

# **Town Of Sunman**

## **Municipal Sewage Utility**

### **Preliminary Sewage User Fee Study**

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September 2021

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Appendix A - Previous Sewer Rate Ordinance

**THERBER, BROCK & ASSOCIATES, LLP.**  
**MUNICIPAL FINANCE CONSULTANTS**

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September 29, 2021

Town Council  
604 North Meridian Street  
P.O. Box 147  
Sunman, Indiana 47041

Re: Preliminary Sewage User Fee Study

Members of the Town Council:

We have prepared the following information and schedules for discussion and consideration by the Sunman Town Council. These schedules are preliminary and subject to revision based on the comments of the Town.

Attached are our calculations of the three alternative sewage rate increases. These are: 3-Year rates no project and two alternatives each for rates with the project under SRF small issue loan financing, one for an 8-year loan term and one for a 10-year loan term.

Town of Sunman

Sunman is a Town in Adams Township, Ripley County, Indiana. The population was 1,049 in the 2010 census and contained 371 households and 272 families. The population density was 896.6 people per square mile. The Town has a total area of 1.17 square miles, 1.17 in land. The population was 805 in the 2000 Census.

Current Sewage User Fees

The sewage user fees currently in effect in Sunman were approved by the Town Council on August 17, 2006 in Ordinance Number 2006-3.

Currently, the authority for the approval of the Town's sewage rates and charges rests solely with the Town Council (although various sections of the Indiana Code do provide a framework within which municipal sewage utility rates must be determined).

Pro Forma Budget

Our rate study is intended to calculate a proforma budget of expenses and expenditures for the utility. Then the rates are calculated that will collect that budget.

The items included in the budget are the statutory items allowed by Indiana Code to be included in municipally owned sewage utility rate studies. These are operation expenses, maintenance expenses, repair and replacement expenses and expenditures, taxes, working capital, debt service expenses, a provision for a debt service reserve, payment in lieu of tax and return on utility plant

### Debt Outstanding

The sewage utility has one outstanding debt. This is the Sewage Works Revenue Bonds of 2003, issued to USDA-RD on 9/30/1993. This loan has a 5.0% interest rate and a final payment on 1/1/2033. This loan is currently outstanding in the amount of \$359,000.

### Pro Forma Budget

Our rate study is intended to calculate a proforma budget of expenses and expenditures for the utility. Then the rates are calculated that will collect that budget.

The items included in the budget are the statutory items allowed by Indiana Code to be included in municipally owned sewage utility rate studies. These are operation expenses, maintenance expenses, repair and replacement expenses and expenditures, taxes, working capital, debt service expenses, a provision for a debt service reserve, payment in lieu of tax and return on utility plant.

### Rate Alternatives

We have shown three levels of rate increases. These are: one rate alternative with no project and two rate alternatives with the project using SRF financing. One alternative with an 8-year loan term and one alternative with a 10-year loan term.

### Return on Plant

The return on plant revenue requirement is included in rates to extend the life of the rate increase. Without the return element, rates would be set at the current cash breakeven level. This makes the rate structure out of date after the first year. The return counteracts the affects of inflation and unspecified and unpredictable increases in operating expenses.

We have shown three years of inflation in the calculation for all rate alternatives.

We recommend rates be reviewed every 3 to 5 years, based on the belief that periodically utility rates and charges need to be reviewed to determine if the rates are set at a level that meets or exceeds the cost of operating the utility. Generally, for small and mid-sized towns, we believe this should be done at least every 3 to 5 years. During a 3 to 5 year time frame the inflation rate affects the utility operating expenses, the number of customers, the customers sewage consumption and usage patterns vary and plant repair and replacement needs change. Reviewing utility rates every 3 to 5 years enables the Town to set rates at a level that meets the annual expense of operation, maintenance, repair and replacement and enables the Town to maintain its sewage utility as a Town asset.

### Improvements and Replacements

My analysis includes the calculation of a capital improvement budget as allowed by Indiana Code. It is important to include an amount for capital improvements to fund replacements, capital repairs and improvements for the sewage utility infrastructure. If an amount for replacement, capital repairs and improvements is not included in rates – then these funds will not be available when these improvements and replacements need to be done – this could severely hamper the operation of the sewage utility in future years.

We generally recommend that the Clerk Treasurer transfer on a monthly basis 1/12 of the annual replacement budget to the improvement fund. In this way the Council and the operator have an idea of how much money is available for improvements, replacements and capital repairs.

We developed a range for the value of improvements and replacements based on the calculated value of utility plant and the average annual historic expenditure for improvement and replacements. We also interviewed the utility superintendent and calculated a schedule of assets that need to be replaced and their estimated cost of replacement and their estimated useful life. We have included this estimation in our report. This estimate is within the range that we calculated based on plant value and historic expenditure. We recommend that this value be used for rate purposes.

#### Billing Policy

The Town has no comprehensive written billing policy that governs the billing of the utility customers. We believe it is a good idea for the Town to have a written policy that describes all of the Town's processes and procedures for billing, disconnection, penalties and the use of collection services and liens.

#### Non-Recurring Rates and Charges

Recurring rates and charges are the rates that are billed out each month – generally the metered rates applied to volumetric consumption. Non-recurring rates and charges are all other rates and include penalties, tap fees, and re-connection charges.

#### General Matters

The increases shown are for sewage bills only and will not affect the bill for sewage, trash or storm service.

I have shown a summary of the annual revenue requirements under the different estimated rate terms on the revenue requirement statements on page 23 (along with the debt service coverage calculations on page 24).

I have shown the projected monthly user fees for various monthly usage levels for each rate increase alternative on the typical residential billing schedules, page 27.

The receipts and disbursements, revenue requirements, user fees and other financial results and presentations shown in this report are projections. These projections are based on operating data contained in the financial records of the utility. These projections are also based on engineering estimates on project costs and increased cost of operations for facilities to be constructed and projected interest rates and financing terms and conditions. Since this financial information is projected it can and probably will vary from actual results, because events and circumstances frequently do not occur as expected and such variances may be material. We have no responsibility to update the information in this report for events and circumstances occurring after the date of this report.

#### Frequency of Utility Rate Increases

Cities generally review their utility rates each year. Towns generally do not do this as frequently. All municipalities set a budget for their municipality each year. Budgets for utilities are only set when a rate analysis is performed. We generally recommend that utility rates be reviewed every 3 to 5 years.

#### Payment in Lieu of Tax (PILOT)

Indiana Code allows municipalities to charge municipal utilities a fee based on the amount of property tax the utility would have paid if it were a private corporation liable for Indiana Property Tax. This fee or PILOT can be used by the civil Town in any manner the Town Council chooses. PILOT is set by ordinance.

Amount of Rate Increase

Page 23 of the schedules shows the annual revenue requirements statement for each alternative.

Customers Outside of Town Limits

The Town has customers outside the Town limits that receive utility service. These customers have different and more extensive notice requirements for rate increases. Additionally, these customers have the ability to petition the IURC for rate relief if their rates are greater than the rates for inside Town limit customers by more than 15%. For this reason we recommend that both inside and outside customers have the same rates and charges.

Process Required for Sewage Rate Increase

The following is the required process to follow when raising rates and charges:

1. Choose a billing month that the new rates will be effective in (i.e. December 2021 usage and January 2022 billing);
2. Introduce a rate ordinance prior to a public hearing;
3. Prepare a list of the mailing addresses of all customer outside the Town limits;
4. Authorize their attorney to advertise the new rates in the newspaper for a public hearing;
5. At the public hearing discuss the new rates with the public;
6. After the public hearing decide on the level of rate increase to adopt;
7. Notify the billing software company that a change needs to be made to the utility billing program.

