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July 9, 2015

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility
Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of McEwensville Municipal Authority, properties and rights related to its public water and wastewater systems to Pennsylvania-American Water Company, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in McEwensville Borough and an additional portion of Delaware Township, Northumberland County, Pennsylvania, and (3) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in McEwensville Borough and a portion of Delaware Township, Northumberland County, Pennsylvania. Docket No. A-2015-2460982 (Wastewater)

Dear Ms. Chiavetta:

In response Sean Donnelly's letter dated June 30, 2015 attached for e-filing is Pennsylvania-American Water Company's answers to the data requests regarding the above referenced docket number. Please that the map requested under data request A-6 will be filed under separate cover pursuant to Confidential Security Information (CSI) Act.

Sincerely,

Susan Simms Marsh

blg
Enclosure

cc: S. Donnelly
S. Weaver

**Bureau of Technical Utility
Services Water/Wastewater
Division**

Data Request

**Pennsylvania-American Water Company's Acquisition of the
McEwensville Municipal Authority's Wastewater System at Docket No.
A-2015-2460982
June 30, 2015**

Note: Restate the data request prior to providing a response. In addition, provide the name of the person(s) providing the response and/or information for each data response.

A-1 The Application states McEwensville Municipal Authority (MBMA) has approximately 160 residential water customers and 156 residential wastewater customers. Please state how the four customers not served by the MBMA water system currently receive water service.

Response: The four customers not served by the MBMA water system currently receive water service from their individual wells, and receive wastewater service from the MBMA Wastewater System.

A-2 Please state the physical addresses of the of the four wastewater customers that do not receive water service from the MBMA water system.

Response: The physical addresses for the four wastewater customers that do not receive water service from MBMA water system are as follows:
126 Enterline Road, Watsonstown
9625 State Route 44, Watsonstown
43 Gearhart Road, Watsonstown
17 Mill Street, Watsonstown

A-3 It is understood that MBMA only has one customer class named "residential" that applies to all waste water customers regardless of the customer property use. Please provide a numeric breakdown of the 160 MBMA customers by PAWC's-WD customer classes listed in its current tariff.

Response: The numeric breakdown of the 160MBMA l customers (or 160 equivalent dwelling units (EDUs)) by PAWC's –WD customer classes listed in the Company's tariff is as follows:

| | EDU's | Connections |
|---------------|-------|-------------|
| • Residential | 129 | 129 |
| • Commercial | 30 | 9 |
| • Municipal | 1 | 1 |
| • Total | 160 | 139 |

A-4 Please state if MBMA currently provides free wastewater service to any customers (i.e., municipal offices, fire stations, public parks, etc.).

Response: MBMA does not provide free wastewater service to any customers.

A-5 Please provide documentation verifying the Application's proposed service territory for wastewater complies with the DEP-approved Act 537 Sewage Facilities Plans for McEwensville Borough and Delaware Township.

Response: This documentation will be provided as soon as it is available to PAWC.

A-6 Please provide a copy of MBMA's wastewater system map that depicts the extent of the system and the location and describes all collection lines, manholes, pump stations, treatment plants and any general purpose buildings such as garages and office buildings.

Response: A copy of MBMA's wastewater system map includes Confidential Security Information (CSI) and will be submitted under separate cover

A-7 Paragraph 1.1 of the Application's Assets Purchase Agreement is not comprehensive nor does it fully describe the assets being acquired or their quantities. Please provide a list of the wastewater system assets being acquired by major plant category that fully describes the asset and identifies the asset's size and quantity (e.g., PVC pipe, 8-inch diameter, 800 linear feet, etc.).

Response: Below is a list of assets to be acquired by PAWC Assets acquired by account will be determined as part of the Original Cost Study:

- One treatment facility and related conveyance systems
- Collection system consisting of approximately:
 - 250 linear feet of 1.5" plastic pipe
 - 800 linear feet of 2.5" plastic pipe
 - 200 linear feet of 3" plastic pipe
 - 1,000 linear feet of 4" plastic pipe
 - 100 linear feet of 6" plastic pipe
 - 9,900 linear feet of 8" plastic pipe
 - 900 linear feet of 10" plastic pipe
 - 56 Manholes
 - 4 Cleanouts
- Five (5) Pump Stations
- A minimum of 140 company services laterals
- One Parcel of land
- Easements and Lease

A-8 Please provide a description of the treatment process at the MBMA's WWTP and identify the WWTP's permitted capacity.

Response: The McEwensville wastewater treatment facility is a lagoon-type system. There are two aerated lagoons, containing two cells each, separated by baffles. The wastewater collection system conveys wastewater to a wet well located at the head of the plant. The wastewater is then pumped into the first lagoon and flows sequentially into cells 2, 3, and 4. Each lagoon is approximately 110,000 gallons. In 2006, process modifications were installed to improve the performance of the plant. Replacement lagoon baffles and chlorine contact tank baffles were installed along with eight (8) floating, attached-growth Bioreactors in Lagoon No. 2, and a plate settler with a recycling sludge pump discharging back into the wet well. An ultrasonic level monitor and chart recorder were installed at the effluent weir. The treatment modification resulted in a significant improvement to the discharge quality of the plant. The ultrasonic monitor and recorder have resulted in a more accurate and permanent record of discharge rates. Disinfection is achieved using calcium hypochlorite and a chlorine contact tank prior to discharge. Solids are wasted periodically by hauling wet sludge. The treatment plant is designed/permitted to handle up to 45,000 gallons per day.

A-9 Please provide a copy of the most recent Chapter 94 Municipal Wasteload Report for the MBMA's WWTP.

Response: A copy of the 2014 Chapter 94 Municipal Wasteload Report for MBMA's wastewater treatment plant is attached.

A-10 Please identify the staff and staff qualifications (i.e., valid certified operator license) as well as the Pennsylvania-American Water Company - Wastewater Division (PAWC-WD) district or division that will operate and manage the MBMA's wastewater system after the planned acquisition.

Response: The MBMA Acquired Assets will be operated by a contract operator (Myers Environmental Services). The primary person to operate the system is George Myers who holds a Class A,E Operator's License. Additional support will be supplied by PAWC Senior Manager, Joseph Woodward who holds a Class B,E Operator's License.

A-11 Please state the distance in miles to the PAWC-WD district or division that will operate and manage MBMA's wastewater system.

Response: The MBMA Acquired Assets are approximately 2.6 miles from PAWC's Milton Division systems.

A-12 Please state whether the MBMA wastewater system will be operated by PAWC-WD as a stand-alone system or be interconnected to an existing PAWC-WD wastewater system.

Response: The MBMA wastewater system will be operated by PAWC as a stand-alone system and will be maintained through PAWC's Milton operations division.

A-13 Please provide construction, financial, permit and timing details of a proposed interconnection if the MBMA wastewater system is to be interconnected to an existing PAWC-WD wastewater system.

Response: Not applicable. See response to DR A-12.

A-14 Please state how the proposed acquisition will fit into the current operations of PAWC-WD.

Response: The acquisition will be operated as a stand-alone by a contract operator (Meyers Environmental Services) with support and management oversight from existing staff in Milton and Mechanicsburg.

A-15 Please state any physical, operational or managerial changes that are planned after the acquisition along with the associated timeframes and costs.

Response: PAWC's anticipated capital plan for the MBMA wastewater system is as follows and the Company anticipates improvements will be complete within 12 months of closing.

| Capital Improvements | |
|---|------------------|
| Install Security Fencing at pump stations | \$26,420 |
| Install SCADA system and Telemetry | \$66,050 |
| Portable generator for lift station | \$33,025 |
| Spare pump at treatment plant | \$33,025 |
| Treatment plant generator | \$132,100 |
| Replace lagoon aeration system | \$66,050 |
| Total | \$356,670 |

A-16 Please provide calculations comparing the current and future wastewater rates for a typical MBMA customer in each class.

Response: Residential (1 EDU) – assuming 5/8-inch consuming 4,000 gallons/month, the base bill calculation is as follows:

- MBMA – \$48.00
- PAWC Zone 1 – (\$7.50 + ((\$12.88/1,000 gallons) x 4,000 gallons)) = \$59.02

Commercial (3 EDUs) – assuming 1-inch consuming 3,200 gallons/month/EDU, the base bill calculation is as follows:

- MBMA – (\$48.00 x3) = \$144.00

- PAWC Zone 1 – $(\$20.00 + ((\$11.194/1,000 \text{ gallons}) \times 9,600 \text{ gallons})) = \127.46

Municipal (1 EDU) – assuming 5/8-inch meter consuming 4,000 gallons/month, the base bill calculation is as follows:

- MBMA – \$48.00
- PAWC Zone 1 – $(\$7.50 + ((\$11.194/1,000 \text{ gallons}) \times 4,000 \text{ gallons})) = \52.28

A-17 The Application's Exhibit B contains MBMA's combined balance sheet for its water and wastewater systems for the year ending 2013. Please provide the balance sheet figures attributed to only the MBMA wastewater system for the years ending 2013 and 2014.

Response: Not available. MBMA does not prepare separate balance sheets for their water and wastewater systems.

A-18 The Application's Exhibit B contains includes a provision for property, plant and equipment. However, there is no deduction for any contributed property. Please state if the MBMA's wastewater system contains any contributed property.

Response: PAWC will conduct an Original Cost Study to determine the value of the MBMA's wastewater assets including any contributed property.

A-19 The Application's Exhibit D contains MBMA's combined income statement for its water and wastewater systems for the year ending 2013. Please provide the income statement figures attributed only to the MBMA wastewater system for the years ending 2013 and 2014.

Response: Please see attached MBMA's 2013 Audited Financial Statement. On page 11, is the income statement for the MBMA water system. MBMA's 2014 Audited Financial Statement and corresponding income statement for the wastewater system is contained in the response to A-33.

A-20 The Application's Exhibit N lists the estimated combined revenues and expenses for the MBMA water and wastewater systems. Please identify and provide calculations of PAWC-WD's estimated annual wastewater revenues and expenses only in the application's proposed territory.

Response: PAWC's estimated Revenues and Expenses (excluding Interest, Taxes, Depreciation & Amortization) were re-estimated to be as follows and do not include growth for year 1, which was included in the prior values in the Application:

- Revenues – 160 EDUs at Average Revenue/EDU of \$576 = \$92,160
- Operating Expenses - \$66,386
 - Contract Operator - \$44,000
 - Treatment (includes labor component) - \$14,600
 - Miscellaneous (includes labor component) - \$2,210
 - Maintenance & Testing (includes labor component) - \$3,600
 - Postage & Uncollectible - \$1,976

A-21 The Application states the combined purchase price for MBMA's water and wastewater systems is \$370,000. Please identify the portion of the purchase price attributed to the MBMA's wastewater system only.

Response: The estimated portion of the purchase price attributed to MBMA's wastewater system is \$185,000.

A-22 The Application lists the combined tentative journal entries for the purchase of the MBMA water and wastewater systems. Please provide the tentative journal entries for the purchase of only the MBMA's wastewater system.

| | | | |
|-----------|--------------------------|-------------|-----------|
| Response: | Utility Plant | \$1,050,000 | |
| | Accumulated Depreciation | | \$865,000 |
| | Short term debt | | \$185,000 |

A-23 Schedule 4.9 Easements in the Application's Assets Purchase Agreement lists three easements. Please clarify whether each of these easements is for the MBMA's water or wastewater system.

Response: Easement No. 1 is for MBMA's water system. Easement No. 2 is for MBMA's wastewater system. Easement No. 3 relates to any water or sewer easements that are identified after execution of the purchase agreement. To date, PAWC identified two additional easements. One is for the water system and the other is for water and wastewater systems.

A-24 Schedule 4.11 Leases in the Application' Assets Purchase Agreement lists one lease. Please provide a copy the subject lease agreement.

Response: A copy of the lease is attached.

A-25 Schedule 4.13 Contracts to be Assigned to and Assumed by PAWC-WD in the Application' Assets Purchase Agreement contains water and sewer agreements for two residential developments (i.e., Weaver and Yordy) within Delaware Township. Please quantify the number of building lots that were subdivided for each development as well as state the number of lots that now contain buildings.

Response: Item 1 (Weaver) – This is a proposed residential development and subdivision plans have not been filed or approved.

Item 2 (Yordy) - development consists of 34 building lots three of which have structures on them as of the date of this response.

A-26 Please quantify and provide a breakdown of the wastewater reservation fees and escrow funds that have been collected to date by MBMA for the Weaver and Yordy developments.

Response:

| Contract | Reservation Fees | Escrow Funds |
|-----------------|---|--|
| Weaver | \$1,200/EDU (\$800 for sewer and \$400 for water) x 50 EDUs for a total of \$60,000 | \$12,000 |
| Yordy | NONE | \$8,000; of which \$3,006.94 was reimbursed to Yordy |

A-27 Schedule 4.15 Liabilities in the Application's Assets Purchase Agreement identifies a sewer revenue bond in the amount of \$84,920.90. Please state the original bond amount, when it was established as well as describe the purpose of this debt.

Response: The original bond amount and purpose for the water revenue bond identified on Schedule 4.15 are as follows. The original bond amount was \$215,000 in September 1983. The purpose was for the construction of the Wastewater System. It is important to note that MBMA will pay off all debt at Closing.

A-28 Schedule 4.16 Customer Advances in the Application's Assets Purchase Agreement references Item 1 (i.e., Weaver water and sewer extension agreement) in Schedule 4.13 but does not state the amount of customer advances that were collected. Please quantify the amount of customer advances that were collected as part of the subject extension agreement for wastewater service.

Response: The customer advances that were collected as part of the Weaver agreement is \$60,000. Please refer to the response to DR A-26.

A-29 Schedule 6.2.2 MBMA's Current Rates in the Application's Assets Purchase Agreement outlines the MBMA existing rates that PAWC-WD plans to adopt at closing. Please provide a complete copy of MBMA's current rules and regulations.

Response: Please see attached. PAWC will be adopting the Company's rules and regulations at closing.

A-30 Please state MBMA's current rate for wastewater hook-on fees.

Response: The current rate for wastewater hook-on fee is \$2,400/EDU.

A-31 Please provide an explanation of MBMA's waste water hook-on fees and state what the fee includes.

Response: The Hook-on Fees cover the Authority's estimated cost to install the lateral between the main and the curb-stop and box for the new customer.

A-32 Please state the revenues recovered from hook-on fees for 2012, 2013 and 2014.

Response: MBMA's revenues associated with Hook-on Fees for 2012, 2013 and 2014 were \$0 for each respective year.

A-33 Please provide a copy of the MBMA's most recent municipal authority annual financial statement report that was filed with the Commonwealth.

Response: Attached is a copy of MBMA's Annual Report of Municipal Authorities.

A-34 Schedule 8.1.9 Certificate as to Debt, Contributions and Additions and Retirements in the Application's Assets Purchase Agreement identifies \$89,673.53 as outstanding long term debt or notes related to the MBMA water and wastewater systems. Please quantify how much of the debt is attributed to the wastewater system as well as state the wastewater debt's purpose.

Response: The amount listed on Schedule 8.1.19 Certificate of Debt, Contributions and Additions and Retirements of \$89,675.33 is related to the combined outstanding balance of the bonds for the water and wastewater systems. It is important to note that the value in the Certificate of Financial Information was prepared based upon an estimate. The wastewater bonds outstanding as of December 31, 2013 were \$84,921. Please refer to the response to DR A-27 for the purpose of the water bond.

A-35 Schedule 8.1.9 Certificate as to Debt, Contributions and Additions and Retirements in the Application's Purchase Agreement identifies \$12,000.00 as the amount for unexpired customer's advances for construction related to the MBMA's water and wastewater systems. Please quantify how much of the subject fund is attributed to the MBMA's wastewater system as well as state its future purpose.

