

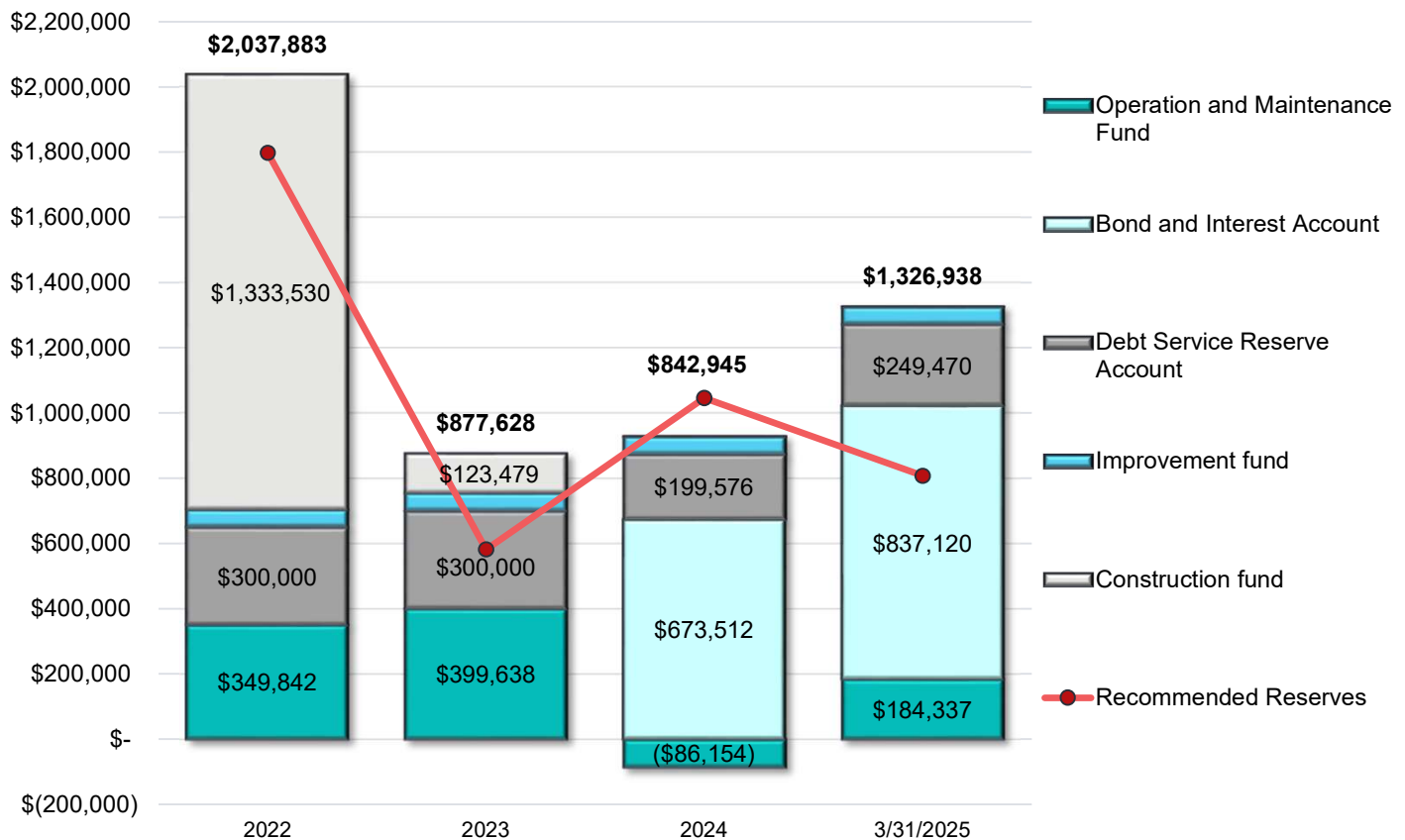
BRISTOL (INDIANA) MUNICIPAL SEWAGE WORKS

