

# **Western Townships Utilities Authority**

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**Financial Report  
with Supplemental Information  
September 30, 2010**

# Western Townships Utilities Authority

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## Contents

|   |       |
|---|-------|
| <b>Report Letter</b>                                      | 1     |
| <b>Management's Discussion and Analysis</b>               | 2-6   |
| <b>Basic Financial Statements</b>                         |       |
| Statement of Net Assets                                   | 7     |
| Statement of Revenue, Expenses, and Changes in Net Assets | 8     |
| Statement of Cash Flows                                   | 9     |
| Notes to Financial Statements                             | 10-20 |
| <b>Supplemental Information</b>                           | 21    |
| Schedule of Operating Expenditures - Budget and Actual    | 22    |
| Schedule of Indebtedness                                  | 23-25 |



Plante & Moran, PLLC  
27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
Tel: 248.352.2500  
Fax: 248.352.0018  
plantemoran.com

## Independent Auditor's Report

To the Commissioners  
Western Townships Utilities Authority

We have audited the accompanying basic financial statements of Western Townships Utilities Authority (the "Authority") as of September 30, 2010 and 2009 and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of Western Townships Utilities Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2010 and 2009 and the changes in financial position, including cash flows, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Authority. We did not examine this data and, accordingly, do not express an opinion thereon.

The accompanying supplemental information, as identified in the table of contents, is not a required part of the basic financial statements. The supplemental information is presented for the purpose of additional analysis. Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 2, the Authority implemented a change in accounting principles during the year. As a result, the financial statements now report the effect of the YCUA lookback on a current basis.

*Plante & Moran, PLLC*

January 12, 2011

# Western Townships Utilities Authority

## Management's Discussion and Analysis

### Using this Annual Report

Western Townships Utilities Authority (WTUA or the "Authority") is a joint venture of three townships located in western Wayne County: Canton, Northville, and Plymouth Townships. The primary role of the Authority is to operate a sewage transportation system for these communities. This annual report consists of a series of financial statements, footnotes, and supplemental information. The statement of net assets and the statement of revenue, expenses, and changes in net assets provide information about the financial activities of the Authority. This is followed by the statement of cash flows, which presents detailed information about the changes in the Authority's cash position during the year. The next section includes the notes to the financial statements, which disclose the Authority's significant accounting policies and additional information related to certain amounts included on the statement of net assets. The final component of the annual report is the supplemental information, which is provided for the purpose of additional analysis.

### Financial Overview

In analyzing the Authority's financial position, it is important to recognize the mission of the Authority. All debt of the Authority is backed by the full faith and credit of its three member townships. From a financial perspective, the Authority's core objective is to manage the long-term costs of sewage disposal for its three member townships. In essence, the Authority acts as a conduit for its three members. The amounts to be charged to its members will, by definition, be equal to the Authority's costs of providing sewage transportation and treatment. The key financial statistics for the Authority, therefore, relate to measurements of the ability to reduce total costs to its members (as opposed to the ability to accumulate financial resources).

|   | 2006          | 2007          | 2008          | 2009          | 2010          |
|---|---------------|---------------|---------------|---------------|---------------|
| Total costs charged to townships:                             |               |               |               |               |               |
| Operating expenses - Net of<br>unrestricted interest earnings | \$ 10,885,697 | \$ 11,292,702 | \$ 12,024,037 | \$ 11,875,314 | \$ 12,070,773 |
| Total flow (thousands of gallons)*                            | 5,737,867     | 5,855,172     | 5,854,103     | 5,792,600     | 5,474,557     |
| Cost per thousand gallons                                     | \$ 1.897      | \$ 1.929      | \$ 2.054      | \$ 2.050      | \$ 2.205      |

\* For the purpose of this calculation, flow volumes are measured as the metered quantity of sewage transported to both treatment facilities.

# Western Townships Utilities Authority

## Management's Discussion and Analysis (Continued)

WTUA currently transports the sewage to two treatment plants, the Ypsilanti Community Utilities Authority (YCUA) and the City of Detroit through the Wayne County/RVIS system. YCUA bills the Authority based upon actual sewage flow. A lookback is calculated by YCUA at the end of its fiscal year and charged or credited to the Authority based upon its share of the sewage flow and actual expenditures. Payments are made to Wayne County for sewage that is treated by the City of Detroit as Wayne County maintains the RVIS sewage transportation system. Wayne County billings are based on the amount of water purchased by the Authority's townships from Detroit, adjusted for water-only and sewer-only customers. This adjusted water number is then further adjusted by the percentage of WTUA's actual metered flow that is sent to the RVIS system. A quarterly bill is also paid to Wayne County that covers fixed and excess flow charges. Wayne County pays the City of Detroit based upon actual sewage flow as well as a monthly fixed charge.

### Condensed Financial Information

The following table presents condensed information about the Authority's financial position compared to the prior two years. The increase in net assets is mainly due to the Lower Rouge expansion that started in 2008. The decrease in current assets and current liabilities also relates to the wind-down of this project which was 99 percent complete at year end. Costs for this project are being paid for by Canton Township. Canton Township issued bonds to pay for this project. As discussed above, the Authority charges its members only as cash or working capital is required.

