

**Kentucky Infrastructure Authority
Projects for
August 2018 Capital Projects Meeting**

- **Fund A Loan**

| <u>Loan #</u> | <u>Borrower</u> | <u>Loan Amount</u> | <u>County</u> |
|---------------|--|--------------------|---------------|
| A18-005 | Regional Water Resource Agency (with P&D loan) | \$ 4,595,262 | Daviess |

- **Fund B Loan**

| <u>Loan #</u> | <u>Borrower</u> | <u>Loan Amount</u> | <u>County</u> |
|---------------|--|--------------------|---------------|
| B17-013 | City of Mayfield f/b/o Mayfield Electric and Water Systems | \$ 849,000 | Graves |

- **Fund C Loan**

| <u>Loan #</u> | <u>Borrower</u> | <u>Loan Amount</u> | <u>County</u> |
|---------------|---|--------------------|---------------|
| C18-001 | City of Bowling Green f/b/o Bowling Green Municipal Utilities (Increase) | \$ 4,540,000 | Warren |

| | | | | |
|--|--|--|-------------------------------|----------------------------------|
| EXECUTIVE SUMMARY | | Reviewer | Melissa Rife | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date | July 10, 2018 | |
| FUND A, FEDERALLY ASSISTED WASTEWATER | | KIA Loan Number | A18-005 | |
| REVOLVING LOAN FUND | | WRIS Number | SX21059027 | |
| BORROWER | | REGIONAL WATER RESOURCE AGENCY DAVIESS COUNTY | | |
| BRIEF DESCRIPTION | | | | |
| The Ravines Sewer Upgrade project will reconstruct and upgrade the Ravine Interceptor Sewer that conveys combined sewage in the north central portion of Owensboro's combined sewer system. The project is designed to separate storm water and wastewater into separate pipes conveying storm water away and out of the combined sewer system. The separation will result in CSS lines being replaced with SSS and storm lines. The storm water contribution to the combined sewer overflow located at Locust Street will be greatly reduced. | | | | |
| PROJECT FINANCING | | PROJECT BUDGET | | |
| Fund A Loan | \$4,180,262 | RD Fee % | Actual % | |
| KIA P&D Loan (A16-026) | \$415,000 | | | |
| | | | | Administrative Expenses \$50,000 |
| | | | | Legal Expenses 40,000 |
| | | | | Land, Easements 20,000 |
| | | Eng - Design / Const 6.9% | 6.6% | 264,718 |
| | | Eng - Insp 3.7% | 3.5% | 139,342 |
| | - | Eng - Other | | 100,000 |
| | | Construction | | 3,619,275 |
| | | Contingency | | 361,927 |
| TOTAL | <u>\$4,595,262</u> | TOTAL | | <u>\$4,595,262</u> |
| REPAYMENT | Rate | 1.75% | Est. Annual Payment \$282,497 | |
| | Term | 20 Years | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | Cannon & Cannon, Inc. | | |
| | Bond Counsel | Dinsmore & Shohl, LLP | | |
| PROJECT SCHEDULE | Bid Opening | June 2018 | | |
| | Construction Start | August 2018 | | |
| | Construction Stop | August 2020 | | |
| DEBT PER CUSTOMER | Existing | \$940 | | |
| | Proposed | \$1,400 | | |
| OTHER DEBT | See Attached | | | |
| RESIDENTIAL RATES | Current | <u>Users</u> | <u>Avg. Bill</u> | |
| | | 30,410 | \$37.29 | (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 2014 | 4,517,894 | 2,787,456 | 1,730,438 | 1.6 |
| Audited 2015 | 5,372,723 | 2,957,026 | 2,415,697 | 1.8 |
| Audited 2016 | 7,776,746 | 3,177,474 | 4,599,272 | 2.4 |
| Audited 2017 | 8,492,271 | 2,768,067 | 5,724,204 | 3.1 |
| Projected 2018 | 8,821,079 | 3,064,332 | 5,756,747 | 2.9 |
| Projected 2019 | 9,041,557 | 3,195,033 | 5,846,525 | 2.8 |
| Projected 2020 | 9,239,430 | 3,769,885 | 5,469,546 | 2.5 |
| Projected 2021 | 9,416,097 | 4,528,902 | 4,887,195 | 2.1 |
| Projected 2022 | 9,572,752 | 4,517,907 | 5,054,845 | 2.1 |

Reviewer: Melissa Rife
Date: July 10, 2018
Loan Number: A18-005

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND A)
REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY
PROJECT REVIEW
SX21059027**

I. PROJECT DESCRIPTION

The Regional Water Resource Agency (RWRA) is requesting Fund A loan in the amount of \$4,595,262 for the Ravines Sewer Upgrade project. This loan includes KIA Planning & Design Loan A16-026 in the amount of \$415,000 (approved by the KIA Board on April 7, 2016).

This is the third phase of up and down stream improvements and storm/sanitary separation improvements within this watershed. The Ravines Sewer Upgrade project involves the reconstruction and upgrade of the Ravine Interceptor Sewer that conveys combined sewage in the north central portion of Owensboro's combined sewer system. The project is designed to separate storm water and wastewater into separate pipes conveying storm water away and out of the combined sewer system. The separation will result in CSS lines being replaced with SSS and storm lines. The storm water contribution to the combined sewer overflow located at Locust Street will be greatly reduced.

The Ravine Sewer was originally constructed the former ditch located in the northern portion of the combined sewer system referred to as "The Ravine." The line runs in a diagonal path across several city blocks. The original line does not contain dedicated easements to prevent construction above the pipe. This creates the potential to damage the structures if the line becomes compromised. The condition of this line is unstable. There are various sections of the pipe with structural issues, including improper pipe sizing when originally installed. The new lines will be in the same ditch and will be offset to adequately facilitate future replacements and repairs. Original lines will either be removed or safe loaded.