I am available to discuss and explain this final report with the Town Council at their convenience. Thank you.

Sincerely,

Steven K. Brock MBA, CPA

**Town of Sunman**  
**Sewer Works**  
**Analysis of Cash Operating Fund**

		Cash Operating Fund	Investments	Cash Operating Total
<u>Balance December 31, 2014</u>	Per Gateway Reports	\$ 104,564.54	\$ -	\$ 104,564.54
<u>Year 2015</u>				
Receipts	Per Gateway Reports	276,444.43	-	276,444.43
Disbursements	Per Gateway Reports	(203,375.03)	-	(203,375.03)
<u>Balance December 31, 2015</u>	Per Gateway Reports	\$ 177,633.94	\$ -	\$ 177,633.94
<u>Year 2016</u>				
Receipts	Per Gateway Reports	234,640.99	-	234,640.99
Disbursements	Per Gateway Reports	(189,953.38)	-	(189,953.38)
<u>Balance December 31, 2016</u>	Per Gateway Reports	\$ 222,321.55	\$ -	\$ 222,321.55
<u>Year 2017</u>				
Receipts	Per Gateway Reports	233,356.70	-	233,356.70
Disbursements	Per Gateway Reports	(256,920.03)	-	(256,920.03)
<u>Balance December 31, 2017</u>	Per Gateway Reports	\$ 198,758.22	\$ -	\$ 198,758.22
<u>Year 2018</u>				
Receipts	Per Gateway Reports	169,103.69	-	169,103.69
Disbursements	Per Gateway Reports	(331,015.18)	-	(331,015.18)
<u>Balance December 31, 2018</u>	Per Gateway Reports	\$ 36,846.73	\$ -	\$ 36,846.73
<u>Year 2019</u>				
Receipts	Per Gateway Reports	272,771.79	-	272,771.79
Disbursements	Per Gateway Reports	(195,902.09)	-	(195,902.09)
<u>Balance December 31, 2019</u>	Per Gateway Reports	\$ 113,716.43	\$ -	\$ 113,716.43
<u>Year 2020</u>				
Receipts	Per Gateway Reports	237,265.81	-	237,265.81
Disbursements	Per Gateway Reports	(279,628.79)	-	(279,628.79)
<u>Balance December 31, 2020</u>	Per Gateway Reports	\$ 71,353.45	\$ -	\$ 71,353.45

**Town of Sunman**  
**Sewer Works**  
**Analysis of Replacement Fund**

		Replacement Fund	Investments	Replacement Total
<u>Balance December 31, 2014</u>	Per Gateway Reports	\$ 13,430.73	\$ -	\$ 13,430.73
<u>Year 2015</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2015</u>	Per Gateway Reports	\$ 13,430.73	\$ -	13,430.73
<u>Year 2016</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2016</u>	Per Gateway Reports	\$ 13,430.73	\$ -	\$ 13,430.73
<u>Year 2017</u>				
Receipts	Per Gateway Reports	9,800.00	-	9,800.00
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2017</u>	Per Gateway Reports	\$ 23,230.73	\$ -	\$ 23,230.73
<u>Year 2018</u>				
Receipts	Per Gateway Reports	5,700.00	-	5,700.00
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2018</u>	Per Gateway Reports	\$ 28,930.73	\$ -	\$ 28,930.73
<u>Year 2019</u>				
Receipts	Per Gateway Reports	1,200.00	-	1,200.00
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2019</u>	Per Gateway Reports	\$ 30,130.73	\$ -	\$ 30,130.73
<u>Year 2020</u>				
Receipts	Per Gateway Reports	1,200.00	-	1,200.00
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2020</u>	Per Gateway Reports	\$ 31,330.73	\$ -	\$ 31,330.73



**Town of Sunman**  
**Sewer Works**  
**Analysis of Meter Deposit Fund**

		Meter Deposit Fund	Investments	Meter Deposit Total
<u>Balance December 31, 2014</u>	Per Gateway Reports	\$ -	\$ -	\$ -
<u>Year 2015</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2015</u>	Per Gateway Reports	\$ -	\$ -	\$ -
<u>Year 2016</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2016</u>	Per Gateway Reports	\$ -	\$ -	\$ -
<u>Year 2017</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2017</u>	Per Gateway Reports	\$ -	\$ -	\$ -
<u>Year 2018</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2018</u>	Per Gateway Reports	\$ -	\$ -	\$ -
<u>Year 2019</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2019</u>	Per Gateway Reports	\$ -	\$ -	\$ -
<u>Year 2020</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2020</u>	Per Gateway Reports	\$ -	\$ -	\$ -

**Town of Sunman**  
**Sewer Works**  
**Analysis of Bond and Interest Fund**

		Bond & Interest Fund	Investments	Bond & Interest Total
<u>Balance December 31, 2014</u>	Per Gateway Reports	\$ 18,287.68	\$ -	\$ 18,287.68
<u>Year 2015</u>				
Receipts	Per Gateway Reports	0.00	-	-
Disbursements	Per Gateway Reports	(38,100.00)	-	(38,100.00)
<u>Balance December 31, 2015</u>	Per Gateway Reports	\$ (19,812.32)	\$ -	\$ (19,812.32)
<u>Year 2016</u>				
Receipts	Per Gateway Reports	0.00	-	-
Disbursements	Per Gateway Reports	(38,350.00)	-	(38,350.00)
<u>Balance December 31, 2016</u>	Per Gateway Reports	\$ (58,162.32)	\$ -	\$ (58,162.32)
<u>Year 2017</u>				
Receipts	Per Gateway Reports	0.00	-	-
Disbursements	Per Gateway Reports	(38,550.00)	-	(38,550.00)
<u>Balance December 31, 2017</u>	Per Gateway Reports	\$ (96,712.32)	\$ -	\$ (96,712.32)
<u>Year 2018</u>				
Receipts	Per Gateway Reports	173,312.32	-	173,312.32
Disbursements	Per Gateway Reports	(38,700.00)	-	(38,700.00)
<u>Balance December 31, 2018</u>	Per Gateway Reports	\$ 37,900.00	\$ -	\$ 37,900.00
<u>Year 2019</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	(37,800.00)	-	(37,800.00)
<u>Balance December 31, 2019</u>	Per Gateway Reports	\$ 100.00	\$ -	\$ 100.00
<u>Year 2020</u>				
Receipts	Per Gateway Reports	37,800.00	-	37,800.00
Disbursements	Per Gateway Reports	(37,900.00)	-	(37,900.00)
<u>Balance December 31, 2020</u>	Per Gateway Reports	\$ -	\$ -	\$ -

**Town of Sunman**  
**Sewer Works**  
**Analysis of Debt Reserve Fund**

		Debt Reserve Fund	Investments	Debt Reserve Total
<u>Balance December 31, 2013</u>	Per Gateway Reports	\$ -	\$ -	\$ -
<u>Year 2014</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2014</u>	Per Gateway Reports	\$ -	\$ -	-
<u>Year 2015</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2015</u>	Per Gateway Reports	\$ -	\$ -	-
<u>Year 2016</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2016</u>	Per Gateway Reports	\$ -	\$ -	-
<u>Year 2017</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2017</u>	Per Gateway Reports	\$ -	\$ -	-
<u>Year 2018</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2018</u>	Per Gateway Reports	\$ -	\$ -	-
<u>Year 2019</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2019</u>	Per Gateway Reports	\$ -	\$ -	-

