

Feasibility Study: Saddlebrooke Water

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Revenues	\$ 52,211	\$ 55,320	\$ 58,492
Less Expenses:			
Costs of Goods Sold	9,938	11,035	12,239
Labor & Services	7,102	7,576	8,049
Property Taxes	19,093	19,093	21,685
Bad Debts Expense	522	553	585
Depreciation Expense	39,487	39,599	42,288
Contributions Amortization	<u>(26,250)</u>	<u>(26,250)</u>	<u>(26,250)</u>
Total Expenses	<u>49,892</u>	<u>51,607</u>	<u>58,596</u>
Net Income Before Interest and Taxes	<u>\$ 2,319</u>	<u>\$ 3,713</u>	<u>\$ (105)</u>

Assumptions:

- 74 water customers in 2012
- 5 new customers per year thereafter
- Each customer averages using 493 gallons of water per day; this usage declines by 0.8% year each year thereafter
- Use current Group A tariff rates for Roark Water & Sewer
- Water supplied will come from current Saddlebrooke operations, thus the current Saddlebrooke cost per 1000 gallons for cost of goods sold items (fuel and power, and waste disposal) is used; these costs are estimated to increase 5% and 6% per year respectively, and as overall system delivery increases
- Property taxes are based on overall Christian County district property tax rates
- Bad debts expense is estimated to be 1% of water revenues

Feasibility Study: Saddlebrooke Sewer

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Revenues	\$ 49,803	\$ 52,952	\$ 56,134
Less Expenses:			
Costs of Goods Sold	4,030	4,475	4,963
Labor & Services	7,102	7,576	8,049
Property Taxes	18,525	18,525	18,525
Bad Debts Expense	498	530	561
Depreciation Expense	38,310	38,422	38,422
Contributions Amortization	<u>(26,250)</u>	<u>(26,250)</u>	<u>(26,250)</u>
Total Expenses	<u>42,215</u>	<u>43,278</u>	<u>44,271</u>
Net Income Before Interest and Taxes	<u>\$ 7,588</u>	<u>\$ 9,674</u>	<u>\$ 11,863</u>

Assumptions:

- 74 sewer customers in 2012
- 5 new customers per year thereafter
- Each customer averages using 200 gallons of sewer per day in 2012; this usage declines by 0.8% year each year thereafter
- Use current Group A tariff rates for Roark Water & Sewer
- Sewage treatment will come from current Saddlebrooke operations, thus the current Saddlebrooke cost per 1000 gallons for cost of goods sold items (fuel and power, and waste disposal) is used; these costs are estimated to increase 5% and 6% per year respectively, and as overall system delivery increases
- Property taxes are based on overall Christian County district property tax rates
- Bad debts expense is estimated to be 1% of sewer revenues