Response: Please refer to the response to DR A-26. \$8,000 would be attributed to the Wastewater.

A-36 Please provide a map that identifies the boundaries of the Weaver and Yordy properties in relation to the wastewater service area boundaries depicted on Exhibit M.1.

Response: See map attached. Yordy development is located within the Borough of McEwensville and Weaver is in Delaware Township as noted on the map.

A-37 Please provide a copy of the draft instruments that will be used to convey the land interests (i.e., fee simple and permanent easements) of the MBMA wastewater system to PAWC.

Response: Attached is a copy of model documents that will be used for the conveyance of any fee parcels and either grant or assignment of easements or rights-of-way; all of which may be subject to change.

A-38 Please provide a letter of support for the proposed additional territory from Delaware Township.

Response: A copy of the Application was served upon both the Planning Commission and Board of Supervisors of Delaware Township on January 7, 2015. A Proof of Service evidencing this was provided to the PUC via letter dated January 9, 2015. As of the date of these responses PAWC was not advised of any protest or concerns of the Township that would suggest that the Township is not in support of the Application. In addition a letter, has been sent to the Delaware Township Manager and Northumberland County Planning Commission to confirm that the proposed acquisition complies with the Township's and County's land use planning. A copy of the letter is attached.

A-39 Please provide a letter of support for the proposed additional territory from Northumberland County.

Response: A copy of the Application was served upon both the Planning Commission and Commissioners of Northumberland County on January 7, 2015. A Proof of Service evidencing this was provided to the PUC via letter dated January 9, 2015. As of the date of these responses PAWC was not advised of any protest or concerns of the County that would suggest that the County is not in support of the Application. In addition a letter, has been sent to the Delaware Township Manager and Northumberland County Planning Commission to confirm that the proposed acquisition complies with the Township's and County's land use planning. A copy of the letter is attached.

A-6 Attachment

CSI

Map filed under separate
cover

A-9 Attachment

MCEWENSVILLE MUNICIPAL AUTHORITY
NORTHUMBERLAND COUNTY, PENNSYLVANIA
2014 ANNUAL CHAPTER 94
WASTELOAD MANAGEMENT REPORT
NPDES Permit No. PA0111414

Engineer: _____
Brian L. Book, P.E.
Hazen and Sawyer, P.C.

Owner: _____
Steve Fisher, Authority President
McEwensville Municipal Authority

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Introduction

As required by Chapter 94, Municipal Wasteload Management, Title 25 Rules and Regulations, of the Department of Environmental Protection (DEP), this report has been prepared to summarize the hydraulic and organic loadings of the McEwensville Municipal Authority (MMA) wastewater treatment facility and to assess the current and future planning needs of the wastewater collection and treatment systems.

The McEwensville wastewater treatment facility is a lagoon-type system. There are two aerated lagoons, containing two cells each, separated by baffles. The wastewater collection system conveys wastewater to a wet well located at the head of the plant. The wastewater is then pumped into the first lagoon and flows sequentially into cells 2, 3, and 4. In 2006, process modifications were installed to improve the performance of the plant following discharge violations caused from the by-passing of the original sand filters and deterioration of the other features of the plant. Replacement lagoon baffles and chlorine contact tank baffles were installed along with eight (8) floating, attached-growth Bioreactors in Lagoon No. 2, and a plate settler with a recycling sludge pump discharging back into the wet well. An ultrasonic level monitor and chart recorder were installed. The treatment modification resulted in a significant improvement to the discharge quality of the plant. The ultrasonic monitor and recorder have resulted in a more accurate and permanent record of discharge rates.

Sewage Pumping Stations

There are five pump stations within the MMA collection system. Pump Station 1 (simplex, residential) is located at the end of Maple Street, Pump Station 2 (duplex, residential) is located at the intersection of Maple and Cherry Streets, Pump Station 3 (simplex, residential) is off of Main Street at the north end of town, and Pump Station 4 (duplex) serves 13 homes in the Wesner Development with two (2) Barnes 2-HP grinder pumps capable of handling 40 GPM each. There is also a pump station wet well at the plant which transfers wastewater into the first lagoon of the system. All pump stations are inspected weekly, or more frequently.

The Authority is developing a capital improvements plan with a focus on upgrading the pump station and the general repair of the collection system. The Authority is starting to seek funding in support of the capital improvements program.

Condition of the System

In general the McEwensville collection system, consisting of gravity sewers and raw sewage pumping stations, is in fair condition. The facilities were put into operation in February of 1984, and in 2006 had upgrades to the plant lagoons and treatment processes, which continue to function very well. In 2010, damage that had occurred to the baffle in lagoon No. 1 (caused by a loose aeration hose) was repaired by the original manufacturer.

Flow Variation from Previous Years

The new continuous flow monitoring and recording devices show average daily flows which are lower than those previously recorded by the old method of direct observation of the weir flow, twice a day. The new devices have been calibrated and closely inspected, and are believed to be operating correctly.

In previous Chapter 94 Reports it was noted that the MRI plate settler unit was unreliable. In 2011, the plant operator made minor modifications to address reliability issues. The process treatment of the plate settler remains unchanged, but the method of settled sludge withdraw is now manual and therefore a more reliable and manageable process.

In 2014, the MMA began finalizing the sale of its assets to PA American Water. This sale is expected to be finalized in 2015. There have been a number of small maintenance items which have occurred and are occurring that generally affect the discharge quality. As part of the sale, Hazen and Sawyer is in negotiations with PAWC to determine how those items are to be fixed and by whom.

Report Data

The data presented in this report was obtained from the 2014 operating records and discharge- monitoring reports (DMRs) prepared by the facility Operator. Data for the previous 5 years of operation was obtained from the previous Chapter 94 Report.

Flow Metering

Over the past seven years, the new monitoring and recording devices show an ADF significantly less than those from previous years (~.0182 mgd in 2005, contrasted to ~.014 mgd in 2013 and 2014). The previous year's data were estimated daily values from daily (single) measurements by the operator. The new metering systems continuously monitor,

record, and totalize the discharge volume. The ultrasonic level monitor is inspected annually and the testing and calibration report is attached to this document as Appendix A. The weir is the appropriate size and type (30-degree, V-notch).

Industrial Wastes

There are no discharges of industrial waste into the McEwensville Municipal Authority system.

2014 Sewer Extensions

There were no new connections in 2014.

Proposed Sewer Extensions

The second phase of Pine Gove Meadows development has 31 connections available, and there connections are projected to be completed over the next three to five (3-5) years depending upon economical conditions. This development is still ongoing.

The Weaver development of the former Shive farm is proposed for up to 58 single family residential connections as last presented at the October 2012 Authority Meeting. A phased approach would also be likely for this development, and thus the connections are projected to be evenly spread out over ten (10) years. This development is still ongoing.

Overload Reduction

The McEwensville Municipal Authority shows a moderate level of hydraulic and organic loading. The following hydraulic and organic loading sections show no hydraulic or organic overload reduction is necessary at this time.

Hydraulic Loading

The McEwensville plant has a permitted hydraulic capacity of 45,000 gallons per day (gpd). The annual average flow for 2014 was 13,800 gpd. Table 1 illustrates the results of the calculations for the annual-average hydraulic loading, and the peak three-month hydraulic loading for each of the past five years. In 2014, the peak three-month hydraulic loading to the plant was 16,300 gpd, recorded from April through June. The ratio of peak three-month flow to annual-average flow for 2014 is 1.18.

| | Average Flow (MGD) | | | | | 5-yr Average |
|---------------------|--------------------|-------|-------|-------|-------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | |
| January | 0.014 | 0.007 | 0.009 | 0.014 | 0.013 | -- |
| February | 0.006 | 0.009 | 0.008 | 0.014 | 0.020 | -- |
| March | 0.006 | 0.015 | 0.007 | 0.013 | 0.014 | -- |
| April | 0.006 | 0.012 | 0.007 | 0.013 | 0.011 | -- |
| May | 0.008 | 0.011 | 0.010 | 0.015 | 0.020 | -- |
| June | 0.005 | 0.008 | 0.011 | 0.016 | 0.018 | -- |
| July | 0.006 | 0.008 | 0.012 | 0.019 | 0.011 | -- |
| August | 0.006 | 0.010 | 0.013 | 0.011 | 0.012 | -- |
| September | 0.006 | 0.022 | 0.016 | 0.011 | 0.011 | -- |
| October | 0.006 | 0.011 | 0.014 | 0.014 | 0.012 | -- |
| November | 0.008 | 0.009 | 0.014 | 0.013 | 0.011 | -- |
| December | 0.010 | 0.010 | 0.016 | 0.013 | 0.013 | -- |
| Annual Average | 0.007 | 0.011 | 0.011 | 0.014 | 0.014 | 0.011 |
| Max 3-Month Average | 0.009 | 0.014 | 0.015 | 0.016 | 0.016 | 0.014 |
| Ratio | 1.20 | 1.29 | 1.30 | 1.19 | 1.18 | 1.23 |
| EDU's | 159 | 159 | 159 | 159 | 160 | -- |
| Flow/EDU (gpd) | 45.6 | 69.1 | 71.5 | 86.7 | 86.5 | 71.9 |

Projection of Hydraulic Loading

The projections for the annual-average hydraulic loading and the peak three-month hydraulic loading on the plant for the next five years (2015 to 2019) were based on the average flows from the previous five years and the expected number of new connections to

the system over the next five years. The five-year average value of approximately 72 gpd per EDU was multiplied by the anticipated number of EDUs to be connected to the system in each of the next five years. This value was added to the average of the previous five years' flows in order to determine the projected hydraulic loading. The future peak three-month flow was calculated by multiplying the projected annual average flow by the average ratio of maximum three month average flow to annual average flow recorded for the previous five years. No expansion of the facility is planned at this time. Based on the projected loadings, McEwensville facility has adequate capacity for the next five years. Table 2 shows the flow projections for the next five years.

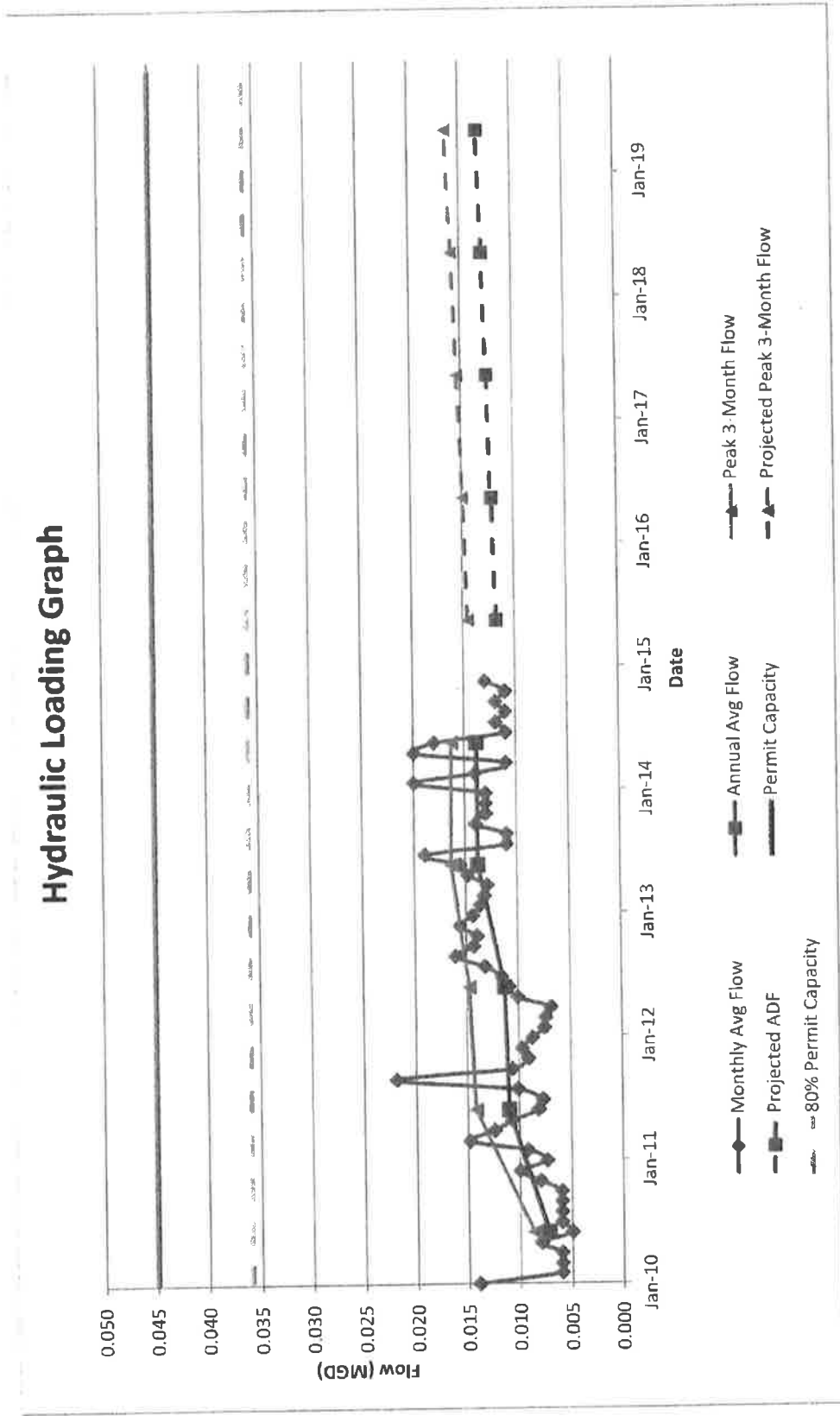
| Year | Previous Flow | Additional EDUs | Increase Flow | Projected Flows | Projected Factor | Projected 3-month Max |
|------|---------------|-----------------|---------------|-----------------|------------------|-----------------------|
| 2015 | 0.011 | 5 | 0.0004 | 0.012 | 1.23 | 0.015 |
| 2016 | 0.012 | 5 | 0.0004 | 0.012 | 1.23 | 0.015 |
| 2017 | 0.012 | 5 | 0.0004 | 0.013 | 1.23 | 0.015 |
| 2018 | 0.013 | 5 | 0.0004 | 0.013 | 1.23 | 0.016 |
| 2019 | 0.013 | 5 | 0.0004 | 0.013 | 1.23 | 0.016 |

Figure 1 shows a graphical representation of the previous five years of flow data with the projected flows through the year 2019.

Infiltration/ Inflow

Based upon the peak-to-average flow ratio of 1.23, McEwensville Municipal Authority has only a minimal infiltration and inflow problem, however, as a routine maintenance practice; the Authority has continued to pursue the identification and elimination of I/I to the sanitary sewer system through regular inspections of the collection system.

