

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY 2024 Budget Analysis

Analysis of Income

Income, including transfers, for the year ending December 31, 2023, is projected to be \$3,316,007 as compared to budgeted income for 2023 of \$4,109,425. This decrease of approximately \$806,787 is attributable to a smaller-than-expected transfer of \$538,978 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 greater than budgeted.

Budgeted income for 2024 is estimated to be \$4,060,440 which includes a transfer to fund capital projects of \$1,318,500. Excluding the capital transfer, the 2024 budgeted income is approximately \$35,089 less than 2023's projected income. This is due to conservative budgeted figures for Tapping/Connection Fees and Interest Income compared to the projected 2023 figures. An additional 8 EDUs are expected to connect to the system in 2024. Commercial usage is expected to remain about the same as 2023. Interest earnings are likely to decrease slightly due to lower cash balances resulting from the completion of the Bortondale Pump Station project and other capital purchases. Penalties and liens are expected to be consistent with 2023. Other income is expected to remain about the same in 2024 compared to the budgeted 2023.

Analysis of Expenses

Operating expenses for the year ending December 31, 2023 are projected at \$1,553,687 compared to budgeted expenses of \$1,557,927. This is a decrease of \$4,240. The largest expenses as compared to the 2023 budget includes Sewage Treatment Cost, Pump Station Maintenance and PA One-call costs. Grinder Pump and Service were an or below budgeted amounts. Most other expenditures were on or below budget for 2023. Operating expenses for 2024 are budgeted at \$1,541,840, which is a \$11,847 decrease compared to 2023 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 \$989,547 per scheduled principal and interest payments and a payment to the Township for the Authority's pro-rata share of their 2001 General Obligation bond that financed capacity at CDCA.

Capital Expenditures are identified on Page 9 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 2024 \$400,000 is needed to replace aging and failing pumps. Also, a major reconstruction of

the Bortondale pump station is budgeted and paid with a 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 \$590.00 per year per equivalent dwelling unit (EDU) or \$147.50 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.

2024 BUDGET

Estimated Expenditures for Operations and Maintenance	\$ 1,541,840
Estimated Capital Improvements	1,318,500
Other Mandatory Payments	None
Debt Service	989,547
Safety Margin @ 5% of Operations and Maintenance Costs	<u>77,090</u>
Total Estimated Revenue Required	<u><u>\$3,926,977</u></u>
Estimated Revenues and Transfers	<u><u>\$4,060,440</u></u>

Analysis of Projections

The budget report includes a projection of revenues and expenditures for 2024 through 2029. Modest rate increases have been assumed in 2025 and 2027 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 \$117,898 to \$270,138. This is due in part because the 1999 Guaranteed Sewer Revenue Note fully matures in 2027 which reduces annual debt service by approximately \$280,000 compared to 2024. This will be partially offset by approximately \$67,000 of additional debt service related to the Bortondale pump station borrowing beginning in 2028. The Projection notes that estimated cash balances will reduce from approximately \$2,025,065 at the end of 2023 to \$584,369 in 2026. Additional rate increases are likely to meet ordinary fluctuations in revenues and expenditures and fund capital purchases, especially grinder pump core replacements. The planning and relocation of the existing Bortondale force main is included in the projection but other major capital projects may need to be funded by the issuance of additional debt.

If capital expenditures for pumps 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

2024 Budget Detail

9 Months Actual 3 Months Estimated

	2023 BUDGET	2023 PROJECTED	2024 BUDGET
<u>Users</u>			
Residential EDU s - Beg.	4,177	4,177	4,178
EDU Additions	3	1	8
Residential EDU s - End	4,180	4,178	4,186
Number of Commercial EDUs	230	226	230
Grand Total EDU s	4,410	4,404	4,416
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	\$ 590.00	\$ 590.00	\$ 590.00
<u>Receipts</u>			
Sewer Revenues	\$ 2,604,825	\$ 2,614,505	\$ 2,610,090
Tapping/Connection Fees	18,600	28,503	21,000
Interest Earnings	20,000	103,450	79,350
Penalties & Liens	28,000	28,687	28,500
Other Income	3,000	1,884	3,000
Transfer from Capital Reserve / 2022 Loan	1,435,000	538,978	1,318,500
Sub-Total Receipts	\$ 4,109,425	\$ 3,316,007	\$ 4,060,440
<u>Operating Expenses</u>			
Legislative Body	167,943	158,844	105,940
Financial Administration	16,000	16,867	17,500
Legal Retainer	20,000	9,749	15,000
Data Processing	13,500	15,337	21,800
Engineer	80,800	65,863	80,800
Public Works			
Lighthouse Engineering, LLC.	54,000	54,000	54,000
Pumping Station Maintenance	175,000	205,658	175,000
Repair mains & manholes	5,000	2,332	3,000
Township Maintenance Service	10,000	9,113	11,000
Sewer Cleaning Contract	36,300	44,482	45,000
Grinder Pump and Service	128,000	94,135	100,000
Sewer Cleaning Emergency	4,000	4,791	5,000
Electric	25,000	25,864	26,500
Sewer Rent	751,884	753,537	784,000
Tools and Equipment	500	178	500
Water	300	200	300
PA One Call System	50,500	78,156	75,000
Low Pressure System Repair	5,500	1,560	5,500
Miscellaneous	1,000	2,437	1,000
Insurances	12,700	10,584	15,000
Sub-Total Operating Expenses	\$ 1,557,927	\$ 1,553,687	\$ 1,541,840
Capital Outlays			
Available For Debt Service	\$ 1,435,000	\$ 538,978	\$ 1,318,500
Debt Service	\$ 1,116,498	\$ 1,223,342	\$ 1,200,100
Principal Amortization-DVRFA	\$ 829,000	829,000	\$ 842,000
Interest Expense-DVRFA	123,638	123,286	130,492
Township-2001 GO Note	-	4,232	17,055
sub-Total Net Debt Service	952,638	956,518	989,547
Annual Surplus (Deficit)	\$ 163,860	\$ 266,824	\$ 210,553

