



**Andy Beshear**  
Governor

**Commonwealth of Kentucky**  
FINANCE AND ADMINISTRATION CABINET  
**Office of Financial Management**  
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**Holly M. Johnson**  
Secretary

**Ryan Barrow**  
Executive Director

June 10, 2020

The Honorable Senator Rick Girdler, Co-Chair  
The Honorable Representative Walker Thomas, Co-Chair  
Capital Projects and Bond Oversight Committee  
Legislative Research Commission  
Capitol Annex Building  
Frankfort, Kentucky 40601

Dear Senator Girdler and Representative Thomas:

Listed below is information regarding various projects and reports that will be presented to the Capital Projects and Bond Oversight Committee (“CPBOC”) at the June 25, 2020, meeting.

The Kentucky Infrastructure Authority (“KIA”) will present the following loans for the Committee’s approval:

Fund A Loans

Adair County Water District	\$2,104,870
City of Morehead	\$1,363,200
City of Kuttawa (Increase)	\$1,717,436
City of Maysville	\$850,000
City of South Shore	\$1,035,000
McCreary County Water District	\$3,244,500
Hart County Industrial Authority	\$853,442

Fund C Loan

Crittenden-Livingston County Water District	\$300,000
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Fund F Loans

City of Olive Hill	\$1,005,344
Adair County Water District	\$1,342,530
City of Salem	\$585,000
Cave Run Water Commission	\$1,171,350
Northern Kentucky Water District	\$8,000,000

Senator Girdler  
Representative Thomas  
June 10, 2020  
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The Cabinet for Economic Development will present two (2) Economic Development Fund (EDF) grants for the Committee's approval:

County of Henderson for the benefit of the City of Henderson	\$175,000
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County of Marion for the benefit of the Marion County Industrial Foundation, Inc.	\$198,189
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The Office of Financial Management will present one (1) informational item for the Committee's review:

State Property & Buildings Commission Revenue Refunding Bonds, Project No. 122 Series C (Forward Delivery)	\$66,710,000
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The School Facilities Construction Commission is submitting the following additional information for the Committee's approval:

Breckinridge County	\$6,730,000*
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\*Estimated

An OFM staff member will attend the CPBO meeting to answer any questions regarding this information. Please contact me if there are any questions or should your staff require additional information.

Sincerely,



Ryan Barrow,  
Executive Director

Attachments

**Kentucky Infrastructure Authority  
Projects for  
June 2020 Capital Projects Meeting**

• **Fund A Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Loan Total</u>	<u>County</u>
A20-016	Adair County Water District	\$ 2,104,870	\$ 2,104,870	Adair
A20-020	City of Morehead	\$ 1,363,200	\$ 1,363,200	Rowan
A20-022	City of Kuttawa (Increase)	\$ 453,236	\$ 1,717,436	Lyon
A20-034	City of Maysville	\$ 850,000	\$ 850,000	Mason
A20-037	City of South Shore	\$ 1,035,000	\$ 1,035,000	Greenup
A20-047	McCreary County Water District	\$ 3,244,500	\$ 3,244,500	McCreary
A20-069	Hart County Industrial Authority	\$ 853,442	\$ 853,442	Hart

• **Fund C Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Loan Total</u>	<u>County</u>
C20-002	Crittenden-Livingston County Water District	\$ 300,000	\$ 300,000	Livingston

• **Fund F Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Loan Total</u>	<u>County</u>
F17-007	City of Olive Hill	\$ 122,344	\$ 1,005,344	Carter
F20-009	Adair County Water District	\$ 1,342,530	\$ 1,342,530	Adair
F20-017	City of Salem	\$ 585,000	\$ 585,000	Livingston
F20-021	Cave Run Water Commission	\$ 1,171,350	\$ 1,171,350	Menifee
F20-044	Northern Kentucky Water District	\$ 8,000,000	\$ 8,000,000	Kenton

<b>EXECUTIVE SUMMARY</b>		Reviewer	Meili Sun	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	March 5, 2020	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A20-016	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21001004	
<b>BORROWER</b>		ADAIR COUNTY WATER DISTRICT DBA COLUMBIA/ADAIR UTILITIES DISTRICT ADAIR COUNTY		
<b>BRIEF DESCRIPTION</b>				
This project will replace or rehab approximately 12,865 LF of 8 inch gravity sewer and public service laterals to alleviate health and safety threats from the stoppages and overflows in portions of downtown Columbia. The scope of work also includes replacements of 75 existing manholes, the Long Hunter Lift Station #1 and #2, and the pumps in the Don Franklin Lift Station.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		
Fund A Loan	\$2,104,870	RD Fee %	Actual %	
		Administrative Expenses		\$7,500
		Legal Expenses		2,500
		Planning		15,000
		Eng - Design / Const	7.9%	7.3%
		Eng - Insp	4.8%	4.5%
		Eng - Other		30,000
		Construction		1,666,800
		Contingency		166,700
<b>TOTAL</b>	<b>\$2,104,870</b>	<b>TOTAL</b>		<b>\$2,104,870</b>
<b>REPAYMENT</b>	Rate	0.50%	Est. Annual Payment	\$79,854
	Term	30 Years	1st Payment	6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	Kentucky Engineering Group, PLLC		
	Bond Counsel	Rubin & Hays		
<b>PROJECT SCHEDULE</b>	Bid Opening	Jul-20		
	Construction Start	Oct-20		
	Construction Stop	Oct-21		
<b>DEBT PER CUSTOMER</b>	Existing	\$13,316		
	Proposed	\$13,979		
<b>OTHER DEBT</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	1,689	\$25.80	(for 4,000 gallons)
	Additional	0	\$25.80	(for 4,000 gallons)
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	<b>Cash Flow Before Debt Service</b>	<b>Debt Service</b>	<b>Cash Flow After Debt Service</b>	<b>Coverage Ratio</b>
Audited 2016	1,582,906	2,860,051	(1,277,145)	0.6
Audited 2017	1,520,068	1,767,710	(247,642)	0.9
Audited 2018	1,493,692	1,985,357	(491,665)	0.8
Projected 2019	1,343,029	1,590,920	(247,891)	0.8
Projected 2020	1,280,122	1,476,224	(196,102)	0.9
Projected 2021	2,147,673	1,543,825	603,848	1.4
Projected 2022	2,069,553	1,617,866	451,687	1.3
Projected 2023	2,002,796	1,650,040	352,756	1.2

Reviewer: Meili Sun  
Date: March 5, 2020  
Loan Number: A20-016

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
ADAIR COUNTY WATER DISTRICT, ADAIR COUNTY  
PROJECT REVIEW  
SX21001004**

**I. PROJECT DESCRIPTION**

The Adair County Water District (ACWD) is requesting a Fund A loan in the amount of \$2,104,870 for the Downtown Sewer System Improvement project. This project will replace or rehab approximately 12,865 linear feet of 8-inch gravity sewer and public service laterals in portions of downtown Columbia. Also included in the scope of work are replacements of 75 existing manholes, Long Hunter Lift Stations #1 and #2, and the pumps in the Don Franklin Lift Station.

The purpose of this project is to eliminate health and safety threats from sewer stoppages and overflows. The existing manholes are in poor condition that causes constant inflow and infiltration. Most of the current lift stations have exceeded their life expectancy and are in need of larger capacities or pumps to handle the sewage volume.

ACWD is a Public Service Commission (PSC) regulated utility producing 93% of the water supply and purchasing the remainder to serve approximately 1,700 retail customers in Adair County and 3 wholesale customers. All retail and wholesale rate adjustments are subject to PSC approval.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 7,500
Legal Expenses	2,500
Planning	15,000
Engineering Fees – Design	93,919
Engineering Fees – Construction	40,251
Engineering Fees – Inspection	82,200
Engineering Fees – Other	30,000
Construction	1,666,800
Contingency	166,700
<b>Total</b>	<b>\$ 2,104,870</b>

**III. PROJECT FUNDING**

	Amount	%
<b>KIA Fund A Loan</b>	<b>\$ 2,104,870</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Construction Loan	\$ 2,104,870
Principal Forgiveness	0
Amortized Loan Amount	\$ 2,104,870
Interest Rate	0.50%
Loan Term (Year)	30
Estimated Annual Debt Service	\$ 75,644
Administrative Fee (0.20%)	4,210
<b>Total Estimated Annual Debt Service</b>	<b>\$ 79,854</b>

**V. PROJECT SCHEDULE**

Bid Opening	July 2020
Construction Start	October 2020
Construction Stop	October 2021

**VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

**A) Customers**

	Current
Residential	1,330
Commercial	288
Industrial	71
Total	1,689

**B) Rates**

	Sewer	
	Current	Prior
Date of Last Rate Increase	07/23/14	07/01/11
Minimum (No Usage)	\$5.00	\$4.00
All Usage per 1,000 Gallons	5.20	4.10
Cost for 4,000 gallons	\$25.80	\$20.40
Increase %	26.5%	
Affordability Index (Rate/MHI)	1.1%	0.9%

Date of Last Rate Increase	Water	
	Current	Prior
	02/03/12	11/01/09
First 2,000 Gallons	\$19.90	\$15.35
Next 3,000 Gallons	\$7.00	\$5.75
Next 5,000 Gallons	\$6.25	\$5.00
Cost for 4,000 gallons	\$33.90	\$26.85
Increase %	26.3%	
Affordability Index (Rate/MHI)	1.2%	0.9%

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility's service area population was 4,562 with a Median Household Income (MHI) of \$27,317. The median household income for the Commonwealth is \$46,535. As a disadvantage community, ACWD will qualify for a 0.50% interest rate.

Year	Population		County		County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	3,710		15,233		June 2005	5.7%
1990	3,845	3.6%	15,360	0.8%	June 2010	11.8%
2000	4,014	4.4%	17,244	12.3%	June 2015	7.6%
2010	4,452	10.9%	18,656	8.2%	June 2019	6.0%
Current	4,852	9.0%	19,304	3.5%		
Cumulative %		30.8%		26.7%		

## VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve – The total project cost of \$2,104,870 qualifies for the Energy Efficiency category of Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

## IX. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended December 31, 2016 through December 31, 2018. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

## HISTORY

Revenues increased 1.5% from \$4.49 million in 2016 to \$4.56 million in 2018 while operating expenses increased 5.8% from \$2.91 million to \$3.08 million during the same period. The Supplies and Materials costs were higher than normal in 2018 due to purchase of radio read meters. The debt coverage ratios of 2016, 2017, and 2018 were below 1.1 due to absence of rate increases since 2014.

The balance sheet reflects a current ratio of 1.7, a debt to equity ratio of 1.1, 32.3 days of sales in accounts receivable, and 0.4 month of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Combined water and sewer revenues will increase approximately \$900,000 based on the special conditions for rate increases.
- 2) The proposed rate increases will be subsequently approved by the PSC.
- 3) RD will commit \$2,316,280 in grant and loan funding to assist ACWD with the Southern Bypass Water Main and Telemetry project which is not funded by KIA.
- 4) Combined operating expenses including water purchase will increase 2% annually for inflation.
- 5) Debt coverage ratio is 1.3 in 2022 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$106,000 total) of the final amount borrowed to be funded annually (\$5,300 yearly) each December 1 for 20 years and maintained for the life of the loan.



**X. DEBT OBLIGATIONS**

	<u>Outstanding</u>	<u>Maturity</u>
2004 Utilities Revenue Bonds	\$ 403,000	2043
2005 Water Revenue Bonds	1,017,000	2045
2006 Water Revenue Bonds	3,000,500	2045
2007 Water Revenue Bonds	651,500	2046
2008 Water Revenue Bonds	269,900	2048
2008 Utilities Revenue Bonds	101,100	2047
2009 Water Revenue Bonds	992,200	2050
2011 Water Revenue Bonds	1,095,000	2051
2012 Water Revenue Bonds	1,359,500	2052
2013D Water Revenue Bonds (Refunding)	2,700,000	2040
2014 Water Revenue Bonds	668,500	2054
KIA Loan F06-01	2,260,853	2028
KIA Loan F07-01	524,917	2028
KIA Loan F10-01	2,882,619	2032
KIA Loan F10-02	1,180,062	2032
KIA Loan F11-10	769,490	2034
KIA Loan F12-04	2,491,225	2044
Bank of Columbia Note	123,258	2019
KIA Loan F20-009 i.a.o. \$671,265		TBD
RD Loan i.a.o. \$1,621,396		TBD
<b>Total</b>	<b>\$ 22,490,624</b>	

**XI. CONTACTS**

<b>Legal Applicant</b>	
Name	Adair County Water District DBA Columbia/Adair Utilities District
Address	109 Grant Lane, PO Box 567 Columbia, KY 42728
County	Adair
Authorized Official	William Harris
Phone	(270) 384-2181
Email	utility@caud.net

<b>Project Contact - Applicant</b>	
Name	Lenny Stone, Manager
Organization	Columbia/Adair Utilities District
Address	109 Grant Lane, PO Box 567 Columbia, KY 42728
Phone	(270) 384-2181
Email	lenny.stone@caud.net

<b>Project Administrator</b>	
Name	Holly Nicholas
Organization	Kentucky Engineering Group, PLLC
Address	161 North Locust St, PO Box 1034 Versailles, KY 40383
Phone	(859) 333-9742
Email	hnicholas@kyengr.com

<b>Consulting Engineer</b>	
Name	James C Thompson
Firm	Kentucky Engineering Group, PLLC
Address	161 North Locust St, PO Box 1034 Versailles, KY 40383
Phone	(859) 251-4127
Email	jthompson@kyengr.com

**XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions and the following special conditions:

- 1) ACWD shall apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for KIA loan A20-016, F20-009, and the pending RD loan. This debt authorization application should include a forecast meeting debt service projected through 2025.
- 2) By March 31, 2020, ACWD shall pass a resolution for a 20.7% or \$650,000 increase to water revenues and 38.8% or \$250,000 to sewer revenues, effective October 1, 2020 to meet operating expenses and debt service requirements when principal and interest repayments begin.

- 3) Prior to the assistance agreement being executed, ACWD must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement.

**ADAIR COUNTY WATER DISTRICT DBA COLUMBIA/ADAIR UTILITIES DISTRICT  
FINANCIAL SUMMARY (DECEMBER YEAR END)**

	<u>Audited</u> <u>2016</u>	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Projected</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	689,863	890,914	760,210	512,317	316,215	1,002,463	1,454,150	1,806,906
Other Assets	52,050,007	50,935,078	49,753,410	47,792,662	45,831,914	49,634,846	47,561,006	45,487,165
<b>Total</b>	<b>52,739,870</b>	<b>51,825,992</b>	<b>50,513,620</b>	<b>48,304,979</b>	<b>46,148,129</b>	<b>50,637,309</b>	<b>49,015,156</b>	<b>47,294,071</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	311,132	343,040	445,105	450,292	455,592	460,992	466,492	472,092
Long Term Liabilities	26,105,761	26,053,948	26,495,332	25,343,484	24,291,629	27,614,678	26,475,271	25,234,273
<b>Total Liabilities</b>	<b>26,416,893</b>	<b>26,396,988</b>	<b>26,940,437</b>	<b>25,793,776</b>	<b>24,747,221</b>	<b>28,075,670</b>	<b>26,941,763</b>	<b>25,706,365</b>
<b>Net Assets</b>	<b>26,322,977</b>	<b>25,429,004</b>	<b>23,573,183</b>	<b>22,511,203</b>	<b>21,400,908</b>	<b>22,561,639</b>	<b>22,073,393</b>	<b>21,587,706</b>
<b>Cash Flow</b>								
Revenues	4,490,076	4,486,762	4,557,728	4,557,728	4,557,728	5,489,444	5,489,444	5,489,444
Operating Expenses	2,913,484	2,970,140	3,083,669	3,234,332	3,297,239	3,361,404	3,439,524	3,506,281
Other Income	6,314	3,446	19,633	19,633	19,633	19,633	19,633	19,633
<b>Cash Flow Before Debt Service</b>	<b>1,582,906</b>	<b>1,520,068</b>	<b>1,493,692</b>	<b>1,343,029</b>	<b>1,280,122</b>	<b>2,147,673</b>	<b>2,069,553</b>	<b>2,002,796</b>
<b>Debt Service</b>								
Existing Debt Service	2,860,051	1,767,710	1,985,357	1,590,920	1,476,224	1,543,825	1,577,939	1,570,186
Proposed KIA Loan	0	0	0	0	0	0	39,927	79,854
<b>Total Debt Service</b>	<b>2,860,051</b>	<b>1,767,710</b>	<b>1,985,357</b>	<b>1,590,920</b>	<b>1,476,224</b>	<b>1,543,825</b>	<b>1,617,866</b>	<b>1,650,040</b>
<b>Cash Flow After Debt Service</b>	<b>(1,277,145)</b>	<b>(247,642)</b>	<b>(491,665)</b>	<b>(247,891)</b>	<b>(196,102)</b>	<b>603,848</b>	<b>451,687</b>	<b>352,756</b>
<b>Ratios</b>								
Current Ratio	2.2	2.6	1.7	1.1	0.7	2.2	3.1	3.8
Debt to Equity	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2
Days Sales in Accounts Receivable	32.6	34.8	32.3	32.3	32.3	32.3	32.3	32.3
Months Operating Expenses in Unrestricted Cash	0.3	0.9	0.4	(0.5)	(1.3)	1.0	2.6	3.8
Debt Coverage Ratio	0.6	0.9	0.8	0.8	0.9	1.4	1.3	1.2

<b>EXECUTIVE SUMMARY</b>		Reviewer	Sarah Parsley	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	June 4, 2020	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A20-020	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21205042	
BORROWER		CITY OF MOREHEAD ROWAN COUNTY		
BRIEF DESCRIPTION				
This project will replace the existing Derrickson Lift Station and corresponding force main to address sanitary sewer overflow events by construction a new 700 GPM lift station on the adjacent side. Approximately 14,000 LF of 10 inch force main will be installed to replace existing 6 inch force main in order to increase capacity for expansion and growth in the area.				
PROJECT FINANCING		PROJECT BUDGET		
KIA Fund A Loan	\$1,363,200	RD Fee %	Actual %	
KYTC - KY 32 Road Project	600,000			
				15,000
				5,360
		8.0%	7.5%	128,000
		4.9%	4.4%	75,400
				18,000
				1,560,400
				156,040
				5,000
TOTAL	\$1,963,200	TOTAL		\$1,963,200
REPAYMENT	Rate	1.50%	Est. Annual Payment	\$81,874
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Bluegrass Engineering, PLLC		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Nov-20		
	Construction Start	Dec-20		
	Construction Stop	Sep-21		
DEBT PER CUSTOMER	Existing	\$2,290		
	Proposed	\$5,642		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	5,581	\$29.76	(for 4,000 gallons)
	Additional	0	\$29.76	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2017	2,306,343	1,170,694	1,135,649	2.0
Audited 2018	2,685,132	1,176,634	1,508,498	2.3
Audited 2019	4,328,517	1,275,444	3,053,073	3.4
Projected 2020	3,785,387	1,265,399	2,519,988	3.0
Projected 2021	3,563,021	1,451,796	2,111,225	2.5
Projected 2022	3,240,971	2,182,483	1,058,488	1.5
Projected 2023	2,980,718	2,017,143	963,575	1.5
Projected 2024	2,687,498	2,033,361	654,137	1.3

Reviewers: Sarah Parsley  
Date: June 4, 2020  
Loan Number: A20-020

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
CITY OF MOREHEAD, ROWAN COUNTY  
PROJECT REVIEW  
SX21205042**

**I. PROJECT DESCRIPTION**

The City of Morehead is requesting a Fund A loan in the amount of \$1,363,200 for the Derrickson Lift Station Upgrade project. They are co-funding the loan with the Kentucky Transportation Cabinet. The project will improve and promote public health and environmental safety by eliminating SSO events. This project will involve replacing the existing Derrickson Lift Station and corresponding force main to address sanitary sewer overflow (SSO) events by constructing a new lift station on the adjacent site. The new lift station (approximately 700 GPM) will be designed with higher flow pumps and a larger wet well, designed to current regulations. Due to the expansion and growth in customer base in the northern part of Rowan County, approximately 14,000 LF of 10-inch force main would be installed to replace the existing 6-inch force main to increase capacity within this section of the collection system. A segment of the force main, approximately 9,800 linear feet, will be realigned from the existing location beginning at the intersection of KY-32 and Litton Road. The realignment is needed for better operations and efficiency.

The Morehead Utility Plant Board currently serves 5,581 sewer customers, 3,453 water customers, and also provides natural gas to customers in Rowan County.

**II. PROJECT BUDGET**

Land, Easements	\$	15,000
Planning		5,360
Engineering Fees - Design		95,100
Engineering Fees - Construction		32,900
Engineering Fees - Inspection		75,400
Engineering Fees - Other		18,000
Construction		1,560,400
Contingency		156,040
Other		5,000
<b>Total</b>		<b>\$ 1,963,200</b>

### III. PROJECT FUNDING

	Amount	%
KIA Fund A Loan	\$ 1,363,200	69%
KYTC - KY 32 Road Project	600,000	31%
<b>Total</b>	<b>\$ 1,963,200</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Construction Loan	\$ 1,963,200
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 1,963,200
Interest Rate	1.50%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 113,984
Administrative Fee (0.20%)	3,926
<b>Total Estimated Annual Debt Service</b>	<b>\$ 117,910</b>

### V. PROJECT SCHEDULE

Bid Opening	November 1, 2020
Construction Start	December 1, 2020
Construction Stop	September 1, 2021

### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

#### A) Customers

	Current
Residential	4,783
Commercial	792
Industrial	6
Total	5,581

## B) Rates

<b>Water</b>	<b>Inside City</b>		<b>Outside City</b>	
	Current	Prior	Current	Prior
Date of Last Rate Increase	08/01/19	08/01/18	08/01/18	08/01/18
Minimum (First 2,000 gallons)	19.89	17.40	23.87	20.88
Next 4,000 Gallons (per 1,000)	8.04	7.03	9.64	8.43
Cost for 4,000 gallons	\$35.97	\$31.46	\$43.15	\$37.74
Increase %	14.3%		14.3%	
Affordability Index (Rate/MHI)	1.1%		1.3%	

<b>Sewer</b>	<b>Inside City</b>		<b>Outside City</b>	
	Current	Prior	Current	Prior
Date of Last Rate Increase	08/01/18	08/01/17	08/01/18	08/01/17
Minimum (First 2,000 gallons)	14.60	\$10.50	17.53	\$12.61
Next 4,000 Gallons (per 1,000)	7.58	5.45	8.78	6.32
Cost for 4,000 gallons	\$29.76	\$21.40	\$35.09	\$25.25
Increase %	39.1%		39.0%	
Affordability Index (Rate/MHI)	0.9%		1.1%	

The Utility is exploring the implementation of a CPI clause in the future to keep up with inflation.

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility's service area population was 15,127 with a Median Household Income (MHI) of \$40,037. The median household income for the Commonwealth is \$46,535. The project will qualify for a 1.50% interest rate.

Year	Population		County		County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	7,789		19,049		June 2005	6.6%
1990	8,357	7.3%	20,353	6.8%	June 2010	10.4%
2000	5,914	-29.2%	22,094	8.6%	June 2015	6.6%
2010	6,845	15.7%	23,333	5.6%	June 2019	6.2%
Current	7,562	10.5%	24,460	4.8%		
Cumulative %		-2.9%		28.4%		



## **VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

## **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2019. Morehead Plant Utility Board is comprised of water, sewer, and gas operations and has limited segregation in their financial statements. The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2017-2019 operating expenses and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, has been removed from 2018 and 2019 operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### **HISTORY**

Total revenues including water, sewer, and gas have increased 33% from 2017 to 2019 mostly due to rate increases. Water revenues increased 22% during that period, sewer revenues increased 61%, and gas revenues increased 16%. Historically, water has contributed the majority of cash available for debt service to the operation while also making up for deficits in sewer. A 39% rate increase in FY 2019 brought sewer into the black for the first time in the observed historical period and contributing almost equal cash flows to debt service. Total operating expenses increased 19% from 2017 to 2019. Water, sewer, and gas share administrative expenses which saw a 28% increase during this time period while water saw a 12% increase, sewer a 14% increase, and gas a 21% increase in operating expenses.

The 2019 balance sheet reflects a current ratio of 1.9, a debt to equity ratio of 0.8, 53 days sales in accounts receivable, and 1.9 months operating expenses in unrestricted cash. The debt coverage ratio from 2017 to 2019 was 2.0, 2.3, and 3.4, respectively.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Sewer revenues will remain flat.
- 2) Residential water revenues will increase 13% in 2020 for an already approved rate increase effective August 1, 2019 and 10.17% for the 2020/2021 year to prepare for an ongoing water treatment plant project. Another rate increase of 9.23% is expected for the 2021/2022 fiscal year. Only the currently known water rate increase is factored into this analysis.
- 3) Expenses will increase 2% annually for inflation.

- 4) Debt coverage is 1.5 in 2022 when full principal and interest payments for loan A20-020, loan A19-032 and the first four increments of pending KIA loan F19-002 for a major water treatment plant project go into repayment.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

#### REPLACEMENT RESERVE

The replacement reserve will be 5% (\$68,000 total) of the final amount borrowed to be funded annually (\$3,400 yearly) each December 1 for 20 years and maintained for the life of the loan.

