

**Kentucky Infrastructure Authority
Projects for August 2026
Capital Projects and Bond Oversight Committee**

▪ **Fund B Loan**

Loan #	Borrower	Amount Requested	Amount Loan Total	County
B26-012	Wood Creek Water District	\$ 975,000	\$ 975,000	Laurel
B27-001	City of Morehead	\$ 2,500,000	\$ 2,500,000	Rowan

▪ **Fund F Loan**

Loan #	Borrower	Amount Requested	Amount Loan Total	County
F26-012	Crittenden-Livingston County Water District	\$ 19,437,310	\$ 19,437,310	Crittenden
F27-004E	Crittenden-Livingston County Water District	\$ 6,417,690	\$ 6,417,690	Crittenden
F26-027	City of Harrodsburg	\$ 10,500,000	\$ 10,500,000	Mercer



Kentucky Infrastructure Authority
Loan Programs
Fiscal Year Ended June 30, 2027

The Kentucky Infrastructure Authority (KIA) was created in 1988 to provide the mechanism for funding construction of local public works projects. KIA is continually growing and expanding its services. Through the various programs currently offered, KIA has become a major provider for local financing needs.

Program Designation Description of Program Federal / State Selection Basis Types of Infrastructure		Fund A (CWSRF)	Fund F (DWSRF)	Fund B	Fund C		
		Clean Water Federal	Drinking Water Federal	Infrastructure State	Governmental Agencies State		
		Priority List Wastewater	Priority List Drinking Water	First Come First Served Various ⁽¹⁾	First Come First Served Various ^(1,3)		
Fiscal 2027							
Terms ⁽⁴⁾	Interest Rates	Income Based	Income Based	Income Based	Terms	Market Rate	
20 years	Standard (> or = \$63,726)	2.75%	2.75%	2.75%	1-5 years	2.50%	
20 years	Non-standard (\$50,982 - \$63,725) ⁽²⁾	1.75%	1.75%	1.75%	6-10 years	3.00%	
20 to 30 years	Disadvantage (< or = \$50,981)	1.00%	1.00%	1.00%	11-20 years	4.00%	
20 years	Broadband Projects	N/A	N/A	5.00%	20 years	5.00%	
Administration Fees (on principal) Principal Forgiveness		0.25%	0.30%	0.20%	0.25%		
		depends on MHI/affordability index		N/A	N/A		
Lending Capacity							
Estimated Annual Availability Significant Federal Requirements		\$109,661,576	\$75,147,248	\$0	\$6,848,343		
		Davis Bacon	Davis Bacon				
		Environmental Review	Environmental Review				
		American Iron and Steel	American Iron and Steel				
		Fiscal Sustainability Plan	Build America Buy America				
	Build America Buy America						

(1) Includes planning, design, and construction of solid waste projects; dams; storm water control treatment systems; gas or electric utility; broadband deployment project; or any other public utility or public service project. Broadband project interest rates are at the non-standard rate of 5.00%.

(2) Other reasons include regionalization, consent decrees, agreed orders, or other criteria relating to public health or financial considerations. Rate less than Kentucky MHI but greater than 80% of MHI.

(3) Fund C interest rates are based on term and not MHI.

(4) The 30 year terms are only available for Disadvantaged Communities, depending on factors such as life expectancy of assets being funded and affordability.



**Kentucky Infrastructure Authority
Loan Programs
Fiscal Year Ended June 30, 2026**

The Kentucky Infrastructure Authority (KIA) was created in 1988 to provide the mechanism for funding construction of local public works projects. KIA is continually growing and expanding its services. Through the various programs currently offered, KIA has become a major provider for local financing needs.

Program Designation Description of Program Federal / State Selection Basis Types of Infrastructure		Fund A (CWSRF)	Fund F (DWSRF)	Fund B	Fund C	
		Clean Water Federal	Drinking Water Federal	Infrastructure State First Come First Served Various ⁽¹⁾	Governmental Agencies State First Come First Served Various ^(1,3)	
		Priority List Wastewater	Priority List Drinking Water			
Fiscal 2026						
Terms ⁽⁴⁾	Interest Rates	Income Based	Income Based	Income Based	Terms	Market Rate
20 years	Standard (> or = \$62,417)	2.75%	2.75%	2.75%	1-5 years	2.50%
20 years	Non-standard (\$49,934 - \$62,416) ⁽²⁾ Disadvantage (< or = \$49,933)	1.75%	1.75%	1.75%	6-10 years	3.00%
20 to 30 years		1.00%	1.00%	1.00%	11-20 years	4.00%
20 years	Broadband Projects	N/A	N/A	5.25%	20 years	5.25%
Administration Fees (on principal) Principal Forgiveness Estimated Annual Availability Significant Federal Requirements		0.25% 0.30% depends on MHI/affordability index		0.20% 0.25% N/A N/A		
		\$120,848,780	\$89,671,079	\$11,391,124	\$11,457,830	
		Davis Bacon Environmental Review American Iron and Steel Fiscal Sustainability Plan Build America Buy America	Davis Bacon Environmental Review American Iron and Steel Build America Buy America			

(1) Includes planning, design, and construction of solid waste projects; dams; storm water control treatment systems; gas or electric utility; broadband deployment project; or any other public utility or public service project. Broadband project interest rates are at the non-standard rate of 5.25%.

(2) Other reasons include regionalization, consent decrees, agreed orders, or other criteria relating to public health or financial considerations. Rate less than Kentucky MHI but greater than 80% of MHI.

(3) Fund C interest rates are based on term and not MHI.

(4) The 30 year terms are only available for Disadvantaged Communities, depending on factors such as life expectancy of assets being funded and affordability.

2021 Cleaner Water Program Grants - Water

Grant Number	Grantee	Project Title	Amount	County	Allocation Pool
21CWW375	City of Cloverport	Water System Evaluations	\$ 8,439.00	Breckinridge	County - R
21CWW376	City of Marion	Marion - Emergency Standby Generators	\$ 173,410.00	Crittenden	County - R

2022 Cleaner Water Program Grants - Water

Grant Number	Grantee	Project Title	Amount	County	Allocation Pool
22CWW409	City of Marion	Marion - Emergency Standby Generators	\$ 256,134.03	Crittenden	County - R

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND B, INFRASTRUCTURE REVOLVING LOAN FUND			Reviewer Date KIA Loan Number WRIS Number		Jeremy Skinner August 6, 2026 B26-012 SX21125020
BORROWER			WOOD CREEK WATER DISTRICT LAUREL COUNTY		
BRIEF DESCRIPTION					
The Wood Creek Water District (Wastewater Division) is requesting a Fund B loan in the amount of \$975,000 to fund the US 25 Force Main Replacement project. The project will consist of replacing approximately 9,900 linear feet (LF) of 10" PVC force main with 6" PVC force main along US 25 and all necessary appurtenances.					
The existing force main was previously a raw water line that was converted into a sewer force main when the District started provided wastewater services. Over the years, the large diameter of the existing pipe has caused issues with solids settling in the pipe due to the high velocity necessary to achieve scouring of the force main. A decrease in size will allow the system to achieve souring a lower velocity and require less maintenance than the existing force main.					
PROJECT FINANCING		PROJECT BUDGET			
Fund B Loan	\$975,000	Administrative Expenses		\$15,800	
		Land, Easements		10,000	
		Planning		18,000	
		Eng - Design / Const		68,000	
		Eng - Insp		45,600	
		Construction		724,300	
		Contingency		73,300	
		Other		20,000	
TOTAL	\$975,000	TOTAL		\$975,000	
REPAYMENT	Rate Term	1.75% 20 Years	Est. Annual Payment 1st Payment	\$59,939 6 Mo. after first draw	
PROFESSIONAL SERVICES	Engineer Bond Counsel	Kenvirons, Inc. Dinsmore & Shohl, LLP			
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	Sep-26 Nov-26 Feb-27			
DEBT PER CUSTOMER	Existing Proposed	\$537 \$1,150			
OTHER DEBT	See Attached				
RESIDENTIAL RATES	Current Additional	Users 1,517 0	Avg. Bill \$49.39 \$49.39	(for 4,000 gallons) (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 2022	278,284	36,881	241,403	7.5	
Audited 2023	179,458	37,003	142,455	4.8	
Audited 2024	239,312	37,111	202,201	6.4	
Projected 2025	231,365	37,206	194,159	6.2	
Projected 2026	212,362	36,794	175,568	5.8	
Projected 2027	185,620	66,844	118,777	2.8	
Projected 2028	160,669	96,880	63,789	1.7	
Projected 2029	135,095	96,933	38,162	1.4	

Reviewer: Jeremy Skinner
Date: August 6, 2026
Loan Number: B26-012

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND (FUND B)
WOOD CREEK WATER DISTRICT, LAUREL COUNTY
PROJECT REVIEW
SX21125020**

I. PROJECT DESCRIPTION

The Wood Creek Water District (Wastewater Division) is requesting a Fund B loan in the amount of \$975,000 to fund the US 25 Force Main Replacement project. The project will consist of replacing approximately 9,900 linear feet (LF) of 10" PVC force main with 6" PVC force main along US 25 and all necessary appurtenances.

