



Sellersburg Municipal Sewage Works

Rate Study Summary
August 11, 2025

This information should not be construed as a recommendation or an offer of services. The commentaries provided are opinions of Baker Tilly Municipal Advisors, LLC and are for informational purposes only. While the information is deemed reliable, Baker Tilly Municipal Advisors, LLC cannot guarantee its accuracy, completeness, or suitability for any purpose and makes no warranties with regard to the results to be obtained from its use, or whether any expressed course of events will actually occur. Past performance does not guarantee future results.

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly Advisory Group, LLP, a tax and advisory firm. Baker Tilly Advisory Group, LP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2025 Baker Tilly Advisory Group, LP



Rate Study Overview

- Sewer rates and charges last adjusted in 2022 per Ordinance No. 2021-OR-005
 - Phase I: 72.2% increase effective May 1, 2021
 - Phase II: 41.9% increase effective May 1, 2022
- Operating expenses have increased steadily over the last several years
 - Last rate study was conducted in 2020 (based on 2019 data)
- Annual debt service payments of \$1,624,000 until January 1, 2043
- Sewage Works has sufficient cash balances (as of 12/31/24) with available cash for select capital improvements
- Capital improvements approximately \$501,000 annually through 2029
 - Excludes \$6M wish list project – Allentown Road FM
- Across-the-board increase – four alternatives for phasing in rate increase over 3-5 years

Historical Analysis

Historical Analysis

Comparison of Fund Balances with Minimum Balances Required

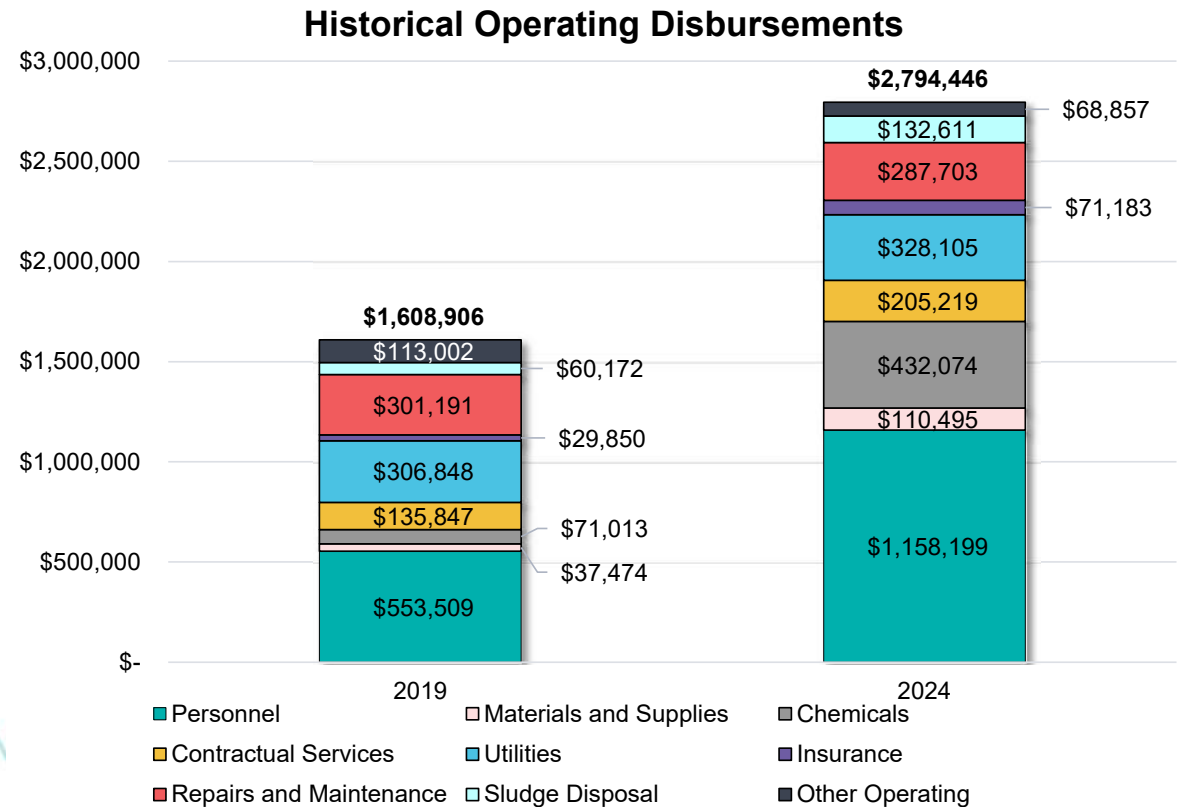
	Fund Balances 12/31/2024	Minimum Balance Required	Variance
Operation and Maintenance Fund	\$1,423,123	\$494,441	\$928,682
Sinking Fund:			
Bond and Interest Account	851,254	811,980	39,274
Debt Service Reserve Account	1,349,121	1,248,060	101,061
Tap-in Fund	1,190,896	1,190,896	-
Expansion Fund	1,265,439	1,265,439	-
Construction Fund	58,261	58,261	-
Totals	\$6,138,094	\$5,069,077	\$1,069,017



