

**TOWN OF THORNTOWN
MUNICIPAL WATER UTILITY**

2026 RATE STUDY

February 16, 2026

KROHN
— ASSOCIATES —
CPAS AND CONSULTANTS

THORNTOWN MUNICIPAL WATER UTILITY

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ACCOUNTANT'S COMPILATION REPORT

Aly Hickman, Clerk-Treasurer
and Members of the Town Council
Town of Thorntown Municipal Water Utility
101 West Main Street
Thorntown, Indiana, 46071

February 16, 2026

In connection with the proposed rate adjustments in the Town of Thorntown Municipal Water 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 water 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, 2025, is prepared for the purpose of showing the estimated financial effects on the Thorntown Water 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, 2025, 2024 and 2023, 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 4-5 is presented for 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 Thorntown Water 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 THORNTOWN
MUNICIPAL WATER UTILITY

HISTORICAL FINANCIAL STATEMENTS

THORNTOWN MUNICIPAL WATER UTILITY

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

	<u>12/31/2025</u>	<u>12/31/2024</u>	<u>12/31/2023</u>
Utility Plant in Service	<u>\$ 1,819,746</u>	<u>\$ 1,625,052</u>	<u>\$ 1,540,819</u>
Cash and Investments:			
Operating Fund	\$ 385,861	\$ 29,048	\$ 112,170
Depreciation Fund	19,741	1,795	28,728
Meter Deposit Fund	<u>21,201</u>	<u>18,876</u>	<u>17,643</u>
Total Cash and Investments	<u>\$ 426,803</u>	<u>\$ 49,719</u>	<u>\$ 158,541</u>

See Accountant's Compilation Report

THORNTOWN MUNICIPAL WATER UTILITY

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

	12/31/2025	12/31/2024	12/31/2023
Operating Receipts:			
Water Collections (Net of Sales Tax)	\$ 258,379	\$ 186,027	\$ 173,769
Public Fire Protection	42,281	29,467	32,046
Other Operating Receipts	4,635	9,209	5,900
Total Operating Receipts	305,295	224,703	211,715
Operating Disbursements:			
Salaries and Wages	75,812	80,974	76,168
Employee Benefits and Taxes	28,239	37,317	35,286
Office Supplies	21,869	26,821	12,708
Materials and Supplies	46,061	14,588	18,148
Chemicals	4,854	8,141	7,988
Transportation	4,801	4,242	5,283
Repairs and Maintenance	6,700	6,142	6,700
Utilities and Purchased Power	9,948	11,856	11,138
Contractual Services	57,315	40,100	31,609
Insurance	21,064	15,068	13,272
Other Operating Disbursements	9,104	8,022	9,824
Total Operating Disbursements	285,767	253,271	228,124
Net Operating Receipts	19,528	(28,568)	(16,409)
Non-Operating Receipts/(Disbursements):			
Interest Income	369	135	296
Refunds and Reimbursements	25,769	5,267	-
Capacity Fees	326,000 (1)	-	-
Contributions from Arbor Homes	200,000	-	-
Net Meter Deposit	2,325	1,233	(306)
Capital Outlays	(194,694) (2)	(84,233)	(58,447)
Payment in Lieu of Taxes	(2,213)	(2,656)	(2,656)
Total Non-Operating Receipts/(Disbursements)	357,556	(80,254)	(61,113)
Increase (Decrease) in Cash and Investments	377,084	(108,822)	(77,522)
Beginning Cash and Investments	49,719	158,541	236,063
Ending Cash and Investments	\$ 426,803	\$ 49,719	\$ 158,541

(1) Reflects 1/2 of Arbor Homes capacity fees for 163 homes at \$4,000 per EDU.

(2) Includes engineering fees.

See Accountant's Compilation Report

TOWN OF THORNTOWN
MUNICIPAL WATER UTILITY

SUPPLEMENTARY INFORMATION

THORNTOWN MUNICIPAL WATER UTILITY

SCHEDULE OF DOLLARS, GALLONS AND CUSTOMERS BILLED BY USER CLASS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025

Billed Month	Dollars Billed				
	Residential	Commercial	Government	Industrial	Total
January, 2025	\$ 16,752	\$ 3,979	\$ 32	\$ 277	\$ 21,040
February	18,920	3,780	32	275	23,007
March	16,243	4,013	32	190	20,478
April	15,918	4,278	32	190	20,418
May	17,300	5,417	32	190	22,939
June	15,793	5,136	60	190	21,179
July	17,220	4,866	82	190	22,358
August	18,594	5,425	32	190	24,241
September	16,681	4,777	50	190	21,698
October	16,936	5,345	32	199	22,512
November	17,099	5,271	32	245	22,647
December	16,920	5,014	32	190	22,156
Total	<u>\$ 204,376</u>	<u>\$ 57,301</u>	<u>\$ 480</u>	<u>\$ 2,516</u>	<u>\$ 264,673</u>
Percent	<u>77.22%</u>	<u>21.65%</u>	<u>0.18%</u>	<u>0.95%</u>	<u>100.00%</u>

