

— VILLAGE OF —  
**CHATHAM**  
*Family. Community. Prosperity.*

VILLAGE PRESIDENT  
Thomas Gray  
VILLAGE CLERK  
Pat Schad

TRUSTEES  
Ken Boyle  
Mark Clayton  
Tracy Formea  
Dave Kimsey  
Dan Holden  
Joe Schatteman

January 29, 2015

President Gray;

A citizen asked if the bonds could have been paid off at the original rate, which was \$5.85 per 1000 gallons. I would say the short answer is no, it would not make financial sense to charge a rate in the first year of operation that would also meet the need years down the road. The Commission calculated the initial rate as follows:

Estimated Water Usage

- Averaging the three previous years usage of Chatham and New Berlin 1,050,796 GPM
- Estimating twenty non-resident customers at 4000 gallons per month 2,630 GPM
- Estimated a 5% increase, per financial advisors 1,106,097 GPM
- Estimated Usage Annualized Gallons Per Year 403,725,515 GPM

Supply & Distribution Costs

The amounts budgeted in the various line items were derived from the experience of the Plant General Manager, Engineers, know contracts or based on best information available. Including Depreciation Reserve for the year of \$60,000, the annual supply and distribution cost was estimated at \$977,290 which yielded a cost per 1000 gallons of \$2.42 to cover these costs.

Debt Service Costs

The payments for the debt service were calculated based on debt schedules. The Master Bond Ordinance required a net coverage of 100% and there was a deduction of for the BAB subsidy. The total cost for debt service used in the calculation was \$1,380,796 per year.

Estimated total costs used for the initial rate calculation was \$2,358,086. Obviously, the main factors in calculating the rate were predicting the amount of gallons the SSWC would sell and the Plant O & M costs. Using the three year average water usage for the communities with a growth factor and relying on the experience if people who operated water plants for many years to populate our O & M budget was in our opinion a prudent methodology. The Commission set the rate at \$5.85 per 1000 gallons. (see attachment A

*Incorporated March 24, 1874*

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As the Commission began operation and moved forward with real data to December 2012 there were concerns about the loss of the Build America Bonds subsidy. The Commission generated a spread sheet to determine the effect of the worst case scenario occurred. We used our current data to estimate Annualized Usage and O & M. That cost per 1000 gallons was 1.84, but the debt service would obviously increase causing the total cost to be an estimated \$2,660,579. Indicating a rate of \$6.29 would have been required. Fortunately we did not lose the entire subsidy, only 8.7%, the part sequestered by the Federal law. (see attachment B) The Commission continued to track closely the water sold each month as this early in the life of the SSWC it was vital to react quickly to ensure we met our financial; responsibilities. (see attachment C)

In the summer of 2014 the financial team at the commission was monitoring the cash flow and due to drastically reduced sales, cooler temperatures and more rain than the previous year, the cash flow was showing a negative balance each month. With the reduced Annualized Usage and the constant O & M costs a rate increase of \$1.08 was recommended. The Commission agreed to and passed a \$1.00 rate increase. (see attachment D)

For information, I have included a copy of the SSWC Balance Sheet as of December 31, 2014. (see attachment E) You can see there is a depreciation, repair and replacement account which is funded each year to ensure the Commission is prepared for the future. Further, you will note that the FY2015 SSWC budget is \$2,827,500. With a total checking/savings balance of \$2,960,522 I believe the SSWC management has performed .to meet their fiduciary responsibility. The SSWC has worked very hard to provide a financially stable supply of high quality water to its customers. We are confident the current issues with dissolved minerals will be satisfactory resolved. The Commission continues to investigate methods to reduce the O & M in an attempt to hold the line on costs. After working through this issue with former Commissioner Pfeffer we both agreed it was an honor to serve on the Commission and look forward to the Commissions success.



