

# **Town Of Sunman**

## **Municipal Water Utility**

### **Preliminary Water User Fee Study**

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September 2021

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Appendix A - Previous Water 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 Water 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 five alternative water rate increases. These are: Breakeven rates with no project and two alternatives each for rates with the project under both the SRF and RD loan programs.

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 Water User Fees

The water 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 water rates and charges rests solely with the Town Council (although various sections of the Indiana Code do provide a framework within which municipal water 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 water 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 water utility has no outstanding debt.

### 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 water 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 five levels of rate increases, breakeven rates, rates with the project and SRF financing both with and without grants, and rates with the project and RD financing both with and without grants.

### 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 water 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 water 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 water 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 water bills only and will not affect the bill for wastewater, 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 25 (along with the debt service coverage calculations on page 26).

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 29.

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 25 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 Water 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**  
**Waterworks**  
**Analysis of Cash Operating Fund**

		Cash Operating Fund	Investments	Cash Operating Total
<u>Balance December 31, 2014</u>	Per Gateway Reports	\$ 54,864.44	\$ -	\$ 54,864.44
<u>Year 2015</u>				
Receipts	Per Gateway Reports	212,216.13	-	212,216.13
Disbursements	Per Gateway Reports	(132,270.30)	-	(132,270.30)
<u>Balance December 31, 2015</u>	Per Gateway Reports	\$ 134,810.27	\$ -	\$ 134,810.27
<u>Year 2016</u>				
Receipts	Per Gateway Reports	186,898.55	-	186,898.55
Disbursements	Per Gateway Reports	(126,544.67)	-	(126,544.67)
<u>Balance December 31, 2016</u>	Per Gateway Reports	\$ 195,164.15	\$ -	\$ 195,164.15
<u>Year 2017</u>				
Receipts	Per Gateway Reports	185,484.97	-	185,484.97
Disbursements	Per Gateway Reports	(133,244.67)	-	(133,244.67)
<u>Balance December 31, 2017</u>	Per Gateway Reports	\$ 247,404.45	\$ -	\$ 247,404.45
<u>Year 2018</u>				
Receipts	Per Gateway Reports	138,914.35	-	138,914.35
Disbursements	Per Gateway Reports	(332,832.63)	-	(332,832.63)
<u>Balance December 31, 2018</u>	Per Gateway Reports	\$ 53,486.17	\$ -	\$ 53,486.17
<u>Year 2019</u>				
Receipts	Per Gateway Reports	222,497.60	-	222,497.60
Disbursements	Per Gateway Reports	(182,270.42)	-	(182,270.42)
<u>Balance December 31, 2019</u>	Per Gateway Reports	\$ 93,713.35	\$ -	\$ 93,713.35
<u>Year 2020</u>				
Receipts	Per Gateway Reports	159,156.24	-	159,156.24
Disbursements	Per Gateway Reports	(182,504.15)	-	(182,504.15)
<u>Balance December 31, 2020</u>	Per Gateway Reports	\$ 70,365.44	\$ -	\$ 70,365.44

**Town of Sunman**  
**Waterworks**  
**Analysis of OP Cash Fund**

		OP Cash Fund	Investments	OP Cash 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	250.00	-	250.00
Disbursements	Per Gateway Reports	-	-	-
		-	-	-
<u>Balance December 31, 2020</u>	Per Gateway Reports	\$ 250.00	\$ -	\$ 250.00



**Town of Sunman**  
**Waterworks**  
**Analysis of Meter Deposit Fund**

		Meter Deposit Fund	Investments	Meter Deposit Total
<u>Balance December 31, 2014</u>	Per Gateway Reports	\$ 39,591.47	\$ -	\$ 39,591.47
<u>Year 2015</u>				
Receipts	Per Gateway Reports	3,550.00	-	3,550.00
Disbursements	Per Gateway Reports	(1,050.00)	-	(1,050.00)
<u>Balance December 31, 2015</u>	Per Gateway Reports	\$ 42,091.47	\$ -	\$ 42,091.47
<u>Year 2016</u>				
Receipts	Per Gateway Reports	3,950.00	-	3,950.00
Disbursements	Per Gateway Reports	(498.34)	-	(498.34)
<u>Balance December 31, 2016</u>	Per Gateway Reports	\$ 45,543.13	\$ -	\$ 45,543.13
<u>Year 2017</u>				
Receipts	Per Gateway Reports	4,825.00	-	4,825.00
Disbursements	Per Gateway Reports	(948.76)	-	(948.76)
<u>Balance December 31, 2017</u>	Per Gateway Reports	\$ 49,419.37	\$ -	\$ 49,419.37
<u>Year 2018</u>				
Receipts	Per Gateway Reports	3,745.36	-	3,745.36
Disbursements	Per Gateway Reports	(1,251.10)	-	(1,251.10)
<u>Balance December 31, 2018</u>	Per Gateway Reports	\$ 51,913.63	\$ -	\$ 51,913.63
<u>Year 2019</u>				
Receipts	Per Gateway Reports	4,514.19	-	4,514.19
Disbursements	Per Gateway Reports	(4,567.27)	-	(4,567.27)
<u>Balance December 31, 2019</u>	Per Gateway Reports	\$ 51,860.55	\$ -	\$ 51,860.55
<u>Year 2020</u>				
Receipts	Per Gateway Reports	3,575.00	-	3,575.00
Disbursements	Per Gateway Reports	(1,718.06)	-	(1,718.06)
<u>Balance December 31, 2020</u>	Per Gateway Reports	\$ 53,717.49	\$ -	\$ 53,717.49

