 .32 .39 .59 .35 1.65		<b>QUARTERLY DIVIDENDS PAID <sup>B</sup></b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2014 .19 .19 .19 1925 .76 2015 .1925 .1925 .1925 19875 .78 2016 .19875 .19875 .19875 21125 .81 2017 21125 21125 21125 22375 .86 2018 22375			
<b>(A)</b> Diluted earnings. Next earnings report due early May.										<b>(B)</b> Dividends historically paid in mid-Feb., May, Aug., and November. Div'd reinvestment plan available.		<b>(C)</b> In millions, adjusted for split.			
<b>Company's Financial Strength</b> B++ <b>Stock's Price Stability</b> 70 <b>Price Growth Persistence</b> 40 <b>Earnings Predictability</b> 80										<b>To subscribe call 1-800-VALUELINE</b>					

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<b>SJW GROUP</b> NYSE-SJW				RECENT PRICE	52.41	P/E RATIO	17.4 (Trailing: 18.3 Median: 21.0)	RELATIVE P/E RATIO	0.94	DIV'D YLD	2.1%	VALUE LINE	1791					
<b>TIMELINESS</b>	3	Raised 6/30/17	High: 43.0	35.1	30.4	28.2	26.8	26.9	30.1	33.7	35.7	58.9	69.3	64.6	Target Price Range	2021	2022	2023
<b>SAFETY</b>	3	New 4/22/11	Low: 27.7	20.0	18.2	21.6	20.9	22.6	24.5	25.5	27.5	28.8	45.4	51.3				
<b>TECHNICAL</b>	3	Lowered 3/30/18	<b>LEGENDS</b> 1.50 x Dividends p sh Divided by Integral Rate ..... Relative Price Strength 2-for-1 split 3/06 Options: Yes Shaded area indicates recession															
<b>BETA</b>	.70	(1.00 = Market)	<b>2021-23 PROJECTIONS</b> Price Gain Ann'l Total High 90 (+7.0%) 16% Low 60 (+15%) 6%															
<b>Insider Decisions</b>			J J A S O N D J F to Buy 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 to Sell 0 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0															
<b>Institutional Decisions</b>			202017 902017 4Q2017 to Buy 67 74 89 to Sell 73 68 67 Holdings 10999 12340 11290 Percent shares traded 15 10 5															
<b>% TOT. RETURN 3/18</b>			THE STOCK MARKET INDEX 1 yr. 11.2 9.7 3 yr. 81.8 24.3 5 yr. 123.3 88.8															
<b>2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019</b>																		
<b>REVENUES</b> 7.97 8.20 9.14 9.88 10.35 11.25 12.12 11.68 11.82 12.85 14.01 13.73 15.76 14.97 16.81 18.97 19.05 18.85 1.55 1.75 1.89 2.21 2.38 2.30 2.44 2.21 2.38 2.80 2.97 2.90 4.42 3.86 4.76 5.24 5.25 5.25 .78 .91 .87 1.12 1.19 1.04 1.08 .81 .84 1.11 1.18 1.12 2.54 1.85 2.57 2.86 2.85 3.00 .48 .49 .51 .53 .57 .61 .65 .66 .68 .69 .71 .73 .75 .78 .81 1.04 1.12 1.20																		
<b>OPERATING EXPENSES</b> 2.05 3.41 2.31 2.83 3.87 6.62 3.79 3.17 5.65 3.75 5.67 4.66 5.02 5.24 6.85 7.26 6.50 5.25 8.40 9.11 10.11 10.72 12.48 12.90 13.99 13.66 13.75 14.20 14.71 15.92 17.75 18.83 20.61 22.57 23.35 23.40																		
<b>EBITDA</b> 18.27 18.27 18.27 18.27 18.28 18.36 18.18 18.50 18.55 18.59 18.67 20.17 20.28 20.38 20.46 20.52 21.00 22.00																		
<b>EBIT</b> 17.3 15.4 19.8 19.7 23.5 33.4 26.2 28.7 29.1 21.2 20.4 24.3 11.2 16.6 15.7 18.8 18.8 18.8 .94 .88 1.04 1.05 1.27 1.77 1.58 1.91 1.85 1.33 1.30 1.37 .59 .84 .82 .93 .93																		
