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May 3, 2010

Town of Wolcottville Council
P O Box 325
Wolcottville, Indiana 46795


Town Council:

Please find enclosed the requested rate study revised with your recommendations. Per your instructions, we have excluded the PILOT payment as well as the temporary loan repayment to the various Town funds. By doing this, the temporary loans due to the other funds will not be able to be repaid until after the sale of the Utility

The needed across the board rate increase to operate the utility on an ongoing basis without the aforementioned expenses would be ~\$14.05 for unmetered users and ~\$14.05 for metered users with consumption of ~3,900 gallons per month, which is the average monthly consumption of metered users in 2009.

This includes funding for operations and maintenance, General Fund reimbursement for wastewater utility expenses currently paid by the General Fund, and \$50,000 per year for capital improvements/large repairs as needed. Currently no funds are available for capital improvements/large repairs and any major repair would have to be paid through another Town fund or bond issue.

Sincerely,


Jeffrey A. Peters



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May 3, 2010

Wolcottville Town Council
Town of Wolcottville
104 Race Street
Wolcottville, IN 46795

Members of the Council.

We have, at your request, analyzed the wastewater utility rates and charges of the Town of Wolcottville and prepared this special purpose report including the following schedules.

BASE REVENUE
OPERATING & MAINTENANCE EXPENSES
REVENUE REQUIREMENTS
SUMMARY OF REVENUE & EXPENSES
PROPOSED RATES

APPENDIX A - AMORTIZATION SCHEDULES
APPENDIX B - ADJUSTMENTS
APPENDIX C - PILOT CALCULATION
APPENDIX D - RESERVE CALCULATION

This special purpose report includes projected financial information of the Town of Wolcottville Municipal Sewage Works based on assumptions, estimates, and other information furnished by the officials of the Town of Wolcottville (Indiana) Municipal Sewage Works and others. Because projections are based on assumptions and estimates of future events, we express no opinion on the accuracy or achievability of such projections. We have not examined the underlying assumptions, nor have we audited or reviewed the historical data.

Sincerely,

Peters Municipal Consultants, PC

TOWN OF WOLCOTTVILLE, LAGRANGE/NOBLE COUNTIES, INDIANA
SPECIAL PURPOSE REPORT ON WASTEWATER UTILITY RATES - COUNCIL RECOMMENDATIONS

Revised May 3, 2010

Wolcottville Town Council

TOWN OF WOLCOTTVILLE, LAGRANGE/NOBLE COUNTIES, INDIANA
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Revised May 3, 2010

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(Subject to the comments in the attached letter dated May 3, 2010 of Peters Municipal Consultants, PC)

TOWN OF WOLCOTTVILLE, LAGRANGE/NOBLE COUNTIES, INDIANA
 BASE REVENUE
 SPECIAL PURPOSE REPORT ON WASTEWATER UTILITY RATES - COUNCIL RECOMMENDATIONS
 Revised May 3, 2010

	Base Year
<u>Unmetered Accounts</u>	
In Town	29
Out of Town	568
Total Unmetered Accounts	597
Current rate per account per month	20.95
Revenue from unmetered accounts	175,225.80

<u>Metered Consumption - 1,000 gal</u>	
Metered Users	292.00
Avg Monthly Residential Consumption	3,900.72
Current rate per first 2,000 gallons	14.08
Current rate for next 5,000 gallons	6.84
Total	20.92
Revenue from unmetered and metered	73,303.68
Revenue from unmetered and metered	248,529.48

<u>Revenue for debt service</u>	
New Town	2,820.00
Phase 1	76,297.20
Phase 2	247,966.20
	327,083.40
Total all-rate revenue	575,612.88

¹ Extracted from Sewer Billing Calculation Report provided by Clerk-Treasurer
² Per current ordinance

³ Extracted from Sewer Billing Calculation Report provided by Clerk-Treasurer and recommended method per AWWA Manual "Developing Rates for Small Systems"

TOWN OF WOLCOTTVILLE, LAGRANGE/NOBLE COUNTIES, INDIANA
 OPERATING & MAINTENANCE EXPENSES
 SPECIAL PURPOSE REPORT ON WASTEWATER UTILITY RATES - COUNCIL RECOMMENDATIONS
 Revised May 3, 2010