|  | September 30         |                      |                      | Change (2009 to 2010) |         |
|--|----------------------|----------------------|----------------------|-----------------------|---------|
|  | 2008                 | 2009                 | 2010                 | Amount                | Percent |
| <b>Assets</b>                            |                      |                      |                      |                       |         |
| Current assets                           | \$ 6,400,134         | \$ 4,273,145         | \$ 3,000,073         | \$ (1,273,072)        | (29.8)  |
| Restricted assets                        | 1,632,500            | 1,872,918            | 2,287,365            | 414,447               | 22.1    |
| Capital assets                           | <u>155,006,231</u>   | <u>164,706,098</u>   | <u>161,760,291</u>   | <u>(2,945,807)</u>    | (1.8)   |
| Total assets                             | <u>163,038,865</u>   | <u>170,852,161</u>   | <u>167,047,729</u>   | <u>(3,804,432)</u>    | (2.2)   |
| <b>Liabilities</b>                       |                      |                      |                      |                       |         |
| Current liabilities                      | 6,196,134            | 4,069,145            | 2,796,073            | (1,273,072)           | (31.3)  |
| Other liabilities                        | 928,457              | 1,222,071            | 1,217,593            | (4,478)               | (0.4)   |
| Long-term liabilities                    | <u>102,602,390</u>   | <u>96,422,715</u>    | <u>89,983,415</u>    | <u>(6,439,300)</u>    | (6.7)   |
| Total liabilities                        | <u>109,726,981</u>   | <u>101,713,931</u>   | <u>93,997,081</u>    | <u>(7,716,850)</u>    | (7.6)   |
| <b>Net Assets</b>                        |                      |                      |                      |                       |         |
| Invested in capital assets - Net of debt | 52,403,842           | 68,283,383           | 71,776,876           | 3,493,493             | 5.1     |
| Restricted                               | 704,042              | 650,847              | 1,069,772            | 418,925               | 64.4    |
| Unrestricted                             | <u>204,000</u>       | <u>204,000</u>       | <u>204,000</u>       | -                     | -       |
| Total net assets                         | <u>\$ 53,311,884</u> | <u>\$ 69,138,230</u> | <u>\$ 73,050,648</u> | <u>\$ 3,912,418</u>   | 5.7     |

# Western Townships Utilities Authority

## Management's Discussion and Analysis (Continued)

The following table presents condensed information about the Authority's revenue and expenses compared to the prior years:

|  | Year Ended September 30 |                      |                     | Change (2009 to 2010)  |         |
|--|-------------------------|----------------------|---------------------|------------------------|---------|
|  | 2008                    | 2009                 | 2010                | Amount                 | Percent |
| Earned revenue from townships                | \$ 12,024,037           | \$ 11,875,314        | \$ 12,070,773       | \$ 195,459             | 1.6     |
| Interest on operating cash and other revenue | 35,003                  | 7,114                | 498                 | (6,616)                | (93.0)  |
| Total revenue                                | <u>12,059,040</u>       | <u>11,882,428</u>    | <u>12,071,271</u>   | <u>188,843</u>         | 1.6     |
| Sewage treatment charges                     | 9,224,957               | 8,817,876            | 9,407,420           | 589,544                | 6.7     |
| Operation and maintenance                    | 1,545,658               | 1,433,534            | 1,379,981           | (53,553)               | (3.7)   |
| Administrative                               | 507,753                 | 873,665              | 551,425             | (322,240)              | (36.9)  |
| Sewage capacity rental                       | 780,672                 | 757,353              | 732,445             | (24,908)               | (3.3)   |
| Total operating expenses                     | <u>12,059,040</u>       | <u>11,882,428</u>    | <u>12,071,271</u>   | <u>188,843</u>         | 1.6     |
| Other nonoperating income                    | 622,267                 | 1,813,469            | 2,148,961           | 335,492                | 18.5    |
| Net income - Before capital contributions    | 622,267                 | 1,813,469            | 2,148,961           | 335,492                | 18.5    |
| Contributions from townships                 | 11,175,593              | 14,012,877           | 1,763,457           | (12,249,420)           | (87.4)  |
| Change in net assets                         | <u>\$ 11,797,860</u>    | <u>\$ 15,826,346</u> | <u>\$ 3,912,418</u> | <u>\$ (11,913,928)</u> | (75.3)  |

Sewage treatment charges increased 6.7 percent this year. The total volume of sewage flow treated decreased by 5.5 percent this year; however, both YCUA and Wayne County had rate increases for this year. Operations and maintenance costs were down due to a decrease in electrical and chemical usage related to the decrease in flow. This was partially offset with an increase in the contractor costs due to the addition of one staff to handle the additional work related to the operation of both force mains and the SCADA system. Administrative costs were down due to a decrease in the amount of fees associated with the arbitration with YCUA in the previous year. Insurance costs were also down this year due to a refund from the insurance company. The increase in other operating income is due to a decrease in amortization. Bonds issued during the year were issued at a premium which offsets bond issue and discount costs that are amortized.

### Budgetary Highlights

During the year, the Authority made two budget amendments. The first budget amendment was to adjust the budget for the bond that was issued in October 2009. The second amendment was to reallocate the budget among the departments, allocating more of the budget to the administrative department to cover the larger than expected costs of the wrap-up of the arbitration with YCUA. Costs came in at 87.7 percent of the budget.

# Western Townships Utilities Authority

## Management's Discussion and Analysis (Continued)

### Capital Asset and Debt Administration

During the current year, the Authority managed the following capital improvement projects:

|  |                    |
|--|--------------------|
| Lower Rouge equalization basin expansion | \$1,662,030        |
| Middle Rouge screw pump replacement      | 86,408             |
| Lower and Middle Rouge SCADA upgrade     | <u>15,019</u>      |
| Total capital project additions          | <u>\$1,763,457</u> |

The Lower Rouge equalization basin expansion project will increase the storage capacity at the Lower Rouge facility by 5.5 million gallons as well as install three new pumps. Construction started in early 2008 and final completion was expected in mid 2010. The project is 99 percent complete with two items holding up the operation of the new basin. It is expected that these items will be resolved in the next few months. The Middle Rouge screw pump replacement project replaced the remaining two screw pumps and was completed this year.

The YCUA wastewater treatment plant expansion is complete and was put into operation during 2006. The project has remained open until the resolution of YCUA's lawsuit concerning the odor control equipment. This project should be closed out by the end of the 2010 calendar year.

As a result, the Authority's total investment in capital assets increased to over \$202 million (before considering depreciation).

On October 28, 2009, the Authority issued a bond which was used to refund the 2001 Bonds on January 1, 2010. The net present value savings of this refinancing will save the Authority approximately \$3.5 million over the next 10 years.

