

**Kentucky Infrastructure Authority
 Projects for October 2021
 Capital Projects and Bond Oversight Committee**

▪ **Fund F Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Amount Loan Total</u>	<u>County</u>
F21-016	City of Harlan	\$ 1,463,000	\$ 1,463,000	Harlan
F21-021	City of Harlan	\$ 2,549,645	\$ 2,549,645	Harlan

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND		Reviewer	Sarah Parsley	
		Date	January 7, 2021	
		KIA Loan Number	F21-016	
		WRIS Number	WX21095014	
BORROWER	CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS HARLAN COUNTY			
BRIEF DESCRIPTION				
This project involves upgrades to the existing Harlan Municipal Distribution system including, but not limited to, the relocation of a section of 16-inch raw water transmission main along the Poor Fork of the Cumberland River and KY HWY 119, replacement of line sections in the vicinities of Lamberts, Sukey Ridge, and Clovertown, along with miscellaneous valve work in Loyall and Sunny Acres. The existing 100,000 gallon storage tank at the water treatment plant will be painted as well.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$1,463,000	RD Fee %	Actual %	
		Administrative Expenses		\$50,000
		Legal Expenses		10,000
		Land, Easements		5,000
		Eng - Design / Const	8.6%	7.8%
		Eng - Insp	5.4%	4.8%
		Eng - Other		40,000
		Construction		1,095,080
		Contingency		110,920
TOTAL	\$1,463,000	TOTAL		\$1,463,000
REPAYMENT	Rate	0.25%	Est. Annual Payment	\$54,306
	Term	30 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Bell Engineering		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Feb-21		
	Construction Start	Apr-21		
	Construction Stop	Aug-21		
DEBT PER CUSTOMER	Existing	\$899		
	Proposed	\$2,135		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		Users	Avg. Bill	
	Current	2,006	\$23.65 (for 4,000 gallons)	
	Additional	0	\$23.65 (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	438,800	276,260	162,540	1.6
Audited 2018	454,185	278,307	175,878	1.6
Audited 2019	249,086	276,061	(26,975)	0.9
Projected 2020	168,834	195,429	(26,595)	0.9
Projected 2021	145,026	210,009	(64,983)	0.7
Projected 2022	435,813	322,027	113,786	1.4
Projected 2023	411,043	322,172	88,871	1.3
Projected 2024	385,778	354,274	31,504	1.1

Reviewer: Sarah Parsley
 Date: January 7, 2021
 Loan Number: F21-016

**KENTUCKY INFRASTRUCTURE AUTHORITY
 DRINKING WATER STATE REVOLVING FUND (FUND F)
 CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS,
 HARLAN COUNTY PROJECT REVIEW
 WX21095014**

I. PROJECT DESCRIPTION

The City of Harlan F/B/O Harlan Municipal Water Distribution System is requesting a Fund F loan in the amount of \$1,463,000 for the Harlan Municipal Water Distribution System Improvements project. This project will involve upgrades to the existing Harlan Municipal Distribution system including, but not limited to, the relocation of a section of 16-inch raw water transmission main along the Poor Fork of the Cumberland River and KY HWY 119, replacement of line sections in the vicinities of Lamberts, Sukey Ridge, and Clovertown, along with miscellaneous valve work in Loyall and Sunny Acres. The existing 100,000 gallon storage tank at the water treatment plant will be painted as well.

The Utility serves approximately 2,000 customers.

