

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

• **Fund A Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Loan Total</u>	<u>County</u>
A18-016	LaGrange Utilities Commission (Director Level Increase)	\$ 202,500	\$ 3,323,700	Oldham
A21-003	City of Eddyville (Construction)	\$ 2,321,100	\$ 2,745,064	Lyon

• **Fund B Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Loan Total</u>	<u>County</u>
B10-01	Louisville and Jefferson County Metropolitan Sewer District (Assumption of Bullitt County Sanitation District loans B10-01, B10-04, and B15-006)	\$ 676,262	\$ 676,262	Jefferson
B19-008	Hyden-Leslie County Water District	\$ 2,735,000	\$ 2,735,000	Leslie

EXECUTIVE SUMMARY		Reviewer	Sarah Parsley	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	Director Level Increase	
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number	A18-016	
REVOLVING LOAN FUND		WRIS Number	SX21185059	
BORROWER		LA GRANGE UTILITIES COMMISSION OLDHAM COUNTY		
BRIEF DESCRIPTION				
The LaGrange Utilities Commission is requesting an increase of \$202,500 for a total loan amount of \$3,323,700. This increase request is due to bids being higher than anticipated. The original loan was to construct a lift station and interceptor sewer upgrade project. The need for the project arises from enforcement action taken by the KY Division of Water mandating the elimination of a sanitary sewer overflow at a manhole on the north side of I-71. The proposed project will replace approximately 2,750 linear feet of 15 and 16 inch gravity interceptor line along I-71 with 24-inch PVC. The existing gravity line will be decommissioned upon completion of the new line however the line will stay in place for future use if needed. Additionally, a new 2,000 GPM tri-plex lift station with variable frequency drives will replace the existing 1,200 GPM South Pump Station. The new interceptor, in conjunction with the increase in capacity at the new pump station, will allow flow during wet weather events to be diverted thereby eliminating a sanitary sewer overflow.				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan	\$3,323,700	RD Fee %	Actual %	
				Administrative Expenses \$0
				Legal Expenses -
				Land, Easements -
		Eng - Design / Const	7.2%	7.1% 209,800
		Eng - Insp	4.0%	4.4% 130,700
		Eng - Other		14,600
		Construction		2,889,000
		Contingency		79,600
TOTAL	\$3,323,700	TOTAL		\$3,323,700
REPAYMENT	Rate	1.75%	Est. Annual Payment	\$204,326
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Derrick Engineering, Inc.		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	March 2020		
	Construction Start	June 2020		
	Construction Stop	June 2021		
DEBT PER CUSTOMER	Existing	\$1,601		
	Proposed	\$2,551		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES				
		<u>Users</u>	<u>Avg. Water Bill</u>	<u>Avg. Sewer Bill</u>
	Current	2,845	\$28.56	\$33.77 (for 4,000 gallons)
	Additional	0	\$28.56	\$33.77 (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	1,407,244	552,275	854,969	2.5
Audited 2018	1,687,542	553,344	1,134,198	3.0
Audited 2019	1,275,170	552,175	722,995	2.3
Projected 2020	1,349,642	342,075	1,007,567	3.9
Projected 2021	1,511,184	285,051	1,226,133	5.3
Projected 2022	1,681,484	386,361	1,295,123	4.4
Projected 2023	1,852,695	488,519	1,364,176	3.8
Projected 2024	2,041,889	487,516	1,554,373	4.2

Reviewer: Sarah Parsley
Date: November 5, 2020
Loan Number: A18-016 Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND A)
LAGRANGE UTILITIES COMMISSION, OLDHAM COUNTY
PROJECT REVIEW
SX21185059**

I. PROJECT DESCRIPTION

The LaGrange Utilities Commission is requesting an increase of \$202,500 for a total loan amount of \$3,323,700. This increase request is due to bids being higher than anticipated. The original loan was to construct a lift station and interceptor sewer upgrade project. The need for the project arises from enforcement action taken by the KY Division of Water mandating the elimination of a sanitary sewer overflow at a manhole on the north side of I-71. The proposed project will replace approximately 2,750 linear feet of 15 and 16 inch gravity interceptor line along I-71 with 24-inch PVC. The existing gravity line will be decommissioned upon completion of the new line however the line will stay in place for future use if needed. Additionally, a new 2,000 GPM tri-plex lift station with variable frequency drives will replace the existing 1,200 GPM South Pump Station. The new interceptor, in conjunction with the increase in capacity at the new pump station, will allow flow during wet weather events to be diverted thereby eliminating a sanitary sewer overflow.

The LaGrange Utilities Commission was created by the City of LaGrange to manage and control the waterworks and sewer systems. The Commission serves 2,845 customers.

II. PROJECT BUDGET

	Total
Engineering Fees - Design	\$ 146,900
Engineering Fees - Construction	62,900
Engineering Fees - Inspection	130,700
Engineering Fees - Other	14,600
Construction	2,889,000
Contingency	79,600
Total	\$ 3,323,700

III. PROJECT FUNDING

	Amount	%
Fund A Loan	\$ 3,323,700	100%
	\$ 3,323,700	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 3,323,700
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 3,323,700
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 197,679
Administrative Fee (0.20%)	6,647
Total Estimated Annual Debt Service	\$ 204,326

V. PROJECT SCHEDULE

Bid Opening	March 2020
Construction Start	June 2020
Construction Stop	June 2021

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Current	Proposed	Total
Residential	2,547	0	2,547
Commercial	298	0	298
Industrial	0	0	0
Total	2,845	0	2,845