SELLERSBURG MUNICIPAL SEWAGE WORKS

Historical Analysis

- Since the last rate study, operating cost categories have increased significantly:
 - Chemicals (+500%)
 - Sludge Disposal (+120%)
 - Personnel (+100%)
 - Contractual Services (+50%)
- Main driver of proposed rate increase



Future Estimates

Future Estimates

Utility Capital Improvement Plan

Capital Improvement Category	2025-2029
Creston Sewer Replacement	\$1,700,000
PS Lining	86,250
Manhole Lining	287,500
Pipe Lining	431,250
Total Capital Improvements	\$2,505,000
Average Annual Capital Improvements (5 Years)	\$501,000

SELLERSBURG MUNICIPAL SEWAGE WORKS

Alternative I – 3 Phases

Estimated Revenue Requirements:	2025	2026	2027
Operation and Maintenance Disbursements (1)	\$2,966,100	\$3,055,100	\$3,146,800
2021 Revenue Bonds	1,624,000	1,624,000	1,624,000
Debt Service Reserve	300,800	75,200	-
Replacements and Improvements	110,000	420,000	501,000
Total Revenue Requirements	5,000,900	5,174,300	5,271,800
Less: Interest Income	(61,400)	(61,400)	(61,400)
Total Net Revenue Requirements	\$4,939,500	\$5,112,900	\$5,210,400
Estimated Annual Receipts:			
Collection and Treatment Services	\$4,413,800	\$4,413,800	\$4,413,800
Revenues from Rate Increase	-	525,700	699,100
Total Available Revenue	\$4,413,800	\$4,939,500	\$5,112,900
Additional Receipts Required	\$525,700	\$173,400	\$97,500
Change in Average Monthly Residential Bill (Current Inside Town Bill \$55.85)	\$6.64	\$2.20	\$1.21
Estimated Debt Service Coverage	125%	130%	135%

(1) Includes normalization adjustments to calendar year 2024 for salaries, benefits, audit fees in contractual services, utilities and a 3% contingency allowance. Future years assume annual inflationary increases of 3%.



SELLERSBURG MUNICIPAL SEWAGE WORKS

Alternative II – 3 Level Phases

Estimated Revenue Requirements:	2025	2026	2027
Operation and Maintenance Disbursements (1)	\$2,691,100	\$2,871,100	\$3,146,800
2021 Revenue Bonds	1,624,000	1,624,000	1,624,000
Debt Service Reserve	300,800	75,200	-
Replacements and Improvements	110,000	420,000	501,000
Total Revenue Requirements	4,725,900	4,990,300	5,271,800
Less: Interest Income	(61,400)	(61,400)	(61,400)
Total Net Revenue Requirements	\$4,664,500	\$4,928,900	\$5,210,400
Estimated Annual Receipts:			
Collection and Treatment Services	\$4,413,800	\$4,413,800	\$4,413,800
Revenues from Rate Increase	-	250,700	515,100
Total Available Revenue	\$4,413,800	\$4,664,500	\$4,928,900
Additional Receipts Required	\$250,700	\$264,400	\$281,500
Change in Average Monthly Residential Bill (Current Inside Town Bill \$55.85)	\$3.17	\$3.36	\$3.55
Estimated Debt Service Coverage	125%	130%	131%

(1) Assumes Alternative I estimated operation and maintenance disbursements are reduced to allow for more even phases of rate increases. 2025 is estimated at a level lower than calendar year 2023 and 2024, so costs would need to be monitored.



