



369 East Park Drive  
Harrisburg, PA 17111  
717.564.1121  
[www.hrg-inc.com](http://www.hrg-inc.com)

## **UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY 2024 DRAFT BUDGET**

Submitted to: Upper Providence Township Sewer Authority  
ATTN: Kelly Verna, Secretary  
935 North Providence Road  
Media, PA 19063

R001780.0439

# **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 \$3,416,184 as compared to budgeted income for 2023 of \$4,109,425. This decrease of approximately \$693,241 is attributable to a smaller-than-expected transfer of \$639,155 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 on or below budgeted amounts. Most other expenditures were on or below budget for 2023. Operating expenses for 2024 are budgeted at \$1,553,575, which is a \$112 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 2024 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 4 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	\$ 1,553,575
Estimated Capital Improvements	1,318,500
Other Mandatory Payments	None
Debt Service	989,547
Safety Margin @ 5% of Operations and Maintenance Costs	<u>77,680</u>
Total Estimated Revenue Required	<u>\$3,939,302</u>
Estimated Revenues and Transfers	<u>\$4,060,440</u>

## ANALYSIS OF PROJECTIONS

The budget report includes a projection of revenues and expenditures for 2024 through 2029. Rate increases have been assumed in 2025 and 2026 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 \$101,093 to \$252,638. 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 \$956,518 at the end of 2023 to \$775,544 in 2029 after factoring in those modest rate increases noted above. 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 \$400,000 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 SUMMARY

### 9 MONTHS ACTUAL 3 MONTHS ESTIMATED

	2023 BUDGET	2023 PROJECTED	2024 BUDGET
<b><u>Users</u></b>			
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
<b><u>Receipts</u></b>			
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	639,155	1,318,500
Sub-Total Receipts	\$ 4,109,425	\$ 3,416,184	\$ 4,060,440
<b><u>Operating Expenses</u></b>			
Legislative Body	167,943	158,844	112,275
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
<b><u>Public Works</u></b>			
Lighthouse Engineering, LLC.	54,000	54,000	59,400
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	\$ 1,553,575
Capital Outlays	\$ 1,435,000	\$ 639,155	\$ 1,318,500
Available For Debt Service	\$ 1,116,498	\$ 1,223,342	\$ 1,188,365
<b><u>Debt Service</u></b>			
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	\$ 198,818

# UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY

## 2024 BUDGET SUMMARY

### 9 MONTHS ACTUAL 3 MONTHS ESTIMATED

ACCT #	DESCRIPTION	2023 BUDGET	TOTAL 9 MONTHS	Oct., Nov., Dec.	TOTAL	2024 BUDGET
<b>OPERATING INCOME</b>						
<b>User Fees</b>						
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
	<b>Total User Fees</b>	<b>\$ 2,604,825</b>	<b>\$ 1,989,505</b>	<b>\$ 625,000</b>	<b>\$ 2,614,505</b>	<b>\$ 2,610,090</b>
<b>Tapping/Connection Fees</b>						
45-364-110	Tapping Fee	\$ 18,000	\$ 25,503	\$ -	\$ 25,503	\$ 20,000
45-364-112	Fee	600	3,000	-	3,000	1,000
	<b>Total Tapping/Connection Fees</b>	<b>\$ 18,600</b>	<b>\$ 28,503</b>	<b>\$ -</b>	<b>\$ 28,503</b>	<b>\$ 21,000</b>
<b>Interest Earnings</b>						
45-341-000	Interest Earnings	\$ 20,000	\$ 77,695	\$ 25,755	\$ 103,450	\$ 79,350
	<b>Total Interest Income</b>	<b>\$ 20,000</b>	<b>\$ 77,695</b>	<b>\$ 25,755</b>	<b>\$ 103,450</b>	<b>\$ 79,350</b>
<b>Capital Contribution</b>						
45-380-102	Control Box / Trans Switch	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Total Capital Contributions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Penalties &amp; Liens</b>						
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
	<b>Total Penalties &amp; Liens</b>	<b>\$ 28,000</b>	<b>\$ 21,937</b>	<b>\$ 6,750</b>	<b>\$ 28,687</b>	<b>\$ 28,500</b>
<b>Other Income</b>						
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	-	-	-	-	-
	<b>Total Other Income</b>	<b>\$ 3,000</b>	<b>\$ 1,284</b>	<b>\$ 600</b>	<b>\$ 1,884</b>	<b>\$ 3,000</b>
	<b>Total Income</b>	<b>\$ 2,674,425</b>	<b>\$ 2,118,924</b>	<b>\$ 658,105</b>	<b>\$ 2,777,029</b>	<b>\$ 2,741,940</b>
<b>Construction Fund Transfers</b>						
45-390-300	Transfer from Capital Reserves	\$ 1,435,000	\$ -	\$ -	\$ 639,155	\$ 1,318,500
	<b>Total Construction Fund Transfers</b>	<b>\$ 1,435,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 639,155</b>	<b>\$ 1,318,500</b>
	<b>TOTAL RECEIPTS AND TRANSFERS</b>	<b>\$ 4,109,425</b>	<b>\$ 2,118,924</b>	<b>\$ 658,105</b>	<b>\$ 3,416,184</b>	<b>\$ 4,060,440</b>