The existing force main was previously a raw water line that was converted into a sewer force main when the District started providing wastewater services. Over the years, the large diameter of the existing pipe has caused issues with solids settling in the pipe due to the high velocity necessary to achieve scouring of the force main. A decrease in size will allow the system to achieve scouring at a lower velocity and require less maintenance than the existing force main.

The wastewater division of the Wood Creek Water District serves 1,334 residential and 183 commercial customers. Wastewater from the District is treated via agreement with the London Utility Commission.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$15,800
Land, Appraisals, Easements	10,000
Planning	18,000
Engineering Fees – Design	68,000
Engineering Fees – Inspection	45,600
Construction	724,300
Miscellaneous	20,000
Contingencies	<u>73,300</u>
Total	\$975,000

III. PROJECT FUNDING

	Amount	%
KIA Fund B Loan	\$975,000	100.0%
Total	\$975,000	\$100.0%

IV. KIA DEBT SERVICE

Construction Loan	\$975,000
Less: Principal Forgiveness	N/A
Amortized Loan Amount	\$975,000
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$57,989
Administrative Fee (0.20%)	1,950
Total Estimated Annual Debt Service	\$59,939

V. PROJECT SCHEDULE

Bid Opening:	September 2026
Construction Start:	November 2026
Construction Stop:	February 2027

VI. RATE STRUCTURE

A. Customers

Customers	Current
Residential	1,334
Commercial	183
Industrial	0
Total	1,517

B. Rates

Sewer: 5/8-Inch & 3/4-Inch Meter	Current	Prior
Date of Last Rate Increase	3/21/2025	5/29/2023
Minimum Bill (first 2,000 gallons)	\$28.49	\$28.01
Next 1,500 Gallons (per gallon)	15.66	14.93
Next 1,500 Gallons (per gallon)	0.01062	0.01044
Next 2,500 Gallons (per gallon)	0.00993	0.00976
Over 7,500 Gallons (per gallon)	0.00800	0.00786
Cost for 4,000 gallons	\$49.39	\$48.55
Increase %	1.7%	
Affordability Index (Rate/MHI)	1.1%	1.1%

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2019-2023, the Utility's service area population is 5,219 with a Median Household Income (MHI) of \$54,704. The MHI for the Commonwealth is \$62,417. The loan will qualify for a 1.75% interest rate.

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended December 31, 2022, through December 31, 2024. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

Although the Wood Creek Water District provides both water and wastewater services, the District's audited financial statements separately report the revenues, expenses, and debt associated with each division. Accordingly, the financial analysis that follows is based solely on the wastewater division's revenues, expenses, and debt.

HISTORY

Total operating revenues for the wastewater division increased 13 percent from \$1.05 million in 2022 to nearly \$1.19 million in 2024, with the revenue growth due primarily to a rate increase that took effect in May 2023. Operating expenses increased 24 percent over that same period; however, much of the increase occurred in 2023 due to an increase in wastewater treatment costs from the London Utility Commission. The District subsequently filed for a rate adjustment with the Public Service Commission to offset the increased treatment expenses. Operating expenses were stable in 2024. The debt service coverage ratio for the wastewater division was 7.5, 4.8, and 6.4 in 2022, 2023, and 2024, respectively.

The balance sheet for the District's wastewater division reflects a current ratio of 5.2, a debt-to-equity ratio of 0.2, 138.1 days of sales in accounts receivable, and 0.4

months of operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Sewer revenues will increase 1.3 percent in 2025 and 0.4% in 2026 due to a PSC-approved rate increase that took effect March 2025.
- 2) Operating expenses will increase 2.5 percent annually due to inflation and general cost increases.
- 3) Debt service coverage is **1.7** in 2028 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.

The Wood Creek Waer District is regulated by the Public Service Commission (PSC) and will need to apply to the PSC, pursuant to KRS 278.300, for debt authorization for the \$975,000 loan and must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$48,000 total) of the final amount borrowed to be funded annually (\$2,400 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Rural Development (Issue 2018)	\$815,000	2058
Total	\$815,000	

X. CONTACTS

Legal Applicant	
Name	Wood Creek Water District
Address	PO Box 726 London, KY 40743
County	Laurel
Authorized Official	Glenn Williams (Chairman)
Phone	(606) 878-9420
Email	dontaevans@woodcreekwater.org

Project Contact - Applicant

Name	Dewayne Lewis
Representing	Wood Creek Water District
Address	PO Box 726 London, KY 40743
Phone	(606) 878-9420
Email	dewaynelewis@woodcreekwater.org

Project Administrator

Name	Brendan Welch
Representing	Kenvirons, Inc.
Address	770 Wilkinson Boulevard Frankfort, KY 40601
Phone	(502) 695-4357
Email	bwelch@kenvirons.com

Consulting Engineer

Name	Brendan Welch
Firm	Kenvirons, Inc.
Address	770 Wilkinson Boulevard Frankfort, KY 40601
Phone	(502) 695-4357
Email	bwelch@kenvirons.com

XI. RECOMMENDATIONS

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

WOOD CREEK WATER DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)

	Audited	Audited	Audited	Projected	Projected	Projected	Projected	Projected
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Balance Sheet								
Assets								
Current Assets	1,179,914	1,484,195	1,382,284	1,483,838	1,573,022	1,632,410	1,664,304	1,683,385
Other Assets	5,321,296	5,216,250	5,394,394	5,228,475	5,053,260	5,800,274	5,544,794	5,276,501
Total	<u>6,501,210</u>	<u>6,700,445</u>	<u>6,776,678</u>	<u>6,712,312</u>	<u>6,626,281</u>	<u>7,432,684</u>	<u>7,209,099</u>	<u>6,959,887</u>
Liabilities & Equity								
Current Liabilities	79,979	282,090	264,622	266,455	268,855	320,005	322,505	325,005
Long Term Liabilities	841,035	826,356	811,158	796,158	780,658	1,690,908	1,625,658	1,559,908
Total Liabilities	<u>921,014</u>	<u>1,108,446</u>	<u>1,075,780</u>	<u>1,062,613</u>	<u>1,049,513</u>	<u>2,010,913</u>	<u>1,948,163</u>	<u>1,884,913</u>
Net Assets	<u>5,580,196</u>	<u>5,591,999</u>	<u>5,700,898</u>	<u>5,649,699</u>	<u>5,576,768</u>	<u>5,421,771</u>	<u>5,260,936</u>	<u>5,074,974</u>
Cash Flow								
Revenues	1,052,269	1,188,611	1,189,872	1,205,094	1,209,839	1,209,839	1,209,839	1,209,839
Operating Expenses	774,002	1,009,173	950,588	973,757	997,505	1,024,247	1,049,198	1,074,772
Other Income	17	20	28	28	28	28	28	28
Cash Flow Before Debt Service	<u>278,284</u>	<u>179,458</u>	<u>239,312</u>	<u>231,365</u>	<u>212,362</u>	<u>185,620</u>	<u>160,669</u>	<u>135,095</u>
Debt Service								
Existing Debt Service	36,881	37,003	37,111	37,206	36,794	36,874	36,941	36,994
Proposed KIA Loan	0	0	0	0	0	29,970	59,939	59,939
Total Debt Service	<u>36,881</u>	<u>37,003</u>	<u>37,111</u>	<u>37,206</u>	<u>36,794</u>	<u>66,844</u>	<u>96,880</u>	<u>96,933</u>
Cash Flow After Debt Service	<u>241,403</u>	<u>142,455</u>	<u>202,201</u>	<u>194,159</u>	<u>175,568</u>	<u>118,777</u>	<u>63,789</u>	<u>38,162</u>
Ratios								
Current Ratio	14.8	5.3	5.2	5.6	5.9	5.1	5.2	5.2
Debt to Equity	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.4
Days Sales in Accounts Receivable	111.4	138.1	107.4	107.4	107.4	107.4	107.4	107.4
Months Operating Expenses in Unrestricted Cash	1.6	0.3	0.4	1.6	2.6	3.2	3.5	3.7
Debt Coverage Ratio	7.5	4.8	6.4	6.2	5.8	2.8	1.7	1.4