Figure 1. Hydraulic Loading Graph



Organic Loading

The design organic capacity of the McEwensville Municipal Authority WWTP is 90 pounds per day (as of October 2004 when the plant was “derated” during the Part II permit stage for the construction project). Table 3 presents the organic loading data for the previous 5 years. During 2014, the annual average organic loading to the wastewater treatment plant was 35.0 pounds per day. The peak organic loading of 61.0 pounds per day was recorded in June of 2014. The ratio of peak organic loading to annual average loading for 2014 was 1.73

| | BOD (lbs/day) | | | | | 5-yr Average |
|--------------------|---------------|------|------|------|------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | |
| January | 38.0 | 13.3 | 26.0 | 28.3 | 46.0 | -- |
| February | 23.0 | 14.2 | 30.0 | 25.9 | 54.0 | -- |
| March | 12.0 | 30.3 | 24.0 | 17.5 | 38.0 | -- |
| April | 24.0 | 15.2 | 22.8 | 29.5 | 37.0 | -- |
| May | 8.0 | 37.3 | 35.5 | 21.0 | 40.0 | -- |
| June | 13.0 | 15.4 | 21.2 | 21.2 | 61.0 | -- |
| July | 21.0 | 22.1 | 51.4 | 51.4 | 26.0 | -- |
| August | 15.0 | 18.2 | 38.9 | 25.8 | 29.0 | -- |
| September | 6.0 | 52.8 | 28.0 | 18.3 | 25.0 | -- |
| October | 15.0 | 21.4 | 42.8 | 34.7 | 34.0 | -- |
| November | 5.0 | 24.7 | 31.6 | 28.0 | 9.0 | -- |
| December | 13.0 | 18.1 | 41.1 | 22.0 | 25.0 | -- |
| Annual Average | 16.1 | 23.6 | 32.8 | 27.0 | 35.3 | 27.0 |
| Max 1-Month Load | 38.0 | 52.8 | 51.4 | 51.4 | 61.0 | 50.9 |
| Ratio | 2.36 | 2.24 | 1.57 | 1.91 | 1.73 | 1.96 |
| EDU's | 160 | 159 | 159 | 159 | 159 | -- |
| Load/EDU (lbs/EDU) | 0.10 | 0.15 | 0.21 | 0.17 | 0.22 | 0.17 |

Projection of Organic Loadings

Organic loading projections for the five-year period from 2015 to 2019 were developed from the average organic load rate over the last five years and the estimated number of new EDU's to be added to the system over the next five years. The five-year average value of 0.17 lbs per EDU was then multiplied by the estimated number of new EDUs in order to

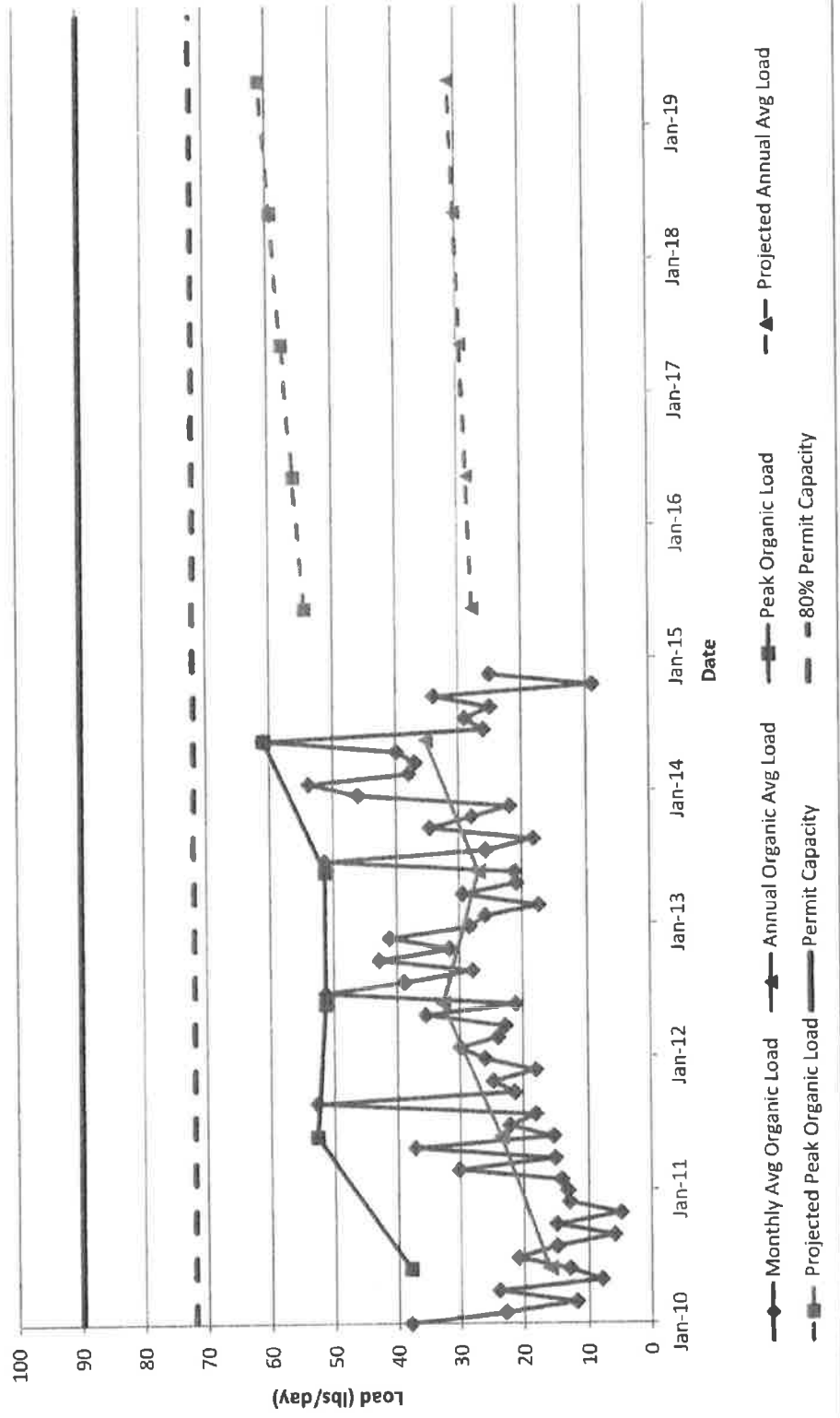
project the additional annual average organic loading on the plant for the next five years. The projected peak organic loadings were determined by multiplying the organic projection factor of 1.96 by the projected annual average organic loading. Table 4 shows the projection of organic loads.

| Table 4. Load Projections | | | | | | |
|----------------------------------|----------------------|------------------------|----------------------|-----------------------|-------------------------|------------------------------|
| Year | Previous Load | Additional EDUs | Increase Load | Projected Load | Projected Factor | Projected 1-month Max |
| 2015 | 27.0 | 5 | 0.85 | 27.8 | 1.96 | 54.5 |
| 2016 | 27.8 | 5 | 0.85 | 28.6 | 1.96 | 56.2 |
| 2017 | 28.6 | 5 | 0.85 | 29.5 | 1.96 | 57.8 |
| 2018 | 29.5 | 5 | 0.85 | 30.3 | 1.96 | 59.5 |
| 2019 | 30.3 | 5 | 0.85 | 31.2 | 1.96 | 61.1 |

Figure 2 shows a graphical representation of the previous five years of loading data with the projected loads through the year 2019.

Figure 2. Organic Loading Graph

Organic Loading Graph



Appendix A- Flow Meter Reports



117 Susanna Street ~ Dalmatia, PA 17017 ~ 570.274.1755

TO: McEwensville Municipal Authority
FROM: Todd Mace
DATE: January 28, 2015
RE: Operations Report – McEwensville Municipal Authority Wastewater Treatment Facilities

This report describes the activities, observations and recommendations since the last meeting report.

Wastewater System

1. The December 2014 DEP reports were completed with violations.
2. The wastewater treated for the month was: Avg: 12,000 gallons Peak: 18,000 gallons
3. Customer complaints addressed: None
4. The effluent filter pit should be cleaned and inspected
5. Bio Bloc Modules have been repaired.: Discuss

Flow Calibration Report

Moyer Instruments, Inc

Customer: McEwensville Municipal Auth.
Address: P.O. Box 50
McEwensville, PA 17749
Manufacturer: Endeas & Hauser
Model: FMU90
Serial: 8500C9010E6
Description: Effluent Flow Meter
I. D. Number: 8500C9010E6
Method: Head vs. Flow

Job/PO No: 15826
Flow Element: 22.5 Degree V-Notch Weir
Calibration Date: 6/25/14
Due Date: 6/25/2015
Temp. : 28.2°C
Humidity: 72 %RH
Unit Received: In Specification
Unit Returned: In Specification
Report No.: 00766

| Test Standard: | Calibration Due: | Model #: | S/N: |
|---|------------------|----------|-------|
| Isco Data Book "6th edition" ISBN 0-9622757-3-5 | | | |
| Jansson | 11/22/2015 | 81R | 44174 |
| | | | |

The equipment herein described has been tested for accuracy of calibration by Moyer Instruments, Inc. The test instrument(s) used in said calibration has been checked for conformance and traceability to National Institute of Standards and Technology (N.I.S.T.). Calibrations, as applicable, are performed in compliance with the requirements of ANSI/NCSL Z540.3-2006(R2013) and ISO 10012:2003.

Comments: Checked @ 2.875" Head=6.295GPM, Meter Read 6.32GPM

Certifying Officer: Jeremy Knappenberger



Report of Calibration

Moyer Instruments, Inc

Customer: McEwensville Municipal Auth.
Address: P.O. Box 50
McEwensville, PA 17749
Manufacturer: Endeas & Hauser
Model: FMU90
Serial: 8500C9010E6
Description: Effluent Flow
I. D. Number: 8500C9010E6
Method: Head vs. Flow

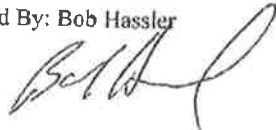
Job/PO No: 15088
Date Received: 7/24/2013
Calibration Date: 7/24/2013
Due Date: 7/24/214
Temp. : 22°C
Humidity: 40 %RH
Unit Received: In Tolerance
Unit Returned: In Tolerance
Report No.: 13416

| Test Standard: | Calibration Due: | Model #: | S/N: |
|--------------------------------|------------------|----------|------|
| Isco Data Book (Fifth Edition) | | | |
| | | | |
| | | | |

The equipment herein described has been tested for accuracy of calibration by Moyer Instruments, Inc. The test instrument(s) used in said calibration has been checked for conformance and traceability to National Institute of Standards and Technology (N.I.S.T.). Calibrations, as applicable, are performed in compliance with the requirements of ISO 9001:2000 and MIL-STD-45662A.

Comments: Primary 22.5 Deg. V notch Weir, Unit out of Spec. due to new weir plate installed at different height. Programmed new zero distance of 23.35 in. Checked at head at 4.00 in. read 4.05in. 14.68 gpm. Checked Mdl: 392 recorder 0 to 10 MGD. Total times 1.

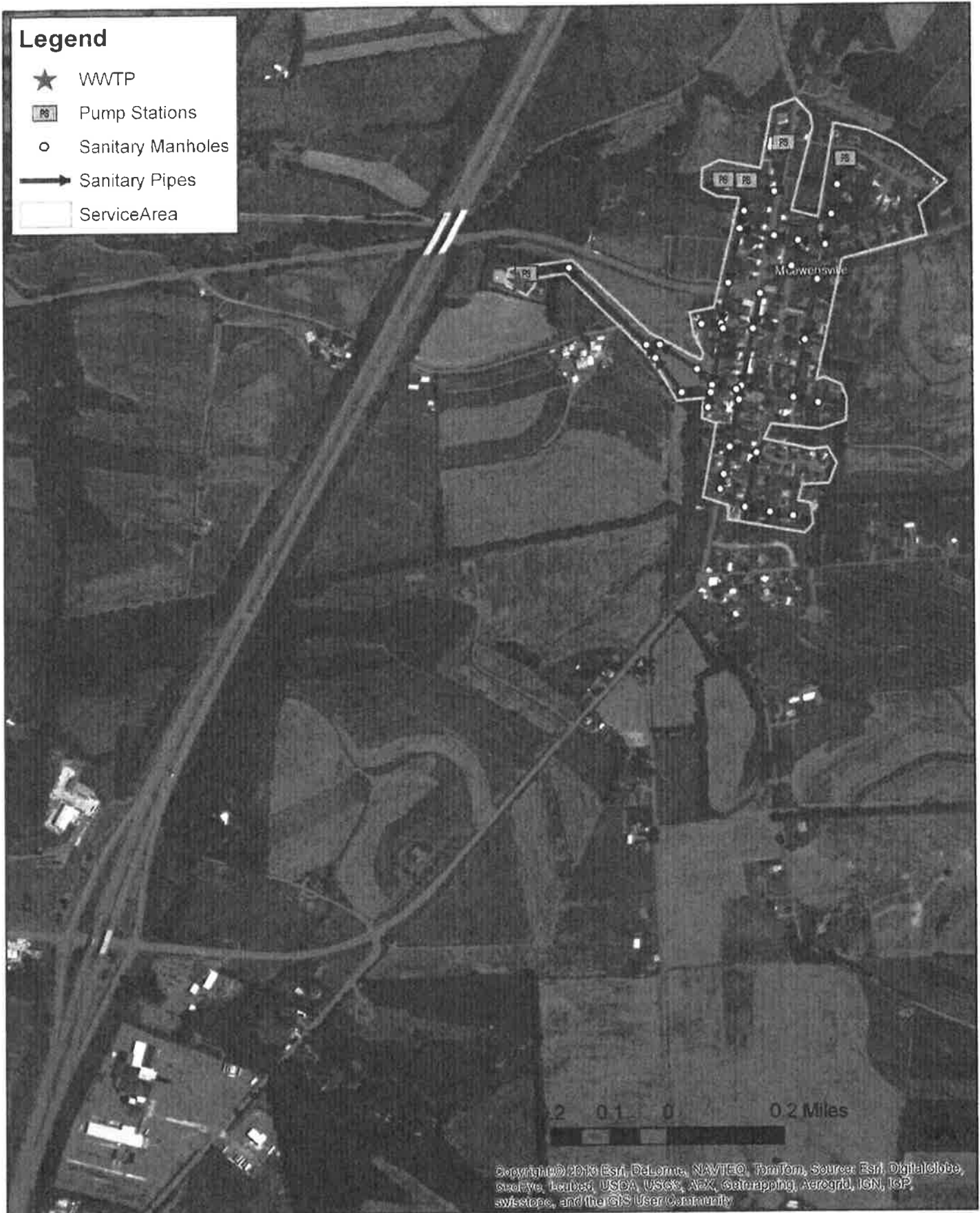
Calibrated By: Bob Hassler



Appendix B- Sewershed Reference Map

Legend

- ★ WWTP
- PS Pump Stations
- Sanitary Manholes
- Sanitary Pipes
- ServiceArea



Borough of McEwensville Chapter 94 Report

HAZEN AND SAWYER
Environmental Engineers & Scientists

A-19 Attachment

MCEWENSVILLE MUNICIPAL AUTHORITY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2013

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ROGERS HUBER & ASSOCIATES



INDEPENDENT AUDITOR'S REPORT

To the Board Members
McEwensville Municipal Authority
McEwensville, PA

Report on the Financial Statements

We have audited the accompanying financial statements of the

McEwensville Municipal Authority,

a component unit of the Borough of McEwensville, PA as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority'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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the McEwensville Municipal Authority as of December 31, 2013, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McEwensville Municipal Authority's basic financial statements. The Schedule of Revenue and Expenses by Service Type is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This Schedule 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, based on our audit, the procedures performed as described above, the Schedule of Revenue and Expenses by Service Type is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2014, on our consideration of the McEwensville Municipal Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the McEwensville Municipal Authority's internal control over financial reporting and compliance.

