

## **Compliance with Uniform Standards of Professional**

### **Appraisal Practice (USPAP) 2018-2019**

#### **Fulfillment of Requirements for a Personal Property Appraisal and Report**

We accepted all information and data provided by the Kane Borough Authority as it pertains to this assignment “as is” after a limited review. That is, we neither audited nor verify any data, original cost data, financial records or operating data provided for this assignment.

The appraisal considered all three approaches to value: the cost, income and market. Briefly the scopes of work for each are as follows:

**Cost Approach** - The cost approach utilized the original cost method and replacement cost method. The replacement cost method was calculated by trending (trended cost method) the asset inventory developed by Gannett Fleming Valuation and Rate Consultants, LLC from its original cost new method. The original cost method determined the original cost new measure of the cost of the assets when first constructed. The original cost new inventory was trended using the Handy Whitman Index of Public Utility Construction Costs for the water industry to produce the reproduction cost new. The calculated accrued depreciation was determined for the original cost new and for the replacement cost new. The calculated accrued depreciation was based on the assets’ attained ages, and the service life of the assets. The cost basis of depreciable assets was reduced annually by the accumulated depreciation to reflect the loss in the service value of the assets since being constructed.

**Income Approach** - The income approach utilized the capitalization of earning (cash flow) method and the discounted cash flow method. The capitalization of earning method converted a single base economic income number to a value by dividing it by a capitalization rate. The discounted cash flow method used estimates of future debt free net cash flow and discounted them to arrive at a present value or price of the cash flows. The capitalization rate and the discount rate were developed based on market debt and equity rates at the appraisal date. The discounted cash flow method reflected two types of discounted cash flow analyses, the EBIT and EBITDA terminal value model and a capitalization of terminal value model.

**Market Approach** - The market approach was developed based on the market multiples method and the selected transaction method. The market multiples method was based on the market price data of publicly traded corporations engaged in the same or a similar line of business as the Wastewater System. The market price data of these comparable publicly traded corporations was used to calculate the market multiples for the comparable publicly traded corporations at the appraisal date. The selected transactions method used certain public information relating to the purchase or sales of businesses involved in the same or a similar business line as the Wastewater System to calculated market multiples at the time of transaction (sale/purchase). The calculated market multiples determined by the

**Compliance with Uniform Standards of Professional  
Appraisal Practice (USPAP) 2018-2019**

**Fulfillment of Requirements for a Personal Property Appraisal and Report**

market multiples method and the selected transaction method were then multiplied by the corresponding Wastewater System financial and operating statistic to produce an indicated value for the Wastewater System.

Reconciliation of the Valuation Approaches - The fair market value conclusion was based on reconciliation of each of the three approaches to value and the intended purpose of the appraisal.

- **Clearly and conspicuously:**
  - **State all extraordinary assumptions and hypothetical conditions;**

There were no extraordinary assumptions required or hypothetical conditions in this appraisal.
  - **State that their use might have affected the assignment results**

Not applicable.
  
- **Clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment**

Not applicable.
  
- **Describe the information analyzed, the appraisal procedures followed, and the reasoning that supports the analyses, opinions, and conclusions**

See scope of work above.
  
- **State the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal**

The Kane Borough Authority Wastewater System's land and land rights include land owned/leased for the eight collection system lift stations (West Wind, Pond Street, Jo Jo Road Grinder Pump, Route 321 South, Route 6, Route 66, West Kane and Willow Run) and two wastewater treatment plants ("WWTP"), the Pine Street WWTP and Kinzua Road WWTP operate. Kane Borough Authority Wastewater System's land and land rights also include multiple easements and rights-of-way necessary to operate the Wastewater System.

**Compliance with Uniform Standards of Professional  
Appraisal Practice (USPAP) 2018-2019**

**Fulfillment of Requirements for a Personal Property Appraisal and Report**

The Wastewater System's land and land rights were assumed to be used for the operation of the Wastewater System for the appraisal.

All land and land rights were valued at original cost.

- **State and describe the support and rationale for the appraiser's opinion of the highest and best use of the real estate**

All land and land rights were assumed to be used for the operation of the Wastewater System for the appraisal, were valued at original cost, and not at highest and best use of the real estate.

- **State and explain any permitted departures from specific requirements of STANDARD 1 and the reason for excluding any of the usual valuation approaches. The appraisal then becomes a limited appraisal - a limited appraisal report must contain a prominent section that clearly identifies the extent of the appraisal process performed and the departures taken**

No departures for Standard 1 were made.

- **Include a signed certification in accordance with Standards Rule 2-3**

See attached for signed certification.

**APPRAISAL CERTIFICATION**  
**Kane Borough, Pennsylvania**  
**Kane Borough Authority Wastewater System Assets**  
**Fair Market Value Appraisal Report**  
**As of June 30, 2019**

Gannett Fleming Valuation and Rate Consultants, LLC certify that, to the best of its knowledge and belief:

- The statements of fact contained in this report are true and correct.
  
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
  
- Gannett Fleming Valuation and Rate Consultants, LLC has not performed an appraisal of Kane Borough Authority's Wastewater System prior to this current updated appraisal.
  
- Gannett Fleming Valuation and Rate Consultants, LLC, nor its professional staff has any present or prospective interest in the property that is the subject of this report, and has no interest or bias with respect to the parties involved.
  
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
  
- Our engagement in this assignment is not contingent upon developing or reporting predetermined results.
  
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
  
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (2018-2019)

**APPRAISAL CERTIFICATION**  
**Kane Borough, Pennsylvania**  
**Kane Borough Authority Wastewater System Assets**  
**Fair Market Value Appraisal Report**  
**As of June 30, 2019**

- The signers of this report relied upon wastewater engineers from our affiliated company who viewed or observed the property that is the subject of this report.
  
- Individuals providing significant appraisal assistance to the person signing this certification include: John J. Spanos, President, and Joanna Lappin, Depreciation Analyst and Gregory R. Herbert, Rate Analyst at Gannett Fleming Valuation and Rate Consultants, LLC and John F. Rae, P.E., Senior Project Manager, Gannett Fleming, Inc.

Gannett Fleming Valuation and Rate Consultants, LLC

By,



HAROLD WALKER, III

Manager, Financial Studies

## APPENDIX A - QUALIFICATIONS

## **APPENDIX A**

Professional Qualifications  
of  
Harold Walker, III  
Manager, Financial Studies  
Gannett Fleming Valuation and Rate Consultants, LLC.

### **EDUCATION**

Mr. Walker graduated from Pennsylvania State University in 1984 with a Bachelor of Science Degree in Finance. His studies concentrated on securities analysis and portfolio management with an emphasis on economics and quantitative business analysis. He has also completed the regulation and the rate-making process courses presented by the College of Business Administration and Economics Center for Public Utilities at New Mexico State University. Additionally, he has attended programs presented by The Institute of Chartered Financial Analysts (CFA).

Mr. Walker was awarded the professional designation "Certified Rate of Return Analyst" (CRRA) by the Society of Utility and Regulatory Financial Analysts. This designation is based upon education, experience and the successful completion of a comprehensive examination. He is also a member of the Society of Utility and Regulatory Financial Analysts (SURFA) and has attended numerous financial forums sponsored by the Society. The SURFA forums are recognized by the Association for Investment Management and Research (AIMR) and the National Association of State Boards of Accountancy for continuing education credits.

Mr. Walker is also a licensed Municipal Advisor Representative (Series 50) by Municipal Securities Rulemaking Board (MSRB) and Financial Industry Regulatory Authority (FINRA).

### **BUSINESS EXPERIENCE**

In 1996, Mr. Walker joined Gannett Fleming Valuation and Rate Consultants, LLC. In his capacity as Manager, Financial Studies and for the past twenty years, he has continuously studied rates of return requirements for regulated firms. In this regard, he supervised the preparation of rate of return studies in connection with his testimony and in the past, for other individuals. He also assisted and/or developed dividend policy studies, nuclear prudence studies, calculated fixed charge rates for avoided costs involving cogeneration projects, financial decision studies for capital budgeting purposes and developed financial models for determining future capital requirements and the effect of those requirements on investors and ratepayers, valued utility property and common stock for acquisition and divestiture, and assisted in the private placement of fixed capital securities for public utilities.

Head, Gannett Fleming GASB 34 Task Force responsible for developing Governmental Accounting Standards Board (GASB) 34 services, and educating Gannett Fleming personnel and

Gannett Fleming clients on GASB 34 and how it may affect them. The GASB 34 related services include inventory of assets, valuation of assets, salvage estimation, annual depreciation rate determination, estimation of depreciation reserve, asset service life determination, asset condition assessment, condition assessment documentation, maintenance estimate for asset preservation, establishment of condition level index, geographic information system (GIS) and data management services, management discussion and analysis (MD&A) reporting, required supplemental information (RSI) reporting, auditor interface, and GASB 34 compliance review.

In 2004, Mr. Walker was elected to serve on the Board of Directors of SURFA. Previously, he served as an ex-officio directors as an advisor to SURFA's existing President. In 2000, Mr. Walker was elected President of SURFA for the 2001-2002 term. Prior to that, he was elected to serve on the Board of Directors of SURFA during the period 1997-1998 and 1999-2000. Currently, he also serves on the Pennsylvania Municipal Authorities Association, Electric Deregulation Committee.

Prior to joining Gannett Fleming Valuation and Rate Consultants, LLC., Mr. Walker was employed by AUS Consultants - Utility Services. He held various positions during his eleven years with AUS, concluding his employment there as a Vice President. His duties included providing and supervising financial and economic studies on behalf of investor owned and municipally owned water, waste water, electric, natural gas distribution and transmission, oil pipeline and telephone utilities as well as resource recovery companies.

Mr. Walker was also the Publisher of C.A. Turner Utility Reports from 1988 to 1996. C.A. Turner Utility Reports is a financial publication which provides financial data and related ratios and forecasts covering the utility industry. From 1993 to 1994, he became a contributing author for the Fortnightly, a utility trade journal. His column was the Financial News column and focused mainly on the natural gas industry.

## **EXPERT TESTIMONY**

Mr. Walker has submitted testimony or been deposed on various topics before regulatory commissions and courts in 23 states including: Arizona, California, Colorado, Connecticut, Delaware, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, and West Virginia. His testimonies covered various subjects including: fair market value, the taking of natural resources, appropriate capital structure and fixed capital cost rates, depreciation, fair rate of return, purchased water adjustments, synchronization of interest charges for income tax purposes, valuation, cash working capital, lead-lag studies, financial analyses of investment alternatives, and fair value.

## **PROFESSIONAL AFFILIATIONS**

Society of Utility and Regulatory Financial Analysts  
Board of Directors, 1996-2000, 2005-2008  
President, 2000-2002  
Treasurer, 1996-1998

National Association of Water Companies  
Pennsylvania Municipal Authorities Association  
Electric Deregulation Committee

**TECHNICAL PUBLICATIONS & PRESENTATIONS**

Walker, Harold. Panelist "Now is the Time to Maximize Your Utility's Value." Presented at the Pennsylvania Association of Township Supervisors 97th Annual State Convention, April 2019.

Walker, Harold. Panelist "Fair Market Acquisitions Debate." Presented at National Association of Regulatory Utilities Commissioners Winter Policy Summit, February 2019.

Walker, Harold. Panelist "Fair Market Value Legislation." Presented at the National Association of Water Companies Water Summit, October 2018.

Walker, Harold. Panelist "Leveraging Water & Sewer to Address Roads, Schools, and Pension Obligations." Presented at the Maryland Association of Counties 2018 Summer Conference, August 2018.

Walker, Harold. Panelist "Is the Glass Half Full or Half Empty? Valuing Municipal Water Acquisitions." Presented at the Mid-Atlantic Conference of Regulatory Utilities Commissioners 23rd Annual Education Conference, June 2018.

Walker, Harold. "Valuation and Inventory of Governmental Assets Under GASB 34." Presented at the Society of Depreciation Professionals 21st Annual Conference, September 2007.

Walker, Harold. "The Paradox of State Regulatory Opinions and Investor Behavior." Presented at the National Association of Water Companies New England Chapter conference, November 2006.

Walker, Harold. "Valuation and Inventory Under GASB 34." Presented at the Government Finance Officers Association South Central Pennsylvania Regional Chapter conference, August 2003.

Walker, Harold. "Valuation and Inventory under GASB 34." Presented at the Government Finance Officers Association Southeastern Pennsylvania Regional Chapter conference, April 2002.

Walker, Harold. "GASB 34 & Your Infrastructure." *The Authority*, August 2001, Volume XXXII, No. 4, pages 10-13.

Walker, Harold. "Managing Risk." Conference Chairperson, presented at the Society of Utility & Regulatory Financial Analysts 33rd Financial Forum, April 2001.

Walker, Harold. "Paying for Your MSW System - Waste Generation Fees." Presented at the Federation of New York Solid Waste Association Solid Waste/Recycling Conference and Trade Show, May 2001.

