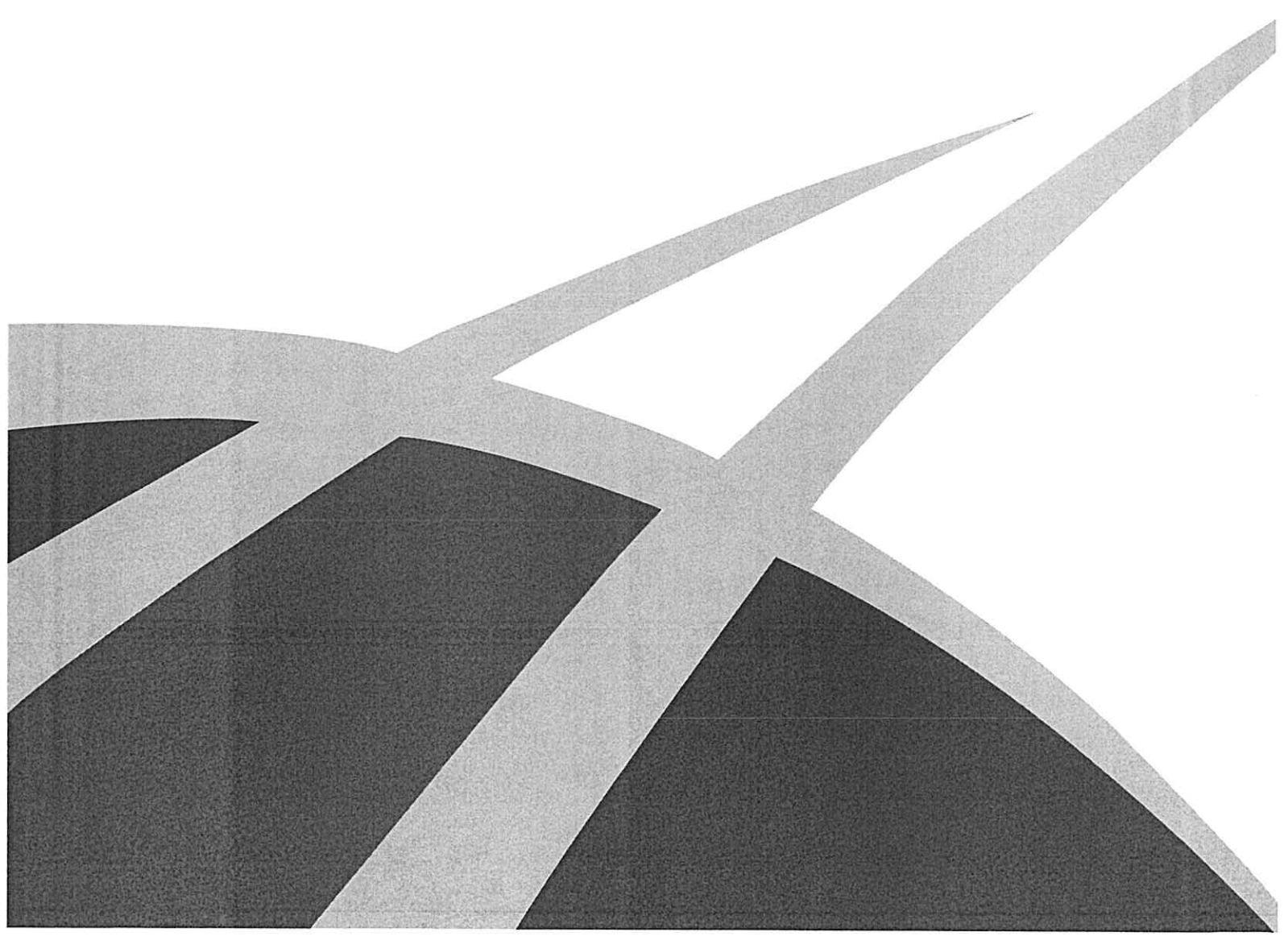


***NORTH COVENTRY WATER AUTHORITY***  
***(A Component Unit of North Coventry Township)***

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended June 30, 2020 and 2019**



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**NORTH COVENTRY WATER AUTHORITY**

**ORGANIZATION**

**June 30, 2020**

---

*MEMBERS OF THE BOARD:*

|                          |                     |
|--------------------------|---------------------|
| Dennis Hullmann          | Chairman            |
| Mike Gammon              | Vice Chairman       |
| Barry Boettlin           | Secretary           |
| Timothy D. Forester, CPA | Treasurer           |
| Linda Knox               | Assistant Secretary |
| Ken Bickel               | Assistant Treasurer |
| Keith Learn              | Chairman Pro-Temp   |

*SOLICITOR:*

Gregory W. Philips, Esquire  
Yergey-Daylor-Allebach-Scheffey-Picardi  
1129 High Street  
PO Box 776  
Pottstown, PA 19464

*ENGINEER:*

David Bright  
Spotts, Stevens & McCoy, Inc.  
PO Box 6307  
Wyomissing, PA 19610-0307

*GENERAL MANAGER:*

Steve Dunning  
North Coventry Municipal Authority  
1485 East Schuylkill Road  
Pottstown, PA 19464



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## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of the Board  
North Coventry Water Authority  
Pottstown, Pennsylvania**

We have audited the accompanying financial statements of the North Coventry Water Authority, a component unit of North Coventry Township, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the North Coventry Water Authority's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the North Coventry Water Authority as of June 30, 2020 and 2019, and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## Supplementary Information