**Town of Sunman**  
**Sewer Works**  
**Summary of Fund Balances**

<u>Date</u>	<u>Replacement Fund</u>	<u>Meter Deposit Fund</u>	<u>Cash Operating Fund</u>	<u>Debt Reserve Fund</u>	<u>Bond &amp; Interest Fund</u>	<u>Total</u>
12/31/14	\$ 13,430.73	\$ -	\$ 104,564.54	\$ -	\$ 18,287.68	\$ 136,282.95
12/31/15	\$ 13,430.73	\$ -	\$ 177,633.94	\$ -	\$ (19,812.32)	\$ 171,252.35
12/31/16	\$ 13,430.73	\$ -	\$ 222,321.55	\$ -	\$ (58,162.32)	\$ 177,589.96
12/31/17	\$ 23,230.73	\$ -	\$ 198,758.22	\$ -	\$ (96,712.32)	\$ 125,276.63
12/31/18	\$ 28,930.73	\$ -	\$ 36,846.73	\$ -	\$ 37,900.00	\$ 103,677.46
12/31/19	\$ 30,130.73	\$ -	\$ 113,716.43	\$ -	\$ 100.00	\$ 143,947.16
12/31/20	[1] \$ 31,330.73	\$ -	\$ 71,353.45	\$ -	\$ -	\$ 102,684.18

**Town of Sunman**  
**Sewer Works**  
**Comparative Receipts and Disbursement Statement**  
**(Per Gateway)**

<u>Operating Receipts</u>	<u>Year Ended</u> <u>12/31/20</u>	<u>Year Ended</u> <u>12/31/19</u>	<u>Year Ended</u> <u>12/31/18</u>	<u>Year Ended</u> <u>12/31/17</u>
Sewer Receipts	\$ 215,379.42	\$ 272,644.26	\$ 167,812.90	\$ 233,220.06
Taps	-	-	-	-
Interest Earned on Investments	62.47	127.53	113.06	136.64
Transfers	-	-	-	-
Penalties	-	-	-	-
Reconnect	-	-	-	-
Miscellaneous	21,823.92	-	1,177.73	-
Other	-	-	-	-
Refunds and Reimbursements	-	-	-	-
<b>Total Operating Receipts</b>	<b>\$ 237,265.81</b>	<b>\$ 272,771.79</b>	<b>\$ 169,103.69</b>	<b>\$ 233,356.70</b>

**Town of Sunman**  
**Sewer Works**  
**Comparative Receipts and Disbursement Statement**  
**(Per Gateway)**

<u>Operating Disbursements</u>	<u>Year Ended</u> <u>12/31/20</u>	<u>Year Ended</u> <u>12/31/19</u>	<u>Year Ended</u> <u>12/31/18</u>	<u>Year Ended</u> <u>12/31/17</u>
Salaries and Wages	\$ 85,562.84	\$ 75,859.97	\$ 77,058.45	\$ 100,154.87
Equipment	-	-	-	-
Insurance	8,942.79	21,521.68	13,231.10	29,328.34
Pensions and Benefits	10,680.98	9,108.89	9,884.00	11,839.91
Unemployment	-	-	-	-
Chemicals	-	-	-	-
Materials and Supplies	43,208.02	34,586.51	5,914.68	12,010.77
Office Supplies	-	-	-	-
Other Supplies	-	-	-	-
Workers Comp	-	-	-	-
Liability Insurance	-	-	-	-
Contractual	-	-	-	-
Purchased Power	-	-	-	-
Repairs	-	-	-	-
Transfers Out	37,800.00	-	173,312.32	-
Purchased Treatment	-	-	-	-
Sludge Removal	2,634.53	-	-	-
Other Disbursements	43,769.41	11,399.19	17,345.12	60,063.99
Machinery and Equipment	-	-	-	-
Fuel	-	-	-	-
Other	<u>47,030.22</u>	<u>43,425.85</u>	<u>34,269.51</u>	<u>43,522.15</u>
 Total Operating Disb.	 <u>\$ 279,628.79</u>	 <u>\$ 195,902.09</u>	 <u>\$ 331,015.18</u>	 <u>\$ 256,920.03</u>
 Net Operating Receipts	 <u>\$ (42,362.98)</u>	 <u>\$ 76,869.70</u>	 <u>\$ (161,911.49)</u>	 <u>\$ (23,563.33)</u>

**Town of Sunman**  
**Sewer Works**  
**Comparative Other Receipts and Disbursement Statement**  
**(Per Gateway)**

	Year Ended <u>12/31/20</u>	Year Ended <u>12/31/19</u>	Year Ended <u>12/31/18</u>	Year Ended <u>12/31/17</u>
<b><u>Non-Operating Receipts</u></b>				
Transfers - B&I	\$ 37,800.00	\$ -	\$ 173,312.32	\$ -
Utility Replacement	1,200.00	1,200.00	5,700.00	9,800.00
Transfers - Depreciation	-	-	-	-
Transfer - Debt Reserve	-	-	-	-
BAN Receipts	-	-	-	-
Total Non-Operating Receipts	<u>\$ 39,000.00</u>	<u>\$ 1,200.00</u>	<u>\$ 179,012.32</u>	<u>\$ 9,800.00</u>
<b><u>Non-Operating Disbursements</u></b>				
Bond and Interest Payments	\$ 37,900.00	\$ 37,800.00	\$ 38,700.00	\$ 38,550.00
Depreciation Fund Disbursements	-	-	-	-
Debt Reserve Disbursements	-	-	-	-
BAN - Legal	-	-	-	-
BAN - Engineering	-	-	-	-
BAN - Professional	-	-	-	-
Meter Deposit Disbursements	-	-	-	-
Total Non-Operating Disbursements	<u>\$ 37,900.00</u>	<u>\$ 37,800.00</u>	<u>\$ 38,700.00</u>	<u>\$ 38,550.00</u>
Net Receipts	<u>\$ (41,262.98)</u>	<u>\$ 40,269.70</u>	<u>\$ (21,599.17)</u>	<u>\$ (52,313.33)</u>

**Town of Sunman**  
**Sewer Works**  
**Schedule of Present and Proposed Rates and Charges**

<u>Metered Rates</u>	<u>Present Rates [1]</u>		<u>Proposed Rates</u>		<u>Difference</u>	
					<u>Amount</u>	<u>Percent</u>
<u>Monthly Sewer Volume Rate</u> All Gallons (per 1000 gallons)	\$	6.70	\$	7.87	\$ 1.17	17.46%
<u>Minimum Charge Per Month</u>						
5/ 8 inch water meter	\$	20.90	\$	24.56	\$ 3.66	17.51%
3/ 4 inch water meter		20.90		24.56	3.66	17.51%
1 inch water meter		50.25		59.04	8.79	17.49%
1-1/4 inch water meter		79.55		93.47	13.92	17.50%
1-1/2 inch water meter		114.80		134.88	20.08	17.49%
2 inch water meter		196.85		231.28	34.43	17.49%
3 inch water meter		452.30		531.42	79.12	17.49%
4 inch water meter		783.40		920.44	137.04	17.49%
6 inch water meter		1,780.55		2,092.01	311.46	17.49%
<u>Unmetered Water User Sewage Fee</u>						
Single Family Residence	\$	43.70	\$	51.34	\$ 7.64	17.48%
Non Single Family Residence						
						Based on Estimated Usage Applied to Metered Rates
<u>Tap Fee for Sewer</u>						
Per Residential Connection	\$	-	\$	-	\$ -	#DIV/0!
Per Non-Residential Connection						Actual Cost Of Making The Connection But Not Less Than \$450.00
<u>Customer Deposit</u>						
Per Customer	\$	-	\$	-	\$ -	#DIV/0!
<u>Service Calls</u>						
Charge Per Call	\$	-	\$	-	\$ -	#DIV/0!
<u>Inspection</u>						
Per Inspection	\$	-	\$	-	\$ -	#DIV/0!
<u>Relator Inspection Fee</u>						
Per Inspection	\$	-	\$	-	\$ -	#DIV/0!
<u>Unpaid Bills By Renters</u>						
Returned Check Charge	\$	-	\$	-	\$ -	#DIV/0!
<u>Late Charge Penalty</u>						
All Bills 30 days or more delinquent						

[1] Per Ordinance 2006-2 , approved August 17, 2006.