### **X. DEBT OBLIGATIONS**

	<u>Outstanding</u>	<u>Maturity</u>
RD Series 2001A	\$ 3,331,000	2042
RD Series 2004	1,231,500	2044
Revenue Bonds 1966	15,000	2019
KIA Loan (F00-05)	1,110,080	2023
KIA Loan (A04-02)	2,680,841	2026
KIA Loan (A10-16)	1,371,231	2033
KIA Loan (A209-36)	229,972	2031
KIA Loan (A209-37)	401,444	2032
KIA Loan (A16-065 i/a/o \$1,800,000)	1,722,805	2038
KIA Loan (F18-004 P&D i/a/o \$1,297,200)	687,943	TBD
KIA Loan (F19-002 i/a/o \$26,428,000)		TBD
<b>Total</b>	<b><u>\$12,781,816</u></b>	

## **XI. CONTACTS**

### **Legal Applicant**

Entity Name	City of Morehead
Authorized Official	Laura White-Brown (Mayor)
County	Rowan
Email	mayor.whitebrown@morehead-ky.gov
Phone	606-784-8505
Address	314 Bridge Street Morehead, KY 40351

### **Applicant Contact**

Name	Holly McGrath- Rosas
Organization	Morehead Utility Plant Board
Email	hrosas@mupb.com
Phone	606-784-8313
Address	135 S Wilson Ave Morehead, KY 40351

### **Project Administrator**

Name	Jocelyn R. Gross
Organization	Gateway ADD
Email	jocelynr.gross@ky.gov
Phone	606-780-0090
Address	110 Lake Park Dr. Morehead, KY 40351

### **Consulting Engineer**

PE Name	Matthew Ray Curtis
Firm Name	Bluegrass Engineering, PLLC
Email	mcurtis@bludgrassengineering.net
Phone	502-370-6551
Address	222 East Main St, Suite 1 Georgetown, KY 40324

## **XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.

**CITY OF MOREHEAD  
FINANCIAL SUMMARY (JUNE YEAR END)**

	<u>Audited 2017</u>	<u>Audited 2018</u>	<u>Audited 2019</u>	<u>Projected 2020</u>	<u>Projected 2021</u>	<u>Projected 2022</u>	<u>Projected 2023</u>	<u>Projected 2024</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	3,010,960	2,910,114	3,521,512	3,992,869	4,207,991	4,313,840	4,410,198	4,816,361
Other Assets	40,104,332	42,181,210	42,767,771	46,288,746	51,806,224	54,760,555	53,241,276	46,907,405
Total	<u>43,115,292</u>	<u>45,091,324</u>	<u>46,289,283</u>	<u>50,281,615</u>	<u>56,014,216</u>	<u>59,074,396</u>	<u>57,651,474</u>	<u>51,723,766</u>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	1,393,732	1,819,172	1,816,978	1,825,008	1,685,349	1,540,503	1,575,985	805,323
Long Term Liabilities	16,084,456	18,298,424	18,187,697	18,989,395	25,219,769	31,077,339	32,611,277	32,611,277
Total Liabilities	<u>17,478,188</u>	<u>20,117,596</u>	<u>20,004,675</u>	<u>20,814,403</u>	<u>26,905,118</u>	<u>32,617,842</u>	<u>34,187,262</u>	<u>33,416,600</u>
Net Assets	<u>25,637,104</u>	<u>24,973,728</u>	<u>26,284,608</u>	<u>29,467,212</u>	<u>29,109,098</u>	<u>26,456,554</u>	<u>23,464,212</u>	<u>18,307,166</u>
<b>Cash Flow</b>								
Revenues	9,990,829	11,271,041	13,312,938	13,606,955	13,634,736	13,634,736	13,634,736	13,634,736
Operating Expenses	7,657,223	8,591,321	9,106,436	9,943,583	10,193,730	10,515,780	10,776,033	6,370,156
Other Income	(27,263)	5,412	122,015	122,015	122,015	122,015	122,015	122,015
Cash Flow Before Debt Service	<u>2,306,343</u>	<u>2,685,132</u>	<u>4,328,517</u>	<u>3,785,387</u>	<u>3,563,021</u>	<u>3,240,971</u>	<u>2,980,718</u>	<u>7,386,595</u>
<b>Debt Service</b>								
Existing Debt Service*	1,170,694	1,176,634	1,275,444	1,265,399	1,410,859	2,100,609	1,935,269	1,951,487
Proposed KIA Loan	0	0	0	0	40,937	81,874	81,874	81,874
Total Debt Service	<u>1,170,694</u>	<u>1,176,634</u>	<u>1,275,444</u>	<u>1,265,399</u>	<u>1,451,796</u>	<u>2,182,483</u>	<u>2,017,143</u>	<u>2,033,361</u>
Cash Flow After Debt Service	<u>1,135,649</u>	<u>1,508,498</u>	<u>3,053,073</u>	<u>2,519,988</u>	<u>2,111,225</u>	<u>1,058,488</u>	<u>963,575</u>	<u>5,353,234</u>
<b>Ratios</b>								
Current Ratio	2.2	1.6	1.9	2.2	2.5	2.8	2.8	6.0
Debt to Equity	0.7	0.8	0.8	0.7	0.9	1.2	1.5	1.8
Days Sales in Accounts Receivable	51.0	51.8	53.0	53.0	53.0	53.0	53.0	53.0
Months Operating Expenses in Unrestricted Cash	3.3	1.6	1.9	2.5	3.0	3.2	3.4	4.9
Debt Coverage Ratio	2.0	2.3	3.4	3.0	2.5	1.5	1.5	1.3

\* Existing debt service in 2022-2023 includes the first four funding increments of pending KIA loan F19-022

<b>EXECUTIVE SUMMARY</b>		Reviewer	Linda Bridwell	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	May 7, 2020	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A20-022	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21143009	
BORROWER	CITY OF KUTTAWA LYON COUNTY			
<b>BRIEF DESCRIPTION</b>				
A loan increase of \$453,236 is requested to fund the project after bids were higher than expected.				
The project will replace the existing Magnolia lift station with a new lift station, sized to handle existing and anticipated future flows, as well as replacement of approximately 1,400 l.f. of existing cast iron force main. This lift station receives flows from the surrounding neighborhoods as well as the Old Kuttawa area. The project will also replace the existing Old Kuttawa lift station with a new lift station, sized to handle existing and anticipated future flows, as well as replacement of approximately 8,000 l.f. of existing cast iron force main. This work will help the City achieve compliance with an EPA Agreed Order.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		
Fund A Loan	\$1,717,436	RD Fee %	Actual %	
		Administrative Expenses		\$50,000
		Land, Easements		3,000
		Eng - Design / Const	8.9%	7.1%
		Eng - Insp	5.6%	3.3%
		Eng - Other		18,000
		Construction		1,347,578
		Contingency		134,758
<b>TOTAL</b>	<b>\$1,717,436</b>	<b>TOTAL</b>		<b>\$1,717,436</b>
<b>REPAYMENT</b>	Rate	1.50%	Est. Annual Payment \$103,150	
	Term	20 Years	1st Payment 6 Mo. after first draw	
<b>PROFESSIONAL SERVICES</b>	Engineer	Rivercrest Engineering Incorporated		
	Bond Counsel	Rubin & Hays		
<b>PROJECT SCHEDULE</b>	Bid Opening	Dec-19		
	Construction Start	May-20		
	Construction Stop	Jul-21		
<b>DEBT PER CUSTOMER</b>	Existing	\$516		
	Proposed	\$3,001		
<b>OTHER DEBT</b>	See Attached			
<b>OTHER STATE-FUNDED PROJECTS LAST 5 YRS</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	475	\$0.00 (for 4,000 gallons)	
	Additional	0	\$0.00 (for 4,000 gallons)	
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2016	(7,001)	114,297	(121,298)	-0.1
Audited 2017	(7,332)	114,573	(121,905)	-0.1
Audited 2018	(54,358)	119,044	(173,402)	-0.5
Audited 2019	(4,572)	85,933	(90,505)	-0.1
Projected 2020	69,081	90,711	(21,630)	0.8
Projected 2021	95,044	85,177	9,867	1.1
Projected 2022	99,005	85,535	13,470	1.2
Projected 2023	101,049	85,535	15,514	1.2

Reviewer: Linda Bridwell  
 Date: May 7, 2020  
 Loan Number: A20-022 (Increase)

**KENTUCKY INFRASTRUCTURE AUTHORITY  
 WASTEWATER REVOLVING LOAN FUND (FUND A)  
 CITY OF KUTTAWA, LYON COUNTY  
 PROJECT REVIEW  
 SX21143009**

**I. PROJECT DESCRIPTION**

The City of Kuttawa (the “City”) is requesting a Fund A loan increase in the amount of \$453,236 on the previously approved amount of \$1,264,200 for the Lift Station and Force Main Replacement project. The total loan amount will be \$1,717,436. The increase is due to the bids coming in higher than expected. The project will replace the existing Magnolia lift station with a new lift station, sized to handle existing and anticipated future flows, as well as replacement of approximately 1,400 linear feet of existing cast iron force main. This lift station receives flows from the surrounding neighborhoods as well as the Old Kuttawa area. The project will also replace the existing Old Kuttawa lift station with a new lift station, sized to handle existing and anticipated future flows, as well as replacement of approximately 8,000 linear feet of existing cast iron force main. The purpose of the work is to help the City achieve compliance with an EPA Agreed Order related to sanitary sewer system overflows and pollutant removal at their wastewater treatment plant due to excess infiltration and inflow from their collection system.

The City provides water and wastewater services in Kuttawa, serving 475 customers. The City is a regional provider, treating wastewater from the Lyon County Water District, which is a PSC regulated system.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 50,000
Land, Easements	3,000
Planning	10,000
Engineering Fees - Design	78,600
Engineering Fees - Construction	27,000
Engineering Fees - Inspection	48,500
Engineering Fees - Other	18,000
Construction	1,347,578
Contingency	134,758
<b>Total</b>	<b>\$1,717,436</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 1,717,436	100%
<b>Total</b>	<b>\$ 1,717,436</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Construction Loan	\$ 1,717,436
Less: Principal Forgiveness	<u>0</u>
Amortized Loan Amount	\$ 1,717,436
Interest Rate	1.50%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 99,715
Administrative Fee (0.20%)	<u>3,435</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 107,450</b>

**V. PROJECT SCHEDULE**

Bid Opening	January 2020
Construction Start	May 2020
Construction Stop	July 2021

**VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

**A) Customers**

	<u>Current</u>
Residential	439
Commercial	35
Industrial	<u>1</u>
Total	475

**B) Rates**

**Water Rates**

	<u>Inside City</u>		<u>Outside City</u>	
	<u>Current</u>	<u>Prior</u>	<u>Proposed</u>	<u>Current</u>
Date of Last Rate Increase	02/01/20	03/11/19		03/11/19
Minimum (1,000 gallons)	\$15.00	\$12.00	\$25.00	\$22.00
Additional 1,000 Gallons	5.00	3.20	7.50	7.50



Cost for 4,000 gallons	\$30.00	\$21.60	\$47.50	\$44.50
Increase %	38.9%		6.7%	22.7%
Affordability Index (Rate/MHI)	0.7%		1.1%	1.0%

### Retail Sewer Customers

	Current	Prior
Date of Last Rate Increase	03/11/19	unknown
Minimum Per additional 1,000 Gallons	\$15.00 5.00	\$8.73 4.03
Cost for 4,000 gallons	\$30.00	\$20.82
Increase %	44.1%	
Affordability Index (Rate/MHI)	0.7%	
Cumulative Increase		

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2014-2018, the Utility's service area population was 901 people with a Median Household Income (MHI) of \$53,419. The median household income for the Commonwealth is \$46,535. The project qualifies the non-standard interest rate of 1.5% because the project will assist the City achieve compliance with an EPA Agreed Order.

Year	Population		County		County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	560		6,490		June 2005	7.0%
1990	535	-4.5%	6,624	2.1%	June 2010	10.1%
2000	596	11.4%	8,080	22.0%	June 2015	5.2%
2010	649	8.9%	8,314	2.9%	June 2019	5.1%
Current	671	3.4%	8,268	-0.6%		
Cumulative %		19.8%		27.4%		

## **VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project qualifies for Green Project Reserve (GPR) funding for \$1,234,000.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

## **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended June 30, 2016 through June 30, 2019. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### **HISTORY**

The utility has a combined water and sewer utility fund. Revenues dropped from 2016 to 2018 by \$27,445 or 6.7%. Revenues increased in 2019 based on the February 2019 rate increase in both sewer and water. Additionally, cash operating expenses increased 5.1% between 2016-2018, then was reduced during 2019. This was addressed previously utilizing cash from gas operations. The City has taken steps to eliminate this with the rate increase, and addressing outstanding accounts receivables.

The City implemented a 44% rate increase on sewer customers and a 2-step water customer increase for a cumulative 64% increase beginning in 2019. The first full year of additional revenues will occur in 2021. These increases are projected to provide over \$148,000 in cash flow available for debt service. This will also provide a debt coverage ratio increase that improves from 0.0 in 2019 to a 1.2 debt coverage ratio beginning in 2022. The City has also implemented a CPI clause that is projected to increase water and sewer revenues to match increasing expenses.

The balance sheet reflects a current ratio of 0.1, which improves to 0.4 by 2024 with the rate increase. The debt to equity moves from a current 0.4 to 1.4 by 2023, current 1.4 months operating expenses in unrestricted cash improves to 5.1 months by 2024.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Revenues will increase \$139,097 between 2019 and 2023 based on rate increases. The City has passed an ordinance that will allow for an annual inflationary increase as needed to maintain financial stability.
- 2) Expenses will increase an average of 2.0% annually based on inflation.
- 3) Debt service coverage is 1.2 in 2022 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$86,000 of total) of the final amount borrowed to be funded annually (\$4,300 yearly) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

<u>Debt Issue</u>	<u>Outstanding</u>	<u>Maturity (Fiscal Year)</u>
KADD Refunding 2014	\$ 219,774	2021
KIA A209-20	99,526	2031
Total	\$ 319,300	

## XI. CONTACTS

### Legal Applicant

Entity Name	City of Kuttawa
Authorized Official	Barbara Campbell (Mayor)
County	Lyon
Email	kuttawamayor@gmail.com
Phone	270-388-7360
Address	P.O. Box 400 Kuttawa, KY 42055

### Applicant Contact

Name	Mark Riley
Organization	City of Kuttawa
Email	cityhallkuttawa@gmail.com
Phone	270-388-7151
Address	P.O. Box 400 82 Cedar St Kuttawa, KY 42055

### Project Administrator

Name	Kyle Cunningham
Organization	Pennyrile Area Development District
Email	kyle.cunningham@ky.gov
Phone	270-886-9484
Address	300 Hammond Dr Hopkinsville, KY 42240

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**Consulting Engineer**

PE Name	Charles Delcommune McCann
Firm Name	Rivercrest Engineering Incorporated
Email	cmccann@rivercresteng.com
Phone	618-521-5421
Address	7020 US Highway 68 Paducah, KY 42003

**XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.

**CITY OF KUTTAWA  
FINANCIAL SUMMARY (JUNE YEAR END)**

	<b>Audited 2016</b>	<b>Audited 2017</b>	<b>Audited 2018</b>	<b>Audited 2019</b>	<b>Projected 2020</b>	<b>Projected 2021</b>	<b>Projected 2022</b>	<b>Projected 2023</b>	<b>Projected 2024</b>
<b>Balance Sheet</b>									
<b>Assets</b>									
Current Assets	109,646	84,318	88,049	93,049	79,527	92,794	107,864	124,478	143,177
Other Assets	2,771,943	2,835,754	2,958,852	2,919,624	4,047,496	3,868,232	3,688,968	3,509,704	3,330,440
<b>Total</b>	<b>2,881,589</b>	<b>2,920,072</b>	<b>3,046,901</b>	<b>3,012,673</b>	<b>4,127,023</b>	<b>3,961,026</b>	<b>3,796,832</b>	<b>3,634,182</b>	<b>3,473,617</b>
<b>Liabilities &amp; Equity</b>									
Current Liabilities	98,262	323,647	501,074	701,159	629,899	642,399	655,099	668,099	681,299
Long Term Liabilities	440,727	336,445	260,895	179,170	1,425,703	1,425,703	1,425,703	1,425,703	1,425,703
<b>Total Liabilities</b>	<b>538,989</b>	<b>660,092</b>	<b>761,969</b>	<b>880,329</b>	<b>2,055,602</b>	<b>2,068,102</b>	<b>2,080,802</b>	<b>2,093,802</b>	<b>2,107,002</b>
<b>Net Assets</b>	<b>2,342,600</b>	<b>2,259,980</b>	<b>2,284,932</b>	<b>2,132,344</b>	<b>2,071,421</b>	<b>1,892,924</b>	<b>1,716,030</b>	<b>1,540,380</b>	<b>1,366,615</b>
<b>Cash Flow</b>									
Revenues	414,768	412,676	388,050	409,690	491,628	526,042	541,823	552,659	563,712
Operating Expenses	421,781	420,954	443,324	414,262	422,547	430,998	442,818	451,610	460,578
Other Income	12	946	916	0	0	0	0	0	0
<b>Cash Flow Before Debt Service</b>	<b>(7,001)</b>	<b>(7,332)</b>	<b>(54,358)</b>	<b>(4,572)</b>	<b>69,081</b>	<b>95,044</b>	<b>99,005</b>	<b>101,049</b>	<b>103,134</b>
<b>Debt Service</b>									
Existing Debt Service	114,297	114,573	119,044	85,933	90,711	85,177	9,607	9,607	9,607
Proposed KIA Loan	0	0	0	0	0	0	75,928	75,928	75,928
<b>Total Debt Service</b>	<b>114,297</b>	<b>114,573</b>	<b>119,044</b>	<b>85,933</b>	<b>90,711</b>	<b>85,177</b>	<b>85,535</b>	<b>85,535</b>	<b>85,535</b>
<b>Cash Flow After Debt Service</b>	<b>(121,298)</b>	<b>(121,905)</b>	<b>(173,402)</b>	<b>(90,505)</b>	<b>(21,630)</b>	<b>9,867</b>	<b>13,470</b>	<b>15,514</b>	<b>17,599</b>
<b>Ratios</b>									
Current Ratio	1.1	0.3	0.2	0.1	0.1	0.1	0.2	0.2	0.2
Debt to Equity	0.2	0.3	0.3	0.4	1.0	1.1	1.2	1.4	1.5
Days Sales in Accounts Receivable	16.7	24.6	33.5	36.2	36.2	36.2	36.2	36.2	36.2
Months Operating Expenses in Unrestricted Cash	2.5	1.5	1.3	1.4	0.8	1.0	1.4	1.8	2.2
Debt Coverage Ratio	(0.1)	(0.1)	(0.5)	(0.1)	0.8	1.1	1.2	1.2	1.2

<b>EXECUTIVE SUMMARY</b>		Reviewer	Jeff Abshire	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	May 7, 2020	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A20-034	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21161028	
BORROWER	CITY OF MAYSVILLE MASON COUNTY			
BRIEF DESCRIPTION				
This project will install stormwater lines to separate the combined sewers from Wall Street to adjacent storm sewer lines.				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan	\$850,000	RD Fee %	Actual %	
		Administrative Expenses		\$8,500
		Planning		15,000
		Eng - Design / Const	9.7%	9.3%
		Eng - Insp	6.8%	6.3%
		Eng - Other		90,000
		Construction		581,500
		Contingency		56,000
TOTAL	\$850,000	TOTAL		\$850,000
REPAYMENT	Rate	0.50%	Est. Annual Payment	\$46,413
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Cann-Tech, LLC		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Jul-20		
	Construction Start	Sep-20		
	Construction Stop	Sep-21		
DEBT PER CUSTOMER	Existing	\$3,314		
	Proposed	\$2,848		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	3,652	\$0.00	(for 4,000 gallons)
	Additional	0	\$0.00	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2015	1,354,240	1,257,630	96,610	1.1
Audited 2016	1,397,970	943,153	454,817	1.5
Audited 2017	1,425,769	915,973	509,796	1.6
Audited 2018	1,247,121	691,393	555,728	1.8
Audited 2019	1,113,255	694,680	418,575	1.6
Projected 2020	1,044,513	669,163	375,350	1.6
Projected 2021	1,041,391	807,650	233,741	1.3
Projected 2022	1,056,506	854,063	202,443	1.2
Projected 2023	1,074,066	854,062	220,004	1.3
Projected 2024	1,091,977	854,060	237,917	1.3

Reviewer: Jeff Abshire  
Date: May 7, 2020  
Loan Number: A20-034

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
CITY OF MAYSVILLE, MASON COUNTY  
PROJECT REVIEW  
SX21161028**

**I. PROJECT DESCRIPTION**

The City of Maysville is requesting a Fund A loan in the amount of \$850,000 for the Wall Street Combined Sewer Elimination project. The project will separate storm sewer lines which are a component of the City's Long Term Control Plan. These improvements will allow the wastewater treatment facility to better accommodate additional flows generated due to the elimination of sewer overflows throughout the system.

The City utility serves approximately 5,100 water customers and 3,700 wastewater customers. They treat waste for the Western Mason County Sanitation District which has approximately 450 customers. They also supply water to the Buffalo Trail Water Association and Western Lewis-Rectorville Water and Gas District, which are regulated by the Kentucky PSC, and the City of Flemingsburg.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 8,500
Planning	15,000
Engineering Fees - Design	49,000
Engineering Fees - Construction	10,000
Engineering Fees - Inspection	40,000
Engineering Fees - Other	90,000
Construction	581,500
Contingency	56,000
<b>Total</b>	<b>\$ 850,000</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 850,000	100%

**IV. KIA DEBT SERVICE**

Construction Loan	\$	850,000
Interest Rate		0.50%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	44,713
Administrative Fee (0.20%)		1,700
<b>Total Estimated Annual Debt Service</b>	<b>\$</b>	<b>46,413</b>

**V. PROJECT SCHEDULE**

Bid Opening	July 2020
Construction Start	Sept 2020
Construction Stop	Sept 2021

**VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

**A) Customers**

	<u>Current</u>
Residential	3,084
Commercial	<u>568</u>
Total	3,652

**B) Rates**

	Sewer			Water		
	Approved	Current	Prior	Approved	Current	Prior
Date of Last Rate Increase	07/01/20	06/01/12	06/01/09	07/01/20	06/01/12	06/01/09
Minimum (3,000 Gallons)	24.24	\$23.70	\$15.57	\$9.51	\$9.30	\$8.09
Each additional 1,000 Gallons	8.08	7.90	5.19	4.77	4.66	4.05
Cost for 4,000 gallons	\$32.32	\$31.60	\$20.76	\$23.82	\$23.28	\$20.24
Increase %	2.28%	52.2%		2.32%	15.0%	
Affordability Index (Rate/MHI)	1.30%			0.96%		
Wholesale				\$2.3953	\$2.3414	
Increase %				2.30%		

In Spring 2020 the City adopted a consumer price index (CPI) clause into their water and sewer rate ordinance. Rates will increase about 2.3% effective July 1, 2020 and will adjust each July 1 based on the prior calendar year's CPI.

**VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate



2013-2017, the Utility’s service area population was 8,735 with a Median Household Income (MHI) of \$29,845. The median household income for the Commonwealth is \$46,535. The project will qualify for a 0.50% interest rate.

Year	Population				Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	7,983		17,765		June 2005	7.3%
1990	7,169	-10.2%	16,666	-6.2%	June 2010	11.3%
2000	8,993	25.4%	16,800	0.8%	June 2015	6.2%
2010	9,011	0.2%	17,490	4.1%	June 2019	6.3%
Current	8,804	-2.3%	17,167	-1.8%		
Cumulative %		10.3%		-3.4%		

### **VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

### **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended June 30, 2016 through June 30, 2019 for the Maysville Utility Fund which includes water and wastewater facilities. The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, has been removed from operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

#### **HISTORY**

Revenues increased 3% from \$4.4 million to \$4.6 million due to volume variation while operating expenses increased 12% from \$3.0 million to \$3.4 million. Debt service declined from an average of \$930 thousand for 2016 through 2018 to \$700 thousand in 2019. The debt coverage ratio averaged 1.5 while cash flow after debt service averaged \$450 thousand. The balance sheet reflects a current ratio of 4.0, collection period of 32.4 days and the number of months operating expenses in unrestricted cash is 10.2.

#### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Revenues will be flat in fiscal 2020 and will increase 2% annually for rates

- (beginning July 1, 2020) due to the CPI clause.
- 2) Expenses will increase 2% annually for inflation.
  - 3) Debt service coverage is 1.24 in 2022 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

#### REPLACEMENT RESERVE

The replacement reserve will be 5% (\$42,000 total) of the final amount borrowed (prior to principal forgiveness) to be funded annually (\$2,100 yearly) each December 1 for 20 years and maintained for the life of the loan.