<u>Operating and Maintenance Expense</u>	<u>Adjusted 2009</u>
Employees Salaries and Benefits	\$ 117,799
Vehicle Repair & Fuel	2,432
Materials and Supplies	3,446
Purchased Power	42,249
Sludge Removal	16,288
Chemicals	17,891
Professional Fees	19,237
Equip and Repair	6,997
Lien Fees	1,559
Miscellaneous Expenses	19,181
General Fund Reimbursement ¹	39,094
PILOT for In-Town Property Only ²	-
Total Operating and Maintenance	<u><u>\$ 286,172</u></u>

¹ Per 2010 Salary Ordinance. Amount paid by General Fund for Wastewater Health Insurance, PERF, and FICA
 General Fund reimbursement excluded per Council decision

² See Appendix C for calculation - PILOT excluded per Council decision

TOWN OF WOLCOTTVILLE, LAGRANGE/NOBLE COUNTIES, INDIANA
 REVENUE REQUIREMENTS
 SPECIAL PURPOSE REPORT ON WASTEWATER UTILITY RATES - COUNCIL RECOMMENDATIONS
 Revised May 3, 2010

<u>Revenue Requirements</u>	<u>Projected</u>	<u>Ref</u>
Operation and maintenance	\$ 296,172	(1)
Debt Service		
Series 2003	46,200	(2)
Series 1999	230,730	(2)
Series 1995 A	101,698	(2)
Series 1995 B	32,063	(2)
Temporary Loan Repayment		(5)
Improvements	<u>50,000</u>	(3)
Total Revenue Requirements	746,963	
Less interest income	(220)	(4)
Less miscellaneous receipts	<u>(4,343)</u>	(4)
Total Net Revenue Requirements	<u>\$ 742,300</u>	

- (1) Per Town 2009 Annual Report (page 4)
- (2) Annual principal and interest for Series 2003, 1999, 1995A, 1995B (appendix A), based on 2010
- (3) Based on AWWA manual "Developing Rates for Small Systems" recommendation to have 1-2% of Original Capital Cost
- (4) Projected based on year 2009
- (5) Temporary Loans made to the Sewer Operating Fund from other Town funds to keep the Sewer Operating Fund positive; Council decision not to include in current rate increase

TOWN OF WOLCOTTVILLE, LAGRANGE/NOBLE COUNTIES, INDIANA
SUMMARY OF REVENUE & EXPENSES
SPECIAL PURPOSE REPORT ON WASTEWATER UTILITY RATES - COUNCIL REC
Revised May 3, 2010

	Base Year
Revenue	
Operating Revenue	
Service Revenue	575,613
Total Operating Revenue	<u>575,613</u>
Nonoperating Revenue	
Tap/Connection Fees	4,330
Interest	220
Other Revenue	13
Total non operating Revenues	<u>4,563</u>
Total Revenue	<u>580,176</u>
Expenditures	
Total O&M Expenses	286,172
Subtotal: Surplus/Deficit from Operating Revenue	<u>294,004</u>
Debt Service	
Series 2003	46,200
Series 1999	230,730
Series 1995 A	101,698
Series 1995 B	32,063
Temporarily Loan	-
Total Debt Service	410,691
Surplus/Deficit from Operations	<u>(116,687)</u>
Reserves	
O&M Reserve	50,000
Capital Reserve	50,000
Total Reserves	<u>100,000</u>
Surplus/Deficit after Reserves	<u>(166,687)</u>

TOWN OF WOLCOTTVILLE, LAGRANGE/NOBLE COUNTIES, INDIANA
 SUMMARY OF REVENUE & EXPENSES
 SPECIAL PURPOSE REPORT ON WASTEWATER UTILITY RATES - COUNCIL RECOMMENDATIONS
 Revised May 3, 2010

	Present Rates (Per 1,000 Gallons)	Proposed Rates (Per 1,000 Gallons)
<u>Metered Water Usage</u>		
First 2,000 Gallons	\$7.04	\$11.78
Next 5,000 Gallons	\$3.60	\$6.02
Next 8,000 Gallons	\$3.00	\$5.02
Next 25,000 Gallons	\$2.52	\$4.22
Next 60,000 Gallons	\$2.04	\$3.41
Over 100,000 Gallons	\$1.56	\$2.61
Minimum monthly charge	\$14.07	\$23.56
Unmetered users - flat rate charge	\$20.95	\$35.00
<u>Monthly debt service charges</u>		
Phase I	\$29.30	\$29.30
Phase II	\$52.05	\$52.05
New Town	\$23.50	\$23.50
<u>1 year Debt Service Charge</u>		
Temporary Loan Repayment		\$0.00