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

*Herbein + Company, Inc.*

Reading, Pennsylvania  
October 28, 2020

**NORTH COVENTRY WATER AUTHORITY**

**STATEMENTS OF NET POSITION**

|  | June 30      |              |
|--|--------------|--------------|
|  | 2020         | 2019         |
| <b>ASSETS</b>  |              |              |
| <b>CURRENT ASSETS</b>  |              |              |
| Cash   | \$ 615,116   | \$ 668,628   |
| Restricted cash - developer's escrow                                 | 8,981        | 13,068       |
| Accounts receivable, net of allowance of<br>\$16,000 - 2020 and 2019 | 231,300      | 221,411      |
| Due from North Coventry Township - hydrant billings                  | 8,740        | 8,740        |
| Inventory  | 6,365        | 6,365        |
| Other current assets   | 21,347       | 20,056       |
| <b>TOTAL CURRENT ASSETS</b>  | 891,849      | 938,268      |
| <b>NONCURRENT ASSETS</b>   |              |              |
| Capital assets not being depreciated:                                |              |              |
| Land   | 100,507      | 100,507      |
| Construction in process  | 71,278       | 15,883       |
| Capital assets being depreciated:                                    |              |              |
| Leasehold improvements   | 2,614,094    | 2,614,094    |
| Water distribution system  | 5,857,228    | 5,804,971    |
| Equipment  | 286,936      | 276,936      |
| Less accumulated depreciation  | (3,171,059)  | (2,931,115)  |
| Capital assets, net  | 5,758,984    | 5,881,276    |
| Other assets:  |              |              |
| Liened receivables   | 24,579       | 28,794       |
| <b>TOTAL NONCURRENT ASSETS</b>                                       | 5,783,563    | 5,910,070    |
| <b>TOTAL ASSETS</b>  | \$ 6,675,412 | \$ 6,848,338 |

**NORTH COVENTRY WATER AUTHORITY**  
**STATEMENTS OF NET POSITION - CONTINUED**

|  | June 30      |              |
|--|--------------|--------------|
|  | 2020         | 2019         |
| <b>LIABILITIES</b>                                   |              |              |
| <b>CURRENT LIABILITIES</b>                           |              |              |
| Accounts payable                                     | \$ 54,912    | \$ 77,456    |
| Accounts payable - construction in progress          | -            | 12,634       |
| Due to North Coventry Municipal Authority            | 18,750       | -            |
| Due to developers                                    | 8,981        | 13,068       |
| Payroll and related taxes withheld                   | 944          | 940          |
| Current maturities of note payable                   | 116,000      | 113,000      |
| Current maturities of capital lease obligation       | 160,000      | 153,000      |
|  |              |              |
| <b>TOTAL CURRENT LIABILITIES</b>                     | 359,587      | 370,098      |
| <b>NONCURRENT LIABILITIES</b>                        |              |              |
| Note payable   | 500,000      | 616,000      |
| Capital lease obligation                             | 1,128,205    | 1,287,893    |
|  |              |              |
| <b>TOTAL NONCURRENT LIABILITIES</b>                  | 1,628,205    | 1,903,893    |
|  |              |              |
| <b>TOTAL LIABILITIES</b>                             | 1,987,792    | 2,273,991    |
| <b>NET POSITION</b>                                  |              |              |
| Net investment in capital assets                     | 3,854,779    | 3,711,383    |
| Unrestricted net position:                           |              |              |
| Unrestricted - board designated for capital projects | 225,000      | 225,000      |
| Unrestricted   | 607,841      | 637,964      |
|  |              |              |
| <b>TOTAL NET POSITION</b>                            | 4,687,620    | 4,574,347    |
|  |              |              |
| <b>TOTAL LIABILITIES AND NET POSITION</b>            | \$ 6,675,412 | \$ 6,848,338 |

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

|  | Year Ended June 30  |                     |
|--|---------------------|---------------------|
|  | 2020                | 2019                |
| <b>OPERATING REVENUES</b>                          |                     |                     |
| Water fees   | \$ 984,524          | \$ 959,697          |
| Inspection and service fees                        | 4,570               | 5,523               |
| Rental income                                      | 31,207              | 28,106              |
|  | <u>1,020,301</u>    | <u>993,326</u>      |
| <b>TOTAL OPERATING REVENUES</b>                    | <b>1,020,301</b>    | <b>993,326</b>      |
| <b>OPERATING AND ADMINISTRATIVE EXPENSES</b>       |                     |                     |
| Water purchases                                    | 414,605             | 420,517             |
| Depreciation                                       | 239,944             | 239,090             |
| Administrative fees                                | 73,875              | 72,375              |
| Repairs and maintenance - system and equipment     | 52,238              | 32,639              |
| Legal fees   | 7,872               | 6,687               |
| Operating supplies                                 | 9,702               | 8,271               |
| Engineering fees                                   | 26,762              | 14,610              |
| Salaries and payroll taxes                         | 6,712               | 5,911               |
| Office expense                                     | 6,683               | 6,929               |
| Utilities  | 14,160              | 13,426              |
| Accounting fees                                    | 8,600               | 8,300               |
| Insurance  | 5,880               | 4,151               |
| Bank charges                                       | 1,518               | 923                 |
| Fire hydrant maintenance - repair and replacement  | 2,402               | -                   |
| Computer expense                                   | 2,009               | 1,376               |
| Miscellaneous expense                              | 5,946               | 5,575               |
|  | <u>878,908</u>      | <u>840,780</u>      |
| <b>TOTAL OPERATING AND ADMINISTRATIVE EXPENSES</b> | <b>878,908</b>      | <b>840,780</b>      |
| <b>OPERATING INCOME</b>                            | <b>141,393</b>      | <b>152,546</b>      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>            |                     |                     |
| Tapping fees                                       | 5,600               | -                   |
| Interest income                                    | 7,249               | 9,558               |
| Interest expense                                   | (40,969)            | (51,733)            |
|  | <u>(28,120)</u>     | <u>(42,175)</u>     |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>      | <b>(28,120)</b>     | <b>(42,175)</b>     |
| <b>CHANGE IN NET POSITION</b>                      | <b>113,273</b>      | <b>110,371</b>      |
| <b>NET POSITION - BEGINNING OF YEAR</b>            | <b>4,574,347</b>    | <b>4,463,976</b>    |
| <b>NET POSITION - END OF YEAR</b>                  | <b>\$ 4,687,620</b> | <b>\$ 4,574,347</b> |

