

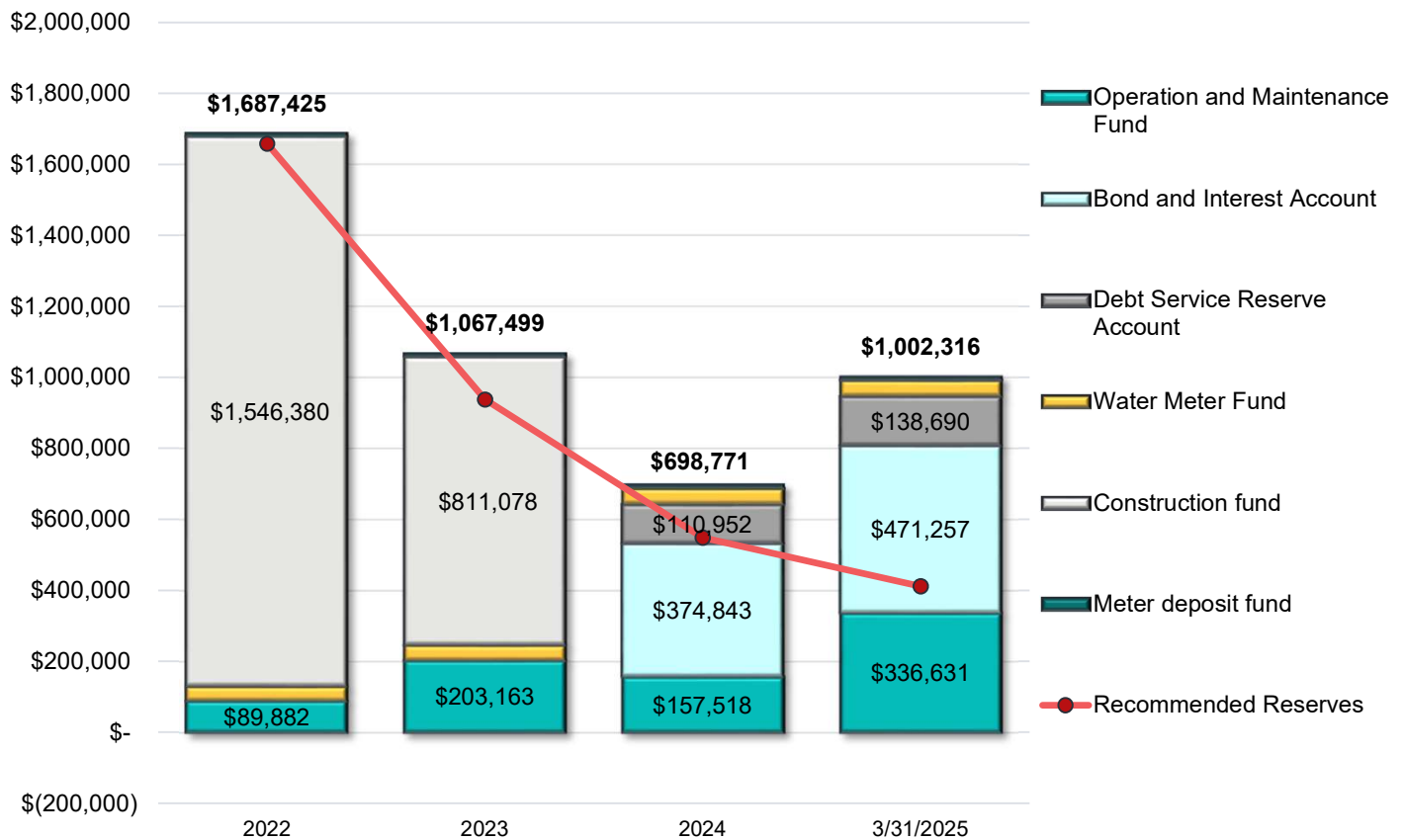
BRISTOL (INDIANA) MUNICIPAL WATER UTILITY

FINANCIAL MANAGEMENT REPORT

Historical Financial Summary

The following section provides a comprehensive three-year historical financial summary for the Utility, highlighting key financial trends and performance metrics. This analysis includes graphical representations of fund balances in comparison to required or recommended reserve levels, cash flow trends for receipts and disbursements, and a detailed breakdown of operating costs by category as a percentage of total operating expenses. These visuals and accompanying data offer insights into the Utility's financial health, resource allocation, and fiscal sustainability over the past three years.

Table 1
Fund Balances vs. Recommended Reserves



Fund balances are a result of receipt and disbursement activity over time. Spending more money than is received in any accounting period results in fund balances diminishing and vice-a-versa. Table 1 shows the Utility's total fund balance history over the last three years compared to recommended reserve balances. Recommended reserves are based on industry best practices (such as reserving two month's operation and maintenance and one year's capital spending).