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY

2024 Budget Detail

9 Months Actual 3 Months Estimated

ACCT #	DESCRIPTION	2023 BUDGET	TOTAL 9 MONTHS	Oct., Nov., Dec.		TOTAL	2024 BUDGET
				OPERATING INCOME			
User Fees							
45-364-113	Service Charge-Nether Providence	\$ 3,800	\$ 4,653	\$ -	\$ 4,653	\$ 4,650	
45-364-120	Sewer Use Charge	2,601,025	1,984,852	625,000	2,609,852	2,605,440	
	Total User Fees	\$ 2,604,825	\$ 1,989,505	\$ 625,000	\$ 2,614,505	\$ 2,610,090	
Tapping/Connection Fees							
45-364-110	Tapping Fee	\$ 18,000	\$ 25,503	\$ -	\$ 25,503	\$ 20,000	
45-364-112	Fee	600	3,000	-	3,000	1,000	
	Total Tapping/Connection Fees	\$ 18,600	\$ 28,503	\$ -	\$ 28,503	\$ 21,000	
Interest Earnings							
45-341-000	Interest Earnings	\$ 20,000	\$ 77,695	\$ 25,755	\$ 103,450	\$ 79,350	
	Total Interest Income	\$ 20,000	\$ 77,695	\$ 25,755	\$ 103,450	\$ 79,350	
Capital Contribution							
45-380-102	Control Box / Trans Switch	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	
Penalties & Liens							
45-364-700	Sewer Penalties Collected	\$ 8,000	\$ 7,293	\$ 1,950	\$ 9,243	\$ 8,500	
45-364-800	Liens for Sewer Rent	20,000	14,644	4,800	19,444	20,000	
	Total Penalties & Liens	\$ 28,000	\$ 21,937	\$ 6,750	\$ 28,687	\$ 28,500	
Other Income							
45-343-200	Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	
45-364-750	Sewer Certification Fees	\$ 1,000	\$ 446	\$ 150	\$ 596	\$ 1,000	
45-380-100	Miscellaneous Revenue	2,000	1,400	450	1,850	2,000	
45-380-123	Repairs)	-	(562)	-	(562)	-	
45-380-200	Grinder Pump Purchase	-	-	-	-	-	
	Total Other Income	\$ 3,000	\$ 1,284	\$ 600	\$ 1,884	\$ 3,000	
Total Income							
		\$ 2,674,425	\$ 2,118,924	\$ 658,105	\$ 2,777,029	\$ 2,741,940	
Construction Fund Transfers							
45-390-300	Transfer from Capital Reserves	\$ 1,435,000	\$ -	\$ -	\$ 538,978	\$ 1,318,500	
	Total Construction Fund Transfers	\$ 1,435,000	\$ -	\$ -	\$ 538,978	\$ 1,318,500	
TOTAL RECEIPTS AND TRANSFERS							
		\$ 4,109,425	\$ 2,118,924	\$ 658,105	\$ 3,316,007	\$ 4,060,440	