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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BRISTOL (INDIANA) MUNICIPAL SEWAGE WORKS

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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	2025	2026	Estimated 2027	2028	2029
Operating Receipts:						
Sewage Collections	\$1,053,240	\$2,225,600	\$2,587,158	\$2,707,500	\$2,707,500	\$2,707,500
Penalties	32,625	16,700	16,700	16,700	16,700	16,700
Subtotal	<u>1,085,865</u>	<u>2,242,300</u>	<u>2,603,858</u>	<u>2,724,200</u>	<u>2,724,200</u>	<u>2,724,200</u>
Non-Operating Receipts:						
Tap Charges	14,101	-	-	-	-	-
Refunds and reimbursements	8,865	-	-	-	-	-
Interest Income	11,892	8,300	9,600	15,200	18,100	20,800
Other Income	2,553	-	-	-	-	-
Subtotal	<u>37,411</u>	<u>8,300</u>	<u>9,600</u>	<u>15,200</u>	<u>18,100</u>	<u>20,800</u>
Total Receipts	<u>\$1,123,276</u>	<u>\$2,250,600</u>	<u>\$2,613,458</u>	<u>\$2,739,400</u>	<u>\$2,742,300</u>	<u>\$2,745,000</u>

Estimated receipts are based on historical trends and scheduled rate increases. It assumes no customer growth. 2025 through 2029 operating receipts are based on the Cost of Service Prepared by Baker Tilly on March 27, 2024.

Table 3
Estimated Operating Disbursements

	2024 Actual	2025	2026	Estimated 2027	2028	2029
Personnel	\$261,065	\$268,900	\$276,900	\$285,300	\$293,800	\$302,600
Repairs and Maintenance	64,990	66,900	68,900	71,000	73,100	75,300
Contractual Services	119,867	123,500	127,200	131,000	134,900	138,900
Materials and Supplies	83,742	83,500	86,000	88,600	91,300	94,000
Utilities	131,809	122,700	126,400	130,200	134,100	138,100
Other Operating	1,806	1,900	2,000	2,100	2,200	2,300
Total Operating Disbursements	<u>\$663,279</u>	<u>\$667,400</u>	<u>\$687,400</u>	<u>\$708,200</u>	<u>\$729,400</u>	<u>\$751,200</u>

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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BRISTOL (INDIANA) MUNICIPAL SEWAGE WORKS

FINANCIAL MANAGEMENT REPORT

Table 3
Estimated Debt Service

	2024 Actual	2025	2026	Estimated 2027	2028	2029
Principal	\$ -	\$2,000	\$2,000	\$463,000	\$480,000	\$498,000
Interest	-	1,094,936	1,037,234	1,032,977	1,015,819	998,038
Total Debt Service	\$ -	\$1,096,936	\$1,039,234	\$1,495,977	\$1,495,819	\$1,496,038

Table 3 includes the Utility's annual payments on the Outstanding Bonds, see additional details on pages 5 and 6.

