

Explanation of Water Charges

DELIVERY CHARGE - Includes Water Fund Operating Expenses and Transfers Out for administrative services. This charge covers the costs associated with operating a water system - water operator, monthly billing services, chemicals and testing, electricity for the pump house, administrative services for accounting etc....

INFRASTRUCTURE MAINTENANCE CHARGE - Includes Depreciation expense of the water mains, pump house, reservoirs, vehicle and equipment. Depreciation expense is calculated using the historical cost divided by the expected useful life, as established by the City. This charge provides a savings mechanism for future system repairs/replacement based on historical cost, not projected replacement cost.

DEBT SERVICE CHARGE - Includes Debt service expenses for principal and interest on the \$800,000 Series 2010 Debt Certificates. This debt was issued to fund a portion of the Camp McDonald water main project establishing the permanent connection to its water supplier - Illinois American Water.

WATER SALES CHARGE - Includes the cost to buy water from its supplier (IL American) for resale to its customers. The charge per 1,000 gallons is calculated by dividing the cost of the total number of gallons projected to be purchased by the total number of gallons projected to be sold. The number of gallons projected to be purchased exceeds the number projected to be sold to allow for system flushing, water main leaks, and water loss due to tightness of the system.