EXECUTIVE SUMMARY		Reviewer		Jeremy Skinner	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date		August 6, 2026	
FUND B, INFRASTRUCTURE		KIA Loan Number		B27-001	
REVOLVING LOAN FUND		WRIS Number		SX21205041	
BORROWER		CITY OF MOREHEAD ROWAN COUNTY			
BRIEF DESCRIPTION					
The City of Morehead is requesting a Fund B loan in the amount of \$2,500,000 to finance Phase 1 of the US 60 Sewer Line Rehab project. This phase will rehabilitate a critical section of the existing 36-inch reinforced concrete gravity sewer line along US 60 that conveys wastewater from the Downtown Sewershed to the wastewater treatment plant (WWTP). This phase of the project will include the installation of approximately 2,830 linear feet (LF) of 36-inch fold-and-form PVC liner, the rehabilitation of 15 manholes near the WWTP, the replacement of 1,920 LF of 36-inch gravity sewer, the replacement of 200 LF of 8-inch gravity sewer, and the removal of six 90-degree turn manholes to improve hydraulic capacity.					
PROJECT FINANCING		PROJECT BUDGET			
Fund B Loan	\$2,500,000	Administrative Expenses		\$0	
		Eng - Design / Const		168,600	
		Eng - Insp		99,600	
		Construction		1,987,415	
		Contingency		244,385	
TOTAL	\$2,500,000	TOTAL		\$2,500,000	
REPAYMENT	Rate	1.75%	Est. Annual Payment		\$153,689
	Term	20 Years	1st Payment	6 Mo. after first draw	
PROFESSIONAL SERVICES	Engineer	Bluegrass Engineering, PLLC			
	Bond Counsel	Dinsmore & Shohl, LLP			
PROJECT SCHEDULE	Bid Opening	Feb-27			
	Construction Start	Apr-27			
	Construction Stop	Oct-27			
DEBT PER CUSTOMER	Existing	\$6,650			
	Proposed	\$6,130			
OTHER DEBT		See Attached			
RESIDENTIAL RATES		Users	Avg. Bill		
	Current	5,365	\$33.99 (for 4,000 gallons)		
	Additional	0	\$33.99 (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 2023	3,230,253	1,505,272	1,724,981		2.1
Audited 2024	3,998,706	1,509,484	2,489,222		2.6
Audited 2025	3,012,999	1,620,131	1,392,868		1.9
Projected 2026	4,525,165	1,540,396	2,984,769		2.9
Projected 2027	4,359,418	1,930,399	2,429,019		2.3
Projected 2028	4,036,676	2,808,843	1,227,833		1.4
Projected 2029	3,712,323	2,786,141	926,182		1.3
Projected 2030	3,379,861	2,711,145	668,716		1.2

Reviewer: Jeremy Skinner
Date: August 6, 2026
Loan Number: B27-001

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND (FUND B)
CITY OF MOREHEAD, ROWAN COUNTY
PROJECT REVIEW
SX21205041**

I. PROJECT DESCRIPTION

The City of Morehead is requesting a Fund B loan in the amount of \$2,500,000 to finance Phase 1 of the Morehead Utility Plant Board US 60 Sewer Line Rehab project. This phase will rehabilitate a critical section of the existing 36-inch reinforced concrete gravity sewer line along US 60 that conveys wastewater from the Downtown Sewershed to the wastewater treatment plant (WWTP). This phase of the project will include the installation of approximately 2,830 linear feet (LF) of 36-inch fold-and-form PVC liner, the rehabilitation of 15 manholes near the WWTP, the replacement of 1,920 LF of 36-inch gravity sewer, the replacement of 200 LF of 8-inch gravity sewer, and the removal of six 90-degree turn manholes to improve hydraulic capacity.

Phase 1 of the US 60 Sewer Line Rehab project is necessary to address severe structural deficiencies and excessive inflow & infiltration within a critical section of the wastewater collection system which serves the downtown area of Morehead, including Morehead State University, and carries 40 percent of the wastewater treated at the WWTP. The project will also rehabilitate manholes and pipe sections affected by corrosion resulting from force main discharges.

Via the Morehead Utility Plant Board, the City of Morehead provides sewer services to 4,792 residential, 570 commercial, and three industrial customers. Additionally, the City provides water services to 2,810 residential, 628 commercial, and four industrial customers while also providing wholesaler water services to the Bath County Water District and Rowan Water, Inc.

II. PROJECT BUDGET

	Total
Engineering Fees – Design	\$118,000
Engineering Fees – Construction	50,600
Engineering Fees – Inspection	99,600
Construction	1,987,415
Contingency	244,385
Total	\$2,500,000

III. PROJECT FUNDING

	Amount	%
KIA Fund B Loan	\$2,500,000	100.0%
Total	\$2,500,000	100.0%

IV. KIA DEBT SERVICE

Construction Loan	\$2,500,000
Less: Principal Forgiveness	N/A
Amortized Loan Amount	\$2,500,000
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$148,689
Administrative Fee (0.20%)	5,000
Total Estimated Annual Debt Service	\$153,689

V. PROJECT SCHEDULE

Bid Opening:	February 2027
Construction Start:	April 2027
Construction Stop:	October 2027

VI. RATE STRUCTURE

A. Customers

Customers (Sewer)	Current
Residential	4,792
Commercial	570
Industrial	3
Total	5,365

B. Rates

Wastewater – City	Current	Prior	Prior
Date of Last Rate Increase	7/01/2026	7/01/2025	8/1/2024
Minimum (First 2,000 Gallons)	\$16.67	\$16.23	\$15.77
Over 2,000 Gallons (per 1,000)	8.66	8.43	8.19
Cost for 4,000 gallons	\$33.99	\$33.09	\$32.15
Increase %	2.7%	2.9%	
Affordability Index (Rate/MHI)	0.8%	0.8%	0.7%

Wastewater – County	Current	Prior	Prior
Date of Last Rate Increase	7/01/2026	7/01/2025	8/1/2024
Minimum (First 2,000 Gallons)	\$20.01	\$19.48	\$18.93
Over 2,000 Gallons (per 1,000)	10.01	9.75	8.48
Cost for 4,000 gallons	\$40.03	\$39.98	\$37.89
Increase %	2.7%	2.9%	
Affordability Index (Rate/MHI)	0.9%	0.9%	0.9%

Water – City	Current	Prior	Prior
Date of Last Rate Increase	7/01/2026	7/01/2025	8/1/2024
Minimum (First 2,000 Gallons)	\$27.31	\$26.59	\$25.84
Next 4,000 Gallons (per 1,000)	11.56	11.26	10.94
Cost for 4,000 gallons	\$50.43	\$49.11	\$47.72
Increase %	2.7%	2.9%	
Affordability Index (Rate/MHI)	1.2%	1.1%	1.1%

Water – County	Current	Prior	Prior
Date of Last Rate Increase	7/01/2026	7/01/2025	8/1/2024
Minimum (First 2,000 Gallons)	\$32.79	\$31.93	\$31.03
Next 4,000 Gallons (per 1,000)	13.86	13.50	13.12
Cost for 4,000 gallons	\$60.51	\$58.93	\$57.27
Increase %	2.7%	2.9%	
Affordability Index (Rate/MHI)	1.4%	1.4%	1.3%

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2020-2024, the Utility's service area population is 16,051 with a Median Household Income (MHI) of \$52,366. The MHI for the Commonwealth is \$63,726. The loan will qualify for a 1.75% interest rate.