II. PROJECT BUDGET

| | <u>Total</u> |
|---------------------------------|---------------------|
| Administrative Expenses | \$ 50,000 |
| Legal Expenses | 40,000 |
| Land, Easements | 20,000 |
| Engineering Fees – Design | 205,000 |
| Engineering Fees – Construction | 59,718 |
| Engineering Fees – Inspection | 139,342 |
| Engineering Fees – Other | 100,000 |
| Construction | 3,619,275 |
| Contingency | 361,927 |
| Total | \$ 4,595,262 |

III. PROJECT FUNDING

| | Amount | % |
|------------------------|---------------------|-------------|
| Fund A Loan | \$ 4,180,262 | 91% |
| KIA P&D Loan (A16-026) | 415,000 | 9% |
| Total | \$ 4,595,262 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|-------------------|
| Construction Loan | \$ 4,180,262 |
| KIA P&D Loan (A16-026) | 415,000 |
| Less: Principal Forgiveness | 0 |
| Amortized Loan Amount | \$ 4,595,262 |
| Interest Rate | 1.75% |
| Loan Term (Years) | 20 |
| Estimated Annual Debt Service | \$ 273,306 |
| Administrative Fee (0.20%) | 9,191 |
| Total Estimated Annual Debt Service | \$ 282,497 |

V. PROJECT SCHEDULE

| | |
|--------------------|-------------|
| Bid Opening | June 2018 |
| Construction Start | August 2018 |
| Construction Stop | August 2020 |

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

| Customers | Current | Total |
|-------------|---------|--------|
| Residential | 27,520 | 27,520 |
| Commercial | 2,803 | 2,803 |
| Industrial | 87 | 87 |
| Total | 30,410 | 30,410 |

B) Rates

| | Current | Prior | Prior |
|----------------------------------|----------|----------|----------|
| Date of Last Rate Increase | 07/01/17 | 07/01/16 | 01/01/16 |
| Minimum | \$ 14.05 | \$ 12.95 | \$ 11.95 |
| Each additional 1,000 gallons | 4.39 | 4.39 | 4.39 |
| Environmental Improvement Charge | 5.15 | 3.95 | 2.95 |
| Capacity Fee | 0.53 | | |
| Cost for 4,000 gallons | \$ 37.29 | \$ 34.46 | \$ 32.46 |
| Increase % | 8.2% | 6.2% | |
| Affordability Index (Rate/MHI) | 1.1% | 1.1% | |

RWRA has rate adjustments planned through 2021. All rate increases have been included in this analysis.

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2012-2016, the Utility's service area population was 72,417 with a Median Household Income (MHI) of \$41,810. The median household income for the Commonwealth is \$43,740. The project will qualify for a 1.75% interest rate.

| Year | Population | | | | Unemployment Rate | |
|--------------|------------|----------|--------|----------|-------------------|------|
| | City | % Change | County | % Change | Date | Rate |
| 1980 | 54,450 | | 85,949 | | June 2005 | 6.3% |
| 1990 | 53,549 | -1.7% | 87,189 | 1.4% | June 2010 | 9.2% |
| 2000 | 54,067 | 1.0% | 91,545 | 5.0% | June 2015 | 4.9% |
| 2010 | 57,265 | 5.9% | 96,656 | 5.6% | June 2017 | 5.3% |
| Current | 58,685 | 2.5% | 98,724 | 2.1% | | |
| Cumulative % | | 7.8% | | 14.9% | | |

VIII. 2017 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 06/30/14 through 06/30/17. The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2016 operating expenses (\$576,572) and fiscal 2017 operating expenses (\$705,575). Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased approximately 33% from \$16.1 million to \$21.4 million from 2014 to 2017 while operating expenses increased 11.5% from \$12.0 million to \$13.3 million. Cash flow available for debt service was \$4.5 million, \$5.3 million, \$7.8 million, and \$8.5 million in 2014, 2015, 2016, and 2017 respectively, while the debt coverage ratio was 1.6, 1.8, 2.4, and 3.1.

The 2017 balance sheet reflects a current ratio of 3.2, debt to equity ratio of 0.8, and 33.3 days sales in accounts receivable.

AUDIT INFORMATION

Opinion:

2014 Unqualified

2015 Unqualified

2016 Unqualified

2017 Unqualified

Internal Control Over Financial Reporting:

2014 Auditor did not identify any deficiencies in internal controls.

2015 Auditor did not identify any deficiencies in internal controls.

2016 Auditor did not identify any deficiencies in internal controls.

2017 Auditor did not identify any deficiencies in internal controls.

Compliance and Other Matters:

2014 Auditor's tests did not disclose any instances of noncompliance or other matters required to be reported under Governmental Auditing Standards.

2015 Auditor's tests did not disclose any instances of noncompliance or other matters required to be reported under Governmental Auditing Standards.

2016 Auditor's tests did not disclose any instances of noncompliance or other matters required to be reported under Governmental Auditing Standards.

2017 Auditor's tests did not disclose any instances of noncompliance or other matters required to be reported under Governmental Auditing Standards.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will increase according to the rate plan established by RWRA through 2021.
- 2) Operating expenses will increase 2% annually for inflation.
- 3) Debt service coverage is 2.1 in 2021 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 current replacement reserve account of \$2,500,000 is adequate to cover reserves for all KIA loans. No additional reserves will be required as a result of this loan.

X. DEBT OBLIGATIONS

| | Outstanding | Maturity |
|--|----------------------|----------|
| 2016 Series A Revenue Bonds | \$ 2,350,000 | 2027 |
| KIA A99-04 | 8,538,288 | 2023 |
| KIA A06-02 | 3,968,930 | 2027 |
| KIA A07-08 | 854,203 | 2028 |
| KIA A10-13 | 5,347,123 | 2032 |
| KIA A12-14 | 332,895 | 2033 |
| KIA A12-15 | 2,283,955 | 2033 |
| KIA A13-017 | 813,208 | 2035 |
| KIA A13-028 | 809,775 | 2035 |
| KIA A14-008 | 331,439 | 2035 |
| City of Owensboro (JSA Improvements) | 681,552 | 2035 |
| KIA A15-002 (i/a/o \$8,007,500) | 0 | TBD |
| KIA A15-027 (i/a/o \$1,425,000) | 219,174 | TBD |
| KIA A15-099 (i/a/o \$3,566,001) | 1,960,589 | TBD |
| KIA A16-026 P&D (i/a/o \$415,000) | 75,499 | TBD |
| KIA A16-082 PTP Loan (i/a/o \$200,000) | 0 | TBD |
| KIA B17-014 (i/a/o \$500,000) | 0 | TBD |
| KIA B17-015 (i/a/o \$485,000) | 0 | TBD |
| KIA A18-005 (i/a/o \$4,180,262) | 0 | TBD |
| KIA A18-007 (i/a/o \$2,047,000) | 0 | TBD |
| KIA A18-026 (i/a/o \$5,619,274) | 0 | TBD |
| Total | \$ 28,566,630 | |