### Economic Factors and Next Year's Budgets and Rates

WTUA's contract with Wayne County expires in August 2011. Wayne County may reallocate capacity among the member communities in the RVIS system. Current negotiations are underway for the new contract. YCUA has notified WTUA that it has additional capacity available for purchase. This option is also being considered.

Sewage treatment charges represent approximately 77 percent of the Authority's operating budget for the next fiscal year. The Authority's operating budget for the year ending September 30, 2011 forecasts a slight increase in sewage flow volume and rates.

# **Western Townships Utilities Authority**

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## **Management's Discussion and Analysis (Continued)**

### **Contacting the Authority's Management**

This financial report is intended to provide our member townships and WTUA bondholders with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives from the member townships. If you have questions about this report or need additional information, we welcome you to contact the Director of Operations.

# Western Townships Utilities Authority

## Statement of Net Assets

|   | September 30         |                      |
|---|----------------------|----------------------|
|   | 2010                 | 2009                 |
| <b>Assets</b>   |                      |                      |
| Current assets:   |                      |                      |
| Cash (Note 4)   | \$ 111,080           | \$ 251,872           |
| Accounts receivable:  |                      |                      |
| Due from members  | 1,501,162            | 2,025,189            |
| Other   | 2,616                | 41                   |
| Billing lookback - Due from members   | -                    | 3,904                |
| Provision for YCUA lookback   | -                    | 730,000              |
| Unbilled receivable:  |                      |                      |
| Debt service  | 975,300              | 1,166,907            |
| Capital improvement   | -                    | 35,033               |
| Future lookback   | 350,000              | -                    |
| Prepaid expenses  | 59,915               | 60,199               |
| Total current assets  | <u>3,000,073</u>     | <u>4,273,145</u>     |
| Noncurrent assets:  |                      |                      |
| Restricted assets:  |                      |                      |
| Cash and investments (Notes 4 and 5)  | 1,811,941            | 1,872,918            |
| Accounts receivable - Due from other governmental units (Note 5)            | 475,424              | -                    |
| Capital assets - Net (Note 6):  |                      |                      |
| Nondepreciable  | 29,241,256           | 28,687,293           |
| Depreciable   | <u>132,519,035</u>   | <u>136,018,805</u>   |
| Total noncurrent assets   | <u>164,047,656</u>   | <u>166,579,016</u>   |
| Total assets  | <u>167,047,729</u>   | <u>170,852,161</u>   |
| <b>Liabilities</b>  |                      |                      |
| Current liabilities:  |                      |                      |
| Accounts payable  | 1,246,299            | 1,211,710            |
| Accrued payables - Payroll and compensated absences                         | 44,111               | 30,903               |
| Construction and retainers payable  | 141,090              | 929,625              |
| Billing lookback - Due to members   | 39,273               | -                    |
| Provision for future lookback to members                                    | -                    | 730,000              |
| Provision for YCUA lookback   | 350,000              | -                    |
| Accrued interest payable  | <u>975,300</u>       | <u>1,166,907</u>     |
| Total current liabilities   | <u>2,796,073</u>     | <u>4,069,145</u>     |
| Noncurrent liabilities:   |                      |                      |
| Current liabilities payable from restricted assets:                         |                      |                      |
| Construction retainers payable  | 1,217,593            | 1,206,392            |
| Construction contracts payable  | -                    | 15,679               |
| Long-term debt - Due within one year and due in more than one year (Note 7) | <u>89,983,415</u>    | <u>96,422,715</u>    |
| Total noncurrent liabilities  | <u>91,201,008</u>    | <u>97,644,786</u>    |
| Total liabilities   | <u>93,997,081</u>    | <u>101,713,931</u>   |
| <b>Net Assets</b>   |                      |                      |
| Invested in capital assets - Net of related debt                            | 71,776,876           | 68,283,383           |
| Restricted for capital purposes   | 1,069,772            | 650,847              |
| Unrestricted  | <u>204,000</u>       | <u>204,000</u>       |
| Total net assets  | <u>\$ 73,050,648</u> | <u>\$ 69,138,230</u> |

# Western Townships Utilities Authority

## Statement of Revenue, Expenses, and Changes in Net Assets

|  | Year Ended September 30 |                      |
|--|-------------------------|----------------------|
|  | 2010                    | 2009                 |
| <b>Operating Revenue</b>                         |                         |                      |
| Earned revenue from townships                    | \$ 12,070,773           | \$ 11,875,314        |
| Interest earned on operating cash                | 498                     | 7,114                |
| Total operating revenue                          | <u>12,071,271</u>       | <u>11,882,428</u>    |
| <b>Operating Expenses</b>                        |                         |                      |
| Sewage treatment charges                         | 9,407,420               | 8,817,876            |
| Operation and maintenance                        | 1,379,981               | 1,433,534            |
| Administrative                                   | 551,425                 | 873,665              |
| Sewage capacity rental                           | 732,445                 | 757,353              |
| Total operating expenses                         | <u>12,071,271</u>       | <u>11,882,428</u>    |
| <b>Operating Income</b>                          | <u>-</u>                | <u>-</u>             |
| <b>Nonoperating Revenue (Expenses)</b>           |                         |                      |
| Interest earnings on restricted assets           | 8,932                   | 158                  |
| Disposal of assets                               | -                       | (7,930)              |
| Debt billings to townships                       | 10,850,771              | 11,251,690           |
| Interest expense                                 | (4,444,000)             | (4,751,690)          |
| Depreciation                                     | (4,291,459)             | (4,358,434)          |
| Amortization                                     | 24,717                  | (320,325)            |
| Total nonoperating revenue                       | <u>2,148,961</u>        | <u>1,813,469</u>     |
| <b>Net Income - Before capital contributions</b> | 2,148,961               | 1,813,469            |
| <b>Capital Contributions from Townships</b>      | <u>1,763,457</u>        | <u>14,012,877</u>    |
| <b>Increase in Net Assets</b>                    | 3,912,418               | 15,826,346           |
| <b>Net Assets - Beginning of year</b>            | <u>69,138,230</u>       | <u>53,311,884</u>    |
| <b>Net Assets - End of year</b>                  | <u>\$ 73,050,648</u>    | <u>\$ 69,138,230</u> |