Walker, Harold. "Statement No. 34 of the Government Accounting Standards Board." Presented at the Pennsylvania Association of Township Supervisors 79th Annual State Convention, April 2001.

Walker, Harold. "Cost of Capital Issues." Presented at the National Association of Water Companies New England Chapter conference, October 2000.

Walker, Harold, Timothy Hartman, and Mark Everett. "Waste Generation Study: Life After Flow Control." Presented at Waste Con 2000, October 1999.

Walker, Harold, and Timothy Hartman. "The Enhancement of Revenues Through a Waste Generation Study." Presented at SWANA's Planning and Management Symposium, July 1999.

## EXHIBITS

Borough of Kane Authority and Borough of Kane Sewer Fund  
Selected Audited Financial Information

|                                   | 12-Months Ended:  |                   |                   |
|-----------------------------------|-------------------|-------------------|-------------------|
|                                   | <u>3/31/2017</u>  | <u>3/31/2018</u>  | <u>3/31/2019</u>  |
| Gross property, plant & equipment | 20,222,072        | 20,275,057        | 20,265,926        |
| Accumulated depreciation          | 10,384,646        | 10,897,470        | 11,368,153        |
| Net property, plant & equipment   | <u>9,837,426</u>  | <u>9,377,587</u>  | <u>8,897,773</u>  |
| Assets                            | <u>11,372,854</u> | <u>11,169,635</u> | <u>10,935,413</u> |
| Debt Current                      | 282,834           | 291,075           | 299,257           |
| Debt                              | 4,706,039         | 4,415,031         | 4,115,887         |
| Equity                            | 6,289,158         | 6,327,222         | 6,393,971         |
| Total Capital                     | <u>11,278,031</u> | <u>11,033,328</u> | <u>10,809,115</u> |
| <b>OPERATING REVENUES</b>         |                   |                   |                   |
| Charges for services              | 1,431,778         | 1,440,478         | 1,426,380         |
| Other operating income            | 835               | 1,317             | 7,598             |
| TOTAL OPERATING REVENUES          | <u>1,432,613</u>  | <u>1,441,795</u>  | <u>1,433,978</u>  |
| Depreciation                      | 506,586           | 512,824           | 503,158           |
| Personnel expenses                | 351,353           | 364,843           | 371,226           |
| Utilities                         | 119,171           | 121,556           |                   |
| Operating expenses                | 118,939           | 98,286            | 339,441           |
| Maintenance                       | 55,847            | 62,182            | 2,168             |
| Supplies                          | 35,725            | 39,138            |                   |
| Bad debt expense                  | 20,000            |                   |                   |
| Administrative expense            | 15,204            | 14,699            | 8,971             |
| Insurance                         | 14,704            | 14,301            |                   |
| Accounting and audit fees         | 5,850             | 7,400             | 6,650             |
| Engineering fees                  | 5,308             | 7,994             | 4,441             |
| Regulatory fees                   | 5,000             | 6,250             | 10,000            |
| Legal fees                        | 2,973             | 5,641             | 3,813             |
| Office expense                    | 1,509             | 1,571             | 2,438             |
| TOTAL OPERATING EXPENSES          | <u>1,258,169</u>  | <u>1,256,685</u>  | <u>1,252,306</u>  |
| CAPX                              | 75,233            | 47,612            | 45,104            |
| Principal                         | 274,787           | 282,767           | 290,962           |
| Interest                          | 147,478           | 139,499           | 130,454           |

Source of Information: Audited Financial Statements (2017-2019)

Borough of Kane Authority Wastewater System's Assets  
 Population and Housing Units  
 EDU and Customer Count  
 Penetration of Service Area  
Estimated Flows

|                                    |                |                |                |                |                |                |                |                |                |                |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                    | Total          |                | Total          | Wetmore        |                | Totals         |                |                |                |                |
|                                    | <u>Kane</u>    |                | <u>Wetmore</u> | <u>By Kane</u> |                | <u>Served</u>  |                |                |                |                |
| Population                         | 3,681          |                | 1,607          | 964            |                | 4,645          |                |                |                |                |
| Housing Units                      | 1,935          |                | 904            | 542            |                | 2,477          |                |                |                |                |
| Persons / Units                    | 1.90           |                | 1.78           | 1.78           |                | 1.88           |                |                |                |                |
| Percentage of Housing Units Served |                |                |                |                |                |                |                | 82%            |                |                |
| Customers                          |                |                |                |                |                |                | <u>2,026</u>   |                |                |                |
|                                    | <u>2012</u>    | <u>2013</u>    | <u>2014</u>    | <u>2015</u>    | <u>2016</u>    | <u>2017</u>    | <u>2018</u>    | <u>2019</u>    | <u>2020</u>    | <u>2021</u>    |
| New EDU                            |                |                |                |                |                |                |                |                |                |                |
| Kinzua                             |                |                |                |                |                | 10             | 10             | 10             | 10             | 10             |
| Pine                               |                |                |                |                |                | 10             | 10             | 10             | 10             | 10             |
| EDU                                |                |                |                |                |                |                |                |                |                |                |
| Kinzua                             | 1,225          | 1,225          | 1,233          | 1,233          | 1,233          | 1,243          | 1,253          | 1,263          | 1,273          | 1,283          |
| Pine                               | 1,210          | 1,210          | 1,214          | 1,214          | 1,214          | 1,224          | 1,234          | 1,244          | 1,254          | 1,264          |
| Totals                             | <u>2,435</u>   | <u>2,435</u>   | <u>2,447</u>   | <u>2,447</u>   | <u>2,447</u>   | <u>2,467</u>   | <u>2,487</u>   | <u>2,507</u>   | <u>2,527</u>   | <u>2,547</u>   |
| Annual Avg MGD                     |                |                |                |                |                |                |                |                |                |                |
| Kinzua                             | 0.49           | 0.553          | 0.65           | 0.614          | 0.518          | 0.569          | 0.574          | 0.5787         | 0.583          | 0.588          |
| Pine                               | 0.493          | 0.48           | 0.55           | 0.489          | 0.449          | 0.496          | 0.5            | 0.505          | 0.507          | 0.513          |
|                                    | <u>0.983</u>   | <u>1.033</u>   | <u>1.2</u>     | <u>1.103</u>   | <u>0.967</u>   | <u>1.065</u>   | <u>1.074</u>   | <u>1.0837</u>  | <u>1.09</u>    | <u>1.101</u>   |
| Flow/EDU                           |                |                |                |                |                |                |                |                |                |                |
| Kinzua                             | 400.0          | 451.4          | 527.2          | 498.0          | 420.1          | 457.8          | 458.1          | 458.2          | 458.0          | 458.3          |
| Pine                               | 407.4          | 396.7          | 453.0          | 402.8          | 369.9          | 405.2          | 405.2          | 405.9          | 404.3          | 405.9          |
| GPD                                | <u>403.7</u>   | <u>424.2</u>   | <u>490.4</u>   | <u>450.8</u>   | <u>395.2</u>   | <u>431.7</u>   | <u>431.8</u>   | <u>432.3</u>   | <u>431.3</u>   | <u>432.3</u>   |
| Annual Flows (millions)            | <u>358.795</u> | <u>377.045</u> | <u>438.000</u> | <u>402.595</u> | <u>352.955</u> | <u>388.725</u> | <u>392.010</u> | <u>395.551</u> | <u>397.850</u> | <u>401.865</u> |

Source: Chapter 94 Reports and census data.

**TABLE 3.1 US Population Census Counts, 2000 & 2010**

| State                            | Population         |                    | Percentage Change |
|----------------------------------|--------------------|--------------------|-------------------|
|                                  | 2000               | 2010               |                   |
| Alabama                          | 4,447,351          | 4,779,736          | 7.5%              |
| Alaska                           | 626,931            | 710,231            | 13.3%             |
| Arizona                          | 5,130,632          | 6,392,017          | 24.6%             |
| Arkansas                         | 2,673,400          | 2,915,918          | 9.1%              |
| California                       | 33,871,653         | 37,253,956         | 10.0%             |
| Colorado                         | 4,302,015          | 5,029,196          | 16.9%             |
| Connecticut                      | 3,405,602          | 3,574,097          | 4.9%              |
| Delaware                         | 783,600            | 897,934            | 14.6%             |
| District of Columbia             | 572,059            | 601,723            | 5.2%              |
| Florida                          | 15,982,824         | 18,801,310         | 17.6%             |
| Georgia                          | 8,186,816          | 9,687,653          | 18.3%             |
| Hawaii                           | 1,211,537          | 1,360,301          | 12.3%             |
| Idaho                            | 1,293,956          | 1,567,582          | 21.1%             |
| Illinois                         | 12,419,647         | 12,830,632         | 3.3%              |
| Indiana                          | 6,080,517          | 6,483,802          | 6.6%              |
| Iowa                             | 2,926,382          | 3,046,355          | 4.1%              |
| Kansas                           | 2,688,824          | 2,853,118          | 6.1%              |
| Kentucky                         | 4,042,285          | 4,339,367          | 7.3%              |
| Louisiana                        | 4,468,958          | 4,533,372          | 1.4%              |
| Maine                            | 1,274,923          | 1,328,361          | 4.2%              |
| Maryland                         | 5,296,507          | 5,773,552          | 9.0%              |
| Massachusetts                    | 6,349,105          | 6,547,629          | 3.1%              |
| Michigan                         | 9,938,480          | 9,883,640          | -0.6%             |
| Minnesota                        | 4,919,492          | 5,303,925          | 7.8%              |
| Mississippi                      | 2,844,656          | 2,967,297          | 4.3%              |
| Missouri                         | 5,596,683          | 5,988,927          | 7.0%              |
| Montana                          | 902,195            | 989,415            | 9.7%              |
| Nebraska                         | 1,711,265          | 1,826,341          | 6.7%              |
| Nevada                           | 1,998,257          | 2,700,551          | 35.1%             |
| New Hampshire                    | 1,235,786          | 1,316,470          | 6.5%              |
| New Jersey                       | 8,414,347          | 8,791,894          | 4.5%              |
| New Mexico                       | 1,819,046          | 2,059,179          | 13.2%             |
| New York                         | 18,976,821         | 19,378,102         | 2.1%              |
| North Carolina                   | 8,046,485          | 9,535,483          | 18.5%             |
| North Dakota                     | 642,200            | 672,591            | 4.7%              |
| Ohio                             | 11,353,145         | 11,536,504         | 1.6%              |
| Oklahoma                         | 3,450,652          | 3,751,351          | 8.7%              |
| Oregon                           | 3,421,436          | 3,831,074          | 12.0%             |
| Pennsylvania                     | 12,281,054         | 12,702,379         | 3.4%              |
| Rhode Island                     | 1,048,319          | 1,052,567          | 0.4%              |
| South Carolina                   | 4,011,816          | 4,625,364          | 15.3%             |
| South Dakota                     | 754,844            | 814,180            | 7.9%              |
| Tennessee                        | 5,689,267          | 6,346,105          | 11.5%             |
| Texas                            | 20,851,790         | 25,145,561         | 20.6%             |
| Utah                             | 2,233,198          | 2,763,885          | 23.8%             |
| Vermont                          | 608,827            | 625,741            | 2.8%              |
| Virginia                         | 7,079,030          | 8,001,024          | 13.0%             |
| Washington                       | 5,894,141          | 6,724,540          | 14.1%             |
| West Virginia                    | 1,808,350          | 1,852,994          | 2.5%              |
| Wisconsin                        | 5,363,715          | 5,686,986          | 6.0%              |
| Wyoming                          | 493,782            | 563,626            | 14.1%             |
| <b>Total - States &amp; D.C.</b> | <b>281,424,603</b> | <b>308,745,538</b> | <b>9.7%</b>       |

Source: U.S. Census Bureau, Population Division

**TABLE 3.2 Pennsylvania Population Census by County and Municipality, 2000 & 2010**

| Geographic Area  | Population |            | Percentage Change | Municipal Growth Rank |
|------------------|------------|------------|-------------------|-----------------------|
|                  | 2000       | 2010       |                   |                       |
| Pennsylvania     | 12,281,054 | 12,702,379 | 3.4%              | -                     |
| McKean County    | 45,936     | 43,450     | -5.4%             | -                     |
| Kane Borough     | 4,126      | 3,730      | -9.6%             | 2,223 out of 2,572    |
| Wetmore Township | 1,721      | 1,650      | -4.1%             | 1,735 out of 2,572    |

Source: U.S. Census Bureau, Census 2000 & 2010 Redistricting Data (Public Law 94-171) Summary File.