#### X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
KIA (A09-13)	\$10,073,402	2037
KIA (A17-011)	2,030,154	TBD
<b>Total</b>	<b><u>\$12,103,556</u></b>	

#### XI. CONTACTS

<b>Legal Applicant</b>	
Entity Name	City of Maysville
Authorized Official	Charles Cotterill (Mayor)
County	Mason
Email	cotterillmayor@gmail.com
Phone	(606) 564-0419
Address	216 Bridge Street Maysville, KY 41056

<b>Project Contact - Applicant</b>	
Name	Darren Garrison
Organization	City of Maysville
Email	darrenGarrison@maysvilleky.net
Phone	(606) 564-3531
Address	216 Bridge Street Maysville, KY 41056

<b>Project Administrator</b>	
Name	Cindy Ring
Organization	Buffalo Trace Area Development District
Email	cring@btadd.com
Phone	(606) 564-6894
Address	201 Government Street Maysville, KY 41056

<b>Consulting Engineer</b>	
PE Name	Matt Baker
Firm Name	Cann-Tech, LLC
Email	mbaker@kih.net
Phone	(502) 859-0907
Address	1100 Glensboro Road Lawrenceburg, KY 40342

**XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.

**CITY OF MAYSVILLE  
FINANCIAL SUMMARY (JUNE YEAR END)**

	<u>Audited</u> <u>2015</u>	<u>Audited</u> <u>2016</u>	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Audited</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>	<u>Projected</u> <u>2024</u>
<b>Balance Sheet</b>										
<b>Assets</b>										
Current Assets	2,153,150	1,718,826	2,693,941	3,229,378	3,526,671	3,603,980	3,662,821	3,715,664	3,772,168	3,832,885
Other Assets	27,281,396	27,643,337	29,480,772	29,911,210	31,903,104	31,564,643	31,434,852	30,432,161	29,443,470	28,468,779
Total	<u>29,434,546</u>	<u>29,362,163</u>	<u>32,174,713</u>	<u>33,140,588</u>	<u>35,429,775</u>	<u>35,168,623</u>	<u>35,097,673</u>	<u>34,147,825</u>	<u>33,215,638</u>	<u>32,301,664</u>
<b>Liabilities &amp; Equity</b>										
Current Liabilities	1,996,002	1,223,624	772,034	989,398	885,242	1,029,287	1,043,855	1,058,716	1,073,875	1,089,339
Long Term Liabilities	13,644,556	14,053,230	12,191,234	13,279,321	15,045,073	14,433,773	13,812,505	13,181,076	12,539,288	11,886,936
Total Liabilities	<u>15,640,558</u>	<u>15,276,854</u>	<u>12,963,268</u>	<u>14,268,719</u>	<u>15,930,315</u>	<u>15,463,060</u>	<u>14,856,360</u>	<u>14,239,792</u>	<u>13,613,163</u>	<u>12,976,275</u>
Net Assets	<u>13,793,988</u>	<u>14,085,309</u>	<u>19,211,445</u>	<u>18,871,869</u>	<u>19,499,460</u>	<u>19,705,563</u>	<u>20,241,313</u>	<u>19,908,033</u>	<u>19,602,475</u>	<u>19,325,389</u>
<b>Cash Flow</b>										
Revenues	4,367,603	4,444,953	4,583,973	4,496,606	4,561,953	4,561,953	4,648,948	4,737,682	4,828,191	4,920,510
Operating Expenses	3,013,909	3,048,280	3,160,225	3,250,852	3,450,335	3,519,077	3,609,194	3,682,813	3,755,762	3,830,170
Other Income	546	1,297	2,021	1,367	1,637	1,637	1,637	1,637	1,637	1,637
Cash Flow Before Debt Service	<u>1,354,240</u>	<u>1,397,970</u>	<u>1,425,769</u>	<u>1,247,121</u>	<u>1,113,255</u>	<u>1,044,513</u>	<u>1,041,391</u>	<u>1,056,506</u>	<u>1,074,066</u>	<u>1,091,977</u>
<b>Debt Service</b>										
Existing Debt Service	1,257,630	943,153	915,973	691,393	694,680	669,163	807,650	807,650	807,649	807,647
Proposed KIA Loan	0	0	0	0	0	0	0	46,413	46,413	46,413
Total Debt Service	<u>1,257,630</u>	<u>943,153</u>	<u>915,973</u>	<u>691,393</u>	<u>694,680</u>	<u>669,163</u>	<u>807,650</u>	<u>854,063</u>	<u>854,062</u>	<u>854,060</u>
Cash Flow After Debt Service	<u>96,610</u>	<u>454,817</u>	<u>509,796</u>	<u>555,728</u>	<u>418,575</u>	<u>375,350</u>	<u>233,741</u>	<u>202,443</u>	<u>220,004</u>	<u>237,917</u>
<b>Ratios</b>										
Current Ratio	1.1	1.4	3.5	3.3	4.0	3.5	3.5	3.5	3.5	3.5
Debt to Equity	1.1	1.1	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7
Days Sales in Accounts Receivable	34.3	35.2	33.7	33.0	32.4	32.4	32.4	32.4	32.4	32.4
Months Operating Expenses in Unrestricted Cash	4.9	3.6	8.0	9.8	10.2	10.2	10.2	10.1	10.1	10.2
Debt Coverage Ratio	1.1	1.5	1.6	1.8	1.6	1.6	1.3	1.2	1.3	1.3

<b>EXECUTIVE SUMMARY</b>		Reviewer	Meili Sun	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	May 7, 2020	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A20-037	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21089096	
<b>BORROWER</b>		CITY OF SOUTH SHORE GREENUP COUNTY		
<b>BRIEF DESCRIPTION</b>				
This project will replace approximately 4,300 linear feet of clay sewer lines with 8" PVC lines, replace 19 manholes, and install new service lines and cleanout to approximately 53 customers. The existing system consists of 6" and 8" clay sewer lines that are undersized and plagued with inflow and infiltration, which could result in sanitary sewer overflow. The streets impacted by this project include Maple St, Mildred St, Mayfield St, Christopher Dr, and Forest Ave.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		
Fund A Loan	\$1,035,000	RD Fee %	Actual %	
		Administrative Expenses		\$10,000
		Legal Expenses		5,000
		Land, Easements		3,000
		Planning		7,500
		Eng - Design / Const	9.0%	8.5%
		Eng - Insp	5.8%	5.6%
		Eng - Other		3,000
		Construction		823,525
		Contingency		58,975
<b>TOTAL</b>	<b>\$1,035,000</b>	<b>TOTAL</b>		<b>\$1,035,000</b>
<b>REPAYMENT</b>	Rate	0.50%	Est. Annual Payment	\$19,633
	Term	30 Years	1st Payment	6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	HMB Professional Engineers		
	Bond Counsel	Rubin & Hays		
<b>PROJECT SCHEDULE</b>	Bid Opening	Aug-20		
	Construction Start	Sep-20		
	Construction Stop	Jan-21		
<b>DEBT PER CUSTOMER</b>	Existing	\$4,447		
	Proposed	\$6,837		
<b>OTHER DEBT</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	780	\$46.00	(for 4,000 gallons)
	Additional	0	\$46.00	(for 4,000 gallons)
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2017	342,559	243,963	98,596	1.4
Audited 2018	414,250	243,564	170,686	1.7
Audited 2019	340,003	243,160	96,843	1.4
Projected 2020	325,876	235,917	89,959	1.4
Projected 2021	366,870	230,664	136,206	1.6
Projected 2022	364,126	293,293	70,834	1.2
Projected 2023	371,759	341,540	30,219	1.1
Projected 2024	379,545	341,540	38,005	1.1

Reviewer: Meili Sun  
 Date: May 7, 2020  
 Loan Number: A20-037

**KENTUCKY INFRASTRUCTURE AUTHORITY  
 WASTEWATER REVOLVING LOAN FUND (FUND A)  
 CITY OF SOUTH SHORE, GREENUP COUNTY  
 PROJECT REVIEW  
 SX21089096**

**I. PROJECT DESCRIPTION**

The City of South Shore (“City”) is requesting a Fund A loan in the amount of \$1,035,000 for the Upgrade Forest Heights Collection Lines project. This project will replace approximately 4,300 linear feet of clay sewer lines with 8” PVC lines, replace 19 manholes, and install new service lines and cleanout to 53 customers. The existing system consists of 6” and 8” clay sewer lines that are undersized and plagued with inflow and infiltration, which could result in sanitary sewer overflow. The area impacted includes Mildred Street, Mayfield Street, Maple Street, Christopher Drive, and Forest Avenue.

The South Shore Wastewater Treatment Plant is a Kentucky Pollution Discharge Elimination Systems (KPDES) utility currently serving approximately 780 retail customers in the City and the surrounding area.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 10,000
Legal Expenses	5,000
Land Easements	3,000
Planning	7,500
Engineering Fees – Design	60,000
Engineering Fees – Construction	15,000
Engineering Fees – Inspection	49,000
Engineering Fees – Other	3,000
Construction	823,525
Contingency	<u>58,975</u>
<b>Total</b>	<b>\$ 1,035,000</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
<b>KIA Fund A Loan</b>	<b>\$ 1,035,000</b>	<b>100%</b>

#### IV. KIA DEBT SERVICE

Construction Loan	\$ 1,035,000
Principal Forgiveness	517,500
Amortized Loan Amount	\$ 517,500
Interest Rate	0.50%
Loan Term (Year)	30
Estimated Annual Debt Service	\$ 18,598
Administrative Fee (0.20%)	1,035
<b>Total Estimated Annual Debt Service</b>	<b>\$ 19,633</b>

#### V. PROJECT SCHEDULE

Bid Opening	August 2020
Construction Start	September 2020
Construction Stop	January 2021

#### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

##### A) Customers

	Current
Residential	677
Commercial	103
Total	780

##### B) Rates

	Sewer Inside City		
	Proposed	Current	Prior
Date of Last Rate Increase	07/01/20	07/01/11	01/01/08
Minimum 1,000 Gallons	\$22.95	\$22.00	\$20.50
Over 1,000 Gallons	8.34	8.00	6.00
Cost for 4,000 gallons	\$47.97	\$46.00	\$38.50
Increase %	4.3%	19.5%	
Affordability Index (Rate/MHI)	1.6%	1.5%	1.3%

	<b>Sewer Outside City</b>		
	Proposed	Current	Prior
Date of Last Rate Increase	07/01/20	07/01/11	01/01/08
Minimum 1,000 Gallons	\$24.75	\$22.00	\$20.50
Over 1,000 Gallons	9.00	8.00	6.00
Cost for 4,000 gallons	\$51.75	\$46.00	\$38.50
Increase %	12.5%	19.5%	
Affordability Index (Rate/MHI)	1.7%	1.5%	1.3%

	<b>Water Inside City</b>		
	Proposed	Current	Prior
Date of Last Rate Increase	07/01/20	07/01/19	07/01/17
Minimum 1,000 Gallons	\$14.26	\$13.84	\$13.57
Next 9,000	5.97	5.80	5.69
Over 10,000	4.22	4.10	4.02
Cost for 4,000 gallons	\$32.17	\$31.24	\$30.64
Increase %	3.0%	2.0%	
Affordability Index (Rate/MHI)	1.1%	1.0%	1.0%

	<b>Water Outside City</b>		
	Proposed	Current	Prior
Date of Last Rate Increase	07/01/20	07/01/19	07/01/17
Minimum 1,000 Gallons	16.32	\$15.84	\$15.57
Next 9,000	6.10	5.92	5.79
Over 10,000	4.43	4.30	4.22
Cost for 4,000 gallons	\$34.62	\$33.60	\$32.94
Increase %	3.0%	2.0%	
Affordability Index (Rate/MHI)	1.1%	1.1%	1.1%

## **VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility's service area population was 2,277 with a Median Household Income (MHI) of \$36,203. The median household income for the Commonwealth is \$46,535. The project will qualify for a 0.50% interest rate and \$517,500 in principal forgiveness.



Year	Population		County	% Change	County Unemployment	
	City	% Change			Date	Rate
1980	1,525		39,132		June 2005	6.7%
1990	1,318	-13.6%	36,742	-6.1%	June 2010	11.7%
2000	1,226	-7.0%	36,891	0.4%	June 2015	7.7%
2010	1,122	-8.5%	36,910	0.1%	June 2019	7.5%
Current	1,121	-0.1%	36,012	-2.4%		
Cumulative %		-26.5%		-8.0%		

### **VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES**

Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of 50% of the assistance amount, not to exceed \$517,500 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

### **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2019. In 2017, the sewer operations reported \$76,000 for an incidental repair in one of the lift stations, which was later reimbursed by insurance proceeds. The overstated repair costs were removed from the 2017 operating expenses to provide a more accurate projection. GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Other Postemployment Benefit were not applicable to the City’s financial reporting. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

#### **HISTORY**

Combined water and sewer revenues increased 2.4% from \$1.24 million in 2017 to \$1.27 million in 2019. Operating expenses went up 3.5% from \$0.90 million to \$0.93 million during the same period due to increases in professional and contracted services for maintenances and repairs. The debt coverage ratios were 1.4, 1.7, and 1.4 in 2017, 2018, and 2019 respectively.

The balance sheet reflects a current ratio of 2.4, a debt to equity ratio of 0.9, 55.9 days of sales in accounts receivable, and 6.4 months of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Water rates will increase 3% effective July 1, 2020 and resume annual CPI adjustment afterwards.
- 2) Sewer rates will increase 4.3% for inside city customers and 12.5% for outside city customers effective July 1, 2020. Beginning in July, 2021, All sewer rates will be adjusted each year based on the Consumer Price Index.
- 3) Combined operating expenses including water purchase will increase 2% annually for inflation.
- 4) Debt coverage ratio is 1.2 in 2022 when full principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$52,000 total) of the final amount borrowed prior to principal forgiveness to be funded annually (\$2,600 yearly) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

	Outstanding	Maturity
KIA Loan A99-05	\$ 15,477	2020
KIA Loan B12-09	1,572,998	2035
KIA Loan A12-06	1,879,974	2035
KIA Loan F19-041 i.a.o. \$1,751,133		TBD
<b>Total</b>	<b>\$ 3,468,449</b>	

## XI. CONTACTS

<b>Legal Applicant</b>	
Name	City of South Shore
Address	69 Narco Dr, PO Box 516 South Shore, KY 41175
County	Greenup
Authorized Official	Cheryl Moore, Mayor
Phone	(606)932-6144
Email	mayorcoss@windstream.net

<b>Project Contact - Applicant</b>	
Name	Cheryl Robbins
Organization	City of South Shore
Address	69 Narco Dr, PO Box 516 South Shore, KY 41175
Phone	(606) 932-6144
Email	cityoss@windstream.net

<b>Project Administrator</b>	
Name	Patrick Kirby
Organization	Ceda, Inc
Address	PO Box 855 Richmond, KY 40476
Phone	(859) 624-3396
Email	patrick@cedainc.net

<b>Consulting Engineer</b>	
Name	Jeff Reynolds
Firm	HMB Professional Engineers
Address	3 HMB Circle Frankfort, KY 40601
Phone	(502) 695-9800
Email	jdreynolds@hmbpe.com

**XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.

**CITY OF SOUTH SHORE  
FINANCIAL SUMMARY (JUNE YEAR END)**

	<u>Audited 2017</u>	<u>Audited 2018</u>	<u>Audited 2019</u>	<u>Projected 2020</u>	<u>Projected 2021</u>	<u>Projected 2022</u>	<u>Projected 2023</u>	<u>Projected 2024</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	566,112	725,736	692,368	712,849	749,090	767,357	777,601	789,502
Other Assets	7,664,616	7,255,153	6,997,629	6,669,432	10,463,366	10,004,994	9,514,130	9,029,495
<b>Total</b>	<b>8,230,728</b>	<b>7,980,889</b>	<b>7,689,997</b>	<b>7,382,281</b>	<b>11,212,456</b>	<b>10,772,351</b>	<b>10,291,731</b>	<b>9,818,997</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	272,268	259,619	284,695	278,506	356,589	359,069	357,502	328,202
Long Term Liabilities	3,675,118	3,474,207	3,269,860	3,071,135	5,063,660	4,785,772	4,510,151	4,264,530
<b>Total Liabilities</b>	<b>3,947,386</b>	<b>3,733,826</b>	<b>3,554,555</b>	<b>3,349,641</b>	<b>5,420,249</b>	<b>5,144,841</b>	<b>4,867,653</b>	<b>4,592,732</b>
<b>Net Assets</b>	<b>4,283,342</b>	<b>4,247,063</b>	<b>4,135,442</b>	<b>4,032,640</b>	<b>5,792,207</b>	<b>5,627,510</b>	<b>5,424,078</b>	<b>5,226,265</b>
<b>Cash Flow</b>								
Revenues	1,238,601	1,301,422	1,268,360	1,284,792	1,343,798	1,370,674	1,398,087	1,426,048
Operating Expenses	899,824	893,999	931,948	962,507	980,519	1,010,139	1,029,919	1,050,094
Other Income	3,782	6,827	3,591	3,591	3,591	3,591	3,591	3,591
<b>Cash Flow Before Debt Service</b>	<b>342,559</b>	<b>414,250</b>	<b>340,003</b>	<b>325,876</b>	<b>366,870</b>	<b>364,126</b>	<b>371,759</b>	<b>379,545</b>
<b>Debt Service</b>								
Existing Debt Service	243,963	243,564	243,160	235,917	230,664	273,660	321,907	321,907
Proposed KIA Loan	0	0	0	0	0	19,633	19,633	19,633
<b>Total Debt Service</b>	<b>243,963</b>	<b>243,564</b>	<b>243,160</b>	<b>235,917</b>	<b>230,664</b>	<b>293,293</b>	<b>341,540</b>	<b>341,540</b>
<b>Cash Flow After Debt Service</b>	<b>98,596</b>	<b>170,686</b>	<b>96,843</b>	<b>89,959</b>	<b>136,206</b>	<b>70,834</b>	<b>30,219</b>	<b>38,005</b>
<b>Ratios</b>								
Current Ratio	2.1	2.8	2.4	2.6	2.1	2.1	2.2	2.4
Debt to Equity	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9
Days Sales in Accounts Receivable	56.6	56.3	55.9	55.9	55.8	55.8	55.8	55.8
Months Operating Expenses in Unrestricted Cash	5.0	7.0	6.4	6.5	6.7	6.8	6.7	6.7
Debt Coverage Ratio	1.4	1.7	1.4	1.4	1.6	1.2	1.1	1.1

<b>EXECUTIVE SUMMARY</b>		Reviewer	Meili Sun	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	June 4, 2020	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A20-047	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21147019	
BORROWER	MCCREARY COUNTY WATER DISTRICT MCCREARY COUNTY			
BRIEF DESCRIPTION				
This project will expand the sanitary sewer collection system to serve 305 new customers in the Stearns and Smithtown areas. Many of these new customers either have failing septic systems or discharge directly into the environment.				
The collection system expansion will consist of approximately 66,500 linear feet of PVC sewer line extension of various sizes, 15 manholes, 275 grinder pump stations, and other appurtenances such as air release valves and flushing connections.				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan	\$3,244,500	RD Fee %	Actual %	
RD Loan	400,000	Administrative Expenses		\$80,000
		Legal Expenses		8,920
		Land, Easements		10,000
		Eng - Design / Const	7.2%	7.2%
		Eng - Insp	3.9%	3.9%
		Construction		3,091,300
		Contingency		100,000
TOTAL	\$3,644,500	TOTAL		\$3,644,500
REPAYMENT	Rate	0.50%	Est. Annual Payment	\$106,016
	Term	30 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Eclipse Engineers, PLLC		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Sep-20		
	Construction Start	Oct-20		
	Construction Stop	Jun-21		
DEBT PER CUSTOMER	Existing	\$10,267		
	Proposed	\$10,362		
OTHER DEBT	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	1,082	\$41.07	(for 4,000 gallons)
	Additional	305	\$41.07	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2016	756,597	707,190	49,407	1.1
Audited 2017	666,173	687,789	(21,616)	1.0
Audited 2018	517,704	689,414	(171,710)	0.8
Projected 2019	524,842	786,986	(262,144)	0.7
Projected 2020	792,363	1,288,987	(496,624)	0.6
Projected 2021	1,091,049	858,303	232,746	1.3
Projected 2022	1,151,845	933,957	217,888	1.2
Projected 2023	1,069,817	966,472	103,345	1.1

Reviewer: Meili Sun  
Date: June 4, 2020  
Loan Number: A20-047

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
MCCREARY COUNTY WATER DISTRICT, MCCREARY COUNTY  
PROJECT REVIEW  
SX21147019**

**I. PROJECT DESCRIPTION**

The McCreary County Water District (“District”) is requesting a Fund A loan in the amount of \$3,244,500 for the Sanitary Sewer Collection System Expansion – Phase 1 project. This project will expand the sanitary sewer collection system to serve 305 new customers in the Stearns and Smithtown areas. Many of these underserved customers either have failing septic systems or discharge directly into the environment.

The collection system expansion will consist of approximately 66,500 linear feet of PVC sewer line extension of various sizes, 15 manholes, 275 grinder pump stations, and other appurtenances such as air release valves and flushing connections. The purpose of this project is to expand the sanitary sewer collection system to spread the cost of services across more customers while protecting the environment from failing septic tanks and straight pipes.

The District currently serves approximately 1,100 retail customers in McCreary County and provide wholesale water to the Whitley County Water District and the City of Onieda in Tennessee. Both McCreary and Whitley County Water Districts are under the Public Service Commission jurisdiction (“PSC”) and subject to PSC rate regulations. The District had not sold any water to Onieda in the past 3 years due to the need basis agreement but may resume sales in 2020 and 2021 to supply water for Onieda’s source water project.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 80,000
Legal Expenses	8,920
Land Easements	10,000
Engineering Fees – Design & Construction	228,459
Engineering Fees – Inspection	125,821
Construction	3,091,300
Contingency	100,000
<b>Total</b>	<b>\$ 3,644,500</b>

### III. PROJECT FUNDING

	Amount	%
KIA Fund A Loan	3,244,500	89%
RD Loan	400,000	11%
<b>Total</b>	<b>3,644,500</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

KIA Loan	\$ 3,244,500
Principal Forgiveness	450,000
Amortized Loan Amount	\$ 2,794,500
Interest Rate	0.50%
Loan Term (Year)	30
Estimated Annual Debt Service	\$ 100,427
Administrative Fee (0.20%)	5,589
<b>Total Estimated Annual Debt Service</b>	<b>\$ 106,016</b>

### V. PROJECT SCHEDULE

Bid Opening	September 2020
Construction Start	October 2020
Construction Stop	June 2021

### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

#### A) Customers

Customers	Current	Proposed	Total
Residential	862	305	1,167
Commercial	156		156
Industrial/Institutional	64		64
Total	1,082	305	1,387

## B) Rates

	<b>Sewer</b>	
	Current	Prior
Date of Last Rate Increase	08/29/19	03/06/15
Minimum 2,000 Gallons	\$24.19	\$19.35
Next 18,000 Gallons	8.44	6.75
Over 20,000 Gallons	7.50	6.00
Cost for 4,000 gallons	\$41.07	\$32.85
Increase %	25.0%	
Affordability Index (Rate/MHI)	2.8%	2.3%

	<b>Water</b>		
	Proposed	Current	Prior
Date of Last Rate Increase	01/01/21	08/02/19	03/06/15
Minimum 2,000 Gallons	\$22.50	\$21.98	\$20.35
Over 2,000 Gallons	9.25	7.29	6.75
Cost for 4,000 gallons	\$41.00	\$36.56	\$33.85
Increase %	12.1%	8.0%	
Affordability Index (Rate/MHI)	2.8%	2.5%	2.3%

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility's service area population was 5,274 with a Median Household Income (MHI) of \$17,506. The median household income for the Commonwealth is \$46,535. The project will qualify for a 30-year term at 0.50% interest rate and \$450,000 principal forgiveness.

Year	Population		County Unemployment	
	County	% Change	Date	Rate
1980	15,634		June 2005	6.9%
1990	15,603	-0.2%	June 2010	9.9%
2000	17,080	9.5%	June 2015	5.0%
2010	18,306	7.2%	June 2019	4.5%
Current	17,748	-3.0%		
Cumulative %		13.5%		



## **VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES**

Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of 50% of the assistance amount, not to exceed \$450,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

## **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended December 31, 2016 through December 31, 2018. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### **HISTORY**

Combined water and sewer revenues decreased 0.5% from \$4.19 million in 2016 to \$4.16 million in 2018 while operating expenses increased 7.9% from \$3.48 million to \$3.75 million during the same period due to higher repair and maintenance costs. The debt coverage ratios were 1.1, 1.0, and 0.8 in 2016, 2017, 2018 respectively.

The balance sheet reflects a current ratio of 1.5, a debt to equity ratio of 0.6, 31.5 days of sales in accounts receivable, and 1.3 months of operating expenses in unrestricted cash.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Water revenues will increase 8% in 2020 and 12.1% in 2021.
- 2) Sewer revenues will increase 25% in 2020.
- 3) This project will add 305 new customers to the District's sewer services.
- 4) The District will receive RD commitment of a \$400,000 funding to subsidize this project.
- 5) Expenses will increase 2% each year for inflation.
- 6) Debt service coverage is 1.2 in 2022 when full principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$162,000 total) of the final amount borrowed prior to principal forgiveness to be funded annually (\$8,100 yearly) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
United Cumberland Loan	\$ 495,000	2020
BB&T Loan	797,355	2028
RD Series 2013D	955,000	2052
RD Series 2013A	590,000	2030
RD Series 2005A	630,000	2045
RD Series 2008A	285,800	2048
RD Series 2008A	131,900	2048
RD Series 2012D	2,700,000	2040
RD Series 2012D1	1,213,000	2052
RD Series 2015	1,142,000	2055
KIA Loan F04-03	580,057	2026
RD Series 2005A – Sewer	243,000	2045
RD Series 2012D – Sewer	1,345,000	2040
RD Loan i.a.o. \$400,000 for this project		TBD
RD Loan i.a.o. \$722,000 for Marsh Creek project		TBD
RD Loan i.a.o. \$819,750 for Parkers Lake project		TBD
<b>Total</b>	<b>\$ 11,108,612</b>	

## XI. CONTACTS

<b>Legal Applicant</b>	
Name	McCreary County Water District
Address	PO Box 488 Whitley City, KY 42653
County	McCreary
Authorized Official	Randy Kidd, Chairman
Phone	(606) 376-2540
Email	stepwhitaker@gmail.com

<b>Project Contact - Applicant</b>	
Name	Stephen Whitaker, Superintendent
Organization	McCreary County Water District
Address	456 N Hwy 27 Whitley City, KY 42653
Phone	(606) 376-2445
Email	stepwhitaker@gmail.com

<b>Project Administrator</b>	
Name	Judy Hachey, Community Development Specialist
Organization	LCADD
Address	2384 Lakeway Drive, PO Box 1570 Russell Springs, KY 42642
Phone	(270) 866-4200
Email	judyh@lcadd.org

<b>Consulting Engineer</b>	
Name	Alan Ray Robinson
Firm	Eclipse Engineers, PLLC
Address	113 W Mount Vernon Street Somerset, KY 42501
Phone	(859) 433-9585
Email	arobinson@eclipseengineers.net

## **XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions and the following special conditions as required by the PSC:

- 1) The District shall apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for KIA loan A20-047. This debt authorization application should include a forecast meeting debt service projected through 2025.
- 2) Prior to the assistance agreement being executed, the District must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement.

**MCCREARY COUNTY WATER DISTRICT  
FINANCIAL SUMMARY (DECEMBER YEAR END)**

	<u>Audited</u> <u>2016</u>	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Projected</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	1,397,296	1,369,825	1,189,079	939,679	472,755	742,001	972,889	1,076,234
Other Assets	41,255,179	40,348,720	40,044,396	38,469,317	36,894,238	41,113,206	39,423,214	37,733,222
Total	<u>42,652,475</u>	<u>41,718,545</u>	<u>41,233,475</u>	<u>39,408,996</u>	<u>37,366,993</u>	<u>41,855,207</u>	<u>40,396,103</u>	<u>38,809,456</u>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	708,044	690,140	796,881	1,311,504	830,520	956,564	1,006,514	998,533
Long Term Liabilities	12,532,400	13,535,185	14,618,282	13,645,399	13,156,700	17,732,218	17,074,125	16,427,414
Total Liabilities	<u>13,240,444</u>	<u>14,225,325</u>	<u>15,415,163</u>	<u>14,956,903</u>	<u>13,987,220</u>	<u>18,688,781</u>	<u>18,080,639</u>	<u>17,425,946</u>
Net Assets	<u>29,412,031</u>	<u>27,493,220</u>	<u>25,818,312</u>	<u>24,452,093</u>	<u>23,379,773</u>	<u>23,166,426</u>	<u>22,315,465</u>	<u>21,383,510</u>
<b>Cash Flow</b>								
Revenues	4,186,432	4,179,599	4,164,004	4,311,454	4,655,503	5,077,909	5,228,225	5,228,225
Operating Expenses	3,476,694	3,922,787	3,751,384	3,826,412	3,902,940	4,026,660	4,116,180	4,198,208
Other Income	46,859	409,361	105,084	39,800	39,800	39,800	39,800	39,800
Cash Flow Before Debt Service	<u>756,597</u>	<u>666,173</u>	<u>517,704</u>	<u>524,842</u>	<u>792,363</u>	<u>1,091,049</u>	<u>1,151,845</u>	<u>1,069,817</u>
<b>Debt Service</b>								
Existing Debt Service	707,190	687,789	689,414	786,986	1,288,987	858,303	827,941	860,456
Proposed KIA Loan	0	0	0	0	0	0	106,016	106,016
Total Debt Service	<u>707,190</u>	<u>687,789</u>	<u>689,414</u>	<u>786,986</u>	<u>1,288,987</u>	<u>858,303</u>	<u>933,957</u>	<u>966,472</u>
Cash Flow After Debt Service	<u>49,407</u>	<u>(21,616)</u>	<u>(171,710)</u>	<u>(262,144)</u>	<u>(496,624)</u>	<u>232,746</u>	<u>217,888</u>	<u>103,345</u>
<b>Ratios</b>								
Current Ratio	2.0	2.0	1.5	0.7	0.6	0.8	1.0	1.1
Debt to Equity	0.5	0.5	0.6	0.6	0.6	0.8	0.8	0.8
Days Sales in Accounts Receivable	29.8	31.4	31.5	31.5	31.5	31.5	31.5	31.5
Months Operating Expenses in Unrestricted Cash	1.8	1.7	1.3	0.4	(1.1)	(0.4)	0.3	0.6
Debt Coverage Ratio	1.1	1.0	0.8	0.7	0.6	1.3	1.2	1.1

<b>EXECUTIVE SUMMARY</b>		Reviewer	Ashley Adams	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	May 7, 2020	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A20-069	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21099026	
BORROWER	HART COUNTY INDUSTRIAL AUTHORITY HART COUNTY			
BRIEF DESCRIPTION				
This project will upgrade the pretreatment facility serving the Progress Park Industrial Park in Horse Cave in order to increase capacity of the wastewater treatment and accommodate the planned growth of the industrial park.				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan	\$853,442	RD Fee %	Actual %	
CDBG	1,000,000	Administrative Expenses		\$30,000
ARC	500,000	Eng - Design / Const	7.6%	10.0%
		Construction		1,920,200
		Contingency		192,020
TOTAL	\$2,353,442	TOTAL		\$2,353,442
REPAYMENT	Rate	0.50%	Est. Annual Payment	\$46,601
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Heritage Engineering, LLC		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Jul-20		
	Construction Start	Aug-20		
	Construction Stop	Aug-21		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	2	\$0.00 (for 4,000 gallons)	
	Additional	0	\$0.00 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2017	460,217	161,086	299,131	2.9
Audited 2018	(401,539)	170,265	(571,804)	-2.4
Audited 2019	107,441	139,113	(31,672)	0.8
Projected 2020	220,079	138,876	81,203	1.6
Projected 2021	214,729	138,638	76,091	1.5
Projected 2022	254,422	185,000	69,422	1.4
Projected 2023	248,856	184,757	64,099	1.3
Projected 2024	243,179	184,512	58,667	1.3

Reviewer: Ashley Adams  
Date: May 7, 2020  
Loan Number: A20-069

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
HART COUNTY INDUSTRIAL AUTHORITY, HART COUNTY  
PROJECT REVIEW  
SX21099026**

**I. PROJECT DESCRIPTION**

The Hart Count Industrial Authority is requesting a Fund A loan in the amount of \$853,442 for the Progress Park Industrial Park Pretreatment Expansion project. This project will upgrade the pretreatment facility serving the Progress Park Industrial Park in Horse Cave in order to increase the capacity of wastewater treatment and accommodate the planned growth of the industrial park. Specifically, this expansion will support a 120,000 square foot, \$50 million expansion at the Sister Schubert's Homemade Rolls Inc. bakery which is expected to bring 70+ additional jobs.