# Western Townships Utilities Authority

## Statement of Cash Flows

|  | Year Ended September 30 |                     |
|--|-------------------------|---------------------|
|  | 2010                    | 2009                |
| <b>Cash Flows from Operating Activities</b>  |                         |                     |
| Cash received from townships   | \$ 10,792,485           | \$ 12,151,562       |
| Cash payments to suppliers for goods and services  | (10,665,993)            | (11,886,516)        |
| Cash payments for employee services  | (279,773)               | (280,509)           |
| Net cash used in operating activities  | (153,281)               | (15,463)            |
| <b>Cash Flows from Capital and Related Financing Activities</b>  |                         |                     |
| Proceeds from sale of bonds  | 50,529,129              | -                   |
| Payments for refunding of bonds  | (49,975,000)            | -                   |
| Payments of bond issuance costs  | (418,962)               | -                   |
| Collection of debt billings to townships   | 11,042,628              | 11,335,750          |
| Principal and interest paid on long-term debt  | (11,185,607)            | (11,335,750)        |
| Capital contributions from members   | 2,563,983               | 16,015,835          |
| Payments for the acquisition or construction of capital assets   | (2,614,089)             | (15,784,084)        |
| Proceeds from sale of assets   | -                       | 4,000               |
| Net cash provided by (used in) capital and related activities  | (57,918)                | 235,751             |
| <b>Cash Flows from Investing Activities</b> - Interest received on investments                                       | 9,430                   | 7,419               |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | (201,769)               | 227,707             |
| <b>Cash and Cash Equivalents</b> - Beginning of year   | 2,124,790               | 1,897,083           |
| <b>Cash and Cash Equivalents</b> - End of year   | <u>\$ 1,923,021</u>     | <u>\$ 2,124,790</u> |
| <b>Balance Sheet Classification of Cash and Cash Equivalents</b>   |                         |                     |
| Unrestricted cash  | \$ 111,080              | \$ 251,872          |
| Restricted cash and investments  | 1,811,941               | 1,872,918           |
| Total cash and cash equivalents  | <u>\$ 1,923,021</u>     | <u>\$ 2,124,790</u> |
| <b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>                                      |                         |                     |
| Operating income   | \$ -                    | \$ -                |
| Less interest and other income included in operating revenue   | (498)                   | (7,114)             |
| Adjustments to reconcile operating income to net cash from operating activities - Changes in assets and liabilities: |                         |                     |
| (Increase) decrease in due from members - Monthly billings   | (245,466)               | 149,789             |
| (Increase) decrease in accounts receivable - Non-members   | (2,575)                 | 426,768             |
| (Increase) decrease in future lookback   | (350,000)               | -                   |
| (Increase) decrease in provision for YCUA lookback   | 730,000                 | (600,000)           |
| Decrease in prepaid expenses   | 284                     | 50,460              |
| Decrease (increase) in due from members - Billing lookback   | 7,904                   | (7,904)             |
| Increase (decrease) in accounts payable  | 34,589                  | (21,974)            |
| Increase in accrued payroll  | 13,208                  | 10,149              |
| Increase (decrease) in provision for future lookback to members  | (730,000)               | 600,000             |
| Increase (decrease) in provision for YCUA lookback   | 350,000                 | -                   |
| Increase (decrease) in due to members - Billing lookback   | 39,273                  | (615,637)           |
| Net cash used in operating activities  | <u>\$ (153,281)</u>     | <u>\$ (15,463)</u>  |

There were no noncash transactions during the years ended September 30, 2010 and 2009.

# Western Townships Utilities Authority

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## Notes to Financial Statements September 30, 2010 and 2009

### Note 1 - Nature of Entity

Western Townships Utilities Authority (the "Authority" or WTUA) is a joint venture of the Charter Townships of Canton, Northville, and Plymouth and was created pursuant to Act 233, Michigan Public Acts of 1955. Its allowed purpose is to acquire and operate a sewage disposal system, a solid waste management system, and/or a water supply system. The Authority currently operates a sewage transportation system for these communities.

The Internal Revenue Service has ruled that the Authority is a political subdivision of the State of Michigan and, as a result, is exempt from federal income tax.

### Note 2 - Summary of Significant Accounting Policies

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

**Reporting Entity** - The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. In accordance with these guidelines, there are no component units to be included in these financial statements.

**Basis of Accounting** - The accrual basis of accounting is used by the Authority. The Authority follows all pronouncements of the Governmental Accounting Standards Board and those of the Financial Accounting Standards Board issued prior to November 30, 1989. The Authority has elected not to follow private sector standards issued after November 30, 1989.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Operating Revenue** - Operating revenue represents billings to member townships based on the Authority's operating expenses. Therefore, the Authority has shown depreciation expense as a nonoperating expense for the purpose of the statement of revenue, expenses, and changes in net assets.

# Western Townships Utilities Authority

## Notes to Financial Statements September 30, 2010 and 2009

### Note 2 - Summary of Significant Accounting Policies (Continued)

**Cash Equivalents** - For the purpose of the statement of cash flows, all highly liquid investments with original maturities of three months or less are considered to be cash equivalents. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

**Investments** - Investments are recorded at fair value, based on quoted market prices.

**Due from Members** - Due from members represents amounts that will be collected from the three townships to pay for the Authority's operational and administrative costs and for reimbursement of capital-related costs.

**Unbilled Receivable** - Unbilled receivable represents amounts that have not been billed to the townships for debt service, capital projects, and future lookbacks as of the end of the year. The Authority has accrued interest payable in an amount equal to the unbilled receivable for debt service.

**Restricted Assets** - The Authority has funds set aside for the YCUA expansion and to pay retainages associated with various construction contracts and, as such, these amounts have been classified as restricted assets. When an expense is incurred that allows the use of restricted assets, those assets are applied before utilizing any unrestricted assets. The board has also set aside cash for emergency replacement of critical assets. These also are classified as restricted assets.