XI. CONTACTS

| Legal Applicant | |
|------------------------|--|
| Entity Name | Regional Water Resource Agency |
| Authorized Official | Joseph G. Schepers, Executive Director |
| County | Daviess |
| Email | schepersjg@rwra.org |
| Phone | (270) 687-8440 |
| Address | 1722 Pleasant Valley Road Owensboro, KY 42303 |

Applicant Contact

| | |
|--------------|--|
| Name | Joseph G. Schepers, Executive Director |
| Organization | Regional Water Resource Agency |
| Email | schepersjg@rwra.org |
| Phone | (270) 687-8440 |
| Address | 1722 Pleasant Valley Road Owensboro, KY 42303 |

Project Administrator

| | |
|--------------|--------------------------------------|
| Name | Brad Alley |
| Organization | GRADD |
| Email | bradalley@gradd.com |
| Phone | (270) 926-4433 |
| Address | 300 GRADD Way Owensboro, KY 42301 |

Consulting Engineer

| | |
|-----------|--|
| PE Name | Jeffrey Thomas Lashlee |
| Firm Name | Cannon & Cannon, Inc. |
| Email | jlashlee@cannon-cannon.com |
| Phone | (270) 843-2744 |
| Address | 2501 Crossings Blvd.; Suite 203 Bowling Green, KY 42104 |

XII. RECOMMENDATIONS

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

**REGIONAL WATER RESOURCE AGENCY
FINANCIAL SUMMARY (June YEAR END)**

| | <u>Audited 2014</u> | <u>Audited 2015</u> | <u>Audited 2016</u> | <u>Audited 2017</u> | <u>Projected 2018</u> | <u>Projected 2019</u> | <u>Projected 2020</u> | <u>Projected 2021</u> | <u>Projected 2022</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Balance Sheet | | | | | | | | | |
| Assets | | | | | | | | | |
| Current Assets | 6,600,476 | 8,684,574 | 10,735,081 | 15,074,573 | 15,708,114 | 16,337,666 | 16,927,921 | 17,458,540 | 18,004,625 |
| Other Assets | 72,739,995 | 73,766,013 | 75,927,345 | 78,631,149 | 82,479,963 | 95,511,094 | 102,775,449 | 102,160,124 | 101,695,685 |
| Total | 79,340,471 | 82,450,587 | 86,662,426 | 93,705,722 | 98,188,077 | 111,848,760 | 119,703,370 | 119,618,665 | 119,700,310 |
| Liabilities & Equity | | | | | | | | | |
| Current Liabilities | 3,613,418 | 4,069,830 | 4,120,209 | 4,649,222 | 4,719,336 | 4,781,473 | 4,844,510 | 4,903,449 | 4,935,949 |
| Long Term Liabilities | 28,153,489 | 33,887,218 | 34,208,359 | 35,516,645 | 36,658,967 | 46,411,342 | 50,861,705 | 48,079,364 | 45,297,023 |
| Total Liabilities | 31,766,907 | 37,957,048 | 38,328,568 | 40,165,867 | 41,378,303 | 51,192,815 | 55,706,215 | 52,982,813 | 50,232,972 |
| Net Assets | 47,573,564 | 44,493,539 | 48,333,858 | 53,539,855 | 56,809,774 | 60,655,945 | 63,997,155 | 66,635,852 | 69,467,338 |
| Cash Flow | | | | | | | | | |
| Revenues | 16,121,783 | 17,687,562 | 19,642,314 | 21,407,439 | 22,042,267 | 22,534,712 | 23,009,992 | 23,469,614 | 23,914,883 |
| Operating Expenses | 11,960,694 | 12,711,388 | 12,613,885 | 13,331,742 | 13,598,377 | 13,870,344 | 14,147,751 | 14,430,706 | 14,719,320 |
| Other Income | 356,805 | 396,549 | 748,317 | 416,574 | 377,189 | 377,189 | 377,189 | 377,189 | 377,189 |
| Cash Flow Before Debt Service | 4,517,894 | 5,372,723 | 7,776,746 | 8,492,271 | 8,821,079 | 9,041,557 | 9,239,430 | 9,416,097 | 9,572,752 |
| Debt Service | | | | | | | | | |
| Existing Debt Service | 2,787,456 | 2,957,026 | 3,177,474 | 2,768,067 | 3,064,332 | 3,195,033 | 3,769,885 | 4,246,405 | 4,235,410 |
| Proposed KIA Loan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 282,497 | 282,497 |
| Total Debt Service | 2,787,456 | 2,957,026 | 3,177,474 | 2,768,067 | 3,064,332 | 3,195,033 | 3,769,885 | 4,528,902 | 4,517,907 |
| Cash Flow After Debt Service | 1,730,438 | 2,415,697 | 4,599,272 | 5,724,204 | 5,756,747 | 5,846,525 | 5,469,546 | 4,887,195 | 5,054,845 |
| Ratios | | | | | | | | | |
| Current Ratio | 1.8 | 2.1 | 2.6 | 3.2 | 3.3 | 3.4 | 3.5 | 3.6 | 3.6 |
| Debt to Equity | 0.7 | 0.9 | 0.8 | 0.8 | 0.7 | 0.8 | 0.9 | 0.8 | 0.7 |
| Days Sales in Accounts Receivable | 32.7 | 32.0 | 33.1 | 33.3 | 33.3 | 33.3 | 33.3 | 33.3 | 33.3 |
| Months Operating Expenses in Unrestricted Cash | 3.5 | 4.9 | 6.4 | 9.7 | 10.0 | 10.3 | 10.6 | 10.8 | 11.0 |
| Debt Coverage Ratio | 1.6 | 1.8 | 2.4 | 3.1 | 2.9 | 2.8 | 2.5 | 2.1 | 2.1 |