# 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
<b>OPERATING EXPENSES</b>						
<b>Legislative Body</b>						
45-400-142	Office Mgr Payroll Gross	\$ 110,463	\$ 73,735	\$ 12,200	\$ 85,935	\$ 65,437
45-400-143	Office Manager Payroll Taxes	\$ 8,480	3,932	960	4,892	19,738
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	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
	<b>Total Legislative Body</b>	\$ 167,943	\$ 123,701	\$ 35,143	\$ 158,844	\$ 112,275
<b>Financial Administration</b>						
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
	<b>Total Financial Administration</b>	\$ 16,000	\$ 2,367	\$ 14,500	\$ 16,867	\$ 17,500
<b>Legal Retainer</b>						
45-404-311	Legal Fees/Miscellaneous	\$ 20,000	\$ 7,349	\$ 2,400	\$ 9,749	\$ 15,000
	<b>Total Legal Retainer</b>	\$ 20,000	\$ 7,349	\$ 2,400	\$ 9,749	\$ 15,000
<b>Data Processing</b>						
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	Software	\$ 5,500	\$ -	\$ 2,500	\$ 2,500	\$ 5,500
	Payroll Service					1,100
	<b>Total Data Processing</b>	\$ 13,500	\$ 9,037	\$ 6,300	\$ 15,337	\$ 21,800
<b>Engineering</b>						
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
	<b>Total Engineering</b>	\$ 80,800	\$ 46,219	\$ 19,644	\$ 65,863	\$ 80,800
<b>Public Works</b>						
45-426-200	Lighthouse Engineering, LLC.	\$ 54,000	\$ 36,572	\$ 17,428	\$ 54,000	\$ 59,400
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
	<b>Total Public Works</b>	\$ 1,245,984	\$ 1,097,334	\$ 176,672	\$ 1,274,006	\$ 1,290,200
<b>Miscellaneous</b>						
45-480-000	Miscellaneous Expenditures	\$ 1,000	\$ 2,137	\$ 300	\$ 2,437	\$ 1,000
	<b>Total Miscellaneous Expense</b>	\$ 1,000	\$ 2,137	\$ 300	\$ 2,437	\$ 1,000
45-486-350	Total Insurances	\$ 12,700	\$ 4,876	\$ 5,708	\$ 10,584	\$ 15,000
	<b>TOTAL OPERATING EXPENSES</b>	\$ 1,557,927	\$ 1,293,020	\$ 260,667	\$ 1,553,687	\$ 1,553,575