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ending June 30, 2023, through June 30, 2025. 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.

The City of Morehead/Morehead Utility Plant Board accounts for the water, sewer and gas services in a single proprietary fund. Where practical, the financial analysis isolates sewer revenues and expenses for the purpose of evaluating cash flow and determining any rate increases needed to support the proposed financing.

HISTORY

Total operating revenues – which include revenues from sewer, water, and gas – decreased nearly 4.9 percent from \$15.62 million in fiscal year (FY) 2023 to \$14.85 million in FY 2025. The decrease in operating revenues was primarily attributable to declining gas sales. Excluding gas and counting only revenues from sewer and water services, total operating revenues increased over 7 percent from 2023 to 2025.

Sewer revenues fluctuated over the period despite annual rate increases, increasing 9 percent in 2024 to \$6.2 million and then decreasing 9 percent in 2025 to \$5.6 million. The fluctuation in sewer revenues is primarily attributable to year-to-year variances in industrial usage, which, according to the City's 2025 audited financial statement, can be volatile at times. Water revenues increased 17 percent from \$4.98 million in 2023 to \$5.8 million in 2025 due to adopted rate increases and steady customer demand.

Total operating expenses (less depreciation and other non-cash items) decreased 3.1 percent from \$12.4 million in 2023 to \$12.05 million in 2025; however, the decrease was driven primarily by lower gas purchases for resale, reflecting reduced retail gas sales. Excluding expenses related to gas purchases, operating expenses were relatively steady, increasing approximately 10 percent from 2023 to 2025. The debt service coverage ratio was 2.1, 2.6, and 1.9 in 2023, 2024, and 2025, respectively.

Sewer and water revenues are expected to increase in FYs 2026 and 2027 due to adopted retail sewer and water rate increases effective July 2025 and July 2026, along with a significant increase in wholesale water rates implemented in July 2025.

The balance sheet reflects a current ratio of 0.3, a debt-to-equity ratio of 2.0, 55.8 days of sales in accounts receivable, and 0.7 months of operating expenses in unrestricted cash. The results for the current ratio and number of months in operating expenses calculations understate the utility system's liquidity because they exclude restricted cash and investments.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Retail sewer and water revenues will increase 2.9 percent in FY 2026 and 2.7 percent in FY 2027 due to rate increases implemented in July 2025 and July 2026.
- 2) Wholesale water revenues will increase 58.1 percent in FY 2026 due to a PSC-approved rate increase implemented July 2025.
- 3) While the City typically increases retail sewer and water rates on an annual basis, retail sewer and water revenues are projected to be flat after FY 2027 due to there being no proposed rate increases currently. As such, sewer and water revenues presented here for FY 2028 and beyond are likely somewhat understated.
- 4) Operating expenses will increase 2.5 percent annually due to inflation.
- 5) Debt service coverage is **1.3** in FY 2029 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.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$126,000 total) of the final amount borrowed to be funded annually (\$6,300 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	Outstanding*	Maturity
KIA A04-002^	\$394,533	2026
KIA A10-16	806,922	2033
KIA A16-065	1,204,993	2038
KIA A19-032	4,386,607	2045
KIA A20-020	930,445	2044
KIA A209-36 (ARRA)	113,280	2031
KIA A209-37 (ARRA)	214,991	2032
KIA F19-002♦	43,645,296	TBD
Series of 1966 Issue△	15,000	2010
2022 Refunding	3,345,000	2042
Cave Run Lake Water Supply~	2,388,902	2053
Leases Payable	873,020	N/A
Total	\$58,318,989	

* Balances as of FYE 2025.

^ Loan paid off as of 6/2026.

♦ The approved loan amount for KIA F19-032 is \$44,998,000. The current balance is \$43,645,296 with \$1,352,704 in available funding. The City received grants funds with which it completed the project. There will be no additional draws on this loan. For the purposes of this analysis, principal and interest payments are assumed to be starting December 2026.

△ The Series of 1966 issues matured in FY 2010. The City is not aware of any ongoing payments for this loan. For analysis purposes, it is assumed that the final payment of \$15,000 was made in FY 2026 (which aligns with the City's 2025 audited financial statement).

~ The City entered into an agreement with the Department of the Army for the right to withdraw water from Cave Run Lake with a cost of \$2.64 million to be amortized over 30 years. However, the City paid off the balance in 2026 so there are no more payments associated with this liability.

X. CONTACTS

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

Project Contact - Applicant

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

Project Administrator

Name	Duane Sassi
Representing	Gateway Area Development District
Address	110 Lake Park Dr. Morehead, KY 40351
Phone	(606) 780-0090
Email	duane.sassi@ky.gov

Consulting Engineer

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

XI. RECOMMENDATIONS

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

CITY OF MOREHEAD
FINANCIAL SUMMARY (JUNE YEAR END)

	Audited 2023	Audited 2024	Audited 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030
Balance Sheet								
Assets								
Current Assets	4,366,951	4,365,510	4,355,036	5,257,468	5,790,415	6,046,932	6,243,229	6,388,144
Other Assets	63,034,141	91,745,177	114,401,353	113,487,661	112,129,425	112,247,795	109,624,895	105,276,493
Total	67,401,092	96,110,687	118,756,389	118,745,129	117,919,840	118,294,727	115,868,125	111,664,637
Liabilities & Equity								
Current Liabilities	2,114,283	2,219,411	14,077,101	4,086,778	4,911,789	4,953,020	4,909,690	4,869,089
Long Term Liabilities	36,573,457	62,540,941	64,672,066	63,004,452	60,511,827	60,477,971	57,987,445	55,537,520
Total Liabilities	38,687,740	64,760,352	78,749,167	67,091,230	65,423,616	65,430,991	62,897,135	60,406,609
Net Assets	28,713,352	31,350,335	40,007,222	51,653,899	52,496,224	52,863,736	52,970,989	51,258,028
Cash Flow								
Revenues	15,616,424	14,895,486	14,845,367	16,772,786	17,010,285	17,010,285	17,010,285	17,010,285
Operating Expenses	12,431,296	11,086,865	12,047,768	12,397,824	12,801,070	13,123,812	13,448,165	13,780,627
Other Income	45,125	190,085	215,400	150,203	150,203	150,203	150,203	150,203
Cash Flow Before Debt Service	3,230,253	3,998,706	3,012,999	4,525,165	4,359,418	4,036,676	3,712,323	3,379,861
Debt Service								
Existing Debt Service	1,505,272	1,509,484	1,620,131	1,540,396	1,930,399	2,731,999	2,632,452	2,557,456
Proposed KIA Loan	0	0	0	0	0	76,845	153,689	153,689
Total Debt Service	1,505,272	1,509,484	1,620,131	1,540,396	1,930,399	2,808,843	2,786,141	2,711,145
Cash Flow After Debt Service	1,724,981	2,489,222	1,392,868	2,984,769	2,429,019	1,227,833	926,182	668,716
Ratios								
Current Ratio	2.1	2.0	0.3	1.3	1.2	1.2	1.3	1.3
Debt to Equity	1.3	2.1	2.0	1.3	1.2	1.2	1.2	1.2
Days Sales in Accounts Receivable	52.4	59.8	55.8	55.8	55.8	55.8	55.8	55.8
Months Operating Expenses in Unrestricted Cash	1.1	0.9	0.7	1.3	1.7	1.9	2.0	2.1
Debt Coverage Ratio	2.1	2.6	1.9	2.9	2.3	1.4	1.3	1.2