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**

**STATEMENTS OF CASH FLOWS**

|  | Year Ended June 30       |                          |
|--|--------------------------|--------------------------|
|  | 2020                     | 2019                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                |                          |                          |
| Receipts from customers and users  | \$ 1,013,335             | \$ 1,039,503             |
| Payments to suppliers for goods and services                               | (636,045)                | (576,945)                |
| Payments to employees for services   | <u>(6,708)</u>           | <u>(5,940)</u>           |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                           | 370,582                  | 456,618                  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                     |                          |                          |
| Change in developer's escrow   | (4,087)                  | 9,782                    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>            |                          |                          |
| Tapping fees   | 5,600                    | -                        |
| Acquisition of capital assets  | (130,286)                | (27,342)                 |
| Interest expense   | (40,969)                 | (51,733)                 |
| Repayment of note payable  | (113,000)                | (109,000)                |
| Repayment of capital lease obligation                                      | <u>(152,688)</u>         | <u>(145,373)</u>         |
| <b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>          | (431,343)                | (333,448)                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |                          |                          |
| Interest income  | <u>7,249</u>             | <u>9,558</u>             |
| <b>NET INCREASE (DECREASE) IN CASH</b>                                     | (57,599)                 | 142,510                  |
| <b>CASH AT BEGINNING OF YEAR</b>   | <u>681,696</u>           | <u>539,186</u>           |
| <b>CASH AT END OF YEAR</b>   | <u><u>\$ 624,097</u></u> | <u><u>\$ 681,696</u></u> |
| <b>RECONCILIATION OF CASH AT END OF YEAR TO STATEMENTS OF NET POSITION</b> |                          |                          |
| Cash   | \$ 615,116               | \$ 668,628               |
| Restricted cash - developer's escrow                                       | <u>8,981</u>             | <u>13,068</u>            |
|  | <u><u>\$ 624,097</u></u> | <u><u>\$ 681,696</u></u> |

See accompanying notes.

**NORTH COVENTRY WATER AUTHORITY**

**STATEMENTS OF CASH FLOWS - CONTINUED**

|   | Year Ended June 30 |                   |
|---|--------------------|-------------------|
|   | 2020               | 2019              |
| <b>RECONCILIATION OF OPERATING INCOME TO NET</b>  |                    |                   |
| <b>CASH PROVIDED BY OPERATING ACTIVITIES</b>  |                    |                   |
| Operating income  | \$ 141,393         | \$ 152,546        |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                    |                   |
| Depreciation  | 239,944            | 239,090           |
| Change in assets and liabilities:   |                    |                   |
| Accounts receivable (including related parties)   | (5,674)            | 45,199            |
| Other current assets  | (1,291)            | 978               |
| Accounts payable (including related parties)  | (3,794)            | 18,834            |
| Other current liabilities   | 4                  | (29)              |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b>\$ 370,582</b>  | <b>\$ 456,618</b> |

## NORTH COVENTRY WATER AUTHORITY

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020 and 2019

The North Coventry Water Authority (the "Authority"), a component unit of North Coventry Township, is a government entity created pursuant to an ordinance of the Township of North Coventry, Chester County, under an Act of the General Assembly of the Commonwealth of Pennsylvania, approved May 2, 1945, P.L. 382 as amended and supplemented, known as the "Municipality Authorities Act of 1945." The certificate of incorporation of the Authority was issued by the Secretary of the Commonwealth of Pennsylvania on December 30, 1998.

The Authority was formed to develop a comprehensive plan for the supply and distribution of municipal water within North Coventry Township. The Authority provides water service to residential and commercial customers. The system was purchased from another municipality and began operations under the auspices of the Authority in April 2002.

The governing body of the Authority is a board consisting of seven members, each of whom is appointed by the North Coventry Township board of supervisors.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The financial statements of North Coventry Water Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

##### A. Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Authority (the primary government) and its component units, if applicable.

The Authority used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (municipalities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**A. Financial Reporting Entity - continued**

Based upon the application of these criteria, the North Coventry Water Authority has determined it does not have any component units, but is itself a component unit of the Township of North Coventry. These financial statements represent the activity of the North Coventry Water Authority only, and do not reflect any activity of the primary government.

**B. Basis of Presentation**

**Proprietary Fund** - All activities of the Authority are accounted for within a single proprietary (enterprise) fund and are classified as a business-type activity. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Operating revenues and expenses are distinguished from nonoperating items on the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for water usage. When calculating user fees charged to customers, the Authority includes a component for the repayments of principal on the Authority's outstanding debt. Operating expenses include the cost of purchasing water, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tapping fees are not refundable and therefore recognizable as revenue upon collection. They are reported as nonoperating revenue on the statement of revenues, expenses, and changes in net position.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Authority's activity is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all assets and all liabilities associated with operations are included on the statement of net position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) is segregated into net investment in capital assets and unrestricted elements. Revenues are reported when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**D. Budgetary Accounting**

The Authority adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The current operating budget details the Authority's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the year. The capital budget details the plan to receive and expend cash basis capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

All unexpended and unencumbered appropriations in the operating budget lapse at the end of the year. No appropriation for a capital project in the capital budget lapses until the purpose for which the funds were appropriated has been accomplished or abandoned.

**E. Financial Position**

**1. Cash and Cash Equivalents**

For purposes of reporting cash flows, the Authority considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

**2. Restricted Developer's Escrow Cash**

The restricted developer's escrow cash represents cash received by the Authority from developers to cover the Authority's cost of reviewing and approving development plans and as security deposits to ensure the related developments are completed in accordance with the approved plans.

**3. Investments**

The Authority is permitted to invest in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**E. Financial Position - continued**

**3. Investments - continued**

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

As of June 30, 2020 and 2019, the Authority had no investments.