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY

2024 Budget Detail

9 Months Actual 3 Months Estimated

ACCT #	DESCRIPTION	2023 BUDGET	TOTAL 9 MONTHS	Oct., Nov., Dec.		TOTAL	2024 BUDGET
OPERATING EXPENSES							
Legislative Body							
45-400-142	Office Mgr Payroll Gross	\$ 110,463	\$ 73,735	\$ 12,200	\$ 85,935	\$ 59,488	
45-400-143	Office Manager Payroll Taxes	\$ 8,480	\$ 3,932	\$ 960	\$ 4,892	\$ 19,352	
45-400-146	Temporary Secretarial Services	\$ 21,000	\$ 2,238	\$ 750	\$ 2,988	\$ -	
45-400-147	Office Ass't. Manager Payroll Gross	-	\$ 25,863	\$ 13,530	\$ 39,393	\$ -	
45-400-148	Office Ass't. Manager Payroll Tax	-	\$ 918	\$ 1,050	\$ 1,968	\$ -	
45-400-210	Materials & Supplies/Office	3,300	\$ 3,936	\$ 1,290	\$ 5,226	\$ 4,000	
45-400-212	Postage	10,000	\$ 4,520	\$ 2,200	\$ 6,720	\$ 8,000	
45-400-213	Office Equipment Minor	500	\$ 584	\$ -	\$ 584	\$ 600	
45-400-217	Conference Fees Expenses and Dues	2,200	\$ 2,500	\$ -	\$ 2,500	\$ 2,500	
45-400-321	Telephone Monthly Charges	5,000	\$ 3,619	\$ 1,200	\$ 4,819	\$ 5,000	
45-400-340	Advertising	1,000	\$ -	\$ -	\$ -	\$ 1,000	
45-400-380	Office Rent	5,000	\$ 1,856	\$ 975	\$ 2,831	\$ 5,000	
45-400-475	Bank Charges	1,000	\$ -	\$ 988	\$ 988	\$ 1,000	
Total Legislative Body		\$ 167,943	\$ 123,701	\$ 35,143	\$ 158,844	\$ 105,940	
Financial Administration							
45-402-311	Accounting and Auditing Services	\$ 8,000	\$ -	\$ 8,000	\$ 8,000	\$ 8,500	
45-402-315	Budget	\$ 8,000	\$ 2,367	\$ 6,500	\$ 8,867	\$ 9,000	
Total Financial Administration		\$ 16,000	\$ 2,367	\$ 14,500	\$ 16,867	\$ 17,500	
Legal Retainer							
45-404-311	Legal Fees/Miscellaneous	\$ 20,000	\$ 7,349	\$ 2,400	\$ 9,749	\$ 15,000	
Total Legal Retainer		\$ 20,000	\$ 7,349	\$ 2,400	\$ 9,749	\$ 15,000	
Data Processing							
45-407-100	Computer Services	\$ 7,000	\$ 8,879	\$ 3,000	\$ 11,879	\$ 14,200	
45-407-200	Computer Supplies	\$ 1,000	\$ 158	\$ 800	\$ 958	\$ 1,000	
45-407-300	Upgrade Office Computer & Software Payroll Service	\$ 5,500	\$ -	\$ 2,500	\$ 2,500	\$ 5,500	
Total Data Processing		\$ 13,500	\$ 9,037	\$ 6,300	\$ 15,337	\$ 21,800	
Engineering							
45-408-100	Sewer Authority Engineer/Services	\$ 24,000	\$ 9,047	\$ 3,000	\$ 12,047	\$ 20,000	
45-408-315	Engineer-PA One Call	\$ 16,800	\$ 6,920	\$ 3,000	\$ 9,920	\$ 16,800	
45-408-373	Sewer Cleaning Field	\$ 25,000	\$ 12,056	\$ 7,944	\$ 20,000	\$ 20,000	
45-426-775	Sewer Map Updates	\$ 15,000	\$ 18,196	\$ 5,700	\$ 23,896	\$ 24,000	
Total Engineering		\$ 80,800	\$ 46,219	\$ 19,644	\$ 65,863	\$ 80,800	
Public Works							
45-426-200	Lighthouse Engineering, LLC.	\$ 54,000	\$ 36,572	\$ 17,428	\$ 54,000	\$ 54,000	
45-426-215	Grinder Pump Service Calls	\$ 128,000	\$ 192,147	\$ (98,012)	\$ 94,135	\$ 100,000	
45-426-361	Electric	\$ 25,000	\$ 19,264	\$ 6,600	\$ 25,864	\$ 26,500	
45-426-362	Sewer Rent to CDCA	\$ 87,800	\$ 65,850	\$ 21,950	\$ 87,800	\$ 84,200	
45-426-363	Sewer Rent/Aqua Pennsylvania	\$ 582,784	\$ 431,241	\$ 142,000	\$ 573,241	\$ 606,100	
45-426-365	Sewer Rent/DELCORA/SWDCMA	\$ 78,000	\$ 66,696	\$ 22,500	\$ 89,196	\$ 90,400	
45-426-366	Water	\$ 300	\$ 101	\$ 99	\$ 200	\$ 300	
45-426-367	Sewer Rent/Nether Providence Twp.	\$ 3,300	\$ -	\$ 3,300	\$ 3,300	\$ 3,300	
45-426-370	Pumping Station Maintenance	\$ 175,000	\$ 202,705	\$ 2,953	\$ 205,658	\$ 175,000	
45-426-371	Repair Mains & Manholes	\$ 5,000	\$ 2,332	\$ -	\$ 2,332	\$ 3,000	
45-426-375	Township Maintenance Service	\$ 10,000	\$ 4,384	\$ 4,729	\$ 9,113	\$ 11,000	
45-426-376	Sewer Cleaning Contract	\$ 36,300	\$ 44,482	\$ -	\$ 44,482	\$ 45,000	
45-426-378	Sewer Cleaning Emergency	\$ 4,000	\$ 4,791	\$ -	\$ 4,791	\$ 5,000	
45-426-380	PA One Call / Locating Serv	\$ 50,500	\$ 25,209	\$ 52,947	\$ 78,156	\$ 75,000	
45-426-390	Low Pressure System Maintenance	\$ 5,500	\$ 1,560	\$ -	\$ 1,560	\$ 5,500	
45-426-673	Tools & Equipment	\$ 500	\$ -	\$ 178	\$ 178	\$ 500	
Total Public Works		\$ 1,245,984	\$ 1,097,334	\$ 176,672	\$ 1,274,006	\$ 1,284,800	
Miscellaneous							
45-480-000	Miscellaneous Expenditures	\$ 1,000	\$ 2,137	\$ 300	\$ 2,437	\$ 1,000	
Total Miscellaneous Expense		\$ 1,000	\$ 2,137	\$ 300	\$ 2,437	\$ 1,000	
45-486-350	Total Insurances	\$ 12,700	\$ 4,876	\$ 5,708	\$ 10,584	\$ 15,000	
TOTAL OPERATING EXPENSES		\$ 1,557,927	\$ 1,293,020	\$ 260,667	\$ 1,553,687	\$ 1,541,840	

