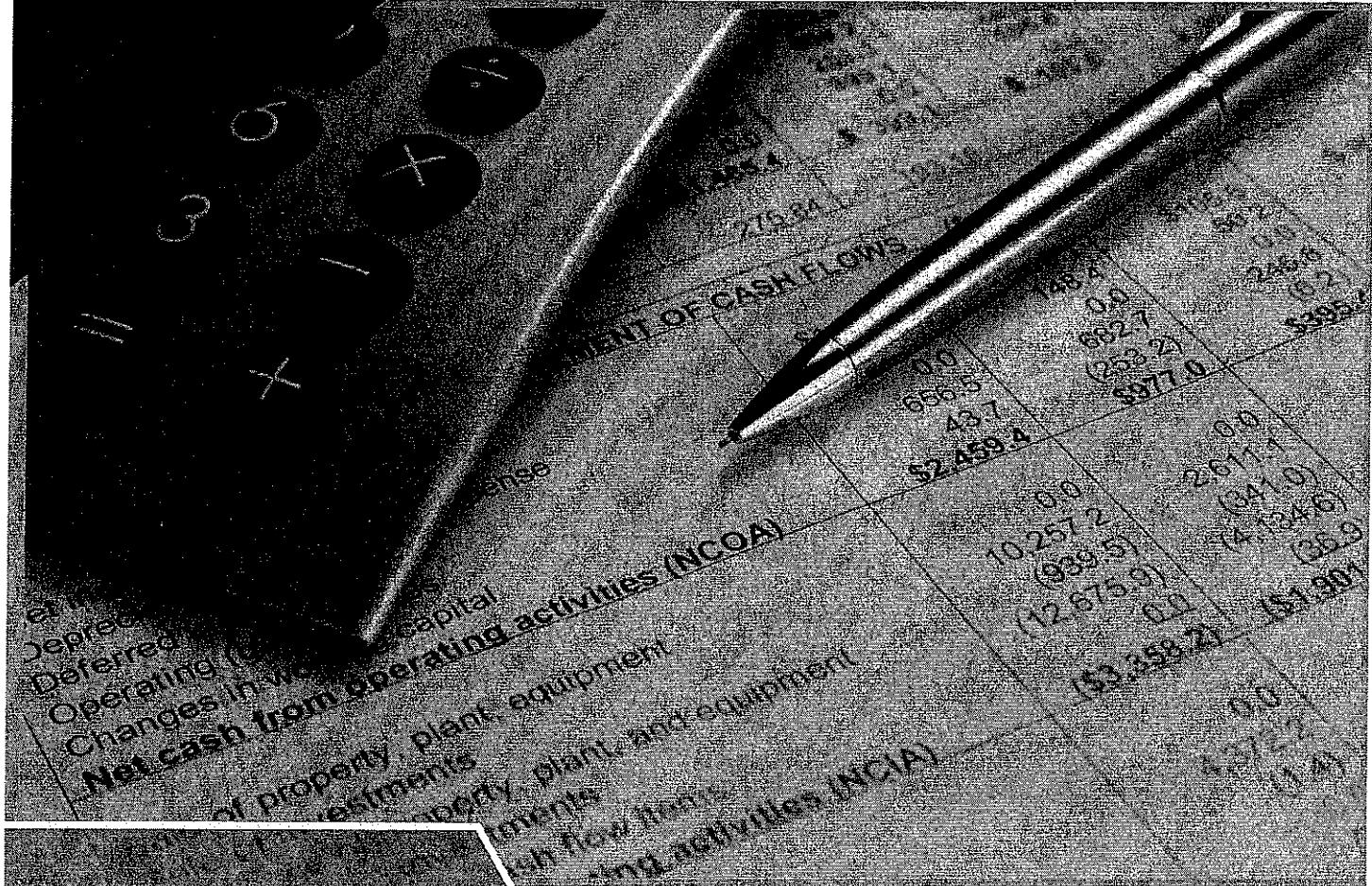




Herbert, Rowland & Grubic, Inc.
Engineering & Related Services
AN EMPLOYEE-OWNED COMPANY

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY

2023 BUDGET



Submitted to:

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY
935 North Providence Road
Media, PA 19063

Submitted by:

HERBERT, ROWLAND & GRUBIC, INC.
369 East Park Drive
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R001780.0437

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY 2023 Budget Analysis

Analysis of Income

Income, including transfers, for the year ending December 31, 2022, is projected to be \$2,683,890 as compared to budgeted income for 2022 of \$2,485,760. This increase of approximately \$198,130 is attributable to a higher-than-expected transfer of \$234,203 for budgeted capital expenditures relating to the Bortondale pump station replacement and the purchase of pumps. Interest income for the year is significantly higher than budgeted. Receipts from tapping fees, and penalties were much lower than budgeted.

Budgeted income for 2023 is estimated to be \$4,065,340 which includes a transfer to fund capital projects of \$1,435,000. Excluding the capital transfer, the 2023 budgeted income is approximately \$180,633 more than 2022's projected income. This is due to a \$10.00 per quarter (7.4%) increase in user fees, and higher budgeted tapping/connection fees. An additional 3 EDUs are expected to connect to the system in 2023. Commercial usage is expected to remain about the same as 2022. Interest earnings are likely to increase slightly but remain consistent with 2022 due to lower cash balances. Penalties and liens are expected to be consistent with 2022. Less "other income" is expected in 2023 compared to the projected 2022.

Analysis of Expenses

Operating expenses for the year ending December 31, 2022 are projected at \$1,493,325 compared to budgeted expenses of \$1,383,110. This is an increase of \$110,215. The largest expenses as compared to the 2022 budget includes Pump Station Maintenance and PA One Call expenses. Most other expenditures were on or below budget for 2022. Operating expenses for 2023 are budgeted at \$1,551,194, which is a \$57,869 increase compared to 2022 projected actual. Operating expenses can vary widely from year to year due to weather, equipment maintenance requirements and the cost of chemicals and supplies. Debt service for 2023 will be \$952,638 per scheduled principal and interest payments and reflects a reduction in interest cost beginning in June of 2022.

Capital Expenditures are identified on Page 6 of the detailed budget and are paid from cash on hand. The need for a user rate increase is driven by the need to purchase grinder pump cores. For 2023, \$400,000 is needed to replace aging pumps. Also, a major reconstruction of the Bortondale pump station is budgeted and paid with loan proceeds and a contribution from Upper Providence Township. Future capital projects are expected to be paid from cash on hand.

Rate Analysis and Sensitivity

The current rate is \$540.00 per year per equivalent dwelling unit (EDU). Rates are expected to increase by \$40.00 to \$580.00 annually or \$145.00 per quarter.