**4. Accounts Receivable/Liened Receivables**

The Authority provides continuous services to its customers. Billings are provided to customers on a quarterly basis by bills dated the 15th day of January, April, July, and October of each year for the quarterly calendar period immediately preceding the date of the bill. Included in accounts receivable at June 30, 2020 and 2019 were unbilled fees of \$217,213 and \$214,961, respectively.

The Authority has set up an allowance for uncollectible accounts of \$16,000 at June 30, 2020 and 2019. The Authority's estimate of the allowance for uncollectible accounts is based on historical water revenues, historical loss levels, and an analysis of the collectability of individual accounts as well as the ability to lien properties.

Liened receivables are accounts that are in arrears which are included on the statements of net position as noncurrent assets. These customer accounts are secured by a lien placed on the customer's property. Although ultimately collectible, these receivables are not collectible in the current period.

**5. Inventory**

Inventory consists of meters, parts, and water in tanks. Inventory is valued at average cost.

**6. Capital Assets**

The Authority's capital assets with useful lives of more than one year are stated at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

NORTH COVENTRY WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020 and 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**E. Financial Position - continued**

**6. Capital Assets - continued**

The Authority generally capitalizes assets with cost of \$4,000 or more as purchase and construction outlays occur. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in nonoperating revenues (expenses).

As developers complete developments and dedicate and convey the water system to the Authority, the value of the system is capitalized with a respective capital contribution recognized after nonoperating revenues and expenses in the statements of revenues, expenses, and changes in net position.

Depreciation is computed using the straight-line method based on the estimated useful life of the assets as follows:

|                           |               |
|---------------------------|---------------|
| Leasehold improvements    | 40 years      |
| Water distribution system | 20 - 40 years |
| Equipment                 | 5 - 7 years   |

The Authority capitalizes as construction in process, the costs incurred related to the construction and pre-construction phase of buildings, water systems, and related equipment. These costs include engineering, legal fees, and direct contractor costs. The Authority's policy is to capitalize these costs to an appropriate capital asset account when the project is completed and placed in service. If the Authority's management elects to discontinue a project beyond the pre-construction phase, any costs incurred to that point are then expensed.

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority presently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority presently does not have any items that qualify for reporting in this category.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**E. Financial Position - continued**

**8. Net Position**

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources and is classified into three categories, as applicable, as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and related debt.
- Restricted net position is an amount that has externally imposed restrictions on how the funds can be spent.
- Unrestricted net position is an amount that does not meet the definitions of “net investment in capital assets” or “restricted” and is available for Authority operations.

**9. Net Position Flow Assumptions**

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Authority’s policy to consider restricted resources to have been depleted before unrestricted resources are applied.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

**NOTE 2 - CASH**

---

The Authority's cash consists of the following at June 30:

|                     | <u>2020</u>       | <u>2019</u>       |
|---------------------|-------------------|-------------------|
| Deposits            | \$ 615,116        | \$ 668,628        |
| Restricted deposits | <u>8,981</u>      | <u>13,068</u>     |
|                     | <u>\$ 624,097</u> | <u>\$ 681,696</u> |

**Cash**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does have a policy for custodial credit risk and complies with the Commonwealth of Pennsylvania's regulations for municipal authorities. As of June 30, 2020 and 2019, \$375,946 and \$432,781 of the Authority's bank balance of \$625,946 and \$684,912, respectively, were exposed to custodial credit risk.

As of June 30, 2020 and 2019, bank balances of deposits were entirely insured by either Federal Depository Insurance or collateralized in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2020 and 2019

**NOTE 3 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

|  | Balance<br>July 1,<br>2019 | Additions           | Deletions<br>(Reclass) | Balance<br>June 30,<br>2020 |
|--|----------------------------|---------------------|------------------------|-----------------------------|
| <b>Capital assets not being depreciated:</b> |                            |                     |                        |                             |
| Land   | \$ 100,507                 | \$ -                | \$ -                   | \$ 100,507                  |
| Construction in process                      | 15,883                     | 102,732             | (47,337)               | 71,278                      |
| Total not being depreciated                  | <u>116,390</u>             | <u>102,732</u>      | <u>(47,337)</u>        | <u>171,785</u>              |
| <b>Capital assets being depreciated:</b>     |                            |                     |                        |                             |
| Leasehold improvements                       | 2,614,094                  | -                   | -                      | 2,614,094                   |
| Water distribution system                    | 5,804,971                  | 4,920               | 47,337                 | 5,857,228                   |
| Equipment                                    | 276,936                    | 10,000              | -                      | 286,936                     |
| Total being depreciated                      | <u>8,696,001</u>           | <u>14,920</u>       | <u>47,337</u>          | <u>8,758,258</u>            |
| <b>Less accumulated depreciation:</b>        |                            |                     |                        |                             |
| Leasehold improvements                       | 1,142,922                  | 65,352              | -                      | 1,208,274                   |
| Water distribution system                    | 1,570,020                  | 159,992             | -                      | 1,730,012                   |
| Equipment                                    | 218,173                    | 14,600              | -                      | 232,773                     |
| Total accumulated depreciation               | <u>2,931,115</u>           | <u>239,944</u>      | <u>-</u>               | <u>3,171,059</u>            |
| Total capital assets being depreciated, net  | <u>5,764,886</u>           | <u>(225,024)</u>    | <u>47,337</u>          | <u>5,587,199</u>            |
| Total capital assets, net                    | <u>\$ 5,881,276</u>        | <u>\$ (122,292)</u> | <u>\$ -</u>            | <u>\$ 5,758,984</u>         |