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY

2024 Budget Detail

9 Months Actual 3 Months Estimated

ACCT #	DESCRIPTION	2023 BUDGET	TOTAL 9 MONTHS	Oct., Nov., Dec.		TOTAL	2024 BUDGET
				Oct.	Nov.		
DEBT SERVICE							
45-402-400	DVRFA Principal Amortization	\$ 829,000	\$ 577,000	\$ 252,000	\$ 829,000	\$ 842,000	
45-472-500	DVRFA Interest 1999	\$ 32,389	\$ 24,793	\$ 7,596	\$ 32,389	\$ 26,215	
45-472-710	DVRFA Interest 2009	\$ 49,361	\$ 36,429	\$ 12,932	\$ 49,361	\$ 45,827	
45-472-750	DVRFA Interest 2012	\$ 32,340	\$ 23,743	\$ 8,597	\$ 32,340	\$ 29,263	
45-472-960	DVRFA Interest 2022	\$ 9,548	\$ 21,912	\$ (12,716)	\$ 9,196	\$ 29,187	
	Township 2001 GO Note		\$ 4,232	\$ -	\$ 4,232	\$ 17,055	
TOTAL DEBT SERVICE		\$ 952,638	\$ 688,109	\$ 268,409	\$ 956,518	\$ 989,547	
CAPITAL ADDITIONS TO THE SYSTEM							
45-404-319	Legal - Ridley Creek / Crum Creek	\$ -	\$ 610	\$ -	\$ 610	\$ -	
	Total Easement Costs		\$ 610	\$ -	\$ 610	\$ -	
Infiltration / Inflow Projects							
45-408-660	Engineering-Infiltration Study	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total I/I		\$ -	\$ -	\$ -	\$ -	
Non-Operating/Non Recurring Expense							
	Middletown tDU adjustment	\$ 25,000	\$ 34,332	\$ -	\$ 34,332	\$ -	
	Total Non Operating/Recurring		\$ 34,332	\$ -	\$ 34,332	\$ -	
Engineering-Projects							
45-408-312	Engineering-Sewer Map	\$ -	\$ -	\$ -	\$ -	\$ -	
45-408-690	Ridley Creek Inspection Fees	\$ 4,500	\$ 1,917	\$ 1,110	\$ 3,027	\$ 3,000	
45-408-750	Collection System Extension - Gravity	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total Project Engineering		\$ 4,500	\$ 1,917	\$ 1,110	\$ 3,027	\$ 3,000
Construction- Acquisition Projects							
45-426-610	General Construction Projects	\$ 5,000	\$ 12,174	\$ -	\$ 12,174	\$ 5,000	
45-426-772	Bortondale P.S. Replacement	\$ 1,000,500	\$ 66,823	\$ -	\$ 89,323	\$ 910,500	
45-426-740	Purchase Pumps/Cores	\$ 400,000	\$ 154,996	\$ 244,516	\$ 399,512	\$ 400,000	
45-426-800	Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	
45-426-810	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total Project Construction		\$ 1,405,500	\$ 233,993	\$ 244,516	\$ 501,009	\$ 1,315,500
TOTAL CAPITAL ADDITIONS		\$ 1,435,000	\$ 270,852	\$ 245,626	\$ 538,978	\$ 1,318,500	
GRAND TOTAL -EXPENDITURES:		\$ 3,945,565	\$ 2,251,981	\$ 774,702	\$ 3,049,183	\$ 3,849,887	

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY

2024 Budget Detail

9 Months Actual 3 Months Estimated

	PROJECTED	BUDGET			PROJECTIONS			
		2023	2024	2025	2026	2027	2028	2029
<u>Users</u>								
Residential EDU's - Beg.		4,177	4,178	4,186	4,196	4,206	4,216	4,226
EDU adjustment		1	8	10	10	10	10	10
Residential EDU's - End		4,178	4,186	4,196	4,206	4,216	4,226	4,236
Number of Commercial EDUs		226	230	230	230	230	230	230
Grand Total EDUs:		4,404	4,416	4,426	4,436	4,446	4,456	4,466
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	\$	590.00	\$	590.00	\$	610.00	\$	620.00
<u>Revenues</u>								
Sewer Revenues	\$	2,614,505	\$	2,610,090	\$	2,696,810	\$	2,702,910
Tapping/Connection Fees		28,503		21,000		60,000		60,000
Interest Earnings		103,450		79,350		27,500		22,700
Penalties & Liens		28,687		28,500		29,400		30,300
Other Income		1,884		3,000		3,000		3,000
Total Revenue:	\$	2,777,029	\$	2,741,940	\$	2,816,710	\$	2,818,010
<u>Expenditures</u>								
Admin./Fin./Legal/Eng.	\$	331,244	\$	310,040	\$	316,200	\$	322,500
Operating Costs		468,906		447,800		461,000		474,800
Treatment Costs		753,537		784,000		825,100		868,300
Total Operating Expenses	\$	1,553,687	\$	1,541,840	\$	1,602,300	\$	1,665,600
Available for Debt Service	\$	1,223,342	\$	1,200,100	\$	1,214,410	\$	1,152,410
Debt Service * Coverage		956,518		989,547		1,014,127		1,015,443
	\$	266,824	\$	210,553	\$	200,283	\$	136,967