Conclusion

Based upon the information provided by the Upper Providence Township Sewer Authority, as well as our own knowledge of the Authority's activities, it can be concluded that the Authority's financial condition is sound.

2023 BUDGET

Estimated Expenditures for Operations and Maintenance	\$1,551,194
Estimated Capital Improvements	1,435,000
Other Mandatory Payments	None
Debt Service	952,638
	<hr/>
Total Estimated Revenue Required	<u>\$3,938,832</u>
Estimated Revenues and Transfers	<u>\$4,065,340</u>

Analysis of Projections

The budget report includes a projection of revenues and expenditures for 2024 through 2028. Modest rate increases have been assumed in 2024 to keep pace with increases in expenditures due to inflation and to fund additional grinder pump core purchases. These are essentially break-even years that show excess revenues over expenditures in the range of \$28,700 to \$191,100. This is due in part because the 1999 Guaranteed Sewer Revenue Note fully matures in 2027 which reduces annual debt service by \$284,000 compared to 2023. This will be partially offset by approximately \$92,000 of debt service related to the Bortondale pump station borrowing beginning in 2028. The Projection notes that estimated cash balances will reduce from approximately \$1,067,000 in 2023 to \$617,000 in 2028. This is adequate to meet ordinary fluctuations in revenues and expenditures and fund capital improvements until rate adjustments can be made. Major capital projects may need to be funded by the issuance of additional debt.

If capital expenditures are greater than anticipated in our projections, roughly \$100,000 annually, accelerated rate increases may be necessary to maintain cash reserves. A period of rate stability is expected to begin in 2028.

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY
2023 Budget Summary
9 Months Actual 3 Months Estimated

	2022 BUDGET	2022 PROJECTED	2023 BUDGET
<u>Users</u>			
Residential EDU's - Beg.	4,176	4,176	4,177
EDU Additions	6	1	3
Residential EDU's - End	4,182	4,177	4,180
Number of Commercial EDUs	230	226	230
Grand Total EDU's	4,412	4,403	4,410
Tapping Fee			
	\$ 3,400.00	\$ 3,400.00	\$ 3,400.00
Customer Facilities Fee	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00
Connection Charge	\$ 300.00	\$ 300.00	\$ 300.00
Annual Fee per EDU	\$ 540.00	\$ 540.00	\$ 580.00
<u>Receipts</u>			
Sewer Revenues	\$ 2,384,360	\$ 2,384,130	\$ 2,560,740
Tapping/Connection Fees	36,000	5,059	18,600
Interest Earnings	400	22,712	20,000
Penalties & Liens	43,000	27,909	28,000
Other Income	4,000	9,877	3,000
Transfer from Capital Reserve / 2022 Loan	17,000	234,203	1,435,000
Sub-Total Receipts	\$ 2,485,760	\$ 2,683,890	\$ 4,065,340
<u>Operating Expenses</u>			
Legislative Body	143,910	139,915	161,210
Financial Administration	15,500	15,324	16,000
Legal Retainer	20,000	16,000	20,000
Data Processing	10,800	10,500	13,800
Engineer	54,000	88,437	80,800
Public Works			
Lighthouse Engineering, LLC	52,000	52,000	54,000
Pumping Station Maintenance	50,000	168,000	175,000
Repair Mains & Manholes	17,500	7,029	9,000
Township Maintenance Service	10,000	10,000	10,000
Sewer Cleaning Contract	50,000	55,000	36,000
Grinder Pump and Service	125,000	127,193	128,000
Fuel & Maintenance for Authority Van	1,000	-	-
Electric	25,000	25,000	25,000
Sewer Rent	721,900	715,307	734,100
Tools and Equipment	500	500	500
Water	300	300	300
PA One Call System	40,000	46,000	50,500
Low Pressure System Repair	10,000	5,029	5,500
Miscellaneous	1,000	767	1,000
Insurances	15,000	11,024	12,700
Sub-Total Operating Expenses	\$ 1,383,110	\$ 1,493,325	\$ 1,533,410
Capital Outlays	\$ 17,000	\$ 234,203	\$ 1,435,000
Available For Debt Service	\$ 1,085,650	\$ 956,362	\$ 1,096,930
Debt Service			
Principal Amortization-DVRFA	\$ 767,000	\$ 767,000	\$ 829,000
Interest Expense-DVRFA	371,582	171,576	123,638
sub-Total Net Debt Service	938,582	938,576	952,638
Annual Surplus (Deficit)	\$ 147,068	\$ 17,786	\$ 144,292

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY
2022 Budget Summary
9 Months Actual 3 Months Estimated

ACCT #	DESCRIPTION	2022 BUDGET	TOTAL 9 MONTHS		Oct. Nov., Dec.	TOTAL	2023 BUDGET
			Oct.	Nov., Dec.			
OPERATING INCOME							
User Fees							
45-364-113	Service Charge-Nether Providence	\$ 3,500	\$ 3,898	\$ -	\$ 3,898	\$ 3,800	
45-364-120	Sewer Use Charge	2,380,860	1,777,672	602,560	2,380,232	2,556,940	
	Total User Fees	\$ 2,384,360	\$ 1,781,570	\$ 602,560	\$ 2,384,130	\$ 2,560,740	
Tapping/Connection Fees							
45-364-110	Tapping Fee	\$ 34,200	\$ 4,459	\$ -	\$ 4,459	\$ 18,000	
45-364-112	Fee	1,800	600	-	600	600	
	Total Tapping/Connection Fees	\$ 36,000	\$ 5,059	\$ -	\$ 5,059	\$ 18,600	
Interest Earnings							
45-341-000	Interest Earnings	\$ 400	\$ 16,712	\$ 6,000	\$ 22,712	\$ 20,000	
	Total Interest Income	\$ 400	\$ 16,712	\$ 6,000	\$ 22,712	\$ 20,000	
Capital Contribution							
45-380-102	Control Box / Trans Switch	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	
Penalties & Liens							
45-364-700	Sewer Penalties Collected	\$ 9,000	\$ 6,088	\$ 1,950	\$ 8,038	\$ 8,000	
45-364-800	Liens for Sewer Rent	35,000	15,071	4,800	19,871	20,000	
	Total Penalties & Liens	\$ 44,000	\$ 21,159	\$ 6,750	\$ 27,909	\$ 28,000	
Other Income							
45-343-200	Sale of Assets	\$ -	\$ 7,300	\$ -	\$ 7,300	\$ -	
45-364-750	Sewer Certification Fees	\$ 1,000	\$ 582	\$ 180	\$ 762	\$ 1,000	
45-380-100	Miscellaneous Revenue	3,000	1,365	450	1,815	2,000	
45-380-123	Repairs)	"	"	"	"	"	
45-380-200	Grinder Pump Purchase	"	"	"	"	"	
	Total Other Income	\$ 4,000	\$ 9,247	\$ 630	\$ 9,877	\$ 3,000	
Construction Fund Transfers							
45-390-300	Transfer from Capital Reserves	\$ 17,000	\$ -	\$ 257,480	\$ 257,480	\$ 1,435,000	
	Total Construction Fund Transfers	\$ 17,000	\$ -	\$ 257,480	\$ 257,480	\$ 1,435,000	
	TOTAL RECEIPTS:	\$ 2,485,760	\$ 1,833,747	\$ 873,420	\$ 2,707,167	\$ 4,065,340	