# 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
<b>DEBT SERVICE</b>						
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
	<b>TOTAL DEBT SERVICE</b>	<b>\$ 952,638</b>	<b>\$ 688,109</b>	<b>\$ 268,409</b>	<b>\$ 956,518</b>	<b>\$ 989,547</b>
<b>CAPITAL ADDITIONS TO THE SYSTEM</b>						
45-404-319	<u>Legal - Ridley Creek / Crum Creek</u>	\$ -	\$ 610	\$ -	\$ 610	\$ -
	Total Easement Costs	\$ -	\$ 610	\$ -	\$ 610	\$ -
<b>Infiltration / Inflow Projects</b>						
45-408-660	<u>Engineering-Infiltration Study</u>	\$ -	\$ -	\$ -	\$ -	\$ -
	Total I/I	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Non-Operating/Non Recurring Expense</b>						
	Middletown EDU adjustment	\$ 25,000	\$ 34,332	\$ -	\$ 34,332	\$ -
	Total Non Operating/Recurring	\$ 25,000	\$ 34,332	\$ -	\$ 34,332	\$ -
<b>Engineering-Projects</b>						
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	<u>Collection System Extension - Gravity</u>	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Project Engineering	\$ 4,500	\$ 1,917	\$ 1,110	\$ 3,027	\$ 3,000
<b>Construction- Acquisition Projects</b>						
45-426-610	General Construction Projects	\$ 5,000	\$ 12,174	\$ -	\$ 12,174	\$ 5,000
45-426-772	Bortondale P.S. Replacement	1,000,500	171,904	-	189,500	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	\$ 339,074	\$ 244,516	\$ 601,186	\$ 1,315,500
	<b>TOTAL CAPITAL ADDITIONS</b>	<b>\$ 1,435,000</b>	<b>\$ 375,933</b>	<b>\$ 245,626</b>	<b>\$ 639,155</b>	<b>\$ 1,318,500</b>
	<b>GRAND TOTAL -EXPENDITURES:</b>	<b>\$ 3,945,665</b>	<b>\$ 2,357,062</b>	<b>\$ 774,702</b>	<b>\$ 3,149,360</b>	<b>\$ 3,861,622</b>

# UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY

## FIVE YEAR PROJECTION OF REVENUES AND EXPENSES

	PROJECTED 2023	BUDGET 2024	2025	2026	PROJECTIONS 2027	2028	2029
<b>Users</b>							
Residential EDUs - 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 EDUs - 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
<b>Revenues</b>							
Tapping Fee	\$ 3,400.00	\$ 3,400.00	\$ 3,400.00	\$ 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	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00
Connection Charge	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00
Annual Fee per EDU	\$ 590.00	\$ 590.00	\$ 615.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00
<b>Expenditures</b>							
Sewer Revenues	\$ 2,614,505	\$ 2,610,090	\$ 2,718,915	\$ 3,101,700	\$ 3,108,700	\$ 3,115,700	\$ 3,122,700
Tapping/Connection Fees	28,503	21,000	60,000	60,000	60,000	60,000	60,000
Interest Earnings	103,450	79,350	24,200	10,600	7,600	8,800	14,700
Penalties & Liens	28,687	28,500	29,400	29,400	30,300	30,300	30,300
Other Income	1,884	3,000	3,000	3,000	3,000	3,000	3,000
Total Revenue:	\$ 2,777,029	\$ 2,741,940	\$ 2,835,515	\$ 3,204,700	\$ 3,209,600	\$ 3,217,800	\$ 3,230,700
<b>Expenditures</b>							
Admin./Fin./Legal/Eng.	\$ 331,244	\$ 321,775	\$ 328,200	\$ 334,800	\$ 341,500	\$ 348,300	\$ 355,300
Operating Costs	468,906	447,800	481,000	474,800	489,000	503,700	518,800
Treatment Costs	753,537	764,000	825,100	868,300	913,800	961,600	1,011,900
Total Operating Expenses	\$ 1,553,687	\$ 1,553,575	\$ 1,614,300	\$ 1,677,900	\$ 1,744,300	\$ 1,813,600	\$ 1,886,000
Available for Debt Service	\$ 1,223,342	\$ 1,188,365	\$ 1,221,215	\$ 1,526,800	\$ 1,465,300	\$ 1,404,200	\$ 1,344,700
Debt Service *	956,518	989,547	1,014,127	1,015,443	1,014,527	799,682	775,544
Coverage	\$ 266,824	\$ 198,818	\$ 207,088	\$ 511,357	\$ 450,773	\$ 604,518	\$ 569,156

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



# UPPER PROVIDENCE TOWNSHIP SEWER AUTHORITY

## FIVE YEAR ESTIMATE OF FUND BALANCES

	ESTIMATED 2023	BUDGET 2024	2025	2026	PROJECTIONS 2027	2028	2029
<b>Cash / Investment Balances</b>							
Beginning Balance	\$ 2,297,219	\$ 1,924,888	\$ 805,206	\$ 352,295	\$ 253,652	\$ 294,425	\$ 488,943
Additional Borrowings (Repayments)	-	-	-	-	-	-	-
Operating Surplus (Deficit)	266,824	198,818	207,088	511,357	450,773	604,518	569,156
Cash Available	\$ 2,564,043	\$ 2,123,706	\$ 1,012,295	\$ 863,652	\$ 704,425	\$ 898,943	\$ 1,058,098
Capital Additions (Pumps)	(399,512)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Bortendale Pump Station Rehab	(189,500)	(910,500)	(250,000)	(200,000)	-	-	-
Non-recurring/Capital Projects	(50,143)	(8,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Ending Balance	\$ 1,924,888	\$ 805,206	\$ 352,295	\$ 253,652	\$ 294,425	\$ 488,943	\$ 648,098
Prime Interest Earnings	103,450	79,350	24,200	10,800	7,600	8,800	14,700
Penalties Liens	28,687	28,500	29,400	29,400	30,300	30,300	30,300
<b>Long Term Debt Balance</b>							
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
<b>Balance by Issue at 12/31</b>							
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
<b>Annual Debt Service Payments</b>							
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, D and E.

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%

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

(1) Principal payments are due on December 25 of each year through final maturity of 12/25/2027.

(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.

Upper Providence Township Sewer Authority  
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

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

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.

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

<b>Year Ending</b>	<b>Principal Payment (1)</b>	<b>Interest Rate (2)</b>	<b>Interest Payment (3)</b>	<b>Total Annual Payment</b>	<b>Principal Balance</b>
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	-
<b>Total</b>	<b>\$2,653,000</b>		<b>\$148,486</b>	<b>\$2,801,486</b>	

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.

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%

<b>Year Ending</b>	<b>Principal Payment (1)</b>	<b>Interest Rate (2)</b>	<b>Interest Payment (3)</b>	<b>Total Annual Payment</b>	<b>Ending Principal Balance</b>
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%	12,898.62	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	-
<b>Total</b>	<b>\$1,199,000</b>		<b>\$334,848.50</b>	<b>\$1,533,848.50</b>	

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 interest rate swap agreement equals 0.40%.

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

UPPER PROVIDENCE TOWNSHIP 2001 GO BOND  
CDCA Capacity Purchase  
Schedule of Annual Payments

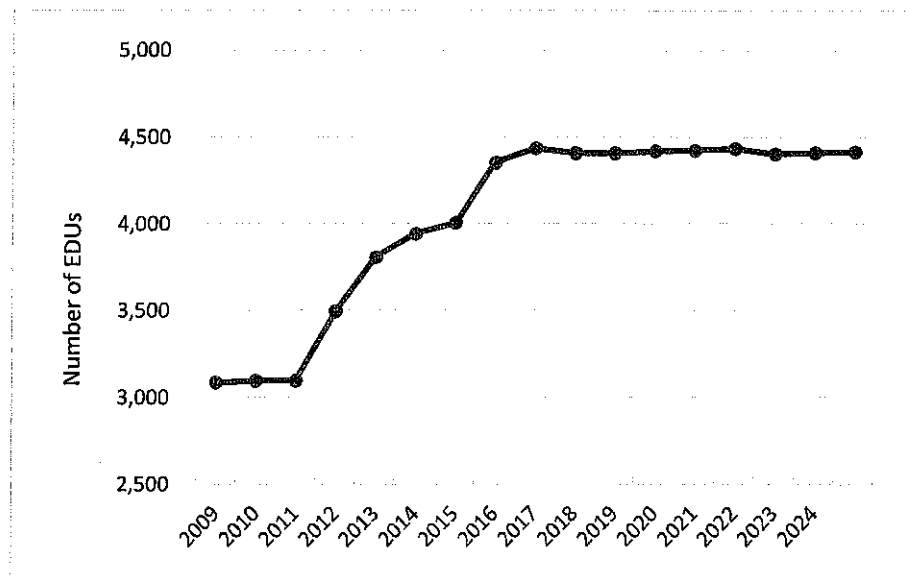
Due Date	Principal	Interest	Total Pmt	Authority
6/25/2024	\$ 52,000.00	\$ 3,023.64	\$ 55,023.64	\$ 17,057.33
6/25/2025	52,000.00	2,430.36	54,430.36	16,873.41
6/25/2026	53,000.00	1,836.96	54,836.96	16,999.46
6/25/2027	54,000.00	1,232.28	55,232.28	17,122.01
6/25/2028	54,000.00	616.20	54,616.20	16,931.02

## ASSUMPTIONS SUPPORTING THE YEAR 2024 BUDGET

### 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 2009-2024



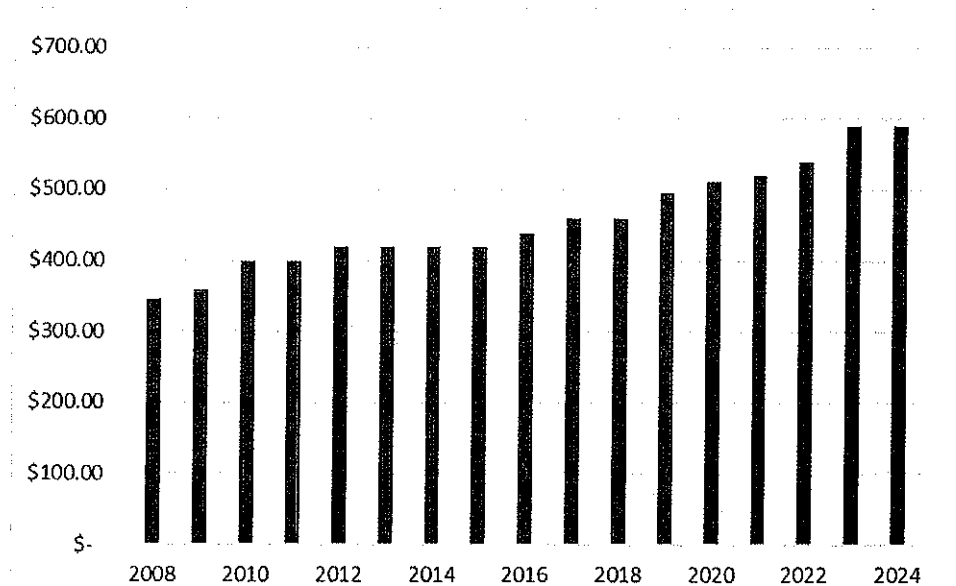
EDU growth is expected to remain flat. The Authority's service area is essentially sewered, individual lots remain and are subject to development.

### 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.

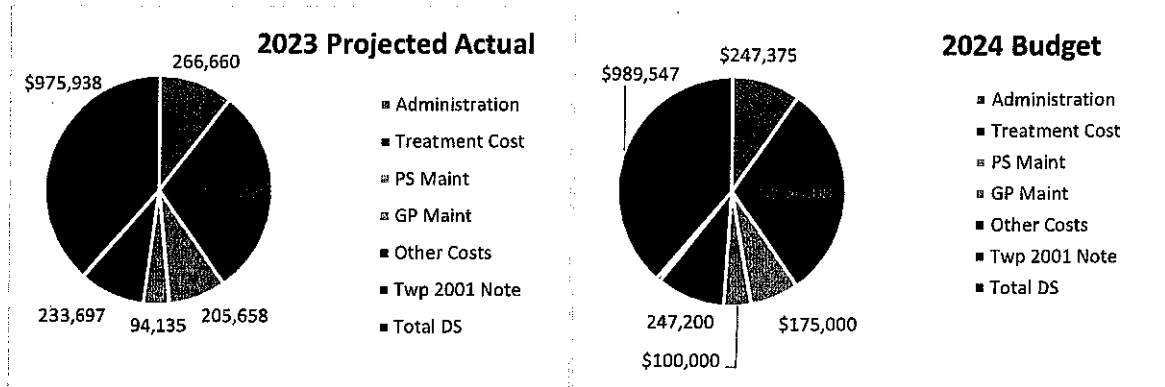
The Authority's surplus funds are deposited with the Pennsylvania Local Government Investment Trust's (PLGIT) Prime account. Interest rates have improved but future increases are uncertain. For the five-year projection period, interest earnings were calculated at an interest rate of 3% per annum applied 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.



## EXPENSE COMPARISON



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. 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 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 \$205,658, a portion of their invoiced costs, \$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 \$175,000. Routine, general, and emergency pump station is provided by KBX Golden, LLC.