**Town of Sunman**  
**Sewer Works**  
**Sewer Works Revenue Bonds of 1993**

<u>Day</u>	<u>Year</u>	<u>Amount Outstanding</u>	<u>Principal Payments</u>	<u>Interest Rate</u>	<u>Interest Expense</u>	<u>Annual Debt Service</u>	
	2018	1-Jan \$ 414,000	\$ 18,000.00	5.00%	20,700.00	\$ 38,700.00	
	2019	1-Jan 396,000	18,000.00	5.00%	19,800.00	37,800.00	
	2020	1-Jan 378,000	19,000.00	5.00%	18,900.00	37,900.00	
	2021	1-Jan 359,000	20,000.00	5.00%	17,950.00	37,950.00	
1	2022	1-Jan 339,000	21,000.00	5.00%	16,950.00	37,950.00	
2	2023	1-Jan 318,000	22,000.00	5.00%	15,900.00	37,900.00	
3	2024	1-Jan 296,000	24,000.00	5.00%	14,800.00	38,800.00	maximum
4	2025	1-Jan 272,000	25,000.00	5.00%	13,600.00	38,600.00	
5	2026	1-Jan 247,000	26,000.00	5.00%	12,350.00	38,350.00	
6	2027	1-Jan 221,000	27,000.00	5.00%	11,050.00	38,050.00	
7	2028	1-Jan 194,000	29,000.00	5.00%	9,700.00	38,700.00	
8	2029	1-Jan 165,000	30,000.00	5.00%	8,250.00	38,250.00	
9	2030	1-Jan 135,000	31,000.00	5.00%	6,750.00	37,750.00	
10	2031	1-Jan 104,000	33,000.00	5.00%	5,200.00	38,200.00	
11	2032	1-Jan 71,000	35,000.00	5.00%	3,550.00	38,550.00	
12	2033	1-Jan 36,000	36,000.00	5.00%	1,800.00	37,800.00	
<b>Total</b>			<b>\$ 414,000.00</b>		<b>\$ 197,250.00</b>	<b>\$ 611,250.00</b>	

Date of Debt Closing: 9/30/1993

Issued to USDA-RD

**Town of Sunman**  
**Sewer Works**  
**Detail of Receipts By Customer By Month - 2020 to 2021**  
**(Per Town Records)**

<u>2021</u>	<u>Sewer Charges</u>	<u>Tap Fees</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Refunds</u>	<u>Total</u>
January	\$ 18,263.86	\$ -	\$ 3.90	\$ 2,815.03	-	\$ 21,082.79
February	31,698.45	-	3.32	-	-	31,701.77
March	19,290.67	-	4.08	12.34	-	19,307.09
April	21,711.11	-	2.63	-	-	21,713.74
May	23,128.26	-	2.92	100.00	-	23,231.18
June	17,650.96	-	3.02	100.00	-	17,753.98
July	19,521.22	-	-	-	-	19,521.22
<b>Total</b>	<b>\$ 151,264.53</b>	<b>\$ -</b>	<b>\$ 19.87</b>	<b>\$ 3,027.37</b>	<b>\$ -</b>	<b>\$ 154,311.77</b>
<b>Percentage</b>	<b>98.03%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>1.96%</b>	<b>0.00%</b>	<b>100.00%</b>

<u>2020</u>	<u>Sewer Charges</u>	<u>Tap Fees</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Refunds</u>	<u>Total</u>
January	\$ 17,760.63	\$ -	\$ 9.81	\$ (11,860.47)	\$ -	\$ 5,909.97
February	17,800.79	-	-	-	-	17,800.79
March	15,828.74	-	5.71	-	-	15,834.45
April	21,536.33	-	4.31	5,165.39	-	26,706.03
May	35,275.13	-	5.12	4,037.56	-	39,317.81
June	25.00	-	5.09	20,367.54	-	20,397.63
July	15,569.71	-	5.32	50.00	-	15,625.03
August	20,598.39	-	5.46	-	-	20,603.85
September	17,158.56	-	5.34	-	-	17,163.90
October	18,206.06	-	5.63	-	-	18,211.69
November	18,813.70	-	5.27	-	-	18,818.97
December	16,806.38	-	5.41	4,063.90	-	20,875.69
<b>Total</b>	<b>\$ 215,379.42</b>	<b>\$ -</b>	<b>\$ 62.47</b>	<b>\$ 21,823.92</b>	<b>\$ -</b>	<b>\$ 237,265.81</b>
<b>Percentage</b>	<b>90.78%</b>	<b>0.00%</b>	<b>0.03%</b>	<b>9.20%</b>	<b>0.00%</b>	<b>100.00%</b>

**Town of Sunman**  
Sewer Works  
Detail of Year End Number of Customers - By Year  
(Per Town Records)

		<u>Number of Customers</u>
July	2021	396
December	2020	
December	2019	
December	2018	
December	2017	
December	2016	

**Town of Sunman  
Sewer Works  
Year 2020 Largest Customers**

**I Largest Sewer Users**

<u>Customer</u>	<u>Water Consumption</u>	<u>Water Bill</u>	<u>Sewer Bill</u>	<u>Sewer Billing Percentage</u>
1 Weber Bros Farm	905,000	\$ 3,661.74	\$ 872.40	0.41%
2 Ostendorf, Aaron	822,990	2,304.31	5,532.16	2.57%
3 Loos, Jack	818,350	3,399.19	5,904.92	2.74%
4 L&R Property	602,510	2,620.42	4,501.94	2.09%
5 Raintree	571,000	2,506.57	5,048.90	2.34%
6 Sunman Elementary	379,720	1,993.19	3,805.60	1.77%
7 Woolum Rentals	319,530	1,601.64	2,320.58	1.08%
8 Sunman American Le	216,500	1,169.02	1,650.85	0.77%
9 Concepts, Industrial	206,600	1,078.38	1,586.50	0.74%
10 Sunman IGA	205,510	1,149.97	1,579.44	0.73%
11 St. Nicholas, Paris	157,869	-	1,249.46	0.58%
12 McPherson, Thomas	147,900	884.25	1,204.99	0.56%
13 Laudich Trucking	145,630	875.75	1,163.42	0.54%
14 B&G Dairy Bar	135,800	809.32	1,126.34	0.52%
15 Rogers, Terriann	130,100	784.94	1,089.25	0.51%
16 Smith, Sheryl	128,790	798.23	1,080.76	0.50%
17 MHP Investors	116,750	736.21	1,002.50	0.47%
18 Classic Pizza	116,390	733.38	1,000.17	0.46%
<b>Total</b>	<b>6,126,939</b>	<b>\$ 27,106.51</b>	<b>\$ 41,720.18</b>	<b>19.37%</b>
<b>Total Town (2020)</b>			<b>\$ 215,379.42</b>	