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY
2023 Budget Detail
9 Months Actual 3 Months Estimated

ACCT #	DESCRIPTION	2022 BUDGET	TOTAL 9 MONTHS		Oct., Nov., Dec.	TOTAL	2023 BUDGET
OPERATING EXPENSES							
Legislative Body							
45-400-142	Office Mgr Payroll Gross	\$ 104,210	\$ 73,253	\$ 30,957	\$ 104,210	\$ 104,210	
45-400-143	Office Manager Payroll Taxes	\$ 8,000	\$ 5,317	\$ 2,683	\$ 8,000	\$ 8,000	
45-400-146	Temporary Secretarial Services	\$ 3,000	\$ 2,464	\$ 536	\$ 3,000	\$ 21,000	
45-400-147	Oper Manager Payroll Gross	\$ -	\$ -	\$ -	\$ -	\$ -	
45-400-148	Oper Manager Payroll Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
45-400-210	Materials & Supplies/Office	\$ 3,000	\$ 3,109	\$ 900	\$ 4,009	\$ 3,300	
45-400-212	Postage	\$ 10,000	\$ 5,759	\$ 2,141	\$ 7,900	\$ 10,000	
45-400-213	Office Equipment Minor	\$ 500	\$ 144	\$ -	\$ 144	\$ 500	
45-400-217	Dues	\$ 2,200	\$ 2,200	\$ -	\$ 2,200	\$ 2,200	
45-400-321	Telephone Monthly Charges	\$ 5,000	\$ 3,381	\$ 1,619	\$ 5,000	\$ 5,000	
45-400-340	Advertising	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	
45-400-380	Office Rent	\$ 5,000	\$ 2,571	\$ 881	\$ 3,452	\$ 5,000	
45-400-475	Bank Charges	\$ 2,000	\$ 1,012	\$ 988	\$ 2,000	\$ 1,000	
Total Legislative Body		\$ 143,910	\$ 99,210	\$ 40,705	\$ 139,915	\$ 161,210	
Financial Administration							
45-402-311	Accounting and Auditing Services	\$ 8,000	\$ -	\$ 8,000	\$ 8,000	\$ 8,000	
45-402-315	Budget	\$ 7,500	\$ 5,824	\$ 1,500	\$ 7,324	\$ 8,000	
45-402-600	Delval Application	\$ -	\$ 10,596	\$ (10,596)	\$ -	\$ -	
Total Financial Administration		\$ 15,500	\$ 16,420	\$ (1,096)	\$ 15,324	\$ 16,000	
Legal Retainer							
45-404-311	Legal Fees/Miscellaneous	\$ 20,000	\$ 9,981	\$ 6,019	\$ 16,000	\$ 20,000	
Total Legal Retainer		\$ 20,000	\$ 9,981	\$ 6,019	\$ 16,000	\$ 20,000	
Data Processing							
45-407-100	Computer Services	\$ 7,000	\$ 6,599	\$ 401	\$ 7,000	\$ 7,000	
45-407-200	Computer Supplies	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	
45-407-300	Software	\$ 2,500	\$ -	\$ 2,500	\$ 2,500	\$ 5,500	
Total Data Processing		\$ 10,500	\$ 6,599	\$ 3,901	\$ 10,500	\$ 13,500	
Engineering							
45-408-100	Sewer Authority Engineer/Services	\$ 24,000	\$ 7,585	\$ 2,415	\$ 10,000	\$ 24,000	
45-408-315	Engineer-PA One Call	\$ 5,000	\$ 23,789	\$ 7,811	\$ 31,600	\$ 16,800	
45-408-373	Sewer Cleaning Field	\$ 25,000	\$ -	\$ 23,560	\$ 23,560	\$ 25,000	
45-426-775	Sewer Map Updates	\$ -	\$ 17,577	\$ 5,700	\$ 23,277	\$ 15,000	
Total Engineering		\$ 54,000	\$ 48,951	\$ 39,486	\$ 88,437	\$ 80,800	
Public Works							
45-426-200	Lighthouse Engineering, LLC.	\$ 52,000	\$ 35,875	\$ 16,125	\$ 52,000	\$ 54,000	
45-426-215	Grinder Pump Service Calls	\$ 125,000	\$ 121,193	\$ 6,000	\$ 127,193	\$ 128,000	
45-426-360	Authority Van	\$ 1,000	\$ -	\$ -	\$ -	\$ -	
45-426-361	Electric	\$ 25,000	\$ 17,157	\$ 7,843	\$ 25,000	\$ 25,000	
45-426-362	Sewer Rent to CDCA	\$ 84,000	\$ 59,997	\$ 19,999	\$ 79,996	\$ 87,800	
45-426-363	Sewer Rent/Aqua Pennsylvania	\$ 560,000	\$ 277,514	\$ 280,000	\$ 557,514	\$ 582,784	
45-426-365	Sewer Rent/DELCORA/SWDCMA	\$ 75,000	\$ 39,587	\$ 35,000	\$ 74,587	\$ 78,000	
45-426-366	Water	\$ 300	\$ 201	\$ 99	\$ 300	\$ 300	
45-426-367	Sewer Rent/Nether Providence Twp.	\$ 2,900	\$ 3,210	\$ -	\$ 3,210	\$ 3,300	
45-426-370	Pumping Station Maintenance	\$ 50,000	\$ 126,315	\$ 41,685	\$ 168,000	\$ 175,000	
45-426-371	Repair Mains & Manholes	\$ 15,000	\$ 2,975	\$ -	\$ 2,975	\$ 5,000	
45-426-375	Townshlp Maintenance Service	\$ 10,000	\$ 5,271	\$ 4,729	\$ 10,000	\$ 10,000	
45-426-376	Sewer Cleaning Contract	\$ 50,000	\$ 78,560	\$ (23,560)	\$ 55,000	\$ 36,300	
45-426-378	Sewer Cleaning Emergency	\$ 2,500	\$ 4,054	\$ -	\$ 4,054	\$ 4,000	
45-426-380	PA One Call / Locating Serv	\$ 60,000	\$ 33,539	\$ 12,461	\$ 46,000	\$ 50,500	
45-426-390	Low Pressure System Maintenance	\$ 10,000	\$ 5,029	\$ -	\$ 5,029	\$ 5,500	
45-426-673	Tools & Equipment	\$ 500	\$ 322	\$ 178	\$ 500	\$ 500	
Total Public Works		\$ 1,123,200	\$ 810,799	\$ 400,559	\$ 1,211,358	\$ 1,245,984	
Miscellaneous							
45-480-000	Miscellaneous Expenditures	\$ 1,000	\$ 467	\$ 300	\$ 767	\$ 1,000	
Total Miscellaneous Expense		\$ 1,000	\$ 467	\$ 300	\$ 767	\$ 1,000	
45-486-350	Total Insurances	\$ 15,000	\$ 11,024	\$ -	\$ 11,024	\$ 12,700	
TOTAL OPERATING EXPENSES		\$ 1,383,110	\$ 1,003,451	\$ 489,874	\$ 1,493,325	\$ 1,551,194	

