



November 4, 2025

Town Council  
Town of Crothersville  
111 East Howard Street  
Crothersville, Indiana 47229

Baker Tilly Advisory Group, LP  
9229 Delegates Row, Suite 400  
Indianapolis, IN 46240  
United States of America

T: +1 (317) 465 1500  
F: +1 (317) 465 1550  
bakertilly.com

Re: Crothersville (Indiana) Municipal Water Utility (the "Water Utility") - Rate Study

Dear Council Members:

The attached schedules (listed below) present unaudited and limited information for the purpose of discussion and consideration in the preliminary planning stage of the rate study by the appropriate officers, officials and advisors of the Water Utility. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

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7	Estimated Annual Revenue Requirements and Annual Operating Receipts
8	Schedule of Present and Proposed Rates and Charges
9	Comparison of Monthly Residential Water Bills with Surrounding and Similar-Sized Indiana Communities

We would appreciate your questions or comments on this information and would provide additional information upon request.

Very truly yours,

BAKER TILLY ADVISORY GROUP, LP

Ross T. Hagen, Director

**CROTHERSVILLE (INDIANA) MUNICIPAL WATER UTILITY**

**COMPARISON OF FUND BALANCES WITH  
MINIMUM BALANCES RECOMMENDED**

<u>Cash and Investments:</u>	<u>Fund Balances 12/31/2024</u>	<u>Minimum Balance Recommended (1)</u>	<u>Variance</u>
Operation and Maintenance Fund (2)	\$12,666	\$95,154	(\$82,488)
Depreciation Fund (3)	126,603	42,700	83,903
Meter Deposit Fund (4)	<u>32,466</u>	<u>32,466</u>	<u>-</u>
Totals	<u>\$171,735</u>	<u>\$170,320</u>	<u>\$1,415</u>

(1) **Recommended Reserves:** Balances recommended based on industry best practices.

(2) **Operation and Maintenance Fund:** The balance maintained in the operation and maintenance fund should be sufficient to pay the operation, repair, and maintenance disbursements of the utility for the next succeeding two (2) calendar months.

Estimated operation and maintenance disbursements (page 3)	\$570,807
Times factor for 2 months	<u>16.67%</u>
Recommended Reserve	<u>\$95,154</u>

(3) **Depreciation Fund:** As a general rule an amount equal to one year's average cash funded capital improvements is typically maintained in this fund to provide a funding source for ongoing capital improvements.

Recommended Reserve	<u>\$42,700</u>
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(4) **Meter Deposit Fund:** Monies are restricted for use toward return to customers.

(Subject to the attached letter dated November 4, 2025)  
(Preliminary - Subject to Change)  
(Internal Use Only)

**CROTHERSVILLE (INDIANA) MUNICIPAL WATER UTILITY**

**ESTIMATED ANNUAL CASH OPERATING DISBURSEMENTS**

(See Explanation of Adjustments pages 4 - 5)

	<u>Calendar Year</u> <u>Ended 12/31/2024</u>	<u>Adjustment</u>	<u>Ref.</u>	<u>Estimated</u>
Annual Operating Disbursements:				
Salaries and wages	\$204,816	\$20,973	(1)	\$225,789
FICA/Medicare	15,182	2,091	(2)	17,273
PERF	20,847	2,349	(3)	23,196
Health insurance	41,074			41,074
Office operations	1,887			1,887
Plant operations	18,371			18,371
Materials and supplies	18,683			18,683
Gas	319			319
Contractual services	3,336			3,336
Repairs and maintenance	3,856	4,359	(4)	8,215
Purchased water	52,684	16,859	(5)	69,543
Purchased power	18,583			18,583
Telephone and internet	5,386			5,386
Subscription and dues	2,468			2,468
Transportation	7,971			7,971
Postage	652			652
IDEM	7,210			7,210
Liability insurance	22,895	1,832	(6)	24,727
Miscellaneous	12,476			12,476
	<u>\$458,696</u>	<u>\$48,463</u>		507,159
Sub-total:				
				507,159
Unforeseen contingencies and inflation			(7)	<u>63,648</u>
Estimated Annual Cash Operating Disbursements				<u><u>\$570,807</u></u>

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(Subject to the attached letter dated November 4, 2025)

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**CROTHERSVILLE (INDIANA) MUNICIPAL WATER UTILITY**

(Cont'd)

**ESTIMATED ANNUAL CASH OPERATING DISBURSEMENTS**

(Explanation of Adjustments)

Adjustment (1) - Salaries and Wages

To adjust calendar year 2024 salaries and wages to reflect utility management estimates of full staffing levels and pay rates.