**Capital Assets** - Generally, purchases for capital outlay exceeding \$5,000 are capitalized. All capital assets are recorded at cost or, if donated, at their estimated fair value on the date donated. Depreciation on such capital assets is charged as an expense against the operations of the Authority.

Capital assets are depreciated using the straight-line method over the following useful lives:

|  |             |
|--|-------------|
| Land restoration   | 15 years    |
| Utility system:  |             |
| Equalization basin and pump station                      | 10-40 years |
| Sewage transmission lines                                | 60 years    |
| Equity in Ypsilanti Community Utilities Authority (YCUA) | 40 years    |
| Furniture and equipment                                  | 5-7 years   |

# Western Townships Utilities Authority

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## Notes to Financial Statements September 30, 2010 and 2009

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

**Accounting and Reporting Change** - The financial statements for the year ended September 30, 2009 have been restated in order to reflect a change in accounting principles. In previous years, the effect of the YCUA lookback was recorded on a one-year lag. The Authority is now able to reasonably estimate the lookback on a current basis; therefore, the Authority will now record the estimated lookback in the current period. The effect of the change in accounting principle as of September 30, 2009 was to record a \$730,000 provision for estimated refund due from YCUA and an equal provision for payment due to the member townships. Earned revenue from townships and sewage treatment charges were reduced by \$750,000 - the effect of reversing the 2006 and 2008 lookbacks and recording the 2009 lookback as of September 30, 2009.

Other accounting policies are disclosed in other notes to the financial statements.

### **Note 3 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - An annual budget is adopted on the modified accrual basis of accounting, which is a comprehensive basis of accounting used for governmental fund-type operations; it differs from accounting principles generally accepted in the United States of America for proprietary fund-type operations such as Western Townships Utilities Authority. The annual budget is prepared by the Authority's accountant and is adopted by the Authority's board of commissioners and member townships; subsequent amendments are approved by the Authority's board of commissioners.

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operating expenditures to the budget adopted by the board of commissioners for the Enterprise Fund is included in the supplemental information.

There were no budget overruns at September 30, 2010 and 2009.

# Western Townships Utilities Authority

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## Notes to Financial Statements September 30, 2010 and 2009

### Note 4 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized the Authority to deposit and invest in all investments allowed by the state statutory authority as listed above. The Authority's deposits and investment policies are in accordance with statutory authority.

The Authority's cash and investments are subject to two types of risk, which are examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At September 30, 2010, the Authority had \$914,082 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. At September 30, 2009, the Authority had \$906,529 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized.

# Western Townships Utilities Authority

## Notes to Financial Statements September 30, 2010 and 2009

### Note 4 - Deposits and Investments (Continued)

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Authority's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

| Investment            | 2010<br>Fair Value | 2009<br>Fair Value | Rating | Rating<br>Organization |
|-----------------------|--------------------|--------------------|--------|------------------------|
| Bank investment pool: |                    |                    |        |                        |
| U.S. Bank             | \$ 16,531          | \$ 89,826          | Aaa    | Moody's                |
| JPMorgan Chase        | 1,165,685          | 1,262,088          | Aaa    | Moody's                |

### Note 5 - Restricted Assets

As of September 30, 2010 and 2009, restricted assets are restricted for the following:

|                                      | 2010         | 2009         |
|--------------------------------------|--------------|--------------|
| Cash and investments:                |              |              |
| Capital replacement reserve          | \$ 576,700   | \$ 576,700   |
| Debt service                         | 1,116        | -            |
| YCUA expansion                       | 16,531       | 89,826       |
| Payment of construction retainages   | 1,217,594    | 1,206,392    |
| Total cash and investments           | 1,811,941    | 1,872,918    |
| Accounts receivable - YCUA expansion | 475,424      | -            |
| Total                                | \$ 2,287,365 | \$ 1,872,918 |

# Western Townships Utilities Authority

## Notes to Financial Statements September 30, 2010 and 2009

### Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

|  | 2009                  | Increase              | Decrease              | 2010                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Capital assets not being depreciated:          |                       |                       |                       |                       |
| Land   | \$ 2,136,913          | \$ -                  | \$ -                  | \$ 2,136,913          |
| Construction in progress -<br>Capital projects | <u>26,550,380</u>     | <u>1,748,438</u>      | <u>(1,194,475)</u>    | <u>27,104,343</u>     |
| Subtotal                                       | <u>28,687,293</u>     | <u>1,748,438</u>      | <u>(1,194,475)</u>    | <u>29,241,256</u>     |
| Capital assets being depreciated:              |                       |                       |                       |                       |
| Land restoration costs                         | 2,412,243             | -                     | -                     | 2,412,243             |
| Utility system:                                |                       |                       |                       |                       |
| Sewage transmission lines                      | 44,068,044            | -                     | -                     | 44,068,044            |
| Equalization basin and<br>pump station         | 38,013,669            | 1,209,494             | (381,268)             | 38,841,895            |
| Equity in YCUA                                 | 88,164,780            | -                     | (417,805)             | 87,746,975            |
| Furniture and equipment                        | <u>116,164</u>        | <u>-</u>              | <u>(353)</u>          | <u>115,811</u>        |
| Subtotal                                       | <u>172,774,900</u>    | <u>1,209,494</u>      | <u>(799,426)</u>      | <u>173,184,968</u>    |
| Less accumulated depreciation for:             |                       |                       |                       |                       |
| Land restoration costs                         | (2,412,243)           | -                     | -                     | (2,412,243)           |
| Utility system:                                |                       |                       |                       |                       |
| Sewage transmission lines                      | (11,033,222)          | (745,392)             | -                     | (11,778,614)          |
| Equalization basin and<br>pump station         | (14,759,008)          | (1,348,099)           | 381,268               | (15,725,839)          |
| Equity in YCUA                                 | (8,448,546)           | (2,192,793)           | -                     | (10,641,339)          |
| Furniture and equipment                        | <u>(103,076)</u>      | <u>(5,175)</u>        | <u>353</u>            | <u>(107,898)</u>      |
| Subtotal                                       | <u>(36,756,095)</u>   | <u>(4,291,459)</u>    | <u>381,621</u>        | <u>(40,665,933)</u>   |
| Net capital assets being depreciated           | <u>136,018,805</u>    | <u>(3,081,965)</u>    | <u>(417,805)</u>      | <u>132,519,035</u>    |
| Total capital assets - Net of depreciation     | <u>\$ 164,706,098</u> | <u>\$ (1,333,527)</u> | <u>\$ (1,612,280)</u> | <u>\$ 161,760,291</u> |