Del McCord

A

SSWC  
RATE ANALYSIS  
03-01-2012

A

<u>ESTIMATED WATER USAGE</u>		<u>Comments</u>
Estimated Usage per day Chatham	959,044	Three year average
Estimated Usage per day NB	91,752	Three year average
Estimated Usage per day Non-resident	2,630	4,000 GPM based on 20 households
Totals	1,053,426	
Estimated 5% increase	1,106,097	Collier's estimate was 1,113,000

**Estimated Usage Annualized 403,725,515 Gallons per Year**

SUPPLY & DISTRIBUTION

CGWD	\$ 144,000	\$12,000/month
Ameren-Plant & Well Field	\$ 140,000	
Ameren-Mansion Road	\$ 6,000	Same amount as Loami pays for their pump station
Chatham Pump House Electrical	\$ 28,150	Three year average paid to CWLP
Trucking Brine	\$ 166,400	
SMSD Discharge Fee	\$ 9,151	\$1.95 per unit; Unit = 748 gallons
Chemicals	\$ 229,000	per Tim Includes salt
Insurance	\$ 29,258	
R&M Plant	\$ 15,000	per Tim
R&M Well Field	\$ 18,000	per Tim
R&M Transmission Lines	\$ 25,000	per Terry
R&M Pumping Stations	\$ 10,000	per Terry
Meter Reading	\$ 750	Extraterritorial
Meter Reading	\$ 600	Chatham Ground Storage Meter
Meter Reading	\$ 600	NB Tower Meter
SCADA	\$ 3,800	per Tim
SCADA CGWD Tower Rental		
Analytical Lab Supplies	\$ 8,000	per Tim
External Lab Analysis	\$ 5,000	Prairie Analytical
Permitting Fees	\$ 4,000	At least \$2,500
Accounting/Audit	\$ 6,995	Per contract
Legal Fees	\$ 13,000	WAG
Engineering	\$ 20,000	Per Kuntzman
Clerical	\$ 3,000	
Office Supplies	\$ 300	
Office Rental	\$ 3,000	
Office Equipment Rental	\$ 1,560	Watts Copy systems - 2 units
AT&T Cellular	\$ 3,300	Based on two phones
AT&T Plant	\$ 1,400	Voice and fax lines
AT&T Plant Internet	\$ 360	
JULIE	\$ 500	
USIC Locates	\$ 500	
Web Site Hosting & Maintenance	\$ 708	

SSWC  
RATE ANALYSIS  
03-01-2012

Waste Disposal	\$ 456	Allied Waste
Snow Removal	\$ 500	
3/4 Ton PU Lease w/plow	\$ 5,532	\$25,000 5 year 4%
Mower Lease	\$ 2,220	\$10,000 5 year 4%
Office Equipment purchases under \$1,500	\$ 2,500	Ordinance 10-28
Tool purchases under \$1,500	\$ 2,500	Ordinance 10-28
Forklift	\$ 3,000	
Publishing	\$ 2,000	
Printing	\$ 500	
Postage & Freight	\$ 250	
Dues & Subscriptions	\$ 500	
CRP Expense		Offset by \$23,200 annual CRP Income wash
CRP Operator Expense		Ordinance 11-15 \$1,135 will netted out of CRP proceeds
Depreciation Reserve	\$ 60,000	
Total Supply & Distribution	\$ 977,290	
Cost per 1,000	\$ 2.42	

**Debt Service**

Series B	\$ 1,394,046	Interest only until 1/1/2025
Less BAB Subsidy	\$ (487,916)	
Series C	\$ 111,006	Interest only until 1/1/2021
Series D	\$ 73,844	Interest only until 1/1/2015
Total Series B,C & D	\$ 1,090,980	
110% Coverage	\$ 1,200,078	Master Bond Ordinance 10-21 Sec. 9.03
2011 Bond BoS	\$ 180,718	Interest only until 1/1/2014 and then \$361,436.44
Total Debt Service Requirement	\$ 1,380,796	