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Estimated Future Health

The most important part of a financial health check is to analyze where the Utility is going in the future. We have used historical trends, management information and reserve requirements to analyze the adequacy of rates and charges, estimate future fund balances and provide recommendations to improve the financial health of the Utility.

Table 2
Estimated Receipts

	2024 Actual	Estimated				
		2025	2026	2027	2028	2029
Operating Receipts:						
Metered Sales	\$758,484	\$1,062,700	\$1,266,100	\$1,266,100	\$1,266,100	\$1,266,100
Fire Protection - Sprinklers	25,658	64,700	79,800	79,800	79,800	79,800
Hydrant Rentals	137,858	245,900	304,800	304,800	304,800	304,800
Penalties	23,383	9,800	9,800	9,800	9,800	9,800
Subtotal	945,383	1,383,100	1,660,500	1,660,500	1,660,500	1,660,500
Non-Operating Receipts:						
Connection Fees	7,265	-	-	-	-	-
Meter Deposits (net)	3,600	-	-	-	-	-
BAN Proceeds	-	-	-	-	-	-
Reimbursements	9,068	-	-	-	-	-
Interest Income	5,273	5,200	7,300	11,600	14,000	16,300
Other Income	13,284	-	-	-	-	-
Subtotal	38,490	5,200	7,300	11,600	14,000	16,300
Total Receipts	\$983,873	\$1,388,300	\$1,667,800	\$1,672,100	\$1,674,500	\$1,676,800

Estimated receipts are based on historical trends and scheduled rate increases. It assumes no customer growth.

Table 3
Estimated Operating Disbursements

	2024 Actual	Estimated				
		2025	2026	2027	2028	2029
Personnel	\$259,339	\$267,100	\$275,100	\$283,300	\$291,800	\$300,600
Repairs and Maintenance	35,397	25,400	26,200	27,000	27,800	28,600
Contractual Services	12,081	27,600	28,400	29,300	30,200	31,100
Materials and Supplies	13,968	16,200	16,700	17,200	17,700	18,200
Utilities	50,595	50,000	51,500	53,100	54,700	56,300
Other Operating	25,262	31,600	32,600	33,600	34,600	35,600
Total Operating Disbursements	\$396,642	\$417,900	\$430,500	\$443,500	\$456,800	\$470,400

The 2025 operating disbursements budget was calculated based on historical activity and input from Utility management. Years 2026 through 2029 include estimated annual inflationary increases of 3%.

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Table 4
Estimated Debt Service

	2024 Actual	2025	2026	Estimated 2027	2028	2029
Principal	\$ -	\$2,000	\$2,000	\$257,000	\$267,000	\$277,000
Interest	-	608,500	576,400	574,000	564,500	554,600
Total Debt Service	\$ -	\$610,500	\$578,400	\$831,000	\$831,500	\$831,600

Table 4 includes the Utility's annual payments on the Outstanding Bonds, see additional details on pages 9 and 10.

Table 5
Estimated Capital

	2024 Actual	2025	2026	Estimated 2027	2028	2029
Infrastructure	\$809,578	\$83,100	\$ -	\$ -	\$ -	\$ -
Improvements other than buildings	146,701	-	-	-	-	-
Capital allowance	-	83,100	83,100	83,100	83,100	83,100
Total Capital	\$956,279	\$166,200	\$83,100	\$83,100	\$83,100	\$83,100

Capital improvements for years 2025 through 2029 are based on a 3-year historical average between 2022 and 2024. Refer to page 11 for additional detail on capital needs.

In summary, assuming no rate adjustments or customer growth, we estimate the Utility will experience a net positive cash flow over the next five years.

Table 6
Estimated Increase (Decrease) in Fund Balances



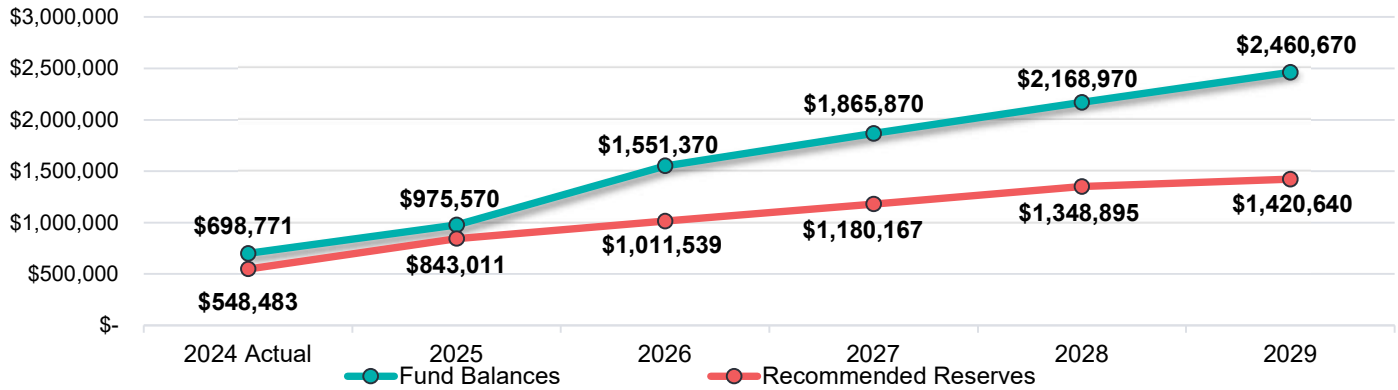
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The estimated impact on fund balances can be seen below in Table 7. Fund balances are anticipated to rise over the five year period as a result of the net positive estimated future cash flows.