<b>II Average Sewage Usage (July 2021)</b>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>
<b>Total Charges</b>	\$ 14,269.56	\$ 2,336.51	\$ 804.23	\$ 3,529.69	\$ 20,135.76
<b>Total Usage (July 2021) Sewer Utility</b>	1,076,080	226,500	35,420	267,330	1,605,330
<b>Total Customers (July 2021)</b>	338	28.00	10.00	20.00	396
<b>Average Monthly Usage</b>	3,184	8,089	3,542	13,367	4,054
<b>Average Monthly Bill</b>	\$ 42.22	\$ 83.45	\$ 80.42	\$ 176.48	\$ 50.85

**Town of Sunman  
Sewer Works  
Detail of Project Cost**

	<u>Engineer's Estimates[1]</u>	<u>Construction Bids [2]</u>	
<u>Estimated Construction Costs</u>			
Manhole Lining	\$ -		
8" Sanitary Sewer Lining	-		
Lateral Reinstatement	-		
Sanitary Sewer Point Repair	-		
Connect to Existing Manhole	-		
4" Force Main	-		
Screen Auger Replacement	-		
Screen Auger Control Panel Replacement	-		
Digester Blower Replacement	-		
Blower Rehabilitation	-		
Exhaust Fan Replacement	-		
Effluent Chart Recorder	-		
Granular Backfill	-		
Road Repair	-		
Utility Relocations	-		
Erosion Control	-		
Site Restoration	-		
Maintenance of Traffic	-		
Mobilization / Demobilization	-		
	<u>\$ -</u>		
Total Construction Cost	<u>\$ -</u>		
Construction Contingency (10%)	<u>\$ -</u>		
<u>Non Construction Cost</u>			
Legal, Financial, Bond Council	\$ -		
Engineering	-		
Construction Observation	-		
Grant Administration	-		
PER Supplement	-		
Labor Standards & Environmental	-		
	<u>\$ -</u>		
Total Non Construction Cost	<u>\$ -</u>		
Total Estimated Project Cost	<u>\$ 127,500.00</u>		[1]

[1] Per HWC project cost estimate. 7/14/21

**Town of Sunman**  
**Sewer Works**  
**Estimated Sources and Uses of Funds Statement**

<u>Estimated Sources of Funds</u>	<u>Without OCRA Small Issue</u>	<u>Without OCRA Small Issue</u>
Bond Financing	\$ 127,500.00	\$ 127,500.00
Estimated OCRA Grant [1]	-	-
Estimated SRF Grant [2]	-	-
Fund on Hand	-	-
	<hr/>	<hr/>
 Total Estimated Sources of Funds	 \$ 127,500.00	 \$ 127,500.00
	<hr/>	<hr/>
 <u>Estimated Uses of Funds</u>		
Construction Costs	\$ -	\$ -
Construction Contingency	-	-
Land Acquisition	-	-
Non Construction	-	-
	<hr/>	<hr/>
 Estimated Uses of Funds	 \$ 127,500.00	 \$ 127,500.00
	<hr/>	<hr/>

[1] Per OCRA grant award letter

[2] Per SRF

Median Household Income for 2019 = \$45,903

**Town of Sunman**  
**Sewer Works**  
**Estimated Financing Parameters**

	<u>Without OCRA With SRF Loan</u>	<u>Without OCRA With SRF Loan</u>
Estimated Financing Amount	\$ <u>127,500.00</u>	\$ <u>127,500.00</u>
Estimated Interest Rate [1]	<u>2.000%</u>	<u>2.000%</u>
Estimated Loan Term (in years)	<u>10.00</u>	<u>8.00</u>
Estimated Annual Debt Service Payment	\$ <u>14,194.13</u>	\$ <u>17,405.00</u>
Estimated Annual Debt Service Reserve Payment	\$ <u>2,838.83</u>	\$ <u>3,481.00</u>
Estimated Annual Total DS & DSR Payment	\$ <u>17,032.96</u>	\$ <u>20,886.00</u>

[1] Interest rate available from SRF from August 1 to October 31, 2021

**Town of Sunman**  
**Sewer Works**  
**Illustrative Bond Amortization Schedule Based On No OCRA Grant and SRF Financing**

<u>Day</u>	<u>Year</u>	<u>Amount Outstanding</u>	<u>Principal Payments</u>	<u>Interest Rate</u>	<u>Interest Expense</u>	<u>2017 Bonds Debt Service</u>
January 2	2018	\$ -	\$ -	2.000%	\$ -	\$ -
1 January 1	2019	-	-	2.000%	-	-
2 January 1	2020	-	-	2.000%	-	-
3 January 1	2021	-	-	2.000%	-	-
4 January 1	2022	-	-	2.000%	-	-
5 January 1	2023	-	-	2.000%	-	-
6 January 1	2024	-	-	2.000%	-	-
7 January 1	2025	-	-	2.000%	-	-
8 January 1	2026	-	-	2.000%	-	-
9 January 1	2027	-	-	2.000%	-	-
10 January 1	2028	-	-	2.000%	-	-
11 January 1	2029	-	-	2.000%	-	-
12 January 1	2030	-	-	2.000%	-	-
13 January 1	2031	-	-	2.000%	-	-
14 January 1	2032	-	-	2.000%	-	-
15 January 1	2033	-	-	2.000%	-	-
16 January 1	2034	-	-	2.000%	-	-
17 January 1	2035	-	-	2.000%	-	-
18 January 1	2036	-	-	2.000%	-	-
19 January 1	2037	-	-	2.000%	-	-
20 January 1	2038	-	-	2.000%	-	-
<b>Total</b>			<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>
<b>Average</b>						<u>\$ -</u>

Amortization schedule depends on loan term and loan program used.



**Town of Sunman**  
**Sewer Works**  
Detail of Receipts and Disbursement Statement - Per Town Records

	Year Ended <u>12/31/20</u>	
<u>Operating Receipts</u>		
Sewer Collections	\$ 215,379.42	
Sewer Tap Fees	-	
Interest	62.47	
Miscellaneous	21,823.92	
Refunds	-	
	-	
 Total Operating Receipts	 \$ 237,265.81	 <u>Ties to Gateway records</u>
<u>Operating Disbursements</u>		
Wages	\$ 85,562.84	
Soc Sec/Medicare	6,334.57	
Retirement	4,346.41	
Materials & Supplies	43,208.02	
Fuel	11,881.32	
Telephone	35,148.90	
Insurance	8,942.79	
Sludge Removal	2,634.53	
Office Supplies	-	
Repairs and Maint.	-	
Equipment	-	
Utility Bill	-	
Refund	-	
Membership Maint. Contracts	-	
Other	43,769.41	
Transfers	37,800.00	
Other	-	
Chemicals	-	
	-	
 Total Operating Disbursements	 \$ 279,628.79	 <u>Ties to Gateway records</u>
 Net Operating Receipts	 \$ (42,362.98)	

Per Town internal financial records

**Town of Sunman**  
**Sewer Works**  
**Pro Forma Receipts and Disbursement Statement - Receipts**

<u>Operating Receipts</u>	<u>Year Ended</u> <u>12/31/20</u>	<u>Adjustments</u>	<u>Pro Forma</u> <u>Present</u> <u>Rates</u>	<u>Adjustments</u>	<u>Pro Forma</u> <u>Proposed</u> <u>Rates</u>	<u>Adj.</u> <u>No.</u>
Sewer Collections	\$ 215,379.42	\$ -	\$ 215,379.42	37,675.36	\$ 253,054.78	9
Sewer Tap Fees	-	-	-	-	-	
Interest	62.47	(62.47)	-	-	-	1
Miscellaneous	21,823.92	(21,823.92)	-	-	-	2
Refunds	-	-	-	-	-	
Other	-	-	-	-	-	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
<b>Total Operating Receipts</b>	<b>\$ 237,265.81</b>	<b>\$ (21,886.39)</b>	<b>\$ 215,379.42</b>	<b>\$ -</b>	<b>\$ 253,054.78</b>	

