TOWN OF FARMLAND
MUNICIPAL WASTEWATER UTILITY

2025 RATE STUDY

August 5, 2025

KROHN & ASSOCIATES
CPAS AND CONSULTANTS

FARMLAND MUNICIPAL WASTEWATER UTILITY

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ACCOUNTANT'S COMPILATION REPORT

Marcy Yuknavage, Clerk-Treasurer
and Members of the Town Council
Town of Farmland Municipal Wastewater Utility
104 E. Henry Street
Farmland, IN 47340

July 29, 2025

In connection with the proposed rate adjustments in the Town of Farmland Municipal Wastewater Utility's schedule of rates and charges, we have at your request compiled this rate study report. The purpose of this report is to consider a new schedule of wastewater rates and charges and should not be used for any other purpose.

The pro forma financial information, which is based on the results of operations for the twelve months ended December 31, 2024, is prepared for the purpose of showing the estimated financial effects on the Farmland Wastewater Utility's revenue requirements for an adjustment in rates and charges for service and other changes that may be reasonably fixed, known or measured. We have not audited or reviewed the accompanying pro forma information and, accordingly, do not express an opinion or provide any form of assurance on the pro forma information. This report was compiled by us, with assumptions provided by management or obtained from other sources. The actual results achieved may vary from the pro forma information and the variations may be material. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Management is responsible for the accompanying financial statements which comprise the statements of selected financial information arising from cash transactions as of December 31, 2024, 2023 and 2022, and the related statements of cash receipts and disbursements for the years then ended in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information contained on pages 4-7 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, conclusion, nor provide any assurance on such information.

Management has elected to omit substantially all the disclosures ordinarily included in the financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Farmland Wastewater Utility's selected financial information arising from cash transactions and cash receipts and disbursements. Accordingly, the financial statements are not designed for those who are not informed on such matters.

O.W. Krohn & Associates LLP

O. W. Krohn & Associates LLP

TOWN OF FARMLAND
MUNICIPAL WASTEWATER UTILITY

HISTORICAL FINANCIAL STATEMENTS

FARMLAND MUNICIPAL WASTEWATER UTILITY

COMPARATIVE STATEMENTS OF SELECTED FINANCIAL INFORMATION
ARISING FROM CASH TRANSACTIONS
AS OF

	12/31/2024	12/31/2023	12/31/2022
Utility Plant in Service Estimated Value	$ 7,733,348	$ 7,708,461	$ 7,695,641
Cash and Investments:			
Operating Fund	$ 47,976	$ 55,189	$ 121,970
Sewer Improvement Fund	300,000	300,000	300,000
Stormwater ~~Improvement~~ Operating Fund	126,891	111,983	96,960
Bond and Interest Fund	32,612	60,251	87,046
Debt Service Reserve Fund	74,530	70,851	133,375
Total Cash and Investments	$ 582,009	$ 598,274	$ 739,351
Long-Term Debt:			
Revenue Bonds of 2005	$ -	$ -	$ 140,000
Revenue Bonds of 2016	674,000	729,000	783,000
Total Long-Term Debt	$ 674,000	$ 729,000	$ 923,000

FARMLAND MUNICIPAL WASTEWATER UTILITY

COMPARATIVE STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE TWELVE MONTHS ENDED