**TABLE 3.3 Pennsylvania Population Projections 2010-2040**

| <b>Pennsylvania Population Projections 2010-2040</b>                                |                      |                     |  |
|---|----------------------|---------------------|--|
| <i>Source: Pennsylvania State Data Center for the Center for Rural Pennsylvania</i> |                      |                     |  |
|   | <u>McKean County</u> | <u>Pennsylvania</u> |  |
| July 1, 2010  | 43,366               | 12,711,308          |  |
| July 1, 2015  | 43,962               | 12,962,624          |  |
| July 1, 2020  | 44,480               | 13,230,170          |  |
| July 1, 2025  | 44,906               | 13,504,614          |  |
| July 1, 2030  | 45,099               | 13,759,594          |  |
| July 1, 2035  | 44,938               | 13,967,439          |  |
| July 1, 2040  | 44,445               | 14,132,588          |  |
| <b>Percent Change:</b>  |                      |                     |  |
| 2010 to 2040  | 2%                   | 11%                 |  |
| 2015 to 2040  | 1%                   | 9%                  |  |

Comparison of Credit Market Financial Risk Metrics  
For Kane Borough Authority Wastewater System Assets  
And the Comparable Group  
2016 - 2018 (1)

|  | Kane Borough Authority Wastewater<br>System Assets |        |       | Comparable Group |      |      |
|--|--|--------|-------|------------------|------|------|
|  | 2018   | 2017   | 2016  | 2018             | 2017 | 2016 |
| Debt Service Coverage                            | 1.6  | 1.7    | 1.6   | 3.7              | 3.3  | 3.6  |
| Pre-Tax Interest Coverage - Including AFC(2)(x)  | 1.4  | 1.3    | 1.2   | 3.6              | 4.4  | 4.3  |
| Post-Tax Interest Coverage - Including AFC(2)(x) | 1.4  | 1.3    | 1.2   | 3.1              | 3.4  | 3.2  |
| GCF / Interest Coverage(3)(x)                    | 5.2  | 5.0    | 4.6   | 4.9              | 5.4  | 5.2  |
| GCF / Tot. Debt(4)(%)                            | 12.6   | 11.9   | 10.7  | 18.3             | 23.2 | 22.9 |
| GCF / Construction(5)(%)                         | 1229.1   | 1172.9 | 709.2 | 62.2             | 82.6 | 94.2 |

- Notes: (1) Average of the achieved results for each individual company based upon the financials as originally reported.
- (2) Represents the number of times available earnings, including AFC, cover all interest charges.
- (3) GCF or gross cash flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFC), plus interest charges, divided by interest charges.
- (4) GCF (see note 3) as a percentage of total debt.
- (5) The percent of GCF (see note 3) which cover gross construction expenditures.

Source: 2017-19 Annual Reports  
S&P Research Insight  
EXHIBIT 1

Kane Borough Authority Wastewater System Assets  
 Illustrating the Impact of Size on Risk and Return  
 Through Common Stock Returns

**TABLE 5.1 Change in Return and Risk for Size-Quartiles Portfolio of the NYSE/AMEX/NASDAQ Common Stocks (1)**

|                                  | <u>A</u>                       | <u>B</u>  | <u>C</u>   | <u>D</u>  | <u>E</u>  | <u>F</u>    | <u>G</u>                    | <u>H</u>     | <u>I</u>   | <u>J</u>  |
|----------------------------------|--------------------------------|---|--|---|---|-------------|-----------------------------|--------------|--|---|
|                                  | Market                         | Average   | Standard   | Change in                                       | Largest   | Quartile    | Comparison                  | Beta         | Beta Adjusted  |   |
| <u>Market</u><br><u>Quartile</u> | <u>Quartile</u><br><u>Name</u> | <u>Quartile</u><br><u>Premium</u><br><u>1926-18</u><br><u>(%)</u> | <u>Deviation</u><br><u>of</u><br><u>Return</u><br><u>(%)</u> | <u>Quartile</u><br><u>Premium</u><br><u>(%)</u> | <u>Market Value</u><br><u>in the Quartile</u><br><u>(Mill \$)</u> | <u>Beta</u> | <u>Group</u><br><u>Beta</u> | <u>Ratio</u> | <u>Quartile</u><br><u>Size</u><br><u>Premium</u><br><u>(%)</u> | <u>Change in</u><br><u>Quartile</u><br><u>Premium</u><br><u>(%)</u> |
| (Largest Stocks)                 |                                |   |  |   |   |             |                             |              |  |   |
| 1                                | Large-Cap                      | 0.00  | 19.9   | --  | 1,073,390   | 1.00        | 0.70                        | 70%          | 0.00   |   |
| 2                                | Mid-Cap                        | 0.89  | 24.3   | 0.89  | 13,456  | 1.12        | 0.70                        | 63%          | 0.56   | 0.56  |
| 3                                | Low-Cap                        | 1.60  | 28.5   | 0.71  | 2,993   | 1.22        | 0.70                        | 57%          | 0.92   | 0.36  |
| 4                                | Mico-Cap                       | 3.40  | 38.5   | 1.80  | 728   | 1.35        | 0.70                        | 52%          | 1.76   | 0.84  |
| (Smallest Stocks)                |                                |   |  |   |   |             |                             |              |  |   |

Notes: (1) 2019 Ibbotson Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook

**TABLE 5.2 Recent Market Values and Ibbotson Associates Market Quartiles for the Comparable Group**

|                             | 6/30/2019 | Market    |          |
|-----------------------------|-----------|-----------|----------|
|                             | Market    | Quartile  | Market   |
|                             | Value     | Name      | Quartile |
|                             | (Mill \$) |           |          |
| <u>Comparable Group</u>     |           |           |          |
| American States Water Co    | 2,768     | Low-Cap   | 3        |
| American Water Works Co Inc | 20,940    | Large-Cap | 1        |
| Aqua America Inc            | 9,711     | Mid-Cap   | 2        |
| Artesian Resources -Cl A    | 342       | Mico-Cap  | 4        |
| California Water Service Gp | 2,437     | Low-Cap   | 3        |
| Middlesex Water Co          | 976       | Low-Cap   | 3        |
| SJW Corp                    | 1,728     | Low-Cap   | 3        |
| York Water Co               | 463       | Mico-Cap  | 4        |
| Median                      | 2,083     | Low-Cap   | 3        |

Kane Borough Authority Wastewater System Assets  
Property Plant & Equipment Analysis  
Capital Expenditures Analysis  
Growth Rate Analyses  
Profit Margin Analyses

**TABLE 6.1 Property Plant & Equipment Analysis**

| (Current Know Statistics)                          |                                      |                                       |  |
|--|--------------------------------------|---------------------------------------|--|
|  | Gross Property,<br>Plant & Equipment | Net Property,<br>Plant &<br>Equipment | Percentage of<br>Property, Plant<br>& Equipment<br>Not Depreciated |
| (Millions of \$)                                   |                                      |                                       |  |
| Kane Borough Authority<br>Wastewater System Assets | \$21.024                             | \$13.504                              | <u>64%</u>   |
| <u>Comparable Group</u>                            |                                      |                                       |  |
| American States Water Co                           | \$1,901.361                          | \$1,331.778                           | 70%  |
| American Water Works Co Inc                        | 22,260.000                           | 16,407.000                            | 74%  |
| Aqua America Inc                                   | 7,760.617                            | 6,033.426                             | 78%  |
| Artesian Resources -CL A                           | 638.803                              | 509.131                               | 80%  |
| California Water Service Gp                        | 3,295.277                            | 2,273.687                             | 69%  |
| Middlesex Water Co                                 | 796.700                              | 635.123                               | 80%  |
| SJW Corp   | 2,019.461                            | 1,386.547                             | 69%  |
| York Water Co                                      | 382.233                              | 301.839                               | <u>79%</u>   |
| Median   |                                      |                                       | <u>76%</u>   |

**TABLE 6.2 Property Plant & Equipment Analysis for Contributions**

| (As of 6/30/2019)           |                                    |                       |  |   |
|-----------------------------|------------------------------------|-----------------------|--|---|
|                             | Net Property, Plant<br>& Equipment | Investor's<br>Capital | Percentage of<br>Property, Plant<br>& Equipment<br>Net of<br>Contributions | 2018<br>Percentage of<br>Known "Cost<br>Free" Capital |
| (Millions of \$)            |                                    |                       |  |   |
| <u>Comparable Group</u>     |                                    |                       |  |   |
| American States Water Co    | \$1,331.778                        | \$1,000.862           | 75%  | 24%   |
| American Water Works Co Inc | 16,407.000                         | 14,870.000            | 91%  | 19%   |
| Aqua America Inc            | 6,033.426                          | 4,662.641             | 77%  | 26%   |
| Artesian Resources -CL A    | 509.131                            | 291.687               | 57%  | 40%   |
| California Water Service Gp | 2,273.687                          | 1,675.602             | 74%  | 28%   |
| Middlesex Water Co          | 635.123                            | 478.693               | 75%  | 25%   |
| SJW Corp                    | 1,386.547                          | 1,431.196             | 103%   | 24%   |
| York Water Co               | 301.839                            | 221.271               | 73%  | 28%   |
| Median                      |                                    |                       | <u>75%</u>   | <u>26%</u>  |

Kane Borough Authority Wastewater System Assets  
Property Plant & Equipment Analysis  
Capital Expenditures Analysis  
Growth Rate Analyses  
Profit Margin Analyses

TABLE 6.3 Capital Expenditures Analysis

|  | PP&E-Total Net                        |             |             |             | Capital Expenditures |           |           |          |
|--|---------------------------------------|-------------|-------------|-------------|----------------------|-----------|-----------|----------|
|  | 2018                                  | 2017        | 2016        | 2015        | 2018                 | 2017      | 2016      | 2015     |
|  | (Millions of \$)                      |             |             |             | (Millions of \$)     |           |           |          |
| Kane Borough Authority<br>Wastewater System Assets | \$8.898                               | \$9.378     | \$9.837     | NA          | \$0.045              | \$0.048   | \$0.075   | NA       |
| <u>Comparable Group</u>                            |                                       |             |             |             |                      |           |           |          |
| American States Water Co                           | \$1,204.992                           | \$1,150.926 | \$1,060.794 | \$1,003.520 | \$113.126            | \$129.867 | \$87.323  | \$72.553 |
| American Water Works Co Inc                        | 14,970.000                            | 13,774.000  | 12,812.000  | 11,824.832  | 1,434.000            | 1,311.000 | 1,160.000 | 956.119  |
| Aqua America Inc                                   | 5,399.860                             | 5,001.615   | 4,688.925   | 4,401.990   | 478.089              | 382.996   | 364.689   | 328.605  |
| Artesian Resources -CL A                           | 464.384                               | 429.383     | 409.562     | 397.823     | 41.094               | 28.251    | 20.694    | 23.730   |
| California Water Service Gp                        | 2,036.971                             | 1,847.460   | 1,689.252   | 1,579.060   | 259.194              | 228.938   | 176.833   | 132.015  |
| Middlesex Water Co                                 | 557.240                               | 517.776     | 481.870     | 465.406     | 50.301               | 47.375    | 25.773    | 22.596   |
| SJW Corp   | 1,284.345                             | 1,196.822   | 1,098.247   | 1,025.215   | 149.055              | 142.220   | 106.774   | 101.936  |
| York Water Co                                      | 289.524                               | 271.652     | 262.189     | 253.959     | 24.602               | 13.158    | 13.844    | 14.139   |
|  | Capital Expenditures / PP&E-Total Net |             |             |             |                      |           |           |          |
|  | 2018                                  | 2017        | 2016        | 2015        |                      |           |           |          |
| Kane Borough Authority<br>Wastewater System Assets | 1%                                    | 1%          | 1%          | NA          |                      |           |           |          |
| <u>Comparable Group</u>                            |                                       |             |             |             |                      |           |           |          |
| American States Water Co                           | 9%                                    | 11%         | 8%          | 7%          |                      |           |           |          |
| American Water Works Co Inc                        | 10%                                   | 10%         | 9%          | 8%          |                      |           |           |          |
| Aqua America Inc                                   | 9%                                    | 8%          | 8%          | 7%          |                      |           |           |          |
| Artesian Resources -CL A                           | 9%                                    | 7%          | 5%          | 6%          |                      |           |           |          |
| California Water Service Gp                        | 13%                                   | 12%         | 10%         | 8%          |                      |           |           |          |
| Middlesex Water Co                                 | 9%                                    | 9%          | 5%          | 5%          |                      |           |           |          |
| SJW Corp   | 12%                                   | 12%         | 10%         | 10%         |                      |           |           |          |
| York Water Co                                      | 8%                                    | 5%          | 5%          | 6%          |                      |           |           |          |
| Median   | 9%                                    | 9%          | 8%          | 7%          |                      |           |           |          |

Kane Borough Authority Wastewater System Assets  
Property Plant & Equipment Analysis  
Capital Expenditures Analysis  
Growth Rate Analyses  
Profit Margin Analyses

| Revenues |      |      |      | EBITDA |      |      |      |
|----------|------|------|------|--------|------|------|------|
| 2018     | 2017 | 2016 | 2015 | 2018   | 2017 | 2016 | 2015 |

(Millions of \$)