Estimated salaries and wages	\$225,789
Less: calendar year 2024 salaries and wages	<u>(204,816)</u>
Adjustment	<u><u>\$20,973</u></u>

Adjustment (2) - FICA/Medicare

To adjust calendar year 2024 FICA/Medicare disbursements to reflect estimated salaries and wages.

Estimated salaries and wages	\$225,789	
Times: current FICA/Medicare rate	<u>7.65%</u>	
Sub-total		\$17,273
Less: calendar year 2024 FICA disbursements		<u>(15,182)</u>
Adjustment		<u><u>\$2,091</u></u>

Adjustment (3) - PERF

To adjust calendar year 2024 PERF disbursements to reflect estimated salaries and wages.

Estimated increase in salaries and wages		\$20,973
Times: PERF rate paid by Town		<u>11.20%</u>
Adjustment		<u><u>\$2,349</u></u>

Adjustment (4) - Repairs and Maintenance

To adjust calendar year 2024 repairs and maintenance costs to reflect historical amounts.

Calendar year 2022 repairs and maintenance	\$12,470	
Calendar year 2023 repairs and maintenance	8,319	
Calendar year 2024 repairs and maintenance	<u>3,856</u>	
Sub-total		\$24,645
Divided by: 3 years		<u>3</u>
Estimated repairs and maintenance		\$8,215
Less: calendar year 2024 repairs and maintenance		<u>(3,856)</u>
Adjustment		<u><u>\$4,359</u></u>

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**CROTHERSVILLE (INDIANA) MUNICIPAL WATER UTILITY**  
**ESTIMATED ANNUAL CASH OPERATING DISBURSEMENTS**  
**(Explanation of Adjustments)**

(Cont'd)

Adjustment (5) - Purchased Water

To adjust calendar year 2024 purchased water costs to reflect increase in Stucker Fork water rates approved July 2, 2025.

Calendar year 2024 purchased water		\$52,684
Times: increase in Stucker Fork rates		<u>32%</u>
Adjustment		<u><u>\$16,859</u></u>

Adjustment (6) - Liability Insurance

To adjust calendar year 2024 liability insurance costs to reflect utility management estimate.

Calendar year 2024 liability insurance		\$22,895
Times: estimated increase in liability insurance		<u>8%</u>
Adjustment		<u><u>\$1,832</u></u>

Adjustment (7) - Unforeseen Contingencies and Inflation

To provide an allowance for unforeseen contingencies and future inflation.

Calendar year 2024 cash operating disbursements	\$458,696	
Plus: adjustments to calendar year 2024 cash operating disbursements	<u>48,463</u>	
Sub-total		\$507,159
Times: inflation allowance (3% per year for four years)		<u>12.55%</u>
Adjustment		<u><u>\$63,648</u></u>

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**CROTHERSVILLE (INDIANA) MUNICIPAL WATER UTILITY**  
**SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING**  
 (Per Consulting Engineer)

**ESTIMATED PROJECT COSTS**

Estimated Construction Costs:	
Water Treatment Plant Improvements	\$2,236,482
New Water Tower at Industrial Park Entrance	1,339,700
Well Production Rehabilitation	978,604
Distribution System Improvements	8,237,414
Mobilization and Demobilization (4%)	<u>511,688</u>
 Total Estimated Construction Costs	 <u>13,303,888</u>
Estimated Non-Construction Costs:	
Costs of Issuance for Proposed BANs	80,000
Engineering	1,115,000
Costs of Issuance for Proposed Bonds	200,112
Repayment of Proposed BANs	<u>1,190,000</u>
 Total Estimated Non-Construction Costs	 <u>2,585,112</u>
 Total Estimated Project Costs	 <u><u>\$15,889,000</u></u>

**ESTIMATED PROJECT FUNDING**

READI Grant	\$1,800,000
Proposed BANs (1)	1,190,000
Proposed Bonds	<u>12,899,000</u>
 Total Estimated Project Funding	 <u><u>\$15,889,000</u></u>