**Town of Sunman**  
**Waterworks**  
**Analysis of Debt Reserve**

		Debt Reserve <u>Fund</u>	<u>Investments</u>	Debt Reserve <u>Total</u>
<u>Balance December 31, 2014</u>	Per Gateway Reports	\$ 900.00	\$ -	\$ 900.00
<u>Year 2015</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2015</u>	Per Gateway Reports	\$ 900.00	\$ -	\$ 900.00
<u>Year 2016</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2016</u>	Per Gateway Reports	\$ 900.00	\$ -	\$ 900.00
<u>Year 2017</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2017</u>	Per Gateway Reports	\$ 900.00	\$ -	\$ 900.00
<u>Year 2018</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2018</u>	Per Gateway Reports	\$ 900.00	\$ -	\$ 900.00
<u>Year 2019</u>				
Receipts	Per Gateway Reports	3,617.33	-	3,617.33
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2019</u>	Per Gateway Reports	\$ 4,517.33	\$ -	\$ 4,517.33
<u>Year 2020</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2020</u>	Per Gateway Reports	\$ 4,517.33	\$ -	\$ 4,517.33

**Town of Sunman**  
**Waterworks**  
**Analysis of Bond & Interest Fund**

		B&I Fund	Investments	B&I Total
<u>Balance December 31, 2014</u>	Per Gateway Reports	\$ (9,860.91)	\$ -	\$ (9,860.91)
<u>Year 2015</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	(38,350.00)	-	(38,350.00)
<u>Balance December 31, 2015</u>	Per Gateway Reports	\$ (48,210.91)	\$ -	\$ (48,210.91)
<u>Year 2016</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	(38,850.00)	-	(38,850.00)
<u>Balance December 31, 2016</u>	Per Gateway Reports	\$ (87,060.91)	\$ -	\$ (87,060.91)
<u>Year 2017</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	(38,250.00)	-	(38,250.00)
<u>Balance December 31, 2017</u>	Per Gateway Reports	\$ (125,310.91)	\$ -	\$ (125,310.91)
<u>Year 2018</u>				
Receipts	Per Gateway Reports	183,335.91	-	183,335.91
Disbursements	Per Gateway Reports	(38,600.00)	-	(38,600.00)
<u>Balance December 31, 2018</u>	Per Gateway Reports	\$ 19,425.00	\$ -	\$ 19,425.00
<u>Year 2019</u>				
Receipts	Per Gateway Reports	-	-	-
Disbursements	Per Gateway Reports	(38,850.00)	-	(38,850.00)
<u>Balance December 31, 2019</u>	Per Gateway Reports	\$ (19,425.00)	\$ -	\$ (19,425.00)
<u>Year 2020</u>				
Receipts	Per Gateway Reports	19,425.00	-	19,425.00
Disbursements	Per Gateway Reports	-	-	-
<u>Balance December 31, 2020</u>	Per Gateway Reports	\$ -	\$ -	\$ -

**Town of Sunman**  
**Waterworks**  
**Analysis of Const/State Money Fund**

		Const/State Money		Const/State Money
		<u>Fund</u>	<u>Investments</u>	<u>Total</u>
<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	_____	_____	_____
Balance December 31, 2017	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**  
**Waterworks**  
**Summary of Fund Balances**

<u>Date</u>	<u>OP Cash Fund</u>	<u>Meter Deposit Fund</u>	<u>Cash Operating Fund</u>	<u>Bond &amp; Interest Fund</u>	<u>Debt Reserve Fund</u>	<u>Total</u>
12/31/14	\$ -	\$ 39,591.47	\$ 54,864.44	\$ (9,860.91)	\$ 900.00	\$ 85,495.00
12/31/15	\$ -	\$ 42,091.47	\$ 134,810.27	\$ (48,210.91)	\$ 900.00	\$ 129,590.83
12/31/16	\$ -	\$ 45,543.13	\$ 195,164.15	\$ (87,060.91)	\$ 900.00	\$ 154,546.37
12/31/17	\$ -	\$ 49,419.37	\$ 247,404.45	\$ (125,310.91)	\$ 900.00	\$ 172,412.91
12/31/18	\$ -	\$ 51,913.63	\$ 53,486.17	\$ 19,425.00	\$ 900.00	\$ 125,724.80
12/31/19	\$ -	\$ 51,860.55	\$ 93,713.35	\$ (19,425.00)	\$ 4,517.33	\$ 130,666.23
12/31/20	\$ 250.00	\$ 53,717.49	\$ 70,365.44	\$ -	\$ 4,517.33	\$ 128,850.26

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

<u>Operating Receipts</u>	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>
Water Receipts	\$ 137,094.61	\$ 222,346.09	\$ 138,740.23	\$ 185,324.97
Fire Protection	-	-	-	-
Interest Earned on Investments	72.01	151.51	174.12	160.00
Transfers	-	-	-	-
Penalties	-	-	-	-
Reconnect	-	-	-	-
Miscellaneous	1,978.37	-	-	-
Other	20,011.25	-	-	-
Refunds and Reimbursements	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Operating Receipts</b>	<b>\$ 159,156.24</b>	<b>\$ 222,497.60</b>	<b>\$ 138,914.35</b>	<b>\$ 185,484.97</b>