| | | | | | | |
|--|---|--------------------------|------------------------------|------------------------|-----------|----------|
| EXECUTIVE SUMMARY | | Reviewer | Ashley Adams | | | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date | June 1, 2017 | | | |
| FUND B, INFRASTRUCTURE | | KIA Loan Number | B17-013 | | | |
| REVOLVING LOAN FUND | | WRIS Number | SX21083058 WX21083041 | | | |
| BORROWER | CITY OF MAYFIELD F/B/O MAYFIELD ELECTRIC AND WATER SYSTEMS GRAVES COUNTY | | | | | |
| BRIEF DESCRIPTION | | | | | | |
| This loan will fund a wastewater project as well as a drinking water project that are already under construction. The wastewater portion will replace two screw pumps at the Mayfield Wastewater Treatment plant that have not had major rehabilitation since they were installed in the early 1990s. The drinking water portion of the project will construct two new water wells at the Mayfield Water Treatment Plant. The current wells have reached their daily capacity. | | | | | | |
| PROJECT FINANCING | | PROJECT BUDGET | | | RD Fee % | Actual % |
| Fund B Loan | \$849,000 | Eng - Design / Const | 11.8% | 4.5% | 36,000 | |
| | | Eng - Insp | 9.8% | 0.7% | 6,000 | |
| | | Construction | | | 769,000 | |
| | | Contingency | | | 38,000 | |
| TOTAL | \$849,000 | TOTAL | | | \$849,000 | |
| REPAYMENT | Rate | 0.25% | Est. Annual Payment | | \$45,245 | |
| | Term | 20 Years | 1st Payment | 6 Mo. after first draw | | |
| PROFESSIONAL SERVICES | Engineer | Water Management Systems | | | | |
| | Bond Counsel | Dinsmore & Shohl, LLP | | | | |
| PROJECT SCHEDULE | Bid Opening | Nov-16 | Oct-16 | Drinking Water | | |
| | Construction Start | Aug-17 | Feb-17 | Wastewater | | |
| | Construction Stop | Sep-17 | May-17 | | | |
| DEBT PER CUSTOMER | Existing | \$140 | | | | |
| | Proposed | \$590 | | | | |
| OTHER DEBT | See Attached | | | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | | | |
| RESIDENTIAL RATES | | <u>Users</u> | <u>Avg. Bill</u> | | | |
| | Current - Water | 4,917 | \$15.43 | (for 4,000 gallons) | | |
| | Current - Sewer | 4,480 | \$21.16 | (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 2014 | 389,717 | 218,984 | 170,733 | 1.8 | | |
| Audited 2015 | 770,402 | 99,642 | 670,760 | 7.7 | | |
| Audited 2016 | 1,031,961 | 51,219 | 980,742 | 20.1 | | |
| Projected 2017 | 1,115,006 | 26,043 | 1,088,963 | 42.8 | | |
| Projected 2018 | 1,208,029 | 145,743 | 1,062,287 | 8.3 | | |
| Projected 2019 | 1,309,687 | 168,321 | 1,141,366 | 7.8 | | |
| Projected 2020 | 1,418,318 | 168,275 | 1,250,043 | 8.4 | | |
| Projected 2021 | 1,522,427 | 168,230 | 1,354,197 | 9.0 | | |

Reviewer: Ashley Adams
Date: June 1, 2017
Loan Number: B17-013

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND (FUND "B")
CITY OF MAYFIELD F/B/O MAYFIELD ELECTRIC & WATER SYSTEMS,
GRAVES COUNTY
PROJECT REVIEW
SX21083058/WX21083041**

I. PROJECT DESCRIPTION

The City of Mayfield f/b/o Mayfield Electric & Water Systems is requesting a Fund B loan in the amount of \$849,000 for the Wastewater Treatment Plant - Screw Pump Replacement & Water Treatment Plant - New Water Well projects. This loan will fund a wastewater project as well as a drinking water project. The wastewater portion will replace two screw pumps at the Mayfield Wastewater Treatment plant that have not had major rehabilitation since they were installed in the early 1990s. The headworks will be expanded to treat a 12 MGD peak flow with headworks modifications including screening, grit removal, and influent and effluent piping modifications. The drinking water portion of the project will construct two new water wells at the Mayfield Water Treatment Plant. The current wells have reached their daily capacity.

II. PROJECT BUDGET

| | <u>Total</u> |
|-----------------------------------|-------------------|
| Engineering Fees - Design / Const | \$ 36,000 |
| Engineering Fees - Inspection | 6,000 |
| Construction | 769,000 |
| Contingency | 38,000 |
| Total | \$ 849,000 |

III. PROJECT FUNDING

| | <u>Amount</u> | <u>%</u> |
|--------------|-------------------|-------------|
| Fund B Loan | \$ 849,000 | 100% |
| Total | \$ 849,000 | 100% |

IV. KIA DEBT SERVICE

| | | |
|--|-----------|---------------|
| Amortized Loan Amount | \$ | 849,000 |
| Interest Rate | | 0.25% |
| Loan Term (Years) | | 20 |
| Estimated Annual Debt Service | \$ | 43,547 |
| Administrative Fee (0.20%) | | 1,698 |
| Total Estimated Annual Debt Service | \$ | 45,245 |

V. PROJECT SCHEDULE

Drinking Water

| | |
|--------------------|----------------|
| Bid Opening | November 2016 |
| Construction Start | March 2017 |
| Construction Stop | September 2017 |

Wastewater

| | |
|--------------------|---------------|
| Bid Opening | October 2016 |
| Construction Start | February 2017 |
| Construction Stop | May 2017 |

VI. RATE STRUCTURE

A. Customers

| Customers | Water | Sewer |
|-------------|-------|-------|
| Residential | 4,259 | 3,902 |
| Commercial | 658 | 578 |
| Total | 4,917 | 4,480 |

B. Rates

| Water | Inside City | | Outside City | |
|-----------------------------------|-------------|----------|--------------|----------|
| | Future | Current | Future | Current |
| Date of Last Rate Increase | 01/01/18 | 01/01/17 | 01/01/18 | 01/01/17 |
| Minimum | \$9.01 | \$8.50 | \$12.68 | \$11.96 |
| Next 2,000 Gallons/1,000 | 3.67 | 3.46 | 5.51 | 5.19 |
| Cost for 4,000 gallons | \$16.35 | \$15.43 | \$23.69 | \$22.35 |
| Increase % | 6.0% | 6.0% | 6.0% | 6.0% |
| Affordability Index (Rate/MHI) | 0.8% | 0.7% | 1.1% | 1.0% |

| Sewer | Inside City | | Outside City | |
|-----------------------------------|-------------|----------|--------------|----------|
| | Future | Current | Future | Current |
| Date of Last Rate Increase | 01/01/18 | 01/01/17 | 09/01/17 | 09/01/16 |
| Minimum | \$11.01 | \$10.79 | \$12.80 | \$11.64 |
| Next 2,000 Gallons/1,000 | 5.50 | 5.40 | 6.40 | 5.82 |
| Cost for 4,000 gallons | \$22.02 | \$21.58 | \$25.60 | \$23.28 |
| Increase % | 2.0% | 2.0% | 10.0% | 10.0% |
| Affordability Index (Rate/MHI) | 1.0% | 1.0% | 1.2% | 1.1% |

Rates for inside city and outside city water will increase 6% annually through January 2021. Rates for inside city sewer will increase 2% through January 2021. Rates for outside city sewer will increase 10% through July 2020. All rates will be reevaluated at the end of these time periods.