DATE	DESCRIPTION	AMOUNT	BALANCE	CHECK NO.	CHECK DATE	DEBIT	CREDIT	BALANCE
10/10/12	10/10/12	100.00	100.00					100.00
10/11/12	10/11/12	100.00	200.00					200.00
10/12/12	10/12/12	100.00	300.00					300.00
10/13/12	10/13/12	100.00	400.00					400.00
10/14/12	10/14/12	100.00	500.00					500.00
10/15/12	10/15/12	100.00	600.00					600.00
10/16/12	10/16/12	100.00	700.00					700.00
10/17/12	10/17/12	100.00	800.00					800.00
10/18/12	10/18/12	100.00	900.00					900.00
10/19/12	10/19/12	100.00	1000.00					1000.00
10/20/12	10/20/12	100.00	1100.00					1100.00
10/21/12	10/21/12	100.00	1200.00					1200.00
10/22/12	10/22/12	100.00	1300.00					1300.00
10/23/12	10/23/12	100.00	1400.00					1400.00
10/24/12	10/24/12	100.00	1500.00					1500.00
10/25/12	10/25/12	100.00	1600.00					1600.00
10/26/12	10/26/12	100.00	1700.00					1700.00
10/27/12	10/27/12	100.00	1800.00					1800.00
10/28/12	10/28/12	100.00	1900.00					1900.00
10/29/12	10/29/12	100.00	2000.00					2000.00
10/30/12	10/30/12	100.00	2100.00					2100.00
10/31/12	10/31/12	100.00	2200.00					2200.00
11/01/12	11/01/12	100.00	2300.00					2300.00
11/02/12	11/02/12	100.00	2400.00					2400.00
11/03/12	11/03/12	100.00	2500.00					2500.00
11/04/12	11/04/12	100.00	2600.00					2600.00
11/05/12	11/05/12	100.00	2700.00					2700.00
11/06/12	11/06/12	100.00	2800.00					2800.00
11/07/12	11/07/12	100.00	2900.00					2900.00
11/08/12	11/08/12	100.00	3000.00					3000.00
11/09/12	11/09/12	100.00	3100.00					3100.00
11/10/12	11/10/12	100.00	3200.00					3200.00
11/11/12	11/11/12	100.00	3300.00					3300.00
11/12/12	11/12/12	100.00	3400.00					3400.00
11/13/12	11/13/12	100.00	3500.00					3500.00
11/14/12	11/14/12	100.00	3600.00					3600.00
11/15/12	11/15/12	100.00	3700.00					3700.00
11/16/12	11/16/12	100.00	3800.00					3800.00
11/17/12	11/17/12	100.00	3900.00					3900.00
11/18/12	11/18/12	100.00	4000.00					4000.00
11/19/12	11/19/12	100.00	4100.00					4100.00
11/20/12	11/20/12	100.00	4200.00					4200.00
11/21/12	11/21/12	100.00	4300.00					4300.00
11/22/12	11/22/12	100.00	4400.00					4400.00
11/23/12	11/23/12	100.00	4500.00					4500.00
11/24/12	11/24/12	100.00	4600.00					4600.00
11/25/12	11/25/12	100.00	4700.00					4700.00
11/26/12	11/26/12	100.00	4800.00					4800.00
11/27/12	11/27/12	100.00	4900.00					4900.00
11/28/12	11/28/12	100.00	5000.00					5000.00
11/29/12	11/29/12	100.00	5100.00					5100.00
11/30/12	11/30/12	100.00	5200.00					5200.00
12/01/12	12/01/12	100.00	5300.00					5300.00
12/02/12	12/02/12	100.00	5400.00					5400.00
12/03/12	12/03/12	100.00	5500.00					5500.00
12/04/12	12/04/12	100.00	5600.00					5600.00
12/05/12	12/05/12	100.00	5700.00					5700.00
12/06/12	12/06/12	100.00	5800.00					5800.00
12/07/12	12/07/12	100.00	5900.00					5900.00
12/08/12	12/08/12	100.00	6000.00					6000.00
12/09/12	12/09/12	100.00	6100.00					6100.00
12/10/12	12/10/12	100.00	6200.00					6200.00
12/11/12	12/11/12	100.00	6300.00					6300.00
12/12/12	12/12/12	100.00	6400.00					6400.00
12/13/12	12/13/12	100.00	6500.00					6500.00
12/14/12	12/14/12	100.00	6600.00					6600.00
12/15/12	12/15/12	100.00	6700.00					6700.00
12/16/12	12/16/12	100.00	6800.00					6800.00
12/17/12	12/17/12	100.00	6900.00					6900.00
12/18/12	12/18/12	100.00	7000.00					7000.00
12/19/12	12/19/12	100.00	7100.00					7100.00
12/20/12	12/20/12	100.00	7200.00					7200.00
12/21/12	12/21/12	100.00	7300.00					7300.00
12/22/12	12/22/12	100.00	7400.00					7400.00
12/23/12	12/23/12	100.00	7500.00					7500.00
12/24/12	12/24/12	100.00	7600.00					7600.00
12/25/12	12/25/12	100.00	7700.00					7700.00
12/26/12	12/26/12	100.00	7800.00					7800.00
12/27/12	12/27/12	100.00	7900.00					7900.00
12/28/12	12/28/12	100.00	8000.00					8000.00
12/29/12	12/29/12	100.00	8100.00					8100.00
12/30/12	12/30/12	100.00	8200.00					8200.00
12/31/12	12/31/12	100.00	8300.00					8300.00