The project will consist of increasing the average flow of the pretreatment facility from 200,000 gallons per day to 300,000 gallons per day, along with adding two stainless steel equalization tanks at the facility with a combined capacity of 500,000 gallons in order to control high hydraulic flows.

The project will also include the following elements:

- New influent screen that will accept flows up to 2,000 gallons per minute that will be located in a new building
- New vacuum press will be installed to handle the extra grease production from the enhancement of the facility's two dissolved air flotation units
- Enhancements to the facility's moving bed biofilm reactor (MBBR) treatment tank with the addition of air blowers and treatment media
- New sludge holding tanks will be added for sludge reduction.
- New effluent storage tank
- New, increased-capacity pumping facility with new yard piping and electrical enhancements

The pretreatment facility supports the T. Marzetti and Sister Schubert's factories located in Progress Park Industrial Park. Caveland Environmental Authority operates and provides maintenance for the pretreatment facility under agreement with the Hart County Industrial Authority.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 30,000
Engineering Fees - Design	211,222
Construction	1,920,200
Contingency	192,020
<b>Total</b>	<b>\$ 2,353,442</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 853,442	36%
CDBG	1,000,000	42%
ARC	500,000	21%
<b>Total</b>	<b>\$ 2,353,442</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Amortized Loan Amount	\$	853,442
Interest Rate		0.50%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	44,895
Administrative Fee (0.20%)		1,707
<b>Total Estimated Annual Debt Service</b>	<b>\$</b>	<b>46,601</b>

**V. PROJECT SCHEDULE**

Bid Opening	July 2020
Construction Start	August 2020
Construction Stop	August 2021

**VI. CUSTOMER COMPOSITION**

**A) Customers**

	<u>Current</u>
Industrial	2

**VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the service area population for the Caveland Environmental Authority, which operates the Pretreatment Facility for the Hart County Industrial Authority, was 8,241 with a Median Household Income (MHI) of \$34,336. The median household income for the Commonwealth is \$46,535. The project will qualify for a 0.5% interest rate based on MHI.

Year	Population		County Unemployment	
	County	% Change	Date	Rate
1980	15,402		June 2005	5.9%
1990	14,890	-3.3%	June 2010	10.0%
2000	17,445	17.2%	June 2015	5.3%
2010	18,199	4.3%	June 2019	4.8%
Current	18,531	1.8%		
Cumulative %		20.3%		

**VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

**IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2019. The audited statements are presented on a modified cash basis of accounting. Revenues are recognized when received and expenditures when paid. Accounts receivable and payable, among other items are not reported under this basis. Depreciation is also not reported on the income statement.

**HISTORY**

Revenues for the Industrial Authority TIF fund average approximately \$500,000 annually. The pretreatment plant is supported by a TIF tax collected from employees at the T. Marzetti dressing plant and Sister Schubert’s Homemade Rolls plant. These funds are specifically designated for debt service, upkeep, expansion, regulatory compliance, and operation of the pretreatment facility. Operating expenses for the pretreatment plant facility increased from \$179,124 in 2017 to \$362,981 in 2019 due to a technology upgrade in the pretreatment facility that was not classified as a capital expense. Expenses also increased in 2018 due to economic development initiatives of \$413,233 and capital outlay of the Industrial Authority of \$150,000 which were exclusive to that year. When excluding these anomaly expense events, the Industrial



Authority demonstrated adequate debt coverage during the historical audit observation time period as demonstrated in 2017.

**PROJECTIONS**

Projections are based on the following assumptions:

- 1) TIF revenues will increase as a result of the expansion approximately \$47,000 from the 70+ new jobs created at Sister Schubert’s by 2022.
- 2) Pretreatment plant operating expenses will normalize to approximately \$250,000 annually in 2020 after the new technology implementation and then increase 2% annually for inflation but will be supported by TIF revenues and cash on hand.
- 3) Debt service coverage will be approximately 1.4 in 2022 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

**REPLACEMENT RESERVE**

The replacement reserve will be 5% (\$42,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$2,100 yearly) each December 1 for 20 years and maintained for the life of the loan.

**X. DEBT OBLIGATIONS**

	<u>Outstanding</u>	<u>Maturity</u>
KIA Loan (B05-01) - Fiscal Court	\$ 1,350,648	2037
KIA Loan (B10-02)	768,235	2034
<b>Total</b>	<b>\$ 2,118,883</b>	

## **XI. CONTACTS**

### **Legal Applicant**

Entity Name	Hart County Industrial Authority
Authorized Official	John Bunnell
County	Hart
Email	jbunnell@limestonebank.com
Phone	270-524-7283
Address	PO Box 490 Munfordville, KY 42765

### **Project Administrator**

Name	David Peterson
Organization	Caveland Environmental Authority
Email	david@ceawater.com
Phone	270-773-2887
Address	PO Box 426 Cave City, KY 42127

### **Consulting Engineer**

PE Name	David Eberenz
Firm Name	Heritage Engineering, LLC
Email	deberenz@hughesgrp.com
Phone	812-285-4731
Address	603 N. Shore Drive, Unit 204 Jeffersonville, IN 47130

## **XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions and the following special condition:

1. The Hart County Industrial Authority and/or the Hart County Fiscal Court will make a motion to commit future TIF revenues created by this pretreatment expansion project to repayment of KIA debt service, replacement reserve, maintaining a 1.1 debt coverage ratio, and any other loan conditions for the life of this new KIA loan.

**HART COUNTY INDUSTRIAL AUTHORITY**

**FINANCIAL SUMMARY (JUNE YEAR END)  
MODIFIED CASH BASIS OF ACCOUNTING**

	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Audited</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>	<u>Projected</u> <u>2024</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	2,718,412	2,423,271	2,132,100	2,213,321	2,289,412	2,379,234	2,443,333	2,502,000
Other Assets	5,277,712	4,976,935	5,046,577	5,046,577	6,223,298	7,341,183	7,282,347	7,223,511
<b>Total</b>	<b>7,996,124</b>	<b>7,400,206</b>	<b>7,178,677</b>	<b>7,259,898</b>	<b>8,512,710</b>	<b>9,720,417</b>	<b>9,725,680</b>	<b>9,725,511</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	172,170	133,252	118,870	119,791	120,719	121,654	122,596	123,596
Long Term Liabilities	2,236,841	2,118,884	2,000,013	1,880,222	2,936,224	3,991,291	3,868,695	3,745,099
<b>Total Liabilities</b>	<b>2,409,011</b>	<b>2,252,136</b>	<b>2,118,883</b>	<b>2,000,013</b>	<b>3,056,943</b>	<b>4,112,945</b>	<b>3,991,291</b>	<b>3,868,695</b>
<b>Net Assets</b>	<b>5,587,113</b>	<b>5,148,070</b>	<b>5,059,794</b>	<b>5,259,885</b>	<b>5,455,767</b>	<b>5,607,472</b>	<b>5,734,389</b>	<b>5,856,816</b>
<b>Cash Flow</b>								
Revenues	658,721	505,677	487,557	487,557	487,557	534,807	534,807	534,807
Operating Expenses	198,504	907,216	380,116	267,478	272,828	280,385	285,951	291,628
Other Income	0	0	0	0	0	0	0	0
<b>Cash Flow Before Debt Service</b>	<b>460,217</b>	<b>(401,539)</b>	<b>107,441</b>	<b>220,079</b>	<b>214,729</b>	<b>254,422</b>	<b>248,856</b>	<b>243,179</b>
<b>Debt Service</b>								
Existing Debt Service	161,086	170,265	139,113	138,876	138,638	138,399	138,156	137,911
Proposed KIA Loan	0	0	0	0	0	46,601	46,601	46,601
<b>Total Debt Service</b>	<b>161,086</b>	<b>170,265</b>	<b>139,113</b>	<b>138,876</b>	<b>138,638</b>	<b>185,000</b>	<b>184,757</b>	<b>184,512</b>
<b>Cash Flow After Debt Service</b>	<b>299,131</b>	<b>(571,804)</b>	<b>(31,672)</b>	<b>81,203</b>	<b>76,091</b>	<b>69,422</b>	<b>64,099</b>	<b>58,667</b>
<b>Ratios</b>								
Current Ratio	15.8	18.2	17.9	18.5	19.0	19.6	19.9	20.2
Debt to Equity	0.4	0.4	0.4	0.4	0.6	0.7	0.7	0.7
Debt Coverage Ratio	2.9	(2.4)	0.8	1.6	1.5	1.4	1.3	1.3

<b>EXECUTIVE SUMMARY</b>		Reviewer	Meili Sun	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	May 7, 2020	
<b>#N/A</b>		KIA Loan Number	C20-002	
<b>REVOLVING LOAN FUND</b>		WRIS Number	WX21139031	
<b>BORROWER</b>	CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT LIVINGSTON COUNTY			
<b>BRIEF DESCRIPTION</b>				
This project will replace 1,400 customer meters in the Crittenden-Livingston service area, primarily in Livingston County, with radio read meters. The installation of new meters will help the District save operating and maintenance costs by reducing up to 50% of the time and labor required for meter reading.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		
Fund C Loan	\$300,000	RD Fee %	Actual %	
		Administrative Expenses		\$7,250
		Equipment		290,000
		Contingency		2,750
<b>TOTAL</b>	<b>\$300,000</b>	<b>TOTAL</b>		<b>\$300,000</b>
<b>REPAYMENT</b>	Rate	2.75%	Est. Annual Payment \$20,202	
	Term	20 Years	1st Payment	6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	N/A		
	Bond Counsel	Rubin & Hays		
<b>PROJECT SCHEDULE</b>	Bid Opening	Aug-20		
	Construction Start	Sep-20		
	Construction Stop	Feb-21		
<b>DEBT PER CUSTOMER</b>	Existing	\$3,218		
	Proposed	\$2,744		
<b>OTHER DEBT</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	3,613	\$56.03 (for 4,000 gallons)	
	Additional	0	\$56.03 (for 4,000 gallons)	
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2016	918,643	1,051,589	(132,946)	0.9
Audited 2017	1,101,988	1,099,080	2,908	1.0
Audited 2018	1,024,194	1,162,226	(138,032)	0.9
Projected 2019	1,142,362	1,067,179	75,183	1.1
Projected 2020	1,382,272	1,054,623	327,649	1.3
Projected 2021	1,600,015	1,061,085	538,930	1.5
Projected 2022	1,705,330	1,095,963	609,367	1.6
Projected 2023	1,674,884	1,098,206	576,678	1.5

Reviewer: Meili Sun  
 Date: May 7, 2020  
 Loan Number: C20-002

**KENTUCKY INFRASTRUCTURE AUTHORITY  
 GOVERNMENTAL AGENCIES LOAN FUND (FUND C)  
 CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT, LIVINGSTON COUNTY  
 PROJECT REVIEW  
 WX21139031**

**I. PROJECT DESCRIPTION**

The Crittenden-Livingston County Water District (“District”) is requesting a Fund C loan in the amount of \$300,000 for the Automatic Meter Reading (AMR) Replacement project. This project will replace 1,400 aging customer meters in the Crittenden-Livingston service area, primarily in Livingston County, with radio read meters. The installation of new meters will help the District save operating and maintenance costs by reducing up to 50% of the time and labor required for meter reading.

A PSC regulated system, the District is a regional provider that serves approximately 3,600 retail customers and wholesales to 2 water districts and 4 municipals. All retail and wholesale rates are subject to PSC approval.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 7,250
Equipment	290,000
Contingency	<u>2,750</u>
<b>Total</b>	<b>\$ 300,000</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
<b>KIA Fund C Loan</b>	<b>\$ 300,000</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Fund C Loan	\$ 300,000
Interest Rate	2.75%
Loan Term (Year)	<u>20</u>
Estimated Annual Debt Service	\$ 19,602
Administrative Fee (0.20%)	<u>600</u>
<b>Total Annual Debt Service</b>	<b>\$ 20,202</b>

**V. PROJECT SCHEDULE**

Bid Opening	August 2020
Construction Start	September 2020
Construction Stop	February 2021

**VI. RATE STRUCTURE**

**A. Customers**

Customers	Current
Residential	3,586
Commercial	17
Industrial	10
Total	3,613

**B. Rates**

	Retail			
	Current	Prior	Proposed	Proposed
Date of Last Rate Increase	05/23/19	05/01/15	05/23/20	05/23/21
Minimum	\$20.72	\$17.84	\$22.70	\$24.76
Next 9,000 Gallons	11.77	10.14	12.89	14.08
Over 10,000 Gallons	10.09	8.69	11.05	12.06
Cost for 4,000 gallons	\$56.03	\$48.26	\$61.37	\$67.00
Increase %	16.1%		9.53%	9.17%
Affordability Index (Rate/MHI)	1.7%	1.4%	1.8%	2.0%

	Wholesale			
	Current	Prior	Proposed	Proposed
Date of Last Rate Increase	05/23/19	05/01/15	05/23/20	05/23/21
Per 1,000 Gallons	2.83	2.58	3.08	3.34
Increase %	9.69%		8.83%	8.44%

**VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility’s service area population was 9,023 with a Median Household Income (MHI) of \$40,121. The median household income for the Commonwealth is \$46,535. This project will qualify for a standard loan term at 2.75% interest rate.

Year	Population		County Unemployment	
	County	% Change	Date	Rate
1980	9,219		June 2005	5.9%
1990	9,062	-1.7%	June 2010	11.8%
2000	9,804	8.2%	June 2015	7.0%
2010	9,519	-2.9%	June 2019	5.7%
Current	9,288	-2.4%		
Cumulative %		0.7%		

## VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended December 31, 2016 through December 31, 2018. The non-cash impacts of GASB 68 - Accounting and Financial Reporting for Pensions and GASB 75 - Other Postemployment Benefit had been removed from operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### HISTORY

Total revenues increased 5.1% from \$2.29 million in 2016 to \$2.41 million in 2018 while operating expenses increased less than 1% from \$1.40 million to \$1.41 million during the same period. The debt coverage ratio was 0.9, 1.0, and 0.9 for 2016, 2017, and 2018 respectively.

The balance sheet reflected a current ratio of 0.7, a debt to equity ratio of 2.0, 31.9 days of sales in accounts receivable, and 0.2 month of operating expenses in unrestricted cash.

### PROJECTIONS

Projections are based on the following assumptions:

- 1) Water rates will go up in 3 phases as approved by the PSC in May, 2019:
  - Phase 1 – 16.1% retail and 9.7% wholesale, effective May 23, 2019
  - Phase 2 - 9.5% retail and 8.8% wholesale, effective May 23, 2020
  - Phase 3 - 9.2% retail and 8.4% wholesale, effective May 23, 2021.
- 2) Operating expenses will increase 2% each year for inflation.
- 3) The District will use force labor with the help of an outside contractor to install the new meters.
- 4) Debt coverage ratio is 1.5 in 2021 when full year principal and interest repayments are expected to begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund C loan.

**REPLACEMENT RESERVE**

The replacement reserve will be 5% (\$15,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$1,000 yearly) each December 1 for 15 years and maintained for the life of the loan.

**IX. DEBT OBLIGATIONS**

	<u>Outstanding</u>	<u>Maturity</u>
Waterworks Revenue Bonds 2008 Series	\$ 925,000	2030
2013 KRWFC Bonds	2,705,000	2029
2013 KRWFC Bonds	1,870,000	2040
KIA Loan B11-010	413,106	2023
KIA Loan F01-005	229,019	2023
KIA Loan F16-021	918,763	2037
KACO Lease 2017C	2,300,000	2039
KACO Lease 2018 B	2,020,000	2040
Farmers Bank Line of Credit	10,157	2019
<b>Total</b>	<b>\$ 11,391,045</b>	

**X. CONTACTS**

<b>Legal Applicant</b>	
Name	Crittenden-Livingston County Water District
Address	620 E Main St Salem, KY 42078
County	Livingston
Authorized Official	Randell O'Bryan, Chairman
Phone	(270) 988-2680

<b>Project Contact - Applicant</b>	
Name	Ronnie Slayden, Superintendent
Organization	Crittenden-Livingston County Water District
Address	620 E Main St Salem, KY 42078
Phone	(270) 988-2680
Email	slaydenronnie@yahoo.com



**Project Administrator**

Name	Kyle Cunningham, Infrastructure Coordinator
Organization	Pennyrile ADD
Address	300 Hammond Dr Hopkinsville, KY 42240
Phone	(270) 886-9484
Email	kyle.cunningham@ky.gov

**XI. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.

**CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT  
FINANCIAL SUMMARY (DECEMBER YEAR END)**

	<u>Audited</u> <u>2016</u>	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Projected</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	445,375	484,330	503,380	531,229	620,258	749,744	883,418	998,753
Other Assets	21,022,320	20,852,855	19,701,562	19,084,039	18,668,490	18,702,965	18,493,789	18,258,463
Total	<u>21,467,695</u>	<u>21,337,185</u>	<u>20,204,942</u>	<u>19,615,268</u>	<u>19,288,748</u>	<u>19,452,709</u>	<u>19,377,207</u>	<u>19,257,216</u>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	1,613,922	744,023	720,830	733,990	777,398	830,852	864,353	841,221
Long Term Liabilities	12,306,339	13,094,014	12,708,712	12,045,343	11,339,466	10,881,035	10,090,003	9,323,003
Total Liabilities	<u>13,920,261</u>	<u>13,838,037</u>	<u>13,429,542</u>	<u>12,779,333</u>	<u>12,116,864</u>	<u>11,711,887</u>	<u>10,954,356</u>	<u>10,164,224</u>
Net Assets	<u>7,547,434</u>	<u>7,499,148</u>	<u>6,775,400</u>	<u>6,835,935</u>	<u>7,171,884</u>	<u>7,740,822</u>	<u>8,422,851</u>	<u>9,092,992</u>
<b>Cash Flow</b>								
Revenues	2,291,704	2,417,743	2,407,553	2,553,849	2,822,449	3,070,456	3,205,620	3,205,620
Operating Expenses	1,398,318	1,340,456	1,406,376	1,434,504	1,463,194	1,493,458	1,523,307	1,553,753
Other Income	25,257	24,701	23,017	23,017	23,017	23,017	23,017	23,017
Cash Flow Before Debt Service	<u>918,643</u>	<u>1,101,988</u>	<u>1,024,194</u>	<u>1,142,362</u>	<u>1,382,272</u>	<u>1,600,015</u>	<u>1,705,330</u>	<u>1,674,884</u>
<b>Debt Service</b>								
Existing Debt Service	1,051,589	1,099,080	1,162,226	1,067,179	1,054,623	1,050,984	1,075,761	1,078,004
Proposed KIA Loan	0	0	0	0	0	10,101	20,202	20,202
Total Debt Service	<u>1,051,589</u>	<u>1,099,080</u>	<u>1,162,226</u>	<u>1,067,179</u>	<u>1,054,623</u>	<u>1,061,085</u>	<u>1,095,963</u>	<u>1,098,206</u>
Cash Flow After Debt Service	<u>(132,946)</u>	<u>2,908</u>	<u>(138,032)</u>	<u>75,183</u>	<u>327,649</u>	<u>538,930</u>	<u>609,367</u>	<u>576,678</u>
<b>Ratios</b>								
Current Ratio	0.3	0.7	0.7	0.7	0.8	0.9	1.0	1.2
Debt to Equity	1.8	1.8	2.0	1.9	1.7	1.5	1.3	1.1
Days Sales in Accounts Receivable	27.3	32.0	31.9	31.9	31.9	31.9	31.9	31.9
Months Operating Expenses in Unrestricted Cash	0.4	0.4	0.2	0.3	0.8	1.7	2.6	3.5
Debt Coverage Ratio	0.9	1.0	0.9	1.1	1.3	1.5	1.6	1.5

<b>EXECUTIVE SUMMARY</b>		Reviewer	Jeff Abshire	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	June 4, 2020	
<b>FUND F, FEDERALLY ASSISTED DRINKING WATER</b>		KIA Loan Number	F17-007 (Increase)	
<b>REVOLVING LOAN FUND</b>		WRIS Number	WX21043041	
BORROWER	CITY OF OLIVE HILL CARTER COUNTY			
<b>BRIEF DESCRIPTION</b>				
The City is requesting an increase of \$122,344 to fund unanticipated connection issues that were identified during construction. The original project scope is as follows:				
This project will replace approximately 5,900 linear feet of failing cast iron water lines with PVC lines in the downtown area. Water loss studies determined this area to have an estimated 50% loss and is also the oldest part of the system. In addition to the line replacement, the project will replace twelve hydrants as well as facilitate the inspection, rehabilitation, and recommission of the Tick Ridge standpipe water tank. The recommission of the existing tank will add 250,000 gallons to the current storage capacity of the City's water system as well as stabilize the available volume and pressure for the downtown area.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		
Fund F Loan	\$1,005,344	RD Fee %	Actual %	
ARC	243,000	Administrative Expenses	\$40,000	
		Legal Expenses	5,000	
		Planning	35,000	
		Eng - Design / Const	8.8% 6.2% 66,000	
		Eng - Insp	5.5% 4.3% 45,000	
		Construction	994,144	
		Contingency	63,200	
<b>TOTAL</b>	<b>\$1,248,344</b>	<b>TOTAL</b>	<b>\$1,248,344</b>	
<b>REPAYMENT</b>	Rate	0.25%	Est. Annual Payment \$37,318	
	Term	30 Years	1st Payment 6 Mo. after first draw	
<b>PROFESSIONAL SERVICES</b>	Engineer	Kenvirons		
	Bond Counsel	Rubin & Hays		
<b>PROJECT SCHEDULE</b>	Bid Opening	May-17		
	Construction Start	Oct-18		
	Construction Stop	Nov-19		
<b>DEBT PER CUSTOMER</b>	Existing	\$5,345		
	Proposed	\$5,423		
<b>OTHER DEBT</b>	See Attached			
<b>OTHER STATE-FUNDED PROJECTS LAST 5 YRS</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	2,278	\$27.43 (for 4,000 gallons)	
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2017	273,499	378,171	(104,672)	0.7
Audited 2018	469,555	405,326	64,229	1.2
Audited 2019	266,482	515,407	(248,925)	0.5
Projected 2020	543,470	428,530	114,940	1.3
Projected 2021	623,470	567,105	56,365	1.1
Projected 2022	617,220	562,714	54,506	1.1
Projected 2023	617,220	556,654	60,566	1.1

Reviewer: Jeff Abshire  
 Date: June 4, 2020  
 Loan Number: F17-007 (Increase)

**KENTUCKY INFRASTRUCTURE AUTHORITY  
 DRINKING WATER STATE REVOLVING FUND (FUND "F")  
 CITY OF OLIVE HILL, CARTER COUNTY  
 PROJECT REVIEW  
 WX21043041**

**I. PROJECT DESCRIPTION**

The City of Olive Hill is requesting a \$122,344 increase to a Fund "F" loan that was originally approved in October 2016 for \$883,000 for the Olive Hill Downtown Area Waterline Replacement Project. The increase will fund various unanticipated connection issues that were identified during construction. The project replaced approximately 5,900 linear feet of failing cast iron water lines in the downtown area of Olive Hill with new PVC lines. The area covered in this project was determined by water loss studies to have an estimated 50% loss and is also the oldest part of the system. In addition to the line replacement, the project replaced several hydrants as well as facilitated the inspection, rehabilitation, and recommission of the Tick Ridge standpipe water tank. The recommission of the tank will added 250,000 gallons to the current storage capacity of the City's water system and stabilized the available volume and pressure for the downtown area.

The City provides approximately 2,200 water customers and 900 sewer customers. Additionally, they provide electricity, natural gas and sanitation services.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 40,000
Legal Expenses	5,000
Planning	35,000
Engineering Fees – Design / Const	66,000
Engineering Fees - Inspection	45,000
Construction	994,144
Contingency	63,200
<b>Total</b>	<b>\$ 1,248,344</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 1,005,344	81%
ARC	243,000	19%
<b>Total</b>	<b>\$ 1,248,344</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Construction Loan	\$ 1,005,344
Interest Rate	0.25%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 34,805
Administrative Fee (0.25%)	2,513
<b>Total Estimated Annual Debt Service</b>	<b>\$ 37,318</b>

**V. PROJECT SCHEDULE**

Bid Opening	March 2017
Construction Start	November 2018
Construction Stop	November 2019

**VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

**A) Customers**

Customers	Current
Residential	2,104
Commercial	174
<b>Total</b>	<b>2,278</b>

**B) Rates**

	Water - City		Water - Outside City	
	Current	Prior	Current	Prior
Date of Last Rate Increase	01/01/19	01/01/18	01/01/19	01/01/18
Minimum	\$11.82	\$11.53	\$21.01	\$20.50
Over 2000 gallons (per 1000 gallons)	7.25	7.07	10.51	10.25
Debt Surcharge (KIA B12-01)	1.11	1.11	1.11	1.11
Cost for 4,000 gallons	\$27.43	\$26.78	\$43.14	\$42.11
Increase %	2.4%		2.4%	
Affordability Index (Rate/MHI)	0.98%		1.53%	

**VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2010-2014, the Utility’s service area population was 4,964 with a Median Household Income (MHI) of \$33,752. The median household income for the Commonwealth is \$43,342. The project will qualify for a 0.25% interest rate.