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY
2022 Budget Detail
9 Months Actual 3 Months Estimated

ACCT #	DESCRIPTION	2022 BUDGET	TOTAL 9 MONTHS		Oct., Nov., Dec.	TOTAL	2023 BUDGET
			Oct.	Nov., Dec.			
DEBT SERVICE							
45-402-400	DVRFA Principal Amortization	\$ 767,000	\$ 521,000	\$ 246,000	\$ 767,000	\$ 829,000	
45-472-500		\$ 38,416	\$ 28,809	\$ 9,603	\$ 38,412	\$ 32,389	
45-472-710	DVRFA Interest 2009	\$ 78,740	\$ 66,399	\$ 12,339	\$ 78,738	\$ 49,361	
45-472-750	DVRFA Interest 2012	\$ 54,426	\$ 46,341	\$ 8,085	\$ 54,426	\$ 32,340	
45-472-960	DVRFA Interest 2022		\$ 15,428	\$ 7,308			\$ 9,548
TOTAL DEBT SERVICE		\$ 938,582	\$ 677,977	\$ 283,835	\$ 938,576	\$ 952,638	
CAPITAL ADDITIONS TO THE SYSTEM							
45-404-319	Legal - Ridley Creek / Crum Creek	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total Easement Costs	\$ -	\$ -	\$ -	\$ -	\$ -	
Infiltration / Inflow Projects							
45-408-660	Engineering-Infiltration Study	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total I/I	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Operating/Non Recurring Expense							
	Middletown EDU adjustment						\$ 25,000
	Total Non-Operating/Recurring						\$ 25,000
Engineering-Projects							
45-408-312	Engineering Sewer Map	\$ -	\$ -	\$ -	\$ -	\$ -	
	2016 Sewer Map Data	\$ 5,000				Moved to Engineering	
45-408-690	Ridley Creek Inspection Fees	\$ 2,000	\$ 3,435	\$ 1,110	\$ 4,545	\$ 4,500	
45-408-750	Collection System Extension - Gravity	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total Project Engineering	\$ 7,000	\$ 3,435	\$ 1,110	\$ 4,545	\$ 4,500	
Construction- Acquisition/Projects							
45-426-610	General Construction Projects	\$ 10,000	\$ 3,652	\$ -	\$ 3,652	\$ 5,000	
45-426-674	Cedar Meadow Tree Removal	\$ -	\$ -	\$ -	\$ -	\$ -	
45-426-710	Winter St Pump Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	
45-426-720	Media Station P.S. Fence	\$ -	\$ -	\$ -	\$ -	\$ -	
45-426-770	Bortondale Discharge Pipe to Valve	\$ -	\$ -	\$ -	\$ -	\$ -	
45-426-772	Bortondale P.S. Replacement	\$ -	\$ 98,097	\$ -	\$ 98,097	\$ 1,000,500	
45-426-774	Bortondale Pump Station	\$ -	\$ 8,773	\$ -	\$ 8,773	\$ -	
45-426-740	Purchase Pumps/Cable	\$ -	\$ 119,136	\$ -	\$ 119,136	\$ 400,000	
45-426-800	Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	
45-426-810	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total Project Construction	\$ 10,000	\$ 229,658	\$ -	\$ 229,658	\$ 1,405,500	
TOTAL CAPITAL ADDITIONS		\$ 17,000	\$ 233,093	\$ 1,110	\$ 234,203	\$ 1,435,000	
GRAND TOTAL EXPENDITURES:		\$ 2,338,692	\$ 1,914,521	\$ 774,319	\$ 2,666,104	\$ 3,921,048	

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY
Five Year Projection of Revenues and Expenses

	PROJECTED	BUDGET		PROJECTIONS				
		2022	2023	2024	2025	2026	2027	2028
Users								
Residential EDUs - Beg.		4,176	4,177	4,180	4,190	4,200	4,210	4,220
EDU adjustment		1	3	10	10	10	10	10
Residential EDUs - End		4,177	4,180	4,190	4,200	4,210	4,220	4,230
Number of Commercial EDUs		226	230	230	230	230	230	230
Grand Total EDUs:		4,403	4,410	4,420	4,430	4,440	4,450	4,460
Tapping Fee	\$	3,400.00	\$	3,400.00	\$	3,400.00	\$	3,400.00
Customer Facilities Fee	\$	2,300.00	\$	2,300.00	\$	2,300.00	\$	2,300.00
Connection Charge	\$	300.00	\$	300.00	\$	300.00	\$	300.00
Annual Fee per EDU	\$	520.00	\$	580.00	\$	600.00	\$	600.00
Revenues								
Sewer Revenues	\$	2,384,130	\$	2,560,740	\$	2,649,000	\$	2,655,000
Tapping/Connection Fees		5,059		18,600		60,000		60,000
Interest Earnings		22,712		20,000		16,007		13,341
Penalties & Liens		27,909		28,000		33,000		36,000
Other Income		9,877		3,000		3,000		3,000
Total Revenue:	\$	2,449,687	\$	2,630,340	\$	2,761,007	\$	2,767,341
Expenditures								
Admin./Fin./Legal/Eng.	\$	281,967	\$	358,210	\$	365,400	\$	372,700
Operating Costs		444,818		441,100		454,000		467,600
Treatment Costs		715,307		751,884		791,300		832,700
Total Operating Expenses	\$	1,442,092	\$	1,551,194	\$	1,610,700	\$	1,673,000
Available for Debt Service	\$	1,007,595	\$	1,079,146	\$	1,150,307	\$	1,094,341
Debt Service * Coverage		938,576		952,638		978,090		977,304
	\$	69,019	\$	126,508	\$	172,217	\$	117,036

* Refer to Schedules A, B,C and D.