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND			Reviewer	Sandy Rankin	
			Date	August 6, 2026	
			KIA Loan Number	F26-012	
			WRIS Number	WX21055023	
BORROWER		CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT CRITTENDEN COUNTY			
BRIEF DESCRIPTION					
The Crittenden-Livingston County Water District is requesting a Fund F loan in the amount of \$19,437,310 for their CLWD - Water System Expansion-Phase III project. Approximately 85,500 LF of 16-inch ductile iron water line from the treatment plant would replace the existing 8-inch PVC waterline to the City of Marion. The completion of this phase will allow the decommissioning of the Marion Water Treatment Plant, eliminating a PFAS impacted system. The project also includes approximately 2,125 LF of 16-inch transmission line crossing the Cumberland River to supplement the existing 8-inch line to provide adequate service to southern Livingston County as well as the rehab of a pump station at the treatment plant.					
PROJECT FINANCING			PROJECT BUDGET		
F26-012	\$19,437,310	Administrative Expenses	\$145,000		
24HB001 24KGW405	4,575,000	Land, Easements	280,000		
F27-004E	6,417,690	Eng - Design / Const	3,803,000		
HB900 State Line Item	10,000,000	Legal Expenses	195,000		
		Eng - Insp	1,430,000		
		Eng - Other	168,000		
		Construction	31,284,000		
		Contingency	3,125,000		
TOTAL	\$40,430,000	TOTAL	\$40,430,000		
REPAYMENT	Rate	1.75%	Est. Annual Payment	\$852,861	
	Term	20 Years	1st Payment	6 Mo. after first draw	
PROFESSIONAL SERVICES	Engineer	McGhee Engineering, Inc.			
	Bond Counsel	Dinsmore & Shohl, LLP			
PROJECT SCHEDULE	Bid Opening	Mar-27			
	Construction Start	May-27			
	Construction Stop	Oct-28			
DEBT PER CUSTOMER	Existing	\$2,145			
	Proposed	\$4,896			
OTHER DEBT		See Attached			
RESIDENTIAL RATES		Users	Avg. Bill		
	Current	3,711	\$75.74 (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 2022	1,318,177	1,215,687	102,490	1.1	
Audited 2023	999,021	981,366	17,655	1.0	
Audited 2024	1,026,824	921,844	104,980	1.1	
Projected 2025	973,954	932,289	41,665	1.0	
Projected 2026	1,320,339	922,390	397,949	1.4	
Projected 2027	1,276,762	923,304	353,458	1.4	
Projected 2028	1,232,314	910,971	321,343	1.4	
Projected 2029	1,842,234	1,736,257	105,977	1.1	

Reviewer: Sandy Rankin
Date: August 6, 2026
Loan Number: F26-012

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND F)
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT, CRITTENDEN COUNTY
PROJECT REVIEW
WX21055023**

I. PROJECT DESCRIPTION

The Crittenden-Livingston County Water District is requesting a Fund F loan in the amount of \$19,437,310 for their CLWD - Water System Expansion-Phase III project. Approximately 85,500 LF of 16-inch ductile iron water line from the treatment plant would replace the existing 8-inch PVC waterline to the City of Marion. The completion of this phase will allow the decommissioning of the Marion Water Treatment Plant, eliminating a PFAS impacted system. The project also includes approximately 2,125 LF of 16-inch transmission line crossing the Cumberland River to supplement the existing 8-inch line to provide adequate service to southern Livingston County as well as the rehab of a pump station at the treatment plant.

The District currently serves 3,684 residential customers, 20 commercial customers and 7 wholesale/other customers.

II. PROJECT BUDGET

	Total
Administrative Expenses	\$ 145,000
Land, Easements	280,000
Engineering Fees - Design	2,853,000
Engineering Fees - Construction	950,000
Engineering Fees - Inspection	1,430,000
Construction	31,284,000
Contingency	3,125,000
Total	\$40,430,000

III. PROJECT FUNDING

	Amount	%
Fund F Loan	\$19,437,310	48%
24HB001 24KGW405	4,575,000	11%
F27-004E	6,417,690	16%
HB900 State Line Item	10,000,000	25%
Total	\$40,430,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$19,437,310
Less: Principal Forgiveness	<u>5,786,203</u>
Amortized Loan Amount	\$13,651,107
Interest Rate	1.75%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 811,908
Administrative Fee (0.30%)	<u>40,953</u>
Total Estimated Annual Debt Service	\$ 852,861

V. PROJECT SCHEDULE

Bid Opening:	March 2027
Construction Start:	May 2027
Construction Stop:	October 2028

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Current
Residential	3,684
Commercial	20
Industrial	0
Wholesale/Other	<u>7</u>
Total	3,711

B) Rates

	Current	Prior	Prior	Prior
Date of Last Rate Increase	11/04/25	05/23/21	05/23/20	05/23/19
Minimum up to 1,000 gallons	\$27.98	\$24.76	\$22.70	\$20.70
Next 9,000 Gallons	<u>15.92</u>	<u>14.08</u>	<u>12.89</u>	<u>11.77</u>
Cost for 4,000 gallons	\$75.74	\$67.00	\$61.37	\$56.01
Increase %	13.0%	9.2%	9.6%	
Affordability Index (Rate/MHI)	1.5%	1.4%	1.2%	1.1%
	Current	Prior	Prior	Prior
Wholesale				
Date of Last Rate Increase	11/04/25	05/23/21	05/23/20	05/23/19
Per 1,000 gallons	3.78	3.34	3.08	2.83
Increase %	13.2%	8.4%	8.8%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2020-2024, the Utility's service area population is 8,345 with a Median Household Income (MHI) of \$59,315. The MHI for the Commonwealth is \$63,726. The loan will qualify for a 1.75% interest rate.

VIII. 2024 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 30% of the assistance amount, not to exceed \$5,786,203, will be credited to the loan balance.

IX. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended December 31, 2022, through December 31, 2024. 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 decreased 3% from \$3.16 million in 2022 to \$3.07 million in 2024 due to leaks creating water shortage issues and capacity problems. Operating expenses increased 12% from \$1.88 million to \$2.09 million during the same period due to increases in repairs, maintenance, supplies and insurance. The debt coverage ratio was 1.1, 1.0, and 1.1 in 2022, 2023 and 2024.

The balance sheet reflects a current ratio of 1.0, a debt-to-equity ratio of 1.7, 32.0 days of sales in accounts receivable, and 2.5 months of operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Residential and commercial water revenues will increase 13.0% in 2026 due to rate increases approved by the PSC on 11/4/25 with wholesale water revenues increasing 13.2%. All water revenues will further increase approximately 18%, or \$750,000, prior to completion of the project.
- 2) Expenses will increase 2-3% annually due to inflation and expected increases in general operational costs.
- 3) Debt service coverage is 1.1 in 2029 when P&I repayments begin.

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

The ENTITY is regulated by the Public Service Commission (PSC) and will need to apply to the PSC, pursuant to KRS 278.300, for debt authorization for the \$19,437,310 loan and must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$972,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$48,600 yearly) each December 1 for 20 years and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
2008 Revenue Bonds Series C	\$ 220,000	
2013 Revenue Bonds 2004D	1,405,000	2029
2013 Revenue Bonds 2000B	1,495,000	2040
KIA Loan B11-10	142,188	2033
KIA Loan C20-002	271,313	2041
KIA Loan F16-021	652,564	2037
KACO Lease 2017C	1,802,500	2039
KACO Lease 2018B	1,650,000	2040
KACO Lease 2023E	237,400	
Farmers Bank Line of Credit	0	
Total	\$ 7,875,965	

XI. CONTACTS

Legal Applicant	
Entity Name	Crittenden-Livingston County Water District
Authorized Official	TI Maddux (Chairman)
County	Crittenden
Email	abbiea@clwaterdist.com
Phone	(270) 988-2680
Address	620 E Main Street Salem, KY 42078

Applicant Contact

Name	Abbie Adamson
Organization	Crittenden-Livingston Water District
Email	abbie@clwaterdist.com
Phone	(270) 988-2680
Address	714 Main Street Salem, KY 42078

**Project
Administrator**

Name	Amy Frogue
Organization	Pennyrile Area Development District
Email	amy.froguet@ky.gov
Phone	(270) 886-9484
Address	300 Hammond Drive Hopkinsville, KY 42240

**Consulting
Engineer**

PE Name	Michael Wayne McGhee
Firm Name	McGhee Engineering, Inc.
Email	mike.mcghee@mcgheeengineering.com
Phone	(270) 483-9985
Address	202 S Ewing Street PO Box 267 Guthrie, KY 42234

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions (and the following special rate conditions).

The Crittenden-Livingston County Water District must pass a resolution demonstrating their intention to increase revenues as necessary to meet the loan requirements over the life of the loan. KIA staff review currently indicates that revenues will need to increase by an estimated \$750,000 annually, which equates to an approximate rate increase of 18% for all users, to maintain the 1.1 debt coverage ratio in 2029.