Rogers Huber and Associates

Lewisburg, PA
June 11, 2014

BASIC FINANCIAL STATEMENTS

MCEWENSVILLE MUNICIPAL AUTHORITY

Statement of Net Position
December 31, 2013

| | <u>Proprietary Fund</u> |
|--|-----------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents - unrestricted | 124,085 |
| Accounts Receivable - Customers | 16,307 |
| Prepaid Insurance | 2,978 |
| Total Current Assets | <u>143,370</u> |
| Property, Plant and Equipment | |
| Buildings and Improvements | 1,374,606 |
| Plant and Office Equipment | 152,651 |
| Less: Accumulated Depreciation | <u>(1,405,962)</u> |
| Net Property, Plant and Equipment | 121,295 |
| Restricted Assets | |
| Deposits - restricted for debt service | <u>22,641</u> |
| Total Assets | <u>287,306</u> |
| LIABILITIES | |
| Current Liabilities | |
| Current Portion of Long-Term Debt | 13,957 |
| Accounts Payable | 2,640 |
| Interest Payable | 1,529 |
| Payroll and Taxes Withheld/Accrued | 1,592 |
| Total Current Liabilities | <u>19,718</u> |
| Long-Term Liabilities | |
| Long-Term Debt, Net of Current Portion | 90,875 |
| Escrow Liabilities | 11,490 |
| Total Liabilities | <u>122,083</u> |
| NET POSITION | |
| Invested in Capital Assets, Net of Related Debt | 16,463 |
| Restricted for Debt Service | 19,027 |
| Unrestricted | 129,733 |
| Total Net Position | <u>165,223</u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

MCEWENSVILLE MUNICIPAL AUTHORITY

Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2013

| | <u>Proprietary Fund</u> |
|----------------------------------|-----------------------------|
| OPERATING REVENUES | |
| Connection Fees | - |
| Customer Rentals | 138,772 |
| Reconnection Fees | - |
| Penalties | 2,516 |
| Yordy Escrow | 120 |
| Meter Sales | 1,240 |
| Interest Income | 161 |
| Total Operating Revenues | <u>142,809</u> |
| | |
| OPERATING EXPENSES | |
| Advertising | 155 |
| Audit | 4,040 |
| Bad Debt | 105 |
| Consulting Engineer | 6,955 |
| Depreciation | 6,470 |
| Electricity | 10,867 |
| Insurance and Bonding | 4,496 |
| Interest Expense | 5,240 |
| Land Lease | 100 |
| Legal | 3,436 |
| Office Supplies and Postage | 2,287 |
| Payroll Taxes | 1,791 |
| Permits and Fees | 839 |
| Plant Supplies | 3,133 |
| Repair and Maintenance | 3,592 |
| Wages and Contract Labor | 33,561 |
| Telephone | 1,425 |
| Testing | 4,180 |
| Total Operating Expenses | <u>92,672</u> |
| | |
| Net Operating Revenue | 50,137 |
| | |
| Non-Operating Interest Income | 198 |
| Increase in Net Position | <u>50,335</u> |
| | |
| Net Position - beginning of year | 114,888 |
| | |
| Net Position - end of year | <u><u>165,223</u></u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

MCEWENSVILLE MUNICIPAL AUTHORITY

Statement of Cash Flows
For the Year Ended December 31, 2013

| | <u>Proprietary Fund</u> |
|---|-----------------------------|
| Cash Flows From Operating Activities: | |
| Cash Received from Customers | 142,681 |
| Other Operating Receipts | 161 |
| Payments for Goods and Services | (47,686) |
| Payments for Contract Labor, Employees and Related Taxes | (35,158) |
| Transfers from Restricted Accounts | 13 |
| Net Cash Provided By Operating Activities | <u>60,011</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Purchase of New Assets | (18,379) |
| Interest Paid | (5,653) |
| Refund of Escrow | (3,007) |
| Repayment of Debt | (14,747) |
| Net Cash (Used) By Investing Activities | <u>(41,786)</u> |
| Cash and Cash Equivalents at Beginning of Period | <u>105,860</u> |
| Cash and Cash Equivalents at End of Period | <u><u>124,085</u></u> |
| <u>Reconciliation of Operating Income to Net Cash Provided by/(Used for) Operating Activities</u> | |
| Operating Income | 50,137 |
| Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities | |
| Depreciation | 6,470 |
| Interest Expense | 5,240 |
| (Increase) Decrease In: | |
| Accounts Receivable | 153 |
| Prepaid Insurance | (1,002) |
| Increase (Decrease) In: | |
| Accounts Payable | (1,074) |
| Accrued Payroll and Payroll Taxes | 194 |
| Escrow Liabilities | (120) |
| Interest on and Net Change in Reserve | 13 |
| Net Cash Provided By Operating Activities | <u><u>60,011</u></u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The McEwensville Municipal Authority (the Authority) is a Pennsylvania Corporation incorporated under the Pennsylvania Municipal Authorities Act.

The *Governmental Accounting Standards Board (GASB)* provides guidance on defining component units. Component units are separate governmental units or not-for-profit entities which are required to be included in the financial statements of the reporting entity. The Authority has considered this guidance and has identified no component units that require inclusion in these financial statements. Accordingly, these statements reflect only the accounts of the Authority.

The Authority was formed November 24, 1972 to provide water and sewer services to the Borough of McEwensville, and is itself a component unit of the Borough.

The following significant accounting policies were applied in the preparation of these financial statements.

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with generally accepted accounting standards as applied to governmental units. The *Government Accounting Standards Board (GASB)* is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting standards. The GASB has issued codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments.

The Authority is defined by *GASB* as a special purpose government engaged only in business type activities. The basic financial statements required for this type of government include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flow
- Notes to the financial statements

Fund Accounting

The Authority uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Authority has just one fund which is an enterprise fund. An enterprise fund is a type of proprietary fund. Enterprise funds are used to account for activities that are operated with the intent that the cost of providing goods or services on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus and Basis of Accounting

Enterprise funds are reported using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, service revenues are recognized in the accounting period in which they are earned. Expenses are recorded when obligations to pay for goods or services are incurred.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Definition of Operating Income

The Authority defines amounts received for services and interest on un-restricted cash accounts as operating revenue. Operating expenses included all expenditures and accruals other than capital expenditures and principal payments on debt.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Authority considers all highly liquid debt instruments purchased with original maturity of three months or less to be cash equivalents.

Accounts Receivable

All Accounts Receivable at December 31, 2013 are considered to be collectible. As such, there is no allowance for doubtful accounts recorded in the financial statements as of December 31, 2013.

Fixed Assets

All of the Authority's capital assets (property, plant and equipment) are valued at historical cost. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. However, replacement parts and costs of normal maintenance or repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The Authority's property, plant and equipment are being depreciated using the straight-line method over the expected economic useful life of the asset, as determined by management. Buildings and Equipment have useful lives of 5 to 25 years, and Plant and Office Equipment have useful lives of 5 to 40 years.

Use of Restricted and Unrestricted Assets

As described in Note 5, the Authority maintains cash accounts that are restricted under the terms of their debt agreements. It is the Authority's policy to use unrestricted assets, before using these restricted assets, when making debt service payments.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through June 11, 2014 which is the date that these financial statements were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS

The Municipal Authorities Act defines how the Authority is permitted to invest. Allowable investments include:

- United States Treasury bills
- Obligations of the United States Government or its agencies or instrumentalities
- Obligations of the Commonwealth
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured and for any amounts above the insurance maximum if the approved collateral as provided by law shall be pledged by the depository
- Shares of a registered investment company if the only investments of that company are in the authorized investments for Authority funds above
- Sovereign debt if the instrument is dollar denominated and other specified conditions are met

All Authority funds are on deposit with FDIC insured financial institutions.

Deposit Risks

GASB requires that the Authority disclose information about risks associated with its deposits. Deposits with financial institutions are exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority has no policy regarding management of custodial risk. However, during 2013 all deposits were within FDIC limits.

NOTE 3 – CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended December 31, 2013 was as follows –

| | <u>Cost</u> <u>12/31/2012</u> | <u>Additions</u> <u>2013</u> | <u>Dispositions</u> <u>2013</u> | <u>Cost</u> <u>12/31/2013</u> |
|---|----------------------------------|---------------------------------|------------------------------------|----------------------------------|
| Capital Assets, Not Being Depreciated - | | | | |
| None | - | - | - | - |
| Capital Assets, Being Depreciated - | | | | |
| Buildings and Improvements | 1,356,532 | 20,363 | (2,289) | 1,374,606 |
| Plant and Office Equipment | 152,651 | - | - | 152,651 |
| Total Assets Being Depreciated | 1,509,183 | 20,363 | (2,289) | 1,527,257 |
| Less Accumulated Depreciation For - | | | | |
| Buildings and Improvements | 1,071,631 | 3,013 | (305) | 1,074,339 |
| Plant and Office Equipment | 328,166 | 3,457 | - | 331,623 |
| Total Accumulated Depreciation | 1,399,797 | 6,470 | (305) | 1,405,962 |
| Total Net Capital Assets | <u>109,386</u> | <u>13,893</u> | <u>(1,984)</u> | <u>121,295</u> |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – CHANGES IN PROPERTY, PLANT AND EQUIPMENT (Continued)

In 2013, the Authority traded in a piece of equipment toward the purchase of new equipment. The net book value of the equipment traded in (\$1,984) was added to the amount paid for the new equipment (\$400), resulting in a total acquisition cost for the new equipment of \$2,384. There is no loss on the disposal of assets, as the net book value of the asset traded in was added to the amount paid for the new asset.

NOTE 4 – LONG-TERM DEBT

The following summarizes general long-term debt activity for the year ended December 31, 2013 –

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Current Maturities</u> |
|--------------------------------------|------------------------------|------------------|-------------------|---------------------------|-------------------------------|
| Sewer Revenue Bonds - Series 1983 | 93,853 | - | (8,932) | 84,921 | 8,541 |
| Water Revenue Bonds - Series 1978 | 25,726 | - | (5,814) | 19,912 | 5,416 |
| Total Long-Term Debt | 146,584 | - | (14,746) | 104,833 | 13,957 |

Scheduled maturities, net of advance payments, and interest rates are as follows:

Sewer Revenue Bonds - Series 1983

| | 5% | | |
|--------------|-----------------|------------------|----------------|
| <u>Due</u> | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
| 2014 | 4,141 | 8,541 | 12,682 |
| 2015 | 3,708 | 8,973 | 12,681 |
| 2016 | 3,254 | 9,428 | 12,682 |
| 2017 | 2,777 | 9,905 | 12,682 |
| 2018 | 2,275 | 10,406 | 12,681 |
| 2019-2022 | 3,636 | 37,668 | 41,304 |
| Total | 19,791 | 84,921 | 104,712 |

Water Revenue Bonds - Series 1978

| | 5% | | |
|--------------|-----------------|------------------|---------------|
| <u>Due</u> | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
| 2014 | 929 | 5,416 | 6,345 |
| 2015 | 654 | 5,691 | 6,345 |
| 2016 | 366 | 5,979 | 6,345 |
| 2017 | 71 | 2,826 | 2,897 |
| Total | 2,020 | 19,912 | 21,932 |

The Authority has made advance payments of principal. The schedules above reflect those advance payments, while assuming that the originally scheduled annual installments of \$12,682 (Sewer) and \$6,345 (Water) will be made in each of the coming years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – RESTRICTED NET POSITION

The Authority's debt agreements require cash reserve accounts be established representing at least one year debt service requirements as follows:

| | |
|------------------------|---------------|
| Sewer Debt | 12,681 |
| Water Debt | <u>6,346</u> |
| Total Reserve Required | <u>19,027</u> |

As of December 31, 2013, the Authority satisfied these reserve requirements with the following accounts:

| | |
|--------------------------------|---------------|
| Certificate of Deposit - Sewer | 16,141 |
| Certificate of Deposit - Water | <u>6,500</u> |
| Total Reserve | <u>22,641</u> |

NOTE 6 – OPERATING LEASES

The Authority is obligated under a lease ending on July 13, 2023. The rental expense is \$100 per year for each year of the lease term. At December 31, 2013 the future minimum rental payments required in the aggregate are \$900.

NOTE 7 – RISK MANAGEMENT

The Authority is exposed to various risk of loss related to theft of, damage to, and destruction of assets, errors and omissions, and natural disaster. The Authority has purchase various insurance policies to safeguard its assets from risk of loss. Insurance coverage is consistent with previous years. No settlements exceeded insurance coverage during the last three years.

NOTE 8 – POSSIBLE TRANSFER OF OPERATIONS

The Authority, and the Borough of McEwensville, are considering options that could result in the transfer of Authority sewer and water operating assets to a new service provider prior to the next balance sheet date. If such a transfer does occur, the Authority will cease water and sewer operations and could request that the Borough terminate its existence.

MCEWENSVILLE MUNICIPAL AUTHORITY

Schedule of Revenues and Expenses
By Service Type

For the Year Ended December 31, 2013

| | <u>Water Services</u> | <u>Sewer Services</u> | <u>Total</u> |
|-------------------------------|---------------------------|---------------------------|----------------|
| OPERATING REVENUES | | | |
| Connection Fees | - | - | - |
| Customer Rentals | 46,615 | 92,158 | 138,773 |
| Reconnection Fees | - | - | - |
| Penalties | 986 | 1,530 | 2,516 |
| Yordy Escrow | - | 120 | 120 |
| Meter Sales | 1,240 | - | 1,240 |
| Interest Income | 85 | 75 | 160 |
| Total Operating Revenues | <u>48,926</u> | <u>93,883</u> | <u>142,809</u> |
| OPERATING EXPENSES | | | |
| Advertising | 72 | 83 | 155 |
| Audit | 2,025 | 2,015 | 4,040 |
| Bad Debt | 46 | 59 | 105 |
| Engineering | 450 | 6,505 | 6,955 |
| Depreciation | 3,457 | 3,013 | 6,470 |
| Electricity | 3,514 | 7,353 | 10,867 |
| Insurance and Bonding | 2,248 | 2,248 | 4,496 |
| Interest Expense | 1,022 | 4,218 | 5,240 |
| Land Lease | - | 100 | 100 |
| Legal and Accounting | 1,718 | 1,718 | 3,436 |
| Office Supplies and Postage | 1,131 | 1,156 | 2,287 |
| Payroll Taxes | 949 | 842 | 1,791 |
| Permits and Fees | 294 | 545 | 839 |
| Plant Supplies | 882 | 2,251 | 3,133 |
| Repair and Maintenance | 447 | 3,145 | 3,592 |
| Wages and Contracted Labor | 12,097 | 21,464 | 33,561 |
| Telephone | 682 | 743 | 1,425 |
| Test | 2,920 | 1,260 | 4,180 |
| Total Operating Expenses | <u>33,954</u> | <u>58,718</u> | <u>92,672</u> |
| Net Operating Income | 14,972 | 35,165 | 50,137 |
| Non-Operating Interest Income | <u>13</u> | <u>185</u> | <u>198</u> |
| Excess Revenues over Expenses | <u>14,985</u> | <u>35,350</u> | <u>50,335</u> |



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board Members
McEwensville Municipal Authority
McEwensville, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the McEwensville Municipal Authority, a component unit of the Borough of McEwensville, PA as of and for the year ended December 31, 2013, and have issued our report thereon dated June 11, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the McEwensville Municipal Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the McEwensville Municipal Authority 's internal control. Accordingly, we do not express an opinion on the effectiveness of the McEwensville Municipal Authority 's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the McEwensville Municipal Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers Huber and Associates

Lewisburg, PA
June 11, 2014

A-24 Attachment

LEASE AGREEMENT

MADE THIS 14th day of July , 1983.

BETWEEN SAMUEL B. RAUP, hereinafter called the LESSOR; and
the BOROUGH OF McEWENSVILLE, hereinafter called the LESSEE.

WITNESSETH, that the said Lessor, for himself and his heirs, executors, administrators and assigns, in consideration of the rents and covenants hereinafter mentioned, does demise and lease unto the Lessee, its successors and assigns, to be used as farm land and open space, the parcel of land situate in Delaware Township, Northumberland County, Pennsylvania, more particularly described in Exhibit "A" attached hereto and intended to be incorporated herein.