(1) The project costs assumed to be funded by the proposed BANs are as follows:

Phase I Project Shortfall	\$460,000
Allowance for Engineering	650,000
Allowance for Costs of Issuance	<u>80,000</u>
 Total Estimated Project Costs to be Funded by Proposed BANs	 <u><u>\$1,190,000</u></u>

**Note: total estimated project costs excluding the repayment of the proposed BANs is \$14,699,000.**

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**CROTHERSVILLE (INDIANA) MUNICIPAL WATER UTILITY**

**ESTIMATED ANNUAL REVENUE REQUIREMENTS**  
**AND ANNUAL OPERATING RECEIPTS**  
**(Amounts rounded to the nearest \$100)**

	<u>Current</u> <u>Operations</u>	<u>With</u> <u>Projects</u>
<u>Revenue Requirements:</u>		
Operation and maintenance disbursements (page 3)	\$570,800	\$570,800
Water tower maintenance contract	28,000	28,000
Debt service:		
BAN interest (1)	59,500	-
Proposed bonds (2)	-	710,000
Debt service reserve (3)	-	142,000
Replacements and improvements	42,700 (4)	43,000 (5)
	<u>\$701,000</u>	<u>\$1,493,800</u>
 <u>Annual Receipts (6)</u>		
Metered sales	\$417,400	\$417,400
Hydrant rentals	43,500	43,500
Penalties	1,200	1,200
	<u>\$462,100</u>	<u>\$462,100</u>
 Total Available Receipts	 <u>\$462,100</u>	 <u>\$462,100</u>
 Additional Receipts Required	 <u>\$238,900</u>	 <u>\$1,031,700</u>
 Approximate Across-The-Board Increase In Present Rates and Charges	 <u>51.70%</u>	 <u>223.26%</u>
 Change in Average Monthly Residential Bill (Current Bill \$36.08)	 <u>\$18.64</u>	 <u>\$80.56</u>
 Approximate Average Residential Monthly Bill (4,000 gallons)	 <u>\$54.72</u>	 <u>\$116.64</u>
 Debt Service Coverage		 <u>130%</u>

(1) Assumes a Bond Anticipation Note is issued in the amount of \$1,190,000 at an assumed interest rate of 5% and interest is paid with Utility revenues.

(2) Assumes a bond issuance in the amount of \$12,899,000 amortized over 35 years at 4.20%, based on the current estimated SRF Pool program interest rate.

(3) Assumes a debt service reserve account is funded through monthly transfers in the amount of the annual debt service payments on the proposed bonds over a five-year period.

(4) To provide an allowance for capital replacement improvements. Based on historical three-year historical average.

(5) To provide an allowance for capital replacement improvements. Based on the amount needed to achieve 130% debt service coverage on the proposed Bonds.

(6) Assumed at calendar year 2024 amounts.