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

	Audited	Audited	Audited	Projected	Projected	Projected	Projected	Projected
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Balance Sheet								
Assets								
Current Assets	853,865	723,521	1,818,881	1,063,635	1,177,325	1,248,017	1,312,286	1,398,581
Other Assets	17,645,936	17,088,804	21,349,552	17,086,385	16,682,317	16,242,656	15,777,303	54,558,908
Total	<u>18,499,801</u>	<u>17,812,325</u>	<u>23,168,433</u>	<u>18,150,020</u>	<u>17,859,642</u>	<u>17,490,673</u>	<u>17,089,589</u>	<u>55,957,489</u>
Liabilities & Equity								
Current Liabilities	810,904	714,217	1,802,011	759,036	786,559	799,113	796,699	1,245,481
Long Term Liabilities	10,350,947	9,545,535	12,674,480	8,406,125	7,707,755	6,997,831	6,291,321	18,788,136
Total Liabilities	<u>11,161,851</u>	<u>10,259,752</u>	<u>14,476,491</u>	<u>9,165,161</u>	<u>8,494,314</u>	<u>7,796,944</u>	<u>7,088,020</u>	<u>20,033,617</u>
Net Assets	<u>7,337,950</u>	<u>7,552,573</u>	<u>8,691,942</u>	<u>8,984,859</u>	<u>9,365,328</u>	<u>9,693,729</u>	<u>10,001,569</u>	<u>35,923,872</u>
Cash Flow								
Revenues	3,159,268	3,094,287	3,072,802	3,072,802	3,461,909	3,461,909	3,461,909	4,204,435
Operating Expenses	1,878,085	2,133,823	2,094,231	2,140,116	2,182,838	2,226,415	2,270,863	2,403,469
Other Income	36,994	38,557	48,253	41,268	41,268	41,268	41,268	41,268
Cash Flow Before Debt Service	<u>1,318,177</u>	<u>999,021</u>	<u>1,026,824</u>	<u>973,954</u>	<u>1,320,339</u>	<u>1,276,762</u>	<u>1,232,314</u>	<u>1,842,234</u>
Debt Service								
Existing Debt Service	1,215,687	981,366	921,844	932,289	922,390	923,304	910,971	883,396
Proposed KIA Loan	0	0	0	0	0	0	0	852,861
Total Debt Service	<u>1,215,687</u>	<u>981,366</u>	<u>921,844</u>	<u>932,289</u>	<u>922,390</u>	<u>923,304</u>	<u>910,971</u>	<u>1,736,257</u>
Cash Flow After Debt Service	<u>102,490</u>	<u>17,655</u>	<u>104,980</u>	<u>41,665</u>	<u>397,949</u>	<u>353,458</u>	<u>321,343</u>	<u>105,977</u>
Ratios								
Current Ratio	1.1	1.0	1.0	1.4	1.5	1.6	1.6	1.1
Debt to Equity	1.5	1.4	1.7	1.0	0.9	0.8	0.7	0.6
Days Sales in Accounts Receivable	30.7	30.1	32.0	32.0	32.0	32.0	32.0	32.0
Months Operating Expenses in Unrestricted Cash	1.9	0.9	2.5	2.5	2.9	3.2	3.5	3.5
Debt Coverage Ratio	1.1	1.0	1.1	1.0	1.4	1.4	1.4	1.1

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND			Reviewer	Sandy Rankin	
			Date	August 6, 2026	
			KIA Loan Number	F27-004E	
			WRIS Number	WX21055023	
BORROWER		CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT CRITTENDEN COUNTY			
BRIEF DESCRIPTION					
The Crittenden-Livingston County Water District is requesting a Fund F loan in the amount of \$6,417,690 for their CLWD - Water System Expansion-Phase III project. Approximately 85,500 LF of 16-inch ductile iron water line from the treatment plant would replace the existing 8-inch PVC waterline to the City of Marion. The completion of this phase will allow the decommissioning of the Marion Water Treatment Plant, eliminating a PFAS impacted system. The project also includes approximately 2,125 LF of 16-inch transmission line crossing the Cumberland River to supplement the existing 8-inch line to provide adequate service to southern Livingston County as well as the rehab of a pump station at the treatment plant.					
PROJECT FINANCING			PROJECT BUDGET		
F27-004E	\$6,417,690	Administrative Expenses	\$145,000		
24HB001 24KGW405	4,575,000	Land, Easements	280,000		
F26-012	19,437,310	Eng - Design / Const	3,803,000		
HB900 State Line Item	10,000,000	Legal Expenses	195,000		
		Eng - Insp	1,430,000		
		Eng - Other	168,000		
		Construction	31,284,000		
		Contingency	3,125,000		
TOTAL	\$40,430,000	TOTAL	\$40,430,000		
REPAYMENT	Rate	NA	Est. Annual Payment	\$0	
	Term	NA	1st Payment	6 Mo. after first draw	
PROFESSIONAL SERVICES	Engineer	McGhee Engineering, Inc.			
	Bond Counsel	Dinsmore & Shohl, LLP			
PROJECT SCHEDULE	Bid Opening	Mar-27			
	Construction Start	May-27			
	Construction Stop	Oct-28			
DEBT PER CUSTOMER	Existing	\$2,145			
	Proposed	\$4,896			
OTHER DEBT		See Attached			
RESIDENTIAL RATES		Users	Avg. Bill		
	Current	3,711	\$75.74 (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 2022	1,318,177	1,215,687	102,490	1.1	
Audited 2023	999,021	981,366	17,655	1.0	
Audited 2024	1,026,824	921,844	104,980	1.1	
Projected 2025	973,954	932,289	41,665	1.0	
Projected 2026	1,320,339	922,390	397,949	1.4	
Projected 2027	1,276,762	923,304	353,458	1.4	
Projected 2028	1,232,314	910,971	321,343	1.4	
Projected 2029	1,842,234	1,736,257	105,977	1.1	

Reviewer: Sandy Rankin
Date: August 6, 2026
Loan Number: F27-004E

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND F)
CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT, CRITTENDEN COUNTY
PROJECT REVIEW
WX21055023**

I. PROJECT DESCRIPTION

The Crittenden-Livingston County Water District is requesting a Fund F loan in the amount of \$6,417,690 for their CLWD - Water System Expansion-Phase III project. Approximately 85,500 LF of 16-inch ductile iron water line from the treatment plant would replace the existing 8-inch PVC waterline to the City of Marion. The completion of this phase will allow the decommissioning of the Marion Water Treatment Plant, eliminating a PFAS impacted system. The project also includes approximately 2,125 LF of 16-inch transmission line crossing the Cumberland River to supplement the existing 8-inch line to provide adequate service to southern Livingston County as well as the rehab of a pump station at the treatment plant.

The District currently serves 3,684 residential customers, 20 commercial customers and 7 wholesale/other customers.

II. PROJECT BUDGET

	Total
Administrative Expenses	\$ 145,000
Land, Easements	280,000
Engineering Fees - Design	2,853,000
Engineering Fees - Construction	950,000
Engineering Fees - Inspection	1,430,000
Construction	31,284,000
Contingency	3,125,000
Total	\$40,430,000

III. PROJECT FUNDING

	Amount	%
F27-004E	\$ 6,417,690	16%
24HB001 24KGW405	4,575,000	11%
F26-012	19,437,310	48%
HB900 State Line Item	10,000,000	25%
Total	\$40,430,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 6,417,690
Less: Principal Forgiveness	<u>6,417,690</u>
Amortized Loan Amount	\$ -

V. PROJECT SCHEDULE

Bid Opening:	March 2027
Construction Start:	May 2027
Construction Stop:	October 2028

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Current
Residential	3,684
Commercial	20
Industrial	0
Wholesale/Other	<u>7</u>
Total	3,711

B) Rates

	Current	Prior	Prior	Prior
Date of Last Rate Increase	11/04/25	05/23/21	05/23/20	05/23/19
Minimum up to 1,000 gallons	\$27.98	\$24.76	\$22.70	\$20.70
Next 9,000 Gallons	15.92	14.08	12.89	11.77
Cost for 4,000 gallons	\$75.74	\$67.00	\$61.37	\$56.01
Increase %	13.0%	9.2%	9.6%	
Affordability Index (Rate/MHI)	1.5%	1.4%	1.2%	1.1%

Wholesale	Current	Prior	Prior	Prior
Date of Last Rate Increase	11/04/25	05/23/21	05/23/20	05/23/19
Per 1,000 gallons	3.78	3.34	3.08	2.83
Increase %	13.2%	8.4%	8.8%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2020-2024, the Utility's service area population is 8,345 with a Median Household Income (MHI) of \$59,315. The MHI for the Commonwealth is \$63,726.