<b>NET INCOME</b> 3.4% 3.5% 3.0% 2.4% 2.0% 1.7% 2.3% 2.8% 2.8% 2.9% 3.0% 2.7% 2.6% 2.5% 2.0% 1.9% 1.9% 1.9%																		
<b>CAPITAL STRUCTURE as of 12/31/17</b> Total Debt \$431.1 mil. Due in 5 Yrs \$14.3 mil. LT Debt \$431.1 mil. LT Interest \$20.0 mil. (LT Interest Coverage: 6.5x) (48% of Cap'l)																		
<b>Leases, Uncapitalized: Annual rentals \$6.7 mil.</b> <b>Pension Assets-12/17 \$133.4 mil. Oblig. \$186.2 mil.</b> <b>Pfd Stock None. Common Stock 20,521,000 shs</b>																		
<b>MARKET CAP: \$1.1 billion (Mkd Cap)</b> <b>CURRENT POSITION (SMILL)</b> Cash Assets 5.2 25.3 7.8 Accts Receivable 18.4 18.4 17.3 Other 51.8 57.9 41.8 Current Assets 73.4 99.8 66.9 Accts Payable 18.2 18.7 23.0 Debt Due 38.1 14.3 - Other 25.3 30.8 62.1 Current Liab. 78.8 63.8 88.1																		
<b>ANNUAL RATES</b> Post 10 Yrs. Post Est'd '18-'17 to '21-'23 Revenues 5.0% 5.5% 4.0% "Cash Flow" 7.0% 11.0% 3.5% Earnings 8.0% 18.5% 8.0% Dividends 4.5% 5.0% 8.5% Book Value 5.5% 8.0% 3.0%																		
<b>QUARTERLY REVENUES (\$ mil.)</b> Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2015 62.1 72.4 83.0 87.6 305.1 2016 61.1 86.9 112.3 79.4 339.7 2017 69.0 102.1 124.6 93.5 389.2 2018 75.0 105 125 95.0 400 2019 78.0 110 130 97.0 415																		
<b>EARNINGS PER SHARE ^</b> Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2015 .23 .36 .46 .80 1.85 2016 .16 .82 .92 .67 2.57 2017 .18 .90 .94 .84 2.86 2018 .27 .90 1.00 .68 2.85 2019 .30 .95 1.05 .70 3.00																		
<b>QUARTERLY DIVIDENDS PAID ^</b> Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2014 .1875 .1875 .1875 .1875 7.5 2015 .1950 .1950 .1950 .1950 7.8 2016 .2025 .2025 .2025 .2025 8.1 2017 .2175 .2175 .2175 .3875 1.04 2018 .28																		
<b>BUSINESS:</b> SJW Group engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 230,000 connections with a total population of roughly one million people in the San Jose area and 14,000 connections that reaches about 42,000 residents in the region between San Antonio and Austin, Texas. The company also offers nonregulated water-related services and owns and operates commercial real estate investments. Has about 411 employees. Officers and directors (including Nancy O. Moss) own 22.9% of outstanding shares (3/18 proxy). Chairman & C.E.O.: Richard Roth, Inc., California. Address: 110 West Taylor Street, San Jose, CA 95110, Telephone: (408) 278-7800. Internet: www.sjwater.com.																		
<b>SJW Group announced a definitive merger agreement (all-stock transaction) with Connecticut Water Service Inc.</b> As per terms of the deal, which holds an enterprise value of about \$2.6 billion, Connecticut Water shareholders will receive 1.1375 shares of SJW Group common stock for each share of CTWS held. The ownership breakdown would be a 60%-40% split in favor of SJW Group. All in all, the deal, already unanimously approved by both companies' boards of directors, is expected to close by the end of 2018 (still subject to customary regulatory and shareholder approvals).																		