II. PROJECT BUDGET

	Total
Administrative Expenses	\$ 50,000
Legal Expenses	10,000
Land, Easements	5,000
Engineering Fees - Design	65,000
Engineering Fees - Construction	29,000
Engineering Fees - Inspection	58,000
Engineering Fees - Other	40,000
Construction	1,095,080
Contingency	110,920
 Total	\$ 1,463,000

III. PROJECT FUNDING

	Amount	%
Fund F Loan	\$ 1,463,000	100%
 Total	\$ 1,463,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 1,463,000
Less: Principal Forgiveness	0
Amortized Loan Amount	<u>\$ 1,463,000</u>
Interest Rate	0.25%
Loan Term (Years)	<u>30</u>
Estimated Annual Debt Service	\$ 50,649
Administrative Fee (0.25%)	<u>3,658</u>
Total Estimated Annual Debt Service	\$ 54,306

V. PROJECT SCHEDULE

Bid Opening	February 15, 2021
Construction Start	April 12, 2021
Construction Stop	August 16, 2021

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**A) Customers**

Customers	Current	Proposed	Total
Residential	1,738	0	1,738
Commercial	268	0	268
Industrial	0	0	0
Total	<u>2,006</u>	<u>0</u>	<u>2,006</u>

B) Rates

	Current	Prior
Date of Last Rate Increase	09/19/13	09/01/03
Minimum, First 2000 gallons	\$14.75	\$13.08
Next 8,000 Gallons (per 1000)	4.45	3.95
Next 15,000 (per 1000)	4.08	3.62
Cost for 4,000 gallons	<u>\$23.65</u>	<u>\$20.98</u>
Increase %	12.7%	
Affordability Index (Rate/MHI)	1.2%	

VII. 2020 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.

VIII. 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

Water revenues decreased 3.9% from \$1.41 million in 2017 to \$1.35 million in 2019 while operating expenses increased 19.8% from \$0.97 million to \$1.17 million during the same period. The increase in operating expenses was due to pump and control valve issues. These issues included replacement of a pump and some valves, the overtime caused by these issues, and two new service trucks being purchased.

The debt coverage ratio was 1.6, 1.6, and 0.9 in 2017, 2018, and 2019 respectively.

The balance sheet reflects a current ratio of 2.6, a debt to equity ratio of 0.3, 47.4 days of sales in accounts receivable, and 7.1 months operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Water revenues will increase approximately 24% in 2022.
- 2) Expenses will increase 2% annually for general inflation.
- 3) Debt service coverage is 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 F loan.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$74,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$3,700 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	Outstanding	Maturity
KIA Note Payable B291-13 (City of Harlan)	\$ 363,123	2025
KIA Note Payable F03-03 (City of Harlan)	718,472	2028
USDA Bond	722,000	0
Total	\$ 1,803,595	

X. CONTACTS

Legal Applicant	
Entity Name	Harlan Municipal Water Works
Authorized Official	Joe Meadors (Mayor)
County	Harlan
Email	-
Phone	(606) 573-1540
Address	PO Box 114 Harlan, KY 40831

Applicant Contact	
Name	Otis Lewis
Organization	Harlan Municipal Water Works
Email	hmwwotl@harlanonline.net
Phone	(606) 573-1540
Address	PO Box 114 Harlan, KY 40831

Project Administrator	
Name	Susanna Cornett
Organization	Cumberland Valley Area Dev District
Email	scornett@cvadd.org
Phone	(606) 864-7391
Address	PO Box 1740 London, KY 40744

Consulting Engineer

PE Name	Robert Bowman
Firm Name	Bell Engineering
Email	abowman@hkbell.com
Phone	859-278-5412
Address	2480 Fortune Drive, Suite 350 Lexington, KY 40509

XI. RECOMMENDATIONS

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

The City shall pass an ordinance no later than July 31, 2021 which will increase user charges sufficient to generate a debt service coverage ratio of 1.1. This increase is currently estimated to be 24%.

**CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS
FINANCIAL SUMMARY (JUNE YEAR END)**

	<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>
Balance Sheet								
Assets								
Current Assets	3,292,171	3,446,951	916,510	882,489	817,506	973,592	1,062,463	1,093,967
Other Assets	4,859,972	4,667,314	6,943,055	6,748,350	6,553,645	10,271,269	9,976,248	9,681,227
Total	8,152,143	8,114,265	7,859,565	7,630,839	7,371,151	11,244,861	11,038,711	10,775,194
Liabilities & Equity								
Current Liabilities	368,528	384,215	351,939	323,783	328,247	332,777	366,615	267,436
Long Term Liabilities	2,021,250	1,800,315	1,608,159	1,441,512	1,271,101	4,109,505	3,902,126	3,794,626
Total Liabilities	2,389,778	2,184,530	1,960,098	1,765,295	1,599,348	4,442,282	4,268,741	4,062,062
Net Assets	5,762,365	5,929,735	5,899,467	5,865,544	5,771,803	6,802,579	6,769,970	6,713,132
Cash Flow								
Revenues	1,410,335	1,490,941	1,411,792	1,354,881	1,354,881	1,680,052	1,680,052	1,680,052
Operating Expenses	973,704	1,039,957	1,167,057	1,190,398	1,214,206	1,248,590	1,273,360	1,298,625
Other Income	2,169	3,201	4,351	4,351	4,351	4,351	4,351	4,351
Cash Flow Before Debt Service	438,800	454,185	249,086	168,834	145,026	435,813	411,043	385,778
Debt Service								
Existing Debt Service	276,260	278,307	276,061	195,429	210,009	267,721	267,866	299,968
Proposed KIA Loan	0	0	0	0	0	54,306	54,306	54,306
Proposed KIA Loan F21-021						57,522	57,522	57,522
Total Debt Service	276,260	278,307	276,061	195,429	210,009	322,027	322,172	354,274
Cash Flow After Debt Service	162,540	175,878	(26,975)	(26,595)	(64,983)	113,786	88,871	31,504
Ratios								
Current Ratio	8.9	9.0	2.6	2.7	2.5	2.9	2.9	4.1
Debt to Equity	0.4	0.4	0.3	0.3	0.3	0.7	0.6	0.6
Days Sales in Accounts Receivable	46.3	46.5	47.4	47.4	47.4	47.4	47.4	47.4
Months Operating Expenses in Unrestricted Cash	38.0	37.1	7.1	6.7	6.0	6.9	7.6	7.8
Debt Coverage Ratio	1.6	1.6	0.9	0.9	0.7	1.4	1.3	1.1

RESOLUTION AUTHORIZING ADJUSTMENTS TO RATES

At a regularly called meeting of the Harlan Municipal Water Works Board of Commission being held, in Harlan, Kentucky on the 21st day of September, 2021 at which time a quorum of the Commissioners were present, and thereafter the following Resolution was passed.

WHEREAS, the Harlan Municipal Water Works Board of Commission proposes to provide upgraded drinking water services for industrial, institutional, commercial, and residential growth in the Harlan City area

WHEREAS, that the Harlan Municipal Water Works Board of Commission under the terms of the Safe Drinking Water Act Amendments of 1996 (Public Law 104-182) and amendments to KRS 224A, the State is authorized to render financial assistance to eligible project applicants by way of capitalization grants from the United States Environmental Protection Agency and State matched funds comprising the Federally Assisted Drinking Water Revolving Fund (State Revolving Loan Program). Said Program is established to aid in the construction of drinking water treatment facilities and other improvements as well as other related facilities with consideration for approval to be based on applications submitted through the Kentucky Energy and Environmental Cabinet and the Kentucky Infrastructure Authority.

WHEREAS, the improvements proposed for construction by the Harlan Municipal Water Works Board of Commissioners within the Harlan County area are considered eligible projects for such loan assistance.

WHEREAS, the Harlan Municipal Water Works Board of Commission being the authority to set water rates for their customers.

BE IT HEREBY RESOLVED, the Harlan Municipal Water Works Boards of Commission will increase user charges in the amount necessary to cover the debt for the above mentioned projects, which shall be based on the results of a rate study.

The foregoing shall become effective on the 21st day of September, 2021.