B) Rates

	WATER	Future	Current	Prior
Date of Last Rate Increase		07/01/21	07/01/19	08/01/18
Inside City				
Minimum		\$9.24	\$8.80	\$8.38
Rate per 1000 gallons		5.19	4.94	4.70
Cost for 4,000 gallons		\$29.99	\$28.56	\$27.18
Increase %		5.0%	5.1%	
Affordability Index (Rate/MHI)		0.6%	0.6%	
Outside City				
Minimum		\$11.28	\$10.74	\$10.23
Rate per 1,000 Gallons		6.48	6.17	5.88
Cost for 4,000 gallons		\$37.19	\$35.42	\$33.75
Increase %		5.0%	4.9%	
Affordability Index (Rate/MHI)		0.8%	0.8%	

	SEWER	Future	Current	Prior
Date of Last Rate Increase		07/01/21	07/01/19	07/01/18
Inside City				
Minimum		\$13.45	\$12.81	\$12.20
First 1,000 Gallons		4.15	3.95	3.76
Over 1,000 Gallons		5.95	5.67	5.40
Cost for 4,000 gallons		\$35.46	\$33.77	\$32.16
Increase %		5.0%	5.0%	
Affordability Index (Rate/MHI)		0.8%	0.7%	
Outside City				
Minimum		\$16.81	\$16.01	\$15.25
First 1,000 Gallons		5.20	4.95	4.71
Over 1,000 Gallons		7.46	7.10	6.76
Cost for 4,000 gallons		\$44.37	\$42.26	\$40.24
Increase %		5.0%	5.0%	
Affordability Index (Rate/MHI)		0.9%	0.9%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2012-2016, the Utility's service area population was 8,513 with a Median Household Income (MHI) of \$56,359. The median household income for the Commonwealth is \$43,740. The project will qualify for a 1.75% interest rate.

Year	Population		County	% Change	Unemployment	
	City	% Change			Date	Rate
1980	2,971		27,795		June 2005	5.2%
1990	3,853	29.7%	33,263	19.7%	June 2010	7.4%
2000	5,676	47.3%	46,178	38.8%	June 2015	4.3%
2010	8,082	42.4%	60,316	30.6%	June 2017	4.3%
Current	7,922	-2.0%	59,639	-1.1%		
Cumulative %		166.6%		114.6%		

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 June 30, 2017 through June 30, 2019. The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2017, 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

From 2017 to 2019, revenues increased approximately 3.8%. The increase was a result of regular annual water and sewer rate increases and eliminating discounts. During the same time period, expenses increased 11.8%. Cash available for debt service was \$1,407,244, \$1,687,542, and \$1,275,170 in 2017, 2018, and 2019, respectively. The debt coverage ratio was 2.5, 3.0, and 2.3 respectively.

The 2019 Balance Sheet reflects 49.9 days sales in accounts receivable, 13.1 months of operating expenses in unrestricted cash, a current ratio of 4.3, and a debt to equity ratio of 0.4.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Water and sewer revenues are projected to increase 5% from FY2020 to FY2024.
- 2) Expenses are projected to increase 2% each year due to inflation.
- 3) Debt service coverage is 3.8 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 A loan.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$166,000 total) of the final amount borrowed to be funded annually (\$8,300 yearly) each December 1 for 20 years and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
PNC Bank	\$ 319,711	2020
Series 2012 Bonds	3,620,000	2037
Bond Premium	151,290	2037
Total	\$ 4,091,001	

XI. CONTACTS

Legal Applicant

Name	LaGrange Utilities Commission
Authorized Official	Scot Treece, Director
Email	lucdirector@gmail.com
Phone	(502) 222-9325
County	Oldham
Address	412 E. Jefferson Street LaGrange, KY 40031

Project Contact - Applicant

Name	Scot Treece, Director
Organization	LaGrange Utilities Commission
Email	lucdirector@gmail.com
Phone	(502) 222-9325
Address	412 E. Jefferson Street LaGrange, KY 40031

Project Administrator

Name	Justin Carter, Regional Planner
Organization	KIPDA
Email	Justin.Carter@kipda.org
Phone	(502) 266-6084
Address	11520 Commonwealth Drive Louisville, KY 40299

Consulting Engineer

PE Name	David G. Derrick
Firm Name	Derrick Engineering, Inc.
Email	derrickinc@bellsouth.net
Phone	(502) 636-9276
Address	1397 South Third Street Louisville, KY 40208

XII. RECOMMENDATIONS

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

LA GRANGE UTILITIES COMMISSION
FINANCIAL SUMMARY (JUNE YEAR END)

	Audited 2017	Audited 2018	Audited 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024
Balance Sheet								
Assets								
Current Assets	3,068,074	3,114,532	3,837,257	4,152,076	4,299,889	4,455,901	4,620,119	4,804,756
Other Assets	19,970,048	20,054,850	20,065,852	19,630,146	23,111,231	23,247,614	23,446,144	23,815,852
Total	23,038,122	23,169,382	23,903,109	23,782,222	27,411,120	27,703,515	28,066,263	28,620,608
Liabilities & Equity								
Current Liabilities	789,289	577,801	888,816	697,521	656,106	669,906	683,806	697,906
Long Term Liabilities	5,583,972	5,777,194	5,938,586	5,262,663	8,426,363	8,261,363	8,091,363	7,916,363
Total Liabilities	6,373,261	6,354,995	6,827,402	5,960,184	9,082,469	8,931,269	8,775,169	8,614,269
Net Assets	16,664,861	16,814,387	17,075,707	17,822,038	18,328,651	18,772,246	19,291,094	20,006,339
Cash Flow								
Revenues	3,484,617	3,497,468	3,618,337	3,795,109	3,979,359	4,172,821	4,375,957	4,589,249
Operating Expenses	2,084,774	1,814,472	2,358,898	2,461,198	2,483,906	2,507,068	2,538,993	2,563,091
Other Income	7,401	4,546	15,731	15,731	15,731	15,731	15,731	15,731
Cash Flow Before Debt Service	1,407,244	1,687,542	1,275,170	1,349,642	1,511,184	1,681,484	1,852,695	2,041,889
Debt Service								
Existing Debt Service	552,275	553,344	552,175	342,075	285,051	284,198	284,193	283,190
Proposed KIA Loan	0	0	0	0	0	102,163	204,326	204,326
Total Debt Service	552,275	553,344	552,175	342,075	285,051	386,361	488,519	487,516
Cash Flow After Debt Service	854,969	1,134,198	722,995	1,007,567	1,226,133	1,295,123	1,364,176	1,554,373
Ratios								
Current Ratio	3.9	5.4	4.3	6.0	6.6	6.7	6.8	6.9
Debt to Equity	0.4	0.4	0.4	0.3	0.5	0.5	0.5	0.4
Days Sales in Accounts Receivable	50.1	50.7	49.9	49.9	49.9	49.9	49.9	49.9
Months Operating Expenses in Unrestricted Cash	9.5	10.3	13.1	13.4	13.9	14.4	14.9	15.5
Debt Coverage Ratio	2.5	3.0	2.3	3.9	5.3	4.4	3.8	4.2

EXECUTIVE SUMMARY		Reviewer		Meili Sun
KENTUCKY INFRASTRUCTURE AUTHORITY		Date		December 3, 2020
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number		A21-003
REVOLVING LOAN FUND		WRIS Number		SX21143011
BORROWER		CITY OF EDDYVILLE LYON COUNTY		
BRIEF DESCRIPTION				
This is the construction portion of the Wastewater SSES and Rehabilitation - South of Fairview Ave project. The planning and design phase has been concluded with KIA loan A20-027 previously approved on November 7, 2019. The construction phase will rehabilitate and replace those lines and manholes identified during the planning and design phase to reduce inflow and infiltration points in Eddyville's collection system. It will also replace the existing lift station at the Industrial Park on US 62 East.				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan P&D	\$423,964	Administrative Expenses	RD Fee %	Actual %
Construction Loan A21-003	2,321,100	Legal Expenses		
		Planning		
		Eng - Design / Const	7.6%	7.5%
		Eng - Insp	4.5%	5.5%
		Eng - Other		
		Construction		
		Contingency		
TOTAL	\$2,745,064	TOTAL		\$2,745,064
REPAYMENT	Rate	0.25%	Est. Annual Payment	\$63,904
	Term	30 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Rivercrest Engineering Inc		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Dec-20		
	Construction Start	Jan-21		
	Construction Stop	Oct-21		
DEBT PER CUSTOMER	Existing	\$2,911		
	Proposed	\$3,996		
OTHER DEBT		See Attached		
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	901	\$39.26 (for 4,000 gallons)	
	Additional	0	\$39.26 (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	528,105	216,840	311,265	2.4
Audited 2018	446,730	296,083	150,647	1.5
Audited 2019	567,365	296,370	270,995	1.9
Projected 2020	547,606	295,140	252,466	1.9
Projected 2021	572,342	297,157	275,185	1.9
Projected 2022	548,526	329,108	219,418	1.7
Projected 2023	573,831	361,061	212,770	1.6
Projected 2024	556,231	361,061	195,170	1.5

Reviewer: Meili Sun
Date: December 3, 2020
Loan Number: A21-003

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND A)
CITY OF EDDYVILLE, LYON COUNTY
PROJECT REVIEW
SX21143011**

I. PROJECT DESCRIPTION

The City of Eddyville ("City") is requesting a Fund A loan in the amount of \$2,745,064 to fund the Wastewater SSES and Rehabilitation – South of Fairview Ave Project. The requested loan amount includes \$423,964 for the planning and design portion previously approved in November, 2019. This project will rehabilitate and replace the lines and manholes as identified in the planning and design phase to reduce inflow and infiltration points in Eddyville's collection system. It will also replace the dry pit design of the existing lift station at the Industrial Park on US 62 East with a more appropriate and safer submersible pump station that will reduce repeated overflows. The new pump station is designed to accommodate the current demands and potential growth from the Industrial Park.

The City's sewer system currently serves approximately 900 retail customers and treats wastewater from the City of Fredonia. The KISOP (Kentucky Inter-System Operating Permit) wastewater treatment accounts for less than 4% of total volume treated annually.

II. PROJECT BUDGET

	Total
Administrative Expenses	\$ 45,000
Legal Expenses	3,000
Planning	298,964
Engineering Fees – Design	120,000
Engineering Fees – Construction	39,300
Engineering Fees – Inspection	117,000
Engineering Fees – Other	9,800
Construction	1,920,000
Contingency	192,000
Total	\$ 2,745,064

III. PROJECT FUNDING

	Amount	%
Planning & Design Loan A20-027	\$ 423,964	15%
Construction Loan A21-003	2,321,100	85%
Total	\$ 2,745,064	100%

IV. KIA DEBT SERVICE

Construction	\$ 2,745,064
Principal Forgiveness	1,000,000
Amortized Loan Amount	\$ 1,745,064
Interest Rate	0.25%
Loan Term (Year)	30
Estimated Annual Debt Service	\$ 60,414
Administrative Fee (0.20%)	3,490
Annual Debt Service	\$ 63,904

V. PROJECT SCHEDULE

Estimated Bid Opening	December 2020
Estimated Construction Start	January 2021
Estimated Construction Completion	October 2021

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

	Current
Residential	722
Commercial	178
Industrial	1
Total	901

B) Rates

	Water Inside City		Water Outside City	
	Current	Prior	Current	Prior
Date of Last Rate Increase	07/01/20	07/01/18	07/01/20	07/01/18
Minimum 2,000 Gallons	\$24.65	\$23.93	\$29.28	\$28.42
Over 2,000 Gallons	5.34	5.18	5.34	5.18
Cost for 4,000 gallons	\$35.33	\$34.29	\$39.96	\$38.78
Increase %	3.0%		3.0%	
Affordability Index (Rate/MHI)	1.26%	1.23%	1.43%	1.39%

	Sewer Inside City		Sewer Outside City	
	Current	Prior	Current	Prior
Date of Last Rate Increase	07/01/20	07/01/18	07/01/20	07/01/18
Minimum 2,000 Gallons	\$27.38	\$26.58	\$32.52	\$31.57
Over 2,000 Gallons	5.94	5.76	5.94	5.76
Cost for 4,000 gallons	\$39.26	\$38.10	\$44.40	\$43.09
Increase %	3.0%		3.0%	
Affordability Index (Rate/MHI)	1.40%	1.36%	1.59%	1.54%

The City's Ordinance 2018-05-07 approved a 3% rate increase on water and sewer to take effect each July 1 of every even-numbered year until 2026.

VII. 2020 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve – The project is categorically green with its total project cost of \$2,745,064 qualifying for the Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of 50% of the assistance amount, not to exceed \$1,000,000 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.

VIII. FINANCIAL ANALYSIS

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

HISTORY

Combined water and sewer revenues increased 2.2% from \$ 1.35 million in 2017 to \$1.38 million in 2019 due to previously approved rate increases while operating expenses stayed consistent during the same time period. The debt coverage ratio was 2.4, 1.5, and 1.9 for 2017, 2018, and 2019 respectively.

The balance sheet reflected a current ratio of 0.6, debt to equity ratio of 0.5, and 53.7 days of sales in accounts receivable. The unrestricted cash of water and sewer operations was reported under the City's general fund, therefore the number of month of operating expenses in unrestricted cash was irrelevant.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Total revenues will go up 3% each in every even-numbered year until 2026 as approved by Ordinance 2018-05-07.
- 2) Expenses will increase 2% each year for inflation.
- 3) The project will be ready to open bids immediately after KIA approval of the loan.
- 4) Debt service coverage is 1.7 in SFY2022 when principal and interest repayments for the loan 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% (\$138,000 total) of the final amount borrowed prior to principal forgiveness to be funded annually (\$6,900 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	Outstanding	Maturity
BB&T Lease	\$ 900,892	2027
KIA Loan A15-020	1,112,083	2036
KIA Loan C18-005	609,995	2025
Total	\$ 2,622,970	

X. CONTACTS

Legal Applicant

Name	City of Eddyville
Address	PO Box 744 Eddyville, KY 42038
County	Lyon
Authorized Official	John Choat
Phone	(270) 388-2226
Email	john.choat@eddyvilleky.org

Project Contact - Applicant

Name	Lynn Orange
Organization	City of Eddyville
Address	PO Box 744 Eddyville, KY 42038
Phone	(270) 388-2226
Email	eddyville@vci.net

Project Administrator

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

Consulting Engineer

Name	Charles McCann II
Firm	Rivercrest Engineering Inc
Address	7020 US Hwy 68 W Paducah, KY 42003
Phone	(618) 521-5421
Email	cmccann@rivercresteng.com

XI. RECOMMENDATIONS

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

CITY OF EDDYVILLE
FINANCIAL SUMMARY (JUNE YEAR END)

	Audited 2017	Audited 2018	Audited 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024
Balance Sheet								
Assets								
Current Assets	250,328	322,753	254,975	305,488	366,625	410,509	459,363	498,397
Other Assets	11,308,286	11,021,739	10,565,491	10,289,817	10,032,318	12,406,642	12,030,584	11,640,446
Total	11,558,614	11,344,492	10,820,466	10,595,305	10,398,943	12,817,151	12,489,947	12,138,843
Liabilities & Equity								
Current Liabilities	384,931	396,992	416,301	421,137	427,599	434,211	440,976	448,585
Long Term Liabilities	3,357,898	3,306,360	3,062,885	2,807,533	2,546,419	4,024,457	3,751,366	3,471,366
Total Liabilities	3,742,829	3,703,352	3,479,186	3,228,670	2,974,018	4,458,668	4,192,342	3,919,951
Net Assets	7,815,785	7,641,140	7,341,280	7,366,635	7,424,925	8,358,483	8,297,605	8,218,892
Cash Flow								
Revenues	1,350,634	1,337,674	1,380,330	1,380,330	1,421,650	1,421,650	1,464,209	1,464,209
Operating Expenses	822,529	890,944	812,965	832,724	849,308	873,124	890,378	907,978
Other Income	0	0	0	0	0	0	0	0
Cash Flow Before Debt Service	528,105	446,730	567,365	547,606	572,342	548,526	573,831	556,231
Debt Service								
Existing Debt Service	216,840	296,083	296,370	295,140	297,157	297,156	297,157	297,157
Proposed KIA Loan	0	0	0	0	0	31,952	63,904	63,904
Total Debt Service	216,840	296,083	296,370	295,140	297,157	329,108	361,061	361,061
Cash Flow After Debt Service	311,265	150,647	270,995	252,466	275,185	219,418	212,770	195,170
Ratios								
Current Ratio	0.7	0.8	0.6	0.7	0.9	0.9	1.0	1.1
Debt to Equity	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5
Days Sales in Accounts Receivable	52.5	53.3	53.7	53.7	53.7	53.7	53.7	53.7
Months Operating Expenses in Unrestricted Cash	0.0	0.0	0.0	0.7	1.5	2.1	2.6	3.1
Debt Coverage Ratio	2.4	1.5	1.9	1.9	1.9	1.7	1.6	1.5

EXECUTIVE SUMMARY		Reviewer		Alex Fisher
KENTUCKY INFRASTRUCTURE AUTHORITY		Date		December 3, 2019
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number		B10-01, B10-04,
REVOLVING LOAN FUND				B15-006
BORROWER		LOUISVILLE & JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT JEFFERSON COUNTY		
BRIEF DESCRIPTION				
Louisville and Jefferson County Metropolitan Sanitation District (MSD) has a pending acquisition for the Bullitt County Sanitation District for their sanitary sewer assets and customers. Three KIA Fund B loans will be assumed by MSD as part of the transaction. This acquisition has a finalizing closing date of March 2021.				
LOAN ASSUMPTIONS		PROJECT BUDGET		
B10-01	\$286,949	Loan Assumptions		\$676,262
B10-04	311,220			
B15-006	78,093			
TOTAL	\$676,262	TOTAL		\$676,262
REPAYMENT	Rate	Various	Est. Annual Payment	\$45,988
	Term	Various	1st Payment	Dec-19
PROFESSIONAL SERVICES	Engineer	N/A		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE				
	Estimated Closing	Mar-21		
DEBT PER CUSTOMER	Existing	\$10,259		
	Proposed	\$9,992		
OTHER DEBT		See Attached		
RESIDENTIAL RATES				
		<u>Users</u>	<u>Avg. Bill</u>	
	Current (MSD)	243,512	\$51.45	(for 4,000 gallons)
	Additional (Bullitt Co.)	3,766	\$79.12	(for 4,000 gallons)
REGIONAL COORDINATION This project is consistent with regional planning recommendations.				
CASHFLOW (in thousands)	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2018	201,878	124,787	77,091	1.6
Audited 2019	209,361	128,227	81,134	1.6
Audited 2020	224,355	131,383	92,972	1.7
Projected 2021	218,954	141,047	77,907	1.6
Projected 2022	232,832	145,718	87,114	1.6
Projected 2023	247,892	150,727	97,165	1.6
Projected 2024	264,223	157,605	106,618	1.7
Projected 2025	281,923	158,342	123,581	1.8

Reviewer: Alex Fisher
Date: December 3, 2020
Loan B10-01, B10-04, B15-
Assumptions: 006

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND A)
LOUISVILLE AND JEFFERSON COUNTY
METROPOLITAN SEWER DISTRICT
LOAN ASSUMPTIONS**

I. PROJECT DESCRIPTION

Louisville and Jefferson County Metropolitan Sewer District ("MSD") plans to assume the following Fund B wastewater loans: B10-01, B10-04, B15-006 from the Bullitt County Sanitation District (BCSD) as part of MSD's acquisition of the BCSD wastewater system and all of its assets. The existing loans were approved between 2010-2016 by the KIA board to fund various wastewater system improvement and expansion projects in Bullitt County. At this time, it is estimated that the acquisition will be completed by the end of March 2021.

Upon the execution of this transfer of assets, MSD will assume total ownership of BCSD. This merger will help provide the residents of Bullitt County seamless transition while adding capacity to MSD's capacity and customer base. MSD will continue to honor the enacted ordinance increases for BCSD.

II. Assumed KIA Debt from Bullitt County Sanitation District

KIA Loans	B10-01	B10-04	B15-006
Project Status	Complete	Complete	Complete
Balance at November 11, 2020	\$ 286,949	\$ 311,220	\$ 78,093.19
Available Funds at November 11, 2020	\$ 0	\$ 0	\$ 0
Interest Rate	3.00%	3.00%	1.75%
Maturity	6/1/2030	6/1/2031	12/1/2037
Annual P&I	\$ 34,037.50	\$ 34,013.22	\$ 5,354.23

III. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

	MSD Current	BCSD Current	Total
Residential	221,796	3,643	225,439
Commercial	21,331	122	21,453
Industrial	385	1	386
Total	243,512	3,766	247,278

B) Rates

MSD Rates	Current	Prior	Prior
Date of Last Rate Increase	08/01/20	08/01/19	8/1/2018
Minimum	\$17.68	\$16.84	\$15.75
Per 1,000 Gallons	4.83	4.60	4.30
Consent Decree Surcharge	14.45	13.76	12.87
Cost for 4,000 gallons	\$51.45	\$49.00	\$45.82
Increase %	5.0%	6.9%	
Affordability Index (Rate/MHI)	1.3%	1.3%	

Bullitt Co Rates	Current	Prior
Date of last rate increase	1/1/2020	1/1/2019
Minimum (2,000 gallons)	\$ 28.37	\$ 25.33
Minimum (per 1,000 gallons)	8.25	7.37
Cost for 4,000 gallons	\$ 44.87	40.07
Increase %	12%	

In 2016, Bullitt County Fiscal Court approved a series of 12% rate increases to occur annually for a period of 10 years starting January 1, 2017. MSD will continue these approved BCSD rate increases until the 10-year period ends in 2026.

IV. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2018 through June 30, 2020 from the combined wastewater and storm water funds. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and Financial Reporting for 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

Total revenues increased 14.3% from \$279 million in 2018 to \$319 million in 2020. MSD's board can approve rate increases up to 7% without needed approval from Louisville Metro Council which they have done in 2018 and 2019 audited years and 5% in 2020 driving the annual increases in revenue. Wastewater service charges totaled \$237.8 million in 2020 while storm water service charges totaled \$75 million. Operating expenses increased 17.6% during the same time period from \$93.8 million to \$110.3 million. Expense increases were attributed mostly to increased labor expense as well as various weather events (flooding) that occurred during the audited period observed. The debt coverage ratio for 2018-2020 was 1.62, 1.63, and 1.71 respectively (includes only net operating income).

The 1993 Sewer and Drainage System Revenue Bond Resolution requires MSD to provide available revenues sufficient to pay 110% of each year's aggregate net debt service on revenue bonds and 100% of operating expenses. Each year MSD's audit contains a Comparative Schedule of Debt Service Coverage which includes net operating income as well as other sources of revenue including investment income and current period payments of property owner assessments. When factoring in those additional revenue streams, MSD's debt coverage ratio from 2018-2020 was 1.9, 1.8, and 1.9 respectively. Moody's Investors Service affirmed an Aa3 rating for MSD on September 14, 2020 for outstanding senior revenue bonds with a stable outlook. S&P Rating Service affirmed an AA long term rating and stable outlook on September 11, 2020.

The 2020 balance sheet reflects a current ratio of 1.2, a debt to equity ratio of 3.6, 31.1 days sales in accounts receivable, and 10.9 months operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will increase 6.9% each forecasted year due to rate increases anticipated from MSD's Board.
- 2) Expenses will increase 4% for inflation and expected increases in general operational expenses for pending projects.
- 3) The forecast includes debt service for both approved KIA loans for MSD including A19-015 and A19-028 (total of \$25,870,000).
- 4) MSD will make the June 1, 2021 debt service payments for the existing Bullitt County Sanitation District KIA loans and all other existing BCSD debt assuming that the transfer is complete by that date.
- 5) Debt service coverage is 1.55 and above during the projected FY 2021-2025.

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

REPLACEMENT RESERVE

MSD maintains Debt Reserve Accounts equal to the maximum annual debt service requirements on its senior lien obligations (currently \$55 million). No additional replacement reserves will be required for this loan.

V. DEBT OBLIGATIONS

Amounts in thousands

Senior Debt

	<u>Outstanding</u>	<u>Maturity</u>
2009B Series Revenue Bonds (PIF)		
2009A Series Revenue Bonds (PIF)		
2009C Series Revenue Bonds	180,000	2040
2010A Series Revenue Bonds	330,000	2043
2011A Series Revenue Bonds	246,225	2034
2013A Series Revenue Bonds	115,790	2036
2013B Series Revenue Bonds	112,575	2038
2013C Series Revenue Bonds	99,250	2044
2014A Series Revenue Bonds	79,750	2045
2015A Series Revenue Bonds	173,160	2046
2015B Series Revenue Bonds	71,515	2038
2016A Series Revenue Bonds	149,290	2047
2016B Series Revenue Bonds	23,915	2036
2016C Series Revenue Bonds	50,515	2023
2017A Series Revenue Bonds	161,895	2048
2017B Series Revenue Bonds	32,885	2025
2018A Series Revenue Bonds	60,380	2038
2019A Series Revenue Bonds	24,770	2023
2020A Series Revenue Bonds (\$225,000)		2046
2020C Series Revenue Bonds (\$112,065)		TBD

Senior Subordinate Debt

BAN Series 2019A	226,340	2021
Commercial Paper Notes, Series 2018 A	255,000	2023
Direct Purchase Notes, Series 2018 A	100	2021
2020 BAN (\$226,340)		2021

Subordinate Debt

KIA Loan (A209-41 ARRA)	1,659	2033
KIA Loan (A19-015 i/a/o \$3,870)		TBD
KIA Loan (A19-028 i/a/o \$22,000)		TBD
KIA Loan (A98-04A, Crestwood, \$890,900)		2021

Total

\$ 2,395,014

VI. CONTACTS

Legal Applicant	
Entity Name	Louisville & Jefferson County Metropolitan Sewer District
Authorized Official	Tony Parrott (Executive Director)
County	Jefferson
Email	tony.parrott@louisvillemsd.org
Phone	502-540-6533
Address	PO Box 740011 Louisville, KY 40201

Applicant Contact	
Name	Brad Good (Controller)
Organization	Louisville & Jefferson County Metropolitan Sewer District
Email	brad.good@louisvillemsd.org
Phone	(502) 540-6131
Address	PO Box 740011 Louisville, KY 40201

VII. RECOMMENDATIONS

KIA staff recommends approval of the loan assumptions.

LOUISVILLE & JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
FINANCIAL SUMMARY (JUNE YEAR END)
DOLLARS IN THOUSANDS

	Audited	Audited	Audited	Projected	Projected	Projected	Projected	Projected
	2018	2019	2020	2021	2022	2023	2024	2025
Balance Sheet								
Assets								
Current Assets	139,927	169,448	154,200	169,448	175,946	187,663	200,425	215,083
Other Assets	3,164,908	3,278,999	3,491,878	3,451,211	3,432,994	3,410,888	3,397,289	3,398,957
Total	3,304,835	3,448,447	3,646,078	3,620,659	3,608,941	3,598,551	3,597,713	3,614,039
Liabilities & Equity								
Current Liabilities	125,320	113,705	130,032	140,968	144,228	149,680	148,949	152,472
Long Term Liabilities	2,470,841	2,564,190	2,719,316	2,663,188	2,618,326	2,556,176	2,495,958	2,433,416
Total Liabilities	2,596,161	2,677,895	2,849,348	2,804,156	2,762,553	2,705,856	2,644,906	2,585,888
Net Assets	708,674	770,552	796,730	816,503	846,387	892,695	952,807	1,028,152
Cash Flow								
Revenues	279,149	294,368	319,057	321,054	342,641	365,718	390,387	416,758
Operating Expenses	93,800	103,699	110,302	117,714	125,423	133,440	141,778	150,449
Other Income	16,529	18,692	15,600	15,614	15,614	15,614	15,614	15,614
Cash Flow Before Debt Service	201,878	209,361	224,355	218,954	232,832	247,892	264,223	281,923
Debt Service								
Existing Debt Service	124,787	128,227	131,383	140,926	145,486	150,603	157,483	158,221
Bullitt County Loan Assumptions & Bonds	0	0	0	121	232	124	122	121
Total Debt Service	124,787	128,227	131,383	141,047	145,718	150,727	157,605	158,342
Cash Flow After Debt Service	77,091	81,134	92,972	77,907	87,114	97,165	106,618	123,581
Ratios								
Current Ratio	1.1	1.5	1.2	1.2	1.2	1.3	1.3	1.4
Debt to Equity	3.7	3.5	3.6	3.4	3.3	3.0	2.8	2.5
Days Sales in Accounts Receivable	34.4	34.6	31.1	31.7	31.7	31.7	31.7	31.7
Months Operating Expenses in Unrestricted Cash	6.4	5.1	10.9	4.5	5.0	5.6	6.2	6.8
Debt Coverage Ratio	1.6	1.6	1.7	1.6	1.6	1.6	1.7	1.8