Billed Month	Gallons Billed				
	Residential	Commercial	Government	Industrial	Total
January, 2025	1,878,800	646,700	-	14,400	2,539,900
February	2,224,900	594,500	-	14,100	2,833,500
March	1,790,600	650,700	-	2,300	2,443,600
April	1,750,500	712,600	100	2,000	2,465,200
May	1,966,553	964,891	1,400	2,400	2,935,244
June	1,716,300	902,209	7,700	2,100	2,628,309
July	1,935,300	821,300	10,800	1,400	2,768,800
August	2,152,500	938,300	2,300	2,300	3,095,400
September	1,883,000	805,000	6,400	3,400	2,697,800
October	1,935,900	941,600	1,400	3,500	2,882,400
November	1,930,754	932,800	2,800	9,700	2,876,054
December	1,910,400	876,500	300	1,100	2,788,300
Total	<u>23,075,507</u>	<u>9,787,100</u>	<u>33,200</u>	<u>58,700</u>	<u>32,954,507</u>
Percent	<u>70.02%</u>	<u>29.70%</u>	<u>0.10%</u>	<u>0.18%</u>	<u>100.00%</u>

Billed Month	Customer Count				
	Residential	Commercial	Government	Industrial	Total
January, 2025	637	53	1	5	696
February	636	53	1	5	695
March	638	54	1	5	698
April	634	53	1	5	693
May	634	53	1	5	693
June	638	53	1	5	697
July	632	52	1	5	690
August	635	52	1	5	693
September	637	52	1	5	695
October	638	52	1	5	696
November	640	51	1	5	697
December	641	51	1	5	698
Average	<u>637</u>	<u>52</u>	<u>1</u>	<u>5</u>	<u>695</u>

THORNTOWN MUNICIPAL WATER UTILITY

CALCULATION OF LINE LOSS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025

<u>Billing Month</u>	<u>Gallons Produced</u>	<u>Gallons Sold</u>	<u>Variance</u>
January, 2025	3,133,000	2,539,900	593,100
February	3,314,000	2,833,500	480,500
March	2,872,000	2,443,600	428,400
April	3,388,000	2,465,200	922,800
May	3,221,000	2,935,244	285,756
June	3,689,000	2,628,309	1,060,691
July	3,258,000	2,768,800	489,200
August	3,463,000	3,095,400	367,600
September	3,214,000	2,697,800	516,200
October	3,721,000	2,882,400	838,600
November	4,552,000	2,876,054	1,675,946
December	<u>4,985,000</u>	<u>2,788,300</u>	<u>2,196,700</u>
Total	<u><u>42,810,000</u></u>	<u><u>32,954,507</u></u>	<u><u>9,855,493</u></u>
Percentage Billed/ Purchases	<u><u>100.00%</u></u>	<u><u>76.98%</u></u>	<u><u>23.02%</u></u>

See Accountant's Compilation Report

TOWN OF THORNTOWN
MUNICIPAL WATER UTILITY

PRO FORMA FINANCIAL INFORMATION

THORNTOWN MUNICIPAL WATER UTILITY

SCHEDULE OF PRO FORMA OPERATING DISBURSEMENTS
BASED ON THE TEST YEAR ENDED DECEMBER 31, 2025

	Test Year	Adjustments	Pro Forma
Pro Forma Operating Disbursements:			
Salaries and Wages	\$ 75,812	\$ 7,188	\$ 83,000 (1)
Employee Benefits and Taxes	28,239	2,761	31,000 (1)
Office Supplies	21,869	3,131	25,000 (2)
Materials and Supplies	46,061	8,939	55,000 (2)
Chemicals	4,854	1,146	6,000 (1)
Transportation	4,801	2,199	7,000 (2)
Repairs and Maintenance	6,700	1,300	8,000 (2)
Utilities and Purchased Power	9,948	1,052	11,000 (1)
Contractual Services	57,315	7,685	65,000 (2)
Insurance	21,064	2,936	24,000 (1)
Other Operating Disbursements	9,104	896	10,000 (2)
Total Disbursements	\$ 285,767	\$ 39,233	\$ 325,000

(1) Assumes an inflationary increase of 3% every year for three years.

(2) Assumed to approximate historical disbursements.