<b>Upon completion, the combined entity would be the third-largest publicly owned water and waste water utility in the United States.</b> Indeed, its operational footprint across select domestic regions (Connecticut, California, Texas, and Maine) ought to be significantly bolstered. This includes all subsidiaries, such as Heritage Village, Maine Water Company, Avon Water, San Jose Water, and SJWITX Inc., to name a few. On balance, the merged entity is expected to generate annual sales of nearly \$500 million, and should be immediately accretive to earnings. Moreover, greater scalability and investment spending on infrastructure upgrades are likely to drive efficiency, especially on the expense front. Meanwhile, no further rate increases are expected in the near term (SJW has benefited from cumulative rate hikes of late). Lastly, Eric W. Thornburg, current chairman, president, and CEO of CTWS, will spearhead the newly combined company.																		
<b>SJW Group has substantially boosted its quarterly dividend payout.</b> The utility raised its per-share distribution from \$0.2175, to \$0.28, almost a 30% jump (this excludes the special dividend paid last November). Assuming the merger goes off without a hitch, the newly formed company's annual dividend payment is likely to be equivalent to SJW Group's recently ramped figure.																		
<b>This issue is ranked to mirror the year-ahead broader market averages.</b> SJW shares have slid more than 15% in price over the past three months. Thus, investors with a long-term holding period may find the current entry point enticing.																		
Nicholas P. Patrikis April 13, 2018																		

(A) Diluted earnings. Excludes nonrecurring losses: '03, \$1.97; '04, \$3.78; '05, \$1.09; '06, \$16.36; '08, \$1.22; '10, \$0.46. GAAP accounting as of 2013. Next earnings report due late May. Quarterly earnings may not add due to rounding.  
 (B) Dividends historically paid in early March, June, September, and December. \* Div'd reinvestment plan available.  
 (C) In millions, adjusted for stock splits.  
 (D) Paid special dividend of \$0.17 per share on 11/17  
 Company's Financial Strength B+  
 Stock's Price Stability 65  
 Price Growth Persistence 30  
 Earnings Predictability 45  
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YORK WATER NDAQ:YORW		RECENT PRICE	30.80	P/E RATIO	29.6 (Trailing: 30.5 Median: 24.0)	RELATIVE P/E RATIO	1.60	DIV'D YLD	2.2%	VALUE LINE	1792
<b>TIMELINESS</b> 3 Raised 11/17/17	High: 18.5 16.5 18.0 18.0 18.1 18.5 22.0 24.3 26.7 39.8 39.9 34.2	Low: 15.5 6.2 9.7 12.8 15.8 16.8 17.6 18.8 19.7 23.8 31.7 27.5									Target Price Range 2021 2022 2023
<b>SAFETY</b> 3 Lowered 7/17/15	<b>LEGENDS</b> - 1.10 x Dividends p sh divided by Interest Rate - Relative Price Strength 3-for-2 split 3/06 - Options: Yes - Shaded area indicates recession										
<b>TECHNICAL</b> 5 Lowered 4/13/18											
<b>BETA</b> .80 (1.00 = Market)	<b>2021-23 PROJECTIONS</b> Ann'l Total High Price 45 Gain (+45%) 12% Return 2% Low Price 30 Gain (-5%) 2% Return 2%										
<b>Insider Decisions</b> J J A S O N D J F to Buy 2 13 2 2 13 2 2 15 2 Options 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0											
<b>Institutional Decisions</b> 102817 302817 402817 to Buy 42 40 29 to Sell 33 30 35 Hld's (000) 5206 5125 4588 Percent shares traded 12 8 4											
<b>% TOT. RETURN 3/18</b> This vs. ARTH. INDEX 1 yr. -9.8 9.7 3 yr. 38.0 24.3 5 yr. 84.2 68.8											
<b>2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019</b> © VALUE LINE PUBL. LLC 21-23											
<b>Revenues per sh</b> 5.40 <b>"Cash Flow" per sh</b> 2.25 <b>Earnings per sh <sup>A</sup></b> 1.60 <b>Div'd Decl'd per sh <sup>B</sup></b> 1.00 <b>Cap'l Spending per sh</b> 1.05 <b>Book Value per sh</b> 11.60 <b>Common Shs Outst'g <sup>C</sup></b> 12.50 <b>Avg Ann'l P/E Ratio</b> 22.5 <b>Relative P/E Ratio</b> 1.25 <b>Avg Ann'l Div'd Yield</b> 2.7%											
<b>CAPITAL STRUCTURE as of 12/31/17</b> Total Debt \$90.1 mill. Due in 5 Yrs \$42.5 mill. LT Debt \$90.1 mill. LT Interest \$5.3 mill. (43% of Cap'l)											
<b>Pension Assets 12/17 \$41.4 mill.</b> Oblig. \$44.6 mill.											