# Western Townships Utilities Authority

## Notes to Financial Statements September 30, 2010 and 2009

### Note 6 - Capital Assets (Continued)

Capital asset activity for the year ended September 30, 2009 was as follows:

|  | 2008           | Increase     | Decrease    | 2009           |
|--|----------------|--------------|-------------|----------------|
| Capital assets not being depreciated:          |                |              |             |                |
| Land   | \$ 2,136,913   | \$ -         | \$ -        | \$ 2,136,913   |
| Construction in progress -<br>Capital projects | 12,577,453     | 14,016,877   | (43,950)    | 26,550,380     |
| Subtotal                                       | 14,714,366     | 14,016,877   | (43,950)    | 28,687,293     |
| Capital assets being depreciated:              |                |              |             |                |
| Land restoration costs                         | 2,412,243      | -            | -           | 2,412,243      |
| Utility system:                                |                |              |             |                |
| Sewage transmission lines                      | 44,036,594     | 43,950       | (12,500)    | 44,068,044     |
| Equalization basin and<br>pump station         | 38,939,007     | -            | (925,338)   | 38,013,669     |
| Equity in YCUA                                 | 88,111,426     | 53,354       | -           | 88,164,780     |
| Furniture and equipment                        | 116,164        | -            | -           | 116,164        |
| Subtotal                                       | 173,615,434    | 97,304       | (937,838)   | 172,774,900    |
| Less accumulated depreciation for:             |                |              |             |                |
| Land restoration costs                         | (2,372,038)    | (40,205)     | -           | (2,412,243)    |
| Utility system:                                |                |              |             |                |
| Sewage transmission lines                      | (10,299,378)   | (746,344)    | 12,500      | (11,033,222)   |
| Equalization basin and<br>pump station         | (14,314,862)   | (1,357,554)  | 913,408     | (14,759,008)   |
| Equity in YCUA                                 | (6,244,868)    | (2,203,678)  | -           | (8,448,546)    |
| Furniture and equipment                        | (92,423)       | (10,653)     | -           | (103,076)      |
| Subtotal                                       | (33,323,569)   | (4,358,434)  | 925,908     | (36,756,095)   |
| Net capital assets being depreciated           | 140,291,865    | (4,261,130)  | (11,930)    | 136,018,805    |
| Total capital assets - Net of depreciation     | \$ 155,006,231 | \$ 9,755,747 | \$ (55,880) | \$ 164,706,098 |

**Construction Commitments** - The Authority has one active construction project at year end. The Lower Rouge equalization basin expansion project is to increase the storage capacity at the Lower Rouge facility. The total commitment for the project is \$25,733,954. At year end, the Authority had spent \$25,460,698, leaving an unspent commitment of \$273,256.

# Western Townships Utilities Authority

## Notes to Financial Statements September 30, 2010 and 2009

### Note 7 - Long-term Debt

Long-term debt activity for the year ended September 30, 2010 was as follows:

|  | Beginning<br>Balance | Current Year<br>Additions | Current Year<br>Reductions | Ending<br>Balance    | Due Within<br>One Year |
|--|----------------------|---------------------------|----------------------------|----------------------|------------------------|
| 2001 General Obligation Bond, with interest rates from 3.50% to 5.25%, maturing through 2019 (used to fund WTUA collection system)   | \$ 54,525,000        | \$ -                      | \$ (54,525,000)            | \$ -                 | \$ -                   |
| 2002 General Obligation Bond, with interest rates from 3.00% to 5.00%, maturing through 2023 (used to fund the YCUA plant expansion) | 45,000,000           | -                         | (2,000,000)                | 43,000,000           | 2,000,000              |
| 2009 General Obligation Bond, with interest rates from 3.00% to 5.00%, maturing through 2019 (used to refund 2001 bonds)             | -                    | 46,660,000                | -                          | 46,660,000           | 4,920,000              |
| Less:  |                      |                           |                            |                      |                        |
| Deferred amount on 2001 refunding  | (2,640,917)          | -                         | 2,640,917                  | -                    | -                      |
| Unamortized bond issue costs on 2002 issue   | (124,150)            | -                         | 9,370                      | (114,780)            | (9,370)                |
| Unamortized discount on 2002 issue   | (337,218)            | -                         | 25,450                     | (311,768)            | (25,450)               |
| Unamortized bond issue costs on 2009 issue   | -                    | (3,035,837)               | 303,584                    | (2,732,253)          | (331,182)              |
| Unamortized premium on 2009 issue  | -                    | 3,869,129                 | (386,913)                  | 3,482,216            | 422,087                |
| Total long-term debt   | <u>\$ 96,422,715</u> | <u>\$ 47,493,292</u>      | <u>\$ (53,932,592)</u>     | <u>\$ 89,983,415</u> | <u>\$ 6,976,085</u>    |

Long-term debt activity for the year ended September 30, 2009 was as follows:

|  | Beginning<br>Balance  | Current Year<br>Reductions | Ending<br>Balance    | Due Within<br>One Year |
|--|-----------------------|----------------------------|----------------------|------------------------|
| 2001 General Obligation Bond, with interest rates from 3.50% to 5.25%, maturing through 2019 (used to fund WTUA collection system)   | \$ 59,025,000         | \$ (4,500,000)             | \$ 54,525,000        | \$ 4,550,000           |
| 2002 General Obligation Bond, with interest rates from 3.00% to 5.00%, maturing through 2023 (used to fund the YCUA plant expansion) | 47,000,000            | (2,000,000)                | 45,000,000           | 2,000,000              |
| Less:  |                       |                            |                      |                        |
| Deferred amount on 2001 refunding  | (2,926,421)           | 285,504                    | (2,640,917)          | (285,505)              |
| Unamortized bond issue costs on 2002 issue   | (133,520)             | 9,370                      | (124,150)            | (9,370)                |
| Unamortized discount on 2002 issue   | (362,669)             | 25,451                     | (337,218)            | (25,450)               |
| Total long-term debt   | <u>\$ 102,602,390</u> | <u>\$ (6,179,675)</u>      | <u>\$ 96,422,715</u> | <u>\$ 6,229,675</u>    |