**Town of Sunman**  
**Sewer Works**  
**Pro Forma Receipts and Disbursement Statement - Disbursements**

<u>Operating Disbursements</u>	<u>Year Ended</u> <u>12/31/20</u>	<u>Adjustments</u>	<u>Pro Forma</u> <u>Present</u> <u>Rates</u>	<u>Adjustments</u>	<u>Pro Forma</u> <u>Proposed</u> <u>Rates</u>	<u>Adj.</u> <u>No.</u>
Wages	\$ 85,562.84	\$ 2,566.89	\$ 88,129.73	\$ -	\$ 88,129.73	3
Soc Sec/Medicare	6,334.57	190.04	6,524.61	-	6,524.61	4
Retirement	4,346.41	130.39	4,476.80	-	4,476.80	5
Telephone	35,148.90	-	35,148.90	-	35,148.90	
Materials & Supplies	43,208.02	(24,297.84)	18,910.18	-	18,910.18	6
Fuel	11,881.32	-	11,881.32	-	11,881.32	
Insurance	8,942.79	-	8,942.79	-	8,942.79	
Sludge Removal	2,634.53	-	2,634.53	-	2,634.53	
Office Supplies	-	-	-	-	-	
Repairs and Maint.	-	-	-	-	-	
Equipment	-	-	-	-	-	
Utility Bill	-	-	-	-	-	
Refund	-	-	-	-	-	
Membership Maint. Contracts	-	-	-	-	-	
Other	43,769.41	(24,182.70)	19,586.71	-	19,586.71	7
Transfers	37,800.00	(37,800.00)	-	-	-	8
Other	-	-	-	-	-	
Chemicals	-	-	-	-	-	
Additional O&M for Project	-	-	-	-	-	
<b>Total</b>	<b>\$ 279,628.79</b>	<b>\$ (83,393.23)</b>	<b>\$ 196,235.56</b>	<b>\$ -</b>	<b>\$ 196,235.56</b>	
<b>Net Operating Receipts</b>	<b>\$ (42,362.98)</b>	<b>\$ 61,506.84</b>	<b>\$ 19,143.86</b>	<b>\$ -</b>	<b>\$ 56,819.22</b>	

**Town of Sunman**  
**Sewer Works**  
**Detail of Adjustments**

<u>Adjustment Number</u>	<u>Adjustment Amount</u>	<u>Reason for Adjustment</u> _____
1	\$ (62.47)	To eliminate interest
2	(21,823.92)	To eliminate miscellaneous
3	2,566.89	To increase payroll for a wage increase
4	190.04	To increase social security for a wage increase
5	130.39	To increase retirement for a wage increase
6	(24,297.84)	To eliminate capital items from materials and supplies
7	(24,182.70)	To eliminate audit cost and idem payment
8	(37,800.00)	To eliminate transfers
9	37,675.36	To increase receipts for the increase in rates
	-	

**Town of Sunman**  
**Sewer Works**  
**Revenue Requirements Statement**

<u>Revenue Requirements</u>	<u>Without Project</u>	<u>Without OCRA With SRF Loan 10-Year Loan</u>	<u>With OCRA With SRF Loan 8-Year Loan</u>
Operation and Maintenance	\$ 196,235.56	\$ 196,235.56	\$ 196,235.56
Taxes	-	-	-
Working Capital	4,608.86	4,608.86	4,608.86
Extensions and Replacements	-	-	-
Debt Service - Existing Debt	38,800.00	38,800.00	38,800.00
Debt Service Reserve-Existing Debt	-	-	-
Debt Service - New Debt [1]	-	14,194.13	17,405.00
Debt Service Reserve-New Debt [2]	-	2,838.83	3,481.00
Return on Plant (2.0% inflation) [3]	<u>13,410.36</u>	<u>13,410.36</u>	<u>13,410.36</u>
Total Revenue Requirements	\$ 253,054.78	\$ 270,087.74	\$ 273,940.78
Less: Pro Forma Present Rate Receipts	<u>215,379.42</u>	<u>215,379.42</u>	<u>215,379.42</u>
Increase - Amount	\$ 37,675.36	\$ 54,708.32	\$ 58,561.36
Pro Forma Present Rate Oper. Receipts	<u>\$ 215,379.42</u>	<u>\$ 215,379.42</u>	<u>\$ 215,379.42</u>
Increase - Percentage Calculated	<u>17.49%</u>	<u>25.40%</u>	<u>27.19%</u>

[1] Debt estimated to be issued to the SRF small issue program. (8-year loan term).

[2] Debt Service Reserve Revenue Requirement.

[3] To build up fund balances and add longevity to rates.

**Town of Sunman**  
**Sewer Works**  
**Calculation of Debt Service Coverage**

<u>Calculation of Debt Service Coverage</u>	<u>Without Project</u>	<u>Without OCRA With SRF Loan 10-Year Loan</u>	<u>With OCRA With SRF Loan 8-Year Loan</u>
Total Revenue Requirements	\$ 253,054.78	\$ 270,087.74	\$ 273,940.78
Less: Operation and Maint.	<u>(196,235.56)</u>	<u>(196,235.56)</u>	<u>(196,235.56)</u>
Receipts Available for Debt Service	\$ 56,819.22	\$ 73,852.18	\$ 77,705.22
Pro Forma Debt Service (average)	<u>0.00</u>	<u>52,994.13</u>	<u>56,205.00</u>
Debt Service Coverage (average)	<u>#DIV/0!</u>	<u>1.394</u>	<u>1.383</u>

**Town of Sunman**  
**Sewer Works**  
**Proposed Equipment Replacement Program**

	<u>Cost Allocation</u>	<u>Estimated [1] Cost per Item</u>	<u>No. of Units [1]</u>	<u>Extension</u>	<u>Estimated [1] Service Life</u>	<u>Annual Amortization</u>
Back Hoe	W S & T	\$ 65,000	0.33	21,665	20	\$ 1,083
Sewer Pick Up	W&S	40,000	1.00	40,000	12	3,333
Dump Truck	W S & T	65,000	0.33	21,665	15	1,444
Kubota Mower	W S & T	10,000	0.33	3,333	7	476
Lab Equipment	S	1,250	2.00	2,500	5	500
Drying Oven	S	500	1.00	500	10	50
Meter	S	3,000	1.00	3,000	10	300
Incubator	S	5,000	1.00	5,000	10	500
Incubator ecoli	S	2,000	1.00	2,000	5	400
Sealer ecoli	S	1,500	1.00	1,500	5	300
Reader ecoli	S	500	1.00	500	5	100
Pumps 20 HP	S	10,000	2.00	20,000	12	1,667
Pumps 50 HP	S	20,000	2.00	40,000	20	2,000
Blowers	S	32,000	4.00	128,000	20	6,400
Pumps lagoon	S	8,000	4.00	32,000	10	3,200
Polymer System	S	0	0.00	-	0	-
Valves	S	0	0.00	-	0	-
Electrical Controls	S	0	0.00	-	0	-
Chlorinator	S	1,500	1.00	1,500	5	300
De-Chlorinator	S	3,000	1.00	3,000	5	600
Flow Meters	S	3,000	2.00	6,000	10	600
Clarifiers gearbox	S	1,500	2.00	3,000	10	300
Generator	S	50,000	1.00	50,000	20	2,500
Generator	S	20,000	1.00	20,000	20	1,000
Generator	S	10,000	1.00	10,000	20	500
Scale	S	3,000	1.00	3,000	10	300
Tool Replacement	W&S	500	1.00	500	1	500
Annual Total		\$ 291,250		\$ 396,998	12.34	\$ 27,270
Monthly Total						\$ 2,273