THORNTOWN MUNICIPAL WATER UTILITY
SCHEDULE OF ESTIMATED SOURCES AND USES

<u>Uses of Funds:</u>	<u>Project</u>
Water Treatment Plant Improvements	\$ 4,162,000
Engineering and Inspection	756,200
Grant Administrator (1)	85,000
Cost of Issuance and Contingency	<u>148,800</u>
Total Uses of Funds	<u><u>\$ 5,152,000</u></u>
<u>Sources of Funds:</u>	
Proposed Waterworks Revenue Bonds of 2026	\$ 3,550,000
OCRA Grant Funding	750,000
Funds on Hand	<u>852,000</u>
Total Sources of Funds	<u><u>\$ 5,152,000</u></u>

(1) Includes fees for grant administration, pay app processing, labor standards, and environmental review.

THORNTOWN MUNICIPAL WATER UTILITY

SCHEDULE OF AMORTIZATION OF PROPOSED \$3,550,000 WATERWORKS
REVENUE BONDS OF 2026

Assumed Dated Date: April 2, 2026

Payment Date*	Principal Balance*	Interest Rate*	Debt Service			Bond Year Total*
			Principal*	Interest*	Total*	
1/1/2027	\$ 3,550,000	4.50%	\$ 15,000	\$ 119,873.13	\$ 134,873.13	\$ 134,873.13
7/1/2027	3,535,000	4.50%	55,000	79,537.50	134,537.50	
1/1/2028	3,480,000	4.50%	60,000	78,300.00	138,300.00	272,837.50
7/1/2028	3,420,000	4.50%	60,000	76,950.00	136,950.00	
1/1/2029	3,360,000	4.50%	60,000	75,600.00	135,600.00	272,550.00
7/1/2029	3,300,000	4.50%	65,000	74,250.00	139,250.00	
1/1/2030	3,235,000	4.50%	65,000	72,787.50	137,787.50	277,037.50
7/1/2030	3,170,000	4.50%	65,000	71,325.00	136,325.00	
1/1/2031	3,105,000	4.50%	70,000	69,862.50	139,862.50	276,187.50
7/1/2031	3,035,000	4.50%	70,000	68,287.50	138,287.50	
1/1/2032	2,965,000	4.50%	70,000	66,712.50	136,712.50	275,000.00
7/1/2032	2,895,000	4.50%	70,000	65,137.50	135,137.50	
1/1/2033	2,825,000	4.50%	75,000	63,562.50	138,562.50	273,700.00
7/1/2033	2,750,000	4.50%	75,000	61,875.00	136,875.00	
1/1/2034	2,675,000	4.50%	75,000	60,187.50	135,187.50	272,062.50
7/1/2034	2,600,000	4.50%	80,000	58,500.00	138,500.00	
1/1/2035	2,520,000	4.50%	80,000	56,700.00	136,700.00	275,200.00
7/1/2035	2,440,000	4.50%	80,000	54,900.00	134,900.00	
1/1/2036	2,360,000	4.50%	85,000	53,100.00	138,100.00	273,000.00
7/1/2036	2,275,000	4.50%	85,000	51,187.50	136,187.50	
1/1/2037	2,190,000	4.50%	90,000	49,275.00	139,275.00	275,462.50
7/1/2037	2,100,000	4.50%	90,000	47,250.00	137,250.00	
1/1/2038	2,010,000	4.50%	90,000	45,225.00	135,225.00	272,475.00
7/1/2038	1,920,000	4.50%	95,000	43,200.00	138,200.00	
1/1/2039	1,825,000	4.50%	95,000	41,062.50	136,062.50	274,262.50
7/1/2039	1,730,000	4.50%	100,000	38,925.00	138,925.00	
1/1/2040	1,630,000	4.50%	100,000	36,675.00	136,675.00	275,600.00
7/1/2040	1,530,000	4.50%	105,000	34,425.00	139,425.00	
1/1/2041	1,425,000	4.50%	105,000	32,062.50	137,062.50	276,487.50
7/1/2041	1,320,000	4.50%	105,000	29,700.00	134,700.00	
1/1/2042	1,215,000	4.50%	110,000	27,337.50	137,337.50	272,037.50
7/1/2042	1,105,000	4.50%	110,000	24,862.50	134,862.50	
1/1/2043	995,000	4.50%	115,000	22,387.50	137,387.50	272,250.00
7/1/2043	880,000	4.50%	115,000	19,800.00	134,800.00	
1/1/2044	765,000	4.50%	120,000	17,212.50	137,212.50	272,012.50
7/1/2044	645,000	4.50%	125,000	14,512.50	139,512.50	
1/1/2045	520,000	4.50%	125,000	11,700.00	136,700.00	276,212.50
7/1/2045	395,000	4.50%	125,000	8,887.50	133,887.50	
1/1/2046	270,000	4.50%	135,000	6,075.00	141,075.00	274,962.50
7/1/2046	135,000	4.50%	135,000	3,037.50	138,037.50	138,037.50
			<u>\$ 3,550,000</u>	<u>\$ 1,932,248.13</u>	<u>\$ 5,482,248.13</u>	<u>\$ 5,482,248.13</u>

*Estimated - subject to change.