TO HAVE AND TO HOLD, unto the Lessee, its successors and assigns, subject to the conditions of this Agreement for the term beginning on the 14th day of July, 1983, and ending on the 13th day of July, 2023.

IN CONSIDERATION OF WHICH the said Lessee, its successors and assigns, agrees to pay to the said Lessor, his heirs, executors, administrators and assigns, the sum of One Hundred (\$100.00) Dollars payable annually, on or before the 14th day of July of each year.

PA. O. S.
7:12 P. M.
JUL 1983
Fee 17.52
FREDERICK S. [unclear]

2-

The said Lessor, his heirs, executors, administrators and assigns, does hereby covenant, promise and agree, to and with the said Lessee, its successors and assigns, that it, the said Lessee, its successors and assigns, shall pay the said yearly rent, in the manner aforesaid, and perform the covenants and agreements herein on its part contained, shall and may peaceably and quietly have, hold, occupy, possess and enjoy, the said demised premises, with the appurtenances, during the said term, without any hindrance, molestation or eviction of the said Lessor, his heirs, executors, administrators and assigns, or any person or persons claiming under the said Lessor.

Lessee, its successors and assigns, agrees to permit Lessor, his heirs, executors, administrators and assigns, to farm said property during the term of this Lease and to receive and keep all income derived therefrom.

Lessor, for himself, his heirs, executors, administrators and assigns, agrees not to use the said leased premises in any manner which would conflict with or injure the use of the adjoining property by Lessee.

It is further agreed that the terms and conditions of this Lease Agreement shall in no way be changed or altered except by a writing signed by all of the parties hereto.

3-

In consideration of the additional sum of One (\$1.00) Dollar, Lessor grants unto the Lessee, its successors and assigns, the first right and option to purchase the leased premises in the event he desires to sell same, upon the same terms and conditions as said property is offered to another purchaser.

Lessee hereby grants unto the Lessor, his heirs, executors, administrators and assigns, the right to use the access road extending from old Route 44 to the main sewer plant tract of Lessee, as a means of ingress, egress and regress by the Lessor, his heirs, executors, administrators and assigns, to and from said leased premises, with the understanding that the use of same will in no way interfere with the use thereof by Lessee, its successors and assigns and that Lessor will pay for any damage done to said right-of-way.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

H. William Koch
Witness

Samuel B. Rap (SEAL)
Samuel B. Rap - Lessor

BOROUGH OF McEWENSVILLE

ATTEST:

By: Shirley W. Moore
President

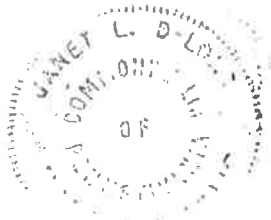
Susan Woodland
Secretary

4-

COMMONWEALTH OF PENNSYLVANIA)
) SS:
 COUNTY OF NORTHUMBERLAND)

On this, the *14th* day of July, 1983, before me, Janet L. DeLong, the undersigned officer, personally appeared Samuel B. Raup, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal.



Janet L. DeLong

 Notary Public
 JANET L. DeLONG, Notary Public
 Millon, Northumberland County, Pa.
 My Commission Expires July 30, 1985

COMMONWEALTH OF PENNSYLVANIA)
) SS:
 COUNTY OF NORTHUMBERLAND)

On the ^{14th} day of July, 1983, before me, the undersigned officer, personally appeared Thorton W. Moser, who acknowledged himself to be President of the Borough of McEwensville, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Janet L. DeLong

JANET L. DeLONG, Notary Public
 Milton, Northumberland County, Pa.
 My Commission Expires July 30, 1985



EXHIBIT "A"

ALL THAT CERTAIN parcel or tract of land situate in Delaware Township, Northumberland County, Pennsylvania, more particularly bounded and described as follows:

BOUNDED on the North by Route 44, as relocated; on the East by lands of Roger Rovenolt; on the South by lands of Roger Rovenolt; and on the West by Route 147.

CONTAINING approximately but not less than 1.4 acres.

State of Pennsylvania
 County of
 No. 68
 2011
 13
 RECEIVED

ENTERED
RECORDED

ASSIGNMENT OF LEASE

MADE THIS 5th day of October, 1983.

EX-101-570
FREDERICK E. REED, Recorder

BETWEEN the BOROUGH OF MCEWENSVILLE, a municipal corporation under the laws of the Commonwealth of Pennsylvania, hereinafter called the ASSIGNOR, in consideration of the sum of One (\$1.00) Dollar, and other good and valuable consideration paid by MCEWENSVILLE MUNICIPAL AUTHORITY, a Pennsylvania authority with its offices in the Community Hall, McEwensville, Pennsylvania, hereinafter called the ASSIGNEE, hereby assigns unto Assignee, its successors and assigns, all the right, title and interest, of, in and to a certain lease made by Samuel B. Raup, with Assignor, as tenant, dated July 14, 1983, covering property situate in Delaware Township, Northumberland County, Pennsylvania, as more fully described in said lease.

TO HAVE AND TO HOLD the same unto Assignee, from the day of October, 1983, for all the rest of the term mentioned in the said lease, subject to the rents, covenants, conditions and provisions therein also mentioned.

Assignee hereby assumes the performance of all other terms, covenants and provisions of the lease hereby assigned by Assignor to Assignee, and will well and truly perform all the terms, covenants and conditions of the said lease herein assigned; all with the same full force and effect as if Assignee had signed the lease originally as tenant named therein.

2-

Assignee hereby agrees that Assignee will well and truly indemnify and save harmless the Assignor from all manner of suit, actions, damages, charges and expense, including attorney and counsel fees, that Assignor may sustain by reason of Assignee's failure to so perform said lease or by reason of Assignee's breach of any of the terms, covenants or conditions of the lease hereby assigned.

IN WITNESS WHEREOF, Assignor and Assignee have caused these presents to be duly executed and sealed the 5th day of October, 1983.

BOROUGH OF McEWENSVILLE

BY: Thomson W. Moore
President

ATTEST:

Susan Woodland
Secretary

McEWENSVILLE MUNICIPAL AUTHORITY

BY: Donald C. Lister
Chairman

ATTEST:

[Signature]
Secretary

3-

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF NORTHUMBERLAND)

On the 5th day of October, 1983, before me, the undersigned officer, personally appeared Thorton W. Moser, who acknowledged himself to be President of the Borough of McEwensville, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Janet L. DeLong

JANET L. DeLONG, Notary Public
Milton, Northumberland County, Pa.
My Commission Expires July 30, 1985

VOL 68 PAGE 490

4-

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF NORTHUMBERLAND)

On the 5th day of October, 1983, before me, the undersigned officer, personally appeared Donald C. Strouse, who acknowledged himself to be Chairman of the McEwensville Municipal Authority, and that he as such Chairman, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Janet L. DeLong

JANET L. DELONG, Notary Public
Milton, Northumberland County, Pa.
My Commission Expires July 30, 1985

6-8!
17th
Bill
BLARR

VDF 68 PAGE 491

A-29 Attachment

BOROUGH OF McEWENSVILLE,
Northumberland County, Pennsylvania

ORDINANCE NO. 86

AN ORDINANCE

OF THE COUNCIL OF THE BOROUGH OF McEWENSVILLE, NORTHUMBERLAND COUNTY, PENNSYLVANIA, REQUIRING ALL OWNERS OF IMPROVED PROPERTY LOCATED WITHIN THIS BOROUGH AND BENEFITED, IMPROVED OR ACCOMMODATED BY ANY SANITARY SEWER CONSTITUTING A PART OF THE SEWER SYSTEM TO BE CONSTRUCTED AND ACQUIRED BY McEWENSVILLE MUNICIPAL AUTHORITY TO CONNECT SUCH IMPROVED PROPERTY WITH SUCH SANITARY SEWER; REGULATING THE MANNER OF MAKING SUCH CONNECTIONS; AUTHORIZING THIS BOROUGH TO MAKE CONNECTIONS AT THE COST AND EXPENSE OF ANY OWNER OF IMPROVED PROPERTY FAILING TO MAKE SUCH CONNECTION; ADOPTING CERTAIN RULES AND REGULATIONS AND PROVIDING FOR ADOPTION OF ADDITIONAL RULES AND REGULATIONS; PROHIBITING THE CONNECTION OF PRIVY VAULTS, CESSPOOLS, SINKHOLES, SEPTIC TANKS AND SIMILAR RECEPTABLES TO ANY SEWER; PROHIBITING THE MAINTENANCE OF CERTAIN RECEPTABLES AND REQUIRING ABANDONMENT THEREOF WHERE A SEWER IS AVAILABLE; SETTING FORTH RELATED MATTERS; AND PRESCRIBING PENALTIES FOR VIOLATION.

The Council of the Borough of McEwensville,
Northumberland County, Pennsylvania, enacts and ordains as
follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Unless the context specifically and clearly indicates otherwise, the meaning of terms and phrases used in this Ordinance shall be as follows:

A. "Authority" shall mean McEwensville Municipal Authority, a Pennsylvania municipality authority.

B. "Building Sewer" shall mean the extension from the sewage drainage system of any structure to the Lateral of a Sewer.

C. "Borough" shall mean the Borough of McEwensville, Northumberland County, Pennsylvania, a municipality of the Commonwealth of Pennsylvania, acting by and through its Council or, in appropriate cases, acting by and through its authorized representatives.

D. "Improved Property" shall mean any property located within this Borough upon which there is erected a structure intended for continuous or periodic habitation,

occupancy or use by human beings or animals and from which structure Sanitary Sewage and/or Industrial Wastes shall be or may be discharged.

E. "Industrial Wastes" shall mean any solid, liquid or gaseous substance or water borne wastes or form of energy rejected or escaping in the course of any industrial, manufacturing, trade or business process or in the course of the development, recovery or processing of natural resources, as distinct from Sanitary Sewage.

F. "Lateral" shall mean that part of the Sewer System extending from a Sewer to the curb line or, if there shall be no curb line, to the property line or, if no such Lateral shall be provided, then "Lateral" shall mean that portion of, or place in, a Sewer which is provided for connection of any Building Sewer.

G. "Owner" shall mean any Person vested with ownership, legal or equitable, sole or partial, of any Improved Property.

H. "Person" shall mean any individual, partnership, company, association, society, corporation or other group or entity.

I. "Sanitary Sewage" shall mean normal water-carried household and toilet wastes from any Improved Property.

J. "Sewer" shall mean any pipe, main or conduit constituting a part of the Sewer System used or useable for sewage collection purposes.

K. "Sewer System" shall mean all facilities, as of any particular time, for collecting, transporting, pumping, treating and/or disposing of Sanitary Sewage and Industrial Wastes, situate in or adjacent to this Borough and owned, maintained and operated by the Authority.

ARTICLE II

USE OF PUBLIC SEWERS REQUIRED

SECTION 2.01. The Owner of any Improved Property benefited, improved or accommodated by a Sewer shall connect such

Improved Property with such Sewer, in such manner as this Borough may require, within 45 days after notice to such Owner from this Borough to make such connection, for the purpose of discharge of all Sanitary Sewage and Industrial Wastes from such Improved Property, subject to such limitations and restrictions as shall be established herein or as otherwise shall be established by this Borough or the Authority, from time to time.

SECTION 2.02. All Sanitary Sewage and Industrial Wastes from any Improved Property, after connection of such Improved Property with a Sewer shall be required under Section 2.01, shall be conducted into a Sewer, subject to such limitations and restrictions as shall be established herein or as otherwise shall be established by this Borough or the Authority, from time to time.

SECTION 2.03. No Person shall place or deposit or permit to be placed or deposited upon public or private property within this Borough any Sanitary Sewage or Industrial Wastes in violation of Section 2.01.

No Person shall discharge or permit to be discharged to any natural outlet within this Borough any Sanitary Sewage or Industrial Wastes in violation of Section 2.01, except where suitable treatment has been provided which is satisfactory to this Borough and the Authority.

SECTION 2.04. No privy vault, cesspool, sinkhole, septic tank or similar receptacle shall be used or maintained at any time upon any Improved Property which has been connected to a Sewer or which shall be required under Section 2.01 to be connected to a Sewer.

Every such privy vault, cesspool, sinkhole, septic tank or similar receptacle in existence shall be abandoned and, at the discretion of this Borough, shall be cleansed and filled at the expense of the Owner of such Improved Property and under the direction and supervision of this Borough; and any such privy vault, cesspool, sinkhole, septic tank or similar receptacle not so abandoned and, if required by this Borough, cleansed and filled, shall constitute a nuisance and such nuisance may be abated as provided by law, at the expense of the Owner of such Improved Property.

SECTION 2.05. No privy vault, cesspool, sinkhole, septic tank or similar receptacle at any time shall be connected with a Sewer.

SECTION 2.06. The notice by this Borough to make a connection to a Sewer, referred to in Section 2.01, shall consist of a copy of this Ordinance, including any amendments and/or supplements at the time in effect, or a summary of each Section hereof,

and a written or printed document requiring the connection in accordance with the provisions of this Ordinance and specifying that such connection shall be made within 45 days from the date such notice is given. Such notice may be given at any time after a Sewer is in place which can receive and convey Sanitary Sewage and Industrial Wastes for treatment and disposal from the particular Improved Property. Such notice shall be served upon the Owner either by personal service or by registered mail or by such other method as at the time may be provided by law.

ARTICLE III

BUILDING SEWERS AND CONNECTIONS

SECTION 3.01. Except as otherwise provided in this Section 3.01, each Improved Property shall be connected separately and independently with a Sewer through a Building Sewer. Grouping of more than one Improved Property on one Building Sewer shall not be permitted except under special circumstances and for good sanitary reasons or other good cause shown and then only after special permission of this Borough and the Authority, in writing, shall have been secured and subject to such rules, regulations and conditions as may be prescribed by this Borough or the Authority.

SECTION 3.02. All costs and expenses of construction of a Building Sewer and all costs and expenses of connection of a

Building Sewer to a Sewer, including testing, shall be borne by the Owner of the Improved Property to be connected; and such Owner shall indemnify and save harmless this Borough and the Authority from all loss or damage that may be occasioned, directly or indirectly, as a result of construction of a Building Sewer or of connection of a Building Sewer to a Sewer.

SECTION 3.03. A Building Sewer shall be connected to a Sewer at the place designated by the Authority and where the Lateral is provided. The invert of a Building Sewer at the point of connection shall be the same or a higher elevation than the invert of the Sewer. A smooth, neat joint shall be made and the connection of a Building Sewer to the Lateral shall be made secure and watertight.

SECTION 3.04. If the Owner of any Improved Property benefited, improved or accommodated by a Sewer, after 45 days' notice from this Borough requiring the connection of such Improved Property with a Sewer, in accordance with Section 2.01, shall fail to connect such Improved Property, as required, this Borough may make such connection and may collect from such Owner the costs and expenses thereof by a municipal claim, an action in assumpsit or such other legal proceeding as may be permitted by law.

ARTICLE IV
RULES AND REGULATIONS GOVERNING
BUILDING SEWERS AND CONNECTIONS TO SEWERS

SECTION 4.01. Where an Improved Property, at the time connection to a Sewer is required, shall be served by its own sewage disposal system or device, the existing house sewer line shall be broken on the structure side of such sewage disposal system or device and attachment shall be made, with proper fittings, to continue such house sewer line, as a Building Sewer.

SECTION 4.02. No Building Sewer shall be covered until it has been inspected and approved by the Authority. If any part of a Building Sewer is covered before so being inspected and approved, it shall be uncovered for inspection at the cost and expense of the Owner of the Improved Property to be connected to a Sewer.

SECTION 4.03. Every Building Sewer of any Improved Property shall be maintained in a sanitary and safe operating condition by the Owner of such Improved Property.