(Millions of \$)

|  |           |           |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Kane Borough Authority<br>Wastewater System Assets | \$1.434   | \$1.442   | \$1.433   | NA        | \$0.685   | \$0.698   | \$0.681   | NA        |
| <u>Comparable Group</u>                            |           |           |           |           |           |           |           |           |
| American States Water Co                           | \$436.816 | \$440.603 | \$436.087 | \$458.641 | \$141.323 | \$157.789 | \$153.566 | \$160.522 |
| American Water Works Co Inc                        | 3,440.000 | 3,357.000 | 3,302.000 | 3,159.000 | 1,306.476 | 1,154.957 | 1,102.741 | 917.849   |
| Aqua America Inc                                   | 838.091   | 809.525   | 819.875   | 814.204   | 433.284   | 387.423   | 380.137   | 340.460   |
| Artesian Resources -CL A                           | 80.411    | 82.235    | 79.089    | 77.024    | 30.401    | 25.800    | 26.382    | 25.061    |
| California Water Service Gp                        | 698.196   | 666.890   | 609.370   | 588.368   | 147.867   | 140.577   | 127.710   | 122.709   |
| Middlesex Water Co                                 | 138.077   | 130.775   | 132.906   | 126.025   | 38.056    | 33.947    | 35.841    | 28.720    |
| SJW Corp   | 397.699   | 389.225   | 339.706   | 305.082   | 86.302    | 83.532    | 68.003    | 63.335    |
| York Water Co                                      | 48.437    | 48.589    | 47.584    | 47.089    | 25.743    | 24.780    | 24.359    | 21.800    |

| EBIT |      |      |      |
|------|------|------|------|
| 2018 | 2017 | 2016 | 2015 |

(Millions of \$)

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Kane Borough Authority<br>Wastewater System Assets | \$0.182   | \$0.185   | \$0.174   | NA        |
| <u>Comparable Group</u>                            |           |           |           |           |
| American States Water Co                           | \$100.898 | \$118.758 | \$114.716 | \$118.489 |
| American Water Works Co Inc                        | 1,139.000 | 1,222.000 | 1,145.000 | 1,075.000 |
| Aqua America Inc                                   | 397.141   | 328.967   | 325.585   | 321.100   |
| Artesian Resources -CL A                           | 23.946    | 26.895    | 27.150    | 25.366    |
| California Water Service Gp                        | 129.129   | 123.551   | 100.998   | 95.681    |
| Middlesex Water Co                                 | 37.142    | 38.620    | 40.632    | 35.840    |
| SJW Corp   | 92.050    | 98.079    | 93.116    | 79.960    |
| York Water Co                                      | 22.517    | 22.473    | 22.888    | 22.661    |

Kane Borough Authority Wastewater System Assets  
Property Plant & Equipment Analysis  
Capital Expenditures Analysis  
Growth Rate Analyses  
Profit Margin Analyses

TABLE 6.4 Growth Rate Analyses

|  | Revenue Growth |       |       | EBITDA Growth |       |       |
|--|----------------|-------|-------|---------------|-------|-------|
|  | 2018           | 2017  | 2016  | 2018          | 2017  | 2016  |
| Kane Borough Authority<br>Wastewater System Assets | -0.6%          | 0.6%  | NA    | -1.9%         | 2.5%  | NA    |
| <u>Comparable Group</u>                            |                |       |       |               |       |       |
| American States Water Co                           | -0.9%          | 1.0%  | -4.9% | -10.4%        | 2.7%  | -4.3% |
| American Water Works Co Inc                        | 2.5%           | 1.7%  | 4.5%  | 13.1%         | 4.7%  | 20.1% |
| Aqua America Inc                                   | 3.5%           | -1.3% | 0.7%  | 11.8%         | 1.9%  | 11.7% |
| Artesian Resources -CL A                           | -2.2%          | 4.0%  | 2.7%  | 17.8%         | -2.2% | 5.3%  |
| California Water Service Gp                        | 4.7%           | 9.4%  | 3.6%  | 5.2%          | 10.1% | 4.1%  |
| Middlesex Water Co                                 | 5.6%           | -1.6% | 5.5%  | 12.1%         | -5.3% | 24.8% |
| SJW Corp   | 2.2%           | 14.6% | 11.3% | 3.3%          | 22.8% | 7.4%  |
| York Water Co                                      | -0.3%          | 2.1%  | 1.1%  | 3.9%          | 1.7%  | 11.7% |
| Median   | 2.4%           | 1.9%  | 3.2%  | 8.5%          | 2.3%  | 9.6%  |
|  | EBIT Growth    |       |       |               |       |       |
|  | 2018           | 2017  | 2016  |               |       |       |
| Kane Borough Authority<br>Wastewater System Assets | -1.6%          | 6.3%  | NA    |               |       |       |
| <u>Comparable Group</u>                            |                |       |       |               |       |       |
| American States Water Co                           | -15.0%         | 3.5%  | -3.2% |               |       |       |
| American Water Works Co Inc                        | -6.8%          | 6.7%  | 6.5%  |               |       |       |
| Aqua America Inc                                   | 20.7%          | 1.0%  | 1.4%  |               |       |       |
| Artesian Resources -CL A                           | -11.0%         | -0.9% | 7.0%  |               |       |       |
| California Water Service Gp                        | 4.5%           | 22.3% | 5.6%  |               |       |       |
| Middlesex Water Co                                 | -3.8%          | -5.0% | 13.4% |               |       |       |
| SJW Corp   | -6.1%          | 5.3%  | 16.5% |               |       |       |
| York Water Co                                      | 0.2%           | -1.8% | 1.0%  |               |       |       |
| Median   | -5.0%          | 2.3%  | 6.1%  |               |       |       |

Kane Borough Authority Wastewater System Assets  
Property Plant & Equipment Analysis  
Capital Expenditures Analysis  
Growth Rate Analyses  
Profit Margin Analyses

| <b>TABLE 6.5 Profit Margin Analyses</b>            |                           |       |       |
|--|---------------------------|-------|-------|
|  | EBITDA / Revenue - Margin |       |       |
|  | 2018                      | 2017  | 2016  |
| Kane Borough Authority<br>Wastewater System Assets | 47.8%                     | 48.4% | 47.5% |
| <b>Comparable Group</b>                            |                           |       |       |
| American States Water Co                           | 32.4%                     | 35.8% | 35.2% |
| American Water Works Co Inc                        | 38.0%                     | 34.4% | 33.4% |
| Aqua America Inc                                   | 51.7%                     | 47.9% | 46.4% |
| Artesian Resources -CL A                           | 37.8%                     | 31.4% | 33.4% |
| California Water Service Gp                        | 21.2%                     | 21.1% | 21.0% |
| Middlesex Water Co                                 | 27.6%                     | 26.0% | 27.0% |
| SJW Corp   | 21.7%                     | 21.5% | 20.0% |
| York Water Co                                      | 53.1%                     | 51.0% | 51.2% |
| Median   | 35.1%                     | 32.9% | 33.4% |
|  | EBIT / Revenue - Margin   |       |       |
|  | 2018                      | 2017  | 2016  |
| Kane Borough Authority<br>Wastewater System Assets | 12.7%                     | 12.8% | 12.1% |
| <b>Comparable Group</b>                            |                           |       |       |
| American States Water Co                           | 23.1%                     | 27.0% | 26.3% |
| American Water Works Co Inc                        | 33.1%                     | 36.4% | 34.7% |
| Aqua America Inc                                   | 47.4%                     | 40.6% | 39.7% |
| Artesian Resources -CL A                           | 29.8%                     | 32.7% | 34.3% |
| California Water Service Gp                        | 18.5%                     | 18.5% | 16.6% |
| Middlesex Water Co                                 | 26.9%                     | 29.5% | 30.6% |
| SJW Corp   | 23.1%                     | 25.2% | 27.4% |
| York Water Co                                      | 46.5%                     | 46.3% | 48.1% |
| Median   | 28.3%                     | 31.1% | 32.5% |

Source: S&P Research Insight  
EXHIBIT 1

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

SUMMARY OF ORIGINAL COST AND ACCRUED DEPRECIATION  
OF WASTEWATER SYSTEM AS OF JUNE 30, 2019

| ACCOUNT<br>(1) | DESCRIPTION<br>(2)                      | ORIGINAL<br>COST<br>(3) | ACCRUED<br>DEPRECIATION<br>(4) |
|----------------|---|-------------------------|--------------------------------|
| 353.00         | LAND AND LAND RIGHTS                    | 34,237.24               |                                |
| 354.30         | STRUCTURES AND IMPROVEMENTS - PUMPING   | 475,824.97              | 158,975                        |
| 354.40         | STRUCTURES AND IMPROVEMENTS - TREATMENT | 9,273,391.72            | 3,062,047                      |
| 355.00         | POWER GENERATION EQUIPMENT              | 110,000.00              | 70,254                         |
| 360.21         | COLLECTION SEWERS - FORCE - MAINS       | 425,111.13              | 136,571                        |
| 360.22         | COLLECTION SEWERS - FORCE - MANHOLES    | 9,000.00                | 3,390                          |
| 361.21         | COLLECTION SEWERS - GRAVITY - MAINS     | 4,812,387.14            | 1,828,251                      |
| 361.22         | COLLECTION SEWERS - GRAVITY - MANHOLES  | 775,038.72              | 289,146                        |
| 363.20         | SERVICES TO CUSTOMERS                   | 218,609.50              | 90,046                         |
| 364.20         | FLOW MEASURING DEVICES                  | 25,321.55               | 13,106                         |
| 371.30         | PUMPING EQUIPMENT                       | 566,613.09              | 214,981                        |
| 380.40         | TREATMENT AND DISPOSAL EQUIPMENT        | 3,004,168.67            | 1,192,360                      |
| 381.40         | PLANT SEWERS                            | 1,093,509.61            | 344,126                        |
| 390.70         | OFFICE FURNITURE AND EQUIPMENT          | 34,642.35               | 33,786                         |
| 391.70         | TRANSPORTATION EQUIPMENT                | 52,227.32               | 23,638                         |
| 392.70         | STORES EQUIPMENT                        | 10,000.00               | 1,000                          |
| 393.70         | TOOLS, SHOP AND GARAGE EQUIPMENT        | 81,973.95               | 44,732                         |
| 394.70         | LABORATORY EQUIPMENT                    | 7,029.79                | 7,029                          |
| 395.70         | POWER OPERATED EQUIPMENT                | 4,065.00                | 1,355                          |
| 396.70         | COMMUNICATION EQUIPMENT                 | 10,375.61               | 4,833                          |
|                | <b>TOTAL COMPANY</b>                    | <b>21,023,527.36</b>    | <b>7,519,626</b>               |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

SUMMARY OF ANALYSIS OF ORIGINAL COST  
OF WASTEWATER SYSTEM AS OF JUNE 30, 2019

| ACCOUNT | DESCRIPTION                             | ORIGINAL COST        |
|---------|---|----------------------|
| (1)     | (2)                                     | (3)                  |
| 353.00  | LAND AND LAND RIGHTS                    | 34,237.24            |
| 354.30  | STRUCTURES AND IMPROVEMENTS - PUMPING   | 475,824.97           |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 9,273,391.72         |
| 355.00  | POWER GENERATION EQUIPMENT              | 110,000.00           |
| 360.21  | COLLECTION SEWERS - FORCE - MAINS       | 425,111.13           |
| 360.22  | COLLECTION SEWERS - FORCE - MANHOLES    | 9,000.00             |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 4,812,387.14         |
| 361.22  | COLLECTION SEWERS - GRAVITY - MANHOLES  | 775,038.72           |
| 363.20  | SERVICES TO CUSTOMERS                   | 218,609.50           |
| 364.20  | FLOW MEASURING DEVICES                  | 25,321.55            |
| 371.30  | PUMPING EQUIPMENT                       | 566,613.09           |
| 380.40  | TREATMENT AND DISPOSAL EQUIPMENT        | 3,004,168.67         |
| 381.40  | PLANT SEWERS                            | 1,093,509.61         |
| 390.70  | OFFICE FURNITURE AND EQUIPMENT          | 34,642.35            |
| 391.70  | TRANSPORTATION EQUIPMENT                | 52,227.32            |
| 392.70  | STORES EQUIPMENT                        | 10,000.00            |
| 393.70  | TOOLS, SHOP AND GARAGE EQUIPMENT        | 81,973.95            |
| 394.70  | LABORATORY EQUIPMENT                    | 7,029.79             |
| 395.70  | POWER OPERATED EQUIPMENT                | 4,065.00             |
| 396.70  | COMMUNICATION EQUIPMENT                 | 10,375.61            |
|         | <b>TOTAL COMPANY</b>                    | <b>21,023,527.36</b> |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