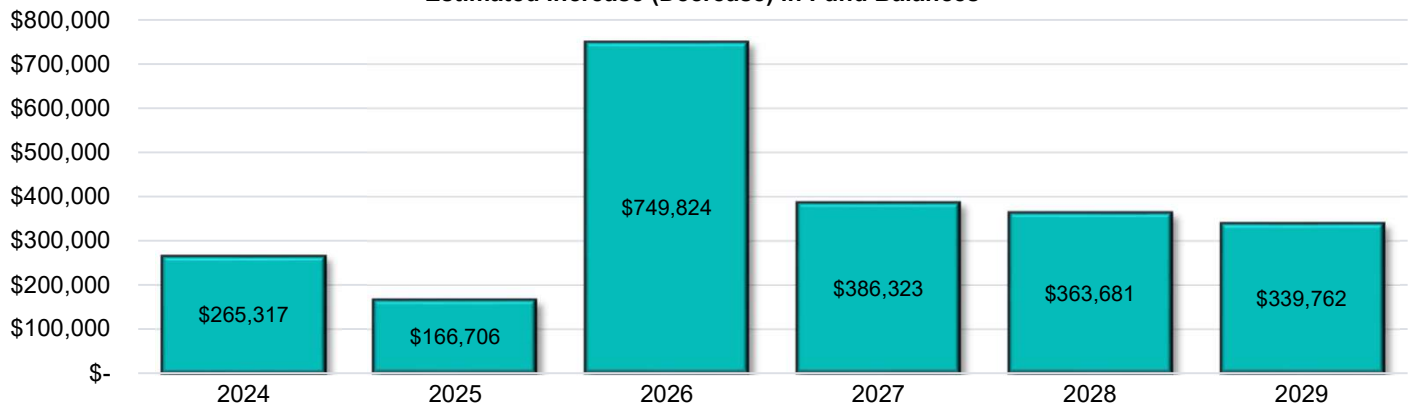
Table 4
Estimated Capital

	2024 Actual	2025	2026	Estimated 2027	2028	2029
Infrastructure	\$188,671	\$319,558	\$ -	\$ -	\$ -	\$ -
Improvements other than buildings	6,009	-	-	-	-	-
Allowance for capital improvements	-	-	137,000	148,900	153,400	158,000
Total Capital	\$194,680	\$319,558	\$137,000	\$148,900	\$153,400	\$158,000

Capital improvements for 2025 are based on estimates per Utility management. Refer to page 11 for additional detail on capital needs. Note, 2026 and 2027 include an allowance for capital improvements based on the Cost of Service Study prepared by Baker Tilly on March 27, 2024. Additionally, 2028 and 2029 amounts are based on 2027 amounts plus a 3% inflationary increase annually.

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 5
Estimated Increase (Decrease) in Fund Balances



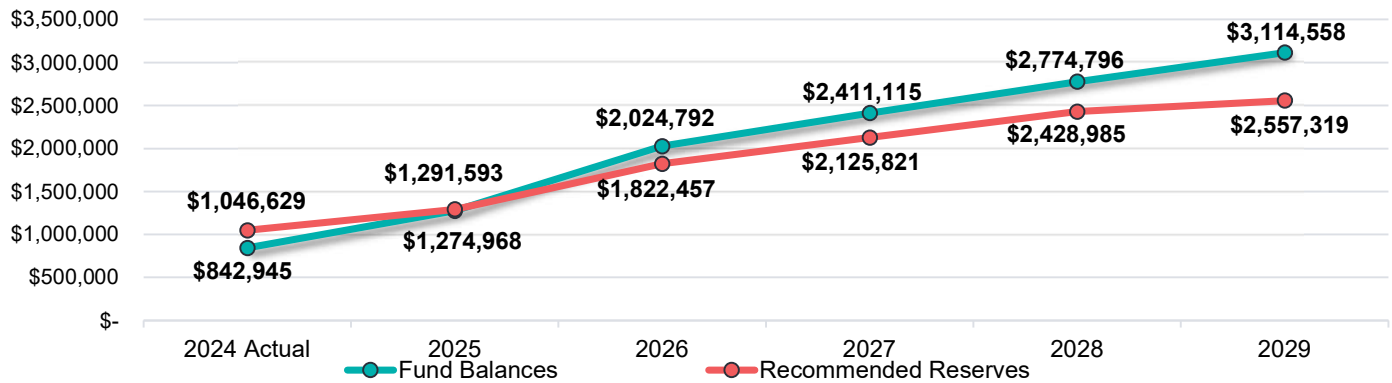
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FINANCIAL MANAGEMENT REPORT

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.