<b>Pfd Stock None</b>											
<b>Common Stock 12,872,742 shs.</b>											
<b>MARKET CAP: \$400 million (Small Cap)</b>											
<b>CURRENT POSITION</b> 2015 2016 12/31/17 (SMILL.) Cash Assets 2.9 4.2 -- Accounts Receivable 3.5 4.3 4.5 Inventory (Avg. Cost) .8 .7 .9 Other 4.6 3.4 3.2 Current Assets 11.8 12.6 8.6 Accts Payable 1.8 3.7 3.1 Debt Due -- -- -- Other 4.4 4.5 6.0 Current Liab. 6.2 8.2 9.1											
<b>ANNUAL RATES</b> Past 10 Yrs. Past 5 Yrs. Est'd '15-'17 of change (per sh) '10-'11 '11-'12 '12-'13 Revenues 3.5% 3.5% 6.5% "Cash Flow" 6.0% 6.0% 7.5% Earnings 5.5% 6.5% 9.0% Dividends 3.5% 3.5% 8.0% Book Value 5.0% 3.5% 4.5%											
<b>QUARTERLY REVENUES (\$ mill.)</b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2015 11.2 11.9 12.4 11.6 47.1 2016 11.3 11.8 12.6 11.9 47.6 2017 11.3 12.3 12.7 12.3 48.6 2018 11.5 12.5 13.0 12.5 49.5 2019 12.0 12.8 13.3 12.9 51.0											
<b>EARNINGS PER SHARE <sup>A</sup></b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2015 .20 .22 .28 .27 .97 2016 .19 .23 .27 .23 .92 2017 .20 .23 .31 .27 1.01 2018 .22 .24 .31 .29 1.05 2019 .24 .27 .33 .31 1.15											
<b>QUARTERLY DIVIDENDS PAID <sup>B</sup></b> Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2014 .1431 .1431 .1431 .1431 .572 2015 .1495 .1495 .1495 .1555 .604 2016 .1555 .1555 .1555 .1602 .627 2017 .1602 .1602 .1602 .1666 .647 2018 .1666											
<b>BUSINESS:</b> The York Water Company is the oldest investor-owned regulated water utility in the United States. It has operated continuously since 1816. As of December 31, 2017, the company's average daily availability was 35.4 million gallons and its service territory had an estimated population of 198,000. Has more than 69,000 customers. Residential customers accounted for 64% of 2017 revenues; commercial and Industrial (28%); other (8%). It also provides sewer billing services. Incorporated: PA. York had 102 full-time employees at 12/31/17. President/CEO: Jeffrey R. Hines. Officers/directors own 1.1% of the common stock (3/18 proxy). Address: 130 East Market Street, York, Pennsylvania 17401. Telephone: (717) 845-3601. Internet: www.yorkwater.com.											