	12/31/2024	12/31/2023	12/31/2022
Operating Receipts:			
Wastewater Receipts	$ 301,589	$ 292,720	$ 294,476
Stormwater Receipts	14,941	15,151	15,209
Penalties	8,536	8,270	8,395
Other Receipts	3,000	1,450	10
Total Operating Receipts	328,066	317,591	318,090
Operating Disbursements:			
Salaries and Wages	102,514	96,227	77,002
Employee Benefits	63,507	62,326	46,783
Purchased Power	5,511	5,446	5,146
Materials and Supplies	8,764	6,538	17,560
Chemicals	3,878	6,153	4,841
Transportation	2,999	7,312	2,109
Contractual Services	45,401	37,354	28,719
Insurance	12,393	10,917	10,854
Miscellaneous	10,902	7,607	5,345
Stormwater	422	520	893
Total Operating Disbursements	256,291	240,400	199,252
Net Operating Receipts	71,775	77,191	118,838
Non-Operating Receipts/(Disbursements):			
Interest Income	6,427	9,863	2,129
Bond Principal	(55,000)	(194,000)	(92,000)
Bond Interest	(14,580)	(21,311)	(25,873)
Capital Outlays	(24,887)	(12,820)	(8,210)
Total Non-Operating Receipts/(Disbursements)	(88,040)	(218,268)	(123,954)
Increase (Decrease) in Cash and Investments	(16,265)	(141,077)	(5,116)
Beginning Cash and Investments	598,274	739,351	744,467
Ending Cash and Investments	$ 582,009	$ 598,274	$ 739,351

TOWN OF FARMLAND
MUNICIPAL WASTEWATER UTILITY

SUPPLEMENTARY INFORMATION

FARMLAND MUNICIPAL WASTEWATER UTILITY

COMPARISON OF ACCOUNT BALANCES WITH MINIMUM RESERVES REQUIRED

	Balance as of 12/31/2024	Minimum Reserves Required (1)		Available for Transfer
Operating Fund	$ 47,976	$ 42,715	(2)	$ 5,261
Sewer Improvement Fund	300,000	-	(3)	300,000
Stormwater Improvement Fund	126,891	-	(3)	126,891
Bond and Interest Fund	32,612	32,612	(4)	-
Debt Service Reserve Fund	74,530	74,530	(5)	-
Total Cash and Investments	$ 582,009	$ 149,857		$ 432,152

(1) Pursuant to the Bond Ordinance authorizing the 2016 Bonds.

(2) Equal to two months of operation and maintenance expenses.
Recommended Amount = 6 Months $128,146

(3) Reserved for improvements and periodic maintenance.

(4) Monthly transfers should be made in the amount of 1/6th the next interest payment and 1/12th the next principal payment.

(5) Equal to the maximum combined annual debt service.

FARMLAND MUNICIPAL WASTEWATER UTILITY

SCHEDULE OF AMORTIZATION OF $674,000 OUTSTANDING SEWAGE WORKS REVENUE BONDS OF 2016

Dated April 5, 2016

Payment Date	Principal Balance	Interest Rate	Debt Service Principal	Debt Service Interest	Debt Service Total	Bond Year Total
3/1/2025				$ 6,740.00	$ 6,740.00	
9/1/2025	$ 674,000	2.00%	$ 56,000	6,740.00	62,740.00	$ 69,480.00
3/1/2026				6,180.00	6,180.00	
9/1/2026	618,000	2.00%	57,000	6,180.00	63,180.00	69,360.00
3/1/2027				5,610.00	5,610.00	
9/1/2027	561,000	2.00%	58,000	5,610.00	63,610.00	69,220.00
3/1/2028				5,030.00	5,030.00	
9/1/2028	503,000	2.00%	59,000	5,030.00	64,030.00	69,060.00
3/1/2029				4,440.00	4,440.00	
9/1/2029	444,000	2.00%	60,000	4,440.00	64,440.00	68,880.00
3/1/2030				3,840.00	3,840.00	
9/1/2030	384,000	2.00%	61,000	3,840.00	64,840.00	68,680.00
3/1/2031				3,230.00	3,230.00	
9/1/2031	323,000	2.00%	62,000	3,230.00	65,230.00	68,460.00
3/1/2032				2,610.00	2,610.00	
9/1/2032	261,000	2.00%	63,000	2,610.00	65,610.00	68,220.00
3/1/2033				1,980.00	1,980.00	
9/1/2033	198,000	2.00%	65,000	1,980.00	66,980.00	68,960.00
3/1/2034				1,330.00	1,330.00	
9/1/2034	133,000	2.00%	66,000	1,330.00	67,330.00	68,660.00
3/1/2035				670.00	670.00	
9/1/2035	67,000	2.00%	67,000	670.00	67,670.00	68,340.00
TOTALS			$ 674,000	$ 83,320.00	$ 757,320.00	$ 757,320.00