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY
Five Year Estimate of Fund Balances

	ESTIMATED	BUDGET		PROJECTIONS				
		2022	2023	2024	2025	2026	2027	2028
Cash / Investment Balances								
Beginning Balance	\$ 1,498,937	\$ 2,375,650	\$ 1,067,158	\$ 889,375	\$ 706,186	\$ 663,388	\$ 569,277	
Additional Borrowings (Repayments)	1,200,000							
Operating Surplus (Deficit)	17,786	126,508	172,217	117,036	57,202	5,889	147,959	
Cash Available	\$ 2,716,723	\$ 2,502,158	\$ 1,239,375	\$ 1,006,411	\$ 763,388	\$ 669,277	\$ 717,235	
Capital Additions	(229,658)	(430,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	
Bortendale Pump Station Rehab	(106,870)	(1,000,500)	(250,000)	(200,225)	-	-	-	
Ridley / Crum Creek Project	(4,545)	(4,500)	-	-	-	-	-	
Ending Balance	\$ 2,375,650	\$ 1,067,158	\$ 889,375	\$ 706,186	\$ 663,388	\$ 569,277	\$ 617,235	
Prime Interest Earnings @ .15%	22,712	20,000	16,007	13,341	10,593	9,951	8,539	
Penalties Liens	27,909	28,000	33,000	36,000	39,000	43,000	44,000	
Long Term Debt Balance								
Beginning Balance	9,916,000	11,883,000	11,054,000	10,212,000	9,358,000	8,490,000	7,616,000	
New Borrowings / Repayments	1,200,000							
Scheduled Principal Payments	767,000	(829,000)	(842,000)	(854,000)	(868,000)	(874,000)	(880,000)	
Ending Balance	\$ 11,883,000	\$ 11,054,000	\$ 10,212,000	\$ 9,358,000	\$ 8,490,000	\$ 7,616,000	\$ 6,936,000	
Balance by Issue at 12/31								
1999 Issue (Fixed) *	1,568,000	1,070,000	1,070,000	812,000	548,000	277,000	-	
2009 Issue (Fixed) *	4,413,000	3,851,000	3,550,000	3,246,000	2,938,000	2,627,000	2,312,000	
2012 Issue (Fixed) *	3,188,000	2,653,000	2,371,000	2,086,000	1,798,000	1,507,000	1,212,000	
2022 Issue (Fixed)	1,200,000	1,199,000	1,198,000	1,197,000	1,196,000	1,195,000	1,125,000	
Principal Balance	\$ 10,369,000	\$ 8,773,000	\$ 8,189,000	\$ 7,341,000	\$ 6,480,000	\$ 5,606,000	\$ 4,649,000	
Annual Debt Service Payments								
Scheduled Principal Payments								
1999 Issue (Fixed)	246,000	252,000	258,000	264,000	271,000	271,000		
2009 Issue (Fixed) Refer to Note.	265,000	297,000	301,000	304,000	308,000	311,000	315,000	
2012 Issue (Fixed) Refer to Note.	256,000	279,000	282,000	285,000	288,000	291,000	295,000	
2022 Issue (Fixed)	-	1,000	1,000	1,000	1,000	1,000	70,000	
Sub-Total Principal Payments	767,000	829,000	842,000	854,000	868,000	874,000	680,000	
Interest Payments **	171,576	171,576	136,090	123,304	110,291	97,062	83,581	
Total Annual Debt Service	\$ 938,576	\$ 1,000,576	\$ 978,090	\$ 977,304	\$ 978,291	\$ 971,062	\$ 763,581	

* Refer to Schedules A, B and C.

** Includes and estimated amount of \$22,00 each year estimated interest on Bortendale Loan. Capitalized interest for two years is included as a project cost.

SCHEDULE A

**Upper Providence Township Sewer Authority
 Guaranteed Sewer Revenue Note, Series of 1999
 Principal Amortization Schedule and
 Annual Debt Service at a Fixed Rate of 2.45%**

<i>Year Ending</i>	<i>Principal Payment (1)</i>	<i>Interest Rate (2)</i>	<i>Interest Payment (3)</i>	<i>Total Annual Payment</i>	<i>Ending Principal Balance</i>
12/25/2023	252,000	2.45%	32,389	284,389	1,070,000
12/25/2024	258,000	2.45%	26,215	284,215	812,000
12/25/2025	264,000	2.45%	19,894	283,894	548,000
12/25/2026	271,000	2.45%	13,426	284,426	277,000
12/25/2027	277,000	2.45%	6,786	283,786	
Total	\$1,322,000		\$298,114	\$2,276,114	

(1) Principal payments are due on December 25 of each year through final maturity of.

(2) Fixed interest rate of 2.45% through final maturity.

(3) Interest is payable monthly on the 25th day of each month, commencing 12/25/1999 for the period beginning 12/10/1999.

SCHEDULE B

Upper Providence Township Sewer Authority
 Guaranteed Sewer Revenue Note, Series of 2009
 Principal Amortization Schedule and
 Annual Debt Service at a Fixed Rate of 2.450% through
 Annual Debt Service at a Fixed Rate of 1.190% from

Year Ending	Principal Payment (1)	Interest Rate (2)	Interest Payment (3)	Total Annual Payment	Ending Principal Balance
6/25/2023	297,000	1.190%	49,361	346,361	3,851,000
6/25/2024	301,000	1.190%	45,827	346,827	3,550,000
6/25/2025	304,000	1.190%	42,245	346,245	3,246,000
6/25/2026	308,000	1.190%	38,627	346,627	2,938,000
6/25/2027	311,000	1.190%	34,962	345,962	2,627,000
6/25/2028	315,000	1.190%	31,261	346,261	2,312,000
6/25/2029	319,000	1.190%	27,513	346,513	1,993,000
6/25/2030	323,000	1.190%	23,717	346,717	1,670,000
6/25/2031	326,000	1.190%	19,873	345,873	1,344,000
6/25/2032	330,000	1.190%	15,994	345,994	1,014,000
6/25/2033	334,000	1.190%	12,067	346,067	680,000
6/25/2034	338,000	1.190%	8,092	346,092	342,000
6/25/2035	342,000	1.190%	4,070	346,070	-
Total	\$4,148,000		\$353,608	\$4,501,608	

The Notes below are for the debt payments starting on June 25, 2023.

(1) Principal is payable annually, commencing on June 25, 2023.