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2010-2014, the Utility's service area population was 10,707 with a Median Household Income (MHI) of \$25,589. The median household income for the Commonwealth is \$43,342. The project will qualify for a 0.25% interest rate.

| Year | Population | | County | % Change | County Unemployment | |
|--------------|------------|----------|--------|----------|---------------------|-------|
| | City | % Change | | | Date | Rate |
| 1980 | 10,705 | | 34,049 | | June 2005 | 10.7% |
| 1990 | 9,935 | -7.2% | 33,550 | -1.5% | June 2010 | 9.2% |
| 2000 | 10,349 | 4.2% | 37,028 | 10.4% | June 2015 | 6.2% |
| 2010 | 10,024 | -3.1% | 37,121 | 0.3% | June 2016 | 6.3% |
| Current | 10,091 | 0.7% | 37,451 | 0.9% | | |
| Cumulative % | | -5.7% | | 10.0% | | |

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements of the Water and Sewer funds for years ended June 30, 2014 through June 30, 2016. The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2016 operating expenses (\$189 thousand). Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased 19% from \$3.2 million in 2014 to \$3.8 million in 2016 due to multiple rate increases. Operating expenses decreased 2% from \$2.7 million to \$2.6 million during the same time period. The debt coverage ratio was 1.8, 7.7, and 20.1 from 2014 to 2016, respectively.

The balance sheet reflects a current ratio of 0.9, a debt to equity ratio of 0.6, and unrestricted cash equals 1.2 months of operating expenses. Days sales in accounts receivable (collection period) is not reported in this presentation because A/R is reported in the electric fund balance sheet and not available specifically for the water/sewer funds.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Water and sewer revenues will be flat for volume but increase steadily through 2021 to reflect multiple rate increases approved in 2016.
- 2) Expenses will increase 2% annually for inflation.
- 3) Debt service coverage is 7.8 in 2019 when full principal and interest repayments begin.

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

REPLACEMENT RESERVE

The annual replacement cost is \$2,100. This amount should be added to the replacement account each December 1 until the balance reaches \$42,000 and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

| | <u>Outstanding</u> | <u>Maturity</u> |
|--|--------------------|-----------------|
| KIA Loan (A209-13) | \$ 341,662 | 2031 |
| FNB Bank (LOC) | 345,876 | 2017 |
| KIA Loan (C16-001) (i/a/o \$1,410,530) | | |
| Total | \$ 687,538 | |

X. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

None

XI. CONTACTS

| Legal Applicant | |
|------------------------|---|
| Name | Mayfield Electric and Water Systems |
| Address | 301 East Broadway Mayfield, KY 42066 |
| County | Graves |
| Authorized Official | Kevin Leonard, Water & Wastewater Manager |
| Phone | 270-247-4661 |
| Email | kleonard@mewsbb.com |

| Project Administrator | |
|------------------------------|---|
| Name | Kevin Leonard |
| Title | Water & Wastewater Manager |
| Organization | Mayfield Electric and Water Systems |
| Email | kleonard@mewsbb.com |
| Phone | 270-247-4661 |
| Address | 301 East Broadway Mayfield, KY 42066 |

| Consulting Engineer | |
|----------------------------|---|
| Name | Joe Hinkle |
| Firm | Water Management Systems |
| Address | 2 International Plaza, Suite 1 Nashville, TN 37217 |
| Phone | 615-366-6088 |
| Email | jhinkle@wmsengineers.com |

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard.

**CITY OF MAYFIELD F/B/O MAYFIELD ELECTRIC AND WATER SYSTEMS
FINANCIAL SUMMARY (JUNE YEAR END)**

| | <u>Audited</u> <u>2014</u> | <u>Audited</u> <u>2015</u> | <u>Audited</u> <u>2016</u> | <u>Projected</u> <u>2017</u> | <u>Projected</u> <u>2018</u> | <u>Projected</u> <u>2019</u> | <u>Projected</u> <u>2020</u> | <u>Projected</u> <u>2021</u> |
|--|-------------------------------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Balance Sheet | | | | | | | | |
| Assets | | | | | | | | |
| Current Assets | 459,941 | 684,690 | 1,096,572 | 1,314,365 | 1,526,822 | 1,755,095 | 2,005,104 | 2,275,943 |
| Other Assets | 10,108,750 | 10,230,619 | 10,961,053 | 12,304,182 | 13,620,386 | 14,129,627 | 14,725,811 | 15,405,317 |
| Total | 10,568,691 | 10,915,309 | 12,057,625 | 13,618,547 | 15,147,208 | 15,884,723 | 16,730,915 | 17,681,261 |
| Liabilities & Equity | | | | | | | | |
| Current Liabilities | 1,368,019 | 1,267,204 | 1,168,137 | 1,189,081 | 1,210,703 | 1,232,725 | 1,255,150 | 1,278,077 |
| Long Term Liabilities | 470,731 | 2,638,325 | 3,410,310 | 4,241,495 | 5,064,774 | 5,038,830 | 5,012,662 | 4,986,266 |
| Total Liabilities | 1,838,750 | 3,905,529 | 4,578,447 | 5,430,576 | 6,275,477 | 6,271,555 | 6,267,812 | 6,264,343 |
| Net Assets | 8,729,941 | 7,009,780 | 7,479,178 | 8,187,971 | 8,871,731 | 9,613,167 | 10,463,103 | 11,416,918 |
| Cash Flow | | | | | | | | |
| Revenues | 3,146,574 | 3,317,970 | 3,733,669 | 3,876,428 | 4,026,390 | 4,183,984 | 4,349,670 | 4,511,975 |
| Operating Expenses | 2,747,627 | 2,537,892 | 2,688,188 | 2,747,902 | 2,804,841 | 2,860,777 | 2,917,832 | 2,976,028 |
| Other Income | (9,230) | (9,676) | (13,520) | (13,520) | (13,520) | (13,520) | (13,520) | (13,520) |
| Cash Flow Before Debt Service | 389,717 | 770,402 | 1,031,961 | 1,115,006 | 1,208,029 | 1,309,687 | 1,418,318 | 1,522,427 |
| Debt Service | | | | | | | | |
| Existing Debt Service | 218,984 | 99,642 | 51,219 | 26,043 | 123,120 | 123,076 | 123,030 | 122,985 |
| Proposed KIA Loan | 0 | 0 | 0 | 0 | 22,623 | 45,245 | 45,245 | 45,245 |
| Total Debt Service | 218,984 | 99,642 | 51,219 | 26,043 | 145,743 | 168,321 | 168,275 | 168,230 |
| Cash Flow After Debt Service | 170,733 | 670,760 | 980,742 | 1,088,963 | 1,062,287 | 1,141,366 | 1,250,043 | 1,354,197 |
| Ratios | | | | | | | | |
| Current Ratio | 0.3 | 0.5 | 0.9 | 1.1 | 1.3 | 1.4 | 1.6 | 1.8 |
| Debt to Equity | 0.2 | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.6 | 0.5 |
| Months Operating Expenses in Unrestricted Cash | 0.1 | 0.5 | 1.2 | 2.1 | 3.0 | 3.9 | 4.8 | 5.8 |
| Debt Coverage Ratio | 1.8 | 7.7 | 20.1 | 42.8 | 8.3 | 7.8 | 8.4 | 9.0 |

| | | | | | | |
|--|--|-------------------------|------------------------------|------------------------|----------|--------------|
| EXECUTIVE SUMMARY | | Reviewer | Ashley Adams | | | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date | August 2, 2018 | | | |
| FUND C, GOVERNMENTAL AGENCIES FUND | | KIA Loan Number | C18-001 (Increase) | | | |
| REVOLVING LOAN FUND | | WRIS Number | WX21227087 | | | |
| BORROWER | CITY OF BOWLING GREEN WARREN COUNTY | | | | | |
| BRIEF DESCRIPTION | | | | | | |
| This is an increase to a loan approved by the board on September 1, 2017. The increase is needed to fund added scope to the project design (addition of residuals basin and piping as well as modifications to the chemical feed system). | | | | | | |
| Original Project Description: This loan will fund the engineering fees portion of a larger water treatment plant expansion project that will be financed by bonds. The larger construction project will address growth in the City and County. This project includes the addition of a filter building with ten filters, two flash mix units, four flocculation and sedimentation basins, and expansion of an existing raw water pump station. | | | | | | |
| PROJECT FINANCING | | PROJECT BUDGET | | | RD Fee % | Actual % |
| Fund C Loan | \$4,540,000 | Planning | | | | 138,026 |
| Bonds | 42,000,000 | Eng - Design / Const | 6.4% | 7.8% | | 3,271,461 |
| | | Eng - Insp | 4.0% | 2.6% | | 1,080,000 |
| | | Construction | | | | 42,000,000 |
| | | Contingency | | | | 50,513 |
| TOTAL | \$46,540,000 | TOTAL | | | | \$46,540,000 |
| REPAYMENT | Rates | 3.00% | Est. Annual Payment | \$ | 312,598 | |
| | Term | 20 Years | 1st Payment | 6 Mo. after first draw | | |
| PROFESSIONAL SERVICES | Engineer | Smith Seckman Reid, Inc | | | | |
| | Bond Counsel | Dinsmore & Shohl, LLP | | | | |
| PROJECT SCHEDULE | Bid Opening | Nov-18 | | | | |
| | Construction Start | Jan-19 | | | | |
| | Construction Stop | Jan-22 | | | | |
| DEBT PER CUSTOMER | Existing | \$2,966 | | | | |
| | Proposed | \$4,330 | | | | |
| OTHER DEBT | See Attached | | | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | | | |
| RESIDENTIAL RATES | | <u>Users</u> | <u>Avg. Bill</u> | | | |
| | Current | 22,032 | \$22.57 | (for 4,000 gallons) | | |
| | Additional | 0 | \$22.57 | (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 | 8,801,606 | 5,351,320 | 3,450,286 | 1.6 | | |
| Audited 2016 | 9,763,600 | 5,366,938 | 4,396,662 | 1.8 | | |
| Audited 2017 | 10,371,205 | 5,400,866 | 4,970,339 | 1.9 | | |
| Projected 2018 | 11,934,080 | 5,280,548 | 6,653,532 | 2.3 | | |
| Projected 2019 | 13,262,213 | 5,726,120 | 7,536,093 | 2.3 | | |
| Projected 2020 | 13,933,622 | 8,720,952 | 5,212,670 | 1.6 | | |
| Projected 2021 | 14,602,439 | 8,713,190 | 5,889,249 | 1.7 | | |
| Projected 2022 | 15,266,704 | 9,031,365 | 6,235,339 | 1.7 | | |

Reviewer: Ashley Adams
Date: August 2, 2018
Loan Number: C18-001 (Increase)

**KENTUCKY INFRASTRUCTURE AUTHORITY
GOVERNMENTAL AGENCIES LOAN FUND (FUND C)
CITY OF BOWLING GREEN
F/B/O BOWLING GREEN MUNICIPAL UTILITIES, WARREN COUNTY
PROJECT REVIEW
WX21227087**

I. PROJECT DESCRIPTION

The City of Bowling Green is requesting a Fund C loan increase in the amount of \$740,000 for the Water Treatment Plant Expansion project. This increase will bring the loan total to \$4,540,000. In order to meet anticipated growth and redundancy needs in the City and County, it is necessary to upgrade the aging water treatment plant. This loan will fund all engineering costs for the project which has anticipated construction costs of around \$42 million in bond financing. The future plant design will maintain the conventional treatment process and include the addition of a filter building with ten filters, two flash mix units, four flocculation and sedimentation basins, and expansion of an existing raw water pump station. The project will be offered for bids with a base bid addition of 7.5 MGD with an additive alternate of 7.5 MGD. The renovation will potentially add 7.5-15 MGD of capacity to the current plant capacity of 30 MGD (37.5-45 MGD total).