SECTION 4.04. Every excavation for a Building Sewer shall be guarded adequately with barricades and lights to protect all Persons from damage and injury. Streets, sidewalks and all

other public property disturbed in the course of installation of a Building Sewer shall be restored, at the cost and expense of the Owner of the Improved Property being connected, in a manner satisfactory to this Borough and the Authority.

SECTION 4.05. If any Person shall fail or refuse, upon receipt of a notice from this Borough or the Authority, in writing, to remedy any unsatisfactory conditions with respect to a Building Sewer, within 45 days of receipt of such notice, this Borough or the Authority may refuse to permit such Person to discharge Sanitary Sewage and Industrial Wastes into the Sewer System until such unsatisfactory conditions shall have been remedied to the satisfaction of this Borough and the Authority.

SECTION 4.06. This Borough reserves the right to adopt, from time to time, additional rules and regulations as it shall deem necessary and proper relating to connections with a Sewer and the Sewer system, which additional rules and regulations, to the extent appropriate, shall be and shall be construed as a part of this Ordinance.

ARTICLE V
ENFORCEMENT

SECTION 5.01. Any Person who shall violate this Ordinance shall be liable, upon summary conviction for a first offense and upon summary conviction for each subsequent offense, to a fine of not less than \$15 nor more than \$25, together with costs of prosecution in each case. Each day that a violation shall continue shall be deemed and shall be taken to be a separate offense and shall be punishable as such.

SECTION 5.02. Fines and costs imposed under provisions of this Ordinance shall be enforceable and recoverable in the manner at the time provided by applicable law.

ARTICLE VI
EFFECTIVE DATE

SECTION 6.01. This Ordinance shall become effective as provided by law.

ARTICLE VII
SEVERABILITY

SECTION 7.01. In the event that any provisions, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provisions, section, sentence, clause or part of this Ordinance, it being the intent of this Borough that such remainder shall be and shall remain in full force and effect.

ARTICLE VIII
DECLARATION OF PURPOSE

SECTION 8.01. It is declared that the enactment of this Ordinance is necessary for the protection, benefit and preservation of the health, safety and welfare of the inhabitants of this Borough.

ARTICLE IX
REPEALER

SECTION 9.01. All ordinances or parts of ordinances inconsistent herewith expressly are repealed.

CERTIFICATE

I, the undersigned, Secretary of the Borough of McEwensville, Northumberland County, Pennsylvania (the "Borough"), certify that the foregoing is a true and correct copy of an Ordinance of the Council of the Borough which was duly enacted by affirmative vote of a majority of the members of the Council of the Borough at an open public meeting duly held after notice required by law on April 6, 1983; that said Ordinance was examined and approved by the Mayor of the Borough on April 6, 1983; that said Ordinance has been duly recorded in the Ordinance Book of the Borough; that said Ordinance was duly published as required by law; and that said Ordinance remains in effect, unaltered and unamended, as of the date of this Certificate.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Borough, this 22nd day of September, 1983.

Susan Woodland
Secretary

(SEAL)

DULY ENACTED AND ORDAINED this 6th day of April, 1983,
by the Council of the Borough of McEwensville, Northumberland
County, Pennsylvania, in lawful session duly assembled.

BOROUGH OF McEWENSVILLE,
Northumberland County, Pennsylvania

ATTEST:

By: /s/ Thornton W. Moser
President of Council

/s/ Susan Woodland
Secretary

(SEAL)

EXAMINED AND APPROVED this 6th day of April, 1983.

/s/ Robert A. Callenberger
Mayor

ORDINANCE NO. 91

An Ordinance amending Article II, Section 2.01 and 2.06; and Article III, Section 3.04 of the Mandatory Connection Ordinance of the Borough of McEwensville enacted the 6th day of April, 1983;

WHEREAS, the Borough of McEwensville enacted a mandatory connection ordinance for the sewer system operated by the McEwensville Municipal Authority on the 6th day of April, 1983; and

WHEREAS, the Borough Council is desirous of amending said Ordinance because they believe that it is in the best interests of the Borough and its inhabitants that the Ordinance be amended to change the time period requiring connection of properties to the said sewer system from 45 days to 90 days after notice to connect is given.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED by the Borough of McEwensville and it is hereby enacted and ordained by the Authority of the same:

1. Article II, Section 2.01 is hereby amended and changed to read as follows:

"The Owner of any Improved Property benefited, improved or accommodated by a Sewer shall connect such Improved Property with such Sewer, in such manner as this Borough may require, within 90 days after notice to such Owner from this Borough to make

such connection, for the purpose of discharge of all Sanitary Sewage and Industrial Wastes from such Improved Property, subject to such limitations and restrictions as shall be established herein or as otherwise shall be established by this Borough or the Authority, from time to time."

2. Article II, Section 2.06 is hereby amended and changed to read as follows:

"The notice by this Borough to make connection to a Sewer, referred to in Section 2.01, shall consist of a copy of this Ordinance, including any amendments and/or supplements at the time in effect, or a summary of each Section hereof, and a written or printed document requiring the connection in accordance with the provisions of this Ordinance and specifying that such connection shall be made within 90 days from the date such notice is given. Such notice may be given at any time after a Sewer is in place which can receive and convey Sanitary Sewage and Industrial Wastes for treatment and disposal from the particular Improved Property. Such notice shall be served upon the Owner either by personal service or by registered mail or by such other method as at the time may be provided by law."

3. Article III, Section 3.04 is hereby amended and changed to read as follows:

"If the Owner of any Improved Property benefited, improved or accommodated by a Sewer, after 90 days' notice from this Borough requiring the connection of such Improved Property with a Sewer, in accordance with Section 2.01, shall fail to connect such Improved Property, as required, this Borough may make such connection and may collect from such Owner the costs and expenses thereof by a municipal claim, an action in assumpsit or such other legal proceeding as may be permitted by law."

4. All other provisions of said Ordinance shall remain in full force and effect.

3-

Enacted and ordained into an Ordinance this 4th day of
April, 1984.

BOARD OF McEWENSVILLE

ATTEST:

Clinton W. Proser
President of Council

Susan Woodland
Secretary

Approved the 4th day of April, 1984.

Robert Hatterberger
Mayor

A-33 Attachment

ANNUAL REPORT OF MUNICIPAL AUTHORITIES 2014
 Commonwealth of Pennsylvania
 Department of Community and Economic Development
 Governor's Center for Local Government Services
 4th Floor Commonwealth Keystone Building
 Harrisburg, Pennsylvania 17120-0225
 1-888-223-6837
 FAX # 717-783-1402

FACE SHEET

| | Current Information | Corrected Information |
|------------------------|-------------------------------------|-----------------------|
| Authority Name | MCEWENSVILLE MUNICIPAL AUTHORITY | _____ |
| Authority Address | P O BOX 50 | _____ |
| | MCEWENSVILLE, PA | _____ |
| | 17749 | _____ |
| Telephone Number | (570) 538-1020 | _____ |
| Fax Number | | _____ |
| Name of Contact Person | STEVEN J FISHER | _____ |
| E-Mail Address | | _____ |
| Title | CHAIRMAN | _____ |

Filing Status

1 Active

2 Inactive

5 Terminated

Authority Type

04 Sewer

05 Water

Date Authority Organized (year) 1976

Fiscal Year Ends (month/day) 12/31

Date Authority Terminates (year) 2026

Number of Employees

(full time equivalent) 0

(part time equivalent) 3

SIGNATURE _____

TITLE _____

PHONE (____) _____

(SEE REVERSE SIDE FOR GEOGRAPHICAL AREAS SERVED BY AUTHORITY)

Geographical Areas Served

Mun Code
490423

Municipal Name
MCEWENSVILLE BORO

County
NORTHUMBERLAND

OPERATING AUTHORITIES BALANCE SHEET
FISCAL YEAR ENDING DEC 2014

| | | |
|---------------------------------------|--------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | <u>154,205</u> | |
| Investments | <u> </u> | |
| Accounts receivable | <u>14,359</u> | |
| Inventories | <u> </u> | |
| Other current assets | <u>2,978</u> | |
| TOTAL CURRENT ASSETS | | <u>171,542</u> |
| RESTRICTED ASSETS/TRUST FUNDS | | <u>22,771</u> |
| DEFERRED CHARGES | | <u> </u> |
| FIXED ASSETS | | |
| Property, plant & equipment, at cost | <u>1,682,186</u> | |
| Less accumulated depreciation | <u>(1,414,130)</u> | |
| Construction work in progress | <u> </u> | |
| Other fixed assets | <u> </u> | |
| NET FIXED ASSETS | | <u>268,056</u> |
| TOTAL ASSETS | | <u>462,369</u> |
| LIABILITIES AND FUND EQUITY | | |
| Accounts payable | <u>2,372</u> | |
| Accrued payroll & withholdings | <u>1,522</u> | |
| Accrued interest payable | <u>1,529</u> | |
| Current portion of long-term debt | <u>14,734</u> | |
| Other current liabilities Escrow | <u>11,490</u> | |
| TOTAL CURRENT LIABILITIES | | <u>31,647</u> |
| LONG-TERM DEBT – less current portion | | <u>74,751</u> |
| TOTAL LIABILITIES | | <u>106,398</u> |
| FUND EQUITY | | |
| CONTRIBUTED CAPITAL | | |
| Governmental grants | <u> </u> | |
| Other contributions | <u> </u> | |
| TOTAL CONTRIBUTED CAPITAL | | <u> </u> |
| RETAINED EARNINGS | | |
| Reserved | <u>19,027</u> | |
| Unreserved | <u>336,944</u> | |
| TOTAL RETAINED EARNINGS | | <u>355,971</u> |
| TOTAL FUND EQUITY | | <u>355,971</u> |
| TOTAL LIABILITIES & FUND EQUITY | | <u>462,369</u> |

SEWER
OPERATING AUTHORITIES
STATEMENT OF INCOME AND EXPENDITURES

OPERATING REVENUES

| | | |
|--------------------------------------|-------------------|---------------|
| Sale of Services/user charges | <u>93,499</u> | |
| Operating Grants - State | <u> </u> | |
| - Federal | <u> </u> | |
| Local government operating subsidies | <u> </u> | |
| Interest income | <u>78</u> | |
| Other operating revenues | <u> </u> | |
| TOTAL OPERATING REVENUES | | <u>93,577</u> |

OPERATING EXPENSES

| | | |
|---------------------------------|-------------------|---------------|
| Cost of sales and services | <u> </u> | |
| Administration - Salaries | <u>3,600</u> | |
| - Other Costs | <u>7,280</u> | |
| Depreciation | <u>5,839</u> | |
| Other operating expenses | <u>50,964</u> | |
| TOTAL OPERATING EXPENSES | | <u>67,683</u> |
| OPERATING INCOME (LOSS) | | <u>25,894</u> |

NONOPERATING REVENUES

| | | |
|----------------------------------|-------------------|---------------|
| Capital Grants - State | <u> </u> | |
| - Federal | <u> </u> | |
| Proceeds of sale of fixed assets | <u> </u> | |
| Proceeds of borrowings | <u> </u> | |
| Other nonoperating revenues | <u>89,830</u> | |
| TOTAL NONOPERATING REVENUES | | <u>89,830</u> |

NONOPERATING EXPENSES

| | | |
|---------------------------------------|-------------------|---------------|
| Debt service payments (interest only) | <u> </u> | |
| Constructions/extension of system | <u> </u> | |
| Major equipment purchased | <u> </u> | |
| Other nonoperating expenses | <u> </u> | |
| TOTAL NONOPERATING EXPENSES | | <u>89,830</u> |

TOTAL NONOPERATING REVENUE (LOSS)

89,830

NET INCOME BEFORE EXTRAORDINARY ITEMS

115,724

EXTRAORDINARY GAIN (LOSS)

NET INCOME

115,724

RETAINED EARNINGS (beginning of year)

see

RETAINED EARNINGS (end of year)

Attached

WATER
OPERATING AUTHORITIES
STATEMENT OF INCOME AND EXPENDITURES

OPERATING REVENUES

| | |
|--------------------------------------|-------------------|
| Sale of Services/user charges | <u>46,863</u> |
| Operating Grants - State | <u> </u> |
| - Federal | <u> </u> |
| Local government operating subsidies | <u> </u> |
| Interest income | <u>82</u> |
| Other operating revenues | <u> </u> |

TOTAL OPERATING REVENUES

46,945

OPERATING EXPENSES

| | |
|---------------------------------|-------------------|
| Cost of sales and services | <u> </u> |
| Administration - Salaries | <u>3,600</u> |
| - Other Costs | <u>7,280</u> |
| Depreciation | <u>4,739</u> |
| Other operating expenses | <u>22,416</u> |

TOTAL OPERATING EXPENSES

38,035

OPERATING INCOME (LOSS)

8,910

NONOPERATING REVENUES

| | |
|----------------------------------|-------------------|
| Capital Grants - State | <u> </u> |
| - Federal | <u> </u> |
| Proceeds of sale of fixed assets | <u> </u> |
| Proceeds of borrowings | <u> </u> |
| Other nonoperating revenues | <u>66,113</u> |

TOTAL NONOPERATING REVENUES

66,113

NONOPERATING EXPENSES

| | |
|---------------------------------------|-------------------|
| Debt service payments (interest only) | <u> </u> |
| Constructions/extension of system | <u> </u> |
| Major equipment purchased | <u> </u> |
| Other nonoperating expenses | <u> </u> |

TOTAL NONOPERATING EXPENSES

TOTAL NONOPERATING REVENUE (LOSS)

66,113

NET INCOME BEFORE EXTRAORDINARY ITEMS

75,023

EXTRAORDINARY GAIN (LOSS)

NET INCOME

75,023

RETAINED EARNINGS (beginning of year)

See

RETAINED EARNINGS (end of year)

Attached

MCEWENSVILLE MUNICIPAL AUTHORITY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board Members
McEwensville Municipal Authority
McEwensville, PA

Report on the Financial Statements

We have audited the accompanying financial statements of the

McEwensville Municipal Authority,

a component unit of the Borough of McEwensville, PA as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority'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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the McEwensville Municipal Authority as of December 31, 2014, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

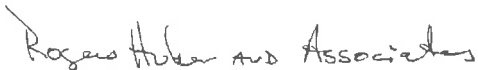
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McEwensville Municipal Authority's basic financial statements. The Schedule of Revenue and Expenses by Service Type is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This Schedule 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, based on our audit, the procedures performed as described above, the Schedule of Revenue and Expenses by Service Type is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2014, on our consideration of the McEwensville Municipal Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the McEwensville Municipal Authority's internal control over financial reporting and compliance.