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

UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY

2024 Budget Detail

9 Months Actual 3 Months Estimated

	ESTIMATED	BUDGET			PROJECTIONS				
	2023	2024	2025	2026	2027	2028	2029		
<u>Cash / Investment Balances</u>									
Beginning Balance	\$ 2,297,219	\$ 2,025,065	\$ 917,118	\$ 757,402	\$ 584,369	\$ 592,262	\$ 752,400		
Additional Borrowings (Repayments)	-	-	-	-	-	-	-		
Operating Surplus (Deficit)	266,824	210,553	200,283	136,967	117,893	270,138	233,176		
Cash Available	\$ 2,564,043	\$ 2,235,618	\$ 1,117,402	\$ 894,369	\$ 702,262	\$ 862,400	\$ 985,575		
Capital Additions (Pumps)	(399,512)	(400,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)		
Bortendale Pump Station Rehab	(89,323)	(910,500)	(250,000)	(200,000)	-	-	-		
Non-recuring/Capital Projects	(50,143)	(8,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)		
Ending Balance	\$ 2,025,065	\$ 917,118	\$ 757,402	\$ 584,369	\$ 592,262	\$ 752,400	\$ 875,575		
Prime Interest Earnings	103,450	79,350	27,500	22,700	17,500	17,800	22,600		
Penalties Liens	28,687	28,500	29,400	29,400	30,300	30,300	30,300		
<u>Long Term Debt Balance</u>									
Beginning Balance	9,916,000	11,945,000	11,085,943	10,215,069	9,330,070	8,432,948	7,736,017		
New Borrowings / Repayments	1,200,000	-	-	-	-	-	-		
Scheduled Principal Payments	829,000	(859,057)	(870,873)	(884,999)	(897,122)	(696,931)	(688,000)		
Ending Balance	\$ 11,945,000	\$ 11,085,943	\$ 10,215,069	\$ 9,330,070	\$ 8,432,948	\$ 7,736,017	\$ 7,048,017		
Balance by Issue at 12/31									
1999 Issue (Fixed) *	1,070,000	812,000	548,000	277,000	-	-	-		
2009 Issue (Fixed) *	3,851,000	3,550,000	3,246,000	2,938,000	2,627,000	2,312,000	1,993,000		
2012 Issue (Fixed) *	2,653,000	2,371,000	2,086,000	1,798,000	1,507,000	1,212,000	914,000		
2022 Issue (Fixed)	1,199,000	1,198,000	1,197,000	1,196,000	1,195,000	1,125,000	1,054,000		
Principal Balance	\$ 8,773,000	\$ 7,931,000	\$ 7,077,000	\$ 6,209,000	\$ 5,329,000	\$ 4,649,000	\$ 3,961,000		
<u>Annual Debt Service Payments</u>									
Scheduled Principal Payments									
1999 Issue (Fixed)	252,000	258,000	264,000	271,000	277,000	-	-		
2009 Issue (Fixed) Refer to Note.	297,000	301,000	304,000	308,000	311,000	315,000	319,000		
2012 Issue (Fixed) Refer to Note.	279,000	282,000	285,000	288,000	291,000	295,000	298,000		
2022 Issue (Fixed)	1,000	1,000	1,000	1,000	1,000	70,000	71,000		
2001 GO Note (P&I)	4,232	17,057	16,873	16,999	17,122	16,931	-		
Sub-Total Principal Payments	833,232	859,057	870,873	884,999	897,122	696,931	688,000		
Interest Payments **	123,286	123,286	143,253	130,443	117,405	102,751	87,544		
Total Annual Debt Service	\$ 956,518	\$ 982,343	\$ 1,014,127	\$ 1,015,443	\$ 1,014,527	\$ 799,682	\$ 775,544		

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

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

Year Ending	Principal Payment (1)	Interest Rate (2)	Interest Payment (3)	Total Annual Payment	Ending Principal Balance
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	<u>\$1,070,000</u>		<u>\$66,321</u>	<u>\$1,136,321</u>	

(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.

**Guaranteed Sewer Revenue Note, Series of 2009
 Principal Amortization Schedule and
 Annual Debt Service at a Fixed Rate of 1.190% from
 6/25/2024 through 6/25/2035**

Year Ending	Principal Payment (1)	Interest Rate (2)	Interest Payment (3)	Total Annual Payment	Ending Principal Balance
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	<u>\$3,851,000</u>		<u>\$304,247</u>	<u>\$4,155,247</u>	

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.