**Total Costs \$ 2,358,086**

**Cost Per 1,000 Gallons \$ 5.84**

B

SSWC  
RATE ANALYSIS  
NO BAB SUBSIDY  
12-13-2012

B

Estimated Usage Annualized 423,231,000

SUPPLY & DISTRIBUTION

Accounting/Audit	\$ 6,995.00	Per contract
Advertising	\$ 100.00	
Bank Service Charges	\$ 200.00	Mostly wire transfer fees
Bond Admin Fees	\$ 600.00	
Brine Hauling	\$ 96,110.00	
CRP Expense (Net)	\$ 35,000.00	
Chemicals	\$ 208,908.00	
Clerk	\$ 13,000.00	
Consulting Fees	\$ 2,500.00	
SMSD Discharge Fee	\$ 6,000.00	\$1.95 per unit; Unit = 748 gallons
Insurance	\$ 29,258.00	
JULIE	\$ 5,000.00	
Lab Supplies & Equipment	\$ 17,737.00	
Late Fees/Finance Charges	\$ 150.00	
Legal Fees	\$ 17,604.00	
Lease Equipment		
Meter Reading	\$ 2,450.00	
Mileage Reimbursements	\$ 2,600.00	
Mowing	\$ -	
Office Supplies	\$ 1,500.00	
Operator Fees	\$ 150,000.00	CGWD
Permits	\$ 2,500.00	NPDS
Pest Control	\$ 900.00	
Postage	\$ 500.00	
Rentals	\$ 3,000.00	
R & M	\$ 35,000.00	
RE Taxes	\$ 5,555.00	
Security Service	\$ 3,000.00	
Small Equipment & Supplies	\$ 2,500.00	
Tap Materials and Labor (Net)	\$ (33,000.00)	
Telephone & Internet	\$ 4,500.00	
Trash Hauling	\$ 400.00	
Utilities	\$ 85,000.00	
Water Testing	\$ 12,958.00	
Website	\$ 708.00	
Depreciation Reserve	\$ 60,000.00	
Total Supply & Distribution	\$ 779,233	
Cost per 1,000	\$ 1.84	

Debt Service

SSWC  
RATE ANALYSIS  
NO BAB SUBSIDY  
12-13-2012

Series B	\$ 1,394,046	Interest only until 1/1/2025
Less BAB Subsidy		
Series C	\$ 111,006	Interest only until 1/1/2021
Series D	\$ 73,844	Interest only until 1/1/2015
Total Series B,C & D	\$ 1,578,896	
110% Coverage	\$ 1,736,786	Master Bond Ordinance 10-21 Sec. 9.03
2011 Bond BoS	\$ 144,560	Interest only until 1/1/2014 and then \$361,436.44
Total Debt Service Requirement	\$ 1,881,346	
<b>Total Costs</b>	<b>\$ 2,660,579</b>	
<b>Cost Per 1,000 Gallons</b>	<b>\$ 6.29</b>	



Per 1,000 Gallons

D

D

SSWC  
CHATHAM-NEW BERLIN  
LIFETIME  
WATER USAGE

	Chatham	NB	Total	Meter at Plant
May-12	30,450.975	2,193	32,643.975	30,839.850
June	36,604.499	3,027	39,631.499	49,308.121
July	51,973.426	3,523	55,496.426	58,179.539
Aug	38,923.008	2,885	41,808.008	42,894.207
Sep	32,636.394	2,621	35,257.394	32,881.226
Oct	27,574.906	2,610	30,184.906	31,530.085
Nov	26,535.528	2,547	29,082.528	27,463.326
Dec	27,698.080	2,633	30,331.080	29,349.888
Jan	28,024.232	2,593	30,617.232	28,318.071
Feb	25,311.484	2,384	27,695.484	26,041.849
Mar	24,356.562	2,546	26,902.562	28,432.802
Apr	24,841.834	2,318	27,159.834	28,299.158
May-13	28,337.300	2,487	30,824.300	32,799.000
June	34,593.920	2,746	37,339.920	38,708.000
July	34,187.232	2,794	36,981.232	41,427.831
Aug				
Total	472,049	39,907	511,956	526,473
Average*	31,470	2,660	34,130	35,098
Annualized	377,640	31,926	409,565	421,178
Annual Retail			117	
Total Annual Gallons/1000			409,682	
Estimated Cash Flow Deficiency			\$ 440,508	
Rate Increase Required			\$ 1.08	