Year	Population				Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	2,539		25,060		June 2005	9.0%
1990	1,809	-28.8%	24,340	-2.9%	June 2010	14.6%
2000	1,813	0.2%	26,889	10.5%	June 2015	10.2%
2010	1,599	-11.8%	27,720	3.1%	June 2019	9.1%
Current	1,857	16.1%	27,385	-1.2%		
Cumulative %		-26.9%		9.3%		

### **VIII. 2016 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a “green” requirement.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

### **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the City’s audited financial statements for the Utility Enterprise Fund (water, sewer, electric, gas, and sanitation) for years ended June 30, 2013 through 2019. The non-cash impacts of GASB 68, Accounting and Financial Reporting for Pensions and GASB 75, Other Postemployment Benefit had been removed from operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented. Water and sewer revenues are discussed for reference in conjunction with consolidated utility financial performance.

#### **HISTORY**

Water revenues declined 10% from \$1.5 million in 2013 to \$1.3 million in 2019. Total cash flow available for debt service averaged \$416 thousand for 2013 through 2016 and \$337 from 2017 through 2019. The debt coverage ratio exceeded 1.1 in three of the last seven years and was 0.7, 1.2 and 0.5 during 2017 through 2019, respectively. Cash flow after debt service was -\$300,000 for the past three years combined.

The consolidated balance sheet reflects a current ratio of 0.7 and 2.1 months of operating expenses in unrestricted cash. Days sales in accounts receivable is 49.4. It is noteworthy that the City has carried an allowance for uncollectible accounts of 24% of gross receivables in 2013 and in excess of 30% since then. The allowance has continued to increase even as gross receivables increases which suggests significant ongoing collection issues. The utility issued bond debt totaling \$10.6 million in fiscal 2019 to fund a new water treatment plant, other water infrastructure upgrades, and energy savings initiatives. The project includes numerous cost performance guarantees with a third party with estimated annual savings before revenue and inflation

adjustments of approximately \$400,000.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues and expenses will be flat for inflation and volume. Inflation was excluded from the analysis to facilitate understanding of the impact of the cost savings initiative noted above.
- 2) The analysis incorporates \$225,000 savings in 2020 and \$305,000 annually thereafter related to the performance guarantees. The City's ability to timely convert "opportunity cost" savings into cash flow is critical to the projected financial performance in view of their minimal cash availability and apparent collection issues.
- 3) Debt service coverage is 1.1 in 2021 when full year principal and interest repayments begin.

Based on the proforma assumptions, the City shows adequate cash flow to repay the KIA Fund F loan.

## REPLACEMENT RESERVE

The annual replacement cost is \$2,500. This amount should be added to the replacement account each December 1 until the balance reaches \$50,000 and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

<b>Description</b>	<b>Amount</b>	<b>Maturity</b>
US Bank	\$ 14,355	2020
US Bank	37,162	2021
FIVCO Area Development	26,364	2022
Commercial Bank of Grayson	195,719	2023
US Bank	127,320	2024
Republic Bank	301,850	2026
KIA (B12-01)	357,143	2035
KIA (F17-007)	639,632	TBD
Series 2019A Revenue Bonds	10,615,000	2049
<b>Total</b>	<b>\$12,314,545</b>	

**XI. CONTACTS**

<b>Legal Applicant</b>	
Entity Name	City of Olive Hill
Authorized Official	Jerry Callahan (Mayor)
County	Carter
Email	jerrycallihan@cityofolivehill.com
Phone	606-286-5532
Address	225 Roger Patton Dr Olive Hill, KY 41164

<b>Project Contact - Applicant</b>	
Name	Chimila Hargett
Organization	City of Olive Hill
Email	c.hargett@cityofolivehill.com
Phone	606-286-5532
Address	225 Roger Patton Dr Olive Hill, KY 41164

<b>Project Administrator</b>	
Name	Bryan Kirby Community & Economic Development Associates, Inc.
Organization	
Email	bryan@cedainc.net
Phone	859-624-3396
Address	PO Box 855 Richmond, KY 40476

<b>Consulting Engineer</b>	
PE Name	Phil Meador
Firm Name	Kenvirons
Email	pmeador@kenvirons.com
Phone	502-695-4357
Address	770 Wilkinson Blvd. Frankfort, KY 40601

**XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.



**CITY OF OLIVE HILL  
FINANCIAL SUMMARY (JUNE YEAR END)**

	<b>Audited <u>2017</u></b>	<b>Audited <u>2018</u></b>	<b>Audited <u>2019</u></b>	<b>Projected <u>2020</u></b>	<b>Projected <u>2021</u></b>	<b>Projected <u>2022</u></b>	<b>Projected <u>2023</u></b>
<b>Balance Sheet</b>							
<b>Assets</b>							
Current Assets	1,534,138	1,852,222	1,626,073	1,656,439	1,667,804	1,678,310	1,690,876
Other Assets	11,746,810	11,743,177	24,075,628	24,015,105	23,545,370	23,074,635	22,607,900
<b>Total</b>	<b>13,280,948</b>	<b>13,595,399</b>	<b>25,701,701</b>	<b>25,671,544</b>	<b>25,213,174</b>	<b>24,752,945</b>	<b>24,298,776</b>
<b>Liabilities &amp; Equity</b>							
Current Liabilities	642,089	636,005	2,346,211	2,429,668	2,497,909	2,565,680	2,591,247
Long Term Liabilities	2,480,090	3,368,648	14,392,459	14,551,969	14,344,060	14,136,380	13,973,133
<b>Total Liabilities</b>	<b>3,122,179</b>	<b>4,004,653</b>	<b>16,738,670</b>	<b>16,981,637</b>	<b>16,841,969</b>	<b>16,702,060</b>	<b>16,564,380</b>
<b>Net Assets</b>	<b>10,158,769</b>	<b>9,590,746</b>	<b>8,963,031</b>	<b>8,689,907</b>	<b>8,371,205</b>	<b>8,050,885</b>	<b>7,734,396</b>
<b>Cash Flow</b>							
Revenues	4,677,903	4,846,550	4,856,536	4,910,724	4,910,724	4,910,724	4,910,724
Operating Expenses	4,405,205	4,378,212	4,597,754	4,374,954	4,294,954	4,294,954	4,294,954
Other Income	801	1,217	7,700	7,700	7,700	1,450	1,450
<b>Cash Flow Before Debt Service</b>	<b>273,499</b>	<b>469,555</b>	<b>266,482</b>	<b>543,470</b>	<b>623,470</b>	<b>617,220</b>	<b>617,220</b>
<b>Debt Service</b>							
Existing Debt Service	378,171	405,326	515,407	428,530	554,444	550,053	543,993
Proposed KIA Loan	0	0	0	0	12,661	12,661	12,661
<b>Total Debt Service</b>	<b>378,171</b>	<b>405,326</b>	<b>515,407</b>	<b>428,530</b>	<b>567,105</b>	<b>562,714</b>	<b>556,654</b>
<b>Cash Flow After Debt Service</b>	<b>(104,672)</b>	<b>64,229</b>	<b>(248,925)</b>	<b>114,940</b>	<b>56,365</b>	<b>54,506</b>	<b>60,566</b>
<b>Ratios</b>							
Current Ratio	2.4	2.9	0.7	0.7	0.7	0.7	0.7
Debt to Equity	0.3	0.4	1.9	2.0	2.0	2.1	2.1
Days Sales in Accounts Receivable	44.3	50.8	49.4	49.4	49.4	49.4	49.4
Months Operating Expenses in Unrestricted Cash	2.0	2.7	2.1	2.2	2.3	2.3	2.4
Debt Coverage Ratio**	0.7	1.2	0.5	1.3	1.1	1.1	1.1

<b>EXECUTIVE SUMMARY</b>		Reviewer	Meili Sun	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	March 5, 2020	
<b>FUND F, FEDERALLY ASSISTED DRINKING WATER</b>		KIA Loan Number	F20-009	
<b>REVOLVING LOAN FUND</b>		WRIS Number	WX21001029	
<b>BORROWER</b>	ADAIR COUNTY WATER DISTRICT DBA COLUMBIA/ADAIR UTILITIES DISTRICT ADAIR COUNTY			
<b>BRIEF DESCRIPTION</b>				
This project consists of construction of 7,400 linear feet of 8-inch water main to replace existing undersized asbestos cement waterlines along Tutt Street and Bomar Heights and 5,250 linear feet of 6-inch water main in the area. The construction will require replacement of approximately 89 customer services along the new water main route.				
Additionally, the project will renovate and repaint the elevated 300,000 gallon City Industrial Tank and demolish the elevated 500,000 gallon Paige Street and the elevated 200,000 gallon Bomar Heights Tanks.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		
Fund F Loan	\$1,342,530	RD Fee %	Actual %	
		Administrative Expenses		\$7,500
		Legal Expenses		2,500
		Planning		25,000
		Eng - Design / Const	8.7%	8.0%
		Eng - Insp	5.5%	5.1%
		Eng - Other		20,000
		Construction		1,035,250
		Contingency		103,500
<b>TOTAL</b>	<b>\$1,342,530</b>	<b>TOTAL</b>		<b>\$1,342,530</b>
<b>REPAYMENT</b>	Rate	0.50%	Est. Annual Payment	\$25,802
	Term	30 Years	1st Payment	6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	Kentucky Engineering Group, PLLC		
	Bond Counsel	Rubin & Hays		
<b>PROJECT SCHEDULE</b>	Bid Opening	Jul-20		
	Construction Start	Oct-20		
	Construction Stop	Oct-21		
<b>DEBT PER CUSTOMER</b>	Existing	\$2,832		
	Proposed	\$2,972		
<b>OTHER DEBT</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	7,943	\$33.90 (for 4,000 gallons)	
	Additional	0	\$33.90 (for 4,000 gallons)	
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2016	1,582,906	2,860,051	(1,277,145)	0.6
Audited 2017	1,520,068	1,767,710	(247,642)	0.9
Audited 2018	1,493,692	1,985,357	(491,665)	0.8
Projected 2019	1,343,029	1,590,920	(247,891)	0.8
Projected 2020	1,280,122	1,476,224	(196,102)	0.9
Projected 2021	2,147,673	1,543,825	603,848	1.4
Projected 2022	2,069,553	1,617,866	451,687	1.3
Projected 2023	2,002,796	1,650,040	352,756	1.2

Reviewer: Meili Sun  
Date: March 5, 2020  
Loan Number: F20-009

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND F)  
ADAIR COUNTY WATER DISTRICT, ADAIR COUNTY  
PROJECT REVIEW  
WX21001029**

**I. PROJECT DESCRIPTION**

The Adair County Water District (ACWD) is requesting a Fund F loan in the amount of \$1,342,530 for the Water Main Replacement project. This project will construct 7,400 linear feet of 8-inch water main to replace existing undersized asbestos-cement waterlines along Tutt Street and Bomar Heights and 5,250 linear feet of 6-inch water main on some cross streets in the area, which will require replacement of approximately 89 customer services along the new water main route. Additionally, the project will renovate and repaint the 300,000 gallon City Industrial Tank and demolish the 500,000 gallon Paige Street and the 200,000 gallon Bomar Heights Tanks.

The aging asbestos-cement waterlines are considered hazardous as they become brittle and prone to breaking. They must be removed for protection of public health. The City Industrial Tank is in poor condition and overdue for renovation and repainting. The other two tanks were taken out of service when a new tank was constructed in the past. They are no longer useful and have become a liability to ACWD.

ACWD is a Public Service Commission (PSC) regulated utility producing 93% of the water supply and purchasing the remainder to serve approximately 1,700 retail customers in Adair County and 3 wholesale customers. All retail and wholesale rate adjustments are subject to PSC approval.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 7,500
Legal Expenses	2,500
Planning	25,000
Engineering Fees – Design	63,826
Engineering Fees – Construction	27,354
Engineering Fees – Inspection	57,600
Engineering Fees – Other	20,000
Construction	1,035,250
Contingency	103,500
<b>Total</b>	<b>\$ 1,342,530</b>

### III. PROJECT FUNDING

	Amount	%
<b>KIA Fund F Loan</b>	<b>\$ 1,342,530</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Construction Loan	\$ 1,342,530
Principal Forgiveness	671,265
Amortized Loan Amount	\$ 671,265
Interest Rate	0.50%
Loan Term (Year)	30
Estimated Annual Debt Service	\$ 24,124
Administrative Fee (0.25%)	1,678
<b>Total Estimated Annual Debt Service</b>	<b>\$ 25,802</b>

### V. PROJECT SCHEDULE

Bid Opening	July 2020
Construction Start	October 2020
Construction Stop	October 2021

### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

#### A) Customers

	Current
Residential	7,391
Commercial	481
Industrial	71
Total	7,943

#### B) Rates

	Sewer	
	Current	Prior
Date of Last Rate Increase	07/23/14	07/01/11
Minimum (No Usage)	\$5.00	\$4.00
All Usage per 1,000 Gallons	5.20	4.10
Cost for 4,000 gallons	\$25.80	\$20.40
Increase %	26.5%	
Affordability Index (Rate/MHI)	1.1%	0.9%

Date of Last Rate Increase	Water	
	Current	Prior
	02/03/12	11/01/09
First 2,000 Gallons	\$19.90	\$15.35
Next 3,000 Gallons	\$7.00	\$5.75
Next 5,000 Gallons	\$6.25	\$5.00
Cost for 4,000 gallons	\$33.90	\$26.85
Increase %	26.3%	
Affordability Index (Rate/MHI)	1.2%	0.9%

**VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility’s service area population was 16,785 with a Median Household Income (MHI) of \$34,172. The median household income for the Commonwealth is \$46,535. The project will qualify for a 30 year loan at 0.50% interest rate.

Year	Population		County		County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	3,710		15,233		June 2005	5.7%
1990	3,845	3.6%	15,360	0.8%	June 2010	11.8%
2000	4,014	4.4%	17,244	12.3%	June 2015	7.6%
2010	4,452	10.9%	18,656	8.2%	June 2019	6.0%
Current	4,852	9.0%	19,304	3.5%		
Cumulative %		30.8%		26.7%		

**VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES**

Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of 50% of the assistance amount, not to exceed \$671,265 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

**IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended December 31, 2016 through December 31, 2018. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

## HISTORY

Revenues increased 1.5% from \$4.49 million in 2016 to \$4.56 million in 2018 while operating expenses increased 5.8% from \$2.91 million to \$3.08 million during the same period. The Supplies and Materials costs were higher than normal in 2018 due to purchase of radio read meters. The debt coverage ratios of 2016, 2017, and 2018 were below 1.1 as there had been no rate increases since 2014.

The balance sheet reflects a current ratio of 1.7, a debt to equity ratio of 1.1, 32.3 days of sales in accounts receivable, and 0.4 month of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Combined water and sewer revenues will increase approximately \$900,000 based on the special conditions for rate increases.
- 2) The proposed rate increases will be subsequently approved by the PSC.
- 3) RD will commit \$2,316,280 in grant and loan funding to assist ACWD with the Southern Bypass Water Main and Telemetry project which is not funded by KIA.
- 4) Combined operating expenses including water purchase will increase 2% annually for inflation.
- 5) Debt coverage ratio is 1.3 in 2022 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$68,000 total) of the final amount borrowed to be funded annually (\$3,400 yearly) each December 1 for 20 years and maintained for the life of the loan.

**X. DEBT OBLIGATIONS**

	<u>Outstanding</u>	<u>Maturity</u>
2004 Utilities Revenue Bonds	\$ 403,000	2043
2005 Water Revenue Bonds	1,017,000	2045
2006 Water Revenue Bonds	3,000,500	2045
2007 Water Revenue Bonds	651,500	2046
2008 Water Revenue Bonds	269,900	2048
2008 Utilities Revenue Bonds	101,100	2047
2009 Water Revenue Bonds	992,200	2050
2011 Water Revenue Bonds	1,095,000	2051
2012 Water Revenue Bonds	1,359,500	2052
2013D Water Revenue Bonds (Refunding)	2,700,000	2040
2014 Water Revenue Bonds	668,500	2054
KIA Loan F06-01	2,260,853	2028
KIA Loan F07-01	524,917	2028
KIA Loan F10-01	2,882,619	2032
KIA Loan F10-02	1,180,062	2032
KIA Loan F11-10	769,490	2034
KIA Loan F12-04	2,491,225	2044
Bank of Columbia Note	123,258	2019
KIA Loan A20-016 i.a.o. \$2,104,870		TBD
RD Loan i.a.o. \$1,621,396		TBD
<b>Total</b>	<b>\$ 22,490,624</b>	

**XI. CONTACTS**

<b>Legal Applicant</b>	
Name	Adair County Water District DBA Columbia/Adair Utilities District
Address	109 Grant Lane, PO Box 567 Columbia, KY 42728
County	Adair
Authorized Official	William Harris
Phone	(270) 384-2181
Email	utility@caud.net

<b>Project Contact - Applicant</b>	
Name	Lenny Stone, Manager
Organization	Columbia/Adair Utilities District
Address	109 Grant Lane, PO Box 567 Columbia, KY 42728
Phone	(270) 384-2181
Email	lenny.stone@caud.net

<b>Project Administrator</b>	
Name	Holly Nicholas
Organization	Kentucky Engineering Group, PLLC
Address	161 North Locust St, PO Box 1034 Versailles, KY 40383
Phone	(859) 333-9742
Email	hnicholas@kyengr.com

<b>Consulting Engineer</b>	
Name	James C Thompson
Firm	Kentucky Engineering Group, PLLC
Address	161 North Locust St, PO Box 1034 Versailles, KY 40383
Phone	(859) 251-4127
Email	jthompson@kyengr.com

## **XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions and one special condition.

1. ACWD shall apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for KIA loan A20-016, F20-009, and the pending RD loan. This debt authorization application should include a forecast meeting debt service projected through 2025.
2. By March 1, 2020, ACWD shall pass a resolution for a 20.7% or \$650,000 increase to water revenues and 38.8% or \$250,000 to sewer revenues, effective October 1, 2020 to meet operating expenses and debt service requirements when principal and interest repayments begin.



3. Prior to the assistance agreement being executed, ACWD must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement.

**ADAIR COUNTY WATER DISTRICT DBA COLUMBIA/ADAIR UTILITIES DISTRICT  
FINANCIAL SUMMARY (DECEMBER YEAR END)**

	<u>Audited</u> <u>2016</u>	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Projected</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	689,863	890,914	760,210	512,317	316,215	1,002,463	1,454,150	1,806,906
Other Assets	52,050,007	50,935,078	49,753,410	47,792,662	45,831,914	49,634,846	47,561,006	45,487,165
<b>Total</b>	<b>52,739,870</b>	<b>51,825,992</b>	<b>50,513,620</b>	<b>48,304,979</b>	<b>46,148,129</b>	<b>50,637,309</b>	<b>49,015,156</b>	<b>47,294,071</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	311,132	343,040	445,105	450,292	455,592	460,992	466,492	472,092
Long Term Liabilities	26,105,761	26,053,948	26,495,332	25,343,484	24,291,629	27,614,678	26,475,271	25,234,273
<b>Total Liabilities</b>	<b>26,416,893</b>	<b>26,396,988</b>	<b>26,940,437</b>	<b>25,793,776</b>	<b>24,747,221</b>	<b>28,075,670</b>	<b>26,941,763</b>	<b>25,706,365</b>
<b>Net Assets</b>	<b>26,322,977</b>	<b>25,429,004</b>	<b>23,573,183</b>	<b>22,511,203</b>	<b>21,400,908</b>	<b>22,561,639</b>	<b>22,073,393</b>	<b>21,587,706</b>
<b>Cash Flow</b>								
Revenues	4,490,076	4,486,762	4,557,728	4,557,728	4,557,728	5,489,444	5,489,444	5,489,444
Operating Expenses	2,913,484	2,970,140	3,083,669	3,234,332	3,297,239	3,361,404	3,439,524	3,506,281
Other Income	6,314	3,446	19,633	19,633	19,633	19,633	19,633	19,633
<b>Cash Flow Before Debt Service</b>	<b>1,582,906</b>	<b>1,520,068</b>	<b>1,493,692</b>	<b>1,343,029</b>	<b>1,280,122</b>	<b>2,147,673</b>	<b>2,069,553</b>	<b>2,002,796</b>
<b>Debt Service</b>								
Existing Debt Service	2,860,051	1,767,710	1,985,357	1,590,920	1,476,224	1,543,825	1,592,064	1,624,238
Proposed KIA Loan	0	0	0	0	0	0	25,802	25,802
<b>Total Debt Service</b>	<b>2,860,051</b>	<b>1,767,710</b>	<b>1,985,357</b>	<b>1,590,920</b>	<b>1,476,224</b>	<b>1,543,825</b>	<b>1,617,866</b>	<b>1,650,040</b>
<b>Cash Flow After Debt Service</b>	<b>(1,277,145)</b>	<b>(247,642)</b>	<b>(491,665)</b>	<b>(247,891)</b>	<b>(196,102)</b>	<b>603,848</b>	<b>451,687</b>	<b>352,756</b>
<b>Ratios</b>								
Current Ratio	2.2	2.6	1.7	1.1	0.7	2.2	3.1	3.8
Debt to Equity	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2
Days Sales in Accounts Receivable	32.6	34.8	32.3	32.3	32.3	32.3	32.3	32.3
Months Operating Expenses in Unrestricted Cash	0.3	0.9	0.4	(0.5)	(1.3)	1.0	2.6	3.8
Debt Coverage Ratio	0.6	0.9	0.8	0.8	0.9	1.4	1.3	1.2

<b>EXECUTIVE SUMMARY</b>		Reviewer	Meili Sun	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	June 4, 2020	
<b>FUND F, FEDERALLY ASSISTED DRINKING WATER</b>		KIA Loan Number	F20-017	
<b>REVOLVING LOAN FUND</b>		WRIS Number	WX21139027	
<b>BORROWER</b>	CITY OF SALEM LIVINGSTON COUNTY			
<b>BRIEF DESCRIPTION</b>				
This is the first phase of the water main replacement project, which will concentrate on the western supply route connecting Salem Municipal Water System to the Crittenden-Livingston County Water District. The City has been experiencing water line failures in the area due to corrosion of aging cast iron pipes. The project will replace 5,500 linear feet of existing lines with 6" PVC lines and add 8 valves and 3 hydrants to the distribution system.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		
Fund F Loan	\$585,000	RD Fee %	Actual %	
		Administrative Expenses		\$27,500
		Land, Easements		5,000
		Eng - Design / Const	10.4%	10.3%
		Eng - Insp	7.6%	7.6%
		Construction		436,900
		Contingency		31,700
<b>TOTAL</b>	<b>\$585,000</b>	<b>TOTAL</b>		<b>\$585,000</b>
<b>REPAYMENT</b>	Rate	0.50%	Est. Annual Payment \$11,243	
	Term	30 Years	1st Payment	6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	Hussey Gay Bell Nashville, LLC		
	Bond Counsel	Rubin & Hays		
<b>PROJECT SCHEDULE</b>	Bid Opening	Dec-20		
	Construction Start	Jan-21		
	Construction Stop	Jul-21		
<b>DEBT PER CUSTOMER</b>	Existing	\$0		
	Proposed	\$640		
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	457	\$36.48 (for 4,000 gallons)	
	Additional	0	\$36.48 (for 4,000 gallons)	
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2017	(2,579)	0	(2,579)	n/a
Audited 2018	18,896	0	18,896	n/a
Audited 2019	14,313	0	14,313	n/a
Projected 2020	27,347	0	27,347	n/a
Projected 2021	40,411	0	40,411	n/a
Projected 2022	31,348	5,622	25,727	5.6
Projected 2023	29,758	11,243	18,515	2.6
Projected 2024	28,137	11,243	16,894	2.5

Reviewer: Meili Sun  
 Date: June 4, 2020  
 Loan Number: F20-017

**KENTUCKY INFRASTRUCTURE AUTHORITY  
 DRINKING WATER STATE REVOLVING FUND (FUND F)  
 CITY OF SALEM, LIVINGSTON COUNTY  
 PROJECT REVIEW  
 WX21139027**

**I. PROJECT DESCRIPTION**

The City of Salem (“City”) is requesting a Fund F loan in the amount of \$585,000 for the first phase of the Water Main Replacement Project. This phase will concentrate on the western supply route connecting Salem Municipal Water System to the Crittenden-Livingston County Water District. The City has been experiencing water line failures in the area due to corrosion of aging cast iron pipes, which cause service outages and water losses in the area. The scope of work involves replacement of 5,500 linear feet of existing lines with 6” PVC lines and addition of 8 valves and 3 hydrants to the distribution system.

The City purchases 100% of its water supply from the Crittenden-Livingston County Water District to serve approximately 450 retail customers in the City. The City’s water purchase rates are regulated by the Public Service Commission.

**II. PROJECT BUDGET**

	Total
Administrative Expenses	\$ 27,500
Land Easements	5,000
Engineering Fees – Design	33,950
Engineering Fees – Construction	14,550
Engineering Fees – Inspection	35,400
Construction	436,900
Contingency	31,700
<b>Total</b>	<b>\$ 585,000</b>

**III. PROJECT FUNDING**

	Amount	%
<b>KIA Loan F20-017</b>	<b>\$ 585,000</b>	<b>100%</b>

#### IV. KIA DEBT SERVICE

Construction Loan	\$ 585,000
Principal Forgiveness	292,500
Amortized Loan Amount	\$ 292,500
Interest Rate	0.50%
Loan Term (Year)	30
Estimated Annual Debt Amortization	\$ 10,512
Administrative Fees (0.25%)	731
<b>Estimated Annual Debt Service</b>	<b>\$ 11,243</b>

#### V. PROJECT SCHEDULE

Bid Opening	December 2020
Construction Start	January 2021
Construction Stop	July 2021

#### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

##### A) Customers

Customers	Current
Residential	415
Commercial	42
Industrial	0
Total	457

##### B) Rates

	Water Rates		
	Current	Prior	Prior
Date of Last Rate Increase	03/27/20	08/20/19	06/21/16
Minimum 2,000 Gallons	\$21.24	\$19.24	\$17.24
Next 30,000 Gallons	7.62	6.62	5.62
Next 30,000 Gallons	6.83	5.83	4.83
Cost for 4,000 gallons	\$36.48	\$32.48	\$28.48
Increase %	12.3%	14.0%	
Affordability Index (Rate/MHI)	1.2%	1.1%	0.9%

**VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility’s service area population was 749 with a Median Household Income (MHI) of \$36,106. The median household income for the Commonwealth is \$46,535. The project will qualify for a 30-year loan term at 0.5% interest rate and up to 50% of the loan amount or \$292,500 principal forgiveness.