**Town of Sunman**  
**Waterworks**  
**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	\$ 90,913.99	\$ 82,819.69	\$ 68,620.35	\$ 49,209.89
Equipment	-	-	-	-
Insurance	22,778.48	41,414.24	17,909.99	31,425.99
Pensions and Benefits	10,462.72	11,462.19	7,192.17	5,919.88
Bad Debt	-	-	-	-
Chemicals	-	-	-	-
Materials and Supplies	8,309.26	-	-	-
Office Supplies	-	-	-	-
Construction	-	-	-	-
Workers Comp	-	-	-	-
Liability Insurance	-	-	-	-
Contractual	-	-	-	-
Purchased Power	-	-	-	-
Repairs	-	-	-	-
Transfers Out	19,425.00	-	183,335.91	-
Purchased Treatment	-	-	-	-
Sludge Removal	-	-	-	-
Other Disbursements	17,898.49	37,264.93	46,475.00	37,473.01
Machinery and Equipment	-	-	-	-
Fuel	-	-	-	-
Other	<u>12,716.21</u>	<u>9,309.37</u>	<u>9,299.21</u>	<u>9,215.90</u>
<b>Total Operating Disb.</b>	<b>\$ <u>182,504.15</u></b>	<b>\$ <u>182,270.42</u></b>	<b>\$ <u>332,832.63</u></b>	<b>\$ <u>133,244.67</u></b>
<b>Net Operating Receipts</b>	<b>\$ <u>(23,347.91)</u></b>	<b>\$ <u>40,227.18</u></b>	<b>\$ <u>(193,918.28)</u></b>	<b>\$ <u>52,240.30</u></b>

**Town of Sunman**  
**Waterworks**  
**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	\$ 19,425.00	\$ 3,617.33	\$ 183,335.91	\$ -
Meter Deposit	3,575.00	4,514.19	3,745.36	4,825.00
Transfers - Improvement	-	-	-	-
Transfer - Replacement	-	-	-	-
Cash Fund	<u>250.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Receipts	<u>\$ 23,250.00</u>	<u>\$ 8,131.52</u>	<u>\$ 187,081.27</u>	<u>\$ 4,825.00</u>
<b><u>Non-Operating Disbursements</u></b>				
Bond and Interest Payments	\$ -	\$ 38,850.00	\$ 38,600.00	\$ 38,250.00
Depreciation Fund Disbursements	-	-	-	-
Debt Reserve Disbursements	-	-	-	-
BAN - Legal	-	-	-	-
BAN - Engineering	-	-	-	-
BAN - Professional	-	-	-	-
Meter Deposit Disbursements	<u>1,718.06</u>	<u>4,567.27</u>	<u>1,251.10</u>	<u>948.76</u>
Total Non-Operating Disbursements	<u>\$ 1,718.06</u>	<u>\$ 43,417.27</u>	<u>\$ 39,851.10</u>	<u>\$ 39,198.76</u>
Net Receipts	<u>\$ (1,815.97)</u>	<u>\$ 4,941.43</u>	<u>\$ (46,688.11)</u>	<u>\$ 17,866.54</u>



**Town of Sunman**  
**Waterworks**  
**Schedule of Present and Proposed Rates and Charges**

<u>Metered Rates</u>	<u>Present</u>	<u>Proposed</u>	<u>Difference</u>	
	<u>Rates [1]</u>	<u>Rates</u>	<u>Amount</u>	<u>Percent</u>
<u>Monthly Water Volume Rate [1]</u>				
First 2,500 gallons	\$ 7.68	\$ 10.68	\$ 3.00	39.06%
Next 2,500 gallons	6.75	9.39	2.64	39.11%
Next 5,000 gallons	5.76	8.01	2.25	39.06%
Next 10,000 gallons	4.78	6.65	1.87	39.12%
Next 80,000 gallons	3.70	5.15	1.45	39.19%
Over 100,000 gallons	2.57	3.58	1.01	39.30%
<u>Minimum Charge Per Month [1]</u>				
5/ 8 inch water meter	\$ 19.20	\$ 26.71	\$ 7.51	39.11%
3/ 4 inch water meter	19.20	26.71	7.51	39.11%
1 inch water meter	40.00	55.65	15.65	39.13%
1-1/2 inch water meter	-	-	-	#DIV/0!
2 inch water meter	101.79	141.61	39.82	39.12%
3 inch water meter	-	-	-	#DIV/0!
4 inch water meter	240.41	334.46	94.05	39.12%
6 inch water meter	429.13	597.00	167.87	39.12%
<u>Public Fire Protection</u>				
Municipal Hydrants - Per Annum	\$ 4,840.00	7,477.80	\$ 2,637.80	54.50%
Private Hydrants - Per Hydrant	360.00	500.83	140.83	39.12%
<u>Bulk Water</u>				
Bulk Water - Price per 100 Gallon	\$ 1.00	1.39	\$ 0.39	39.00%
<u>Tap Fee for Water</u>				
Per Residential Connection	\$ -	\$ -	\$ -	#DIV/0!
Per Non-Residential Connection	Actual Cost Of Making The Connection But Not Less Than Residential Connection.			
<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>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 2006-3 , approved August 17, 2006.