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**CROTHERSVILLE (INDIANA) MUNICIPAL WATER UTILITY**

**SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES**

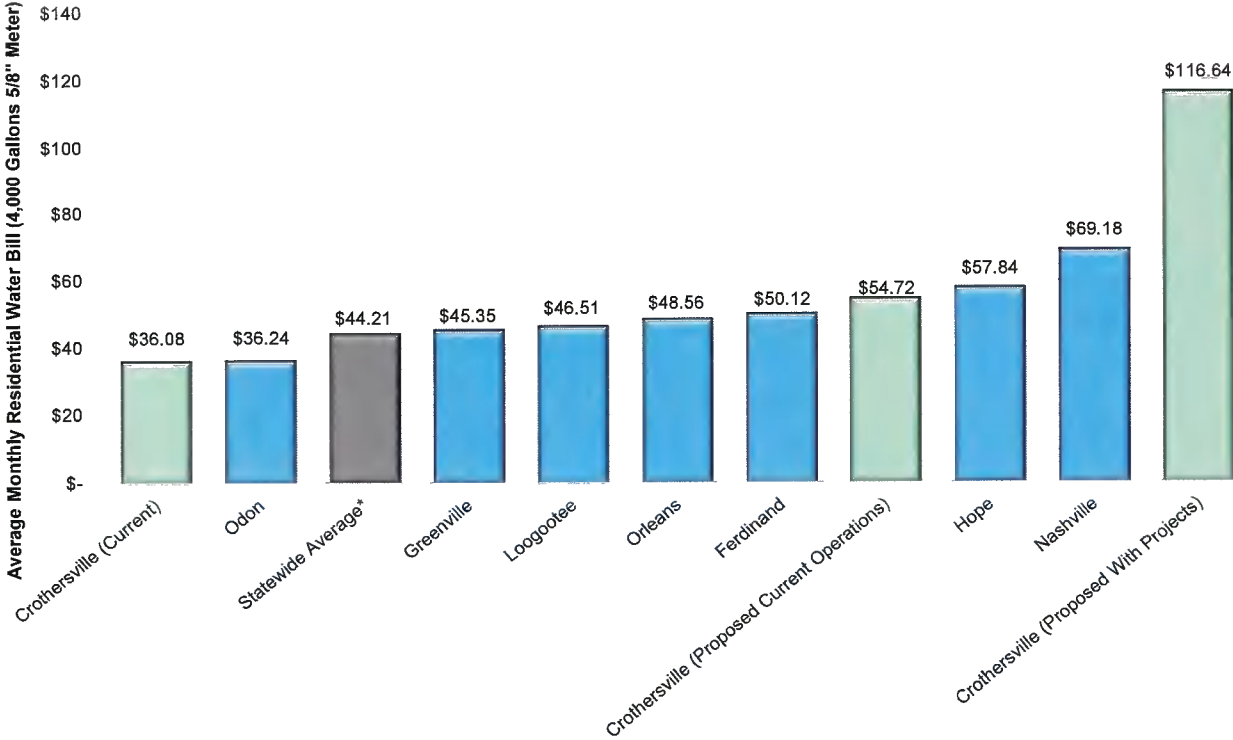
		<u>Present Rates</u> (1)	<u>Proposed Rates</u>	
			<u>Current Operations</u>	<u>With Projects</u>
<b><u>Monthly Metered Flow Rate (rate per 1,000 gallons):</u></b>				
First	10,000 gallons	\$9.02	\$13.68	\$29.16
Next	10,000 gallons	8.15	12.36	26.35
Next	30,000 gallons	7.34	11.13	23.73
Next	50,000 gallons	6.45	9.78	20.85
Over	100,000 gallons	5.64	8.56	18.23
 <b><u>Monthly Minimum Charge</u></b>				
	<u>Gallons Allowed</u>			
5/8 inch meter	2,496	\$22.52	\$34.15	\$72.78
3/4 inch meter	2,496	22.52	34.15	72.78
1 inch meter	5,011	45.20	68.55	146.12
1 1/4 inch meter	9,325	84.10	127.57	271.92
1 1/2 inch meter	24,834	207.09	314.20	669.81
2 inch meter	32,201	261.14	396.20	844.63
3 inch meter	39,569	315.18	478.20	1,019.47
4 inch meter	54,462	420.46	637.94	1,348.34
6 inch meter	70,742	525.45	797.16	1,645.13
<b><u>Monthly Surcharge for Customers Outside Corporation</u></b>		\$9.86	\$14.96	\$31.87
 <b><u>Fire Protection (per year)</u></b>				
Municipal hydrant, each		\$402.38	\$610.41	\$1,300.73
Private hydrant, each		402.38	610.41	1,300.73
Private fire protection				
1 inch connection		\$10.61	\$16.10	\$34.30
1 1/4 inch connection		16.56	25.12	53.53
1 1/2 inch connection		23.78	36.07	76.87
2 inch connection		42.34	64.23	136.87
3 inch connection		95.27	144.52	307.97
4 inch connection		169.39	256.96	547.57
6 inch connection		381.15	578.20	1,232.11
8 inch connection		677.58	1,027.89	2,190.35
10 inch connection		1,058.67	1,606.00	3,422.26
12 inch connection		1,524.55	2,312.74	4,928.26
<b><u>Monthly Fire Loop Charge</u></b>		\$139.35	\$211.39	\$450.46

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47.63  
31.52  
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16.31

**CROTHERSVILLE (INDIANA) MUNICIPAL WATER UTILITY**

**COMPARISON OF MONTHLY RESIDENTIAL WATER BILLS WITH SURROUNDING AND SIMILAR-SIZED INDIANA COMMUNITIES**



\* Based on 2025 Indiana Comparative Water Rate Study for municipalities with populations from 1,000 to 3,000.

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