Year	Population		County	% Change	County Unemployment	
	City	% Change			Date	Rate
1980	833		9,219		June 2005	5.9%
1990	770	-7.6%	9,062	-1.7%	June 2010	11.8%
2000	769	-0.1%	9,804	8.2%	June 2015	7.0%
2010	752	-2.2%	9,519	-2.9%	June 2019	5.7%
Current	822	9.3%	9,288	-2.4%		
Cumulative %		-1.3%		0.7%		

**VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES**

Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of 50% of the assistance amount, not to exceed \$292,500 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

**IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2019. GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Other Postemployment Benefit were not applicable as the City does not participate in the Kentucky County Employees Retirement System.

**HISTORY**

Water revenues decreased 5.2% from \$156,710 in 2017 to \$148,633 in 2019 while operating expenses decreased 15.5% from \$159,435 to \$134,783 during the same period. Over the 3 reporting years, the City had improved significantly in water loss control and purchased less water from the Crittenden-Livingston County Water district. The debt coverage ratio was irrelevant in 2017, 2018, and 2019 due to the absence of any existing debt service.

The balance sheet reflects a current ratio of 3.1, a debt to equity ratio of 0.2, 31.8 days of sales in accounts receivable, and 8.3 months of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Water revenues will increase 14.0% in 2020 and 12.3% in 2021.
- 2) Water purchase rates will increase 9.7% in 2020, 8.8% in 2021 and 8.4% in 2022 as approved by the PSC.
- 3) Expenses will increase 2% each year for inflation.
- 4) Debt service coverage is 2.6 in 2023 when full principal and interest repayments begin.

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$30,000 total) of the final amount borrowed prior to principal forgiveness to be funded annually (\$1,500 yearly) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

<u>Outstanding</u>	<u>Maturity</u>
N/A	

## XI. CONTACTS

<b>Legal Applicant</b>	
Name	City of Salem
Address	PO Box 234 Salem, KY 42078
County	Livingston
Authorized Official	Gary Damron
Phone	(270) 988-2278
Email	cityofsalem@tds.net

<b>Project Contact - Applicant</b>	
Name	Doug Slayden, System Manager
Organization	City of Salem
Address	PO Box 234 Salem, KY 42078
Phone	(270) 988-2600
Email	dslayden@tds.net

<b>Project Administrator</b>	
Name	Kyle Cunningham
Organization	Pennyrile ADD
Address	300 Hammond Drive Hopkinsville, KY 42240
Phone	(270) 886-9484
Email	kyle.cunningham@ky.gov

<b>Consulting Engineer</b>	
Name	Robert D Stigall
Firm	Hussey Gay Bell Nashville, LLC
Address	4117 Hillsboro Pike Nashville, TN 37215
Phone	(615) 460-7515
Email	rstigall@bellsouth.net

## **XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.



**CITY OF SALEM  
FINANCIAL SUMMARY (JUNE YEAR END)**

	<u>Audited 2017</u>	<u>Audited 2018</u>	<u>Audited 2019</u>	<u>Projected 2020</u>	<u>Projected 2021</u>	<u>Projected 2022</u>	<u>Projected 2023</u>	<u>Projected 2024</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	113,252	128,886	139,579	146,800	156,683	161,828	165,531	168,910
Other Assets	138,293	130,509	127,305	141,951	167,047	752,272	746,727	739,885
<b>Total</b>	<b>251,545</b>	<b>259,395</b>	<b>266,884</b>	<b>288,751</b>	<b>323,730</b>	<b>914,100</b>	<b>912,258</b>	<b>908,795</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	46,852	44,199	44,979	45,070	45,170	54,353	54,499	54,644
Long Term Liabilities	4,654	4,789	4,755	4,755	4,755	288,172	279,043	269,869
<b>Total Liabilities</b>	<b>51,506</b>	<b>48,988</b>	<b>49,734</b>	<b>49,825</b>	<b>49,925</b>	<b>342,525</b>	<b>333,542</b>	<b>324,513</b>
<b>Net Assets</b>	<b>200,039</b>	<b>210,407</b>	<b>217,150</b>	<b>238,926</b>	<b>273,805</b>	<b>571,575</b>	<b>578,716</b>	<b>584,281</b>
<b>Cash Flow</b>								
Revenues	156,710	153,088	148,633	168,974	189,347	189,347	189,347	189,347
Operating Expenses	159,435	134,343	134,783	142,090	149,399	158,462	160,052	161,673
Other Income	146	151	463	463	463	463	463	463
<b>Cash Flow Before Debt Service</b>	<b>(2,579)</b>	<b>18,896</b>	<b>14,313</b>	<b>27,347</b>	<b>40,411</b>	<b>31,348</b>	<b>29,758</b>	<b>28,137</b>
<b>Debt Service</b>								
Existing Debt Service	0	0	0	0	0	0	0	0
Proposed KIA Loan	0	0	0	0	0	5,622	11,243	11,243
<b>Total Debt Service</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,622</b>	<b>11,243</b>	<b>11,243</b>
<b>Cash Flow After Debt Service</b>	<b>(2,579)</b>	<b>18,896</b>	<b>14,313</b>	<b>27,347</b>	<b>40,411</b>	<b>25,727</b>	<b>18,515</b>	<b>16,894</b>
<b>Ratios</b>								
Current Ratio	2.4	2.9	3.1	3.3	3.5	3.0	3.0	3.1
Debt to Equity	0.3	0.2	0.2	0.2	0.2	0.6	0.6	0.6
Days Sales in Accounts Receivable	32.9	32.1	31.8	31.8	31.8	31.8	31.8	31.8
Months Operating Expenses in Unrestricted Cash	3.3	7.2	8.3	8.4	8.6	8.6	8.8	8.9
Debt Coverage Ratio	N/A	N/A	N/A	N/A	N/A	5.6	2.6	2.5

<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>FUND F, FEDERALLY ASSISTED DRINKING WATER</b> <b>REVOLVING LOAN FUND</b>		Reviewer	Sarah Parsley	
		Date	June 4, 2020	
		KIA Loan Number	F20-021	
		WRIS Number	WX21165025	
BORROWER	CAVE RUN WATER COMMISSION MENIFEE COUNTY			
BRIEF DESCRIPTION				
This project will construct a new 300,000 gallon elevated storage tank on the Menifee and Morgan County line to service the City of Frenchburg, the City of Jeffersonville, and the Morgan County Water District wholesale finished water purchasers.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$1,171,350	RD Fee %	Actual %	
		Administrative Expenses		\$42,750
		Legal Expenses		2,500
		Land, Easements		10,000
		Planning		15,000
		Eng - Design / Const	8.9%	8.3%
		Eng - Insp	5.7%	5.4%
		Eng - Other		32,500
		Construction		855,000
		Contingency		85,500
TOTAL	\$1,171,350	TOTAL		\$1,171,350
REPAYMENT	Rate	1.50%	Est. Annual Payment	\$70,937
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Kentucky Engineering Group PLLC		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Sep-20		
	Construction Start	Dec-20		
	Construction Stop	Aug-21		
DEBT PER CUSTOMER	Existing	N/A (Wholesale)		
	Proposed	N/A (Wholesale)		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
WHOLESALE RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	3	\$2.67 (for 1,000 gallons)	
	Additional	0	\$2.67 (for 1,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2017	336,648	171,512	165,136	2.0
Audited 2018	349,466	175,662	173,804	2.0
Audited 2019	439,167	206,714	232,453	2.1
Projected 2020	424,917	214,471	210,446	2.0
Projected 2021	410,382	250,414	159,969	1.6
Projected 2022	392,656	285,318	107,338	1.4
Projected 2023	377,534	285,559	91,975	1.3
Projected 2024	362,109	285,761	76,348	1.3

Reviewer: Sarah Parsley  
Date: June 4 2020  
Loan Number: F20-021

**KENTUCKY INFRASTRUCTURE AUTHORITY  
DRINKING WATER STATE REVOLVING FUND (FUND F)  
CAVE RUN WATER COMMISSION, MENIFEE COUNTY  
PROJECT REVIEW  
WX21165025**

**I. PROJECT DESCRIPTION**

The Cave Run Water Commission is requesting a Fund F loan in the amount of \$1,171,350 for the Elevated Water Storage Tank Construction project. This project will construct a new water tank in order to provide purchase source water protection and water supply redundancy that is currently lacking in the system. A new 300,000 gallon elevated storage tank will be constructed on the Menifee and Morgan County Line to service the City of Frenchburg, City of Jeffersonville, and the Morgan County Water district. SCADA will be installed at the tank to enable remote reading and level control from the Water Treatment Plant along with a security fence and approximately 800 LF of 12" PVC waterline to connect the new tank to the existing transmission line.

With Cave Run Water Commission's current system configuration and operations, Morgan County Water District's Ezel Water Tank (150,000 gallons) empties in 10-12 hours when Cave Run stops producing water at the water treatment plant. The Ezel Water Tank has been emptied two times in the past year because it cannot be filled when the plant isn't producing water. By constructing a new water tank, Cave Run Water Commission will be able to provide additional storage for the service area and allow the Ezel Water Tank to be filled when the water treatment plant is shutdown between production.

Cave Run Water Commission provides approximately 40-50% of Morgan County Water District's water; 95-99% of the City of Frenchburg's water; and 95-99% of the City of Jeffersonville's water. In total, Cave Run Water Commission indirectly services a population of 18,900 from the Cave Run Tank and sells an average of 1 million gallons of water to wholesale customers each day.

## II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 42,750
Legal Expenses	2,500
Land, Easements	10,000
Planning	15,000
Engineering Fees - Design	62,160
Engineering Fees - Construction	15,540
Engineering Fees - Inspection	50,400
Engineering Fees - Other	32,500
Construction	855,000
Contingency	85,500
<b>Total</b>	<b>\$ 1,171,350</b>

## III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 1,171,350	100%
<b>Total</b>	<b>\$ 1,171,350</b>	<b>100%</b>

## IV. KIA DEBT SERVICE

Construction Loan	\$ 1,171,350
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 1,171,350
Interest Rate	1.50%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 68,009
Administrative Fee (0.25%)	2,928
<b>Total Estimated Annual Debt Service</b>	<b>\$ 70,937</b>

## V. PROJECT SCHEDULE

Bid Opening	September 2020
Construction Start	December 2020
Construction Stop	August 2021

## VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

### A) Customers

	<u>Current</u>
Wholesale	3

## B) Rates

	Current	Prior
Date of Last Rate Increase	07/01/18	07/01/17
Wholesale Rate (per 1,000 gallons)	\$2.67	\$2.57
Cost for 1,000 gallons	\$2.67	\$2.57
Increase %	3.9%	

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility's service area population was approximately 18,900 based on the three wholesale customers it provides service to in Morgan, Menifee, and Montgomery counties. The project will qualify for the non-standard 1.5% interest rate because Cave Run Water Commission is a regional provider.

## VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

## IX. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2019. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### HISTORY

Revenues increased 18% from \$970,340 in 2017 to \$1.1 million in 2019 due to wholesale rate increases. Operating expenses increased 12% from \$637,746 in 2017 to \$712,498 in 2019 mostly due to inflation. Cash flow before debt service averaged approximately \$375,000 per year from 2017 to 2019 with an average 2.0 debt coverage ratio over the same time period. Existing debt service was adjusted in 2017 and 2018 to normalize debt coverage to better reflect reality due to background loan activity which skewed the audited numbers.

The 2019 balance sheet reflects a current ratio of 4.9, debt to equity ratio of 0.4, 37.2 days sales in accounts receivable, and 15.7 months operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will remain flat for both volume and growth.
- 2) Expenses will increase 2% annually for inflation.
- 3) Debt service coverage is 1.4 in 2022 when full principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$58,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$2,900 yearly) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
RD Bond	\$ 2,463,000	2044
RD Bond	237,000	2048
KIA Loan (F16-032)	631,440	2038
<b>Total</b>	<b>\$ 3,331,440</b>	

**XI. CONTACTS**

<b>Legal Applicant</b>	
Entity Name	Cave Run Water Commission
Authorized Official	Edward Bryant (Chairperson)
County	Menifee
Email	mayor@mrtc.com
Phone	(606) 768-3457
Address	P.O. Box 20, 7533 Hwy 1693 Wellington, KY 40387

<b>Applicant Contact</b>	
Name	Larry Workman
Organization	Cave Run Water Commission
Email	crwater@mrtc.com
Phone	(606) 768-6665
Address	P.O. Box 20 Frenchburg, KY 40322

<b>Project Administrator</b>	
Name	Jocelyn Gross
Organization	Gateway Area Development District
Email	jocelynr.gross@ky.gov
Phone	(606) 780-0090
Address	110 Lake Park Dr Morehead, KY 40351

<b>Consulting Engineer</b>	
PE Name	James C. Thompson
Firm Name	Kentucky Engineering Group PLLC
Email	jthompson@kyengr.com
Phone	(859) 251-4127
Address	161 North Locust Street Versailles, KY 40383

**XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.



**CAVE RUN WATER COMMISSION  
FINANCIAL SUMMARY (JUNE YEAR END)**

	<u>Audited 2017</u>	<u>Audited 2018</u>	<u>Audited 2019</u>	<u>Projected 2020</u>	<u>Projected 2021</u>	<u>Projected 2022</u>	<u>Projected 2023</u>	<u>Projected 2024</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	540,685	713,508	1,057,159	1,078,242	1,094,238	1,104,972	1,114,170	1,121,805
Other Assets	11,576,750	11,499,464	11,180,711	11,081,404	12,108,018	11,886,630	11,651,416	11,402,137
Total	<u>12,117,435</u>	<u>12,212,972</u>	<u>12,237,870</u>	<u>12,159,646</u>	<u>13,202,257</u>	<u>12,991,603</u>	<u>12,765,586</u>	<u>12,523,942</u>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	77,133	99,858	215,152	220,982	261,393	302,805	308,850	315,050
Long Term Liabilities	3,296,276	3,423,821	3,298,356	3,143,216	4,180,874	4,008,369	3,832,419	3,652,969
Total Liabilities	<u>3,373,409</u>	<u>3,523,679</u>	<u>3,513,508</u>	<u>3,364,198</u>	<u>4,442,266</u>	<u>4,311,174</u>	<u>4,141,269</u>	<u>3,968,019</u>
Net Assets	<u>8,744,026</u>	<u>8,689,293</u>	<u>8,724,362</u>	<u>8,795,448</u>	<u>8,759,991</u>	<u>8,680,429</u>	<u>8,624,317</u>	<u>8,555,923</u>
<b>Cash Flow</b>								
Revenues	970,340	1,016,576	1,145,689	1,145,689	1,145,689	1,145,689	1,145,689	1,145,689
Operating Expenses	637,746	672,245	712,498	726,748	741,283	759,009	774,131	789,556
Other Income	4,054	5,135	5,976	5,976	5,976	5,976	5,976	5,976
Cash Flow Before Debt Service	<u>336,648</u>	<u>349,466</u>	<u>439,167</u>	<u>424,917</u>	<u>410,382</u>	<u>392,656</u>	<u>377,534</u>	<u>362,109</u>
<b>Debt Service</b>								
Existing Debt Service	171,512	175,662	206,714	214,471	214,945	214,381	214,622	214,824
Proposed KIA Loan	0	0	0	0	35,469	70,937	70,937	70,937
Total Debt Service	<u>171,512</u>	<u>175,662</u>	<u>206,714</u>	<u>214,471</u>	<u>250,414</u>	<u>285,318</u>	<u>285,559</u>	<u>285,761</u>
Cash Flow After Debt Service	<u>165,136</u>	<u>173,804</u>	<u>232,453</u>	<u>210,446</u>	<u>159,969</u>	<u>107,338</u>	<u>91,975</u>	<u>76,348</u>
<b>Ratios</b>								
Current Ratio	7.0	7.1	4.9	4.9	4.2	3.6	3.6	3.6
Debt to Equity	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Days Sales in Accounts Receivable	39.1	42.5	37.2	37.2	37.2	37.2	37.2	37.2
Months Operating Expenses in Unrestricted Cash	8.2	10.6	15.7	15.7	15.6	15.5	15.3	15.2
Debt Coverage Ratio	2.0	2.0	2.1	2.0	1.6	1.4	1.3	1.3

<b>EXECUTIVE SUMMARY</b>		Reviewer	Ashley Adams	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	May 7, 2020	
<b>FUND F, FEDERALLY ASSISTED DRINKING WATER</b>		KIA Loan Number	F20-044	
<b>REVOLVING LOAN FUND</b>		WRIS Number	WX21117210	
BORROWER	NORTHERN KENTUCKY WATER DISTRICT KENTON COUNTY			
BRIEF DESCRIPTION				
This project includes two new generators for providing backup electrical power supply to the Taylor Mill Treatment Plant and pumping station during emergencies. The project will also replace treatment process equipment in two basins at the Fort Thomas Treatment Plant that has reached the end of its useful life as well as repair the concrete walls of the basin.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$8,000,000	RD Fee %	Actual %	
Local Funds	2,050,000	Administrative Expenses		\$2,000
		Eng - Design / Const		265,000
		Eng - Insp		75,000
		Construction		8,908,000
		Contingency		800,000
TOTAL	\$10,050,000	TOTAL		\$10,050,000
REPAYMENT	Rate	1.50%	Est. Annual Payment	\$484,482
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	N/A		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	May-20		
	Construction Start	Aug-20		
	Construction Stop	Sep-22		
DEBT PER CUSTOMER	Existing	\$2,694		
	Proposed	\$1,932		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	80,986	\$36.86	(for 4,000 gallons)
	Additional	0	\$36.86	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2016	29,304,645	19,873,250	9,431,395	1.5
Audited 2017	30,916,136	20,084,194	10,831,942	1.5
Audited 2018	31,319,348	24,325,370	6,993,978	1.3
Projected 2019	32,887,365	20,812,692	12,074,673	1.6
Projected 2020	35,375,823	20,851,550	14,524,273	1.7
Projected 2021	35,639,490	19,555,394	16,084,096	1.8
Projected 2022	35,084,922	19,806,891	15,278,031	1.8
Projected 2023	34,519,263	20,046,964	14,472,299	1.7

Reviewer: Ashley Adams  
Date: May 7, 2020  
Loan Number: F20-044

**KENTUCKY INFRASTRUCTURE AUTHORITY  
DRINKING WATER STATE REVOLVING FUND (FUND F)  
NORTHERN KENTUCKY WATER DISTRICT, KENTON COUNTY  
PROJECT REVIEW  
WX21117210**

**I. PROJECT DESCRIPTION**

The Northern Kentucky Water District is requesting a Fund F loan in the amount of \$8,000,000 for the Taylor Mill Treatment Plant Emergency Generator/Fort Thomas Treatment Plant Phase 2 Basin Improvements project. The purpose of this project is to improve water quality and service reliability for customers. This project will include improvements to both the Taylor Mill Treatment Plant and the Fort Thomas Treatment Plant.

The Taylor Mill Treatment Plant was built in the 1950s and is capable of treating up to 10 MGD. Additionally, this plant houses a critical pump station, which transmits water from both the Fort Thomas and Taylor Mill Treatment Plants to about 60% of Kenton County. The pump station and a majority of the plant are fed from a Duke Energy transmission line. In the event of power outage or critical substation/transformer failure, the District would lose the ability to supply water to a majority of Kenton County. This is significant water quality and public health concern. With the proposed standby power project, the plan is to install a generator, switch gear, and new substation. These improvements will be capable of powering the existing treatment plant and one of the larger pumps or potentially two of the smaller pumps within the pump station. This will allow improved system reliability without creating potential water quality concerns.

The preliminary treatment facilities at the Fort Thomas Treatment Plant (FTTP) consists of four uncovered concrete basins. Basins #2 and #3 were constructed in 1936 and underwent extensive rehabilitation in 2015. The current project will address Basins #1 and #4 which were built in 1987 and 1992 respectively. These basins are beginning to show signs of concrete deterioration and the process equipment is worn out requiring frequent repair. To extend the life of these 2 basins, improvements will include concrete repair, reconfiguration of the flocculation process and mixing basins, and replacement of influent/effluent valves and sludge collection equipment. In addition to this work, the existing tube settlers in all 4 basins will be replaced with new plate settlers and the chemical feed manifold piping within the sodium hypochlorite building will be replaced. This will improve water quality and treatment efficiency.

The District serves over 80,000 customers in Kenton, Campbell, and a portion of Boone counties and it is a PSC regulated entity. It is a wholesale water provider to Bullock Pen Water District, Pendleton County Water District #1 North, and Walton Waterworks Department.

## II. PROJECT BUDGET

	<u>Total</u>	
Administrative Expenses	\$	2,000
Engineering Fees - Design		190,000
Engineering Fees - Construction		75,000
Engineering Fees - Inspection		75,000
Construction		8,908,000
Contingency		800,000
<b>Total</b>	<b>\$</b>	<b>10,050,000</b>

## III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 8,000,000	80%
Local Funds	2,050,000	20%
<b>Total</b>	<b>\$ 10,050,000</b>	<b>100%</b>

## IV. KIA DEBT SERVICE

Construction Loan	\$	8,000,000
Less: Principal Forgiveness		0
Amortized Loan Amount	\$	8,000,000
Interest Rate		1.50%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	464,482
Administrative Fee (0.25%)		20,000
<b>Total Estimated Annual Debt Service</b>	<b>\$</b>	<b>484,482</b>

## V. PROJECT SCHEDULE

Bid Opening	May 2020
Construction Start	August 2020
Construction Stop	September 2022

## VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

### A) Customers

	<u>Current</u>
Residential	76,378
Commercial	4,499
Industrial	109
<b>Total</b>	<b>80,986</b>

**B) Rates**

	<b>Proposed</b>	<b>Current</b>	<b>Prior</b>
Date of Last Rate Increase	03/26/20	03/26/19	01/15/17
Monthly Service Charge	\$ 18.50	\$ 17.50	\$ 16.40
Quarterly Service Charge	40.50	36.65	32.80
First 1,500 CF (Per 100 CF)	4.77	4.65	4.53
Next 163,500 CF (Per 100 CF)	4.44	4.19	3.94
<b>Cost for 4,000 gallons (monthly)</b>	<b>\$ 38.78</b>	<b>\$ 36.86</b>	<b>\$ 34.94</b>
<b>Cost for 4,000 gallons (quarterly)</b>	<b>\$ 116.34</b>	<b>\$ 110.59</b>	<b>\$ 104.83</b>
Increase %	5.2%	5.5%	
Affordability Index (Rate/MHI)	0.8%	0.8%	

**VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility’s service area population was 242,910 with a Median Household Income (MHI) of \$54,429. The median household income for the Commonwealth is \$48,392. The project will qualify for a 1.5% interest rate because it is a regional provider.

Year	Population		County Unemployment	
	County	% Change	Date	Rate
1980	137,058		June 2005	5.4%
1990	142,031	3.6%	June 2010	9.6%
2000	151,464	6.6%	June 2015	4.6%
2010	159,720	5.5%	June 2019	4.0%
Current	163,987	2.7%		
Cumulative %		19.6%		

**VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a “green” requirement.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

## **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended December 30, 2016 through December 30, 2018. The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2016-2018 operating expenses and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, has been removed from 2018 operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### **HISTORY**

Revenues have increased 5.2% from \$52.6 million in 2016 to \$55.3 million in 2018. Revenue increases can be attributed to both rate increases and increased water sales during the observed time period. Operating expenses have increased 7.7% from \$24.2 million to \$26.1 million during the same time period. Expense increases are a result of increased cost for both materials and services needed for the efficient operation of the District. The debt coverage ratio averaged 1.4 from 2016-2018 with a slight dip in 2018 as the District paid off two KIA loans (F06-03 and C08-01). The 2018 debt service coverage was adjusted due to inflated principal payments recorded in the cash flows for the 2017 Bond Anticipation Note in order to reflect a more accurate number.

The 2018 balance sheet reflects a current ratio of 1.4, a debt to equity ratio of 1.3, and 13.1 months operating expenses in unrestricted cash. Days sales in accounts receivable is 76.7 as the District does 80-90% of their billing on a quarterly basis as a savings measure.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Revenues will increase approximately 5.2% in 2019 and 5.5% in 2020 as a result of previously approved rate increases through the PSC.
- 2) Expenses will increase 2% yearly for inflation.
- 3) Debt service coverage is 1.7 in 2023 when full principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

### **REPLACEMENT RESERVE**

The replacement reserve will be 5% (\$400,000 total) of the final amount borrowed to be funded annually (\$20,000 yearly) each December 1 for 20 years and maintained for the life of the loan.

**X. DEBT OBLIGATIONS**

	<b>Outstanding</b>	<b>Maturity</b>
Revenue Bonds Series 2011	\$ 24,505,000	2035
Revenue Bonds Series 2012	41,475,000	2027
Revenue Bonds Series 2013A	23,160,000	2038
Revenue Bonds Series 2013B	15,365,000	2028
Revenue Bonds Series 2014B	8,135,000	2029
Revenue Bonds Series 2016A	37,540,000	2031
RD Loan 91-02	1,741,000	2039
RD Loan 91-03	1,733,000	2057
BAN Series 2017 (i/a/o \$26m)	17,325,000	TBD
KIA Loan F06-03 (paid off)	0	2018
KIA Loan C08-01 (paid off)	0	2018
KIA Loan F08-07	2,882,619	2032
KIA Loan F09-02	18,321,443	TBD
KIA Loan F13-012 (i/a/o \$8m)	4,523,000	TBD
KIA Loan F14-015 (i/a/o \$4m)	3,471,489	2038
KIA Loan F15-011	3,460,901	2038
KIA Loan B15-003	1,328,896	2037
City of Taylor Mill, KY	0	2018
Kenton County Fiscal Court	100,000	TBD
Bond Premiums	8,118,162	
<b>Total</b>	<b>\$ 213,185,510</b>	

**XI. CONTACTS**

<b>Legal Applicant</b>	
Entity Name	Northern Kentucky Water District
Authorized Official	Lindsey Rechtin (CFO)
County	Kenton
Email	lrechtin@nkywater.org
Phone	859-426-2758
Address	PO Box 18640 Erlanger, KY 41018

<b>Project Administrator</b>	
Name	Amy Kramer
Organization	Northern Kentucky Water District
Email	akramer@nkywater.org
Phone	859-426-2734
Address	PO Box 18640 Erlanger, KY 41018

**XII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions and the following special conditions as a PSC regulated borrower:

- 1) The District will need to apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for the \$8,000,000 million loan. This debt authorization application should include a forecast for meeting debt service projected through no less than 2025.
  