**Town of Sunman**  
**Waterworks**  
**Bond Amortization Schedule**

<u>Day</u>	<u>Year</u>	<u>Amount</u> <u>Outstanding</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u> <u>Expense</u>	<u>Annual</u> <u>Debt Service</u>
2017	1-Jan	\$ -	\$ -	0.00%	\$ -	\$ -
2018	1-Jan	-	-	0.00%	-	-
2019	1-Jan	-	-	0.00%	-	-
2020	1-Jan	-	-	0.00%	-	-
2021	1-Jan	-	-	0.00%	-	-
2022	1-Jan	-	-	0.00%	-	-
2023	1-Jan	-	-	0.00%	-	-
2024	1-Jan	-	-	0.00%	-	-
2025	1-Jan	-	-	0.00%	-	-
2026	1-Jan	-	-	0.00%	-	-
2027	1-Jan	-	-	0.00%	-	-
2028	1-Jan	-	-	0.00%	-	-
2029	1-Jan	-	-	0.00%	-	-
2030	1-Jan	-	-	0.00%	-	-
2031	1-Jan	-	-	0.00%	-	-
2032	1-Jan	-	-	0.00%	-	-
2033	1-Jan	-	-	0.00%	-	-
2034	1-Jan	-	-	0.00%	-	-
2035	1-Jan	-	-	0.00%	-	-
2036	1-Jan	-	-	0.00%	-	-
2037	1-Jan	-	-	0.00%	-	-
2038	1-Jan	-	-	0.00%	-	-
2039	1-Jan	-	-	0.00%	-	-
2040	1-Jan	-	-	0.00%	-	-
2041	1-Jan	-	-	0.00%	-	-
2042	1-Jan	-	-	0.00%	-	-
2043	1-Jan	-	-	0.00%	-	-
<b>Total</b>			<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>

No outstanding debt for the water utility

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

<u>2021</u>	<u>Residential</u> <u>Charges</u>	<u>Water Salesmen</u> <u>Fees</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Refunds</u>	<u>Total</u>
January	\$ 13,823.76	\$ 1,797.75	\$ 6.29	\$ 3,177.93	-	\$ 18,805.73
February	27,906.27	1,283.00	5.34	-	-	29,194.61
March	19,769.16	908.75	6.09	150.00	-	20,834.00
April	14,974.39	1,413.25	12.31	-	-	16,399.95
May	15,515.52	683.50	6.19	214.20	-	16,419.41
June	12,784.77	2,646.50	-	-	-	15,431.27
July	15,682.09	1,457.50	-	-	-	17,139.59
<b>Total</b>	<b>\$ 120,455.96</b>	<b>\$ 10,190.25</b>	<b>\$ 36.22</b>	<b>\$ 3,542.13</b>	<b>\$ -</b>	<b>\$ 134,224.56</b>
<b>Percentage</b>	<b>89.74%</b>	<b>7.59%</b>	<b>0.03%</b>	<b>2.64%</b>	<b>0.00%</b>	<b>100.00%</b>

<u>2020</u>	<u>Residential</u> <u>Charges</u>	<u>Water Salesmen</u> <u>Fees</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Refunds</u>	<u>Total</u>
January	\$ 12,365.08	\$ 975.75	\$ 11.71	\$ (11,860.47)	\$ -	\$ 1,492.07
February	<u>adjust</u> 3,715.12	513.25	-	-	-	4,228.37
March	11,410.92	584.50	7.84	-	-	12,003.26
April	12,134.22	549.00	5.63	188.27	-	12,877.12
May	14,750.57	766.50	5.77	-	-	15,522.84
June	<u>adjust</u> -	3,319.00	5.59	11,564.89	-	14,889.48
July	11,483.52	3,070.00	5.78	-	-	14,559.30
August	14,799.50	2,717.25	5.81	800.00	-	18,322.56
September	12,349.29	2,819.00	5.66	-	-	15,173.95
October	13,034.10	2,888.00	5.95	-	-	15,928.05
November	14,818.21	214.50	6.00	-	-	15,038.71
December	16,234.08	1,594.50	6.27	1,285.68	-	19,120.53
<b>Total</b>	<b>\$ 137,094.61</b>	<b>\$ 20,011.25</b>	<b>\$ 72.01</b>	<b>\$ 1,978.37</b>	<b>\$ -</b>	<b>\$ 159,156.24</b>
<b>Percentage</b>	<b>86.14%</b>	<b>12.57%</b>	<b>0.05%</b>	<b>1.24%</b>	<b>0.00%</b>	<b>100.00%</b>

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

		<u>Number of Customers</u>
July	2021	424
December	2020	
December	2019	
December	2018	
December	2017	
December	2016	

**Town of Sunman  
Waterworks  
2020 Largest Customers**

**I Largest Water Users**

<u>Customer</u>	<u>Water Consumption</u>	<u>Water Bill</u>	<u>Water Billing Percentage</u>
1 Weber Bros, Farm	905,000	\$ 3,661.74	2.67%
2 Ostendorf, Aaron	822,990	2,304.31	1.68%
3 Loos, Jack	818,350	3,399.19	2.48%
4 L&R Property	602,510	2,620.42	1.91%
5 Raintree	571,000	2,506.57	1.83%
6 Sunman Elementary	379,720	1,993.19	1.45%
7 Woolum Rentals	319,530	1,601.64	1.17%
8 Sunman American Le	216,500	1,169.02	0.85%
9 Concepts, Industrial	206,600	1,078.38	0.79%
10 Sunman IGA	205,510	1,149.97	0.84%
11 McPherson, Thomas	147,900	884.25	0.64%
12 Laudick Trucking	145,630	875.75	0.64%
13 B&G Dairy Bar	135,800	809.32	0.59%
14 Rogers, Terriann	130,100	784.94	0.57%
15 Smith, Sheryl	128,790	798.23	0.58%
16 MHP Investors	116,750	736.21	0.54%
17 Classic Pizza	116,390	733.38	0.53%
18 Knueven, Randy	114,460	703.87	0.51%
<b>Total</b>	<b>6,083,530</b>	<b>\$ 27,810.38</b>	<b>20.29%</b>
<b>Total Town (2020)</b>			<b>\$ 137,094.61</b>