FARMLAND MUNICIPAL WASTEWATER UTILITY

SCHEDULE OF DOLLARS, GALLONS AND CUSTOMERS BILLED BY USER CLASS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024

	Dollars Billed				
	Residential	Commercial	Government	Church	Total
January, 2024	$ 21,519	$ 1,677	$ 197	$ 340	$ 23,733
February	23,535	3,597	240	475	27,847
March	22,425	2,066	223	157	24,871
April	21,452	1,778	228	138	23,596
May	22,538	1,913	225	187	24,863
June	22,081	2,029	293	208	24,611
July	23,742	1,785	481	244	26,252
August	24,997	1,754	295	154	27,200
September	23,348	1,684	186	134	25,352
October	24,074	1,911	189	191	26,365
November	22,324	1,834	184	272	24,614
December	22,380	2,367	217	189	25,153
Total	$ 274,415	$ 24,395	$ 2,958	$ 2,689	$ 304,457
Percent	90.14%	8.01%	0.97%	0.88%	100.00%

	Gallons Billed				
	Residential	Commercial	Government	Church	Total
January, 2024	1,583,000	114,800	9,300	26,300	1,733,400
February	1,810,600	292,300	12,500	39,100	2,154,500
March	1,671,500	150,000	11,300	8,600	1,841,400
April	1,558,500	123,700	11,600	7,700	1,701,500
May	1,659,300	136,700	12,600	12,100	1,820,700
June	1,611,000	143,200	18,100	12,900	1,785,200
July	1,813,800	119,700	38,800	17,300	1,989,600
August	1,919,900	119,200	19,100	8,200	2,066,400
September	6,794,700	141,100	6,200	5,600	6,947,600
October	1,883,700	139,500	6,200	11,800	2,041,200
November	1,679,100	133,900	5,900	19,200	1,838,100
December	1,669,100	191,900	6,100	12,800	1,879,900
Total	25,654,200	1,806,000	157,700	181,600	27,799,500
Percent	92.28%	6.50%	0.57%	0.65%	100.00%
Average Usage	**3,777**	**4,300**	**1,877**	**3,783**	**3,785**

	Customer Count				
	Residential	Commercial	Government	Church	Total
January, 2024	562	35	6	4	607
February	561	35	6	4	606
March	561	35	6	4	606
April	564	35	6	4	609
May	563	35	6	4	608
June	566	35	6	4	611
July	564	35	7	4	610
August	567	35	7	4	613
September	566	35	7	4	612
October	568	35	7	4	614
November	568	35	7	4	614
December	566	35	7	4	612
Average	565	35	7	4	610

FARMLAND MUNICIPAL WASTEWATER UTILITY

CALCULATION OF INFILTRATED FLOW
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024

	Total Influent Flow	Total Gallons Billed	Variance
January, 2024	7,461,700	1,733,400	5,728,300
February	3,161,200	2,154,500	1,006,700
March	5,611,000	1,841,400	3,769,600
April	8,277,000	1,701,500	6,575,500
May	3,270,500	1,820,700	1,449,800
June	2,538,000	1,785,200	752,800
July	2,604,000	1,989,600	614,400
August	2,755,900	2,066,400	689,500
September	2,541,000	6,947,600	(4,406,600)
October	2,018,100	2,041,200	(23,100)
November	3,339,000	1,838,100	1,500,900
December	5,759,800	1,879,900	3,879,900
Total	49,337,200	27,799,500	21,537,700
		Infiltrated Flow	**43.7%**