- 2) Prior to the assistance agreement being executed, the District must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement.



**NORTHERN KENTUCKY WATER DISTRICT  
FINANCIAL SUMMARY (DECEMBER YEAR END)**

	<u>Audited</u> <u>2016</u>	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Projected</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	35,487,870	43,951,684	45,915,129	48,769,264	52,308,818	55,695,237	58,750,844	61,645,303
Other Assets	399,032,235	423,574,202	407,191,337	395,016,982	394,546,441	400,348,758	405,254,972	404,491,602
Total	<u>434,520,105</u>	<u>467,525,886</u>	<u>453,106,466</u>	<u>443,786,246</u>	<u>446,855,259</u>	<u>456,043,995</u>	<u>464,005,816</u>	<u>466,136,905</u>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	15,245,926	15,690,622	32,611,969	15,216,727	15,839,947	15,128,653	15,960,073	16,802,974
Long Term Liabilities	236,462,599	263,757,630	220,953,441	179,756,117	165,678,335	157,356,647	148,223,739	133,243,530
Total Liabilities	<u>251,708,525</u>	<u>279,448,252</u>	<u>253,565,410</u>	<u>194,972,844</u>	<u>181,518,282</u>	<u>172,485,300</u>	<u>164,183,812</u>	<u>150,046,504</u>
Net Assets	<u>182,811,580</u>	<u>188,077,634</u>	<u>199,541,056</u>	<u>248,813,402</u>	<u>265,336,977</u>	<u>283,558,695</u>	<u>299,822,004</u>	<u>316,090,401</u>
<b>Cash Flow</b>								
Revenues	52,613,882	54,085,214	55,326,622	57,417,221	60,438,712	61,246,073	61,246,073	61,246,073
Operating Expenses	24,250,515	24,461,156	26,129,086	26,651,668	27,184,701	27,728,395	28,282,963	28,848,622
Other Income	941,278	1,292,078	2,121,812	2,121,812	2,121,812	2,121,812	2,121,812	2,121,812
Cash Flow Before Debt Service	<u>29,304,645</u>	<u>30,916,136</u>	<u>31,319,348</u>	<u>32,887,365</u>	<u>35,375,823</u>	<u>35,639,490</u>	<u>35,084,922</u>	<u>34,519,263</u>
<b>Debt Service</b>								
Existing Debt Service	19,873,250	20,084,194	24,325,370	20,812,692	20,851,550	19,555,394	19,564,650	19,562,482
Proposed KIA Loan	0	0	0	0	0	0	242,241	484,482
Total Debt Service	<u>19,873,250</u>	<u>20,084,194</u>	<u>24,325,370</u>	<u>20,812,692</u>	<u>20,851,550</u>	<u>19,555,394</u>	<u>19,806,891</u>	<u>20,046,964</u>
Cash Flow After Debt Service	<u>9,431,395</u>	<u>10,831,942</u>	<u>6,993,978</u>	<u>12,074,673</u>	<u>14,524,273</u>	<u>16,084,096</u>	<u>15,278,031</u>	<u>14,472,299</u>
<b>Ratios</b>								
Current Ratio	2.3	2.8	1.4	3.2	3.3	3.7	3.7	3.7
Debt to Equity	1.4	1.5	1.3	0.8	0.7	0.6	0.5	0.5
Days Sales in Accounts Receivable	79.7	81.1	76.7	76.7	76.7	76.7	76.7	76.7
Months Operating Expenses in Unrestricted Cash	9.0	12.5	13.1	13.9	14.9	16.0	17.0	17.9
Debt Coverage Ratio	1.5	1.5	1.3	1.6	1.7	1.8	1.8	1.7



**CABINET FOR ECONOMIC DEVELOPMENT**

**Andy Beshear**  
Governor

Old Capitol Annex  
300 West Broadway  
Frankfort, Kentucky 40601

**Larry Hayes**  
Interim Secretary

May 6, 2020

Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
Room 383, Capitol Annex  
Frankfort, KY 40601

**RE: Economic Development Fund Grant - \$175,000 to Henderson County on behalf of the City of Henderson**

Dear Secretary Johnson:

In accordance with KRS 154.12-100, this letter shall serve as notice of my recommendation for the use of \$175,000 in Economic Development Fund (EDF) funds for the purpose of making a grant to Henderson County on behalf of the City of Henderson.

Henderson County in partnership with the City of Henderson is seeking to extend the Henderson Municipal Gas Line approximately 4,400 feet to the property site along the Highway 425 bypass. Henderson County has committed general funds to match the EDF grant. This project was one of eight potential infrastructure projects identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

Under the terms of the EDF grant agreement, requests may be submitted no more than monthly and funds shall be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

I respectfully request your concurrence in the funding of this project. If KEDFA approves this proposal, I would ask that you place this project on the next agenda of the State Property and Buildings Commission. Please feel free to contact me if you have any questions.

Sincerely,

  
Larry Hayes  
Interim Secretary

**AGREED TO AND APPROVED BY:**

  
Secretary, Finance and Administration Cabinet    Date May 15, 2020

cc: Jeff Taylor  
Kristina Slattery  
Katie Smith

**TEAM**  
**KENTUCKY**

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
ECONOMIC DEVELOPMENT FUND (EDF) PROJECT REPORT**

**Date:** May 28, 2020  
**Grantee:** Henderson County  
**Beneficiary:** City of Henderson  
**City:** Henderson **County:** Henderson  
**Bus. Dev. Contact:** C. Peek **OFS Staff:** M. Elder

**Project Description:** The City of Henderson has committed \$75,000 and Henderson Economic Development has committed \$100,000 to match the Economic Development Fund Grant to extend the Henderson Municipal Gas line. This natural gas line will be extended approximately 4,400 feet to the property site along the Highway 425 Bypass. The City of Henderson and Henderson Municipal Gas staff will take the lead on this utility infrastructure improvement project to design and install the line. This is a Product Development Initiative project recommended for approval under the EDF program. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

	<b>Total Investment</b>
Land	\$0
Building/Site Improvements	\$0
Equipment	\$350,000
Other Start-up Costs	\$0
<b>TOTAL</b>	<b>\$350,000</b>

<b>Anticipated Project Funding</b>	<b>Amount</b>	<b>% of Total</b>
Henderson Economic Development	\$0	0.0%
Economic Development Fund Grant (State)	\$175,000	50.0%
Henderson Economic Development/TVA Funds	\$100,000	28.6%
City of Henderson	\$75,000	21.4%
<b>TOTAL</b>	<b>\$350,000</b>	<b>100.0%</b>

**Other Terms:** In accordance with the grant agreement, disbursement requests may be submitted no more than monthly requesting funds to be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and progress reports will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

**RECOMMENDED ECONOMIC DEVELOPMENT FUND AMOUNT:** **\$175,000**

**Recommendation:** Staff recommends approval of this EDF grant subject to the terms set forth in this report and the recommendation letter from the Secretary of the Cabinet for Economic Development (CED). In accordance with KRS 154.12-100, KEDFA's approval of this EDF grant is subject to CED's receipt of the Secretary of the Finance and Administration Cabinet's concurrence to CED's use of the EDF funds for this project.



**CABINET FOR ECONOMIC DEVELOPMENT**

**Andy Beshear**  
Governor

Old Capitol Annex  
300 West Broadway  
Frankfort, Kentucky 40601

**Larry Hayes**  
Interim Secretary

May 18, 2020

Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
Room 383, Capitol Annex  
Frankfort, KY 40601

**RE: Economic Development Fund Grant - \$198,189 to County of Marion, Kentucky on behalf of Marion County Industrial Foundation, Inc.**

Dear Secretary Johnson:

In accordance with KRS 154.12-100, this letter shall serve as notice of my recommendation for the use of \$198,189 in Economic Development Fund (EDF) funds for the purpose of making a grant to the County of Marion, Kentucky on behalf of the Marion County Industrial Foundation, Inc. (MCIF).

The MCIF proposes to build an access road to catalyze the balance of the 250 acre business and industrial park in Lebanon, Marion County. MCIF has committed cash equity to match the EDF grant. This project was one of eight potential infrastructure projects identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

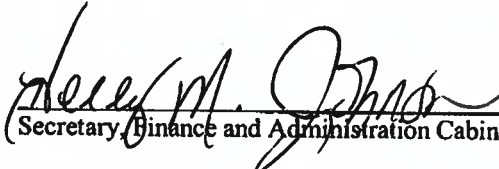
Under the terms of the EDF grant agreement, requests may be submitted no more than monthly and funds shall be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

I respectfully request your concurrence in the funding of this project. If KEDFA approves this proposal, I would ask that you place this project on the next agenda of the State Property and Buildings Commission. Please feel free to contact me if you have any questions.

Sincerely,

**AGREED TO AND APPROVED BY:**

  
Larry Hayes  
Interim Secretary

  
Secretary, Finance and Administration Cabinet Date

cc: Jeff Taylor  
Kristina Slattery  
Katie Smith



**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY  
ECONOMIC DEVELOPMENT FUND (EDF) PROJECT REPORT**

**Date:** May 28, 2020  
**Grantee:** County of Marion, Kentucky  
**Beneficiary:** Marion County Industrial Foundation, Inc.  
**City:** Lebanon **County:** Marion  
**Bus. Dev. Contact:** M. David-Jacobs **OFS Staff:** K. McCane

**Project Description:** The Marion County Industrial Foundation (MCIF) proposes to build an access road to catalyze the balance of the 250 acre business and industrial park in Lebanon, Marion County. MCIF will match the requested Economic Development Fund grant. This is a Product Development Initiative project recommended for approval under the EDF program. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

**Anticipated Project Investment - Owned**

	<b>Total Investment</b>
Land	\$0
Building/Improvements	\$396,378
Equipment	\$0
Other Start-up Costs	\$0
<b>TOTAL</b>	<b>\$396,378</b>

**Anticipated Project Funding**

	<b>Amount</b>	<b>% of Total</b>
Economic Development Fund Grant (State)	\$198,189	50.0%
MCIF Equity	\$198,189	50.0%
<b>TOTAL</b>	<b>\$396,378</b>	<b>100.0%</b>

**Other Terms:** In accordance with the grant agreement, disbursement requests may be submitted no more than monthly requesting funds to be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

**RECOMMENDED ECONOMIC DEVELOPMENT FUND AMOUNT:** **\$198,189**

**Active State Participation at the Project Site:**

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
Sep 30, 1999	Direct Loan	Monitor	\$1,800,000

**Recommendation:**

Staff recommends approval of this EDF grant subject to the terms set forth in this report and the recommendation letter from the Secretary of the Cabinet for Economic Development (CED). In accordance with KRS 154.12-100, KEDFA's approval of this EDF grant is subject to CED's receipt of the Secretary of the Finance and Administration Cabinet's concurrence to CED's use of the EDF funds for this project.



**ANDY BESHEAR**  
Governor

**Commonwealth of Kentucky**  
**FINANCE AND ADMINISTRATION CABINET**  
**Office of Financial Management**  
702 Capital Avenue  
Suite 76  
Frankfort, Kentucky 40601  
(502) 564-2924  
(502) 564-7416 Facsimile

**HOLLY M. JOHNSON**  
Secretary

**RYAN BARROW**  
Executive Director

May 4, 2020

Holly M. Johnson  
Secretary  
Finance and Administration Cabinet  
Executive Director  
State Property and Buildings Commission  
702 Capital Avenue  
Frankfort, KY 40601

Dear Secretary Johnson:

Pursuant to KRS 42.420, the Office of Financial Management is required to review and approve the issuance of debt by all state agencies. The attached constitutes the review and approval of the \$66,710,000 State Property and Buildings Commission Revenue Refunding Bonds, Project No. 122 Series C (Forward Delivery) dated May 4, 2020.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan Barrow".

Ryan Barrow  
Executive Director  
Office of Financial Management

Attachments

**OFM APPROVAL PURSUANT TO KRS 42.420**  
**\$66,710,000**  
**COMMONWEALTH OF KENTUCKY**  
**STATE PROPERTY AND BUILDINGS COMMISSION**  
**REVENUE REFUNDING BONDS, PROJECT NO. 122 SERIES C (FORWARD DELIVERY)**

**DESCRIPTION:**

The Bonds are being issued to provide funds with which to (i) refund on a forward basis certain outstanding Revenue and Revenue Refunding Bonds, Project No. 98 for present value savings and, (ii) pay costs of issuance.

**BOND SUMMARY STATISTICS:**

Par Amount:	\$66,710,000
Pricing Date:	October 8, 2019
Closing Date:	May 4, 2020
Dated Date:	May 4, 2020
Final Maturity:	November 1, 2021
Arbitrage Yield:	2.155%
TIC:	1.855%
NIC:	1.912%
All-In TIC:	1.928%
Benchmark (BBWK20GO):	2.590% (October 10, 2019)
Method of Sale:	Negotiated
Underwriter:	Citigroup

**RATINGS:**

Moody's:	A1
Fitch Ratings:	A+
Kroll:	A+

**SOURCES AND USES OF FUNDS:**

**SOURCES OF FUNDS:**

Par Amount of Bonds	\$ 66,710,000.00
Net Original Issue Premium	<u>3,339,502.60</u>
<b>TOTAL SOURCES</b>	\$ 70,049,502.60

**USES OF FUNDS:**

Deposit to Escrow	\$ 69,705,125.00
Costs of Issuance*	<u>344,377.60</u>
<b>TOTAL USES</b>	\$ 70,049,502.60

\*Includes underwriters' discount, legal fees, rating agency fees, trustee fees, printing and other expenses of the issuance and offering of the Bonds.

**REFUNDING:**

Par Amount of Refunded Bonds:	\$ 68,005,000.00
Net PV Savings:	\$ 1,742,738.36
Percentage Savings of Refunded Bonds:	2.5627%



**PROFESSIONAL SERVICES:**

Pursuant to KRS Chapter 45, the Issuer is providing information on all costs associated, either directly or indirectly, with this bond issuance. Costs are actual or estimated as of the date of closing of the issue.

<b>Firm</b>	<b>Service</b>	<b>Fee</b>
AVIA Communications, Inc.	Printer / Roadshow	\$ 655.32
U.S. Bank	Trustee	0.00
Kutak Rock LLP	Bond Counsel	10,006.50
Moody's	Rating Service	13,601.47
Fitch Ratings	Rating Service	18,832.81
Kroll Bond Rating Agency	Rating Service	11,508.94
AMTEC	Verification Agent	261.57
OFM	Financial Advisor	16,677.50
	Contingency / Misc.	<u>6,477.40</u>
<b>TOTAL</b>		<b>\$ 78,021.51</b>

**GROSS SPREAD/UNDERWRITER'S DISCOUNT:**

	<b>Per Bond</b>	<b>Total</b>
Underwriter's Average Takedown	3.750000	\$ 250,162.50
Underwriter's Other Fee	0.142746	9,522.59
Underwriter's Counsel	<u>0.100000</u>	<u>6,671.00</u>
<b>TOTAL</b>	<b>3.992746</b>	<b>\$ 266,356.09</b>

**COST OF ISSUANCE GRAND TOTAL:** \$ 344,377.60

**ATTACHMENTS:**

OS Cover  
Bond Debt Service Schedule  
Savings Schedule  
Summary of Bonds Refunded

**THIS OFFICIAL STATEMENT UPDATES THE OFFICIAL STATEMENT DATED OCTOBER 8, 2019 RELATING TO \$66,710,000 COMMONWEALTH OF KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION REVENUE REFUNDING BONDS, PROJECT NO. 122 SERIES C (FORWARD DELIVERY)**

**Book-Entry-Only**

**Ratings: Moody's: "A1"  
Fitch: "A+"  
Kroll: "A+"  
(See "RATINGS" herein)**

**NEW ISSUE**

*In the opinion of Bond Counsel for the Bonds, based upon an analysis of laws, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants made by the Commission, and subject to the conditions and limitations set forth herein under the caption "TAX TREATMENT," interest on the Bonds is excludible from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. See "TAX TREATMENT" herein for a more complete discussion, and EXHIBIT F – "FORM OF BOND COUNSEL OPINIONS FOR THE BONDS."*



**COMMONWEALTH OF KENTUCKY  
State Property and Buildings Commission  
\$66,710,000 Revenue Refunding Bonds, Project No. 122 Series C  
(Forward Delivery)**

<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP No.*</u>
2021	\$66,710,000	5.000%	105.006	1.590%	49151FE22

The Commonwealth of Kentucky State Property and Buildings Commission (the "Commission") is issuing its Revenue Refunding Bonds, Project No. 122, Series C (Forward Delivery) (the "Bonds" and the "Series C Bonds"). The Bonds will be issued only as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest due on the Bonds will be made directly to DTC. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Bonds will bear interest payable on each November 1 and May 1, commencing on November 1, 2020. Principal of, premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, Louisville, Kentucky, as Trustee and Paying Agent.

The Bonds mature on the dates and in the principal amounts, bearing semiannual interest and have the prices and/or yields shown on the cover.

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption".

The Bonds are being issued by the Commission, an independent agency of the Commonwealth of Kentucky (the "Commonwealth"), at the request of the Finance and Administration Cabinet of the Commonwealth (the "Cabinet") pursuant to Bond Resolution adopted on September 10, 2019 (the "Resolution"). The Bonds are being issued to (i) refund on a forward basis certain outstanding Commission Revenue and Revenue Refunding Bonds, Project No. 98, as more completely identified in EXHIBIT D - SUMMARY OF PRIOR BONDS, and (ii) pay costs of issuing the Bonds.

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE COMMISSION. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF THE COMMONWEALTH, OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE COMMONWEALTH, BUT ARE PAYABLE SOLELY FROM AMOUNTS DEPOSITED IN CERTAIN FUNDS AND ACCOUNTS CREATED BY THE RESPECTIVE RESOLUTIONS AND FROM RENTAL INCOME DERIVED FROM THE BIENNIALLY RENEWABLE LEASE WITH THE CABINET AND SUBLEASES (AS DESCRIBED AND DEFINED HEREIN), THE RENT FROM WHICH IS SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY OF THE COMMONWEALTH ON A BIENNIAL BASIS. THE BONDHOLDERS HAVE NO SECURITY INTEREST IN ANY PROPERTIES CONSTITUTING THE PROJECT OR ANY AMOUNTS DERIVED THEREFROM. See "SECURITY FOR THE BONDS" herein.

The cover page contains information for quick reference only and is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approving legal opinion of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Frost Brown Todd LLC, Louisville, Kentucky. It is expected that the Bonds will be available for delivery in New York New York, through the book-entry procedures of DTC, on or about May 4, 2020. See "CERTAIN FORWARD DELIVERY CONSIDERATIONS FOR THE BONDS" for certain conditions regarding the obligations of the Underwriters to purchase the Bonds and certain risks to the purchasers of the Bonds resulting from the forward delivery thereof.

**Citigroup**

**Morgan Stanley**

**J.J.B. Hilliard, W.L. Lyons, a Baird Company  
FTN Financial Capital Markets**

**Raymond James  
Ross, Sinclair & Associates, LLC**

**PNC Capital Markets LLC  
First Kentucky Securities Corp.**

## BOND DEBT SERVICE

Kentucky State Property and Buildings Commission  
 Revenue Refunding Bonds, Project No. 122 Series C (Forward Delivery)  
 Tax-Exempt Forward Refunding  
 Rates as of October 8, 2019  
 \*\*\*Final Numbers\*\*\*

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/01/2020			1,639,954.17	1,639,954.17	
05/01/2021			1,667,750.00	1,667,750.00	
06/30/2021					3,307,704.17
11/01/2021	66,710,000	5.000%	1,667,750.00	68,377,750.00	
06/30/2022					68,377,750.00
	66,710,000		4,975,454.17	71,685,454.17	71,685,454.17

## SAVINGS

Kentucky State Property and Buildings Commission  
 Revenue Refunding Bonds, Project No. 122 Series C (Forward Delivery)  
 Tax-Exempt Forward Refunding  
 Rates as of October 8, 2019  
 \*\*\*Final Numbers\*\*\*

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 10/30/2019 @ 2.1548944%
08/01/2020	1,700,125.00		1,700,125.00		1,672,913.94
11/01/2020		1,639,954.17	-1,639,954.17		-1,605,082.37
02/01/2021	1,700,125.00		1,700,125.00		1,655,081.31
05/01/2021		1,667,750.00	-1,667,750.00		-1,614,887.59
06/30/2021				92,545.83	
08/01/2021	69,705,125.00		69,705,125.00		67,134,989.68
11/01/2021		68,377,750.00	-68,377,750.00		-65,504,613.70
06/30/2022				1,327,375.00	
	73,105,375.00	71,685,454.17	1,419,920.83	1,419,920.83	1,738,401.27

Savings Summary

Deliv Date	Refunding Funds on Hand	Total	Present Value to 10/30/2019 @ 2.1548944%
05/04/2020	4,384.87	4,384.87	4,337.10
			4,337.10
PV of savings from cash flow			1,738,401.27
Adjustments			4,337.10
Net PV Savings			1,742,738.36

## SUMMARY OF BONDS REFUNDED

Kentucky State Property and Buildings Commission  
Revenue Refunding Bonds, Project No. 122 Series C (Forward Delivery)  
Tax-Exempt Forward Refunding  
Rates as of October 8, 2019  
\*\*\*Final Numbers\*\*\*

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Project No. 98 (Tax-Exempt), PROJ98:					
SERIAL3N	08/01/2021	5.000%	68,005,000.00	08/01/2020	100.000
			68,005,000.00		



## School Facilities Construction Commission

Finance and Administration Cabinet

700 Louisville Rd

Carriage House

Frankfort, Kentucky 40601

(502) 564-5582

(888) 979-6152 Fax

[www.sfcc.ky.gov](http://www.sfcc.ky.gov)

**ANDY BESHEAR**

Governor

**MS. HOLLY M. JOHNSON**

Secretary

**DAVID PRATER**

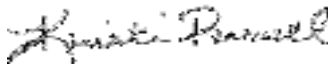
Chairman

**CHELSEY BIZZLE**

Executive Director

### **MEMORANDUM**

**TO:** Ryan Barrow  
Office of Financial Management

**FROM:** Kristi Russell, SFCC 

**DATE:** June 2, 2020

**SUBJECT:** Capital Projects and Bond Oversight Committee (CPBO)

The following information is submitted for consideration by CPBO at their next meeting tentatively scheduled for June 25, 2020:

Breckinridge County- \$6,730,000 estimated – High School renovations. State estimated annual debt service is \$26,528 and local is \$464,126. No tax increase is necessary to finance this project.

If you or the Committee needs any additional information please feel free to contact me.





May 27, 2020

Ms. Chelsey Bizzle  
Schools Facilities Construction Commission  
700 Louisville Rd  
Frankfort, Kentucky 40601

Re: Reporting of Bond Issuance Costs to the Capital Projects and Bond Oversight  
Committee ("Bond Oversight Committee")

Dear Ms. Bizzle:

Enclosed please find a Bond Payee Disclosure form for the following bond issue:

\$6,730,000 (est.)  
Breckinridge County  
School District Finance Corporation  
School Building Revenue Bonds  
Series 2020

Please be advised that the enclosed costs are estimated. Actual costs will not be known until the bonds are sold. Please be advised that no tax increases are necessary to support this financing.

We hereby request that the above bond issue be considered by the Bond Oversight Committee at its next meeting.

If you need any additional information, please do not hesitate to call me at 502.588.8476

Sincerely,

*/s/ Michael Oldiges*

Michael Oldiges  
Public Finance

## BOND PAYEE DISCLOSURE FORM

Par Amount:	\$6,730,000
Issue Name:	Breckinridge County School Building Revenue Bonds, Series 2020
Purpose:	Renovations and additions to high school
Projected Sale Date of Bonds:	July 2020
First Call Date:	TBD
Method of Sale:	Competitive
Place/Time of Sale:	TBD
Bond Rating:	Expected "A1" – Moody's
Bond Counsel:	Steptoe Johnson
Fiscal Agent:	Baird
Construction Manager/General Contractor:	N/A
Architect/Engineer:	Sherman Carter Barnhart

	SFCC Portion	Local Portion	Total
Estimated par amount of Bonds:	\$404,712	\$6,325,288	\$6,730,000
% Share of total Bonds:	6%	94%	100%
Estimated average annual debt service:	26,528	464,126	490,654
Estimated debt service reserve:	-	-	-
<b>Estimated Costs of Issuance (1):</b>			
Fiscal Agent, Bond Counsel, Advertisements, Printing, etc.	2,401	37,519	39,920
Special Tax Counsel	-	-	-
Number Verifications	-	-	-
Bond Rating	1,082	16,918	19,000
Underwriter's Discount	8,094	126,506	134,600
Paying Agent/Escrow Agent Bank	271	4,229	4,500
<b>Total Cost of Issuance:</b>	<b>\$11,848</b>	<b>\$185,172</b>	<b>198,020</b>

**Anticipated Interest Rates:**                                      5 Years: 1.85%                      10 Years: 2.40%  
                                                                                          15 Years: 2.90%                      20 Years: 3.25%

(1) Actual costs will not be known until the bonds are sold.