<b>II <u>Average Water Usage (July 2021)</u></b>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>
Total Usage (July 2021)	1,199,250	271,500	35,530	228,230	1,734,510
Total Customers (July 2021)	366	\$ 28.00	\$ 11.00	\$ 19.00	424
Average Monthly Bill	3,277	9,696	3,230	12,012	4,091

**Town of Sunman**  
**Waterworks**  
**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>4,632,000.00</u>	[1]

[1] Per HWC project cost estimate. 7-14-2021

**Town of Sunman**  
**Waterworks**  
**Estimated Sources and Uses of Funds Statement**

<u>Estimated Sources of Funds</u>		<u>Without OCRA</u>	<u>With OCRA</u>	<u>Without OCRA</u>	<u>With OCRA</u>
		<u>With SRF Loan</u>	<u>With SRF Loan</u>	<u>With RD Loan</u>	<u>With RD Loan</u>
		<u>No Grant</u>	<u>Est. Grant</u>	<u>No Grant</u>	<u>Est. Grant</u>
Bond Financing		\$ 4,632,000	\$ 2,432,000	\$ 4,632,000	\$ 2,432,000
Estimated OCRA Grant	[1]	-	700,000	-	700,000
Estimated SRF/RD/SWIF Grant	[2]	-	1,500,000	-	1,500,000
Fund on Hand		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Estimated Sources of Funds</b>		<b>\$ 4,632,000</b>	<b>\$ 4,632,000</b>	<b>\$ 4,632,000</b>	<b>\$ 4,632,000</b>
<u>Estimated Uses of Funds</u>					
Construction Costs		\$ -	\$ -	\$ -	\$ -
Construction Contingency		-	-	-	-
Land Acquisition		-	-	-	-
Non Construction		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Estimated Uses of Funds</b>		<b>4,632,000</b>	<b>\$ 4,632,000</b>	<b>\$ 4,632,000</b>	<b>\$ 4,632,000</b>

[1] Per OCRA grant award letter

[2] Per SRF

Median Household Income for 2019 =

**Town of Sunman**  
**Waterworks**  
**Estimated Financing Parameters**

		<u>Without OCRA With SRF Loan</u>	<u>With OCRA With SRF Loan</u>	<u>Without OCRA With RD Loan</u>	<u>With OCRA With RD Loan</u>
Estimated Financing Amount		\$ <u>4,632,000</u>	\$ <u>2,432,000</u>	\$ <u>4,632,000</u>	\$ <u>2,432,000</u>
Estimated Interest Rate	[1]	<u>2.000%</u>	<u>2.000%</u>	<u>1.250%</u>	<u>1.250%</u>
Estimated Loan Term	(in years)	<u>20.00</u>	<u>20.00</u>	<u>40.00</u>	<u>40.00</u>
Estimated Annual Debt Service Payment		\$ <u>283,277.92</u>	\$ <u>148,733.14</u>	\$ <u>147,859.99</u>	\$ <u>77,632.88</u>
Estimated Annual Debt Service Reserve Payment		\$ <u>56,655.58</u>	\$ <u>29,746.63</u>	\$ <u>14,786.00</u>	\$ <u>7,763.29</u>
Estimated Annual Total DS & DSR Payment		\$ <u>339,933.50</u>	\$ <u>178,479.77</u>	\$ <u>162,645.99</u>	\$ <u>85,396.17</u>

[1] Interest rate available from SRF and RD from July 1 to September 30, 2021



**Town of Sunman**  
**Waterworks**  
**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 the loan program chosen and the grants received.

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

	Year Ended	
	<u>12/31/20</u>	
<u>Operating Receipts</u>		
Water Collections-Residential	\$ 137,094.61	
Water Sales - Bulk Water	20,011.25	
Interest	72.01	
Miscellaneous	1,978.37	
Refunds	-	
	<u>-</u>	
Total Operating Receipts	<u>\$ 159,156.24</u>	<u>Ties to Gateway records</u>
 <u>Operating Disbursements</u>		
Wages	90,913.99	
Soc Sec/Medicare	6,967.79	
Retirement	3,494.93	
Materials & Supplies	8,309.26	
Testing	1,331.85	
Sales Tax	10,075.54	
Insurance	22,778.48	
Gas, Elec, Tele, Wifi	12,716.21	
Miscellaneous	6,491.10	
Interfund Operating Transfers	19,425.00	
Transportation	-	
Other Operating	-	
Other	-	
Transfers	-	
Other	-	
Chemicals	<u>-</u>	
Total Operating Disbursements	<u>\$ 182,504.15</u>	<u>Ties to Gateway records</u>
Net Operating Receipts	<u>\$ (23,347.91)</u>	

Per Town internal financial records

**Town of Sunman**  
**Waterworks**  
**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>
Water Collections-Residential	\$ 137,094.61	\$ 14,025.15	\$ 151,119.76	-	\$ 151,119.76	1,9
Water Sales - Bulk Water	20,011.25	-	20,011.25	-	20,011.25	9
Interest	72.01	(72.01)	-	-	-	2
Miscellaneous	1,978.37	(1,978.37)	-	-	-	3
Refunds	-	-	-	-	-	
Other	-	-	-	-	-	
<b>Total Operating Receipts</b>	<b>\$ 159,156.24</b>	<b>\$ 11,974.77</b>	<b>\$ 171,131.01</b>	<b>\$ -</b>	<b>\$ 171,131.01</b>	