# Western Townships Utilities Authority

## Notes to Financial Statements September 30, 2010 and 2009

### Note 7 - Long-term Debt (Continued)

#### Refunding

During the year, the Authority issued \$46,660,000 in general obligation bonds with an average interest rate of 4.61 percent. The proceeds of these bonds were used to refund the remaining balance of the Series 2001 bonds after the Authority made a principal payment of \$4,550,000 on January 1, 2010. The remaining balance was \$49,975,000 and the average interest rate was 4.64 percent. The net proceeds of \$50,106,950 (after payment of \$418,962 in underwriting fees, insurance, and other issuance costs) plus an additional \$1,079,768 of Authority monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent and the Series 2001 bonds were refunded on January 1, 2010. The refunding reduced total debt service payments over the next nine years by \$4,041,025, which represents an economic gain of approximately \$3,505,698.

#### Debt Service Requirements

The annual principal and interest requirements to service all debt are as follows:

| <u>Years Ending</u><br><u>September 30</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>          |
|--|----------------------|----------------------|-----------------------|
| 2011                                       | \$ 6,920,000         | \$ 3,787,400         | \$ 10,707,400         |
| 2012                                       | 7,405,000            | 3,550,025            | 10,955,025            |
| 2013                                       | 7,700,000            | 3,259,950            | 10,959,950            |
| 2014                                       | 8,615,000            | 2,921,150            | 11,536,150            |
| 2015                                       | 8,755,000            | 2,541,225            | 11,296,225            |
| 2016-2020                                  | 37,765,000           | 6,536,975            | 44,301,975            |
| 2021-2023                                  | 12,500,000           | 909,375              | 13,409,375            |
| Total                                      | <u>\$ 89,660,000</u> | <u>\$ 23,506,100</u> | <u>\$ 113,166,100</u> |

#### Interest

For the year ended September 30, 2010, interest incurred by the Authority totaled \$4,444,000. For the year ended September 30, 2009, interest incurred by the Authority totaled \$4,751,690.

# Western Townships Utilities Authority

## Notes to Financial Statements September 30, 2010 and 2009

### Note 7 - Long-term Debt (Continued)

#### Classification

Long-term debt that is due within one year has been classified as a non-current liability on the balance sheet since these obligations are not payable with the current resources of the Authority. The Authority will bill the member townships when bond payments are due.

### Note 8 - Lease Commitment

The Authority has entered into an agreement with the Ypsilanti Community Utilities Authority (YCUA), under which the Authority obtains certain rights to use a portion of the treatment capacity of the YCUA wastewater treatment plant. This agreement requires a rental payment on November 17 each year through November 17, 2098.

Annual payment requirements for the above are as follows:

| <u>Years Ending</u><br><u>September 30</u> | <u>Amount</u>        |
|--|----------------------|
| 2011                                       | \$ 705,969           |
| 2012                                       | 677,947              |
| 2013                                       | 648,309              |
| 2014                                       | 617,153              |
| 2015                                       | 584,731              |
| 2016-2020                                  | 2,392,132            |
| 2021-2025                                  | 1,495,370            |
| 2026-2030                                  | 1,173,254            |
| 2031-2035                                  | 956,666              |
| 2036-2040                                  | 698,325              |
| 2041-2045                                  | 440,485              |
| 2046-2050                                  | 424,089              |
| 2051-2055                                  | 448,276              |
| 2056-2060                                  | 472,464              |
| 2061-2065                                  | 496,651              |
| 2066-2070                                  | 520,839              |
| 2071-2075                                  | 545,026              |
| 2076-2080                                  | 569,214              |
| 2081-2085                                  | 593,401              |
| 2086-2090                                  | 617,589              |
| 2091-2095                                  | 641,776              |
| 2096-2099                                  | 530,836              |
| Total                                      | <u>\$ 16,250,502</u> |

# **Western Townships Utilities Authority**

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## **Notes to Financial Statements September 30, 2010 and 2009**

### **Note 9 - Risk Management**

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for medical benefits provided to employees and workers' compensation and participates in the Michigan Municipal Risk Management Authority State Pool for claims relating to property loss and torts. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three years.

The Michigan Municipal Risk Management Authority State Pool operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

### **Note 10 - Defined Contribution Retirement Plan**

The Authority provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by the personnel policies manual, the Authority contributes 15 percent of employees' gross earnings and employees contribute 5 percent of earnings. Employees are 100 percent vested after a period of five years. In accordance with these requirements, for the fiscal years ended September 30, 2010 and 2009, the Authority contributed approximately \$26,200 and \$26,300, respectively.

## **Supplemental Information**

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# Western Townships Utilities Authority

## Schedule of Operating Expenditures Budget and Actual Year Ended September 30, 2010

|  | Original<br>Budget   | Final Budget         | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------------|----------------------|---------------------|--|
| <b>Sewage Treatment Charges</b>        | <u>\$ 10,375,966</u> | <u>\$ 10,375,966</u> | <u>\$ 9,407,420</u> | <u>\$ 968,546</u>                      |
| <b>Operation and Maintenance Costs</b> | <u>\$ 2,035,427</u>  | <u>\$ 1,990,427</u>  | <u>\$ 1,379,981</u> | <u>\$ 610,446</u>                      |
| <b>Administrative Costs</b>            | <u>\$ 613,509</u>    | <u>\$ 658,509</u>    | <u>\$ 551,425</u>   | <u>\$ 107,084</u>                      |
| <b>Sewage Capacity Rental Costs</b>    | <u>\$ 732,445</u>    | <u>\$ 732,445</u>    | <u>\$ 732,445</u>   | <u>\$ -</u>                            |

The above schedule represents operating expenditures for the year based on the modified accrual basis of accounting to be consistent with the basis of accounting used in the preparation of the budget.