<b>We are modestly scaling back our profit outlook for York Water.</b> The utility posted net income of \$1.01 a share for 2017, \$0.04 shy of our call, but up nicely on an annual basis. Operation and maintenance expenses, plus general and administrative costs, were nearly 38% of total revenues last year. And we suspect that rising water production costs and higher salaries ought to persist in 2018. While a lower effective tax rate is undoubtedly a positive, we think the above-noted factors are apt to be offsetting. Thus, we are trimming a dime from our 2018 earnings estimate, to \$1.05 a share. Bottom-line growth may be more apparent in 2019, though, as our model forecasts share net of \$1.15.											
<b>York stock is off to a rocky start to the year.</b> Shares of the regulated water utility are down almost 10% in value since the beginning of the year. We think this is due partly to selling pressure from broader market indices, as well as York's relatively stretched valuation. Shares hit an all-time high of just under \$40 per share midway through 2017.											
<b>Capital spending ought to continue in full force.</b> York nearly doubled its expenditures last year (\$24.6 million) when compared to 2016. We expect similar (albeit slightly less aggressive) spending over the pull to next decade, as the company looks to rapidly improve its aging infrastructure, namely raw water pumping stations and pipe replacements. In fact, management guided capital spending of about \$23 million and \$20 million for 2018 and 2019, respectively. Furthermore, in our view, hardware upgrades ought to translate into more-efficient service and operations over the long haul. Lastly, we would not be surprised to see a rate-hike filing sometime this year, which helps recoup some of the projected spending.											
<b>We think investors can find more-attractive options elsewhere, at this juncture.</b> York Water shares are ranked to move in line with the year-ahead broader market averages (Timeliness: 3). Meanwhile, capital appreciation potential over the 3- to 5-year stretch is subpar. What's more, the dividend yield is just about level with the Value Line median and the majority of its utility peers.											
Nicholas P. Patrikis April 13, 2018											
<b>Company's Financial Strength</b> B+ <b>Stock's Price Stability</b> 60 <b>Price Growth Persistence</b> 55 <b>Earnings Predictability</b> 90											
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Company Name	AMERICAN	STAMERICAN	WAQUA	AMERI	ARTESIAN	REI	CALIFORNIA	V	MIDDLESEX	V	SW GROUP	YORK	WATER
2012 Sales-Net[c12]	466 908	2876.889	757.76	70.563	559.966	110 379	261 547	41 447					
2013 Sales-Net[c13]	472 077	2901.858	768 643	69 073	584 103	114 846	276 869	42 383					
2014 Sales-Net[c14]	465 791	3011 328	779 903	72 465	597 499	117 139	319 668	45 9					
2015 Sales-Net[c15]	458 641	3159	814 204	77 024	588 368	126.025	305 082	47 089					
2016 Sales-Net[c16]	436 087	3302	819 875	79 089	609 37	132.906	339 706	47 584					
2017 Sales-Net[c17]	440 603	3357	809 525	82 235	666 89	130 775	389 225	48 589					
2012 Cash & Short Term Investment	23 486	54.189	5 521	0.617	38 79	3 025	2.522	4 012					
2013 Cash & Short Term Investment	38 226	55 469	5 058	0 422	27 506	4 834	2 299	7 66					
2014 Cash & Short Term Investment	75.988	36 939	4 138	0 243	19 587	2.673	2 399	1 495					
2015 Cash & Short Term Investment	4 364	66	3 229	0 209	9 337	3 469	5 239	2 879					