**Town of Sunman**  
**Waterworks**  
**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	\$ 90,913.99	\$ 2,727.42	\$ 93,641.41	\$ -	\$ 93,641.41	4
Soc Sec/Medicare	6,967.79	209.03	7,176.82	-	7,176.82	5
Retirement	3,494.93	104.85	3,599.78	-	3,599.78	6
Materials & Supplies	8,309.26	-	8,309.26	-	8,309.26	
Testing	1,331.85	-	1,331.85	-	1,331.85	
Sales Tax	10,075.54	(10,075.54)	-	-	-	7
Insurance	22,778.48	-	22,778.48	-	22,778.48	
Gas, Elec, Tele, Wifi	12,716.21	-	12,716.21	-	12,716.21	
Miscellaneous	6,491.10	-	6,491.10	-	6,491.10	
Interfund Operating Transfers	19,425.00	(19,425.00)	-	-	-	8
Transportation	-	-	-	-	-	
Other Operating	-	-	-	-	-	
Other	-	-	-	-	-	
Transfers	-	-	-	-	-	
Other	-	-	-	-	-	
Chemicals	-	-	-	-	-	
Additional O&M for Project	-	-	-	-	-	
<b>Total</b>	<b>\$ 182,504.15</b>	<b>\$ (26,459.24)</b>	<b>\$ 156,044.91</b>	<b>\$ -</b>	<b>\$ 156,044.91</b>	
<b>Net Operating Receipts</b>	<b>\$ (23,347.91)</b>	<b>\$ 38,434.01</b>	<b>\$ 15,086.10</b>	<b>\$ -</b>	<b>\$ 15,086.10</b>	

**Town of Sunman**  
**Waterworks**  
**Detail of Adjustments**

<u>Adjustment Number</u>	<u>Adjustment Amount</u>	<u>Reason for Adjustment</u> _____
1	\$ -	To eliminate sewer taps fees
2	(72.01)	To eliminate interest
3	(1,978.37)	To eliminate miscellaneous receipts
4	-	To eliminate refunds
5	2,727.42	To increase payroll for a wage increase
6	209.03	To increase social security for a wage increase
7	104.85	To increase retirement for a wage increase
8	-	To eliminate capital items from equipment
9	-	To eliminate transfers
10	-	To increase receipts for the increase in rates

**Town of Sunman**  
**Waterworks**  
**Revenue Requirements Statement**

<u>Revenue Requirements</u>	<u>Without Project</u>	<u>Without OCRA With SRF Loan</u>	<u>With OCRA With SRF Loan</u>	<u>Without OCRA With RD Loan</u>	<u>With OCRA With RD Loan</u>
Operation and Maintenance	\$ 156,044.91	\$ 156,044.91	\$ 156,044.91	\$ 156,044.91	\$ 156,044.91
Taxes	0.00	0.00	0.00	0.00	0.00
Working Capital	3,583.22	3,583.22	3,583.22	3,583.22	3,583.22
Extensions and Replacements	58,119.30	58,119.30	58,119.30	58,119.30	58,119.30
Debt Service - Existing Debt	0.00	0.00	0.00	0.00	0.00
Debt Service Reserve-Existing Debt	0.00	0.00	0.00	0.00	0.00
Debt Service - New Debt [1]	0.00	283,277.92	148,733.14	147,859.99	77,632.88
Debt Service Reserve-New Debt [2]	0.00	56,655.58	29,746.63	29,572.00	29,746.63
Payment in Lieu of Tax [4]	7,477.80	7,477.80	7,477.80	7,477.80	11,258.00
Return on Plant (2.0% inflation) [3]	<u>12,849.85</u>	<u>12,849.85</u>	<u>12,849.85</u>	<u>12,849.85</u>	<u>12,849.85</u>
Total Revenue Requirements	\$ 238,075.08	\$ 578,008.58	\$ 416,554.85	\$ 415,507.07	\$ 349,234.79
Less: Pro Forma Present Rate Receipts	<u>171,131.01</u>	<u>171,131.01</u>	<u>171,131.01</u>	<u>171,131.01</u>	<u>171,131.01</u>
Increase - Amount	\$ 66,944.07	\$ 406,877.57	\$ 245,423.84	\$ 244,376.06	\$ 178,103.78
Pro Forma Present Rate Oper. Receipts	<u>\$ 171,131.01</u>	<u>\$ 171,131.01</u>	<u>\$ 171,131.01</u>	<u>\$ 171,131.01</u>	<u>\$ 171,131.01</u>
Increase - Percentage Calculated	<u>39.12%</u>	<u>237.76%</u>	<u>143.41%</u>	<u>142.80%</u>	<u>104.07%</u>

[1] Debt estimated to be issued to the SRF or RD.

[2] Debt Service Reserve Revenue Requirement.