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%
6/25/2024 through 6/25/2032

Year Ending	Principal Payment (1)	Interest Rate (2)	Interest Payment (3)	Total Annual Payment	Principal Balance
6/25/2024	282,000	1.103%	29,263	311,263	2,371,000
6/25/2025	285,000	1.103%	26,152	311,152	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	\$2,653,000		\$148,486	\$2,801,486	

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.

Guaranteed Sewer Revenue Note, Series of 2022
Principal Amortization Schedule and
Annual Debt Service at a Fixed Rate of 2.436%

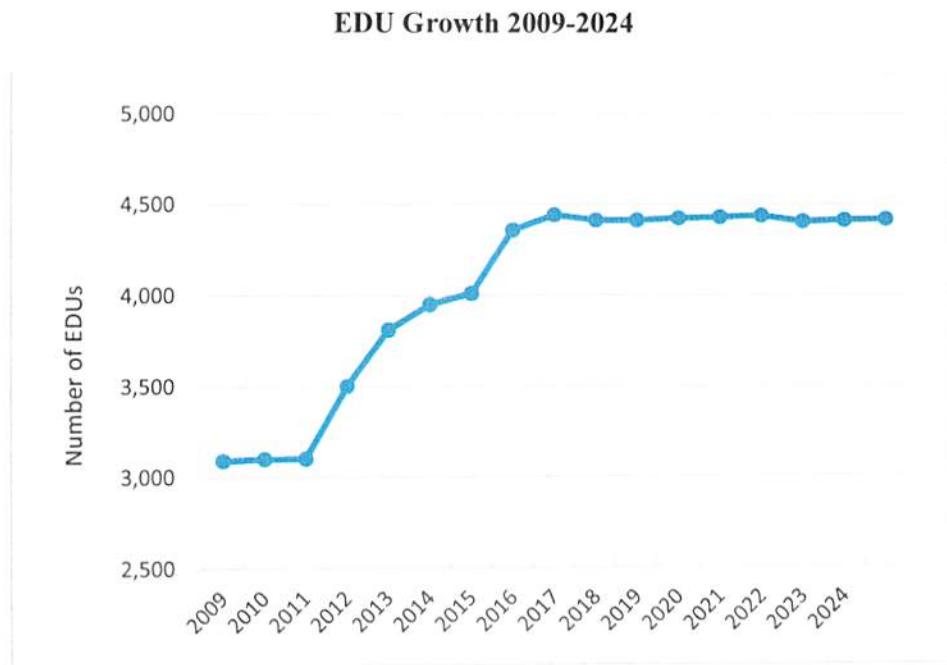
Year Ending	Principal Payment (1)	Interest Rate (2)	Interest Payment (3)	Total Annual Payment	Ending Principal Balance
2/25/2024	1,000	2.436%	29,187.34	30,187.34	1,198,000
2/25/2025	1,000	2.436%	29,162.98	30,162.98	1,197,000
2/25/2026	1,000	2.436%	29,138.62	30,138.62	1,196,000
2/25/2027	1,000	2.436%	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%	12,898.62	93,898.62	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	<u>\$1,199,000</u>			<u>\$334,848.50</u>	<u>\$1,533,848.50</u>

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.

Users

By the end of 2023, we are estimating that there will be a total of 4,404 equivalent dwelling units (EDUs) connected to the system, of which 4,178 are residential EDUs and 226 are commercial customers that are billed on a metered basis. We are projecting 8 new EDUs will be added to the system in 2024. The chart below notes the EDU's for 2023 and projected for 2024.



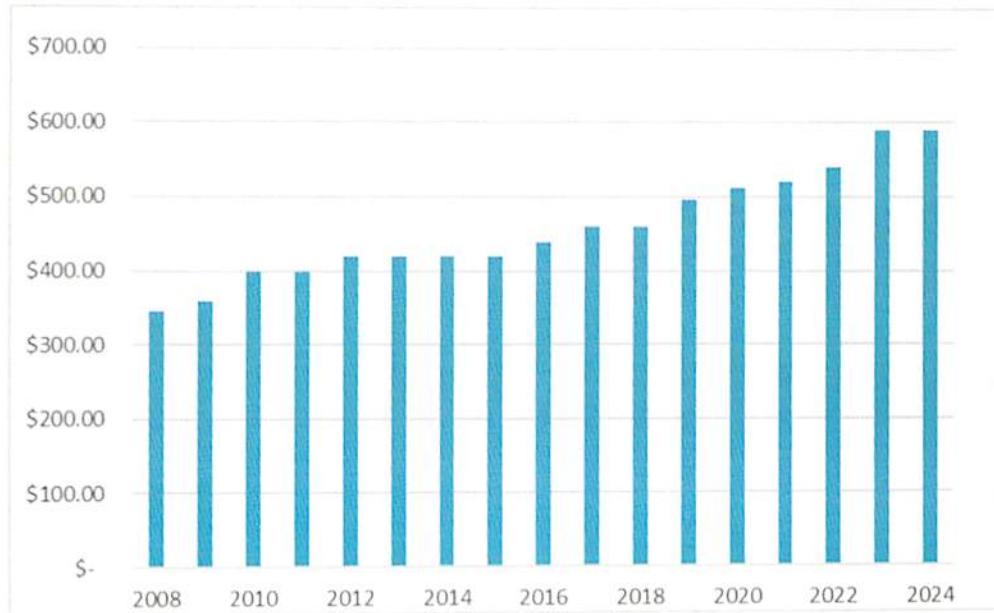
EDU growth is expected to remain flat. The Authority's service area is essentially sewered, individual lots remain and are subject to development.

Revenues

Budgeted sewer revenues for 2024 are based upon a quarterly rate of \$147.50, which is a \$10.00 per quarter increase from 2023 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 3.26% for the past 17 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.

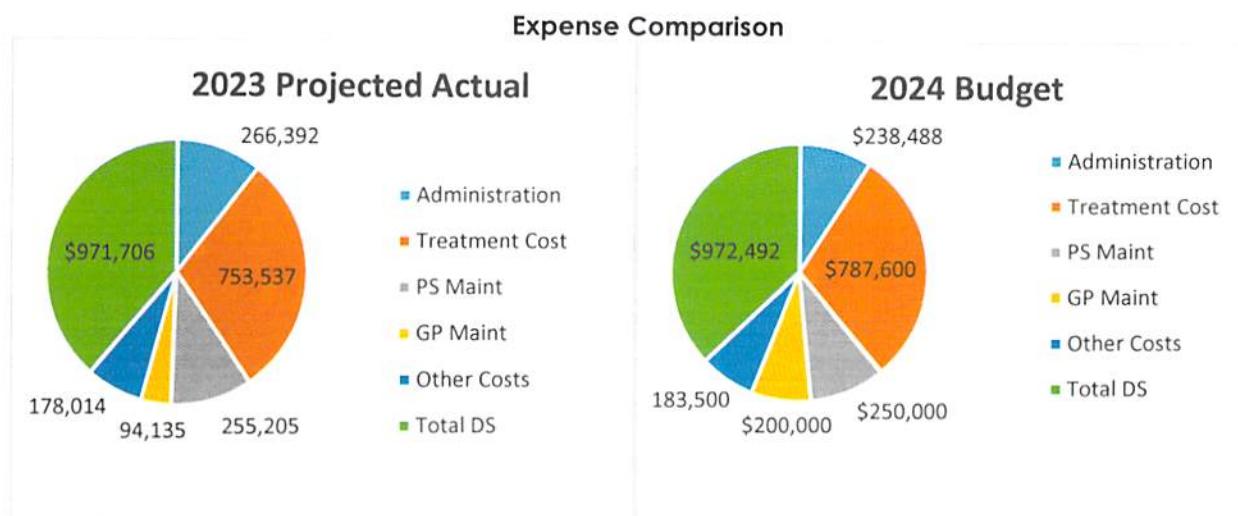
On August 29, 2021, the Municipality Authorities Act was amended by Act 43 which requires authorities in Pennsylvania to adjust rates charged to multi-unit connections served by a single water meter based on five years of water meter readings. The Authority currently bills approximately 17 accounts representing 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 2023 projected expenditures, 2023 budgeted expenses and anticipated costs in 2024. Where 2023 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, 2024 amounts were adjusted accordingly. The following chart summarizes graphically the 2024 proposed budget expenses in dollars.



Operating expenses per EDU have increased from \$294.00 in 2008 to \$375.00 projected for 2024. This is an average increase of 0.28% per year. Debt Service per EDU is the primary driver increasing from \$76.34 per EDU in 2008 to \$215.72 per EDU in 2024.

Debt Service in 2024 reflects the full interest on the 2022 borrowing for the Bortondale pump station 2022 borrowing. For projected 2023, not all of this was reflected in user rates due to the capitalization of interest (totaling \$20,024.) and principal payments are \$1,000 until the 1999 borrowing is retired in 2027. Also, a new debt service payment has been added relating to a 2001 General Obligation Bond taken out by Upper Providence Township that funded, in part, the capacity purchase from CDCA.

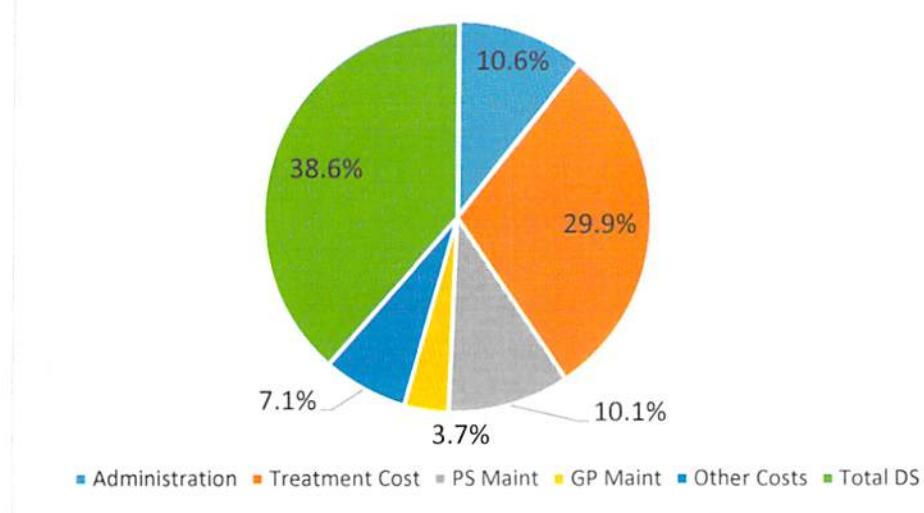
The Authority's expenses are largely fixed. Debt service is the largest single expenditure representing over 36.6%. Although treatment costs might ordinarily be considered a variable cost based on flow, the service agreements are largely fixed costs which limits variability, treatment represents 29.4% of budgeted cost. Chart 2 summarizes graphically the 2024 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