TOWN OF FARMLAND
MUNICIPAL WASTEWATER UTILITY

PRO FORMA FINANCIAL INFORMATION

FARMLAND MUNICIPAL WASTEWATER UTILITY

SCHEDULE OF PRO FORMA OPERATING DISBURSEMENTS
BASED ON THE TEST YEAR ENDED DECEMBER 31, 2024

2024

	Test Year	Adjustments		Pro Forma
Pro Forma Operating Disbursements:				
Salaries and Wages	$ 102,514	$ 10,486	(1)	$ 113,000
Employee Benefits	63,507	6,493	(1)	70,000
Purchased Power	5,511	1,489	(1)	7,000
Materials and Supplies	8,764	4,236	(2)	13,000
Chemicals	3,878	1,122	(1)	5,000
Transportation	2,999	2,001	(2)	5,000
Contractual Services	45,401	(401)	(2)	45,000
Insurance	12,393	1,607	(1)	14,000
Miscellaneous	10,902	(2,902)	(2)	8,000
Stormwater	422	578	(2)	1,000
Total Pro Forma Operating Disbursements	$ 256,291	$ 24,709		$ 281,000

Assumptions:

(1) Includes a 3% inflationary adjustment every year for three years.

(2) Provides an allowance based on historical disbursements.

FARMLAND MUNICIPAL WASTEWATER UTILITY

SCHEDULE OF PRO FORMA REVENUE REQUIREMENTS
BASED ON THE TEST YEAR ENDED DECEMBER 31, 2024

	Current	Option 1	Option 2 *WWTP Project*
Pro Forma Revenue Requirements:			
Pro Forma Operating Disbursements (1)		$ 281,000	$ 281,000
Debt Service on Outstanding Bonds (2)		69,480	69,480
Debt Service on Proposed Bonds (3)		-	241,716
Bond Coverage / Working Capital / Depreciation (4)		90,000	90,000
Total Pro Forma Revenues Required		440,480	682,196
Pro Forma Revenues:			
Test Year Wastewater Receipts		301,589	301,589
Test Year Stormwater Receipts		14,941	14,941
Test Year Penalties		8,536	8,536
Total Pro Forma Revenues Available		325,066	325,066
Revenue Shortfall		$ 115,414	$ 357,130
Approximate Increase in Current Wastewater Rates and Charges		38.3%	118.4%
Residential Sewer Bill (3,000 gallons)	$ 35.15	$ 48.62	$ 76.77
Residential Sewer Bill (4,000 gallons)	$ 45.80	$ 63.35	$ 100.03
Bond Coverage (5)			128.9%

(1) See page 8 for detail of operating disbursements.

(2) Maximum annual debt service on outstanding 2016 Revenue Bonds.

(3) Assumes annual debt service on proposed sewer mains and WWTP rehab project:

Par	$ 3,285,000
Term	20
Rate	4.00%

(4) Allowance to build up cash reserves after previous years of losses, to provide for depreciation, and to provide debt service coverage on outstanding 2016 Bonds.

(5) State Revolving Fund requires 125% bond coverage: Net Operating Revenues / Maximum Debt Service.

FARMLAND MUNICIPAL WASTEWATER UTILITY

SCHEDULE OF CURRENT AND PROPOSED WASTEWATER RATES AND CHARGES

	Current (1)	Option 1 38.3%	Option 2 118.4%
Metered Flow Rates:			
User Charge Flow Rate (per 1,000 gallons)	$ 4.10		
Debt Service Flow Rate (per 1,000 gallons)	6.55		
Metered Flow Rate (per 1,000 gallons)	$ 10.65	$ 14.73	$ 23.26
Monthly Base Charges (for all users)	$ 3.20	$ 4.43	$ 6.99
Minimum Monthly Charge (2,500 gallons)	$ 29.82	$ 41.26	$ 65.14
Unmetered Monthly Charge (4,000 gallons)	$ 45.80	$ 63.35	$ 100.03

	Current (2)
Stormwater Fees:	
Charge per ERU	$ 2.00

	Current (3)	Proposed	Proposed
System Development Charges:			
Tap fees for all connecting users	$1,500 plus cost of materials	$1,500 or actual cost, whichever is greater	
Capacity Fees (For New Development)	$ -	$ 2,000.00	$ 2,000.00

(1) Per Ordinance No. 2016-2.
(2) Per Ordinance No. 2013-04.
(3) Per 2023 Ordinance.