VIII. 2024 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 100% of the assistance amount, not to exceed \$6,417,690, will be credited to the loan balance.

IX. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended December 31, 2022, through December 31, 2024. 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 decreased 3% from \$3.16 million in 2022 to \$3.07 million in 2024 due to leaks creating water shortage issues and capacity problems. Operating expenses increased 12% from \$1.88 million to \$2.09 million during the same period due to increases in repairs, maintenance, supplies and insurance. The debt coverage ratio was 1.1, 1.0, and 1.1 in 2022, 2023 and 2024.

The balance sheet reflects a current ratio of 1.0, a debt-to-equity ratio of 1.7, 32.0 days of sales in accounts receivable, and 2.5 months of operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Residential and commercial water revenues will increase 13.0% in 2026 due to rate increases approved by the PSC on 11/4/25 with wholesale water revenues increasing 13.2%. All water revenues will further increase approximately 18%, or \$750,000, prior to completion of the project.
- 2) Expenses will increase 2-3% annually due to inflation and expected increases in general operational costs.
- 3) Debt service coverage is 1.1 in 2029 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% (\$320,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$16,000 yearly) each December 1 for 20 years and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
2008 Revenue Bonds Series C	\$ 220,000	
2013 Revenue Bonds 2004D	1,405,000	2029
2013 Revenue Bonds 2000B	1,495,000	2040
KIA Loan B11-10	142,188	2033
KIA Loan C20-002	271,313	2041
KIA Loan F16-021	652,564	2037
KACO Lease 2017C	1,802,500	2039
KACO Lease 2018B	1,650,000	2040
KACO Lease 2023E	237,400	
Farmers Bank Line of Credit	0	
Total	\$ 7,875,965	

XI. CONTACTS

Legal Applicant

Entity Name	Crittenden-Livingston County Water District
Authorized Official	TI Maddux (Chairman)
County	Crittenden
Email	abbiea@clwaterdist.com
Phone	(270) 988-2680
Address	620 E Main Street Salem, KY 42078

Applicant Contact

Name	Abbie Adamson
Organization	Crittenden-Livingston Water District
Email	abbie@clwaterdist.com
Phone	(270) 988-2680
Address	714 Main Street Salem, KY 42078

**Project
Administrator**

Name	Amy Frogue
Organization	Pennyrile Area Development District
Email	amy.frogue@ky.gov
Phone	(270) 886-9484
Address	300 Hammond Drive Hopkinsville, KY 42240

**Consulting
Engineer**

PE Name	Michael Wayne McGhee
Firm Name	McGhee Engineering, Inc.
Email	mike.mcghee@mcgheeengineering.com
Phone	(270) 483-9985
Address	202 S Ewing Street PO Box 267 Guthrie, KY 42234

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions (and the following special rate conditions).

The Crittenden-Livingston County Water District must pass a resolution demonstrating their intention to increase revenues as necessary to meet the loan requirements over the life of the loan. KIA staff review currently indicates that revenues will need to increase by an estimated \$750,000 annually, which equates to an approximate rate increase of 18% for all users, to maintain the 1.1 debt coverage ratio in 2029.

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

	Audited	Audited	Audited	Projected	Projected	Projected	Projected	Projected
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Balance Sheet								
Assets								
Current Assets	853,865	723,521	1,818,881	1,063,635	1,177,325	1,248,017	1,312,286	1,398,581
Other Assets	17,645,936	17,088,804	21,349,552	17,086,385	16,682,317	16,242,656	15,777,303	54,558,908
Total	<u>18,499,801</u>	<u>17,812,325</u>	<u>23,168,433</u>	<u>18,150,020</u>	<u>17,859,642</u>	<u>17,490,673</u>	<u>17,089,589</u>	<u>55,957,489</u>
Liabilities & Equity								
Current Liabilities	810,904	714,217	1,802,011	759,036	786,559	799,113	796,699	1,245,481
Long Term Liabilities	10,350,947	9,545,535	12,674,480	8,406,125	7,707,755	6,997,831	6,291,321	18,788,136
Total Liabilities	<u>11,161,851</u>	<u>10,259,752</u>	<u>14,476,491</u>	<u>9,165,161</u>	<u>8,494,314</u>	<u>7,796,944</u>	<u>7,088,020</u>	<u>20,033,617</u>
Net Assets	<u>7,337,950</u>	<u>7,552,573</u>	<u>8,691,942</u>	<u>8,984,859</u>	<u>9,365,328</u>	<u>9,693,729</u>	<u>10,001,569</u>	<u>35,923,872</u>
Cash Flow								
Revenues	3,159,268	3,094,287	3,072,802	3,072,802	3,461,909	3,461,909	3,461,909	4,204,435
Operating Expenses	1,878,085	2,133,823	2,094,231	2,140,116	2,182,838	2,226,415	2,270,863	2,403,469
Other Income	36,994	38,557	48,253	41,268	41,268	41,268	41,268	41,268
Cash Flow Before Debt Service	<u>1,318,177</u>	<u>999,021</u>	<u>1,026,824</u>	<u>973,954</u>	<u>1,320,339</u>	<u>1,276,762</u>	<u>1,232,314</u>	<u>1,842,234</u>
Debt Service								
Existing Debt Service	1,215,687	981,366	921,844	932,289	922,390	923,304	910,971	1,736,257
Proposed KIA Loan	0	0	0	0	0	0	0	0
Total Debt Service	<u>1,215,687</u>	<u>981,366</u>	<u>921,844</u>	<u>932,289</u>	<u>922,390</u>	<u>923,304</u>	<u>910,971</u>	<u>1,736,257</u>
Cash Flow After Debt Service	<u>102,490</u>	<u>17,655</u>	<u>104,980</u>	<u>41,665</u>	<u>397,949</u>	<u>353,458</u>	<u>321,343</u>	<u>105,977</u>
Ratios								
Current Ratio	1.1	1.0	1.0	1.4	1.5	1.6	1.6	1.1
Debt to Equity	1.5	1.4	1.7	1.0	0.9	0.8	0.7	0.6
Days Sales in Accounts Receivable	30.7	30.1	32.0	32.0	32.0	32.0	32.0	32.0
Months Operating Expenses in Unrestricted Cash	1.9	0.9	2.5	2.5	2.9	3.2	3.5	3.5
Debt Coverage Ratio	1.1	1.0	1.1	1.0	1.4	1.4	1.4	1.1