(2) Fixed rate terminates on June 25, 2035. Rate assumes spread for the DelVal administrative expenses and net payments on debt service and interest rate swap agreement equals 0.40%.

(3) Interest is payable monthly, commencing on July 25, 2022. Interest accrues from June 25, 2022.

SCHEDULE C

Upper Providence Township Sewer Authority
 Guaranteed Sewer Revenue Note, Series of 2012
 Principal Amortization Schedule and
 Annual Debt Service at a Fixed Rate of 2.400% through 6/25/2022
 Annual Debt Service at a Fixed Rate of 1.103% from 6/25/2023

Year Ending	Principal Payment (1)	Interest Rate (2)	Interest Payment (3)	Total Annual Payment	Principal Balance
6/25/2023	279,000	1.103%	32,340	311,340	2,653,000
6/25/2024	282,000	1.103%	29,263	311,263	2,371,000
6/25/2025	285,000	1.103%	26,162	311,162	2,086,000
6/25/2026	288,000	1.103%	23,009	311,009	1,798,000
6/25/2027	291,000	1.103%	19,832	310,832	1,507,000
6/25/2028	295,000	1.103%	16,622	311,622	1,212,000
6/25/2029	298,000	1.103%	13,368	311,368	914,000
6/25/2030	301,000	1.103%	10,081	311,081	613,000
6/25/2031	305,000	1.103%	6,761	311,761	308,000
6/25/2032	308,000	1.103%	3,397	311,397	-
Total	\$2,932,000		\$180,828	\$3,112,828	

The Notes below are for the debt payments starting on June 25, 2023.

- (1) Principal is payable annually, commencing on June 25, 2023.
- (2) Fixed rate terminates on June 25, 2032. Rate assumes spread for the DelVal administrative expenses and net payments on debt service and interest rate swap agreement equals 0.40%.
- (3) Interest is payable monthly, commencing on July 25, 2022. Interest accrues from June 25, 2022.

SCHEDULE D

**Upper Providence Township Sewer Authority
Guaranteed Sewer Revenue Note, Series of 2022
Principal Amortization Schedule and
Annual Debt Service at a Fixed Rate of 2.436% through**

<i>Year Ending</i>	<i>Principal Payment (1)</i>	<i>Interest Rate (2)</i>	<i>Interest Payment (3)</i>	<i>Total Annual Payment</i>	<i>Ending Principal Balance</i>
2/25/2022	—	2.436%	22,736.00	22,736.00	1,200,000
2/25/2023	1,000	2.436%	29,211.91	30,211.91	1,199,000
2/25/2024	1,000	2.436%	29,187.34	30,187.34	1,198,000
2/25/2025	1,000	2.436%	29,162.98	30,162.98	1,197,000
2/25/2026	1,000	2.436%	29,138.62	30,138.62	1,196,000
2/25/2027	1,000	2.436%	29,114.26	30,114.26	1,195,000
2/25/2028	70,000	2.436%	27,689.20	97,689.20	1,125,000
2/25/2029	71,000	2.436%	25,963.70	96,963.70	1,054,000
2/25/2030	73,000	2.436%	24,193.54	97,193.54	981,000
2/25/2031	74,000	2.436%	22,394.96	96,394.96	907,000
2/25/2032	75,000	2.436%	20,572.02	95,572.02	832,000
2/25/2033	77,000	2.436%	18,704.42	95,704.42	755,000
2/25/2034	78,000	2.436%	16,808.40	94,808.40	677,000
2/25/2035	80,000	2.436%	14,867.72	94,867.72	597,000
2/25/2036	81,000	2.436%	12,899.62	93,899.62	516,000
2/25/2037	82,000	2.436%	10,905.16	92,905.16	434,000
2/25/2038	84,000	2.436%	8,867.04	92,867.04	350,000
2/25/2039	85,000	2.436%	6,800.50	91,800.50	265,000
2/25/2040	87,000	2.436%	4,689.30	91,689.30	178,000
2/25/2041	89,000	2.436%	2,529.38	91,529.38	89,000
2/25/2042	89,000	2.436%	361.34	89,361.34	—
Total	\$1,200,000			\$386,796.41	\$1,586,796.41

The Notes below are for the debt payments starting on June 25, 2023.

(1) Principal is payable annually, commencing on June 25, 2023.

(2) Fixed rate terminates on June 25, 2035. Rate assumes spread for the DelVal administrative expenses and net payments on debt service and interest rate swap agreement equals 0.40%.

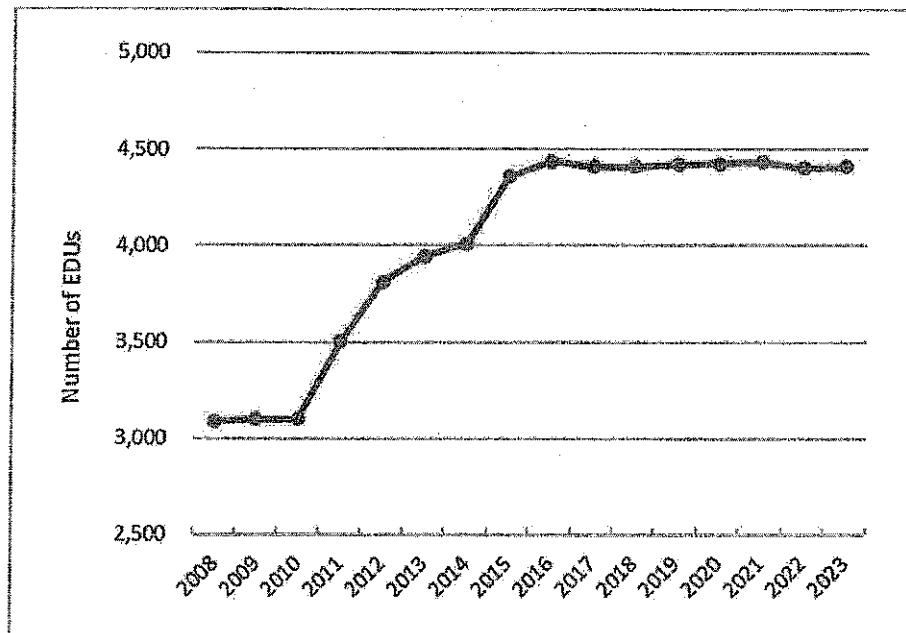
(3) Interest is payable monthly, commencing on July 25, 2022. Interest accrues from June 25, 2022.

ASSUMPTIONS SUPPORTING THE YEAR 2023 BUDGET

Users

By the end of 2022, we are estimating that there will be a total of 4,403 equivalent dwelling units (EDUs) connected to the system, of which 4,177 are residential EDUs and 226 are commercial customers that are billed on a metered basis. We are projecting 3 new EDUs will be added to the system in 2023. The chart below notes the EDU's for 2022 and projected for 2023.