THORNTOWN MUNICIPAL WATER UTILITY

SCHEDULE OF CURRENT AND PROPOSED WATER RATES AND CHARGES
 BASED ON THE TEST YEAR ENDED DECEMBER 31, 2025

		<u>Project</u>
Pro Forma Revenue Requirements:		
Pro Forma Operating Disbursements	\$	325,000 (1)
Maximum Debt Service on Proposed Bonds		277,038 (2)
Payment in Lieu of Taxes		19,403 (3)
Depreciation, Working Capital and Debt Reserve		<u>100,000 (4)</u>
Total Pro Forma Revenues Required		<u>721,441</u>
Pro Forma Revenues:		
Water Collections		258,379 (5)
Adjustment: Adopted 7.5% Rate Increase		19,378 (6)
Public Fire Protection		42,281 (5)
Adjustment: Adopted 7.5% Rate Increase		<u>3,171 (6)</u>
Total Pro Forma Revenues Available		<u>323,209</u>
Revenue Shortfall	\$	<u><u>398,232</u></u>
Approximate Increase in Current Rates and Charges (Metered Sales & Fire Protection)		<u><u>123.2%</u></u>
	<u>Current</u>	
Town Average Residential Bill (3,000 Gallons + Fire Protection)	\$ 30.69	\$ 68.50
State Average Residential Bill (4,000 Gallons + Fire Protection)	<u>\$ 39.35</u>	<u>\$ 87.83</u>
Bond Coverage		<u><u>136.1%</u></u>

- (1) See page 6 for detailed operating disbursements.
- (2) Equal to proposed maximum annual debt service. See page 8 for proposed amortization schedule of waterworks revenue bonds.
- (3) Per Town Resolution to adjust future payment in lieu of taxes.
- (4) Estimated allowance for depreciation, working capital and bond coverage.
- (5) Based on test year results.
- (6) Accounts for effective rate increase of 7.5% across-the-board as of February 2026 billing cycle.

THORNTOWN MUNICIPAL WATER UTILITY

SCHEDULE OF CURRENT AND PROPOSED WATER RATES AND CHARGES

	<u>Current (1)</u>	<u>Project</u> 123.2%
<u>Metered Flow Rates (per 1,000 gallons):</u>		
First 5,000 Gallons	\$ 8.66	\$ 19.33
Next 10,000 Gallons	7.65	17.07
Next 15,000 Gallons	6.73	15.02
Next 20,000 Gallons	5.76	12.86
Over 50,000 Gallons	4.82	10.76
 <u>Monthly Minimum Charges:</u>		
<u>Meter size:</u>		
5/8 Inch meter	\$ 17.34	\$ 38.66
1 Inch meter	34.57	77.16
1 1/4 Inch meter	62.49	139.48
1 1/2 Inch meter	86.59	193.27
2 Inch meter	134.67	300.58
3 Inch meter	240.50	536.80
4 Inch meter	384.71	858.67
 <u>Public Fire Protection Charges (per month):</u>		
<u>Meter size:</u>		
5/8 Inch meter	\$ 4.71	\$ 10.51
1 Inch meter	11.78	26.29
1 1/4 Inch meter	17.88	39.91
1 1/2 Inch meter	23.54	52.54
2 Inch meter	37.67	84.08
3 Inch meter	70.62	157.62
4 Inch meter	117.69	262.68
 <u>Tap Fees:</u>		
5/8 - 3/4 Inch meter	\$ 750.00	\$ 1,200.00
Larger Meters	Actual cost, but not less than \$ 750.00	Actual cost, but not less than \$ 1,200.00
 <u>Meter Deposit:</u>		
	\$ 50.00	
 <u>Reconnection Fees:</u>		
	\$ 25.00	
 <u>Penalties:</u>		
	10% of first \$3.00, then 2% of remaining balance	
 <u>Bad Check Charge:</u>		
	\$ 25.00	
 <u>Capacity Fee - Per EDU</u>		
	\$ 4,000.00	

(1) Per Ordinance 2025-5. Monthly water rates effective as of February, 2026 billing cycle.