Chart 2 - 2024 Budget Expenses



- the sewer cleaning project to this category. Sewer cleaning is an annual maintenance activity and included as an operating expense. Also included is the updating of the Authority's digital sewer maps.
- Pumping Station Maintenance includes the routine maintenance of the Authority's major pumping stations. The projected cost for pump station maintenance in 2023 is approximately **\$255,205**, a portion of their invoiced casts, \$44,546.64 has been allocated to PA One-Call. KBX work was to repair facilities damaged by other utility contractors. It is unclear whether any recovery of these costs can be made. Also, included in 2023 expense is \$29,630 paid to Site Specific for pumping. This is not considered a recurring event. For 2024, the budget is **\$250,000**. Routine, general, 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 significantly less then prior years, and less than 2023 budget due to the purchase of replacement pump cores. For 2024, this practice is expected to continue. Purchases are expected to rise over time due to the age of pumps installed. For 2024 budget, grinder pump service calls are budgeted at **\$200,000** 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 purchased 130 pump cores in 2023 at a cost of \$385,000. The capital budget for 2024 includes \$400,000 for this purpose.

- Township Maintenance Service includes the cost to provide emergency response by Township personnel.
- Sewer cleaning for 2023 was provided under contract by **Mobile Dredging & Video Pipe, Inc.** at a cost of \$44,482. This contract has ended, and a new contract needs to be bid. The sewer cleaning contract includes regular cleaning and flushing of the lines. For 2024, \$45,000 has been estimated. Field supervision is provided by Kelly & Close Engineers and included under engineering.
- The sewer rents from Aqua were adjusted 4.17% , compared to the 2023 budget. These adjustments came from discussions between the Authority staff and Aqua. The Authority has received budgeted costs from CDCA, but no estimate from Middletown.

Capital Expenditures

Capital Project expenditures for 2023 are expected to be less than budgeted by about \$700,000 largely due to the Bortondale pump station project not progressing as quickly as anticipated. However, Bortondale costs are funded by the **2022 borrowing** and Township contribution. The 2024 budget includes \$1,318,500 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 **2024**. **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:

ASSUMPTIONS SUPPORTING THE YEAR 2024 BUDGET

Description	Project Cost Summary			Remaining Balance
	Total Project Estimate	Expended to 12/31/2022		
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 (DelVal)	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 2023 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.

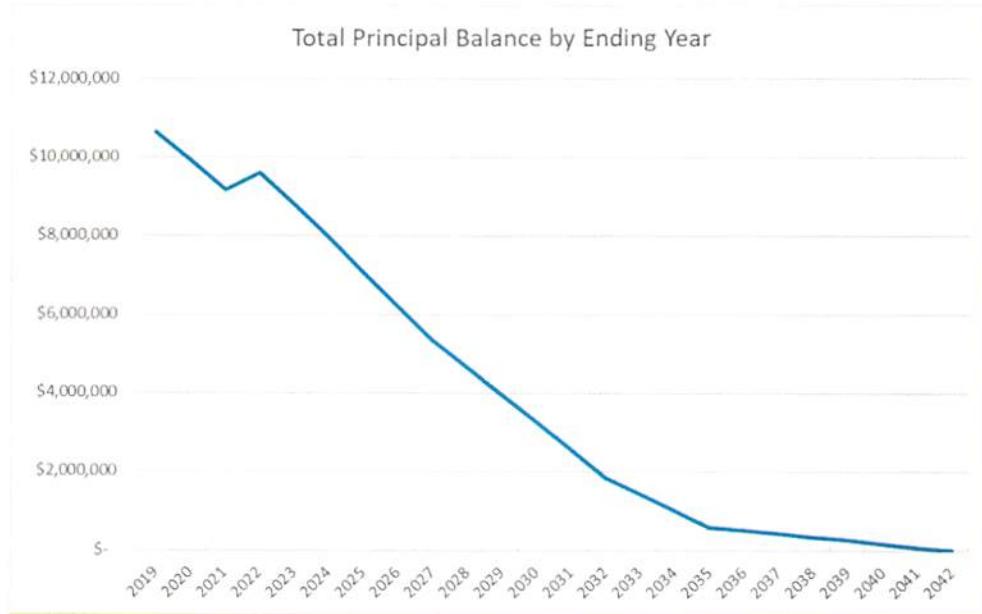
Debt Service

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, 2023. 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, 2023. 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

ASSUMPTIONS SUPPORTING THE YEAR 2024 BUDGET

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 – 2029 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 3.50% on cash balances.