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2020 and 2019

**NOTE 3 - CAPITAL ASSETS - CONTINUED**

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

|  | Balance<br>July 1,<br>2018 | Additions           | Deletions<br>(Reclass) | Balance<br>June 30,<br>2019 |
|--|----------------------------|---------------------|------------------------|-----------------------------|
| <b>Capital assets not being depreciated:</b> |                            |                     |                        |                             |
| Land   | \$ 100,507                 | \$ -                | \$ -                   | \$ 100,507                  |
| Construction in process                      | 774                        | 15,109              | -                      | 15,883                      |
| Total not being depreciated                  | <u>101,281</u>             | <u>15,109</u>       | <u>-</u>               | <u>116,390</u>              |
| <b>Capital assets being depreciated:</b>     |                            |                     |                        |                             |
| Leasehold improvements                       | 2,614,094                  | -                   | -                      | 2,614,094                   |
| Water distribution system                    | 5,804,971                  | -                   | -                      | 5,804,971                   |
| Equipment                                    | 252,069                    | 24,867              | -                      | 276,936                     |
| Total being depreciated                      | <u>8,671,134</u>           | <u>24,867</u>       | <u>-</u>               | <u>8,696,001</u>            |
| <b>Less accumulated depreciation:</b>        |                            |                     |                        |                             |
| Leasehold improvements                       | 1,077,570                  | 65,352              | -                      | 1,142,922                   |
| Water distribution system                    | 1,410,801                  | 159,219             | -                      | 1,570,020                   |
| Equipment                                    | 203,654                    | 14,519              | -                      | 218,173                     |
| Total accumulated depreciation               | <u>2,692,025</u>           | <u>239,090</u>      | <u>-</u>               | <u>2,931,115</u>            |
| Total capital assets being depreciated, net  | <u>5,979,109</u>           | <u>(214,223)</u>    | <u>-</u>               | <u>5,764,886</u>            |
| Total capital assets, net                    | <u>\$ 6,080,390</u>        | <u>\$ (199,114)</u> | <u>\$ -</u>            | <u>\$ 5,881,276</u>         |

**NOTE 4 - DUE FROM/DUE TO NORTH COVENTRY TOWNSHIP**

The amount due from North Coventry Township for unpaid hydrant fees at June 30, 2020 and 2019 was \$8,740.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2020 and 2019

**NOTE 5 - NOTE PAYABLE**

The Authority's note payable is a direct borrowing and consisted of the following at June 30:

|  | 2020       | 2019       |
|--|------------|------------|
| In December 2002, a \$2,000,000 Guaranteed Water Revenue Note, Series of 2002 was issued. Interest is calculated at a variable rate with maximum interest allowed of 15% (actual interest is 0.83% at June 30, 2020 plus a monthly finance charge and 2.60% at June 30, 2019). This note may be prepaid without penalty. The Authority has irrevocably pledged all water revenues derived from the ownership and/or operation of the water facilities as the collateral for this debt. In addition, the note is guaranteed by the full faith, credit, and taxing power of North Coventry Township. | \$ 616,000 | \$ 729,000 |
| Less amount classified as current  | (116,000)  | (113,000)  |
|  | \$ 500,000 | \$ 616,000 |

The Authority's note payable transactions consisted of the following for the years ended June 30, 2020 and 2019:

| Outstanding<br>Balance<br><u>July 1, 2018</u> | <u>Repayments</u> | Outstanding<br>Balance<br><u>June 30, 2019</u> | <u>Repayments</u> | Outstanding<br>Balance<br><u>June 30, 2020</u> |
|---|-------------------|--|-------------------|--|
| \$ 838,000                                    | \$ (109,000)      | \$ 729,000                                     | \$ (113,000)      | \$ 616,000                                     |

Principal and interest payments are scheduled as follows for the years ending June 30:

|      | Principal  | Interest<br>(@ 0.83%) |
|------|------------|-----------------------|
| 2021 | \$ 116,000 | \$ 4,631              |
| 2022 | 119,000    | 3,656                 |
| 2023 | 123,000    | 2,652                 |
| 2024 | 127,000    | 1,614                 |
| 2025 | 131,000    | 544                   |
|      | \$ 616,000 | \$ 13,097             |

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2020 and 2019

**NOTE 6 - CAPITAL LEASE OBLIGATION**

The Authority's capital lease obligation consisted of the following at June 30:

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| <p>The Authority has entered into a 25-year operating lease, effective April 1, 2002, with North Coventry Township for the operation of the water system. Under the original lease, the Authority paid lease payments to the Township consisting of the Township expenses, including fees for the water supply and the debt service expenses. The Authority is now paying its operating costs directly, including water purchases, so the liability as of June 30, 2018 consists entirely of outstanding principal on the Guaranteed Water Revenue Note, Series of 2001 held by the Township. The Authority is also responsible for interest and a monthly finance charge on this note which is paid monthly by the Township and has been accrued as an amount owed to the Township. Interest is variable and is capped at 15% maximum interest (variable rate is 0.83% at June 30, 2020 and 2.60% at June 30, 2019). The Guaranteed Water Revenue Note, Series 2001 is guaranteed by the water revenues generated by customer service fees.</p> | \$ 1,288,205        | \$ 1,440,893        |
| <p>Less amount classified as current</p>   | <u>(160,000)</u>    | <u>(153,000)</u>    |
|  | <u>\$ 1,128,205</u> | <u>\$ 1,287,893</u> |

The Authority's capital lease obligation transactions consisted of the following for the years ended June 30, 2020 and 2019:

| Outstanding<br>Balance<br>July 1, 2018 | Repayments   | Outstanding<br>Balance<br>June 30, 2019 | Repayments   | Outstanding<br>Balance<br>June 30, 2020 |
|--|--------------|---|--------------|---|
| \$ 1,586,266                           | \$ (145,373) | \$ 1,440,893                            | \$ (152,688) | \$ 1,288,205                            |

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2020 and 2019

**NOTE 6 - CAPITAL LEASE OBLIGATION - CONTINUED**

Principal and interest on the Guaranteed Water Revenue Note, Series of 2001 are scheduled as follows for the years ending June 30:

|             | Amount       | Interest<br>(@ 0.83%) |
|-------------|--------------|-----------------------|
| 2021        | \$ 160,000   | \$ 10,239             |
| 2022        | 167,000      | 8,892                 |
| 2023        | 175,000      | 7,484                 |
| 2024        | 183,000      | 6,009                 |
| 2025        | 192,000      | 4,466                 |
| 2026 - 2027 | 411,205      | 4,003                 |
|             | \$ 1,288,205 | \$ 41,093             |