Table 6
Estimated Fund Balances vs. Recommended Reserves



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BRISTOL (INDIANA) MUNICIPAL SEWAGE WORKS

DELAYED RATE INCREASE SCENARIO

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 7
Estimated Receipts

	2024 Actual	Estimated				
		2025	2026	2027	2028	2029
Operating Receipts:						
Sewage Collections	\$1,053,240	\$2,145,200	\$2,587,158	\$2,707,500	\$2,707,500	\$2,707,500
Penalties	32,625	16,700	16,700	16,700	16,700	16,700
Subtotal	<u>1,085,865</u>	<u>2,161,900</u>	<u>2,603,858</u>	<u>2,724,200</u>	<u>2,724,200</u>	<u>2,724,200</u>
Non-Operating Receipts:						
Tap Charges	14,101	-	-	-	-	-
Refunds and reimbursements	8,865	-	-	-	-	-
Interest Income	11,892	8,300	9,600	15,200	18,100	20,800
Other Income	2,553	-	-	-	-	-
Subtotal	<u>37,411</u>	<u>8,300</u>	<u>9,600</u>	<u>15,200</u>	<u>18,100</u>	<u>20,800</u>
Total Receipts	<u>\$1,123,276</u>	<u>\$2,170,200</u>	<u>\$2,613,458</u>	<u>\$2,739,400</u>	<u>\$2,742,300</u>	<u>\$2,745,000</u>

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, with all projections shifted forward by one year to reflect estimated cash flows assuming a one-year delay in the next rate increase.

Table 8
Estimated Operating Disbursements

	2024 Actual	Estimated				
		2025	2026	2027	2028	2029
Personnel	\$261,065	\$268,900	\$276,900	\$285,300	\$293,800	\$302,600
Repairs and Maintenance	64,990	66,900	68,900	71,000	73,100	75,300
Contractual Services	119,867	123,500	127,200	131,000	134,900	138,900
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Utilities	131,809	122,700	126,400	130,200	134,100	138,100
Other Operating	<u>1,806</u>	<u>1,900</u>	<u>2,000</u>	<u>2,100</u>	<u>2,200</u>	<u>2,300</u>
Total Operating Disbursements	<u>\$663,279</u>	<u>\$667,400</u>	<u>\$687,400</u>	<u>\$708,200</u>	<u>\$729,400</u>	<u>\$751,200</u>

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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BRISTOL (INDIANA) MUNICIPAL SEWAGE WORKS

DELAYED RATE INCREASE SCENARIO

Table 9
Estimated Debt Service

	2024 Actual	2025	2026	Estimated 2027	2028	2029
Principal	\$ -	\$2,000	\$2,000	\$463,000	\$480,000	\$498,000
Interest	-	1,094,936	1,037,234	1,032,977	1,015,819	998,038
Total Debt Service	\$ -	\$1,096,936	\$1,039,234	\$1,495,977	\$1,495,819	\$1,496,038