SUMMARY OF SERVICE LIFE ESTIMATES AND CALCULATED ACCRUED  
DEPRECIATION RELATED TO ORIGINAL COST AS OF JUNE 30, 2019

| <u>ACCOUNT</u> | <u>DESCRIPTION</u>                      | <u>SURVIVOR<br/>CURVE</u> | <u>ORIGINAL<br/>COST</u> | <u>ACCRUED<br/>DEPRECIATION</u> |
|----------------|---|---------------------------|--------------------------|---------------------------------|
| (1)            | (2)                                     | (3)                       | (4)                      | (5)                             |
| 353.00         | LAND AND LAND RIGHTS                    | NONDEPRECIABLE            | 34,237.24                |                                 |
| 354.30         | STRUCTURES AND IMPROVEMENTS - PUMPING   | 60-R3                     | 475,824.97               | 158,975                         |
| 354.40         | STRUCTURES AND IMPROVEMENTS - TREATMENT | 65-R3                     | 9,273,391.72             | 3,062,047                       |
| 355.00         | POWER GENERATION EQUIPMENT              | 30-S2                     | 110,000.00               | 70,254                          |
| 360.21         | COLLECTION SEWERS - FORCE - MAINS       | 65-R2.5                   | 425,111.13               | 136,571                         |
| 360.22         | COLLECTION SEWERS - FORCE - MANHOLES    | 60-R3                     | 9,000.00                 | 3,390                           |
| 361.21         | COLLECTION SEWERS - GRAVITY - MAINS     | 65-R2.5                   | 4,812,387.14             | 1,828,251                       |
| 361.22         | COLLECTION SEWERS - GRAVITY - MANHOLES  | 60-R3                     | 775,038.72               | 289,146                         |
| 363.20         | SERVICES TO CUSTOMERS                   | 50-R2.5                   | 218,609.50               | 90,046                          |
| 364.20         | FLOW MEASURING DEVICES                  | 30-L3                     | 25,321.55                | 13,106                          |
| 371.30         | PUMPING EQUIPMENT                       | 40-R1.5                   | 566,613.09               | 214,981                         |
| 380.40         | TREATMENT AND DISPOSAL EQUIPMENT        | 45-S0.5                   | 3,004,168.67             | 1,192,360                       |
| 381.40         | PLANT SEWERS                            | 60-R3                     | 1,093,509.61             | 344,126                         |
| 390.70         | OFFICE FURNITURE AND EQUIPMENT          | 5-SQ                      | 34,642.35                | 33,786                          |
| 391.70         | TRANSPORTATION EQUIPMENT                | 12-L1.5                   | 52,227.32                | 23,638                          |
| 392.70         | STORES EQUIPMENT                        | 20-SQ                     | 10,000.00                | 1,000                           |
| 393.70         | TOOLS, SHOP AND GARAGE EQUIPMENT        | 20-SQ                     | 81,973.95                | 44,732                          |
| 394.70         | LABORATORY EQUIPMENT                    | 15-SQ                     | 7,029.79                 | 7,029                           |
| 395.70         | POWER OPERATED EQUIPMENT                | 15-L4                     | 4,065.00                 | 1,355                           |
| 396.70         | COMMUNICATION EQUIPMENT                 | 15-SQ                     | 10,375.61                | 4,833                           |
|                | <b>TOTAL COMPANY</b>                    |                           | <b>21,023,527.36</b>     | <b>7,519,626</b>                |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 353.00 LAND AND LAND RIGHTS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL<br>RATE<br>(4) | ACCRUAL--<br>AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED<br>FACTOR<br>(7) | DEPREC.--<br>AMOUNT<br>(8) |
|--|-------------------------|---------------------|-------------------------|----------------------------|-------------|----------------------------|----------------------------|
| NONDEPRECIABLE                                 |                         |                     |                         |                            |             |                            |                            |
| 1996   | 34,237.24               |                     |                         |                            |             |                            |                            |
|  | 34,237.24               |                     |                         |                            |             |                            |                            |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 0.00 |                         |                     |                         |                            |             |                            |                            |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 354.30 STRUCTURES AND IMPROVEMENTS - PUMPING

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|--|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 60-R3                    |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                                   |               |             |                                      |               |
| 1996   | 367,844.40              | 60.00               | 1.67                              | 6,143.00      | 38.28       | 0.3620                               | 133,160       |
| 2002   | 6,417.89                | 60.00               | 1.67                              | 107.18        | 43.70       | 0.2717                               | 1,744         |
| 2004   | 98,500.00               | 60.00               | 1.67                              | 1,644.95      | 45.55       | 0.2408                               | 23,722        |
| 2012   | 3,062.68                | 60.00               | 1.67                              | 51.15         | 53.16       | 0.1140                               | 349           |
|  | 475,824.97              |                     |                                   | 7,946.28      |             |                                      | 158,975       |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.67 |                         |                     |                                   |               |             |                                      |               |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 354.40 STRUCTURES AND IMPROVEMENTS - TREATMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                 | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|-----------------------------|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 65-R3 |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0     |                         |                     |                                   |               |             |                                      |               |
| 1994                        | 78,377.10               | 65.00               | 1.54                              | 1,207.01      | 41.39       | 0.3632                               | 28,469        |
| 1996                        | 8,776,584.33            | 65.00               | 1.54                              | 135,159.40    | 43.17       | 0.3359                               | 2,947,616     |
| 1999                        | 16,248.53               | 65.00               | 1.54                              | 250.23        | 45.88       | 0.2942                               | 4,780         |
| 2001                        | 16,758.55               | 65.00               | 1.54                              | 258.08        | 47.72       | 0.2659                               | 4,455         |
| 2002                        | 10,446.11               | 65.00               | 1.54                              | 160.87        | 48.65       | 0.2515                               | 2,628         |
| 2003                        | 6,689.05                | 65.00               | 1.54                              | 103.01        | 49.58       | 0.2372                               | 1,587         |
| 2004                        | 108,811.60              | 65.00               | 1.54                              | 1,675.70      | 50.52       | 0.2228                               | 24,240        |
| 2006                        | 203,202.00              | 65.00               | 1.54                              | 3,129.31      | 52.40       | 0.1939                               | 39,391        |
| 2007                        | 14,535.00               | 65.00               | 1.54                              | 223.84        | 53.35       | 0.1792                               | 2,605         |
| 2008                        | 1,030.00                | 65.00               | 1.54                              | 15.86         | 54.31       | 0.1645                               | 169           |
| 2009                        | 1,409.00                | 65.00               | 1.54                              | 21.70         | 55.26       | 0.1499                               | 211           |
| 2010                        | 5,690.00                | 65.00               | 1.54                              | 87.63         | 56.22       | 0.1351                               | 769           |
| 2012                        | 6,242.00                | 65.00               | 1.54                              | 96.13         | 58.16       | 0.1052                               | 657           |
| 2015                        | 10,266.40               | 65.00               | 1.54                              | 158.10        | 61.07       | 0.0605                               | 621           |
| 2017                        | 5,997.41                | 65.00               | 1.54                              | 92.36         | 63.03       | 0.0303                               | 182           |
| 9999                        | 11,104.64               |                     | 1.54                              | 171.01        |             | 0.3302                               | 3,667         |
|                             | 9,273,391.72            |                     |                                   | 142,810.24    |             |                                      | 3,062,047     |

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.54

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 355.00 POWER GENERATION EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL<br>RATE<br>(4) | ACCRUAL--<br>AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED<br>FACTOR<br>(7) | DEPREC.--<br>AMOUNT<br>(8) |
|--|-------------------------|---------------------|-------------------------|----------------------------|-------------|----------------------------|----------------------------|
| SURVIVOR CURVE.. IOWA 30-S2                    |                         |                     |                         |                            |             |                            |                            |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                         |                            |             |                            |                            |
| 1996   | 110,000.00              | 30.00               | 3.33                    | 3,663.00                   | 10.84       | 0.6387                     | 70,254                     |
|  | 110,000.00              |                     |                         | 3,663.00                   |             |                            | 70,254                     |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 3.33 |                         |                     |                         |                            |             |                            |                            |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS  
ACCOUNT 360.21 COLLECTION SEWERS - FORCE - MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|--|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 65-R2.5                  |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                                   |               |             |                                      |               |
| 1995   | 257,741.38              | 65.00               | 1.54                              | 3,969.22      | 43.37       | 0.3328                               | 85,769        |
| 1996   | 142,111.25              | 65.00               | 1.54                              | 2,188.51      | 44.22       | 0.3197                               | 45,432        |
| 2004   | 25,258.50               | 65.00               | 1.54                              | 388.98        | 51.18       | 0.2126                               | 5,370         |
|  | 425,111.13              |                     |                                   | 6,546.71      |             |                                      | 136,571       |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.54 |                         |                     |                                   |               |             |                                      |               |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 360.22 COLLECTION SEWERS - FORCE - MANHOLES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|--|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 60-R3                    |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                                   |               |             |                                      |               |
| 1995   | 9,000.00                | 60.00               | 1.67                              | 150.30        | 37.40       | 0.3767                               | 3,390         |
|  | 9,000.00                |                     |                                   | 150.30        |             |                                      | 3,390         |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.67 |                         |                     |                                   |               |             |                                      |               |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS  
ACCOUNT 361.21 COLLECTION SEWERS - GRAVITY - MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                   | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|-------------------------------|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 65-R2.5 |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0       |                         |                     |                                   |               |             |                                      |               |
| 1968                          | 965,660.41              | 65.00               | 1.54                              | 14,871.17     | 23.21       | 0.6429                               | 620,842       |
| 1994                          | 414,613.00              | 65.00               | 1.54                              | 6,385.04      | 42.53       | 0.3457                               | 143,328       |
| 1995                          | 1,188,069.83            | 65.00               | 1.54                              | 18,296.28     | 43.37       | 0.3328                               | 395,354       |
| 1996                          | 1,751,420.42            | 65.00               | 1.54                              | 26,971.87     | 44.22       | 0.3197                               | 559,912       |
| 1998                          | 14,800.55               | 65.00               | 1.54                              | 227.93        | 45.93       | 0.2934                               | 4,342         |
| 1999                          | 10,503.00               | 65.00               | 1.54                              | 161.75        | 46.79       | 0.2802                               | 2,942         |
| 2001                          | 272,131.25              | 65.00               | 1.54                              | 4,190.82      | 48.53       | 0.2534                               | 68,953        |
| 2002                          | 36,577.50               | 65.00               | 1.54                              | 563.29        | 49.41       | 0.2399                               | 8,773         |
| 2003                          | 8,821.10                | 65.00               | 1.54                              | 135.84        | 50.30       | 0.2262                               | 1,995         |
| 2004                          | 64,106.00               | 65.00               | 1.54                              | 987.23        | 51.18       | 0.2126                               | 13,630        |
| 2007                          | 500.00                  | 65.00               | 1.54                              | 7.70          | 53.88       | 0.1711                               | 86            |
| 2009                          | 5,568.41                | 65.00               | 1.54                              | 85.75         | 55.70       | 0.1431                               | 797           |
| 2012                          | 28,919.97               | 65.00               | 1.54                              | 445.37        | 58.45       | 0.1008                               | 2,914         |
| 2013                          | 50,695.70               | 65.00               | 1.54                              | 780.71        | 59.38       | 0.0865                               | 4,383         |
|                               | 4,812,387.14            |                     |                                   | 74,110.75     |             |                                      | 1,828,251     |

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.54

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 361.22 COLLECTION SEWERS - GRAVITY - MANHOLES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                 | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|-----------------------------|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 60-R3 |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0     |                         |                     |                                   |               |             |                                      |               |
| 1968                        | 33,621.79               | 60.00               | 1.67                              | 561.48        | 16.97       | 0.7172                               | 24,113        |
| 1994                        | 50,000.00               | 60.00               | 1.67                              | 835.00        | 36.52       | 0.3913                               | 19,566        |
| 1995                        | 262,308.40              | 60.00               | 1.67                              | 4,380.55      | 37.40       | 0.3767                               | 98,804        |
| 1996                        | 366,409.35              | 60.00               | 1.67                              | 6,119.04      | 38.28       | 0.3620                               | 132,640       |
| 2001                        | 21,600.00               | 60.00               | 1.67                              | 360.72        | 42.78       | 0.2870                               | 6,199         |
| 2004                        | 30,280.00               | 60.00               | 1.67                              | 505.68        | 45.55       | 0.2408                               | 7,292         |
| 2016                        | 10,819.18               | 60.00               | 1.67                              | 180.68        | 57.05       | 0.0492                               | 532           |
|                             | 775,038.72              |                     |                                   | 12,943.15     |             |                                      | 289,146       |