**NOTE 7 - OPERATING AGREEMENT DUE TO/FROM NORTH COVENTRY MUNICIPAL AUTHORITY**

North Coventry Water Authority has an agreement with North Coventry Municipal Authority (NCMA) to execute substantially all of the operational and administrative aspects of the operation of the water system. During the years ended June 30, 2020 and 2019, \$73,875 and \$72,375, respectively, of administrative fee expenses were recognized under the terms of this agreement, with a balance due to NCMA at June 30, 2020 of \$18,750. There was no balance due at June 30, 2019 for this agreement.

NCMA collects both water and sewer fees and deposits the fees in a clearing account until reconciled between the two entities. There was no balance due to or from NCMA at June 30, 2020 and 2019 for clearing account deposits.

**NOTE 8 - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all areas for which the Authority retains risk of loss. There were no reductions in insurance coverage for the years ended June 30, 2020 and 2019, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NORTH COVENTRY WATER AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

**NOTE 9 - NEW ACCOUNTING PRONOUNCEMENT**

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The Governmental Accounting Standards Board (GASB) has issued the following standard which has not yet been implemented:

- *Statement No. 87, Leases* - This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement is effective for the Authority's fiscal year ending June 30, 2022.

The Authority has not yet completed the analysis necessary to determine the financial statement impact of this new pronouncement.

**SUPPLEMENTARY INFORMATION**

**NORTH COVENTRY WATER AUTHORITY**

**BUDGETARY COMPARISON SCHEDULE**

Year Ended June 30, 2020

|  | Budget *         | Actual              | Variance         |
|--|------------------|---------------------|------------------|
| <b>OPERATING REVENUES</b>                          |                  |                     |                  |
| Water fees   | \$ 993,400       | \$ 984,524          | \$ (8,876)       |
| Inspection and service fees                        | 4,900            | 4,570               | (330)            |
| Rental income                                      | 27,000           | 31,207              | 4,207            |
| <b>TOTAL OPERATING REVENUES</b>                    | <b>1,025,300</b> | <b>1,020,301</b>    | <b>(4,999)</b>   |
| <b>OPERATING AND ADMINISTRATIVE EXPENSES</b>       |                  |                     |                  |
| Water purchases                                    | 432,000          | 414,605             | 17,395           |
| Depreciation/debt service                          | 266,000          | 239,944             | 26,056           |
| Administrative fees                                | 73,500           | 73,875              | (375)            |
| Repairs and maintenance - system and equipment     | 51,000           | 52,238              | (1,238)          |
| Legal fees   | 21,500           | 7,872               | 13,628           |
| Operating supplies                                 | 13,000           | 9,702               | 3,298            |
| Engineering fees                                   | 22,000           | 26,762              | (4,762)          |
| Salaries and payroll taxes                         | 10,880           | 6,712               | 4,168            |
| Office expense                                     | 7,500            | 6,683               | 817              |
| Utilities  | 20,000           | 14,160              | 5,840            |
| Accounting fees                                    | 9,000            | 8,600               | 400              |
| Insurance  | 5,500            | 5,880               | (380)            |
| Bank charges                                       | 1,200            | 1,518               | (318)            |
| Fire hydrant maintenance - repair and replacement  | 13,000           | 2,402               | 10,598           |
| Computer expense                                   | 1,500            | 2,009               | (509)            |
| Miscellaneous expense                              | 6,000            | 5,946               | 54               |
| <b>TOTAL OPERATING AND ADMINISTRATIVE EXPENSES</b> | <b>953,580</b>   | <b>878,908</b>      | <b>74,672</b>    |
| <b>OPERATING INCOME</b>                            | <b>71,720</b>    | <b>141,393</b>      | <b>69,673</b>    |
| <b>NONOPERATING REVENUES (EXPENSES)</b>            |                  |                     |                  |
| Tapping fees                                       | 5,600            | 5,600               | -                |
| Interest income                                    | 7,400            | 7,249               | (151)            |
| Interest expense                                   | (55,000)         | (40,969)            | 14,031           |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>      | <b>(42,000)</b>  | <b>(28,120)</b>     | <b>13,880</b>    |
| <b>CHANGE IN NET POSITION</b>                      | <b>\$ 29,720</b> | <b>113,273</b>      | <b>\$ 83,553</b> |
| <b>NET POSITION - BEGINNING OF YEAR</b>            |                  | <u>4,574,347</u>    |                  |
| <b>NET POSITION - END OF YEAR</b>                  |                  | <u>\$ 4,687,620</u> |                  |

\* Original and final budget are the same.