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

[4] To be paid to ter Town sop that the tpwn can pay Hydrant Rental

**Town of Sunman**  
**Waterworks**  
**Calculation of Debt Service Coverage**

<u>Calculation of Debt Service Coverage</u>	<u>Without Project</u>	<u>Without OCRA With SRF Loan</u>	<u>With OCRA With SRF Loan</u>	<u>Without OCRA With RD Loan</u>	<u>With OCRA With RD Loan</u>
Total Revenue Requirements	\$ 238,075.08	\$ 578,008.58	\$ 416,554.85	\$ 415,507.07	\$ 349,234.79
Less: Operation and Maint.	<u>(156,044.91)</u>	<u>(156,044.91)</u>	<u>(156,044.91)</u>	<u>(156,044.91)</u>	<u>(156,044.91)</u>
Receipts Available for Debt Service	\$ 82,030.17	\$ 421,963.67	\$ 260,509.94	\$ 259,462.16	\$ 193,189.88
Pro Forma Debt Service (average)	<u>0.00</u>	<u>283,277.92</u>	<u>148,733.14</u>	<u>147,859.99</u>	<u>77,632.88</u>
Debt Service Coverage (average)	<u>#DIV/0!</u>	<u>1.490</u>	<u>1.752</u>	<u>1.755</u>	<u>2.489</u>

**Town of Sunman**  
**Waterworks**  
**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	21,645	20	\$ 1,082
Water Pick Up	W	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	3,300	7	471
Lab Equipment	W	10,000	1.00	10,000	10	1,000
Pumps Well	W	12,500	4.00	50,000	7	7,143
Pumps High service	W	5,000	2.00	10,000	15	667
Well Rehab	W	8,000	4.00	32,000	5	6,400
Media Filter	W	12,000	1.00	12,000	10	1,200
Hydrants	W	4,000	15.00	60,000	20	3,000
Valves	W	250	500.00	125,000	20	6,250
Water Softening Unit	W	2,000	1.00	2,000	7	286
Master Meters	W	3,000	1.00	3,000	10	300
Chlorinator	W	1,500	1.00	1,500	10	150
Meters	W	125	450.00	56,250	10	5,625
Tower 1 Painting	W	110,000	1.00	110,000	15	7,333
Tower 2 Painting	W	80,000	1.00	80,000	15	5,333
Tower Inspection	W	2,000	2.00	4,000	5	800
Cathodic Equipment	W	10,000	2.00	20,000	10	2,000
Well Building Roofs	W	1,000	4.00	4,000	15	267
Storage Building Roof	W	500	1.00	500	15	33
Lab building	W	5,000	1.00	5,000	15	333
Telemetry	W	75,000	1.00	75,000	20	3,750
Tools	W	1,000	1.00	1,000	1	1,000
		0	0.00	-	0	-
Annual Total		<u>\$ 457,875</u>		<u>\$ 726,215</u>	<u>12.34</u>	<u>\$ 58,119</u>
Monthly Total						<u>\$ 4,843</u>

[1] Reviewed with Town on August 13, 2021.



**Town of Sunman**  
**Waterworks**  
**Schedule of Miscellaneous Calculations**

**I Working Capital (FERC Method)**

Operation and Maintenance	\$ 156,044.91
Less: Purchased Power	<u>(12,716.21)</u>
Expenses Requiring Working Capital	\$ 143,328.70
Divide by 45 Days (FERC 45 Day Method)	<u>8.00</u>
Static Working Capital	\$ 17,916.09
Amortize Over 5 Years	<u>5.00</u>
Working Capital Revenue Requirement	<u>\$ 3,583.22</u>

**II Calculation of Debt Service Reserve and Debt Service Reserve Revenue Requirement**

Maximum Annual Principal and Interest Payment	\$ -
Balance in Debt Reserve Fund on 12/31/2020	<u>4,517.33</u>
Unfunded Reserve Balance	\$ (4,517.33)
Divide By 60	<u>0</u>
Monthly DSR Build-Up/Transfer	#DIV/0!
Times 12	<u>0</u>
Debt Service Reserve Annual Revenue Requirement Until Fully Funded	<u>#DIV/0!</u>

**II Calculation of Number of Months of Annual Operating Disbursements Are In the Operating Fund**

Annual Operating Disbursements - Pro Forma Budget	\$ 156,044.91
Divide By 12	<u>12.00</u>
Average Monthly Operating Disbursements	\$ 25,295.51
Balance in Operating Fund @ 12/31/2020	<u>\$ 70,365.44</u>
Months of Average Annual operating Disbursements in Operating Fund	<u>2.78</u>

**III Calculation of The Percentage of Short-Term Asset Replacement that is Fully Funded**

Total Short-Term Asset Replacement	\$ 726,214.50
Balance in Improvement fund on 12/31/2020	<u>-</u>
Unfunded Short-Term Asset Reserve	\$ (726,214.50)
Percentage of Short-Term Asset Replacement That is Currently Funded	0.000%

**IV Inflation Projection**

	<u>Base Year</u>
Operation and Maintenance	\$ 156,044.91
Extensions and Replacements	<u>58,119.30</u>
Tot. Rev. Req. Subject to Inflation	<u>\$ 214,164.21</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>2,141.64</u>	<u>4,283.28</u>	<u>6,424.93</u>	<u>8,566.57</u>	<u>10,708.21</u>	<u>12,849.85</u>
<b>2% inflation</b>	<u>4,283.28</u>	<u>8,566.57</u>	<b><u>12,849.85</u></b>	<u>17,133.14</u>	<u>21,416.42</u>	<u>25,699.71</u>
2.5% inflation	<u>5,354.11</u>	<u>10,708.21</u>	<u>16,062.32</u>	<u>21,416.42</u>	<u>26,770.53</u>	<u>32,124.63</u>
3% inflation	<u>6,424.93</u>	<u>12,849.85</u>	<u>19,274.78</u>	<u>25,699.71</u>	<u>32,124.63</u>	<u>38,549.56</u>
4% inflation	<u>8,566.57</u>	<u>17,133.14</u>	<u>25,699.71</u>	<u>34,266.27</u>	<u>42,832.84</u>	<u>51,399.41</u>
5% inflation	<u>10,708.21</u>	<u>21,416.42</u>	<u>32,124.63</u>	<u>42,832.84</u>	<u>53,541.05</u>	<u>64,249.26</u>