EDU Growth 2008-2023

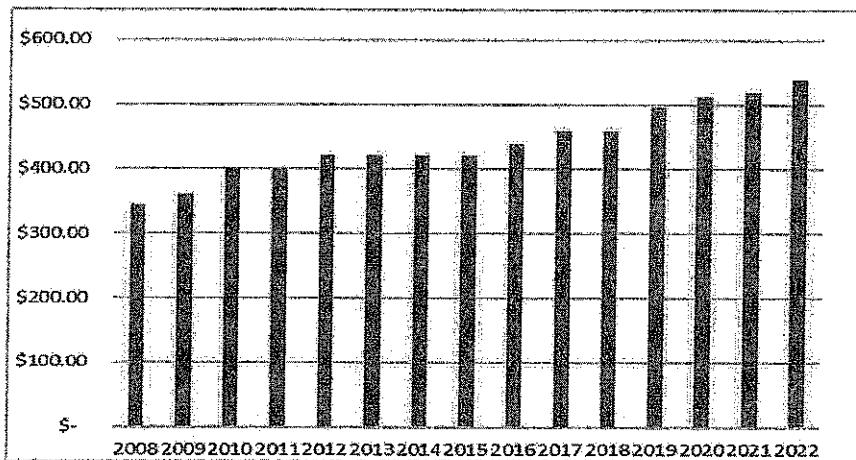


EDU growth is expected to remain flat. The Authority's service area is essentially sewered, individual lots remain and are subject to development.

Revenues

Budgeted sewer revenues for 2023 are based upon a quarterly rate of \$145.00, which is a \$10.00 per quarter increase from 2022 when the last user rate increase occurred. The rate per EDU in 2008, before the major construction project was \$345.00 per year. This represents an average annual growth rate of 3.5% for the past 15 years. See rate history in the following chart.

History of User Rates



Tapping fees for all areas are \$3,400 per EDU plus a connection charge of \$300 per EDU. However, a customer facilities fee of \$2,300 is collected from all new connections that require a low-pressure grinder pump to connect to the system, bringing the total of all the charges to \$6,000 per EDU.

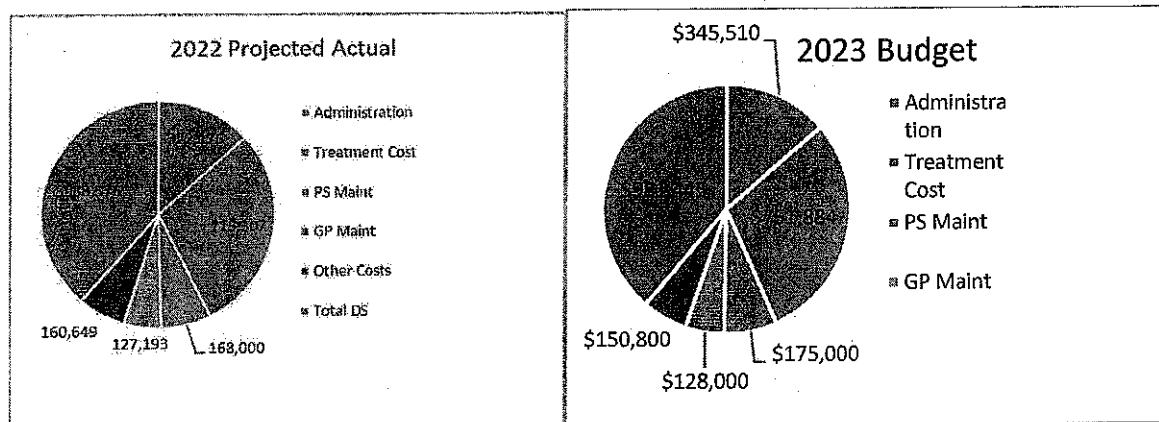
On August 29, 2021, the Municipality Authorities Act was amended by Act 43 which requires authorities in Pennsylvania to adjust rates charged to multi-unit connections served by a single water meter based on five years of water meter readings. The Authority currently bills approximately 17 accounts representing 875 EDUs. The water consumption for these properties is unknown. No request or inquiries have been received from the owners of these properties. The Authority's solicitor is aware of the change in law. A procedure for evaluating any requests for adjustment should be developed.

The Authority's surplus funds are deposited with the Pennsylvania Local Government Investment Trust's (PLGIT) Prime account. Interest rates are currently very low, and increases are uncertain. For the five-year projection period, interest earnings were calculated at an interest rate of .150% per annum applied to surplus funds in both the operating account and reserve funds.

Expenses

Operating expenses were estimated based upon discussions with the Authority Office Manager and Operations Manager. The estimates take into consideration 2022 projected expenditures, 2022 budgeted expenses and anticipated costs in 2023. Where 2022 actual expenses contained an unusually high expenditure that is unlikely to reoccur, the prior year's budgeted figure was used. Where specific expenses were identified, 2023 amounts were adjusted accordingly. The following chart summarizes graphically the 2023 proposed budget expenses in dollars.

Expense Comparison



Operating expenses per EDU have increased from \$294.00 in 2008 to \$351.74 projected for 2023. This is an average increase of 0.413% per year. Debt Service per EDU is the primary driver increasing from \$76.34 per EDU in 2008 to \$222.55 per EDU in 2023.

Debt Service in 2023 reflects interest on the 2022 borrowing for the Bortondale pump station and the reduction in interest cost on the 2009 and 2012 borrowings. However, not all of this will be reflected in user rates due to the capitalization of interest (totaling \$42,400.) and principal deferment until the 1999 borrowing is retired in 2027.

The Authority's expenses are largely fixed. Debt service is the largest single expenditure representing over 40%. Although treatment costs might ordinarily be considered a variable cost based on flow, the service agreements are largely fixed costs which limits variability, treatment represents 31% of budgeted cost. Chart 2 summarizes graphically the 2023 budget expenses as a percentage of total expenses.

Specific items included in this year's operating expense budget are:

- The budget assumes 40 hours per week for the Authority Office Manager and 10 hours per week for consultant, Kevin Matson. Hours more than 10 per week will be billed separately.
- Engineering fees for services related to the normal operation of the Authority have been included in the Engineer category. We have added services provided for inspection of the sewer cleaning project to this category. Sewer cleaning is an annual maintenance activity and included as an operating expense.

- Pumping Station Maintenance includes the routine maintenance of the Authority's major pumping stations. The projected cost for pump station maintenance in 2022 is approximately \$168,000. For 2023, the budget is \$175,000. Routine and emergency pump station is provided by KBX Golden, LLC. This contract expires in 2023.
- Ongoing repairs and maintenances for the grinder pump stations is expected to rise over time due to the age of pumps installed. For 2023 budget, grinder pump service calls are budgeted at \$128,000 for labor. Low pressure grinder pumps may need to be replaced after they reach the end of their useful life which is now occurring in certain parts of the service area. Also, distance and flow volume affect the service life of the pumps. The Authority plans to purchase additional pump cores in 2023. The capital budget includes \$400,000 for this purpose.
- Township Maintenance Service includes the cost to provide emergency response by Township personnel.
- Sewer cleaning is provided by Mobile Dredging & Video Pipe, Inc. The sewer cleaning contract includes regular cleaning and flushing of the lines. The 2023 budget is \$36,300 per the bid contract dollar amount according to the breakdown provided by Kelly & Close Engineers.
- The sewer rents from CDCA, Aqua and Middletown were adjusted approximately 5.0%, compared to the 2022 budget. These adjustments came from discussions between the Authority staff, CDCA and Aqua. The Authority has not yet received budget estimates from Middletown. The estimate from CDCA increased by 9.75% to \$87,800 per year.

Capital Expenditures

Capital Project expenditures for 2022 are expected to be more than budgeted by about \$240,500 largely due to the purchase of new grinder pump cores and expenses related to the Bortondale pump station project. However, Bortondale costs are funded by the 2022 borrowing and Township contribution. The 2023 budget includes \$1,435,000 in capital additions including work on the Bortondale Pump Station, the purchase of pumps and General Construction.

Replacement of the Bortondale Pump Station is expected to be largely completed in 2023. Construction bids were received and accepted by the Authority in October of 2021. The estimated costs and funding sources are presented in the table below:

PROJECT COST SUMMARY

Description	Total Project Estimate	Expended to 12/31/2022	Remaining Balance
ESTIMATED PROJECT COSTS			
Construction Bid Price	\$ 1,050,000	\$ 18,898	\$ 1,031,102
Engineering, Legal, Other	\$ 350,000		\$ 350,000
Pump Purchase Costs	\$ 57,000	\$ 57,295	\$ (295)
Reimbursement to UPTSA	\$ 143,462	\$ 105,669	\$ 37,793
Capitalized Interest	\$ 42,400	\$ 22,376	\$ 20,024
Financing Costs (DeVal)	\$ 7,138	\$ 6,172	\$ 967
Project Contingency	\$ 100,000		\$ 100,000
Total Project Cost	\$ 1,650,000	\$ 210,410	\$ 1,439,591
Interest Earned	\$ -	\$ (3,826)	\$ 3,826
	\$ 1,650,000	\$ 206,584	\$ 1,443,417
Project Funding			
2022 Loan	\$ 1,200,000	\$ 187,585	\$ 1,012,415
UPT Contribution	\$ 450,000	\$ 18,998	\$ 431,002
Total	\$ 1,650,000	\$ 206,583	\$ 1,443,417

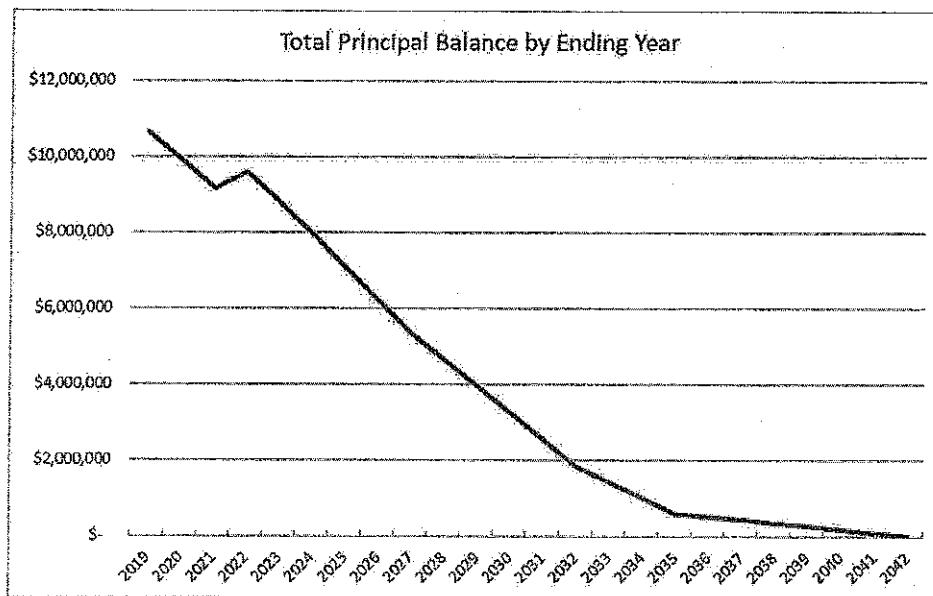
The project includes reimbursements to the Authority for engineering fees, capitalized interest for 2022 and 2023, and other project development costs incurred by the Authority. These funds have been repaid after settlement and as incurred thereafter.

The project anticipates redirecting flow from the Bortondale Pump Station to the Media Wastewater Treatment plant by constructing a new force main. This is a multi-step and multi-year process to gain the necessary approvals. However, when completed, it will reduce the number of treatment plants and reduce operating costs. Planning and engineering for that phase is included in the Total Project Cost Estimate.

Debt Service

Interest payments for the 1999, 2009 and 2012 and 2022 loans from The Delaware Valley Regional Finance Authority (DelVal) are included in the 2023 budget. The interest rate on the 1999 loan is fixed at 2.450%. On May 29, 2020, the Authority exercised its option to terminate the 2009 and 2012 loans on June 25, 2022. The Authority converted the 2009 and 2012 loans to a fixed rate of 1.190% and 1.103%, respectively which is reflected in the 2023 debt service cost. The revised loan payments and interest rates commenced on June 25, 2022. The 2009 and 2012 loans will mature on June 25, 2035, and June 25, 2032, respectively.

The Authority has received financing through DelVal to fund the reconstruction of the Bortondale Pump Station. The financing terms from DelVal are a 20-year amortization and an interest rate of 2.43%. The project costs include two years of capitalized interest and reduced principal payments until February of 2028. This will produce a minimal impact on user rates. Principal and Interest payments are presented in Schedule D.



Revenues and expenses have been projected for the years 2024 – 2027 allowing for:

- Operating expenses to increase by 2.0% to 5.0% depending on the type of expense each year.
- User rate increases are in accordance with the projected cash flow.
- Interest earnings of 0.15% on cash balances.