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY Fund B Infrastructure REVOLVING LOAN FUND		Reviewer Date KIA Loan Number WRIS Number		Linda Bridwell November 7, 2019 B19-008 21131111	
BORROWER		HYDEN-LESLIE COUNTY WATER DISTRICT LESLIE COUNTY			
BRIEF DESCRIPTION					
Permanent financing for a short term Kentucky Rural Water Finance Corporation (RWFC) loan on a previous project.					
The short term financing was to advance refund a 2013F bond with KRWFC. The original work was a \$4.1 million dollar project which included: 61.45 miles of water line, tha addition of 317 customers, two 50,000 gallon water tanks, and three pump stations.					
PROJECT FINANCING		PROJECT BUDGET		RD Fee %	Actual %
		Other			\$ 2,735,000
TOTAL		TOTAL			\$2,735,000
REPAYMENT	Rate Term	0.50% 30 Years	Est. Annual Payment 1st Payment		\$103,759 6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer Bond Counsel	N/A Rubin & Hays			
PROJECT SCHEDULE	Bid Opening Construction Start Refinancing	N/A N/A Jan-20			
DEBT PER CUSTOMER	Existing Proposed	\$1,640 \$1,556			
OTHER DEBT		See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS		See Attached			
RESIDENTIAL RATES		Users	Avg. Bill		
	Current	3,696	\$31.48 (for 4,000 gallons)		
	Proposed	3,696	\$44.00 (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 2016	290,068	264,763	25,305		1.1
Audited 2017	133,132	260,901	(127,769)		0.5
Audited 2018	(21,915)	257,349	(279,264)		-0.1
Projected 2019	(83,720)	195,569	(279,289)		-0.4
Projected 2020	3,134,245	3,031,858	102,387		1.0
Projected 2021	429,246	294,059	135,187		1.5
Projected 2022	423,429	372,232	51,197		1.1
Projected 2023	416,742	371,063	45,679		1.1

Reviewer: Linda Bridwell
Date: November 7, 2019
Loan Number: B19-008

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND (FUND B)
HYDEN-LESLIE WATER DISTRICT, LESLIE COUNTY
PROJECT REVIEW
WX21131111**

I. PROJECT DESCRIPTION

The Hyden-Leslie Water District (the "District") is requesting a Fund B loan in the amount of \$2,735,000 for the refinance of the Kentucky Rural Water Short-Term Note for a \$4.1 million project which included 61.5 miles of water line, two 50,000 gallon water tanks, three pump stations, and the addition of 317 customers. This project has been completed. The difference in the project cost and loan amount was provided through grant monies. The District originally sought the short-term financing to complete the project and needs to convert the loan into a long-term arrangement.

The District serves nearly 3,700 customers in Leslie County and is regulated by the PSC.

II. PROJECT BUDGET

	Total
Refinance	\$ 2,735,000
Total	\$ 2,735,000

III. PROJECT FUNDING

	Amount	%
Fund B Loan	\$ 2,735,000	100%
Total	\$ 2,735,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 2,735,000
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 2,735,000
Interest Rate	0.50%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 98,289
Administrative Fee (0.20%)	5,470
Total Estimated Annual Debt Service	\$ 103,759

V. RATE STRUCTURE

A. Customers

	Current
Residential	3,428
Commercial	268
Industrial	0
Total	3,696

B. Rates

	Proposed	Current	Prior
Date of Last Rate Increase		10/29/10	05/22/92
Minimum (includes 2,000 gallons)	\$ 28.00	\$ 20.24	\$ 17.30
Next 3,000 Gallons	8.00	5.62	4.80
Cost for 4,000 gallons	\$ 44.00	\$ 31.48	\$ 26.90
Increase %	40%	17.0%	
Affordability Index (Rate/MHI)	1.8%	1.3%	1.1%

VI. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility's service area population was 10,296 with a Median Household Income (MHI) of \$28,648. The median household income for the Commonwealth is \$46,535. Based on the MHI of the service area of the utility, the project will qualify for a 30-year term with a 0.50% interest rate.

Year	Population				County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	488		14,882		June 2005	8.5%
1990	375	-23.2%	13,642	-8.3%	June 2010	12.9%
2000	204	-45.6%	12,401	-9.1%	June 2015	10.6%
2010	365	78.9%	11,310	-8.8%	June 2018	8.8%
Current	419	14.8%	10,648	-5.9%		
Cumulative %		-14.1%		-28.5%		

VII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2016 through June 30, 2018. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts

presented.

HISTORY

Water revenues for the District have remained relatively flat at \$1.5 million for the period 2016-2018 with a slight reduction in Penalties and Service Charges paid. Over the same time period, operating expenses increased \$273,426 or 21.5%. This was generally due to Materials & Supplies being increased for maintenance, as well as Salaries increased due to overtime costs. The debt coverage ratio dropped from 1.1 to a negative 0.1 in 2018.

The District has been using cash reserves to cover operating increases, but recognizes that they need a rate increase.

The Balance sheet current ratio was 7.4 in 2018, debt to equity was 0.3, and the District had 10.1 months operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues have been projected to increase 40% in 2020 based on a projected rate increase. The District is in the process of working on an additional improvement project with Rural Development, and expects to increase rates in 2020. Revenues are expected to increase 3% each year after that. Revenues must increase 40% in 2020 and 3% each subsequent year to support current and future debt service and operating expenses.
- 2) Operating expenses are projected to increase 4% each year beginning in 2019, based on historical trends.
- 3) Debt projections include an estimated \$1,727,000 loan from Rural Development at 2.375% interest, with repayment beginning in 2022.
- 4) Debt service coverage is 1.3 in 2020 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund B loan only if the District completes the required conditions for the loan.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$136,000 total) of the final amount borrowed to be funded annually (\$6,800 yearly) each December 1 for 20 years and maintained for the life of the loan.

Debt Issue	Outstanding	Maturity (Fiscal Year)
1989 KRWFC (RD)	382,500	2028
2000 RD	236,800	2040
2012 RD Series A	1,030,500	2051
2012 RD Series B	1,786,500	2051
2014 Interim Financing KRWFC	2,625,000	2020
Proposed RD Phase III	1,727,000	2052

Total	<u>7,788,300</u>
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VIII. CONTACTS

Legal Applicant

Entity Name	Hyden-Leslie County Water District
Authorized Official	Augustus Roberts (Chairman)
County	Leslie
Email	augustusroberts@icloud.com
Phone	606-672-2791
Address	356 Wendover Road Hyden, KY 41749

Applicant Contact

Name	Larry J Turner
Organization	Hyden Leslie County Water District
Email	hlwater@tds.net
Phone	606-672-2791
Address	356 Wendover Road Hyden, KY 41749

IX. RECOMMENDATIONS

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

- 1) By November 30, 2019, the District will need to apply to the Public Service Commission (PSC) for debt authorization for the \$2.735 million refinancing loan.
- 2) By November 30, 2019, the District will need a resolution from the Hyden-

Leslie Water District Board, demonstrating their intentions to increase revenues as necessary and authorized by the PSC to meet the loan requirements over the life of the loan. KIA Staff review indicates that rates would need to be increased by 40% in 2020, and then 3% annually beginning in 2021 to keep up with expenses and RD debt service.

- 3) New rates, as authorized by the PSC, sufficient to meet debt service obligations, will need to be implemented before the assistance agreement will be executed.
- 4) The District will need to satisfy the letter of conditions from Rural Development on the Phase III project by January 31.

**HYDEN-LESLIE COUNTY WATER DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)**

	Audited	Audited	Audited	Projected	Projected	Projected	Projected	Projected
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Balance Sheet								
Assets								
Current Assets	2,408,052	2,064,388	1,698,353	1,419,068	1,630,355	1,776,942	1,839,939	1,897,718
Other Assets	26,471,495	26,010,389	25,393,733	24,538,483	26,383,233	25,459,608	24,535,983	23,612,358
Total	<u>28,879,547</u>	<u>28,074,777</u>	<u>27,092,086</u>	<u>25,957,551</u>	<u>28,013,588</u>	<u>27,236,550</u>	<u>26,375,922</u>	<u>25,510,076</u>
Liabilities & Equity								
Current Liabilities	182,533	197,112	230,740	3,057,624	325,131	332,174	336,402	340,833
Long Term Liabilities	6,110,406	6,085,791	6,019,892	3,102,272	5,618,946	5,430,476	5,239,678	5,046,449
Total Liabilities	<u>6,292,939</u>	<u>6,282,903</u>	<u>6,250,632</u>	<u>6,159,896</u>	<u>5,944,076</u>	<u>5,762,650</u>	<u>5,576,080</u>	<u>5,387,282</u>
Net Assets	<u>22,586,608</u>	<u>21,791,874</u>	<u>20,841,454</u>	<u>19,797,655</u>	<u>22,069,512</u>	<u>21,473,900</u>	<u>20,799,842</u>	<u>20,122,794</u>
Cash Flow								
Revenues	1,562,058	1,541,622	1,539,435	1,539,435	2,128,477	2,190,326	2,254,031	2,319,647
Operating Expenses	1,290,896	1,411,370	1,564,322	1,626,127	1,697,204	1,764,052	1,833,574	1,905,877
Other Income	18,906	2,880	2,972	2,972	2,702,972	2,972	2,972	2,972
Cash Flow Before Debt Service	<u>290,068</u>	<u>133,132</u>	<u>(21,915)</u>	<u>(83,720)</u>	<u>3,134,245</u>	<u>429,246</u>	<u>423,429</u>	<u>416,742</u>
Debt Service								
Existing Debt Service	264,763	260,901	257,349	195,569	2,929,427	191,628	269,801	268,632
Proposed KIA Loan	0	0	0	0	102,431	102,431	102,431	102,431
Total Debt Service	<u>264,763</u>	<u>260,901</u>	<u>257,349</u>	<u>195,569</u>	<u>3,031,858</u>	<u>294,059</u>	<u>372,232</u>	<u>371,063</u>
Cash Flow After Debt Service	<u>25,305</u>	<u>(127,769)</u>	<u>(279,264)</u>	<u>(279,289)</u>	<u>102,387</u>	<u>135,187</u>	<u>51,197</u>	<u>45,679</u>
Ratios								
Current Ratio	13.2	10.5	7.4	0.5	5.0	5.3	5.5	5.6
Debt to Equity	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Days Sales in Accounts Receivable	55.4	64.9	67.5	67.5	67.5	67.5	67.5	67.5
Months Operating Expenses in Unrestricted Cash	19.8	14.7	10.1	7.6	8.0	8.7	8.7	8.6
Debt Coverage Ratio	1.1	0.5	(0.1)	(0.4)	1.3	1.5	1.1	1.1