STATE OF TEXAS
 DEPARTMENT OF REVENUE
 1000 WEST 11TH STREET
 AUSTIN, TEXAS 78701
 512.475.3000

TOWN OF WOLCOTTVILLE, LAGRANGE/NOBLE COUNTIES, INDIANA
 APPENDIX B - ADJUSTMENTS
 SPECIAL PURPOSE REPORT ON WASTEWATER UTILITY RATES - COUNCIL RECOMMENDATIONS
 Revised May 3, 2010

	<u>Final 2009</u>	<u>Adjustments</u>	<u>Adjusted 2009</u>
Employees Salaries and Benefits	117,799		117,799
Vehicle Repair & Fuel	2,432		2,432
Materials and Supplies	3,446		3,446
Purchased Power	42,249		42,249
Sludge Removal	16,288		16,288
Chemicals	17,891		17,891
Professional Fees	19,237		19,237
Equip and Repair	6,997		6,997
Lien Fees	1,559		1,559
Miscellaneous Expenses	19,181		19,181
General Fund Reimbursement	-	39,094	(1) 39,094
PILOT	29,129	(29,129)	(2) -
Total	<u>276,208</u>	<u>9,965</u>	<u>286,172</u>

(1) Adjustment to include amount to be transferred to general fund for PERF, FICA, and Medicare

(2) Adjustment made to remove PILOT payment to General Fund, decision made by Council.

(Subject to the comments in the attached letter dated May 3, 2010 of Peters Municipal Consultants, PC)

TOWN OF WOLCOTTVILLE LAGRANGE NOBLE COUNTIES, INDIANA
 APPENDIX C - PILOT CALCULATION
 SPECIAL PURPOSE REPORT ON WASTEWATER UTILITY RATES - COUNCIL RECOMMENDATIONS
 Revised May 3, 2010

Asset	Type	Net 12/31/08 Balance	Less 1995 Series A Principal	Less 1995 Series B Principal	Less 1999 Series Principal	In Town Assets	2009 Wolcottville Tax Rate	Gross Tax
Land	Real	27,778						
Constructions in Progress	Real							
Buildings	Real	68,779						
Improvements	Personal	7,363,064						
Machinery & Equip	Personal	235,531						
Transportation Equip	Personal							
		\$ 7,695,152	\$ 1,599,000	\$ 499,000	\$ 3,042,000	\$ 2,555,152	0.9851	\$ 25,170.80

• Per 2008 State Board of Accounts Audit

TOWN OF WOLCOTTVILLE, LAGRANGE/NOBLE COUNTIES, INDIANA
 APPENDIX D - RESERVE CALCULATION
 SPECIAL PURPOSE REPORT ON WASTEWATER UTILITY RATES - COUNCIL RECOMMENDATIONS
 Revised May 3, 2010

Operating Reserve ¹	
Estimated Annual O&M Expenditures	286,172.08
Divided by 12 months	12.00
Estimated Monthly O&M Expenditures	23,847.67
Multiplied times 2 for 2 month reserve	<u>47,695.35</u>

Capital Reserve ²	
Total Wastewater Capital Assets	7,695,152.00
Multiplied by 1%	1.00%
Estimated Capital Reserve ³	<u>76,951.52</u>

¹ AWWA Manual "Developing Rates for Small Systems" recommends 45-90 day operating reserve
² AWWA Manual "Developing Rates for Small Systems" recommends 1-2% for capital reserve.
³ Town officials decided \$50,000 was more appropriate of a capital reserve amount.