Lewisburg, PA
May 27, 2015

BASIC FINANCIAL STATEMENTS

MCEWENSVILLE MUNICIPAL AUTHORITY

Statement of Net Position

December 31, 2014

| | <u>Proprietary Fund</u> |
|--|-----------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents - unrestricted | 154,205 |
| Accounts Receivable - Customers, net of allowance | 14,359 |
| Prepaid Insurance | 2,978 |
| Total Current Assets | <u>171,542</u> |
| Property, Plant and Equipment | |
| Buildings and Improvements | 1,530,406 |
| Plant and Office Equipment | 151,780 |
| Less: Accumulated Depreciation | <u>(1,414,130)</u> |
| Net Property, Plant and Equipment | 268,056 |
| Restricted Assets | |
| Deposits - restricted for debt service | <u>22,771</u> |
| Total Assets | <u>462,369</u> |
| LIABILITIES | |
| Current Liabilities | |
| Current Portion of Long-Term Debt | 14,734 |
| Accounts Payable | 2,372 |
| Interest Payable | 1,529 |
| Payroll and Taxes Withheld/Accrued | 1,522 |
| Total Current Liabilities | <u>20,157</u> |
| Long-Term Liabilities | |
| Long-Term Debt, Net of Current Portion | 74,751 |
| Escrow Liabilities | <u>11,490</u> |
| Total Liabilities | <u>106,398</u> |
| NET POSITION | |
| Invested in Capital Assets, Net of Related Debt | 178,571 |
| Restricted for Debt Service | 19,027 |
| Unrestricted | <u>158,373</u> |
| Total Net Position | <u><u>355,971</u></u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

MCEWENSVILLE MUNICIPAL AUTHORITY

Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2014

| | Proprietary Fund |
|---|-----------------------|
| OPERATING REVENUES | |
| Customer Rentals | 137,223 |
| Penalties | 2,239 |
| Meter Sales | 900 |
| Interest Income | 160 |
| Total Operating Revenues | <u>140,522</u> |
| OPERATING EXPENSES | |
| Advertising | 100 |
| Audit | 4,050 |
| Bad Debt | 600 |
| Consultation | 1,800 |
| Depreciation | 10,578 |
| Electricity | 11,539 |
| Insurance and Bonding | 5,821 |
| Interest Expense | 5,052 |
| Land Lease | 100 |
| Legal | 7,700 |
| Office Supplies and Postage | 2,754 |
| Payroll Taxes | 1,840 |
| Permits and Fees | 904 |
| Plant Supplies | 1,135 |
| Repair and Maintenance | 6,407 |
| Wages and Contract Labor | 39,982 |
| Telephone | 1,243 |
| Testing | 4,068 |
| Miscellaneous | 45 |
| Total Operating Expenses | <u>105,718</u> |
| Net Operating Revenue | 34,804 |
| NON-OPERATING INCOME | |
| Interest | <u>143</u> |
| Income Before Contributions | 34,947 |
| CAPITAL CONTRIBUTIONS | |
| Developer Dedication of Water and Sewer Lines | <u>155,800</u> |
| Increase in Net Position | 190,747 |
| Net Position - Beginning of Year | <u>165,224</u> |
| Net Position - End of Year | <u><u>355,971</u></u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

MCEWENSVILLE MUNICIPAL AUTHORITY

Statement of Cash Flows
For the Year Ended December 31, 2014

| | <u>Proprietary Fund</u> |
|---|-----------------------------|
| Cash Flows From Operating Activities: | |
| Cash Received from Customers | 139,171 |
| Other Operating Receipts | 3,299 |
| Payments for Goods and Services | (50,374) |
| Payments for Contract Labor, Employees and Related Taxes | (40,052) |
| Transfers from Restricted Accounts | 13 |
| Net Cash Provided By Operating Activities | <u>52,057</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Purchase of New Assets | (1,540) |
| Interest Paid | (5,052) |
| Repayment of Debt | (15,348) |
| Net Cash (Used) By Investing Activities | <u>(21,940)</u> |
| Rounding | 3 |
| Cash and Cash Equivalents at Beginning of Period | <u>124,085</u> |
| Cash and Cash Equivalents at End of Period | <u><u>154,205</u></u> |
| <u>Reconciliation of Operating Income to Net Cash Provided by/(Used for) Operating Activities</u> | |
| Operating Income | 34,804 |
| Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities | |
| Depreciation | 10,578 |
| Interest Expense | 5,052 |
| (Increase) Decrease In: | |
| Accounts Receivable | 1,948 |
| Increase (Decrease) In: | |
| Accounts Payable | (268) |
| Accrued Payroll and Payroll Taxes | (70) |
| Interest on and Net Change in Reserve | 13 |
| Net Cash Provided By Operating Activities | <u><u>52,057</u></u> |
| <u>Non-cash investing activities</u> | |
| Developers Dedication of Water and Sewer Lines | <u><u>155,800</u></u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The McEwensville Municipal Authority (the Authority) is a Pennsylvania Corporation incorporated under the Pennsylvania Municipal Authorities Act.

The *Governmental Accounting Standards Board (GASB)* provides guidance on defining component units. Component units are separate governmental units or not-for-profit entities which are required to be included in the financial statements of the reporting entity. The Authority has considered this guidance and has identified no component units that require inclusion in these financial statements. Accordingly, these statements reflect only the accounts of the Authority.

The Authority was formed November 24, 1972 to provide water and sewer services to the Borough of McEwensville, and is itself a component unit of the Borough.

The following significant accounting policies were applied in the preparation of these financial statements.

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with generally accepted accounting standards as applied to governmental units. The *Government Accounting Standards Board (GASB)* is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting standards. The GASB has issued codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments.

The Authority is defined by *GASB* as a special purpose government engaged only in business type activities. The basic financial statements required for this type of government include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flow
- Notes to the financial statements

Fund Accounting

The Authority uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Authority has just one fund which is an enterprise fund. An enterprise fund is a type of proprietary fund. Enterprise funds are used to account for activities that are operated with the intent that the cost of providing goods or services on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus and Basis of Accounting

Enterprise funds are reported using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, service revenues are recognized in the accounting period in which they are earned. Expenses are recorded when obligations to pay for goods or services are incurred.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Definition of Operating Income

The Authority defines amounts received for services and interest on un-restricted cash accounts as operating revenue. Operating expenses included all expenditures and accruals other than capital expenditures and principal payments on debt.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Authority considers all highly liquid debt instruments purchased with original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Authority has established an allowance for doubtful accounts of \$600 based on review of accounts outstanding at December 31 and consideration of collections in 2015.

Fixed Assets

All of the Authority's capital assets (property, plant and equipment) are valued at historical cost. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. However, replacement parts and costs of normal maintenance or repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The Authority's property, plant and equipment are being depreciated using the straight-line method over the expected economic useful life of the asset, as determined by management. Buildings and Equipment have useful lives of 5 to 25 years, and Plant and Office Equipment have useful lives of 5 to 40 years.

Use of Restricted and Unrestricted Assets

As described in Note 5, the Authority maintains cash accounts that are restricted under the terms of their debt agreements. It is the Authority's policy to use unrestricted assets, before using these restricted assets, when making debt service payments.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through May 27, 2015 which is the date that these financial statements were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS

The Municipal Authorities Act defines how the Authority is permitted to invest. Allowable investments include:

- United States Treasury bills
- Obligations of the United States Government or its agencies or instrumentalities
- Obligations of the Commonwealth
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured and for any amounts above the insurance maximum if the approved collateral as provided by law shall be pledged by the depository
- Shares of a registered investment company if the only investments of that company are in the authorized investments for Authority funds above
- Sovereign debt if the instrument is dollar denominated and other specified conditions are met

All Authority funds are on deposit with FDIC insured financial institutions.

Deposit Risks

GASB requires that the Authority disclose information about risks associated with its deposits. Deposits with financial institutions are exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority has no policy regarding management of custodial risk. However, during 2014 all deposits were within FDIC limits.

NOTE 3 – CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended December 31, 2014 was as follows –

| | Cost 12/31/2013 | Additions 2014 | Dispositions 2014 | Cost 12/31/2014 |
|---|--------------------|-------------------|----------------------|--------------------|
| Capital Assets, Not Being Depreciated - | | | | |
| None | - | - | - | - |
| Capital Assets, Being Depreciated - | | | | |
| Buildings and Improvements | 1,374,606 | 155,800 | - | 1,530,406 |
| Plant and Office Equipment | 152,651 | 1,540 | (2,411) | 151,780 |
| Total Assets Being Depreciated | 1,527,257 | 157,340 | (2,411) | 1,682,186 |
| Less Accumulated Depreciation For - | | | | |
| Buildings and Improvements | 1,074,339 | 7,515 | (2,411) | 1,079,443 |
| Plant and Office Equipment | 331,623 | 3,064 | - | 334,687 |
| Total Accumulated Depreciation | 1,405,962 | 10,579 | (2,411) | 1,414,130 |
| Total Net Capital Assets | 121,295 | 146,761 | - | 268,056 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – LONG-TERM DEBT

The following summarizes general long-term debt activity for the year ended December 31, 2014 –

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Current Maturities</u> |
|--------------------------------------|------------------------------|------------------|-------------------|---------------------------|-------------------------------|
| Sewer Revenue Bonds - Series 1983 | 84,921 | - | (9,268) | 75,653 | 9,010 |
| Water Revenue Bonds - Series 1978 | 19,912 | - | (6,080) | 13,832 | 5,724 |
| Total Long-Term Debt | 104,833 | - | (15,348) | 89,485 | 14,734 |

Scheduled maturities, net of advance payments, and interest rates are as follows:

Sewer Revenue Bonds - Series 1983

| | 5% | | |
|--------------|-----------------|------------------|---------------|
| <u>Due</u> | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
| 2015 | 3,671 | 9,010 | 12,681 |
| 2016 | 3,215 | 9,466 | 12,681 |
| 2017 | 2,735 | 9,946 | 12,681 |
| 2018 | 2,232 | 10,449 | 12,681 |
| 2019 | 1,703 | 10,978 | 12,681 |
| 2020-2022 | 1,765 | 25,804 | 27,569 |
| Total | 15,321 | 75,653 | 90,974 |

Water Revenue Bonds - Series 1978

| | 5% | | |
|--------------|-----------------|------------------|---------------|
| <u>Due</u> | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
| 2015 | 622 | 5,724 | 6,346 |
| 2016 | 332 | 6,014 | 6,346 |
| 2017 | 52 | 2,094 | 2,146 |
| Total | 1,006 | 13,832 | 14,838 |

The Authority has made advance payments of principal. The schedules above reflect those advance payments, while assuming that the originally scheduled annual installments of \$12,681 (Sewer) and \$6,346 (Water) will be made in each of the coming years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – RESTRICTED NET POSITION

The Authority's debt agreements require cash reserve accounts be established representing at least one year debt service requirements as follows:

| | |
|------------------------|---------------|
| Sewer Debt | 12,681 |
| Water Debt | <u>6,346</u> |
| Total Reserve Required | <u>19,027</u> |

As of December 31, 2014, the Authority satisfied these reserve requirements with the following accounts:

| | |
|--------------------------------|---------------|
| Certificate of Deposit - Sewer | 16,271 |
| A portion of savings - Water | <u>6,500</u> |
| Total Reserve | <u>22,771</u> |

NOTE 6 – OPERATING LEASES

The Authority is obligated under a lease ending on July 13, 2023. The rental expense is \$100 per year for each year of the lease term. At December 31, 2014 the future minimum rental payments required in the aggregate are \$800.

NOTE 7 – RISK MANAGEMENT

The Authority is exposed to various risk of loss related to theft of, damage to, and destruction of assets, errors and omissions, and natural disaster. The Authority has purchase various insurance policies to safeguard its assets from risk of loss. Insurance coverage is consistent with previous years. No settlements exceeded insurance coverage during the last three years.

NOTE 8 – TRANSFER OF OPERATIONS

The Authority and PA American Water have signed an agreement by which the Authority will sell its water and sewer operating assets to PA American Water upon approval of the sale by the PA Utilities Commission. Approval of the sale is expected in 2015. The Authority will then cease water and sewer operations and will request that the Borough terminate its existence. All remaining Authority assets will then revert to the Borough.

OTHER INFORMATION

MCEWENSVILLE MUNICIPAL AUTHORITY

Schedule of Revenues and Expenses

By Service Type

For the Year Ended December 31, 2014

| | Water Services | Sewer Services | Total |
|------------------------------|-------------------|-------------------|----------------|
| OPERATING REVENUES | | | |
| Customer Rentals | 45,063 | 92,160 | 137,223 |
| Penalties | 900 | 1,339 | 2,239 |
| Meter Sales | 900 | - | 900 |
| Interest Income | 82 | 78 | 160 |
| Total Operating Revenues | <u>46,945</u> | <u>93,577</u> | <u>140,522</u> |
| OPERATING EXPENSES | | | |
| Advertising | 50 | 50 | 100 |
| Audit | 2,025 | 2,025 | 4,050 |
| Bad Debt | - | 600 | 600 |
| Consultation | 900 | 900 | 1,800 |
| Depreciation | 4,739 | 5,839 | 10,578 |
| Electricity | 3,348 | 8,191 | 11,539 |
| Insurance and Bonding | 2,911 | 2,910 | 5,821 |
| Interest Expense | 920 | 4,132 | 5,052 |
| Land Lease | - | 100 | 100 |
| Legal and Accounting | 3,850 | 3,850 | 7,700 |
| Office Supplies and Postage | 1,399 | 1,355 | 2,754 |
| Payroll Taxes | 994 | 846 | 1,840 |
| Permits and Fees | 125 | 779 | 904 |
| Plant Supplies | 263 | 872 | 1,135 |
| Repair and Maintenance | 2,937 | 3,470 | 6,407 |
| Wages and Contracted Labor | 12,724 | 27,258 | 39,982 |
| Telephone | 592 | 651 | 1,243 |
| Test | 236 | 3,832 | 4,068 |
| Miscellaneous | 22 | 23 | 45 |
| Total Operating Expenses | <u>38,035</u> | <u>67,683</u> | <u>105,718</u> |
| Net Operating Income | 8,910 | 25,894 | 34,804 |
| NON-OPERATING INCOME | | | |
| Interest | 13 | 130 | 143 |
| Income Before Contributions | 8,923 | 26,024 | 34,947 |
| CAPITAL CONTRIBUTIONS | | | |
| Developer Dedications | 66,100 | 89,700 | 155,800 |
| Increase in Net Position | <u>75,023</u> | <u>115,724</u> | <u>190,747</u> |



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board Members
McEwensville Municipal Authority
McEwensville, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the McEwensville Municipal Authority, a component unit of the Borough of McEwensville, PA as of and for the year ended December 31, 2014, and have issued our report thereon dated May 27, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the McEwensville Municipal Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the McEwensville Municipal Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the McEwensville Municipal Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we identified a deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the McEwensville Municipal Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

McEwensville Municipal Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers Hulen and Associates

Lewisburg, PA
May 27, 2015

McEwensville Municipal Authority

Schedule of Findings and Responses
For the Year Ended December 31, 2014

Finding 2014-1

Criteria: In designing and implementing internal control over financial reporting, procedures should be in place to assure that all transactions are recorded in the financial statements.

Condition: Generally accepted accounting principles for governmental entities require that the estimated value of lines dedicated to the government be recognized. These amounts were not recognized by the Authority.