North Coventry Water Authority  
Fixed Assets Detail  
June 30, 2020

| COST   | Acquisition Date | Acquired Value       | Estimated Life | PY                       |              | CY Depreciation Expense |
|--|------------------|----------------------|----------------|--------------------------|--------------|-------------------------|
|  |                  |                      |                | Accumulated Depreciation | Expense      |                         |
| Land   | 4/02             | \$ 100,508<br>F.01   | N/A            | N/A                      | N/A          | N/A                     |
| Alarm System                                   | 4/02             | \$ 5,933             | 5              | \$ 5,933                 | \$ -         | -                       |
| Equipment                                      | 3/03             | \$ 15,392            | 7              | \$ 15,392                | \$ -         | -                       |
| GIS Application                                | 2/17/06          | \$ 1,078             | 7              | \$ 1,078                 | \$ -         | -                       |
| Meter Readers                                  | 5/04             | \$ 87,152            | 7              | \$ 87,152                | \$ -         | -                       |
| Handheld Meter Readers                         | 3/22/06          | \$ 10,655            | 7              | \$ 10,655                | \$ -         | -                       |
| Fire Hydrants                                  | 6/30/07          | \$ 10,035            | 7              | \$ 10,036                | \$ -         | -                       |
| Fire Hydrants                                  | 6/30/08          | \$ 4,841             | 7              | \$ 5,533                 | \$ -         | -                       |
| Hurc-o-vac & spin doctor                       | 7/19/11          | \$ 21,639            | 7              | \$ 21,639                | \$ -         | -                       |
| Alarm Communications Project                   | 10/31/11         | \$ 9,667             | 7              | \$ 9,667                 | \$ -         | -                       |
| Fire Hydrants                                  | 4/25/12          | \$ 4,020             | 7              | \$ 4,020                 | \$ -         | -                       |
| Rio Equipment                                  | 6/25/13          | \$ 3,450             | 7              | \$ 2,998                 | \$ 452       | 452                     |
| Keim St PRV Radio Alarm Sys                    | 6/15/13          | \$ 11,712            | 7              | \$ 10,179                | \$ 1,534     | 1,534                   |
| Generator                                      | 10/31/13         | \$ 2,200             | 5              | \$ 2,200                 | \$ -         | -                       |
| Gravely Pro-Turn 260                           | 6/4/2015         | \$ 872               | 5              | \$ 872                   | \$ -         | -                       |
| Fire Hydrants                                  | 7/29/2015        | \$ 12,783            | 7              | \$ 7,152                 | \$ 1,826.16  | 1,826.16                |
| Trimble electronic equipment                   | 2/3/2016         | \$ 7,900             | 7              | \$ 3,856                 | \$ 1,128.57  | 1,128.57                |
| PLC/Scada Upgrade                              | 10/6/16          | \$ 14,291            | 7              | \$ 5,614                 | \$ 2,041.63  | 2,041.63                |
| Fence - Coventry Point Water Booster Station   | 4/20/17          | \$ 6,266             | 7              | \$ 1,939                 | \$ 895.14    | 895.14                  |
| Fire Hydrants                                  | 6/27/18          | \$ 12,507            | 7              | \$ 1,787                 | \$ 1,786.71  | 1,786.71                |
| Fire Hydrants                                  | 11/1/18          | \$ 24,867            | 7              | \$ 2,368                 | \$ 3,552.46  | 3,552.46                |
| Stanley Hydraulic Tools                        | 2/1/20           | \$ (A)10,000<br>F.01 | 7              | \$ -                     | \$ 595.24    | 595.24                  |
| <b>Total Equipment</b>                         |                  | \$ 277,261<br>F.01   |                | \$ 210,071               | \$ 13,812    | 13,812                  |
| <b>Leasehold Improvements - Water System</b>   | 4/02             | \$ 2,614,094<br>F.01 | 40             | \$ 1,142,922             | \$ 65,352.35 | 65,352.35               |
| Handheld Meter Readers                         | 1/31/06          | \$ 1,913             | 7              | \$ 1,913                 | \$ -         | -                       |
| Microsoft Billing & Collection System Software | 4/1/06           | \$ 2,250             | 7              | \$ 2,250                 | \$ -         | -                       |
| CBSW Billing System                            | 6/30/14          | \$ 5,513             | 7              | \$ 3,938                 | \$ 787.62    | 787.62                  |

|  | Current<br>Accumulated<br>Depreciation | Asset Net<br>Value |
|--|--|--------------------|
|--|--|--------------------|

N/A

|    |                |                       |
|----|----------------|-----------------------|
| \$ | 5,933          | \$ -                  |
| \$ | 15,392         | \$ -                  |
| \$ | 1,078          | \$ -                  |
| \$ | 87,152         | \$ -                  |
| \$ | 10,655         | \$ 0                  |
| \$ | 10,036         | \$ (1) <del>1</del>   |
| \$ | 5,533          | \$ (692) <del>1</del> |
| \$ | 21,639         | \$ (0)                |
| \$ | 9,667          | \$ 0                  |
| \$ | 4,020          | \$ (0)                |
| \$ | 3,450          | \$ (0)                |
| \$ | 11,713         | \$ (0)                |
| \$ | 2,200          | \$ (0)                |
| \$ | 872            | \$ -                  |
| \$ | 8,979          | \$ 3,805              |
| \$ | 4,985          | \$ 2,915              |
| \$ | 7,656          | \$ 6,635              |
| \$ | 2,835          | \$ 3,431              |
| \$ | 3,573          | \$ 8,934              |
| \$ | 5,921          | \$ 18,946             |
| \$ | 595            | \$ 9,405              |
| \$ | <b>223,883</b> | \$ <b>53,378</b>      |