[1] Reviewed with Town on September 14, 2021

**Town of Sunman**  
Sewer Works  
Schedule of Miscellaneous Calculations

<b>I Working Capital (FERC Method)</b>		
Operation and Maintenance		\$ 196,235.56
Less: Purchased Power		<u>(11,881.32)</u>
Expenses Requiring Working Capital		\$ 184,354.24
Divide by 45 Days (FERC 45 Day Method)		<u>8.00</u>
Static Working Capital		\$ 23,044.28
Amortize Over 5 Years		<u>5.00</u>
Working Capital Revenue Requirement		<u>\$ 4,608.86</u>
 <b>II Calculation of Debt Service Reserve and Debt Service Reserve Revenue Requirement</b>		
Maximum Annual Principal and Interest Payment		\$ 37,900.00
Balance in Debt Reserve fund on 12/31/2020		<u>-</u>
Unfunded Reserve Balance		\$ 37,900.00
Divide By 60		<u>60</u>
Monthly DSR Build-Up/Transfer		\$ 631.67
Times 12		<u>12</u>
Debt Service Reserve Annual Revenue Requirement Until Fully Funded		<u>\$ 7,580.00</u>
 <b>II Calculation of Number of Months of Annual Operating Disbursements Are In the Operating Fund</b>		
Annual Operating Disbursements - Pro Forma Budget		\$ 196,235.56
Divide By 12		<u>12.00</u>
Average Monthly Operating Disbursements		\$ 25,295.51
Balance in Operating Fund @ 12/31/2020		<u>\$ 71,353.45</u>
Months of Average Annual operating Disbursements in Operating Fund		<u>2.82</u>
 <b>III Calculation of The Percentage of Short-Term asset Replacement that is Fully Funded</b>		
Total Short-Term Asset Replacement		\$ 396,997.50
Balance in Replacement Fund on 12/31/2020		<u>31,330.73</u>
Unfunded Short-Term Asset Reserve		<u>\$ -</u>
Percentage of Short-Term Asset Replacement That is Currently Funded		<u>9.567%</u>

**IV Inflation Projection**

Base Year

Operation and Maintenance	\$ 196,235.56
Extensions and Replacements	<u>27,270.44</u>
Tot. Rev. Req. Subject to Inflation	<u>\$ 223,506.01</u>

	Year <u>1</u>	Year <u>2</u>	Year <u>3</u>	Year <u>4</u>	Year <u>5</u>	Year <u>6</u>
1% inflation	<u>2,235.06</u>	<u>4,470.12</u>	<u>6,705.18</u>	<u>8,940.24</u>	<u>11,175.30</u>	<u>13,410.36</u>
<b>2% inflation</b>	<u>4,470.12</u>	<u>8,940.24</u>	<u>13,410.36</u>	<u>17,880.48</u>	<u>22,350.60</u>	<u>26,820.72</u>
2.5% inflation	<u>5,587.65</u>	<u>11,175.30</u>	<u>16,762.95</u>	<u>22,350.60</u>	<u>27,938.25</u>	<u>33,525.90</u>
3% inflation	<u>6,705.18</u>	<u>13,410.36</u>	<u>20,115.54</u>	<u>26,820.72</u>	<u>33,525.90</u>	<u>40,231.08</u>
4% inflation	<u>8,940.24</u>	<u>17,880.48</u>	<u>26,820.72</u>	<u>35,760.96</u>	<u>44,701.20</u>	<u>53,641.44</u>
5% inflation	<u>11,175.30</u>	<u>22,350.60</u>	<u>33,525.90</u>	<u>44,701.20</u>	<u>55,876.50</u>	<u>67,051.80</u>



**Town of Sunman**  
**Sewer Works**  
**Typical Residential Billing Schedule**

<u>Gallons</u>	<u>Current Rates [1]</u>	<u>Without Project</u>	<u>Without OCRA With SRF Loan 10-Year Loan</u>	<u>With OCRA With SRF Loan 8-Year Loan</u>
1,000	\$ 20.90	\$ 24.56	\$ 26.21	\$ 26.58
2,000	20.90	24.56	26.21	26.58
3,000	20.90	24.56	26.21	26.58
[2] <b>4,000</b>	<b>26.80</b>	<b>31.49</b>	<b>33.61</b>	<b>34.09</b>
5,000	33.50	39.36	42.01	42.61
6,000	40.20	47.23	50.41	51.13
7,000	46.90	55.10	58.81	59.65
8,000	53.60	62.98	67.21	68.17
9,000	60.30	70.85	75.62	76.70
10,000	67.00	78.72	84.02	85.22
11,000	73.70	86.59	92.42	93.74
12,000	80.40	94.46	100.82	102.26
13,000	87.10	102.34	109.22	110.78
14,000	93.80	110.21	117.63	119.30
15,000	100.50	118.08	126.03	127.83

[1] Per ordinance 2017-5, effective for January 1, 2018 water usage.

[2] IDEM Considers 4000 gallons of Water Usage Per Month to be the Typical Usage for Residential Users.

**Town of Sunman**  
**Sewer Works**  
Calculation of Transfers and Accruals for the Clerk Treasurer

	<u>Annual</u>	<u>Monthly</u>
Transfer to Depreciation	\$ <u>27,270.44</u>	\$ <u>2,272.54</u>
Transfer to Bond & Interest - Current Bonds	\$ <u>38,700.00</u>	\$ <u>3,225.00</u>
Transfer to Bond & Interest - New Bonds	\$ <u>17,405.00</u>	\$ <u>1,450.42</u>
Transfer to Debt Reserve - New Bonds	\$ <u>3,481.00</u>	\$ <u>290.08</u>

# Appendix A

COPY

ORDINANCE NO. 2006-2

SEWER RATE ORDINANCE

An Ordinance amending and restating a schedule of rates and charges to be collected by the Town of Sunman from the owners of property served by the sewage works of Said Town, and other matters connected therewith.

**WHEREAS**, the Town has heretofore constructed and has in operation a sewage works for the purpose of collecting and disposing of the sewage of the Town in a sanitary manner; and,

**WHEREAS**, the Town adopted Ordinance No. 5-93 setting a schedule of rates and charges, and,

**WHEREAS**, the Town has had prepared an accounting report to analyze revenue currently generated by existing rates and charges and current new requirements; and,

**WHEREAS**, it is necessary to establish an amended and restated schedule of rates and charges so as to produce sufficient revenue to pay expenses of maintenance and operation, to provide funds for necessary replacements and improvements to the sewage works, and to pay the principal and interest on the revenue bonds in accordance with the applicable bond ordinance, all in a manner in accordance with the guidelines of the EPA; now, therefore,

**Be it Ordained by the Town Council of the Town of Sunman, Indiana:**

**Section 1. Effective September 1, 2006.** For the use of the service rendered by the sewage works, rates and charges shall be collected from the owners of each and every lot, parcel of real estate, or building that is connected with the Town sanitary system or otherwise discharges sanitary sewage, industrial wastes, water, or other liquids, either directly or indirectly, into the sanitary sewage system of the Town of Sunman. Such rates and charges include user charges, debt service costs, excessive strength surcharges, and other service charges, which rates and charges shall be payable as hereinafter provided and shall be in an amount determined as follows:

(A) The sewage rates and charges shall be based on the quantity of water used on or in the property or premises subject to such rates and charges as the same may be measured by the water meter there in use, plus a base charge based on the size of water meter installed, except as herein otherwise provided. For the purpose of billing and collecting the charges for sewage service, the water meters shall be read monthly and the users shall be billed each month (or period equaling a month). The water usage schedule on which the amount of said rates and charges shall be determined is as follows:

(1) Treatment rate per 1000 gallons of usage per month:

All users	\$6.31
-----------	--------

plus;

(2) Base rate per month:

<u>Meter Size:</u>	
5/8" - 3/4"	\$19.70
1"	47.40
1 1/4 "	75.00
1 1/2"	108.20
2"	185.55
3"	426.30
4"	738.45
6"	1,678.35

(B) For users of the sewage works that are unmetered water users, or accurate meter readings are not available, the monthly charge shall be determined by equivalent single-family dwelling units, except as herein provided. Sewage service bills shall be rendered once each month (or period equaling a month). The schedule on which said rates and charges will be determined is as follows:

Monthly Residential Rate:	
Single-family residence/unit*	\$41.15

\*For users that do not meet the above category, their treatment rate will be based on applying the metered rates to estimated usage as determined by the council on an individual basis.

**Section 2. Effective August 1, 2007.** For the use of the service rendered by the sewage works, rates and charges shall be collected from the owners of each and every lot, parcel of real estate, or building that is connected with the Town sanitary system or otherwise discharges sanitary sewage, industrial wastes, water, or other liquids, either directly or indirectly, into the sanitary sewage system of the Town of Sunman. Such rates and charges include user charges, debt service costs, excessive strength surcharges, and other service charges, which rates and charges shall be payable as hereinafter provided and shall be in an amount determined as follows:

(A) The sewage rates and charges shall be based on the quantity of water used on or in the property or premises subject to such rates and charges as the same may be measured by the water meter there in use, plus a base charge based on the size of water meter installed, except as herein otherwise provided. For the purpose of billing and collecting the charges for sewage service, the water meters shall be read monthly and the users shall be billed each month (or period equaling a month). The water usage schedule on which the amount of said rates and charges shall be determined is as follows:

(1) Treatment rate per 1000 gallons of usage per month:

All users	\$6.50
-----------	--------

plus;

(2) Base rate per month:

<u>Meter Size:</u>	
5/8" - 3/4"	\$20.30
1"	48.80
1 1/4 "	77.25
1 1/2"	111.45
2"	191.10
3"	439.10
4"	760.60
6"	1,728.70

(B) For users of the sewage works that are unmetered water users, or accurate meter readings are not available, the monthly charge shall be determined by equivalent single-family dwelling units, except as herein provided. Sewage service bills shall be rendered once each month (or period equaling a month). The schedule on which said rates and charges will be determined is as follows:

Monthly Residential Rate:	
Single-family dwelling unit	\$42.40

\*For users that do not meet the above category, their treatment rate will be based on applying the metered rates to estimated usage as determined by the council on an individual basis.

**Section 3. Effective August 1, 2008.** For the use of the service rendered by the sewage works, rates and charges shall be collected from the owners of each and every lot, parcel of real estate, or building that is connected with the Town sanitary system or otherwise discharges sanitary sewage, industrial wastes, water, or other liquids, either directly or indirectly, into the sanitary sewage system of the Town of Sunman. Such rates and charges include user charges, debt service costs, excessive strength surcharges, and other service charges, which rates and charges shall be payable as hereinafter provided and shall be in an amount determined as follows:

(A) The sewage rates and charges shall be based on the quantity of water used on or in the property or premises subject to such rates and charges as the same may be measured by the water meter there in use, plus a base charge based on the size of water meter installed, except as herein otherwise provided. For the purpose of billing and collecting the charges for sewage service, the water meters shall be read monthly and the users shall be billed each month (or period equaling a month). The water usage schedule on which the amount of said rates and charges shall be determined is as follows:

(1) Treatment rate per 1000 gallons of usage per month:

All users	\$ 6.70
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plus;

(2) Base rate per month:

<u>Meter Size</u>	
5/8" - 3/4"	\$20.90
1"	50.25
1 1/4 "	79.55
1 1/2"	114.80
2"	196.85
3"	452.30
4"	783.40
6"	1,780.55

(B) For users of the sewage works that are unmetered water users, or accurate meter readings are not available, the monthly charge shall be determined by equivalent single-family dwelling units, except as herein provided. Sewage service bills shall be rendered once each month (or period equaling a month). The schedule on which said rates and charges will be determined is as follows:

Monthly Residential Rate:	
Single-family dwelling unit	\$43.70

\*For users that do not meet the above category, their treatment rate will be based on applying the metered rates to estimated usage as determined by the council on an individual basis.

**Section 4.** In order that the rates and charges may be justly and equitably adjusted to the service rendered to users, the Town shall base its charges not only on the volume, but also on strength and characters of the stronger-than-normal domestic sewage and wastes which it is required to treat and dispose of. The Town shall require the user to determine the strength and content of all sewage and wastes discharged, either directly or indirectly into the sanitary sewage system, in such manner, by such method, and at such times as the Town may deem practicable in light of the conditions and attending circumstances of the case, in order to determine the proper charge. The user shall furnish a central sampling point available to the Town at all times.

(a) Normal sewage domestic waste strength should not exceed a biochemical oxygen demand of 250 milligrams per liter of fluid, or suspended solids in excess of 250 milligrams per liter of fluid. Additional charges for treating stronger-than-normal domestic waste shall be made on the following basis:

(1) Rate Surcharge Based Upon Suspended Solids

There shall be an additional charge per pound of suspended solids for suspended solids received in excess of 250 milligrams per liter of fluids:

Effective	Effective	Effective
<u>Sept. 1, 2006</u>	<u>Aug. 1, 2007</u>	<u>Aug. 1, 2008</u>
\$0.36	\$0.37	\$0.38

(2) Rate Surcharge Based Upon BOD


There shall be an additional charge per pound of biochemical oxygen demand for BOD received in excess of 250 milligram per liter of fluid:

<u>Effective</u> <u>Sept. 1, 2006</u>	<u>Effective</u> <u>Aug. 1, 2007</u>	<u>Effective</u> <u>Aug. 1, 2008</u>
\$0.36	\$0.37	\$0.38

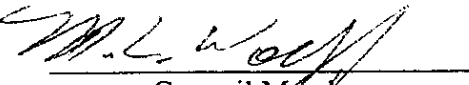
- (b) The determination of Suspended Solids and Biochemical Oxygen Demand, contained in the waste shall be in accordance with the latest copy of "Standard Methods for the Elimination of Water, Sewage, and Industrial Wastes" as written by the American Public Health association, the American Waterworks Association, and the Water Pollution Control Federation, and in accordance with "Guidelines Establishing Test Procedures for Analysis of Pollutants", 40 CFR, Part 136.

**Section 5.** This Ordinance shall be in full force and effect from and after its passage, approval, recording, and publication as provided by law. All ordinances and parts of ordinances in conflict herewith and are hereby repeated.

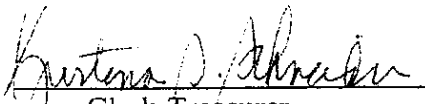
PASSED AND ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF SUNMAN on the 17<sup>th</sup> day of August, 2006.

  
\_\_\_\_\_  
Council Member

  
\_\_\_\_\_  
Council Member

  
\_\_\_\_\_  
Council Member

ATTESTED BY:

  
\_\_\_\_\_  
Clerk-Treasurer