Motion having been made, seconded and adopted upon vote of the Commissioners, as follows, to wit:

James M. Bushnell AYE
COMMISSIONER

Carl M. ... AYE
COMMISSIONER

[Signature] AYE
COMMISSIONER

NAYS: NONE

Harlan Municipal Water Works Board of Commission

By: [Signature] CHAIRMAN

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND		Reviewer	Sarah Parsley	
		Date	January 7, 2021	
		KIA Loan Number	F21-021	
		WRIS Number	WX21095013	
BORROWER	CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS HARLAN COUNTY			
BRIEF DESCRIPTION				
This project involves upgrades to the existing raw water intake and water treatment plant to improve operational efficiency and overall treatment reliability. The project will also provide needed redundancy in various treatment components and improve operator safety. There will be replacement of raw water pump control valves, surge relief components, SCADA and electrical controls, and the permanganate feed system. There will also be improvement of the chemical feed system, modifications to sludge handling and storage facilities, installation of additional baffling in the clear wells, replacement of launders in the settling basins, replacement of backwash and surface wash valve actuators in the filter basin, replacement of flocculation basin paddles and drives, new filter basin controls, new influent and effluent controls, new bulk and day storage tanks, new SCADA and electrical controls, replacement of high service pumps, and miscellaneous site work.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$2,549,645	RD Fee %	Actual %	
				Administrative Expenses \$50,000
				Legal Expenses 10,000
		Eng - Design / Const 7.5%	7.2%	156,000
		Eng - Insp 4.4%	5.6%	122,000
		Eng - Other		50,000
		Construction		1,971,645
		Contingency		190,000
TOTAL	\$2,549,645	TOTAL		\$2,549,645
REPAYMENT	Rate	0.25%	Est. Annual Payment	\$57,522
	Term	30 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Bell Engineering		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Apr-21		
	Construction Start	Jun-21		
	Construction Stop	Nov-21		
DEBT PER CUSTOMER	Existing	\$899		
	Proposed	\$2,135		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	2,006	\$23.65	(for 4,000 gallons)
	Additional	0	\$23.65	(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	438,800	276,260	162,540	1.6
Audited 2018	454,185	278,307	175,878	1.6
Audited 2019	249,086	276,061	(26,975)	0.9
Projected 2020	168,834	195,429	(26,595)	0.9
Projected 2021	145,026	210,009	(64,983)	0.7
Projected 2022	435,813	322,027	113,786	1.4
Projected 2023	411,043	322,172	88,871	1.3
Projected 2024	385,778	354,274	31,504	1.1

Reviewer: Sarah Parsley
Date: January 7, 2021
Loan Number: F21-021

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND F)
CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS,
HARLAN COUNTY PROJECT REVIEW
WX21095013**

I. PROJECT DESCRIPTION

The City of Harlan F/B/O Harlan Municipal Water Distribution System is requesting a Fund F loan in the amount of \$2,549,645 for the Harlan Municipal Water Distribution System Improvements project. This project will involve upgrades to the existing raw water intake and water treatment plant to improve operational efficiency and overall treatment reliability. The project will also provide needed redundancy in various treatment components and improve operator safety. There will be replacement of raw water pump control valves, surge relief components, SCADA and electrical controls, and the permanganate feed system. There will also be improvement of the chemical feed system, modifications to sludge handling and storage facilities, installation of additional baffling in the clear wells, replacement of launders in the settling basins, replacement of backwash and surface wash valve actuators in the filter basin, replacement of flocculation basin paddles and drives, new filter basin controls, new influent and effluent controls, new bulk and day storage tanks, new SCADA and electrical controls, replacement of high service pumps, and miscellaneous site work.

The Utility serves approximately 2000 customers.

II. PROJECT BUDGET

	Total
Administrative Expenses	\$ 50,000
Legal Expenses	10,000
Engineering Fees - Design	106,000
Engineering Fees - Construction	50,000
Engineering Fees - Inspection	122,000
Engineering Fees - Other	50,000
Construction	1,971,645
Contingency	190,000
Total	\$ 2,549,645

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 2,549,645	100%
Total	\$ 2,549,645	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 2,549,645
Less: Principal Forgiveness	<u>1,000,000</u>
Amortized Loan Amount	\$ 1,549,645
Interest Rate	0.25%
Loan Term (Years)	<u>30</u>
Estimated Annual Debt Service	\$ 53,648
Administrative Fee (0.25%)	<u>3,874</u>
Total Estimated Annual Debt Service	\$ 57,522

V. PROJECT SCHEDULE

Bid Opening	April 12, 2021
Construction Start	June 14, 2021
Construction Stop	November 15, 2021

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Current	Proposed	Total
Residential	1,738	0	1,738
Commercial	268	0	268
Industrial	0	0	0
Total	<u>2,006</u>	<u>0</u>	<u>2,006</u>

B) Rates

	Current	Prior
Date of Last Rate Increase	09/19/13	09/01/03
Minimum, First 2000 gallons	\$14.75	\$13.08
Next 8,000 Gallons (per 1000)	4.45	3.95
Next 15,000 (per 1000)	4.08	3.62
Cost for 4,000 gallons	<u>\$23.65</u>	<u>\$20.98</u>

Increase %	12.7%
Affordability Index (Rate/MHI)	1.2%

VII. 2020 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a “green” requirement.
- 2) Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of up to 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. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Water revenues decreased 3.9% from \$1.41 million in 2017 to \$1.35 million in 2019 while operating expenses increased 19.8% from \$0.97 million to \$1.17 million during the same period. The increase in operating expenses was due to pump and control valve issues. These issues included replacement of a pump and some valves, the overtime caused by these issues, and two new service trucks being purchased.

The balance sheet reflects a current ratio of 2.6, a debt to equity ratio of 0.3, 47.4 days of sales in accounts receivable, and 7.1 months operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Water revenues will increase approximately 24% in 2022.
- 2) Expenses will increase 2% annually for general inflation.
- 3) Debt service coverage is 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 F loan.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$128,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$6,400 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
KIA Note Payable B291-13 (City of Harlan)	\$ 363,123	2025
KIA Note Payable F03-03 (City of Harlan)	718,472	2028
USDA Bond	722,000	0
Total	\$ 1,803,595	

X. CONTACTS

Legal Applicant	
Entity Name	Harlan Municipal Water Works
Authorized Official	Joe Meadors (Mayor)
County	Harlan
Email	-
Phone	(606) 573-1540
Address	PO Box 114 Harlan, KY 40831

Applicant Contact	
Name	Otis Lewis
Organization	Harlan Municipal Water Works
Email	hmmwotl@harlanonline.net (606)
Phone	573-1540
Address	PO Box 114 Harlan, KY 40831

Project Administrator

Name	Susanna Cornett
Organization	Cumberland Valley Area Dev District
Email	scornett@cvadd.org
Phone	(606) 864-7391
Address	PO Box 1740 London, KY 40744

Consulting Engineer

PE Name	Robert Bowman
Firm Name	Bell Engineering
Email	abowman@hkbell.com
Phone	859-278-5412
Address	2480 Fortune Drive, Suite 350 Lexington, KY 40509

XI. RECOMMENDATIONS

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

The City shall pass an ordinance no later than July 31, 2021 which will increase user charges sufficient to generate a debt service coverage ratio of 1.1. This increase is currently estimated to be 24%.

**CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS
FINANCIAL SUMMARY (JUNE YEAR END)**

	<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>
Balance Sheet								
Assets								
Current Assets	3,292,171	3,446,951	916,510	882,489	817,506	973,592	1,062,463	1,093,967
Other Assets	4,859,972	4,667,314	6,943,055	6,748,350	6,553,645	10,271,269	9,976,248	9,681,227
Total	8,152,143	8,114,265	7,859,565	7,630,839	7,371,151	11,244,861	11,038,711	10,775,194
Liabilities & Equity								
Current Liabilities	368,528	384,215	351,939	323,783	328,247	332,777	366,615	267,436
Long Term Liabilities	2,021,250	1,800,315	1,608,159	1,441,512	1,271,101	4,109,505	3,902,126	3,794,626
Total Liabilities	2,389,778	2,184,530	1,960,098	1,765,295	1,599,348	4,442,282	4,268,741	4,062,062
Net Assets	5,762,365	5,929,735	5,899,467	5,865,544	5,771,803	6,802,579	6,769,970	6,713,132
Cash Flow								
Revenues	1,410,335	1,490,941	1,411,792	1,354,881	1,354,881	1,680,052	1,680,052	1,680,052
Operating Expenses	973,704	1,039,957	1,167,057	1,190,398	1,214,206	1,248,590	1,273,360	1,298,625
Other Income	2,169	3,201	4,351	4,351	4,351	4,351	4,351	4,351
Cash Flow Before Debt Service	438,800	454,185	249,086	168,834	145,026	435,813	411,043	385,778
Debt Service								
Existing Debt Service	276,260	278,307	276,061	195,429	210,009	264,505	264,650	296,752
Proposed KIA Loan F21-021	0	0	0	0	0	57,522	57,522	57,522
Proposed KIA Loan F21-016						54,306	54,306	54,306
Total Debt Service	276,260	278,307	276,061	195,429	210,009	322,027	322,172	354,274
Cash Flow After Debt Service	162,540	175,878	(26,975)	(26,595)	(64,983)	113,786	88,871	31,504
Ratios								
Current Ratio	8.9	9.0	2.6	2.7	2.5	2.9	2.9	4.1
Debt to Equity	0.4	0.4	0.3	0.3	0.3	0.7	0.6	0.6
Days Sales in Accounts Receivable	46.3	46.5	47.4	47.4	47.4	47.4	47.4	47.4
Months Operating Expenses in Unrestricted Cash	38.0	37.1	7.1	6.7	6.0	6.9	7.6	7.8
Debt Coverage Ratio	1.6	1.6	0.9	0.9	0.7	1.4	1.3	1.1

RESOLUTION AUTHORIZING ADJUSTMENTS TO RATES

At a regularly called meeting of the Harlan Municipal Water Works Board of Commission being held, in Harlan, Kentucky on the 21st day of September, 2021 at which time a quorum of the Commissioners were present, and thereafter the following Resolution was passed.

WHEREAS, the Harlan Municipal Water Works Board of Commission proposes to provide upgraded drinking water services for industrial, institutional, commercial, and residential growth in the Harlan City area

WHEREAS, that the Harlan Municipal Water Works Board of Commission under the terms of the Safe Drinking Water Act Amendments of 1996 (Public Law 104-182) and amendments to KRS 224A, the State is authorized to render financial assistance to eligible project applicants by way of capitalization grants from the United States Environmental Protection Agency and State matched funds comprising the Federally Assisted Drinking Water Revolving Fund (State Revolving Loan Program). Said Program is established to aid in the construction of drinking water treatment facilities and other improvements as well as other related facilities with consideration for approval to be based on applications submitted through the Kentucky Energy and Environmental Cabinet and the Kentucky Infrastructure Authority.

WHEREAS, the improvements proposed for construction by the Harlan Municipal Water Works Board of Commissioners within the Harlan County area are considered eligible projects for such loan assistance.

WHEREAS, the Harlan Municipal Water Works Board of Commission being the authority to set water rates for their customers.

BE IT HEREBY RESOLVED, the Harlan Municipal Water Works Boards of Commission will increase user charges in the amount necessary to cover the debt for the above mentioned projects, which shall be based on the results of a rate study.

The foregoing shall become effective on the 21st day of September, 2021.

Motion having been made, seconded and adopted upon vote of the Commissioners, as follows, to wit:

James M. Bushnell AYE
COMMISSIONER

Carl M. ... AYE
COMMISSIONER

[Signature] AYE
COMMISSIONER

NAYS: NONE

Harlan Municipal Water Works Board of Commission

By: [Signature] CHAIRMAN