**SOUTH SANGAMON WATER COMMISSION**  
**Balance Sheet**  
As of December 31, 2014

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	Dec 31, 14
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Checking - WBSB	
Operating	310,874.94
Well Field Project Set Aside	37,308.00
Settlement Escrow	42,390.50
<b>Total Checking - WBSB</b>	<b>390,573.44</b>
Petty Cash	100.00
CRP Management	43,939.64
Depr, Repair & Replace Reserve	100,094.86
Invested Reserve Balance (CD)	60,000.00
Series 2010B Bond & Interest	498,744.01
Series 2010C Bond & Interest	55,800.54
Series 2010D Bond & Interest	112,276.45
Series 2011 Bond & Interest	211,936.78
Illinois Funds - USBank	
Series 2010D Funds	
Debt Serv Reserve Fund - 2010D	1,487,056.45
<b>Total Series 2010D Funds</b>	<b>1,487,056.45</b>
<b>Total Illinois Funds - USBank</b>	<b>1,487,056.45</b>
<b>Total Checking/Savings</b>	<b>2,960,522.17</b>
Accounts Receivable	
Accounts Receivable	435,617.21
<b>Total Accounts Receivable</b>	<b>435,617.21</b>
Other Current Assets	
Interest Subsidy Receivable	148,489.03
Prepaid Insurance	25,155.08
<b>Total Other Current Assets</b>	<b>173,644.11</b>
<b>Total Current Assets</b>	<b>3,569,783.49</b>
<b>Fixed Assets</b>	
Current Year Purchases	
Jostes Road Main Extension	118.35
Greensand Filter Project	1,728.60
Master Meter	38,152.34
Chemical Pump Replacement	1,383.00
Dedicated Backwash Line	56,724.00
KMNO4 Project	92,619.58
Security System	7,667.00
Raw Water Modifications	14,022.70
Current Year Purchases - Other	-50.50
<b>Total Current Year Purchases</b>	<b>212,365.07</b>
Buildings	4,953.00
Construction in Progress	-75,826.34
Equipment	66,104.60
Land	571,295.73
Water Distribution System	32,576,967.47
Accumulated Depreciation	-750,533.50
<b>Total Fixed Assets</b>	<b>32,605,326.03</b>
<b>TOTAL ASSETS</b>	<b>36,175,109.52</b>

**SOUTH SANGAMON WATER COMMISSION**  
**Balance Sheet**  
As of December 31, 2014

	<u>Dec 31, 14</u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
Accounts Payable (auto)	74,243.93
<b>Total Accounts Payable</b>	<u>74,243.93</u>
<b>Other Current Liabilities</b>	
CAT Fin Lease Purch Payable	38,311.39
IMRF	1,285.31
Payroll Liabilities	-623.77
Accrued Interest	574,484.59
<b>Total Other Current Liabilities</b>	<u>613,457.52</u>
<b>Total Current Liabilities</b>	<u>687,701.45</u>
<b>Long Term Liabilities</b>	
Series 2010B Bonds Payable	23,505,000.00
Series 2010C Bonds Payable	3,090,000.00
Series 2010D Bonds Payable	1,820,000.00
Series 2011 Sub Revenue Bond	4,981,616.26
<b>Total Long Term Liabilities</b>	<u>33,396,616.26</u>
<b>Total Liabilities</b>	34,084,317.71
<b>Equity</b>	
Retained Earnings	1,388,684.63
Net Income	702,107.18
<b>Total Equity</b>	<u>2,090,791.81</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>36,175,109.52</u></u>

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South Sangamon Water Commission  
 Financial Statement - Budget/Actual  
 Fiscal Year 2015 to Date  
 December 31, 2015