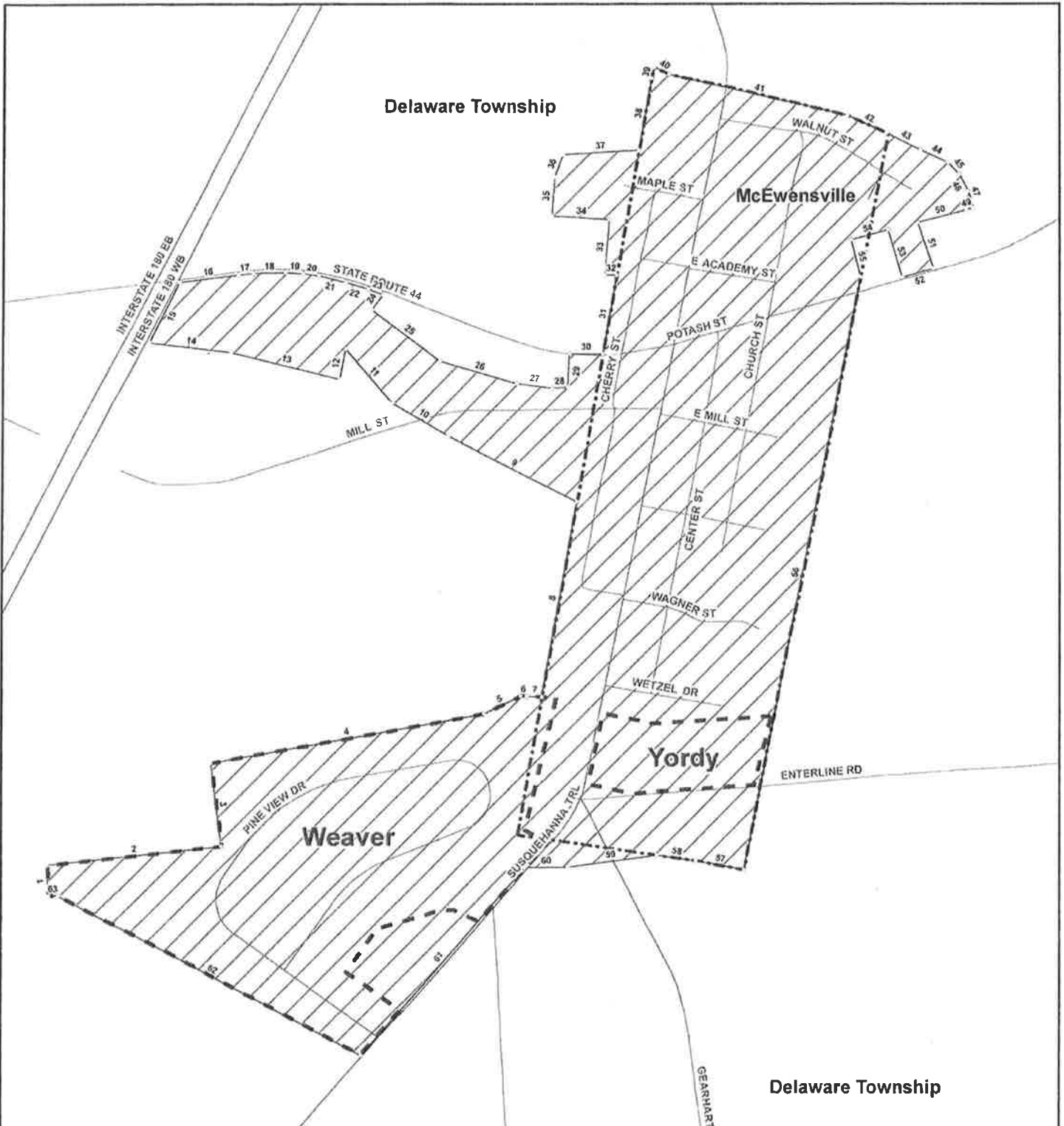
Cause: The Authority was not aware of this requirement.

Effects: Fixed assets and revenues were understated \$155,800.

Recommendation: We recommend that such amounts be recognized if additional dedications are received.

Authority Response: The Authority agrees that dedications should be recorded. However, in light of the pending sale of Authority assets and discontinuation of operations, this circumstance will not recur.

A-36 Attachment



Municipal Boundary Source: Plans received from McEwensville Borough

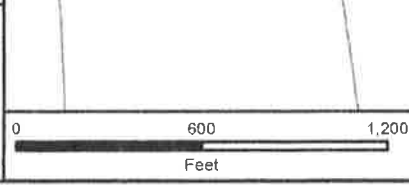
Pennsylvania American Water Company
Milton Operating Area
Proposed Service Area - McEwensville Wastewater System
Approximately 142.5 Total Acres
McEwensville Borough & Delaware Township,
Northumberland County



Legend

- Proposed McEwensville Wastewater Service Area
- Sub-Division (Based on Parcel Data)
- Municipality

DO NOT USE FOR REFERENCE ONLY
 Although every effort has been made to ensure the accuracy of the information, errors and omissions originating from original sources or from the data used in this project may occur. The user assumes all liability for any use of this information.



Disclaimer: Bearings and distances were not developed as a result of physical survey completed by a Professional Licensed Survey, but instead completed through employment of ESRI's ArcGIS COGO tool
 * Bearings and Distances attached separately.

A-37 Attachment

DEED OF EASEMENT AND RIGHT OF WAY
(AND CONSENT OF MORTGAGEE, if applicable)

THIS INDENTURE, made this _____ day of _____, 20___, by and between

hereinafter referred to as the "Grantor" and Pennsylvania-American Water Company, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, having an office for the transaction of business at _____, _____, Pennsylvania, hereinafter referred to as the "Grantee".

WITNESSETH

The Grantor, in consideration of the covenants and agreements hereinafter recited and the sum of _____ Dollars (\$_____), the receipt of which is hereby acknowledged, does hereby give, grant and convey unto the Grantee, its successors and assigns, forever, an easement and a free uninterrupted and unobstructed right of way, in, under, across and over the property of the Grantor, situate in City/Borough/Township of _____ in _____ County, Pennsylvania; said right of way to be _____ feet in width and to be _____ feet on each side of a center line described as follows: _____

or as shown on the sketch attached hereto and made a part hereof, if applicable, for the purpose of installing, laying, operating, maintaining, inspecting, removing, repairing, replacing, relaying and adding to from time to time pipe or pipes, with necessary fittings, appurtenances and attached facilities, including laterals and connections for the transmission and distribution of water.

Together with the right to the Grantee, its successors and assigns, to (i) enter in and upon the premises described above with men and machinery, vehicles and material at any and

all times for the purpose of maintaining, repairing, renewing or adding to the aforesaid water pipe lines and appurtenances, (ii) remove trees, bushes, undergrowth and other obstructions interfering with the activities authorized herein, and (iii) for doing anything necessary, useful or convenient for the enjoyment of the easement herein granted.

The right of the Grantor to freely use and enjoy its interest in the premises is reserved to Grantor, its successors and assigns insofar as the exercise thereof does not endanger or interfere with the construction, operation, and maintenance of Grantee's water pipe lines and attached facilities, except that no building, structure or similar improvements shall be erected within said easement, nor shall the grade or ground cover over Grantee's facilities be substantially altered, without the consent of the Grantee. Notwithstanding the foregoing, no other pipes or conduits shall be placed within ten (10) feet, measured horizontally, from the said water mains except pipes crossing same at right angles, in which latter case, a minimum distance of two (2) feet shall be maintained between the pipes. All sewer pipe shall be laid below the water mains. No excavation or blasting shall be carried on which in any way endangers or unreasonably interferes with the water pipe lines and attached facilities.

TO HAVE AND TO HOLD the above granted easement and right of way unto the same Grantee, its successors and assigns forever.

The Grantee agrees, by the acceptance of this Deed of Easement and Right of Way that, upon any opening made in connection with any of the purposes of this easement and right of way, said opening shall be backfilled and resurfaced to as nearly as possible the same condition as existed when said opening was made, provided that Grantee shall not be obligated to restore landscaping, other than resodding any grass which was removed upon entry, all such work to be done at the expense of the Grantee.

And the said Grantor does covenant with the said Grantee as follows:

1. That the Grantor is the owner in fee simple of the real estate hereby subjected to said easement and right of way, and has good title to convey the same, having acquired said real estate from _____, by deed dated _____, and recorded in the Office of the Recorder of Deeds of _____ County in Deed Book _____, Page _____ on the _____ day of _____, _____.

2. That the Grantee shall quietly enjoy the said easement and right of way.

3. That the premises hereby subjected to said easement and right of way are subject to no mortgages except _____
_____.

(If none, state "No Exceptions.") (If mortgages exist, have attached Consent and Agreement of Mortgagee executed.)

IN WITNESS WHEREOF, the Grantor has duly executed this INDENTURE, all as of the day and year first above written.

ATTEST/WITNESS:

GRANTOR

By _____

By _____

IN WITNESS WHEREOF, the Grantee has duly executed this INDENTURE, all as of the day and year first above written.

ATTEST:

GRANTEE
PENNSYLVANIA-AMERICAN WATER COMPANY

By _____

By _____

PIN/MAP # (if applicable)

(ACKNOWLEDGMENT FOR INDIVIDUAL - GRANTOR)

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF _____ } SS:

On this, the _____ day of _____, A.D., 20____, before me, a Notary Public, personally appeared, _____ known to me (or satisfactorily proven) to be the person(s) whose name is subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

In Witness Whereof, I hereunto set my hand and official seal.

Notary Public _____

My Commission expires: _____

(ACKNOWLEDGMENT FOR CORPORATE - GRANTOR)

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF _____ } SS:

On this, the _____ day of _____, A.D., 20____, before me, a Notary Public, personally appeared, _____ as _____ of the GRANTOR, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

In Witness Whereof, I have set my hand and official seal.

Notary Public _____

My Commission expires: _____

(ACKNOWLEDGMENT FOR PENNSYLVANIA-AMERICAN WATER COMPANY)

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF _____ } SS:

On this, the _____ day of _____, A.D., 20____, before me, a Notary Public, personally appeared, _____, known to me as _____ of PENNSYLVANIA-AMERICAN WATER COMPANY, a corporation, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

In Witness Whereof, I have set my hand and official seal.

Notary Public _____

My Commission expires: _____

CONSENT AND AGREEMENT OF MORTGAGEE (Para. 3 above, if applicable)

The undersigned, _____

Mortgagee under a mortgage dated _____, recorded in the office of the _____
of _____ County, in Book _____, Page _____, et seq., (hereinafter referred to as the
"Mortgagee") hereby joins in this Easement and Right of Way for the express purpose of subjecting to the
operation and effect of this Easement and Right of Way all of its right, title and interest under the
Mortgage and in and to the real property described in this Easement and Right of Way.

Nothing in the foregoing provisions of this Consent and Agreement of Mortgagee shall be
deemed in any way to create between any person or entity named in this Easement and Right of Way as
"Grantor" and the undersigned any relationship of partnership or joint venture, or to impose upon the
undersigned any liability, duty or obligation whatsoever.

Nothing in the within Consent and Agreement shall (a) constitute a waiver by Mortgagee of any of
its rights under the Mortgage as against the Mortgagor, and/or (b) in any way release the Mortgagor from
its obligation to comply with the terms, provisions, conditions, covenants, agreements and clauses of the
Mortgage; and the provisions of the Mortgage shall remain in full force and effect and must be complied
with by the Mortgagor.

IN WITNESS WHEREOF, Mortgagee has executed this Consent and Agreement of Mortgagee or
cause it to be executed on its behalf by its duly authorized representatives, this _____ day of
_____, _____.

ATTEST:

MORTGAGEE:

By _____

By _____

A-38 Attachment



800 West Hersheypark Drive
Hershey, PA 17033
P 717-531-5000
F 717-531-3399

July 9, 2015

Delaware Township
Manager
1960 8th Street Drive
Watsontown, PA 17777

Re: Pennsylvania -American Water Company application to acquire McEwensville Municipal Authority's water and wastewater systems

Pennsylvania American Water Company (Pennsylvania American Water) filed an application with the Pennsylvania Public Utility Commission (PUC) to approve the acquisition of the McEwensville Borough's water and wastewater systems. Specifically, Pennsylvania American Water is seeking PUC approval for 1) the transfer, by sale, of substantially all of McEwensville Borough's assets, properties, and rights related to its water and wastewater systems to Pennsylvania American Water, and 2) the right of Pennsylvania American Water to begin to supply water and wastewater service to the public in McEwensville Borough, Northumberland County.

As part of the application process, the PUC requested Pennsylvania American Water seek the Township's input for the purpose of determining if Pennsylvania American Water's application complies with the Township's land use planning.

Specifically, the PUC requests that the Township reviews the following questions:

1. Are there adopted municipal comprehensive plans for the townships/boroughs involved? _____
2. Is there an adopted county comprehensive plan? _____
3. Is there an adopted multi-municipal or multi-county comprehensive plan? _____
4. Is there an adopted county or municipal zoning ordinance or joint municipal zoning ordinance? _____
5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances? _____
6. If the answer is "yes" to any of the above questions, please sign below, or submit a letter, indicating that the application is consistent with the applicable comprehensive plans and zoning ordinances. If the application is not consistent with the applicable comprehensive plans and zoning ordinances, please provide an explanation.

If you have any questions, please call me at (717) 790-3024 or e-mail Bernie.grundusky@amwater.com

Sincerely,

Bernie Grundusky
Director Business Development
Pennsylvania American Water's application is consistent with the applicable comprehensive plans and zoning ordinances.

Delaware Township Signature _____
Printed Name/Title _____ Date _____

Please fax/e-mail this form to: Bobbi Gautsch at Roberta.gautsch@amwater.com or fax to 717-531-3399.

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.

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 or PO Box No. *1960 8th St. Dr.*
 City, State, ZIP+4
Watsonstown, Pa 17777

PS Form 3800, June 2002 See Reverse for Instructions

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

*Delaware Township
 Manager
 1960 8th St. Drive
 Watsonstown, PA 17777*

2. Article Numt
(Transfer from)

7004 2890 0000 1878 5269

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) **C. Date of Delivery**

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

A-39 Attachment



**PENNSYLVANIA
AMERICAN WATER**

800 West Hersheypark Drive
Hershey, PA 17033
P 717-531-5000
F 717-531-3399

July 9, 2015

Northumberland County
Planning Commission
201 Market Street
Sunbury, PA 17801

Re: Pennsylvania -American Water Company application to acquire McEwensville Municipal Authority's water and wastewater systems

Pennsylvania American Water Company (Pennsylvania American Water) filed an application with the Pennsylvania Public Utility Commission (PUC) to approve the acquisition of the McEwensville Borough's water and wastewater systems. Specifically, Pennsylvania American Water is seeking PUC approval for 1) the transfer, by sale, of substantially all of McEwensville Borough's assets, properties, and rights related to its water and wastewater systems to Pennsylvania American Water, and 2) the right of Pennsylvania American Water to begin to supply water and wastewater service to the public in McEwensville Borough, Northumberland County.

As part of the application process, the PUC requested Pennsylvania American Water seek the County's input for the purpose of determining if Pennsylvania American Water's application complies with the County's land use planning.

Specifically, the PUC requests that the County reviews the following questions:

1. Are there adopted municipal comprehensive plans for the townships/boroughs involved? _____
2. Is there an adopted county comprehensive plan? _____
3. Is there an adopted multi-municipal or multi-county comprehensive plan? _____
4. Is there an adopted county or municipal zoning ordinance or joint municipal zoning ordinance? _____
5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances? _____
6. If the answer is "yes" to any of the above questions, please sign below, or submit a letter, indicating that the application is consistent with the applicable comprehensive plans and zoning ordinances. If the application is not consistent with the applicable comprehensive plans and zoning ordinances, please provide an explanation.

If you have any questions, please call me at (717) 790-3024 or e-mail Bernie.grundusky@amwater.com

Sincerely,

Bernie Grundusky
Director Business Development

Pennsylvania American Water's application is consistent with the applicable comprehensive plans and zoning ordinances.

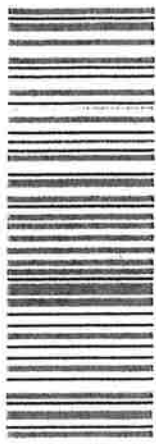
Northumberland County Signature _____

Printed Name/Title _____ Date _____

Please fax/e-mail this form to: Bobbi Gautsch at Roberta.gautsch@amwater.com or fax to 717-531-3399.

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.

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 Street, Apt. No., or PO Box No. 201 Market St
 City, State, ZIP+4 Sunbury, Pa 17801

PS Form 3800 August 2005 See Reverse for Instructions

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1. Article Addressed to:

Northumberland County
Planning Commission
201 Market St.
Sunbury, Pa 17801

2. Article Num (Transfer fr) 7010 1060 0001 4373 0463

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee

X

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type

Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes