

TOWNSHIP OF WINSLOW

WATER AND SEWER UTILITY FUND

**PROJECTED STATEMENTS OF OPERATIONS AND
CHANGES IN FINANCIAL POSITION**

For the Years Ending December 31, 2002 through 2011

BOWMAN
& Company
LLP

TOWNSHIP OF WINSLOW
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WINSLOW TOWNSHIP WATER AND SEWER UTILITY FUND
Summary of Significant Projection Assumptions and Accounting Policies
Years Ending December 31, 2002 through 2011

NOTE 1: WATER AND SEWER UTILITY FUND

The Township's water utility operations together with the sewer utility operations comprise the Township's Water and Sewer Utility Fund. The Water and Sewer Utility Fund is an "Oversight Unit" of the Township. Separate utility operating revenue and cost records are maintained by the Township. The financial information contained in the projections are not intended to present fairly the financial results of operations for the Water and Sewer Utility Fund or the Township of Winslow in conformity with generally accepted accounting principles.

NOTE 2: NATURE OF PROJECTIONS

These financial projections are based on attaining a self-liquidating utility and present, to the best of management's knowledge and belief, the Township's expected results of operations and significant excesses or deficits for the projection periods if such water and sewer utility rates are not adjusted. Accordingly, these projections reflect its judgment as of August 24, 2001, the date of these projections, of the expected conditions and its expected course of action if such water and sewer rates are not adjusted. The presentations are for the purpose of obtaining potential water and sewer utility rate adjustments necessary to maintain a self-liquidating utility. Accordingly, the projections may not be useful for other purposes. The assumptions disclosed herein are those that management believes are significant to the projections. Further, even if the utility rates are adjusted, there will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

2001

NOTE 3: REVENUES

Revenue projections are based on information submitted by Churchill Consulting Engineers. Water and Sewer operating revenues are based on estimated billings with a 5% provision for delinquent accounts. Projected water suppliers decreased from 2004-2011 due to Waterford Township's income from operating their own well. Current rates were used for connection fees and were not projected for future years. Due to the effort to maintain a self-liquidating status, provisions have not been made for the anticipation of fund balance.

Summary of Significant Projection Assumptions
and Accounting Policies (Cont'd)

NOTE 4: APPROPRIATIONS

Salaries & Wages and Statutory Expenditures

The Water and Sewer Utility Fund apportion salaries & wages and statutory expenditures 70% to water and 30% to sewer based on estimates made by the Winslow Township Water and Sewer Department. There is an anticipated increase of approximately 4% for years 2002 through 2011.

Other Expenses

There is an anticipated increase of approximately 3% for years 2002 through 2011. These expenses do not include the cost of the new well that is in the planning stage.

Debt Service

Debt service represents the cost of financing current and proposed debt.

Capital Improvements

The calculation for self-liquidating purposes does not include appropriations for capital improvements. An annual amount of \$50,000 has been assumed with \$35,000 for water and \$15,000 for sewer.

NOTE 5: PROJECTED COST

The average debt service cost of a \$100,000 bond issued for 20 years at a 5% interest rate is \$8,125.00 per year. The effect on the water rate would be as follows:

Annual Water Rate	\$ 37.60 per quarter or	\$150.40
Excess Water Rate	\$1,369,820 / 8797	155.71
Connection Fee	\$1,750 / 20 yrs	<u>87.50</u>
		<u>\$393.61</u>
EDU's Required	\$8,125.00 / \$393.61 or	20.64 EDU's
Average Current user's cost With no added EDU's	\$8,125.00 / 8,797 EDU's or	\$0.92 per user
Average Value per added user	\$393.61 / 8797	\$.044

WINSLOW TOWNSHIP
Allocation of 2001 Budget
Water and Sewer Utility

	<u>2001 Budget Amounts</u>	<u>EDU's 8797</u>	<u>Water Amount</u>	<u>EDU's 7200</u>	<u>Sewer Amount</u>
Revenues:					
Rents:	\$ 3,271,669.28				
Flat Rate			\$ 1,124,608.48		\$ 777,240.00
Excess Rate			1,369,820.80		
Miscellaneous:					
Connection Fees	156,400.00	73	80,400.00	55	76,000.00
Water Suppliers	128,600.00		128,600.00		
Interest	108,000.00		84,780.00		23,220.00
Interest on Deposits	197,000.00		147,750.00		49,250.00
Reserve for Payment of Bonds	<u>460,000.00</u>				
Total Income	<u>4,321,669.28</u>		<u>2,935,959.28</u>		<u>925,710.00</u>
Appropriations:					
Salaries & Wages	813,100.00		569,170.00		243,930.00
Other Expenses	1,602,300.00		706,700.00		243,700.00
			488,925.00		162,975.00
Capital Improvements:					
Capital Improvement Fund	50,000.00		25,000.00		25,000.00
Capital Outlay	460,000.00				
Debt Service	2,291,269.28		1,449,654.44		841,614.84
Statutory Expenditures	<u>75,000.00</u>		<u>56,250.00</u>		<u>18,750.00</u>
Total Appropriations	<u>5,291,669.28</u>		<u>3,295,699.44</u>		<u>1,535,969.84</u>
Deficit in Operations Covered by Fund Balance Appropriated	<u>\$ (970,000.00)</u>		<u>\$ (359,740.16)</u>		<u>\$ (610,259.84)</u>

See Accountants' Compilation Report.