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.67

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 363.20 SERVICES TO CUSTOMERS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL<br>RATE<br>(4) | ACCRUAL--<br>AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED<br>FACTOR<br>(7) | DEPREC.--<br>AMOUNT<br>(8) |
|--|-------------------------|---------------------|-------------------------|----------------------------|-------------|----------------------------|----------------------------|
| SURVIVOR CURVE.. IOWA 50-R2.5                  |                         |                     |                         |                            |             |                            |                            |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                         |                            |             |                            |                            |
| 1995   | 64,562.50               | 50.00               | 2.00                    | 1,291.25                   | 28.82       | 0.4236                     | 27,349                     |
| 1996   | 153,362.00              | 50.00               | 2.00                    | 3,067.24                   | 29.62       | 0.4076                     | 62,510                     |
| 2004   | 685.00                  | 50.00               | 2.00                    | 13.70                      | 36.33       | 0.2734                     | 187                        |
|  | 218,609.50              |                     |                         | 4,372.19                   |             |                            | 90,046                     |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.00 |                         |                     |                         |                            |             |                            |                            |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 364.20 FLOW MEASURING DEVICES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|--|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 30-L3                    |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                                   |               |             |                                      |               |
| 1996   | 9,125.00                | 30.00               | 3.33                              | 303.86        | 10.77       | 0.6410                               | 5,849         |
| 1998   | 9,853.53                | 30.00               | 3.33                              | 328.12        | 11.68       | 0.6107                               | 6,017         |
| 2011   | 3,692.00                | 30.00               | 3.33                              | 122.94        | 22.08       | 0.2640                               | 975           |
| 2016   | 2,651.02                | 30.00               | 3.33                              | 88.28         | 27.00       | 0.1000                               | 265           |
|  | 25,321.55               |                     |                                   | 843.20        |             |                                      | 13,106        |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 3.33 |                         |                     |                                   |               |             |                                      |               |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 371.30 PUMPING EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                   | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|-------------------------------|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 40-R1.5 |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0       |                         |                     |                                   |               |             |                                      |               |
| 1996                          | 440,582.03              | 40.00               | 2.50                              | 11,014.55     | 22.64       | 0.4340                               | 191,213       |
| 1997                          | 4,452.93                | 40.00               | 2.50                              | 111.32        | 23.32       | 0.4170                               | 1,857         |
| 2001                          | 26,099.75               | 40.00               | 2.50                              | 652.49        | 26.10       | 0.3475                               | 9,070         |
| 2002                          | 1,482.56                | 40.00               | 2.50                              | 37.06         | 26.82       | 0.3295                               | 489           |
| 2004                          | 4,200.00                | 40.00               | 2.50                              | 105.00        | 28.28       | 0.2930                               | 1,231         |
| 2006                          | 15,279.80               | 40.00               | 2.50                              | 382.00        | 29.76       | 0.2560                               | 3,912         |
| 2012                          | 18,658.16               | 40.00               | 2.50                              | 466.45        | 34.36       | 0.1410                               | 2,631         |
| 2013                          | 4,401.49                | 40.00               | 2.50                              | 110.04        | 35.15       | 0.1213                               | 534           |
| 2015                          | 44,043.39               | 40.00               | 2.50                              | 1,101.08      | 36.74       | 0.0815                               | 3,590         |
| 2016                          | 7,412.98                | 40.00               | 2.50                              | 185.32        | 37.55       | 0.0613                               | 454           |
|                               | 566,613.09              |                     |                                   | 14,165.31     |             |                                      | 214,981       |

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.50

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 380.40 TREATMENT AND DISPOSAL EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                   | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|-------------------------------|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 45-S0.5 |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0       |                         |                     |                                   |               |             |                                      |               |
| 1968                          | 232,826.00              | 45.00               | 2.22                              | 5,168.74      | 13.72       | 0.6951                               | 161,840       |
| 1995                          | 146,886.00              | 45.00               | 2.22                              | 3,260.87      | 26.62       | 0.4084                               | 59,994        |
| 1996                          | 2,298,533.00            | 45.00               | 2.22                              | 51,027.43     | 27.22       | 0.3951                               | 908,173       |
| 1999                          | 1,809.07                | 45.00               | 2.22                              | 40.16         | 29.08       | 0.3538                               | 640           |
| 2001                          | 39,180.00               | 45.00               | 2.22                              | 869.80        | 30.39       | 0.3247                               | 12,721        |
| 2002                          | 87,303.35               | 45.00               | 2.22                              | 1,938.13      | 31.06       | 0.3098                               | 27,045        |
| 2003                          | 5,097.00                | 45.00               | 2.22                              | 113.15        | 31.74       | 0.2947                               | 1,502         |
| 2004                          | 9,632.72                | 45.00               | 2.22                              | 213.85        | 32.44       | 0.2791                               | 2,689         |
| 2009                          | 5,084.75                | 45.00               | 2.22                              | 112.88        | 36.18       | 0.1960                               | 997           |
| 2012                          | 55,294.49               | 45.00               | 2.22                              | 1,227.54      | 38.62       | 0.1418                               | 7,840         |
| 2013                          | 4,247.00                | 45.00               | 2.22                              | 94.28         | 39.47       | 0.1229                               | 522           |
| 2014                          | 5,383.67                | 45.00               | 2.22                              | 119.52        | 40.34       | 0.1036                               | 558           |
| 2015                          | 69,664.06               | 45.00               | 2.22                              | 1,546.54      | 41.23       | 0.0838                               | 5,836         |
| 2016                          | 21,894.03               | 45.00               | 2.22                              | 486.05        | 42.14       | 0.0636                               | 1,392         |
| 2017                          | 6,931.10                | 45.00               | 2.22                              | 153.87        | 43.07       | 0.0429                               | 297           |
| 2018                          | 14,402.43               | 45.00               | 2.22                              | 319.73        | 44.02       | 0.0218                               | 314           |
|                               | 3,004,168.67            |                     |                                   | 66,692.54     |             |                                      | 1,192,360     |

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 2.22

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 381.40 PLANT SEWERS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                 | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|-----------------------------|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 60-R3 |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0     |                         |                     |                                   |               |             |                                      |               |
| 1996                        | 606,734.00              | 60.00               | 1.67                              | 10,132.46     | 38.28       | 0.3620                               | 219,638       |
| 1999                        | 11,996.14               | 60.00               | 1.67                              | 200.34        | 40.96       | 0.3173                               | 3,807         |
| 2002                        | 18,769.10               | 60.00               | 1.67                              | 313.44        | 43.70       | 0.2717                               | 5,099         |
| 2003                        | 418,386.64              | 60.00               | 1.67                              | 6,987.06      | 44.62       | 0.2563                               | 107,245       |
| 2004                        | 33,843.90               | 60.00               | 1.67                              | 565.19        | 45.55       | 0.2408                               | 8,151         |
| 2016                        | 3,779.83                | 60.00               | 1.67                              | 63.12         | 57.05       | 0.0492                               | 186           |
|                             | 1,093,509.61            |                     |                                   | 18,261.61     |             |                                      | 344,126       |

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.67

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 390.70 OFFICE FURNITURE AND EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)               | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|---------------------------|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. 5-SQUARE |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0   |                         |                     |                                   |               |             |                                      |               |
| 1992                      | 1,720.71                | 5.00                |                                   |               |             | 1.0000                               | 1,721         |
| 1993                      | 1,200.00                | 5.00                |                                   |               |             | 1.0000                               | 1,200         |
| 2003                      | 13,785.62               | 5.00                |                                   |               |             | 1.0000                               | 13,786        |
| 2004                      | 205.00                  | 5.00                |                                   |               |             | 1.0000                               | 205           |
| 2005                      | 3,000.00                | 5.00                |                                   |               |             | 1.0000                               | 3,000         |
| 2011                      | 6,887.33                | 5.00                |                                   |               |             | 1.0000                               | 6,887         |
| 2012                      | 5,701.79                | 5.00                |                                   |               |             | 1.0000                               | 5,702         |
| 2016                      | 2,141.90                | 5.00                | 20.00                             | 428.38        | 2.00        | 0.6000                               | 1,285         |
|                           | 34,642.35               |                     |                                   | 428.38        |             |                                      | 33,786        |

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 1.24

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 391.70 TRANSPORTATION EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|--|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 12-L1.5                  |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                                   |               |             |                                      |               |
| 1995   | 20,538.60               | 12.00               | 8.33                              | 1,710.87      | 2.34        | 0.8050                               | 16,534        |
| 2016   | 31,688.72               | 12.00               | 8.33                              | 2,639.67      | 9.31        | 0.2242                               | 7,104         |
|  | 52,227.32               |                     |                                   | 4,350.54      |             |                                      | 23,638        |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 8.33 |                         |                     |                                   |               |             |                                      |               |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 392.70 STORES EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|--|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. 20-SQUARE                     |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                                   |               |             |                                      |               |
| 2017   | 10,000.00               | 20.00               | 5.00                              | 500.00        | 18.00       | 0.1000                               | 1,000         |
|  | 10,000.00               |                     |                                   | 500.00        |             |                                      | 1,000         |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 5.00 |                         |                     |                                   |               |             |                                      |               |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS  
ACCOUNT 393.70 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|----------------------------|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. 20-SQUARE |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0    |                         |                     |                                   |               |             |                                      |               |
| 1998                       | 5,787.90                | 20.00               |                                   |               |             | 1.0000                               | 5,788         |
| 1999                       | 11,899.66               | 20.00               |                                   |               |             | 1.0000                               | 11,900        |
| 2002                       | 7,484.74                | 20.00               | 5.00                              | 374.24        | 3.00        | 0.8500                               | 6,362         |
| 2003                       | 5,513.74                | 20.00               | 5.00                              | 275.69        | 4.00        | 0.8000                               | 4,411         |
| 2004                       | 1,515.55                | 20.00               | 5.00                              | 75.78         | 5.00        | 0.7500                               | 1,137         |
| 2006                       | 7,783.00                | 20.00               | 5.00                              | 389.15        | 7.00        | 0.6500                               | 5,059         |
| 2009                       | 5,497.00                | 20.00               | 5.00                              | 274.85        | 10.00       | 0.5000                               | 2,748         |
| 2013                       | 6,242.00                | 20.00               | 5.00                              | 312.10        | 14.00       | 0.3000                               | 1,873         |
| 2015                       | 18,313.32               | 20.00               | 5.00                              | 915.67        | 16.00       | 0.2000                               | 3,663         |
| 2016                       | 11,937.04               | 20.00               | 5.00                              | 596.85        | 17.00       | 0.1500                               | 1,791         |
|                            | 81,973.95               |                     |                                   | 3,214.33      |             |                                      | 44,732        |

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 3.92

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 394.70 LABORATORY EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|--|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. 15-SQUARE                     |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                                   |               |             |                                      |               |
| 1995   | 2,319.38                | 15.00               |                                   |               |             | 1.0000                               | 2,319         |
| 2003   | 4,710.41                | 15.00               |                                   |               |             | 1.0000                               | 4,710         |
|  | 7,029.79                |                     |                                   |               |             |                                      | 7,029         |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 0.00 |                         |                     |                                   |               |             |                                      |               |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 395.70 POWER OPERATED EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|--|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. IOWA 15-L4                    |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                                   |               |             |                                      |               |
| 2014   | 4,065.00                | 15.00               | 6.67                              | 271.14        | 10.00       | 0.3333                               | 1,355         |
|  | 4,065.00                |                     |                                   | 271.14        |             |                                      | 1,355         |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 6.67 |                         |                     |                                   |               |             |                                      |               |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 396.70 COMMUNICATION EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO ORIGINAL COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL ACCRUAL--<br>RATE<br>(4) | AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED DEPREC.--<br>FACTOR<br>(7) | AMOUNT<br>(8) |
|--|-------------------------|---------------------|-----------------------------------|---------------|-------------|--------------------------------------|---------------|
| SURVIVOR CURVE.. 15-SQUARE                     |                         |                     |                                   |               |             |                                      |               |
| NET SALVAGE PERCENT.. 0                        |                         |                     |                                   |               |             |                                      |               |
| 1996   | 931.65                  | 15.00               |                                   |               |             | 1.0000                               | 932           |
| 2003   | 850.00                  | 15.00               |                                   |               |             | 1.0000                               | 850           |
| 2011   | 3,996.95                | 15.00               | 6.67                              | 266.60        | 7.00        | 0.5333                               | 2,132         |
| 2016   | 4,597.01                | 15.00               | 6.67                              | 306.62        | 12.00       | 0.2000                               | 919           |
|  | 10,375.61               |                     |                                   | 573.22        |             |                                      | 4,833         |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 5.52 |                         |                     |                                   |               |             |                                      |               |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