SELLERSBURG MUNICIPAL SEWAGE WORKS

Alternative III – 4 Level Phases

Estimated Revenue Requirements:	2025	2026	2027	2028
Operation and Maintenance Disbursements (1)	\$2,656,100	\$2,800,100	\$3,041,800	\$3,241,000
2021 Revenue Bonds	1,624,000	1,624,000	1,624,000	1,624,000
Debt Service Reserve	300,800	75,200	-	-
Replacements and Improvements	110,000	420,000	490,000	501,000
Total Revenue Requirements	4,690,900	4,919,300	5,155,800	5,366,200
Less: Interest Income	(61,400)	(61,400)	(61,400)	(61,400)
Total Net Revenue Requirements	\$4,629,500	\$4,857,900	\$5,094,400	\$5,304,800
Estimated Annual Receipts:				
Collection and Treatment Services	\$4,413,800	\$4,413,800	\$4,413,800	\$4,413,800
Revenues from Rate Increase	-	215,700	444,100	680,600
Total Available Revenue	\$4,413,800	\$4,629,500	\$4,857,900	\$5,094,400
Additional Receipts Required	\$215,700	\$228,400	\$236,500	\$210,400
Change in Average Monthly Residential Bill (Current Inside Town Bill \$55.85)	\$2.73	\$2.86	\$3.03	\$3.10
Estimated Debt Service Coverage	125%	130%	130%	131%

(1) Assumes Alternative I estimated operation and maintenance disbursements are reduced to allow for more even phases of rate increases. 2025 is estimated at a level lower than calendar year 2023 and 2024, so costs would need to be monitored.



SELLERSBURG MUNICIPAL SEWAGE WORKS

Alternative IV – 5 Level Phases

Estimated Revenue Requirements:	2025	2026	2027	2028	2029
Operation and Maintenance Disbursements (1)	\$2,636,100	\$2,755,100	\$2,971,800	\$3,166,200	\$3,338,400
2021 Revenue Bonds	1,624,000	1,624,000	1,624,000	1,624,000	1,624,000
Debt Service Reserve	300,800	75,200	-	-	-
Replacements and Improvements	110,000	420,000	490,000	490,000	501,000
Total Revenue Requirements	4,670,900	4,874,300	5,085,800	5,280,200	5,463,400
Less: Interest Income	(61,400)	(61,400)	(61,400)	(61,400)	(61,400)
Total Net Revenue Requirements	\$4,609,500	\$4,812,900	\$5,024,400	\$5,218,800	\$5,402,000
Estimated Annual Receipts:					
Collection and Treatment Services	\$4,413,800	\$4,413,800	\$4,413,800	\$4,413,800	\$4,413,800
Revenues from Rate Increase	-	195,700	399,100	610,600	805,000
Total Available Revenue	\$4,413,800	\$4,609,500	\$4,812,900	\$5,024,400	\$5,218,800
Additional Receipts Required	\$195,700	\$203,400	\$211,500	\$194,400	\$183,200
Change in Average Monthly Residential Bill (Current Inside Town Bill \$55.85)	\$2.46	\$2.58	\$2.66	\$2.79	\$2.78
Estimated Debt Service Coverage	125%	130%	130%	130%	131%

(1) Assumes Alternative I estimated operation and maintenance disbursements are reduced to allow for more even phases of rate increases. 2025 is estimated at a level lower than calendar year 2023 and 2024, so costs would need to be monitored.