Table 7
Estimated Fund Balances vs. Recommended Reserves



Conclusion

The financial analysis provided in this report offers a comprehensive view of the Utility's fiscal health, operational efficiency, and key financial trends over the past three years. The review of fund balances, cash flow patterns, operating costs, and budget-to-actual performance provides a foundation for evaluating the Utility's ability to meet financial obligations and maintain sustainable operations. Additionally, the five-year cash flow estimates included in this analysis offer a forward-looking perspective, highlighting expected financial trends and helping to anticipate future challenges or opportunities.

These recommendations, combined with the insights from the five-year cash flow projections, aim to ensure the utility continues to meet its financial obligations, maintain adequate reserves, and invest in infrastructure improvements. By addressing current financial conditions and preparing for future demands, the utility will be better positioned to provide reliable and cost-effective services to its customers over the long term.

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Estimated Future Health

We have used historical trends, management information and reserve requirements to estimate future fund balances in order to determine if a delayed rate increase is feasible.

Table 8
Estimated Receipts

	2024 Actual	Estimated				
		2025	2026	2027	2028	2029
Operating Receipts:						
Metered Sales	\$758,484	\$994,900	\$1,266,100	\$1,266,100	\$1,266,100	\$1,266,100
Fire Protection - Sprinklers	25,658	59,700	79,800	79,800	79,800	79,800
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Penalties	23,383	9,800	9,800	9,800	9,800	9,800
Subtotal	945,383	1,290,600	1,660,500	1,660,500	1,660,500	1,660,500
Non-Operating Receipts:						
Connection Fees	7,265	-	-	-	-	-
Meter Deposits (net)	3,600	-	-	-	-	-
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Interest Income	5,273	5,200	7,300	11,600	14,000	16,300
Other Income	13,284	-	-	-	-	-
Subtotal	38,490	5,200	7,300	11,600	14,000	16,300
Total Receipts	\$983,873	\$1,295,800	\$1,667,800	\$1,672,100	\$1,674,500	\$1,676,800

Estimated receipts are based on historical trends and scheduled rate increases. It assumes no customer growth. Operating receipts for 2025 through 2029 are based on the Cost of Service report prepared by Baker Tilly on March 27, 2024, will projections in 2025 delaying increased revenues by two months.

Table 9
Estimated Operating Disbursements

	2024 Actual	Estimated				
		2025	2026	2027	2028	2029
Personnel	\$259,339	\$267,100	\$275,100	\$283,300	\$291,800	\$300,600
Repairs and Maintenance	35,397	25,400	26,200	27,000	27,800	28,600
Contractual Services	12,081	27,600	28,400	29,300	30,200	31,100
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Total Operating Disbursements	\$396,642	\$417,900	\$430,500	\$443,500	\$456,800	\$470,400

The 2025 operating disbursements budget was calculated based on historical activity and input from Utility management. Years 2026 through 2029 include estimated annual inflationary increases of 3%.

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Table 10
Estimated Debt Service

	2024 Actual	2025	2026	Estimated 2027	2028	2029
Principal	\$ -	\$2,000	\$2,000	\$257,000	\$267,000	\$277,000
Interest	-	608,500	576,400	574,000	564,500	554,600
Total Debt Service	\$ -	\$610,500	\$578,400	\$831,000	\$831,500	\$831,600

Table 3 includes the Utility's annual payments on the Outstanding Bonds.