SUMMARY OF REPLACEMENT COST AND ACCRUED DEPRECIATION  
OF WASTEWATER SYSTEM AS OF JUNE 30, 2019

| ACCOUNT<br>(1) | DESCRIPTION<br>(2)                      | REPLACEMENT<br>COST<br>(3) | ACCRUED<br>DEPRECIATION<br>(4) |
|----------------|---|----------------------------|--------------------------------|
| 353.00         | LAND AND LAND RIGHTS                    | 34,237.24                  |                                |
| 354.30         | STRUCTURES AND IMPROVEMENTS - PUMPING   | 1,004,852.95               | 341,459                        |
| 354.40         | STRUCTURES AND IMPROVEMENTS - TREATMENT | 20,464,735.89              | 6,794,035                      |
| 355.00         | POWER GENERATION EQUIPMENT              | 308,244.44                 | 196,866                        |
| 360.21         | COLLECTION SEWERS - FORCE - MAINS       | 1,027,030.46               | 331,521                        |
| 360.22         | COLLECTION SEWERS - FORCE - MANHOLES    | 22,201.81                  | 8,363                          |
| 361.21         | COLLECTION SEWERS - GRAVITY - MAINS     | 19,414,997.89              | 9,509,027                      |
| 361.22         | COLLECTION SEWERS - GRAVITY - MANHOLES  | 2,129,528.13               | 897,048                        |
| 363.20         | SERVICES TO CUSTOMERS                   | 467,014.91                 | 192,473                        |
| 364.20         | FLOW MEASURING DEVICES                  | 48,915.92                  | 27,479                         |
| 371.30         | PUMPING EQUIPMENT                       | 1,457,061.88               | 584,622                        |
| 380.40         | TREATMENT AND DISPOSAL EQUIPMENT        | 8,840,999.84               | 4,255,449                      |
| 381.40         | PLANT SEWERS                            | 2,238,017.66               | 717,196                        |
| 390.70         | OFFICE FURNITURE AND EQUIPMENT          | 20,145.41                  | 19,348                         |
| 391.70         | TRANSPORTATION EQUIPMENT                | 54,890.15                  | 25,427                         |
| 392.70         | STORES EQUIPMENT                        | 10,638.21                  | 1,064                          |
| 393.70         | TOOLS, SHOP AND GARAGE EQUIPMENT        | 111,661.01                 | 68,657                         |
| 394.70         | LABORATORY EQUIPMENT                    | 9,169.30                   | 9,169                          |
| 395.70         | POWER OPERATED EQUIPMENT                | 4,486.34                   | 1,495                          |
| 396.70         | COMMUNICATION EQUIPMENT                 | 9,913.56                   | 4,545                          |
|                | <b>TOTAL COMPANY</b>                    | <b>57,678,743.00</b>       | <b>23,985,243</b>              |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

SUMMARY OF ANALYSIS OF REPLACEMENT COST  
OF WASTEWATER SYSTEM AS OF JUNE 30, 2019

| ACCOUNT | DESCRIPTION                             | REPLACEMENT<br>COST  |
|---------|---|----------------------|
| (1)     | (2)                                     | (3)                  |
| 353.00  | LAND AND LAND RIGHTS                    | 34,237.24            |
| 354.30  | STRUCTURES AND IMPROVEMENTS - PUMPING   | 1,004,852.95         |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 20,464,735.89        |
| 355.00  | POWER GENERATION EQUIPMENT              | 308,244.44           |
| 360.21  | COLLECTION SEWERS - FORCE - MAINS       | 1,027,030.46         |
| 360.22  | COLLECTION SEWERS - FORCE - MANHOLES    | 22,201.81            |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 19,414,997.89        |
| 361.22  | COLLECTION SEWERS - GRAVITY - MANHOLES  | 2,129,528.13         |
| 363.20  | SERVICES TO CUSTOMERS                   | 467,014.91           |
| 364.20  | FLOW MEASURING DEVICES                  | 48,915.92            |
| 371.30  | PUMPING EQUIPMENT                       | 1,457,061.88         |
| 380.40  | TREATMENT AND DISPOSAL EQUIPMENT        | 8,840,999.84         |
| 381.40  | PLANT SEWERS                            | 2,238,017.66         |
| 390.70  | OFFICE FURNITURE AND EQUIPMENT          | 20,145.41            |
| 391.70  | TRANSPORTATION EQUIPMENT                | 54,890.15            |
| 392.70  | STORES EQUIPMENT                        | 10,638.21            |
| 393.70  | TOOLS, SHOP AND GARAGE EQUIPMENT        | 111,661.01           |
| 394.70  | LABORATORY EQUIPMENT                    | 9,169.30             |
| 395.70  | POWER OPERATED EQUIPMENT                | 4,486.34             |
| 396.70  | COMMUNICATION EQUIPMENT                 | 9,913.56             |
|         | <b>TOTAL COMPANY</b>                    | <b>57,678,743.00</b> |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

SUMMARY OF SERVICE LIFE ESTIMATES AND CALCULATED ACCRUED  
DEPRECIATION RELATED TO REPLACEMENT COST AS OF JUNE 30, 2019

| ACCOUNT | DESCRIPTION                             | SURVIVOR<br>CURVE | REPLACEMENT<br>COST  | ACCRUED<br>DEPRECIATION |
|---------|---|-------------------|----------------------|-------------------------|
| (1)     | (2)                                     | (3)               | (4)                  | (5)                     |
| 353.00  | LAND AND LAND RIGHTS                    | NONDEPRECIABLE    | 34,237.24            |                         |
| 354.30  | STRUCTURES AND IMPROVEMENTS - PUMPING   | 60-R3             | 1,004,852.95         | 341,459                 |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 65-R3             | 20,464,735.89        | 6,794,035               |
| 355.00  | POWER GENERATION EQUIPMENT              | 30-S2             | 308,244.44           | 196,866                 |
| 360.21  | COLLECTION SEWERS - FORCE - MAINS       | 65-R2.5           | 1,027,030.46         | 331,521                 |
| 360.22  | COLLECTION SEWERS - FORCE - MANHOLES    | 60-R3             | 22,201.81            | 8,363                   |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 65-R2.5           | 19,414,997.89        | 9,509,027               |
| 361.22  | COLLECTION SEWERS - GRAVITY - MANHOLES  | 60-R3             | 2,129,528.13         | 897,048                 |
| 363.20  | SERVICES TO CUSTOMERS                   | 50-R2.5           | 467,014.91           | 192,473                 |
| 364.20  | FLOW MEASURING DEVICES                  | 30-L3             | 48,915.92            | 27,479                  |
| 371.30  | PUMPING EQUIPMENT                       | 40-R1.5           | 1,457,061.88         | 584,622                 |
| 380.40  | TREATMENT AND DISPOSAL EQUIPMENT        | 45-S0.5           | 8,840,999.84         | 4,255,449               |
| 381.40  | PLANT SEWERS                            | 60-R3             | 2,238,017.66         | 717,196                 |
| 390.70  | OFFICE FURNITURE AND EQUIPMENT          | 5-SQ              | 20,145.41            | 19,348                  |
| 391.70  | TRANSPORTATION EQUIPMENT                | 12-L1.5           | 54,890.15            | 25,427                  |
| 392.70  | STORES EQUIPMENT                        | 20-SQ             | 10,638.21            | 1,064                   |
| 393.70  | TOOLS, SHOP AND GARAGE EQUIPMENT        | 20-SQ             | 111,661.01           | 68,657                  |
| 394.70  | LABORATORY EQUIPMENT                    | 15-SQ             | 9,169.30             | 9,169                   |
| 395.70  | POWER OPERATED EQUIPMENT                | 15-L4             | 4,486.34             | 1,495                   |
| 396.70  | COMMUNICATION EQUIPMENT                 | 15-SQ             | 9,913.56             | 4,545                   |
|         | <b>TOTAL COMPANY</b>                    |                   | <b>57,678,743.00</b> | <b>23,985,243</b>       |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

SUMMARY OF REPLACEMENT COST AND TRANSITION FACTORS BY ACCOUNT AND VINTAGE YEAR  
OF WASTEWATER SYSTEM AS OF JUNE 30, 2019

| ACCOUNT | DESCRIPTION                             | VINTAGE YEAR | ORIGINAL COST | TRANSITION FACTOR | FACTOR REFERENCE | REPLACEMENT COST |
|---------|---|--------------|---------------|-------------------|------------------|------------------|
| (1)     | (2)                                     | (3)          | (4)           | (5)               | (6)              | (7)              |
| 353.00  | LAND AND LAND RIGHTS                    | 1996         | 34,237.24     | 1.00              | (1)              | 34,237.24        |
| 354.30  | STRUCTURES AND IMPROVEMENTS - PUMPING   | 1996         | 367,844.40    | 2.23              | (2)              | 821,633.75       |
| 354.30  | STRUCTURES AND IMPROVEMENTS - PUMPING   | 2002         | 6,417.89      | 1.84              | (2)              | 11,829.38        |
| 354.30  | STRUCTURES AND IMPROVEMENTS - PUMPING   | 2004         | 98,500.00     | 1.70              | (2)              | 167,754.16       |
| 354.30  | STRUCTURES AND IMPROVEMENTS - PUMPING   | 2012         | 3,062.68      | 1.19              | (2)              | 3,635.66         |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 1993         | 9,799.64      | 2.44              | (2)              | 23,899.12        |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 1994         | 78,377.10     | 2.33              | (2)              | 182,455.78       |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 1996         | 8,776,584.33  | 2.23              | (2)              | 19,603,772.48    |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 1998         | 1,305.00      | 2.13              | (2)              | 2,776.51         |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 1999         | 16,248.53     | 2.09              | (2)              | 33,965.59        |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2001         | 16,758.55     | 1.90              | (2)              | 31,788.04        |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2002         | 10,446.11     | 1.84              | (2)              | 19,254.14        |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2003         | 6,689.05      | 1.82              | (2)              | 12,172.71        |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2004         | 108,811.60    | 1.70              | (2)              | 185,315.72       |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2006         | 203,202.00    | 1.54              | (2)              | 312,652.00       |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2007         | 14,535.00     | 1.45              | (2)              | 21,011.28        |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2008         | 1,030.00      | 1.33              | (2)              | 1,372.70         |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2009         | 1,409.00      | 1.32              | (2)              | 1,857.08         |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2010         | 5,690.00      | 1.28              | (2)              | 7,285.23         |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2012         | 6,242.00      | 1.19              | (2)              | 7,409.79         |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2015         | 10,266.40     | 1.11              | (2)              | 11,377.14        |
| 354.40  | STRUCTURES AND IMPROVEMENTS - TREATMENT | 2017         | 5,997.41      | 1.06              | (2)              | 6,370.58         |
| 355.00  | POWER GENERATION EQUIPMENT              | 1996         | 110,000.00    | 2.80              | (3)              | 308,244.44       |
| 360.21  | COLLECTION SEWERS - FORCE - MAINS       | 1995         | 257,741.38    | 2.47              | (4)              | 635,813.83       |
| 360.21  | COLLECTION SEWERS - FORCE - MAINS       | 1996         | 142,111.25    | 2.42              | (4)              | 343,330.72       |
| 360.21  | COLLECTION SEWERS - FORCE - MAINS       | 2004         | 25,258.50     | 1.90              | (4)              | 47,885.91        |
| 360.22  | COLLECTION SEWERS - FORCE - MANHOLES    | 1995         | 9,000.00      | 2.47              | (4)              | 22,201.81        |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 1968         | 965,660.41    | 10.64             | (4)              | 10,271,115.26    |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 1994         | 414,613.00    | 2.50              | (4)              | 1,038,434.39     |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 1995         | 1,188,069.83  | 2.47              | (4)              | 2,930,810.82     |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 1996         | 1,751,420.42  | 2.42              | (4)              | 4,231,307.74     |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 1998         | 14,800.55     | 2.31              | (4)              | 34,145.49        |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 1999         | 10,503.00     | 2.27              | (4)              | 23,828.14        |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 2001         | 272,131.25    | 2.09              | (4)              | 570,014.05       |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 2002         | 36,577.50     | 2.03              | (4)              | 74,150.92        |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 2003         | 8,821.10      | 2.01              | (4)              | 17,750.57        |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 2004         | 64,106.00     | 1.90              | (4)              | 121,534.29       |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 2007         | 500.00        | 1.55              | (4)              | 772.64           |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 2009         | 5,568.41      | 1.33              | (4)              | 7,427.57         |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 2012         | 28,919.97     | 1.19              | (4)              | 34,476.65        |
| 361.21  | COLLECTION SEWERS - GRAVITY - MAINS     | 2013         | 50,695.70     | 1.17              | (4)              | 59,229.36        |
| 361.22  | COLLECTION SEWERS - GRAVITY - MANHOLES  | 1968         | 33,621.79     | 10.64             | (4)              | 357,613.54       |
| 361.22  | COLLECTION SEWERS - GRAVITY - MANHOLES  | 1994         | 50,000.00     | 2.50              | (4)              | 125,229.36       |
| 361.22  | COLLECTION SEWERS - GRAVITY - MANHOLES  | 1995         | 262,308.40    | 2.47              | (4)              | 647,080.06       |
| 361.22  | COLLECTION SEWERS - GRAVITY - MANHOLES  | 1996         | 366,409.35    | 2.42              | (4)              | 885,219.05       |
| 361.22  | COLLECTION SEWERS - GRAVITY - MANHOLES  | 2001         | 21,600.00     | 2.09              | (4)              | 45,243.99        |
| 361.22  | COLLECTION SEWERS - GRAVITY - MANHOLES  | 2004         | 30,280.00     | 1.90              | (4)              | 57,405.83        |
| 361.22  | COLLECTION SEWERS - GRAVITY - MANHOLES  | 2016         | 10,819.18     | 1.08              | (4)              | 11,736.30        |
| 363.20  | SERVICES TO CUSTOMERS                   | 1995         | 64,562.50     | 2.21              | (5)              | 142,373.98       |
| 363.20  | SERVICES TO CUSTOMERS                   | 1996         | 153,362.00    | 2.11              | (5)              | 323,445.71       |
| 363.20  | SERVICES TO CUSTOMERS                   | 2004         | 685.00        | 1.74              | (5)              | 1,195.22         |
| 364.20  | FLOW MEASURING DEVICES                  | 1996         | 9,125.00      | 2.14              | (6)              | 19,528.38        |
| 364.20  | FLOW MEASURING DEVICES                  | 1998         | 9,853.53      | 2.25              | (6)              | 22,157.94        |
| 364.20  | FLOW MEASURING DEVICES                  | 2011         | 3,692.00      | 1.17              | (6)              | 4,315.45         |
| 364.20  | FLOW MEASURING DEVICES                  | 2016         | 2,651.02      | 1.10              | (6)              | 2,914.15         |
| 371.30  | PUMPING EQUIPMENT                       | 1996         | 440,582.03    | 2.80              | (3)              | 1,234,608.76     |
| 371.30  | PUMPING EQUIPMENT                       | 1997         | 4,452.93      | 2.67              | (3)              | 11,871.34        |
| 371.30  | PUMPING EQUIPMENT                       | 2001         | 26,099.75     | 2.39              | (3)              | 62,451.20        |
| 371.30  | PUMPING EQUIPMENT                       | 2002         | 1,482.56      | 2.38              | (3)              | 3,534.04         |