Future Estimates

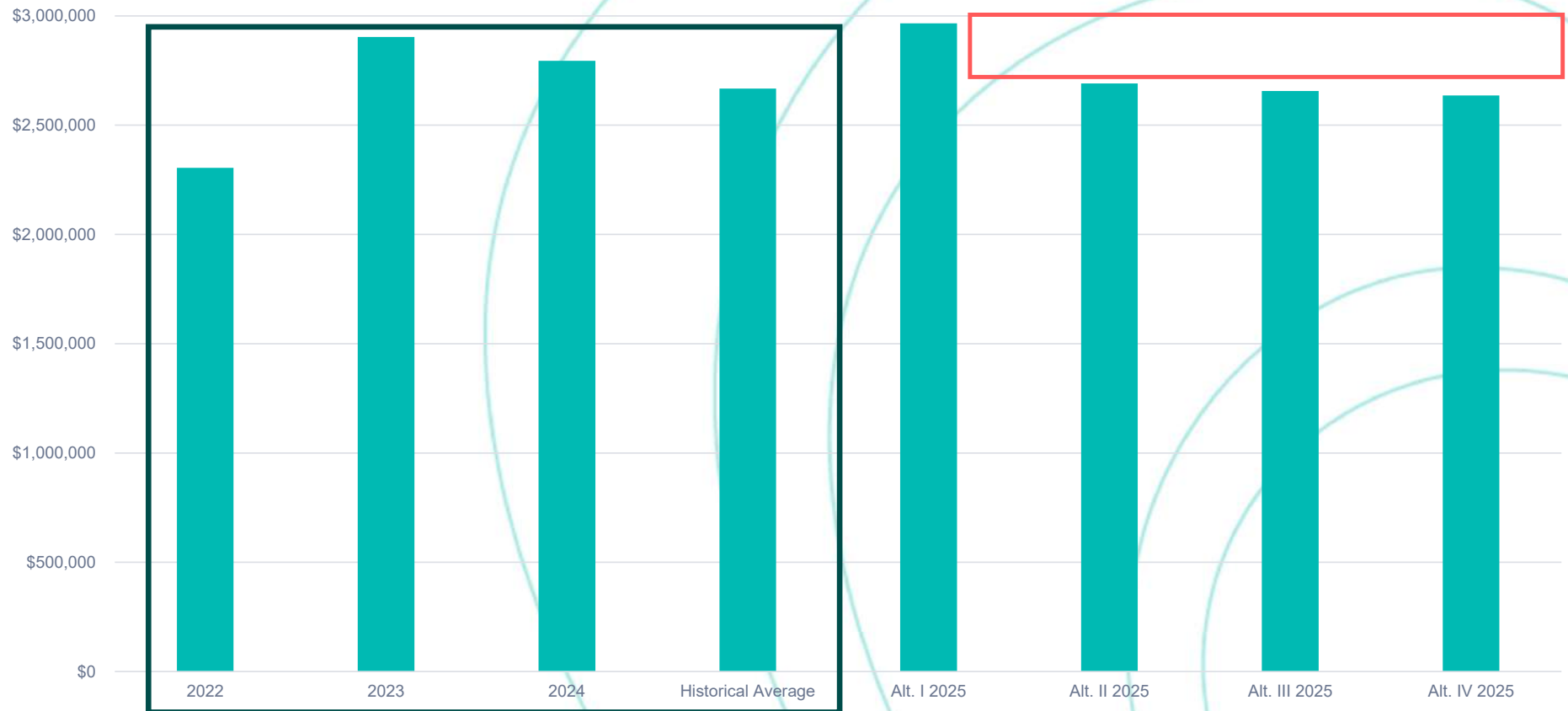
Average Monthly Residential Bill* at Each Phase of Proposed Rate Adjustment

Alternative	Customer Type	Current	Average Monthly Residential Bill*				
			2025	2026	2027	2028	2029
I	Inside Town	\$55.85	\$62.49	\$64.69	\$65.90		
I	Outside Town	73.51	82.25	85.15	86.74		
II	Inside Town	55.85	59.02	62.38	65.93		
II	Outside Town	73.51	77.68	82.10	86.77		
III	Inside Town	55.85	58.58	61.44	64.47	\$67.57	
III	Outside Town	73.51	77.10	80.86	84.85	88.93	
IV	Inside Town	55.85	58.31	60.89	63.55	66.34	\$69.12
IV	Outside Town	73.51	76.75	80.15	83.65	87.32	90.98