(A) Total CY Equipment Additions  
\$ 10,000.00 **F.01**

\$ 1,208,274 \$ 1,405,820

\$ 1,913 \$ -  
\$ 2,250 \$ -  
\$ 4,725 \$ 788

| <b>Total Office Equipment</b>                    |          |    |                        |    |    |           |    |         |      |
|--|----------|----|------------------------|----|----|-----------|----|---------|------|
|  |          |    |                        |    |    |           |    |         |      |
| Water System                                     | 06/30/05 | \$ | 9,676                  | 40 | \$ | 8,101     | \$ | 788     |      |
| South Hanover Street Water Line System           | 07/31/05 | \$ | F.01                   |    |    |           |    |         |      |
| Sheep Hill Transmission System                   | 06/30/06 | \$ | 750,123                | 40 | \$ | 264,967   | \$ | 18,753  |      |
| Sheep Hill Tank                                  | 06/30/06 | \$ | 610,181                | 40 | \$ | 205,937   | \$ | 15,255  |      |
| Sheep Hill Booster Pump Station                  | 06/30/07 | \$ | 635,616                | 40 | \$ | 214,520   | \$ | 15,890  |      |
| Keim Street Pressure Reducing Valve              | 06/30/07 | \$ | 102,476                | 40 | \$ | 34,586    | \$ | 2,562   |      |
| Coventry Point Water Line Extension              | 06/30/07 | \$ | 933,069                | 40 | \$ | 291,584   | \$ | 23,327  |      |
| Water Line Extension for Cedar Mill Crossing     | 06/30/07 | \$ | 18,894                 | 40 | \$ | 5,904     | \$ | 472     |      |
| Cedar Mill Crossing Development Water System     | 04/14/08 | \$ | 3,984                  | 40 | \$ | 1,246     | \$ | 100     |      |
| Keim Street Water Main Line (Bridge Project)     | 07/31/08 | \$ | 1,716                  | 40 | \$ | 536       | \$ | 43      |      |
| Coventry Mall Master Meter and Line              | 06/14/09 | \$ | 1,095,837              | 40 | \$ | 315,053   | \$ | 27,396  |      |
| Coventry Garden Apts. Connection & Mast Meter    | 09/03/09 | \$ | 24,182                 | 40 | \$ | 6,348     | \$ | 605     |      |
| Highland Manor Master Meter Connection           | 04/29/10 | \$ | 79,668                 | 40 | \$ | 20,913    | \$ | 1,992   |      |
| Coventry Lake Estates Water System               | 10/18/10 | \$ | 21,638                 | 40 | \$ | 5,139     | \$ | 541     |      |
| Maurer Road Water Main Project                   | 01/04/11 | \$ | 5,515                  | 40 | \$ | 1,310     | \$ | 138     |      |
| Maurer Road Water Main Project                   | 11/30/12 | \$ | 255,028                | 40 | \$ | 55,256    | \$ | 6,376   |      |
| Cov Pointe Water Ext Line                        | 12/18/13 | \$ | 32,596                 | 40 | \$ | 6,928     | \$ | 815     |      |
| Elm St Water Line Replace                        | 02/27/13 | \$ | 973                    | 40 | \$ | 174       | \$ | 24      |      |
| Glenmar Dr Water Expansion                       | 03/31/13 | \$ | 106,787                | 40 | \$ | 17,353    | \$ | 2,670   |      |
| River Rd Booster Station                         | 05/29/15 | \$ | 8,364                  | 40 | \$ | 1,324     | \$ | 209     |      |
| New Insertion Valve at Hanover & E. Main Streets | 09/30/15 | \$ | 282,514                | 40 | \$ | 44,143    | \$ | 7,063   |      |
| New Insertion Valve at 785 E. Schuykill Road     | 12/15/15 | \$ | 246,577                | 40 | \$ | 25,171    | \$ | 6,164   |      |
| Jrner St Tank Repainting                         | 10/01/17 | \$ | 11,486                 | 40 | \$ | 1,076     | \$ | 287     |      |
| Pressure Reducing Valve (PRV)                    | 11/01/19 | \$ | 13,946                 | 40 | \$ | 1,220     | \$ | 349     |      |
| Lead Water Service Line Replacements             | 11/25/19 | \$ | 563,803                | 20 | \$ | 49,333    | \$ | 28,190  |      |
| <b>Total Water System</b>                        |          | \$ | (B) 4,920 <b>F.01</b>  | 40 | \$ | -         | \$ | 82.00   |      |
|  |          | \$ | (C) 47,337 <b>F.01</b> | 40 | \$ | -         | \$ | 690.33  |      |
|  |          | \$ | 5,857,228              |    | \$ | 1,570,021 | \$ | 159,992 |      |
|  |          |    | F.01                   |    |    |           |    |         |      |
| <b>Total Fixed Assets</b>                        |          | \$ | 8,858,767              |    | \$ | 2,931,114 | \$ | 239,944 |      |
|  |          |    | F.01                   |    |    |           |    |         | F.01 |

See the fixed asset lead at WP F.01

See WP F.02 for the CIP rollforward and CIP procedures performed.

No additional procedures deemed necessary.

|    |                  |    |                  |
|----|------------------|----|------------------|
| \$ | 8,888            | \$ | 788              |
| \$ | 283,720          | \$ | 466,403          |
| \$ | 221,192          | \$ | 388,989          |
| \$ | 230,410          | \$ | 405,206          |
| \$ | 37,148           | \$ | 65,328           |
| \$ | 314,911          | \$ | 618,158          |
| \$ | 6,376            | \$ | 12,518           |
| \$ | 1,346            | \$ | 2,638            |
| \$ | 579              | \$ | 1,137            |
| \$ | 342,449          | \$ | 753,388          |
| \$ | 6,952            | \$ | 17,230           |
| \$ | 22,905           | \$ | 56,763           |
| \$ | 5,680            | \$ | 15,958           |
| \$ | 1,448            | \$ | 4,067            |
| \$ | 61,632           | \$ | 193,396          |
| \$ | 7,742            | \$ | 24,853           |
| \$ | 199              | \$ | 775              |
| \$ | 20,022           | \$ | 86,764           |
| \$ | 1,533            | \$ | 6,830            |
| \$ | 51,206           | \$ | 231,308          |
| \$ | 31,336           | \$ | 215,241          |
| \$ | 1,364            | \$ | 10,122           |
| \$ | 1,569            | \$ | 12,377           |
| \$ | 77,523           | \$ | 486,280          |
| \$ | 82               | \$ | 4,838            |
| \$ | 690              | \$ | 46,647           |
| \$ | <b>1,730,012</b> | \$ | <b>4,127,216</b> |

Total CY Water System Additions  
Σ (B)(C) \$ 52,256.94 F.01

\$ 3,171,058  
F.01

(B) Per procedures performed at WP AA.04, H+C proposed AJE #1009 to capitalize pressure reducing valve  
(C) Per procedures performed at WP F.02/1, H+C proposed AJE #1007 to reclass completed CIP project to fi

purchased in the CY to fixed assets. See WP AA.04 for further detail.  
xed assets. See WP F.02/1 for further detail.