	Actual <u>YTD</u>	Budget <u>YTD</u>	(Over)/Under <u>Budget</u>	FY2015 <u>Budget</u>
Water Sales	1,964,785	1,866,667	(98,118)	2,800,000
CRP Income	19,767	10,000	(9,767)	15,000
Interest Income	655	0		
Tap Income	<u>12,500</u>	8,333	<u>(4,167)</u>	<u>12,500</u>
Total Budgeted Income	<u>1,997,707</u>	<u>1,885,000</u>	<u>(112,052)</u>	<u>2,827,500</u>
Accounting/Audit	6,925	4,667	(2,258)	7,000
Advertising	43	333	290	500
Bank Lock Box Service	0	400	400	600
Bank Service Charges	170	167	(3)	250
Bond Administration Fees	2,250	1,500	(750)	2,250
Brine Hauling	96,600	116,667	20,067	175,000
CRP Expense	1,135	10,000	8,865	15,000
Chemicals	129,854	188,667	58,813	283,000
Conferences/Seminars	0	200	200	300
Consulting Fees	2,200	2,400	200	3,600
Discharge Fees	7,754	7,533	(220)	11,300
Engineering Fees	14,002	27,600	13,598	41,400
Equipment Rent	316	333	17	500
Fuel	227	667	440	1,000
Insurance	2,271	20,000	17,729	30,000
JULIE Locates	2,714	3,667	952	5,500
Lab Supplies & Equipment	3,270	4,667	1,396	7,000
Late Fees/Finanace Charges	52	67	14	100
Legal Fees	10,038	16,667	6,628	25,000
Maintenance	138,857	72,333	(66,523)	108,500
Membership Fees	329	300	(29)	450
Meter Reading Services	400	1,833	1,433	2,750
Mileage Reimbursements	4,337	2,333	(2,004)	3,500
Mowing (plant)	42	1,767	1,724	2,650
Office Equipment Rent	1,199	1,060	(139)	1,590
Office Supplies	326	1,000	674	1,500
Operator Fees (assistant)	10,000	20,000	10,000	30,000
Payroll Benefits	4,965	8,333	3,368	12,500
Payroll Expense	67,733	63,533	(4,199)	95,300
Payroll Taxes	6,374	6,633	259	9,950
Permits	2,500	2,000	(500)	3,000

	<u>ACTUAL</u> <u>YTD</u>	<u>BUDGET</u> <u>YTD</u>	<u>(OVER)UNDER</u> <u>BUDGET</u>	<u>FY2015</u> <u>BUDGET</u>
Pest Control	156	200	44	300
Postage	573	800	227	1,200
Real Estate Taxes	0	333	333	500
Repairs	50,869	27,667	(23,203)	41,500
Security Expense	221	333	112	500
Small Tools & Equipment	1,780	3,667	1,887	5,500
Software Licenses	0	433	433	650
Tap Expense	3,000	8,333	5,333	12,500
Telephone/Internet Expense	4,435	4,000	(435)	6,000
Trash Hauling	352	333	(18)	500
Utilities	72,421	66,667	(5,755)	100,000
Water Testing	9,588	10,667	1,079	16,000
Website Expense	<u>556</u>	472	<u>(84)</u>	<u>708</u>
Operating Expense Subtotal	660,833	711,232	50,399	1,066,848
Depreciation Reserve	40,000	40,000	0	60,000
Interest on Series B Bonds (net)	632,385	632,385	0	948,578
Interest on Series C Bonds	74,003	74,003	0	111,005
Interest on Series D Bonds	49,229	49,229	0	73,844
Principal on Series D Bonds	50,000	50,000	0	75,000
Principal/Interest on Series 2011 Bonds	240,957	240,957	0	361,436
CAT Skidsteer Lease Purchase	8,288	8,288	0	12,432
Capital Projects	59,276	33,333	(25,943)	50,000
Contingencies	<u>76</u>	34,179	<u>34,103</u>	<u>68,357</u>
Budget Total	1,815,049	1,873,607	58,558	2,827,500