*Based on an assumed usage of 4,000 gallons per month and a 5/8" meter



Operation and Maintenance Disbursements

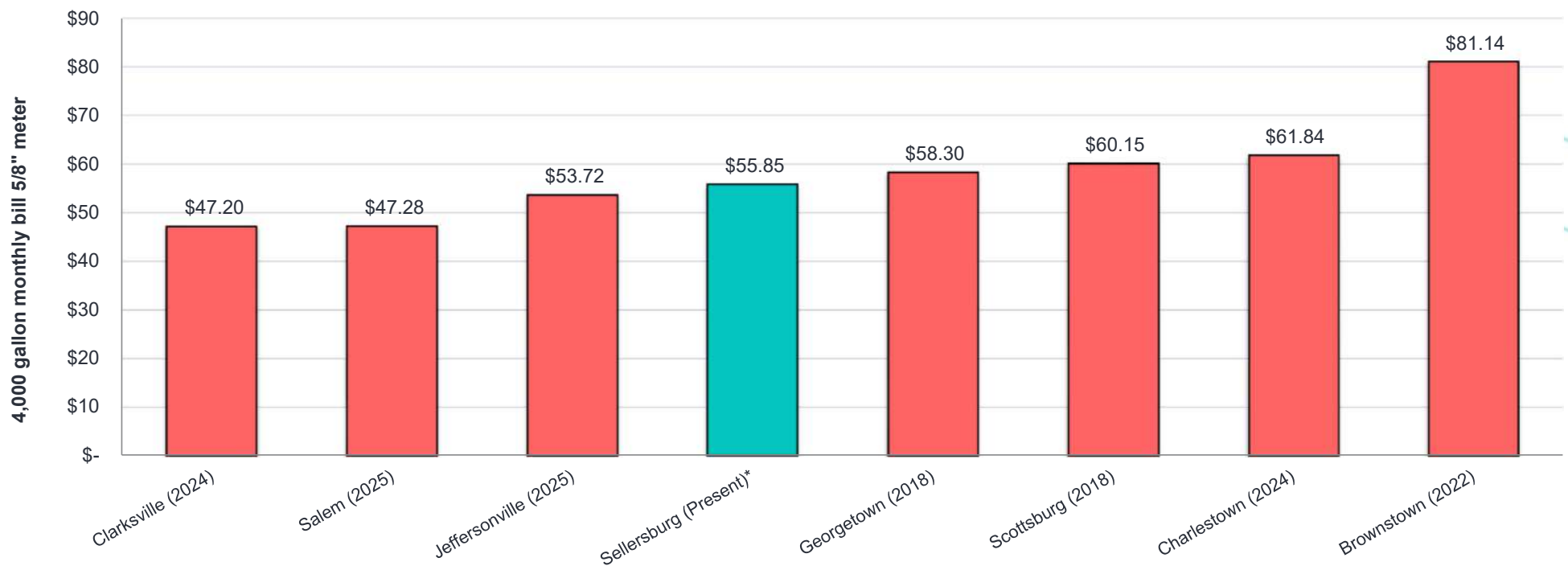


Alt. I assumes a level of disbursements based on historical trends and typical cost increases. Alts. II-IV assume reductions to achieve more level increases.



Future Estimates

Comparison of Monthly Residential Bills with Other Indiana Communities*



*Based on inside town rates.



Summary

The background of the slide is a solid teal color. On the right side, there are several concentric circles in a lighter shade of teal, creating a subtle graphic element.

Summary

- Elevated operating costs
 - Large increases in personnel, chemicals, sludge disposal, and contractual services since last study
 - Combination of post-pandemic inflationary environment and expansion related to 2021 Bond projects
- Healthy cash balances – in a position to be proactive for upcoming capital projects and increased costs
- \$6M wish list project – Allentown Road FM
 - Uncertainty about timing/affordability
 - Could incorporate into current rate study and provide alternatives based on potential funding sources
- Proposed rate increase can be phased in over multiple years as illustrated





Andre J. Riley
Principal

P: +1 (317) 465-1537
E: andre.riley@bakertilly.com



Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms. The name Baker Tilly and its associated logo is used under license from Baker Tilly International limited. The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. © 2024 Baker Tilly Advisory Group, LP