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School Building Revenue Bonds, Series 2020 (High School Project)

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SOURCES AND USES OF FUNDS

Breckinridge County Schools  
 School Building Revenue Bonds, Series 2020 (High School Project)

Dated Date 08/15/2020  
 Delivery Date 08/15/2020

Sources:	SFCC	District	Total
<b>Bond Proceeds:</b>			
Par Amount	404,712.00	6,325,288.00	6,730,000.00
<b>Other Sources of Funds:</b>			
Capital Outlay Fund		502,058.00	502,058.00
Building Fund		466,198.00	466,198.00
		<u>968,256.00</u>	<u>968,256.00</u>
	<u>404,712.00</u>	<u>7,293,544.00</u>	<u>7,698,256.00</u>
<b>Uses:</b>			
<b>Project Fund Deposits:</b>			
Total Construction Cost	383,807.75	5,998,573.25	6,382,381.00
Architect/Engineer Fee	20,078.95	313,816.05	333,895.00
Construction Manager	17,770.97	277,744.51	295,515.48
Contingencies	19,190.32	299,927.68	319,118.00
Equipment/Computers	3,908.81	61,091.19	65,000.00
Other Project Costs	6,314.23	98,685.77	105,000.00
	<u>451,071.03</u>	<u>7,049,838.45</u>	<u>7,500,909.48</u>
<b>Cost of Issuance:</b>			
FA/BC	2,400.61	37,519.39	39,920.00
Rating Fee	1,082.44	16,917.56	18,000.00
Paying Agent Fee	270.61	4,229.39	4,500.00
	<u>3,753.66</u>	<u>58,666.34</u>	<u>62,420.00</u>
<b>Delivery Date Expenses:</b>			
Underwriter's Discount	8,094.24	126,505.76	134,600.00
<b>Other Uses of Funds:</b>			
Additional Proceeds	-58,206.93	58,533.45	326.52
	<u>404,712.00</u>	<u>7,293,544.00</u>	<u>7,698,256.00</u>

BOND DEBT SERVICE

Breckinridge County Schools  
 School Building Revenue Bonds, Series 2020 (High School Project)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2021			94,095.49	94,095.49	
06/30/2021					94,095.49
08/01/2021	55,000	1.500%	102,031.25	157,031.25	
02/01/2022			101,618.75	101,618.75	
06/30/2022					258,650.00
08/01/2022	60,000	1.600%	101,618.75	161,618.75	
02/01/2023			101,138.75	101,138.75	
06/30/2023					262,757.50
08/01/2023	60,000	1.700%	101,138.75	161,138.75	
02/01/2024			100,628.75	100,628.75	
06/30/2024					261,767.50
08/01/2024	65,000	1.750%	100,628.75	165,628.75	
02/01/2025			100,060.00	100,060.00	
06/30/2025					265,688.75
08/01/2025	65,000	1.850%	100,060.00	165,060.00	
02/01/2026			99,458.75	99,458.75	
06/30/2026					264,518.75
08/01/2026	65,000	1.950%	99,458.75	164,458.75	
02/01/2027			98,825.00	98,825.00	
06/30/2027					263,283.75
08/01/2027	70,000	2.050%	98,825.00	168,825.00	
02/01/2028			98,107.50	98,107.50	
06/30/2028					266,932.50
08/01/2028	65,000	2.150%	98,107.50	163,107.50	
02/01/2029			97,408.75	97,408.75	
06/30/2029					260,516.25
08/01/2029	65,000	2.250%	97,408.75	162,408.75	
02/01/2030			96,677.50	96,677.50	
06/30/2030					259,086.25
08/01/2030	75,000	2.400%	96,677.50	171,677.50	
02/01/2031			95,777.50	95,777.50	
06/30/2031					267,455.00
08/01/2031	75,000	2.550%	95,777.50	170,777.50	
02/01/2032			94,821.25	94,821.25	
06/30/2032					265,598.75
08/01/2032	75,000	2.650%	94,821.25	169,821.25	
02/01/2033			93,827.50	93,827.50	
06/30/2033					263,648.75
08/01/2033	75,000	2.700%	93,827.50	168,827.50	
02/01/2034			92,815.00	92,815.00	
06/30/2034					261,642.50
08/01/2034	80,000	2.800%	92,815.00	172,815.00	
02/01/2035			91,695.00	91,695.00	
06/30/2035					264,510.00
08/01/2035	80,000	2.900%	91,695.00	171,695.00	
02/01/2036			90,535.00	90,535.00	
06/30/2036					262,230.00
08/01/2036	645,000	3.000%	90,535.00	735,535.00	
02/01/2037			80,860.00	80,860.00	
06/30/2037					816,395.00
08/01/2037	665,000	3.100%	80,860.00	745,860.00	
02/01/2038			70,552.50	70,552.50	
06/30/2038					816,412.50
08/01/2038	690,000	3.150%	70,552.50	760,552.50	
02/01/2039			59,685.00	59,685.00	
06/30/2039					820,237.50
08/01/2039	1,760,000	3.200%	59,685.00	1,819,685.00	
02/01/2040			31,525.00	31,525.00	
06/30/2040					1,851,210.00
08/01/2040	1,940,000	3.250%	31,525.00	1,971,525.00	
06/30/2041					1,971,525.00
	6,730,000		3,588,161.74	10,318,161.74	10,318,161.74

DETAILED BOND DEBT SERVICE

Breckinridge County Schools  
SFCC

Bond Component (BOND)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2021			4,657.55	4,657.55	
06/30/2021					4,657.55
08/01/2021	16,552	1.500%	5,050.36	21,602.36	
02/01/2022			4,926.22	4,926.22	
06/30/2022					26,528.58
08/01/2022	16,811	1.600%	4,926.22	21,737.22	
02/01/2023			4,791.73	4,791.73	
06/30/2023					26,528.95
08/01/2023	17,090	1.700%	4,791.73	21,881.73	
02/01/2024			4,646.46	4,646.46	
06/30/2024					26,528.19
08/01/2024	17,388	1.750%	4,646.46	22,034.46	
02/01/2025			4,494.32	4,494.32	
06/30/2025					26,528.78
08/01/2025	17,704	1.850%	4,494.32	22,198.32	
02/01/2026			4,330.56	4,330.56	
06/30/2026					26,528.88
08/01/2026	18,043	1.950%	4,330.56	22,373.56	
02/01/2027			4,154.64	4,154.64	
06/30/2027					26,528.20
08/01/2027	18,408	2.050%	4,154.64	22,562.64	
02/01/2028			3,965.95	3,965.95	
06/30/2028					26,528.59
08/01/2028	18,799	2.150%	3,965.95	22,764.95	
02/01/2029			3,763.87	3,763.87	
06/30/2029					26,528.82
08/01/2029	19,217	2.250%	3,763.87	22,980.87	
02/01/2030			3,547.67	3,547.67	
06/30/2030					26,528.54
08/01/2030	19,669	2.400%	3,547.67	23,216.67	
02/01/2031			3,311.65	3,311.65	
06/30/2031					26,528.32
08/01/2031	20,162	2.550%	3,311.65	23,473.65	
02/01/2032			3,054.58	3,054.58	
06/30/2032					26,528.23
08/01/2032	20,694	2.650%	3,054.58	23,748.58	
02/01/2033			2,780.39	2,780.39	
06/30/2033					26,528.97
08/01/2033	21,255	2.700%	2,780.39	24,035.39	
02/01/2034			2,493.44	2,493.44	
06/30/2034					26,528.83
08/01/2034	21,847	2.800%	2,493.44	24,340.44	
02/01/2035			2,187.58	2,187.58	
06/30/2035					26,528.02
08/01/2035	22,479	2.900%	2,187.58	24,666.58	
02/01/2036			1,861.64	1,861.64	
06/30/2036					26,528.22
08/01/2036	23,153	3.000%	1,861.64	25,014.64	
02/01/2037			1,514.34	1,514.34	
06/30/2037					26,528.98
08/01/2037	23,870	3.100%	1,514.34	25,384.34	
02/01/2038			1,144.36	1,144.36	
06/30/2038					26,528.70
08/01/2038	24,628	3.150%	1,144.36	25,772.36	
02/01/2039			756.47	756.47	
06/30/2039					26,528.83
08/01/2039	25,422	3.200%	756.47	26,178.47	
02/01/2040			349.72	349.72	
06/30/2040					26,528.19
08/01/2040	21,521	3.250%	349.72	21,870.72	
06/30/2041					21,870.72
	404,712		125,859.09	530,571.09	530,571.09

DETAILED BOND DEBT SERVICE

Breckinridge County Schools  
District

Bond Component (BOND)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2021			89,437.94	89,437.94	
06/30/2021					89,437.94
08/01/2021	38,448	1.500%	96,980.89	135,428.89	
02/01/2022			96,692.53	96,692.53	
06/30/2022					232,121.42
08/01/2022	43,189	1.600%	96,692.53	139,881.53	
02/01/2023			96,347.02	96,347.02	
06/30/2023					236,228.55
08/01/2023	42,910	1.700%	96,347.02	139,257.02	
02/01/2024			95,982.29	95,982.29	
06/30/2024					235,239.31
08/01/2024	47,612	1.750%	95,982.29	143,594.29	
02/01/2025			95,565.68	95,565.68	
06/30/2025					239,159.97
08/01/2025	47,296	1.850%	95,565.68	142,861.68	
02/01/2026			95,128.19	95,128.19	
06/30/2026					237,989.87
08/01/2026	46,957	1.950%	95,128.19	142,085.19	
02/01/2027			94,670.36	94,670.36	
06/30/2027					236,755.55
08/01/2027	51,592	2.050%	94,670.36	146,262.36	
02/01/2028			94,141.55	94,141.55	
06/30/2028					240,403.91
08/01/2028	46,201	2.150%	94,141.55	140,342.55	
02/01/2029			93,644.88	93,644.88	
06/30/2029					233,987.43
08/01/2029	45,783	2.250%	93,644.88	139,427.88	
02/01/2030			93,129.83	93,129.83	
06/30/2030					232,557.71
08/01/2030	55,331	2.400%	93,129.83	148,460.83	
02/01/2031			92,465.85	92,465.85	
06/30/2031					240,926.68
08/01/2031	54,838	2.550%	92,465.85	147,303.85	
02/01/2032			91,766.67	91,766.67	
06/30/2032					239,070.52
08/01/2032	54,306	2.650%	91,766.67	146,072.67	
02/01/2033			91,047.11	91,047.11	
06/30/2033					237,119.78
08/01/2033	53,745	2.700%	91,047.11	144,792.11	
02/01/2034			90,321.56	90,321.56	
06/30/2034					235,113.67
08/01/2034	58,153	2.800%	90,321.56	148,474.56	
02/01/2035			89,507.42	89,507.42	
06/30/2035					237,981.98
08/01/2035	57,521	2.900%	89,507.42	147,028.42	
02/01/2036			88,673.36	88,673.36	
06/30/2036					235,701.78
08/01/2036	621,847	3.000%	88,673.36	710,520.36	
02/01/2037			79,345.66	79,345.66	
06/30/2037					789,866.02
08/01/2037	641,130	3.100%	79,345.66	720,475.66	
02/01/2038			69,408.14	69,408.14	
06/30/2038					789,883.80
08/01/2038	665,372	3.150%	69,408.14	734,780.14	
02/01/2039			58,928.53	58,928.53	
06/30/2039					793,708.67
08/01/2039	1,734,578	3.200%	58,928.53	1,793,506.53	
02/01/2040			31,175.28	31,175.28	
06/30/2040					1,824,681.81
08/01/2040	1,918,479	3.250%	31,175.28	1,949,654.28	
06/30/2041					1,949,654.28
	6,325,288		3,462,302.65	9,787,590.65	9,787,590.65

## DETAILED BOND DEBT SERVICE

Breckinridge County Schools  
SFCCBond Component (BOND)

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2021			4,657.55	4,657.55
06/30/2022	16,552	1.500%	9,976.58	26,528.58
06/30/2023	16,811	1.600%	9,717.95	26,528.95
06/30/2024	17,090	1.700%	9,438.19	26,528.19
06/30/2025	17,388	1.750%	9,140.78	26,528.78
06/30/2026	17,704	1.850%	8,824.88	26,528.88
06/30/2027	18,043	1.950%	8,485.20	26,528.20
06/30/2028	18,408	2.050%	8,120.59	26,528.59
06/30/2029	18,799	2.150%	7,729.82	26,528.82
06/30/2030	19,217	2.250%	7,311.54	26,528.54
06/30/2031	19,669	2.400%	6,859.32	26,528.32
06/30/2032	20,162	2.550%	6,366.23	26,528.23
06/30/2033	20,694	2.650%	5,834.97	26,528.97
06/30/2034	21,255	2.700%	5,273.83	26,528.83
06/30/2035	21,847	2.800%	4,681.02	26,528.02
06/30/2036	22,479	2.900%	4,049.22	26,528.22
06/30/2037	23,153	3.000%	3,375.98	26,528.98
06/30/2038	23,870	3.100%	2,658.70	26,528.70
06/30/2039	24,628	3.150%	1,900.83	26,528.83
06/30/2040	25,422	3.200%	1,106.19	26,528.19
06/30/2041	21,521	3.250%	349.72	21,870.72
	404,712		125,859.09	530,571.09

## DETAILED BOND DEBT SERVICE

Breckinridge County Schools  
DistrictBond Component (BOND)

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2021			89,437.94	89,437.94
06/30/2022	38,448	1.500%	193,673.42	232,121.42
06/30/2023	43,189	1.600%	193,039.55	236,228.55
06/30/2024	42,910	1.700%	192,329.31	235,239.31
06/30/2025	47,612	1.750%	191,547.97	239,159.97
06/30/2026	47,296	1.850%	190,693.87	237,989.87
06/30/2027	46,957	1.950%	189,798.55	236,755.55
06/30/2028	51,592	2.050%	188,811.91	240,403.91
06/30/2029	46,201	2.150%	187,786.43	233,987.43
06/30/2030	45,783	2.250%	186,774.71	232,557.71
06/30/2031	55,331	2.400%	185,595.68	240,926.68
06/30/2032	54,838	2.550%	184,232.52	239,070.52
06/30/2033	54,306	2.650%	182,813.78	237,119.78
06/30/2034	53,745	2.700%	181,368.67	235,113.67
06/30/2035	58,153	2.800%	179,828.98	237,981.98
06/30/2036	57,521	2.900%	178,180.78	235,701.78
06/30/2037	621,847	3.000%	168,019.02	789,866.02
06/30/2038	641,130	3.100%	148,753.80	789,883.80
06/30/2039	665,372	3.150%	128,336.67	793,708.67
06/30/2040	1,734,578	3.200%	90,103.81	1,824,681.81
06/30/2041	1,918,479	3.250%	31,175.28	1,949,654.28
	6,325,288		3,462,302.65	9,787,590.65

BOND SUMMARY STATISTICS

Breckinridge County Schools  
School Building Revenue Bonds, Series 2020 (High School Project)

Dated Date	08/15/2020
Delivery Date	08/15/2020
Last Maturity	08/01/2040
Arbitrage Yield	3.118687%
True Interest Cost (TIC)	3.274498%
Net Interest Cost (NIC)	3.245134%
All-In TIC	3.348137%
Average Coupon	3.127803%
Average Life (years)	17.046
Duration of Issue (years)	13.142
Par Amount	6,730,000.00
Bond Proceeds	6,730,000.00
Total Interest	3,588,161.74
Net Interest	3,722,761.74
Total Debt Service	10,318,161.74
Maximum Annual Debt Service	1,971,525.00
Average Annual Debt Service	516,913.20
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	20.000000
Total Underwriter's Discount	20.000000
Bid Price	98.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	6,730,000.00	100.000	3.128%	17.046
	6,730,000.00			17.046

	TIC	All-In TIC	Arbitrage Yield
Par Value	6,730,000.00	6,730,000.00	6,730,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-134,600.00	-134,600.00	
- Cost of Issuance Expense		-62,420.00	
- Other Amounts			
Target Value	6,595,400.00	6,532,980.00	6,730,000.00
Target Date	08/15/2020	08/15/2020	08/15/2020
Yield	3.274498%	3.348137%	3.118687%



BOND SUMMARY STATISTICS

Breckinridge County Schools  
 School Building Revenue Bonds, Series 2020 (High School Project)

	SFCC	District	Aggregate
Dated Date	08/15/2020	08/15/2020	08/15/2020
Delivery Date	08/15/2020	08/15/2020	08/15/2020
Last Maturity	08/01/2040	08/01/2040	08/01/2040
Arbitrage Yield	3.118687%	3.118687%	3.118687%
True Interest Cost (TIC)	2.973406%	3.287743%	3.274498%
All-In TIC	3.076548%	3.360091%	3.348137%
Average Coupon	2.782416%	3.141981%	3.127803%
Average Life (years)	11.177	17.421	17.046
Duration of Issue (years)	9.375	13.377	13.142
Par Amount	404,712.00	6,325,288.00	6,730,000.00
Bond Proceeds	404,712.00	6,325,288.00	6,730,000.00
Total Interest	125,859.09	3,462,302.65	3,588,161.74
Net Interest	133,953.33	3,588,808.41	3,722,761.74
Total Debt Service	530,571.09	9,787,590.65	10,318,161.74
Maximum Annual Debt Service	26,528.98	1,949,654.28	1,971,525.00
Average Annual Debt Service	26,580.24	490,332.96	516,913.20
Underwriter's Fees (per \$1000)			
Average Takedown			
Other Fee	20.000000	20.000000	20.000000
Total Underwriter's Discount	20.000000	20.000000	20.000000
Bid Price	98.000000	98.000000	98.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	6,730,000.00	100.000	3.128%	17.046
	6,730,000.00			17.046

	TIC	All-In TIC	Arbitrage Yield
Par Value	6,730,000.00	6,730,000.00	6,730,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-134,600.00	-134,600.00	
- Cost of Issuance Expense		-62,420.00	
- Other Amounts			
Target Value	6,595,400.00	6,532,980.00	6,730,000.00
Target Date	08/15/2020	08/15/2020	08/15/2020
Yield	3.274498%	3.348137%	3.118687%

BOND PRICING

Breckinridge County Schools  
 School Building Revenue Bonds, Series 2020 (High School Project)

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	08/01/2021	55,000	1.500%	1.500%	100.000
	08/01/2022	60,000	1.600%	1.600%	100.000
	08/01/2023	60,000	1.700%	1.700%	100.000
	08/01/2024	65,000	1.750%	1.750%	100.000
	08/01/2025	65,000	1.850%	1.850%	100.000
	08/01/2026	65,000	1.950%	1.950%	100.000
	08/01/2027	70,000	2.050%	2.050%	100.000
	08/01/2028	65,000	2.150%	2.150%	100.000
	08/01/2029	65,000	2.250%	2.250%	100.000
	08/01/2030	75,000	2.400%	2.400%	100.000
	08/01/2031	75,000	2.550%	2.550%	100.000
	08/01/2032	75,000	2.650%	2.650%	100.000
	08/01/2033	75,000	2.700%	2.700%	100.000
	08/01/2034	80,000	2.800%	2.800%	100.000
	08/01/2035	80,000	2.900%	2.900%	100.000
	08/01/2036	645,000	3.000%	3.000%	100.000
	08/01/2037	665,000	3.100%	3.100%	100.000
	08/01/2038	690,000	3.150%	3.150%	100.000
	08/01/2039	1,760,000	3.200%	3.200%	100.000
	08/01/2040	1,940,000	3.250%	3.250%	100.000
		6,730,000			

Dated Date	08/15/2020	
Delivery Date	08/15/2020	
First Coupon	02/01/2021	
Par Amount	6,730,000.00	
Original Issue Discount		
Production	6,730,000.00	100.000000%
Underwriter's Discount	-134,600.00	-2.000000%
Purchase Price	6,595,400.00	98.000000%
Accrued Interest		
Net Proceeds	6,595,400.00	

AGGREGATE DEBT SERVICE

Breckinridge County Schools  
SFCC

Period Ending	SFCC Principal	SFCC Interest	Aggregate Principal	Aggregate Interest	Aggregate Debt Service
06/30/2021		4,657.55		4,657.55	4,657.55
06/30/2022	16,552	9,976.58	16,552	9,976.58	26,528.58
06/30/2023	16,811	9,717.95	16,811	9,717.95	26,528.95
06/30/2024	17,090	9,438.19	17,090	9,438.19	26,528.19
06/30/2025	17,388	9,140.78	17,388	9,140.78	26,528.78
06/30/2026	17,704	8,824.88	17,704	8,824.88	26,528.88
06/30/2027	18,043	8,485.20	18,043	8,485.20	26,528.20
06/30/2028	18,408	8,120.59	18,408	8,120.59	26,528.59
06/30/2029	18,799	7,729.82	18,799	7,729.82	26,528.82
06/30/2030	19,217	7,311.54	19,217	7,311.54	26,528.54
06/30/2031	19,669	6,859.32	19,669	6,859.32	26,528.32
06/30/2032	20,162	6,366.23	20,162	6,366.23	26,528.23
06/30/2033	20,694	5,834.97	20,694	5,834.97	26,528.97
06/30/2034	21,255	5,273.83	21,255	5,273.83	26,528.83
06/30/2035	21,847	4,681.02	21,847	4,681.02	26,528.02
06/30/2036	22,479	4,049.22	22,479	4,049.22	26,528.22
06/30/2037	23,153	3,375.98	23,153	3,375.98	26,528.98
06/30/2038	23,870	2,658.70	23,870	2,658.70	26,528.70
06/30/2039	24,628	1,900.83	24,628	1,900.83	26,528.83
06/30/2040	25,422	1,106.19	25,422	1,106.19	26,528.19
06/30/2041	21,521	349.72	21,521	349.72	21,870.72
	404,712	125,859.09	404,712	125,859.09	530,571.09

AGGREGATE DEBT SERVICE

Breckinridge County Schools  
District

Period Ending	District Principal	District Interest	Existing Debt Service Principal	Aggregate Principal	Aggregate Interest	Aggregate Debt Service
06/30/2021		89,437.94	1,716,010.40	1,716,010.40	89,437.94	1,805,448.34
06/30/2022	38,448	193,673.42	1,716,115.26	1,754,563.26	193,673.42	1,948,236.68
06/30/2023	43,189	193,039.55	1,714,009.94	1,757,198.94	193,039.55	1,950,238.49
06/30/2024	42,910	192,329.31	1,714,182.98	1,757,092.98	192,329.31	1,949,422.29
06/30/2025	47,612	191,547.97	1,712,936.18	1,760,548.18	191,547.97	1,952,096.15
06/30/2026	47,296	190,693.87	1,714,434.74	1,761,730.74	190,693.87	1,952,424.61
06/30/2027	46,957	189,798.55	1,714,444.18	1,761,401.18	189,798.55	1,951,199.73
06/30/2028	51,592	188,811.91	1,711,761.54	1,763,353.54	188,811.91	1,952,165.45
06/30/2029	46,201	187,786.43	1,714,517.14	1,760,718.14	187,786.43	1,948,504.57
06/30/2030	45,783	186,774.71	1,715,839.00	1,761,622.00	186,774.71	1,948,396.71
06/30/2031	55,331	185,595.68	1,711,172.06	1,766,503.06	185,595.68	1,952,098.74
06/30/2032	54,838	184,232.52	1,713,106.10	1,767,944.10	184,232.52	1,952,176.62
06/30/2033	54,306	182,813.78	1,715,261.90	1,769,567.90	182,813.78	1,952,381.68
06/30/2034	53,745	181,368.67	1,712,252.14	1,765,997.14	181,368.67	1,947,365.81
06/30/2035	58,153	179,828.98	1,711,552.70	1,769,705.70	179,828.98	1,949,534.68
06/30/2036	57,521	178,180.78	1,715,292.74	1,772,813.74	178,180.78	1,950,994.52
06/30/2037	621,847	168,019.02	1,160,907.72	1,782,754.72	168,019.02	1,950,773.74
06/30/2038	641,130	148,753.80	1,160,156.30	1,801,286.30	148,753.80	1,950,040.10
06/30/2039	665,372	128,336.67	1,158,477.48	1,823,849.48	128,336.67	1,952,186.15
06/30/2040	1,734,578	90,103.81	125,203.72	1,859,781.72	90,103.81	1,949,885.53
06/30/2041	1,918,479	31,175.28		1,918,479.00	31,175.28	1,949,654.28
	6,325,288	3,462,302.65	31,027,634.22	37,352,922.22	3,462,302.65	40,815,224.87

BOND SOLUTION

Breckinridge County Schools  
SFCC

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
06/30/2021		4,658	4,658	4,658	0	100.00966%
06/30/2022	16,552	26,529	26,529	26,529	0	100.00158%
06/30/2023	16,811	26,529	26,529	26,529	0	100.00019%
06/30/2024	17,090	26,528	26,528	26,529	1	100.00305%
06/30/2025	17,388	26,529	26,529	26,529	0	100.00083%
06/30/2026	17,704	26,529	26,529	26,529	0	100.00045%
06/30/2027	18,043	26,528	26,528	26,529	1	100.00302%
06/30/2028	18,408	26,529	26,529	26,529	0	100.00155%
06/30/2029	18,799	26,529	26,529	26,529	0	100.00068%
06/30/2030	19,217	26,529	26,529	26,529	0	100.00173%
06/30/2031	19,669	26,528	26,528	26,529	1	100.00256%
06/30/2032	20,162	26,528	26,528	26,529	1	100.00290%
06/30/2033	20,694	26,529	26,529	26,529	0	100.00011%
06/30/2034	21,255	26,529	26,529	26,529	0	100.00064%
06/30/2035	21,847	26,528	26,528	26,529	1	100.00369%
06/30/2036	22,479	26,528	26,528	26,529	1	100.00294%
06/30/2037	23,153	26,529	26,529	26,529	0	100.00008%
06/30/2038	23,870	26,529	26,529	26,529	0	100.00113%
06/30/2039	24,628	26,529	26,529	26,529	0	100.00064%
06/30/2040	25,422	26,528	26,528	26,529	1	100.00305%
06/30/2041	21,521	21,871	21,871	21,871	0	100.00128%
	404,712	530,571	530,571	530,580	9	

BOND SOLUTION

Breckinridge County Schools  
District

Period Ending	Proposed Principal	Proposed Debt Service	Existing Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
06/30/2021		89,438	1,716,010	1,805,448	2,263,636	458,188	125.37806%
06/30/2022	38,448	232,121	1,716,115	1,948,237	2,263,636	315,399	116.18897%
06/30/2023	43,189	236,229	1,714,010	1,950,238	2,263,636	313,398	116.06971%
06/30/2024	42,910	235,239	1,714,183	1,949,422	2,263,636	314,214	116.11830%
06/30/2025	47,612	239,160	1,712,936	1,952,096	2,263,636	311,540	115.95925%
06/30/2026	47,296	237,990	1,714,435	1,952,425	2,263,636	311,211	115.93974%
06/30/2027	46,957	236,756	1,714,444	1,951,200	2,263,636	312,436	116.01253%
06/30/2028	51,592	240,404	1,711,762	1,952,165	2,263,636	311,471	115.95513%
06/30/2029	46,201	233,987	1,714,517	1,948,505	2,263,636	315,132	116.17299%
06/30/2030	45,783	232,558	1,715,839	1,948,397	2,263,636	315,239	116.17942%
06/30/2031	55,331	240,927	1,711,172	1,952,099	2,263,636	311,537	115.95910%
06/30/2032	54,838	239,071	1,713,106	1,952,177	2,263,636	311,459	115.95447%
06/30/2033	54,306	237,120	1,715,262	1,952,382	2,263,636	311,254	115.94229%
06/30/2034	53,745	235,114	1,712,252	1,947,366	2,263,636	316,270	116.24093%
06/30/2035	58,153	237,982	1,711,553	1,949,535	2,263,636	314,101	116.11161%
06/30/2036	57,521	235,702	1,715,293	1,950,995	2,263,636	312,642	116.02473%
06/30/2037	621,847	789,866	1,160,908	1,950,774	2,263,636	312,862	116.03786%
06/30/2038	641,130	789,884	1,160,156	1,950,040	2,263,636	313,596	116.08151%
06/30/2039	665,372	793,709	1,158,477	1,952,186	2,263,636	311,450	115.95391%
06/30/2040	1,734,578	1,824,682	125,204	1,949,886	2,263,636	313,751	116.09072%
06/30/2041	1,918,479	1,949,654		1,949,654	2,263,636	313,982	116.10449%
	6,325,288	9,787,591	31,027,634	40,815,225	47,536,358	6,721,133	