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

SUMMARY OF REPLACEMENT COST AND TRANSITION FACTORS BY ACCOUNT AND VINTAGE YEAR  
OF WASTEWATER SYSTEM AS OF JUNE 30, 2019

| ACCOUNT              | DESCRIPTION                      | VINTAGE YEAR | ORIGINAL COST        | TRANSITION FACTOR | FACTOR REFERENCE | REPLACEMENT COST     |
|----------------------|----------------------------------|--------------|----------------------|-------------------|------------------|----------------------|
| (1)                  | (2)                              | (3)          | (4)                  | (5)               | (6)              | (7)                  |
| 371.30               | PUMPING EQUIPMENT                | 2004         | 4,200.00             | 2.20              | (3)              | 9,259.09             |
| 371.30               | PUMPING EQUIPMENT                | 2006         | 15,279.80            | 2.02              | (3)              | 30,877.93            |
| 371.30               | PUMPING EQUIPMENT                | 2012         | 18,658.16            | 1.60              | (3)              | 29,857.79            |
| 371.30               | PUMPING EQUIPMENT                | 2013         | 4,401.49             | 1.51              | (3)              | 6,639.09             |
| 371.30               | PUMPING EQUIPMENT                | 2015         | 44,043.39            | 1.33              | (3)              | 58,771.13            |
| 371.30               | PUMPING EQUIPMENT                | 2016         | 7,412.98             | 1.24              | (3)              | 9,191.51             |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 1968         | 232,826.00           | 12.06             | (7)              | 2,807,409.16         |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 1995         | 146,886.00           | 2.33              | (7)              | 342,322.55           |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 1996         | 2,298,533.00         | 2.27              | (7)              | 5,210,843.20         |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 1999         | 1,809.07             | 2.07              | (7)              | 3,753.48             |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2001         | 39,180.00            | 1.94              | (7)              | 76,162.99            |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2002         | 87,303.35            | 1.88              | (7)              | 163,964.76           |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2003         | 5,097.00             | 1.84              | (7)              | 9,382.09             |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2004         | 9,632.72             | 1.79              | (7)              | 17,198.33            |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2009         | 5,084.75             | 1.34              | (7)              | 6,834.43             |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2012         | 55,294.49            | 1.22              | (7)              | 67,654.43            |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2013         | 4,247.00             | 1.19              | (7)              | 5,055.08             |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2014         | 5,383.67             | 1.15              | (7)              | 6,178.23             |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2015         | 69,664.06            | 1.12              | (7)              | 78,219.30            |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2016         | 21,894.03            | 1.09              | (7)              | 23,936.71            |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2017         | 6,931.10             | 1.06              | (7)              | 7,346.08             |
| 380.40               | TREATMENT AND DISPOSAL EQUIPMENT | 2018         | 14,402.43            | 1.02              | (7)              | 14,739.02            |
| 381.40               | PLANT SEWERS                     | 1996         | 606,734.00           | 2.23              | (2)              | 1,355,228.28         |
| 381.40               | PLANT SEWERS                     | 1999         | 11,996.14            | 2.09              | (2)              | 25,076.48            |
| 381.40               | PLANT SEWERS                     | 2002         | 18,769.10            | 1.84              | (2)              | 34,594.97            |
| 381.40               | PLANT SEWERS                     | 2003         | 418,386.64           | 1.82              | (2)              | 761,378.73           |
| 381.40               | PLANT SEWERS                     | 2004         | 33,843.90            | 1.70              | (2)              | 57,639.14            |
| 381.40               | PLANT SEWERS                     | 2016         | 3,779.83             | 1.08              | (2)              | 4,100.06             |
| 390.70               | OFFICE FURNITURE AND EQUIPMENT   | 1992         | 1,720.71             | 0.20              | (8)              | 346.03               |
| 390.70               | OFFICE FURNITURE AND EQUIPMENT   | 1993         | 1,200.00             | 0.20              | (8)              | 241.31               |
| 390.70               | OFFICE FURNITURE AND EQUIPMENT   | 2003         | 13,785.62            | 0.45              | (8)              | 6,194.91             |
| 390.70               | OFFICE FURNITURE AND EQUIPMENT   | 2004         | 205.00               | 0.48              | (8)              | 98.99                |
| 390.70               | OFFICE FURNITURE AND EQUIPMENT   | 2005         | 3,000.00             | 0.52              | (8)              | 1,550.45             |
| 390.70               | OFFICE FURNITURE AND EQUIPMENT   | 2011         | 6,887.33             | 0.76              | (8)              | 5,225.90             |
| 390.70               | OFFICE FURNITURE AND EQUIPMENT   | 2012         | 5,701.79             | 0.79              | (8)              | 4,494.72             |
| 390.70               | OFFICE FURNITURE AND EQUIPMENT   | 2016         | 2,141.90             | 0.93              | (8)              | 1,993.10             |
| 391.70               | TRANSPORTATION EQUIPMENT         | 1995         | 20,538.60            | 1.10              | (9)              | 22,590.98            |
| 391.70               | TRANSPORTATION EQUIPMENT         | 2016         | 31,688.72            | 1.02              | (9)              | 32,299.17            |
| 392.70               | STORES EQUIPMENT                 | 2017         | 10,000.00            | 1.06              | (10)             | 10,638.21            |
| 393.70               | TOOLS, SHOP AND GARAGE EQUIPMENT | 1998         | 5,787.90             | 1.79              | (11)             | 10,343.13            |
| 393.70               | TOOLS, SHOP AND GARAGE EQUIPMENT | 1999         | 11,899.66            | 1.76              | (11)             | 20,884.88            |
| 393.70               | TOOLS, SHOP AND GARAGE EQUIPMENT | 2002         | 7,484.74             | 1.64              | (11)             | 12,280.54            |
| 393.70               | TOOLS, SHOP AND GARAGE EQUIPMENT | 2003         | 5,513.74             | 1.57              | (11)             | 8,654.64             |
| 393.70               | TOOLS, SHOP AND GARAGE EQUIPMENT | 2004         | 1,515.55             | 1.53              | (11)             | 2,313.52             |
| 393.70               | TOOLS, SHOP AND GARAGE EQUIPMENT | 2006         | 7,783.00             | 1.37              | (11)             | 10,695.12            |
| 393.70               | TOOLS, SHOP AND GARAGE EQUIPMENT | 2009         | 5,497.00             | 1.22              | (11)             | 6,708.49             |
| 393.70               | TOOLS, SHOP AND GARAGE EQUIPMENT | 2013         | 6,242.00             | 1.13              | (11)             | 7,083.14             |
| 393.70               | TOOLS, SHOP AND GARAGE EQUIPMENT | 2015         | 18,313.32            | 1.09              | (11)             | 19,912.78            |
| 393.70               | TOOLS, SHOP AND GARAGE EQUIPMENT | 2016         | 11,937.04            | 1.07              | (11)             | 12,784.77            |
| 394.70               | LABORATORY EQUIPMENT             | 1995         | 2,319.38             | 1.39              | (12)             | 3,223.83             |
| 394.70               | LABORATORY EQUIPMENT             | 2003         | 4,710.41             | 1.26              | (12)             | 5,945.47             |
| 395.70               | POWER OPERATED EQUIPMENT         | 2014         | 4,065.00             | 1.10              | (13)             | 4,486.34             |
| 396.70               | COMMUNICATION EQUIPMENT          | 1996         | 931.65               | 0.87              | (14)             | 806.28               |
| 396.70               | COMMUNICATION EQUIPMENT          | 2003         | 850.00               | 0.95              | (14)             | 806.20               |
| 396.70               | COMMUNICATION EQUIPMENT          | 2011         | 3,996.95             | 0.96              | (14)             | 3,818.78             |
| 396.70               | COMMUNICATION EQUIPMENT          | 2016         | 4,597.01             | 0.98              | (14)             | 4,482.30             |
| <b>TOTAL COMPANY</b> |                                  |              | <b>21,023,527.36</b> |                   |                  | <b>57,678,743.00</b> |

KANE BOROUGH AUTHORITY  
 KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

SUMMARY OF REPLACEMENT COST AND TRANSITION FACTORS BY ACCOUNT AND VINTAGE YEAR  
 OF WASTEWATER SYSTEM AS OF JUNE 30, 2019

| ACCOUNT | DESCRIPTION | VINTAGE<br>YEAR | ORIGINAL<br>COST | TRANSITION<br>FACTOR | FACTOR<br>REFERENCE | REPLACEMENT<br>COST |
|---------|-------------|-----------------|------------------|----------------------|---------------------|---------------------|
| (1)     | (2)         | (3)             | (4)              | (5)                  | (6)                 | (7)                 |

- NOTES :
- (1) Not trended
  - (2) Handy-Whitman Index of Public Utility Costs, 1/1/19, Cost Trends of Water Utility Construction, North Atlantic Region, Line 8
  - (3) Handy-Whitman Index of Public Utility Costs, 1/1/19, Cost Trends of Water Utility Construction, North Atlantic Region, Line 9
  - (4) Handy-Whitman Index of Public Utility Costs, 1/1/19, Cost Trends of Water Utility Construction, North Atlantic Region, Line 34
  - (5) Handy-Whitman Index of Public Utility Costs, 1/1/19, Cost Trends of Water Utility Construction, North Atlantic Region, Line 39
  - (6) Handy-Whitman Index of Public Utility Costs, 1/1/19, Cost Trends of Water Utility Construction, North Atlantic Region, Line 40
  - (7) Handy-Whitman Index of Public Utility Costs, 1/1/19, Cost Trends of Water Utility Construction, North Atlantic Region, Line 16
  - (8) U.S. Bureau of Labor Statistics, Producer Price Index: PPI industry group data for Computer & peripheral equipment mfg, not seasonally adjusted
  - (9) U.S. Bureau of Labor Statistics, Producer Price Index: PPI industry data for Automobile, light truck and utility vehicle mfg, not seasonally adjusted
  - (10) U.S. Bureau of Labor Statistics, Producer Price Index: PPI industry data for Overhead cranes, hoists and monorail systems mfg, not seasonally adjusted
  - (11) U.S. Bureau of Labor Statistics, Producer Price Index: PPI industry data for Measuring, dispensing, and other pumping equipment mfg, not seasonally adjusted
  - (12) U.S. Bureau of Labor Statistics, Producer Price Index: PPI industry data for Analytical laboratory instrument mfg, not seasonally adjusted
  - (13) U.S. Bureau of Labor Statistics, Producer Price Index: PPI industry data for Industrial truck, trailer, and stacker mfg-Parts and attachments for industrial trucks and tractors (sold separately), not seasonally adjusted
  - (14) U.S. Bureau of Labor Statistics, Producer Price Index: PPI industry data for Broadcast and wireless communications equipment mfg, not seasonally adjusted

KANE BOROUGH AUTHORITY  
KANE BOROUGH AUTHORITY WASTEWATER SYSTEM ASSETS

ACCOUNT 353.00 LAND AND LAND RIGHTS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION  
RELATED TO REPLACEMENT COST AT JUNE 30, 2019

| YEAR<br>(1)                                    | ORIGINAL<br>COST<br>(2) | AVG.<br>LIFE<br>(3) | --ANNUAL<br>RATE<br>(4) | ACCRUAL--<br>AMOUNT<br>(5) | EXP.<br>(6) | --ACCRUED<br>FACTOR<br>(7) | DEPREC.--<br>AMOUNT<br>(8) |
|--|-------------------------|---------------------|-------------------------|----------------------------|-------------|----------------------------|----------------------------|
| NONDEPRECIABLE                                 |                         |                     |                         |                            |             |                            |                            |
| 1996   | 34,237.24               |                     |                         |                            |             |                            |                            |
|  | 34,237.24               |                     |                         |                            |             |                            |                            |
| COMPOSITE ANNUAL ACCRUAL RATE, PERCENT .. 0.00 |                         |                     |                         |                            |             |                            |                            |