The driving force behind the expansion is mainly to address population growth in the County. Because BGMU is the majority water provider for Warren County Water District (WCWD), they must increase capacity to continue meeting their needs. As a result of this, WCWD will actually carry approximately 85% of the debt related to this project. BGMU provides WCWD with around 8.5 MG of water on a daily basis.

BGMU services approximately 22,000 residential and commercial retail customers. They also indirectly serve an additional 25,000 customers through water sales to Warren County Water District.

II. PROJECT BUDGET

| | Total |
|---------------------------------|----------------------|
| Planning | \$ 138,026 |
| Engineering Fees - Design | 2,175,069 |
| Engineering Fees - Construction | 1,096,392 |
| Engineering Fees - Inspection | 1,080,000 |
| Construction | 42,000,000 |
| Contingency | 50,513 |
| Total | \$ 46,540,000 |

III. PROJECT FUNDING

| | Amount | % |
|--------------|----------------------|-------------|
| Fund C Loan | \$ 4,540,000 | 10% |
| Bonds | 42,000,000 | 90% |
| Total | \$ 46,540,000 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|---------------------|
| Amortized Loan Amount | \$ 4,540,000 |
| Interest Rate | 3.00% |
| Loan Term (Years) | 20 |
| Estimated Annual Debt Service | \$ 303,518 |
| Administrative Fee (0.20%) | 9,080 |
| Total Estimated Annual Debt Service | \$ 312,598 |
| Full Project Debt Service Estimate | \$ 3,303,078 |

V. PROJECT SCHEDULE

| | |
|--------------------|---------------|
| Bid Opening | November 2018 |
| Construction Start | January 2019 |
| Construction Stop | January 2022 |

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

| | Current |
|-----------------------|---------------|
| Residential | 15,532 |
| Commercial/Industrial | 6,500 |
| Total | 22,032 |

B) Rates

| Water | Inside City | | Outside City | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | Current | Prior | Current | Prior |
| Date of Last Rate Increase | 07/01/18 | 07/01/17 | 07/01/18 | 07/01/17 |
| Customer Charge | \$6.58 | \$5.73 | \$9.21 | \$8.02 |
| First 2,000 cubic feet (per 100 cf) | 2.99 | 2.90 | 4.18 | 4.05 |
| Next 23,000 cubic feet (per 100 cf) | 2.78 | 2.69 | 3.89 | 3.77 |
| Next 25,000 cubic feet (per 100 cf) | 2.39 | 2.32 | 3.34 | 3.24 |
| Cost for 4,000 gallons | \$22.57 | \$21.24 | \$31.56 | \$29.68 |
| Increase % | 6.3% | | 6.4% | |
| Affordability Index (Rate/MHI) | 0.7% | | 1.0% | |

| Sewer | Inside City | | Outside City | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | Current | Prior | Current | Prior |
| Date of Last Rate Increase | 07/01/18 | 07/01/17 | 07/01/18 | 07/01/17 |
| Customer Charge | \$6.22 | \$5.42 | \$8.71 | \$7.59 |
| First 2,000 cubic feet (per 100 cf) | 3.72 | 3.61 | 5.22 | \$5.06 |
| Next 23,000 cubic feet (per 100 cf) | 3.72 | 3.61 | 5.22 | \$5.06 |
| Next 25,000 cubic feet (per 100 cf) | 3.72 | 3.61 | 5.22 | \$5.06 |
| Cost for 4,000 gallons | \$26.11 | \$24.72 | \$36.62 | \$34.65 |
| Increase % | 5.6% | | 5.7% | |
| Affordability Index (Rate/MHI) | 0.8% | | 1.2% | |

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2012-2016, the Utility's service area population was 46,601 with a Median Household Income (MHI) of \$37,709. The median household income for the Commonwealth is \$44,811.

| Year | Population | | County | | County Unemployment | |
|--------------|------------|----------|---------|----------|---------------------|-------|
| | City | % Change | County | % Change | Date | Rate |
| 1980 | 40,450 | | 71,828 | | June 2005 | 5.4% |
| 1990 | 40,641 | 0.5% | 76,673 | 6.7% | June 2010 | 14.4% |
| 2000 | 49,296 | 21.3% | 92,522 | 20.7% | June 2015 | 5.8% |
| 2010 | 58,067 | 17.8% | 113,792 | 23.0% | June 2017 | 5.1% |
| Current | 57,323 | -1.3% | 111,843 | -1.7% | | |
| Cumulative % | | 41.7% | | 55.7% | | |

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the Bowling Green Municipal Utilities Water and Sewer Division for the years ended June 30, 2015 through 2017. The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2016 and 2017 operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

Combined water and sewer revenues increased 10.4% from \$23.1 million in 2015 to \$25.5 million in 2017. Total revenue contributions are split almost evenly between water and sewer consistently each year and have both sustained 10%-11% growth during the audited period observed. Operating expenses increased 6% from \$14.4 million in 2015 to \$15.2 million in 2017. The debt coverage ratio was 1.6, 1.8, and 1.9 from 2015 to 2017, respectively.

The balance sheet reflects a current ratio of 1.6, a debt to equity ratio of 1.0, 37 days sales in accounts receivable, and 6 months operating expenses in unrestricted cash.

PROJECTED

Projections are based on the following assumptions:

- 1) Revenues will increase 1% for growth and reflect all approved rate increases through 2022.
- 2) Expenses will increase 2% for inflation.
- 3) Debt service for the estimated \$42 million bond issue for this project is anticipated to begin in late FY 2019 or 2020. A fair market interest rate assumption of 3.8% and a 20 year term was used to calculate debt service. Approximately 85% of this debt will end up being paid by Warren County Water District, however, the financials presentation reflects debt coverage for BGMU shouldering the entire burden.
- 4) Debt service coverage will be approximately 1.7 in 2022 when full year principal and interest payments are expected to begin.

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

REPLACEMENT RESERVE

Because of the nature of this loan (engineering fees only), KIA will not require a replacement reserve.

IX. DEBT OBLIGATIONS

| | <u>Outstanding</u> | <u>Maturity</u> |
|---|----------------------|-----------------|
| Revenue Bonds 2011/2012 | \$ 8,680,000 | 2032 |
| Revenue Bonds 2013 | 4,780,000 | 2024 |
| KIA Loan (F00-01) | 1,078,021 | 2023 |
| KIA Loan (F02-08) | 2,381,432 | 2028 |
| KIA Loan (A06-08) | 2,947,684 | 2029 |
| KIA Loan (A08-03) | 42,708,338 | 2033 |
| KIA Loan (A209-21) | 46,397 | 2031 |
| KIA Loan (F11-16) | 885,532 | 2033 |
| KIA Loan (C14-001) | 1,164,915 | 2037 |
| KIA Loan B17-009 (\$1,156,803 Remaining) | 843,197 | TBD |
| Pension related debt to Electric Division | 5,804 | 2037 |
| Revenue Bonds (i/a/o \$42,000,000) | - | TBD |
| Total | \$ 65,521,320 | |

X. CONTACTS

| | |
|------------------------|---|
| Legal Applicant | |
| Entity Name | City of Bowling Green |
| Authorized Official | Bruce Wilkerson (Mayor) |
| County | Warren |
| Email | bruce.wilkerson@bgky.org |
| Phone | 270-393-3640 |
| Address | 801 Center St Bowling Green, KY 42102-7300 |

| | |
|--------------------------|---|
| Applicant Contact | |
| Name | Michael Gardner |
| Organization | BGMU |
| Email | mgardner@bgmu.com |
| Phone | 270-782-1200 x4366 |
| Address | 801 Center St Bowling Green, KY 42102-7300 |

| | |
|------------------------------|---|
| Project Administrator | |
| Name | Brett Jones |
| Organization | BGMU |
| Email | brett.jones@bgmu.com |
| Phone | 270-782-1200 |
| Address | 801 Center St Bowling Green, KY 42102-7300 |

| | |
|----------------------------|---|
| Consulting Engineer | |
| PE Name | Mike Bernard |
| Firm Name | Smith Seckman Reid, Inc |
| Email | mbernard@ssr-inc.com |
| Phone | 615-460-0582 |
| Address | 2995 Sidco Drive Nashville, TN 37204 |

XI. RECOMMENDATIONS

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

**CITY OF BOWLING GREEN
FINANCIAL SUMMARY (JUNE YEAR END)**

| | <u>Audited 2015</u> | <u>Audited 2016</u> | <u>Audited 2017</u> | <u>Projected 2018</u> | <u>Projected 2019</u> | <u>Projected 2020</u> | <u>Projected 2021</u> | <u>Projected 2022</u> |
|--|-------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Balance Sheet | | | | | | | | |
| Assets | | | | | | | | |
| Current Assets | 7,449,372 | 8,776,109 | 10,410,158 | 11,304,937 | 12,225,730 | 12,848,299 | 13,538,848 | 14,263,687 |
| Other Assets | 148,545,158 | 147,781,196 | 148,555,995 | 151,692,735 | 167,541,733 | 181,299,732 | 195,666,730 | 194,832,395 |
| Total | 155,994,530 | 156,557,305 | 158,966,153 | 162,997,672 | 179,767,463 | 194,148,031 | 209,205,578 | 209,096,082 |
| Liabilities & Equity | | | | | | | | |
| Current Liabilities | 6,264,617 | 5,655,723 | 6,594,685 | 6,690,792 | 6,804,308 | 7,609,434 | 7,731,387 | 7,784,738 |
| Long Term Liabilities | 76,142,685 | 74,749,173 | 72,658,745 | 72,004,526 | 83,062,437 | 94,060,423 | 120,495,888 | 100,385,105 |
| Total Liabilities | 82,407,302 | 80,404,896 | 79,253,430 | 78,695,318 | 89,866,745 | 101,669,857 | 128,227,275 | 108,169,843 |
| Net Assets | 73,587,228 | 76,152,409 | 79,712,723 | 84,302,354 | 89,900,718 | 92,478,174 | 80,978,303 | 100,926,239 |
| Cash Flow | | | | | | | | |
| Revenues | 23,115,107 | 23,837,230 | 25,525,040 | 27,388,961 | 29,016,160 | 30,000,777 | 30,989,066 | 31,979,192 |
| Operating Expenses | 14,378,120 | 14,137,691 | 15,219,418 | 15,520,464 | 15,819,530 | 16,132,738 | 16,452,210 | 16,778,071 |
| Other Income | 64,619 | 64,061 | 65,583 | 65,583 | 65,583 | 65,583 | 65,583 | 65,583 |
| Cash Flow Before Debt Service | 8,801,606 | 9,763,600 | 10,371,205 | 11,934,080 | 13,262,213 | 13,933,622 | 14,602,439 | 15,266,704 |
| Debt Service | | | | | | | | |
| Existing Debt Service | 5,351,320 | 5,366,938 | 5,400,866 | 5,280,548 | 5,726,120 | 8,720,952 | 8,713,190 | 9,031,365 |
| Proposed KIA Loan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 312,598 |
| Total Debt Service | 5,351,320 | 5,366,938 | 5,400,866 | 5,280,548 | 5,726,120 | 8,720,952 | 8,713,190 | 9,343,963 |
| Cash Flow After Debt Service | 3,450,286 | 4,396,662 | 4,970,339 | 6,653,532 | 7,536,093 | 5,212,670 | 5,889,249 | 5,922,741 |
| Ratios | | | | | | | | |
| Current Ratio | 1.2 | 1.6 | 1.6 | 1.7 | 1.8 | 1.7 | 1.8 | 1.8 |
| Debt to Equity | 1.1 | 1.1 | 1.0 | 0.9 | 1.0 | 1.1 | 1.6 | 1.1 |
| Days Sales in Accounts Receivable | 40.7 | 37.0 | 37.4 | 37.4 | 37.4 | 37.4 | 37.4 | 37.4 |
| Months Operating Expenses in Unrestricted Cash | 3.8 | 5.1 | 5.9 | 6.3 | 6.8 | 7.0 | 7.3 | 7.8 |
| Debt Coverage Ratio | 1.6 | 1.8 | 1.9 | 2.3 | 2.3 | 1.6 | 1.7 | 1.7 |