- Ongoing repairs and maintenances for the grinder pump stations is significantly less than 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 \$100,000 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 \$399,500. 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:

## PROJECT COST SUMMARY

Description	Total Project Estimate	Expended to 12/31/2023	Remaining Balance
<b>ESTIMATED PROJECT COSTS</b>			
Construction Bid Price	\$ 1,050,000	\$ 164,570	\$ 885,430
Engineering, Legal, Other	350,000	27,115	322,885
Pump Purchase Costs	57,000	57,295	(295)
Reimbursement to UPTSA	143,462	105,669	37,793
Capitalized Interest	42,400	42,400	-
Financing Costs (DeVal)	7,138	6,172	967
Project Contingency	100,000		100,000
Total Project Cost	\$ 1,650,000	\$ 403,221	\$ 1,246,779
Interest Earned	\$ -	\$ (63,790)	63,790
	<u>\$ 1,650,000</u>	<u>\$ 339,430</u>	<u>\$ 1,310,570</u>
 <b>Project Funding</b>			
2022 Loan	\$ 1,200,000	\$ 322,179	\$ 877,821
UPT Contribution	450,000	47,670	402,330
Total	<u>\$ 1,650,000</u>	<u>\$ 339,430</u>	<u>\$ 1,310,570</u>

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.

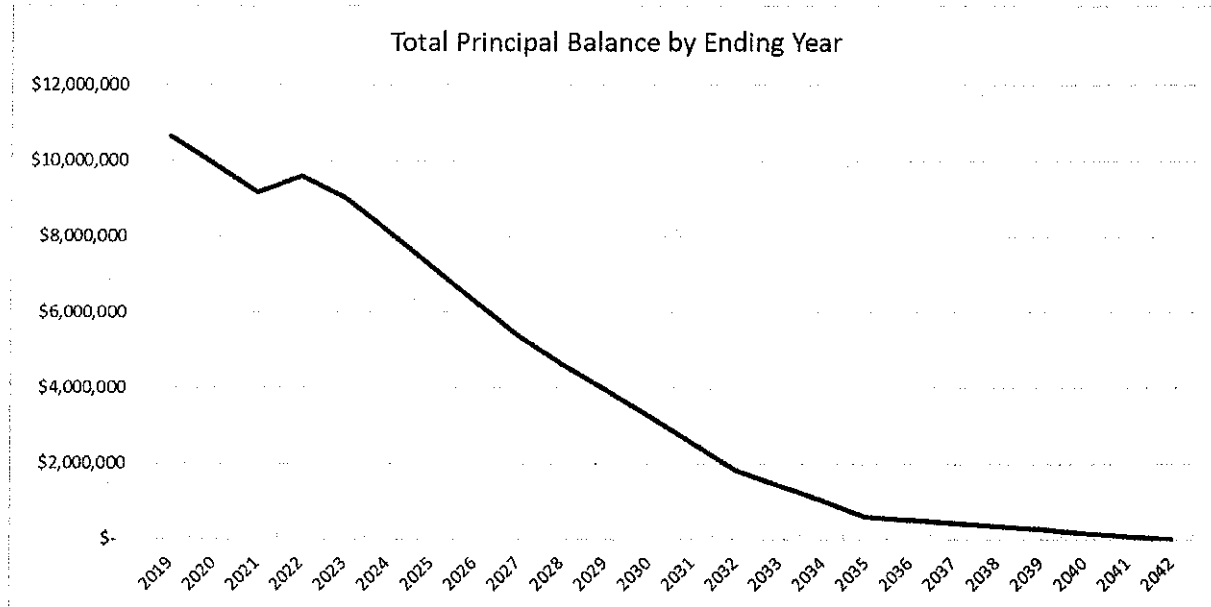
The project anticipates redirecting flow from the Bortondale Pump Station to the Media Wastewater Treatment plant by constructing a new force main. This is a multi-step and multi-year process to gain the necessary approvals. However, when completed, it will reduce the number of treatment plants and reduce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

### DEBT SERVICE

Interest payments for the 1999, 2009, 2012 and 2022 loans from The Delaware Valley Regional Finance Authority (DeVal) are included in the 2024 budget as well as the Authority portion of the 2001 Township G.O. Bond. 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 DeVal to fund the reconstruction of the Bortondale Pump Station. The financing terms from DeVal 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.

The 2024 Budget includes the payment of a portion of the Upper Providence Township 2001 G.O. Bond for CDCA capacity purchase. This payment will be \$17,057 for the Authority's share of the debt service. Payments on this issue will continue through 2028. The principal and interest payments attributable to the Authority are outlined in Schedule E.



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 3.0% on cash balances.