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

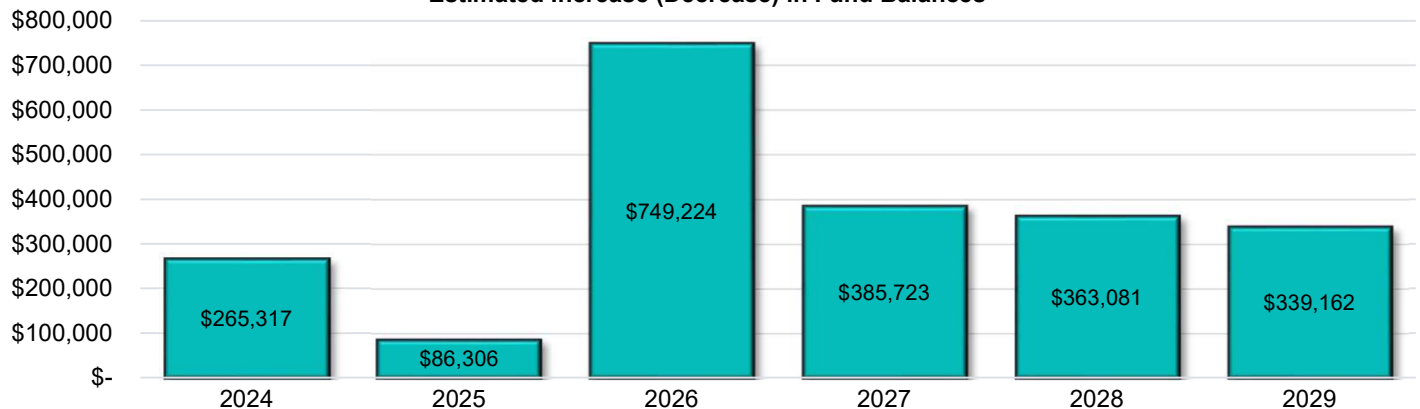
Table 10
Estimated Capital

	2024 Actual	2025	2026	Estimated 2027	2028	2029
Infrastructure	\$188,671	\$319,558	\$ -	\$ -	\$ -	\$ -
Improvements other than buildings	6,009	-	-	-	-	-
Allowance for capital improvements	-	-	137,000	148,900	153,400	158,000
Total Capital	\$194,680	\$319,558	\$137,000	\$148,900	\$153,400	\$158,000

Capital improvements for years 2025 through 2029 are based on estimates per Utility management. Note, 2026 and 2027 include an allowance for capital improvements based on the Cost of Service Study prepared by Baker Tilly on March 27, 2024.

In summary, assuming a delayed rate increase with no customer growth, we estimate the Utility will experience a net positive cash flow over the next five years. The negative cash flow in 2025 is primarily due to debt service payments on the 2024 Bonds commencing, while the corresponding rate increase is deferred until 2026.

Table 11
Estimated Increase (Decrease) in Fund Balances



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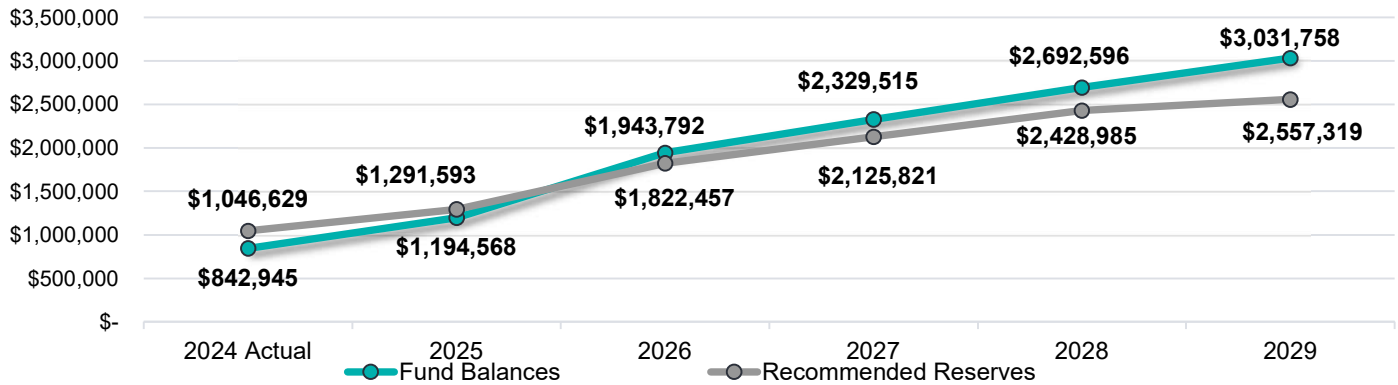
BRISTOL (INDIANA) MUNICIPAL SEWAGE WORKS

DELAYED RATE INCREASE SCENARIO

The estimated impact on fund balances can be seen below in Table 6. Fund balances are anticipated to rise over the five year period, but due to the initial drop in funds in 2025, it is estimated the Utility would be under the required reserve amount the following four years.

Table 6

Estimated Fund Balances vs. Recommended Reserves



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