2016 Cash & Short Term Investment	0 436	95	3 763	0.226	25 892	3 879	25.35	4 209					
2017 Cash & Short Term Investment	0 214	82	4 204	0 952	95 376	4.937	7 799	0 002					
2012 Current Assets-Total[c12]	184 033	499.447	260 894	13.48	146 564	24 613	42 911	11 645					
2013 Current Assets-Total[c13]	191 617	550 39	171 669	13 254	139 49	25 838	39 652	15 232					
2014 Current Assets-Total[c14]	209 451	661 369	152 522	16 648	154 124	22 864	68 093	11 233					
2015 Current Assets-Total[c15]	132 697	657	128.37	14 444	127 578	24.41	73 376	11 792					
2016 Current Assets-Total[c16]	166 875	784	128 65	14.635	142 069	26 716	99 611	12 62					
2017 Current Assets-Total[c17]	155 463	720	131 246	18 985	227 873	29.247	66 858	8 611					
2012 Debt in Current Liabilities[c12]	3 328	385 904	125 421	12 578	136 258	39 08	20 692	0 042					
2013 Debt in Current Liabilities[c13]	6.298	644 481	123 028	12.21	54 723	33.836	22 954	0 043					
2014 Debt in Current Liabilities[c14]	0.292	511 091	77 013	19 877	85 722	24.91	13 784	0 043					
2015 Debt in Current Liabilities[c15]	28 312	682	52 314	12 322	40 215	8 739	38 091	0 044					
2016 Debt in Current Liabilities[c16]	90 33	1423	157 206	8 478	123 308	18.159	14 325	0 044					
2017 Debt in Current Liabilities[c17]	59 324	1227	139 048	11 258	291 02	34 865	25	1 044					
2012 Current Liabilities-Total[c12]	93 697	994 832	274 164	24 939	243 067	55 932	49 107	5 474					
2013 Current Liabilities-Total[c13]	100 906	1235.533	266 91	25 563	166 584	52 678	59 195	7 843					
2014 Current Liabilities-Total[c14]	99 29	1240 998	225 335	30 192	217 706	43 872	44 694	5 93					
2015 Current Liabilities-Total[c15]	123.507	1533	193 199	23 218	148 455	28 319	79 623	6 197					
2016 Current Liabilities-Total[c16]	177 944	2392	301.536	19 328	250 23	47 056	63 573	8 184					
2017 Current Liabilities-Total[c17]	156 662	2325	284 488	28 461	490 959	64 537	85 052	9 145					
2012 noncash wkcap	70 17801	-163 67	106 63	0 502	0 964989	4 736003	11 974	2 201					
2013 noncash wkcap	58 783	-96.1309	22 729	-0 521	0 123005	2 161996	1 112001	-0 228					
2014 noncash wkcap	34 465	-105 477	0 061997	6 090002	2 552999	1 228998	34 784	3 851					
2015 noncash wkcap	33 138	-260	-15 744	3 338999	10 001	1 361	26 605	2 76					
2016 noncash wkcap	78 825	-280	-19 443	3 559001	-10 745	-6 06	25 013	0 271					
2017 noncash wkcap	57 911	-460	-18 398	0 830001	-67 442	-5 362	-0 993	0 508					
2013 Change Non cashWrk Cap	-11 395	67 53906	-83 901	-1 023	-0 84198	-2 57401	-10 862	-2 429					
2014 Change Non cashWrk Cap	-24 318	-9 3461	-22 667	6 611002	2 429995	-0 933	33 672	4 078999					
2015 Change Non cashWrk Cap	-1 327	-154 523	-15 806	-2 751	7.448002	0 132001	-8 179	-1 091					
2016 Change Non cashWrk Cap	45 687	-20	-3.69901	0 220001	-20 746	-7 421	-1 592	-2 489					
2017 Change Non cashWrk Cap	-20 914	-180	1.045023	-2 729	-56 697	0 697999	-26 006	0 237					
2013	-0 02414	0 023274	-0 10915	-0 01481	-0 00144	-0 02241	-0 03923	-0 05731					
2014 WK cap/sale	-0 05221	-0 0031	-0 02906	0 09123	0 004067	-0 00796	0 105334	0 088867					
2015 WK cap/sale	-0 00289	-0 04892	-0 01941	-0 03572	0.012659	0 001047	-0 02681	-0 02317					
2016 WK cap/sale	0 104766	-0 00606	-0 00451	0 002782	-0 03404	-0 05584	-0 00469	-0 05231					
2017 WK cap/sale	-0 04747	-0 05362	0 001291	-0 03319	-0 08502	0 005337	-0 06681	0 004878					
Average	-0 00439	-0 01768	-0 03217	0 00206	-0 02076	-0 01597	-0 00644	-0 00781					

Median -1 19%