# Western Townships Utilities Authority

## Schedule of Indebtedness September 30, 2010 and 2009

### Limited Tax General Obligation Bonds

2001 Bond Issue (original principal \$74,350,000) \*

| Interest<br>Rate<br>(Percent) | Date of Maturity<br>January 1 | Principal Debt Outstanding |              | Annual<br>Interest<br>Payable |
|-------------------------------|-------------------------------|----------------------------|--------------|-------------------------------|
|                               |                               | September 30               |              |                               |
|                               |                               | 2010                       | 2009         |                               |
| 5.25                          | 2010                          | \$ -                       | \$ 4,550,000 | \$ 2,553,812                  |
| 5.25                          | 2011                          | -                          | 5,000,000    | -                             |
| 5.25                          | 2012                          | -                          | 5,100,000    | -                             |
| 5.25                          | 2013                          | -                          | 5,500,000    | -                             |
| 5.25                          | 2014                          | -                          | 6,000,000    | -                             |
| 5.25                          | 2015                          | -                          | 6,200,000    | -                             |
| 5.25                          | 2016                          | -                          | 6,500,000    | -                             |
| 4.75                          | 2017                          | -                          | 6,800,000    | -                             |
| 3.50                          | 2018                          | -                          | 7,000,000    | -                             |
| 3.50                          | 2019                          | -                          | 1,875,000    | -                             |
|                               | Total 2001<br>Issue           | -                          | 54,525,000   | 2,553,812                     |

\* In October 2009, the Authority issued Series 2009 bonds in the amount of \$46,660,000 face value plus a \$3,869,129 premium to refund the Series 2001 bonds. The Authority was responsible for the \$4,550,000 principal and interest payment that was due on the Series 2001 bonds in January 2010. The remaining balance of the Series 2001 bonds was refunded on January 1, 2010.

# Western Townships Utilities Authority

## Schedule of Indebtedness (Continued) September 30, 2010 and 2009

### Limited Tax General Obligation Bonds (Continued)

2002 Bond Issue (original principal \$51,325,000)

| Interest<br>Rate<br>(Percent) | Date of Maturity<br>January 1 | Principal Debt Outstanding |              | Annual<br>Interest<br>Payable |
|-------------------------------|-------------------------------|----------------------------|--------------|-------------------------------|
|                               |                               | September 30               |              |                               |
|                               |                               | 2010                       | 2009         |                               |
| 5.00                          | 2010                          | \$ -                       | \$ 2,000,000 | \$ 1,944,375                  |
| 4.00                          | 2011                          | 2,000,000                  | 2,000,000    | 1,854,375                     |
| 4.00                          | 2012                          | 2,500,000                  | 2,500,000    | 1,764,375                     |
| 5.00                          | 2013                          | 2,500,000                  | 2,500,000    | 1,651,875                     |
| 4.00                          | 2014                          | 3,000,000                  | 3,000,000    | 1,529,375                     |
| 4.25                          | 2015                          | 3,000,000                  | 3,000,000    | 1,405,625                     |
| 4.25                          | 2016                          | 3,000,000                  | 3,000,000    | 1,278,125                     |
| 4.25                          | 2017                          | 3,500,000                  | 3,500,000    | 1,140,000                     |
| 4.25                          | 2018                          | 3,500,000                  | 3,500,000    | 991,250                       |
| 4.375                         | 2019                          | 3,500,000                  | 3,500,000    | 840,313                       |
| 4.50                          | 2020                          | 4,000,000                  | 4,000,000    | 673,750                       |
| 4.50                          | 2021                          | 4,000,000                  | 4,000,000    | 493,750                       |
| 4.75                          | 2022                          | 4,000,000                  | 4,000,000    | 308,750                       |
| 4.75                          | 2023                          | 4,500,000                  | 4,500,000    | 106,875                       |
|                               | Total 2002<br>Issue           | 43,000,000                 | 45,000,000   | 15,982,813                    |

# Western Townships Utilities Authority

## Schedule of Indebtedness (Continued) September 30, 2010 and 2009

### Limited Tax General Obligation Bonds (Continued)

2009 Bond Issue (original principal \$46,660,000)

| Interest<br>Rate<br>(Percent) | Date of Maturity<br>January 1                       | Principal Debt Outstanding |                      | Annual<br>Interest<br>Payable |
|-------------------------------|---|----------------------------|----------------------|-------------------------------|
|                               |   | September 30               |                      |                               |
|                               |   | 2010                       | 2009                 |                               |
| 3.00                          | 2011  | \$ 4,920,000               | \$ -                 | \$ 1,933,025                  |
| 3.00                          | 2012  | 4,905,000                  | -                    | 1,785,650                     |
| 4.00                          | 2013  | 5,200,000                  | -                    | 1,608,075                     |
| 4.00                          | 2014  | 5,615,000                  | -                    | 1,391,775                     |
| 5.00                          | 2015  | 5,755,000                  | -                    | 1,135,600                     |
| 5.00                          | 2016  | 6,015,000                  | -                    | 841,350                       |
| 5.00                          | 2017  | 6,290,000                  | -                    | 533,725                       |
| 5.00                          | 2018  | 6,525,000                  | -                    | 213,350                       |
| 3.50                          | 2019  | 1,435,000                  | -                    | 25,112                        |
|                               | Total 2009<br>Issue                                 | <u>46,660,000</u>          | <u>-</u>             | <u>9,467,662</u>              |
|                               | Total Limited<br>Tax General<br>Obligation<br>Bonds | <u>\$ 89,660,000</u>       | <u>\$ 99,525,000</u> | <u>\$ 28,004,287</u>          |