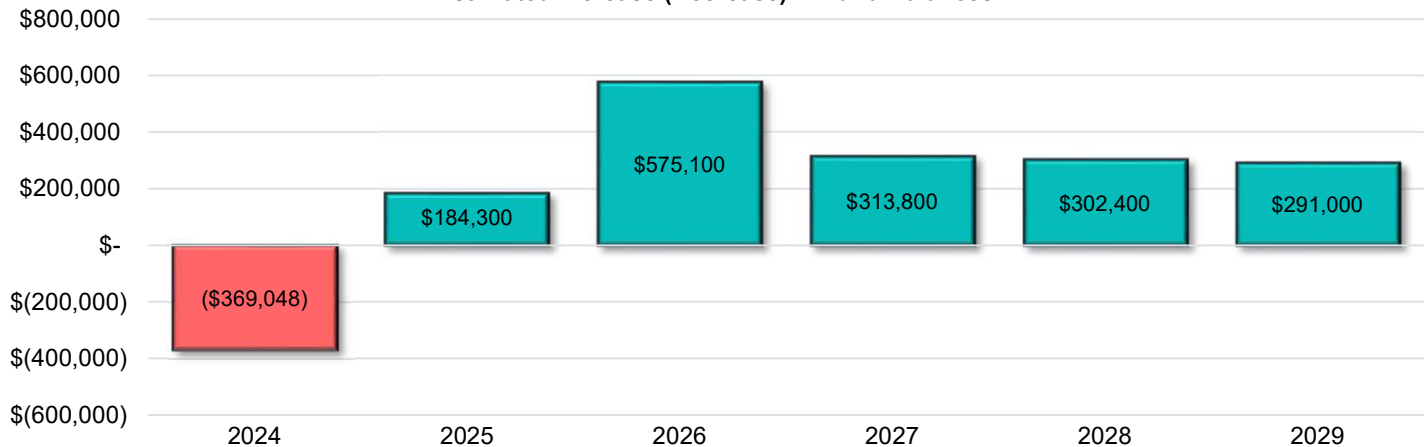
Table 11
Estimated Capital

	2024 Actual	2025	2026	Estimated 2027	2028	2029
Infrastructure	\$809,578	\$83,100	\$ -	\$ -	\$ -	\$ -
Improvements other than buildings	146,701	-	-	-	-	-
Capital allowance	-	83,100	83,100	83,100	83,100	83,100
Total Capital	\$956,279	\$166,200	\$83,100	\$83,100	\$83,100	\$83,100

Capital improvements for years 2025 through 2029 are based on a 3-year historical average between 2022 and 2024.

In summary, assuming a two month delay in rate increases, we estimate the Utility will experience a net positive cash flow over the next five years, with sufficient funds to cover debt service payments.

Table 12
Estimated Increase (Decrease) in Fund Balances



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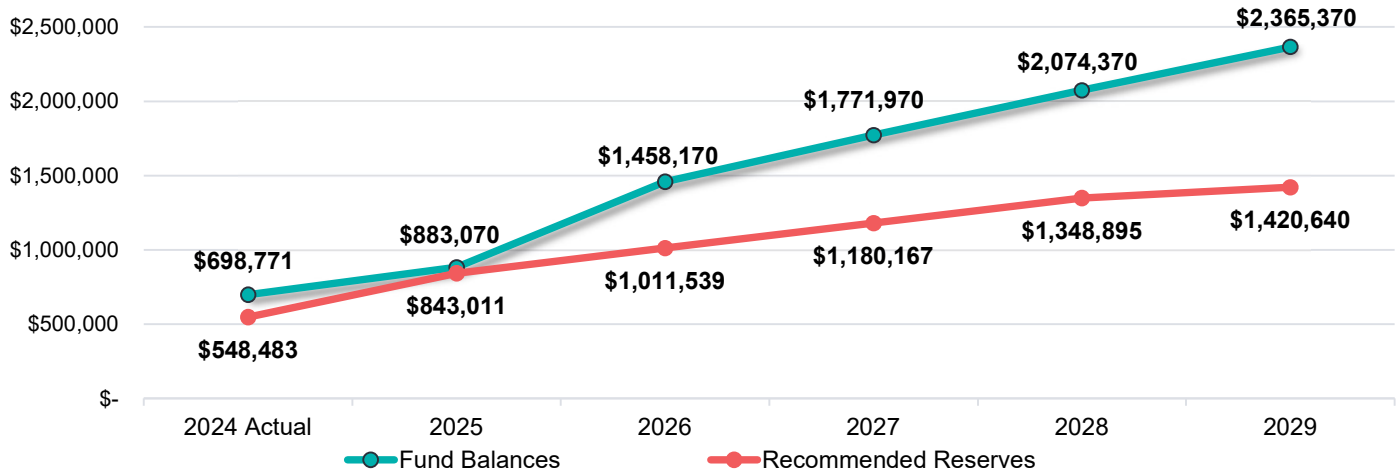
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The estimated impact on fund balances can be seen below in Table 6. Fund balances are anticipated to rise over the five year period as a result of the net positive estimated future cash flows. It is estimated that fund balances will remain above recommended reserves over the five year period.

Table 13

Estimated Fund Balances vs. Recommended Reserves



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