**Town of Sunman**  
**Waterworks**  
**Typical Residential Billing Schedule**

Gallons	Current Rates [1]	Without Project	Without OCRA With SRF Loan	With OCRA With SRF Loan	Without OCRA With RD Loan	With OCRA With RD Loan
1,000	\$ 19.20	\$ 26.71	\$ 64.85	\$ 46.74	\$ 46.62	\$ 39.18
2,000	19.20	26.71	64.85	46.74	46.62	39.18
3,000	22.58	31.41	76.25	54.95	54.81	46.07
[2] <b>4,000</b>	<b>29.33</b>	<b>40.80</b>	<b>99.05</b>	<b>71.38</b>	<b>71.20</b>	<b>59.84</b>
5,000	36.08	50.19	121.85	87.81	87.59	73.62
6,000	41.84	58.20	141.30	101.83	101.58	85.37
7,000	47.60	66.21	160.76	115.85	115.56	97.13
8,000	53.36	74.23	180.21	129.87	129.55	108.88
9,000	59.12	82.24	199.67	143.89	143.53	120.64
10,000	64.88	90.25	219.12	157.91	157.52	132.39
11,000	69.66	96.90	235.27	169.55	169.12	142.15
12,000	74.44	103.55	251.41	181.18	180.73	151.90
13,000	79.22	110.20	267.55	192.82	192.33	161.66
14,000	84.00	116.85	283.70	204.45	203.94	171.41
15,000	88.78	123.50	299.84	216.09	215.55	181.17

[1] Per ordinance 2006-2.

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

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

	<u>Annual</u>	<u>Monthly</u>
Transfer to Depreciation	\$ 58,119.30	\$ 4,843.28
Transfer to Bond & Interest - Current Bonds	\$ -	\$ -
Transfer to Bond & Interest - New Bonds	\$ 147,859.99	\$ 12,321.67
Transfer to Debt Reserve - New Bonds	\$ 29,746.63	\$ 2,478.89

# Appendix A

**ORDINANCE NO. 2006-3**

**WATER RATE ORDINANCE**

An ordinance amending and restating a schedule of rates and charges for the use of and Services rendered by the waterworks system of the Town of Sunman.

**WHEREAS**, the Town has caused a financial study of the municipal waterworks to be made by H.J. Umbaugh & Associates, Certified Public Accountants, Indianapolis, Indiana; and

**WHEREAS**, the study indicates that the rates and charges are not sufficient to meet the reasonable financial requirements of the utility and that the water rates and charges should be increased on an "across-the-board" basis; and

**WHEREAS**, the Town now finds that the existing rates and charges, as set forth in Ordinance No. 1-98 for the use of and service rendered by the waterworks of said Town are too low and are insufficient to enable the Town to operate and maintain its waterworks plant properly, provide for depreciation, service outstanding indebtedness and make necessary additions and improvements, and that the existing rates and charges should be increased, in three phases effective September 1, 2006, August 1, 2007, and August 1, 2008 as written below'

**NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF SUNMAN, INDIANA:**

**Section 1.** That there shall be and there are hereby established for the use of and the service rendered by the waterworks system of the Town of Sunman the following rates and charges, based on the use of water supplied by said waterworks system:

**(A) Metered Rates (Per Month)**

		<b><u>Rate Per 1,000 Cubic Feet</u></b>		
		<b><u>Effective</u></b>	<b><u>Effective</u></b>	<b><u>Effective</u></b>
		<b><u>Aug. 1, 2006</u></b>	<b><u>Aug. 1, 2007</u></b>	<b><u>Aug. 1, 2008</u></b>
First	2,500 gallons	\$7.24	\$7.46	\$7.68
Next	2,500 gallons	6.36	6.55	6.75
Next	5,000 gallons	5.43	5.59	5.76
Next	10,000 gallons	4.50	4.64	4.78
Next	80,000 gallons	3.48	3.59	3.70
Over	100,000 gallons	2.42	2.49	2.57

**(B) Minimum Monthly Charge**

		<b><u>Per Month</u></b>		
		<b><u>Effective</u></b>	<b><u>Effective</u></b>	<b><u>Effective</u></b>
		<b><u>Aug. 1, 2006</u></b>	<b><u>Aug. 1, 2007</u></b>	<b><u>Aug. 1, 2008</u></b>
	<b><u>Usage Allowed</u></b>			
Meter Size: 5/8" or less	2,500 gallons	\$18.10	\$18.65	\$19.20
1"	5,680 gallons	37.70	38.83	40.00
2"	17,722 gallons	95.90	98.81	101.79
4"	54,521 gallons	226.29	233.31	240.41
6"	107,958 gallons	403.81	416.40	429.13

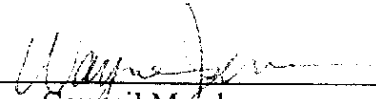
(C) Private Fire Protection Service

	<u>Charge per Annum</u>		
	<u>Effective Aug. 1, 2006</u>	<u>Effective Aug. 1, 2007</u>	<u>Effective Aug. 1, 2008</u>
Municipal hydrants	\$4,560.00	\$4,700.00	\$4,840.00
Private hydrants, per hydrant	340.00	350.00	360.00

**Section 2.** All ordinances and parts of ordinances in connection herewith are hereby repealed.

**Section 3.** This Ordinance shall be in full force and effect from and after its passage.


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

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

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

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

ATTEST:

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