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND		Reviewer Date KIA Loan Number WRIS Number	Jeremy Skinner August 6, 2026 F26-027 WX21151079	
BORROWER		CITY OF HARRODSBURG MERCER COUNTY		
BRIEF DESCRIPTION				
The City of Harrodsburg is requesting a Fund F loan in the amount of \$10,500,000 to fund the Water Treatment Plant & High Service Transmission Main Improvements project. The project includes hybrid plate settlers to replace the existing tube settlers, disinfection system improvements to replace the existing chlorine gas disinfection system, emergency power backup at the raw water intake and water treatment plant, a new raw water intake screen, approximately 12,000 feet of new raw water transmission main and approximately 10,000 feet of new high service transmission main. The plate settlers will improve water quality while reducing the labor and maintenance required for the existing tube settlers. The disinfection system improvements will improve operator safety and improve water quality. Emergency generators will improve the reliability of the raw water intake and water treatment plant during power outages. The new intake screen will replace an existing screen that does not allow enough water into the screen during rain events with increased river velocity. The new raw water transmission main will eliminate two old raw water lines that run across country. The new high service line will replace portions of two aging high service lines (a 1952 12-inch cast iron line and a 1976 20-inch ductile iron line) that also run across country. The City has experienced numerous leaks on both the raw water and high service transmission lines, resulting in significant water loss.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$10,500,000	Administrative & Legal Expenses	\$25,000	
		Land, Easements	25,000	
		Planning	35,000	
		Eng - Design / Const	902,000	
		Construction	9,060,000	
		Contingency	453,000	
TOTAL	\$10,500,000	TOTAL	\$10,500,000	
REPAYMENT	Rate Term	1.00% 30 Years	Est. Annual Payment \$326,615 1st Payment 6 Mo. after first draw	
PROFESSIONAL SERVICES	Engineer Bond Counsel	Kentucky Engineering Group, PLLC Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	Oct-26 Jan-27 Apr-28		
DEBT PER CUSTOMER	Existing Proposed	\$3,772 \$4,192		
OTHER DEBT	See Attached			
RESIDENTIAL RATES	Current Additional	Users 4,317 0	Avg. Bill \$31.76 (for 4,000 gallons) \$31.76 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2023	3,202,636	2,326,435	876,201	1.4
Audited 2024	2,328,010	2,336,882	(8,872)	1.0
Audited 2025	2,780,676	2,832,753	(52,077)	1.0
Projected 2026	2,730,018	2,074,063	655,955	1.3
Projected 2027	2,771,252	2,113,974	657,277	1.3
Projected 2028	2,776,439	2,144,464	631,975	1.3
Projected 2029	2,808,714	2,471,261	337,453	1.1
Projected 2030	2,841,796	2,466,108	375,688	1.2

Reviewer: Jeremy Skinner
Date: August 6, 2026
Loan Number: F26-027

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND F)
CITY OF HARRODSBURG, MERCER COUNTY
PROJECT REVIEW
WX21151079**

I. PROJECT DESCRIPTION

The City of Harrodsburg is requesting a Fund F loan in the amount of \$10,500,000 to fund the Water Treatment Plant & High Service Transmission Main Improvements project. The project includes hybrid plate settlers to replace the existing tube settlers, disinfection system improvements to replace the existing chlorine gas disinfection system, emergency power backup at the raw water intake and water treatment plant, a new raw water intake screen, approximately 12,000 feet of new raw water transmission main and approximately 10,000 feet of new high service transmission main. The plate settlers will improve water quality while reducing the labor and maintenance required for the existing tube settlers. The disinfection system improvements will improve operator safety and improve water quality. Emergency generators will improve the reliability of the raw water intake and water treatment plant during power outages. The new intake screen will replace an existing screen that does not allow enough water into the screen during rain events with increased river velocity. The new raw water transmission main will eliminate two old raw water lines that run across country. The new high service line will replace portions of two aging high service lines (a 1952 12-inch cast iron line and a 1976 20-inch ductile iron line) that also run across country. The City has experienced numerous leaks on both the raw water and high service transmission lines, resulting in significant water loss.

The City of Harrodsburg provides water services to 3,992 residential, 306 commercial, and 16 industrial customers. The City provides wholesale water services to the Burgin Water Department, the Lake Village Water Association, and the North Mercer Water District. Additionally, the City provides sewer services to 3,870 residential, 288 commercial, 73 institutional, and 32 industrial/other customers. The City also treats wastewater from the Mercer County Sanitation District.

II. PROJECT BUDGET

	Total
Administrative & Legal Expenses	\$25,000
Land, Appraisals, Easements	25,000
Planning	35,000
Engineering Fees – Design	580,000
Engineering Fees – Construction	322,000
Construction	9,060,000
Contingencies	453,000
Total	\$10,500,000

III. PROJECT FUNDING

	Amount	%
KIA Fund F Loan (F26-027)	\$10,500,000	100.0%
Total	\$10,500,000	100.0%

IV. KIA DEBT SERVICE

Construction Loan	\$10,500,000
Less: Principal Forgiveness	2,661,045
Amortized Loan Amount	\$7,838,955
Interest Rate	1.00%
Loan Term (Years)	30
Estimated Annual Debt Service	\$303,098
Administrative Fee (0.30%)	23,517
Total Estimated Annual Debt Service	\$326,615

V. PROJECT SCHEDULE

Bid Opening:	October 2026
Construction Start:	January 2027
Construction Stop:	April 2028

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers (Water)	Current
Residential	3,992
Commercial	306
Industrial	16
Wholesale*	3
Total	4,317

* The system's wholesale water customers are the Burgin Water Department, the Lake Village Water Association, and the North Mercer Water District.

B) Rates

Water	Current	Prior	Prior	Prior
Date of Last Rate Increase	07/01/26	07/01/25	07/01/24	07/01/23
First 250 Cubic Feet (Minimum)	\$15.26	\$14.86	\$14.44	\$13.97
Next 750 Cubic Feet (per CF)	0.0579	0.0564	0.0548	0.0530
Cost for 4,000 gallons	\$31.76	\$30.93	\$30.06	\$29.08
Increase %	2.7%	2.9%	3.4%	
Affordability Index (Rate/MHI)	0.8%	0.8%	0.8%	0.7%

Sewer	Proposed	Current	Prior	Prior
Date of Last Rate Increase	07/01/26	07/01/25	07/01/24	07/01/23
First 250 Cubic Feet (Minimum)	\$18.43	\$17.95	\$17.44	\$16.87
Next 750 Cubic Feet (per CF)	0.0753	0.0733	0.0712	0.0647
Cost for 4,000 gallons	\$39.89	\$38.84	\$37.73	\$36.51
Increase %	2.7%	2.9%	3.4%	
Affordability Index (Rate/MHI)	1.0%	1.0%	0.9%	0.9%

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2019-2023, the Utility's service area population is 8,684 with a Median Household Income (MHI) of \$47,928. The MHI for the Commonwealth is \$62,417. The loan will qualify for a 1.00% interest rate.

VIII. 2025 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 25.3% of the assistance amount, not to exceed \$2,661,045 will be credited to the loan balance.

IX. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ending June 30, 2023, 2024 through June 30, 2025. 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 operating revenues for the City's water and sewer systems increased 2.3 percent from \$6.60 million in fiscal year (FY) 2023 to \$6.75 in FY 2025. While the City has implemented annual water and sewer rate increases, the impact on total operating revenues was partially offset by fluctuating demand and lower penalty and surcharge revenues in 2025. Retail and wholesale water revenues increased 4.6 percent from 2023 to 2025 while retail sewer revenues increased 3.1 percent.

Operating expenses (less depreciation and other non-cash items) increased nearly 18 percent from \$3.42 million in 2023 to \$4.03 million in 2025. The increase in operating expenses over that period is largely attributable to increased personnel and material costs in 2024. Operating expenses remained relatively stable in 2025 following the increase in 2024. The debt service coverage ratio was 1.4, 1.0, and 1.0 in 2023, 2024, and 2025, respectively. The debt service coverage remained at 1.0 in FY 2025 despite increased revenues, primarily due to an unusually large principal payment. Debt coverage service requirements for the utility's existing debt are scheduled to decline in subsequent years from the 2025 level, which should improve the debt service coverage ratio somewhat assuming consistent operating revenues/expenses.

The balance sheet reflects a current ratio of 2.0, a debt-to-equity ratio of 1.8, 43.9 days of sales in accounts receivable, and 13.6 months of operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Retail water and sewer revenues will increase 2.9 percent in FY 2026 and 2.7 percent in FY 2027 due to annual rate adjustments implemented in July 2025 and July 2026.
- 2) Retail water and sewer revenues will increase 2.5 percent in FYs 2028, 2029, and 2030 due to the City's annual CPI rate adjustment for both services.
- 3) Wholesale water and wastewater treatment revenues are projected to remain flat for FYs 2026 through 2030 because no additional wholesale rate adjustments are currently scheduled.
- 4) Revenue projections assume stable demand for retail and wholesale water and wastewater services for FYs 2026 through 2030.
- 5) Operating expenses are projected to increase 3.5 percent in FY 2026 to reflect

- the actual CPI-U increase for the year ended June 2026.
- 6) Operating expenses are projected to increase 2.5 percent annually in FYs 2027 through 2030.
 - 7) Debt service coverage is **1.1** in 2029 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% (\$526,00 total) of the final amount borrowed prior to principal forgiveness to be funded annually (\$26,300 yearly) each December 1 for 20 years and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding*</u>	<u>Maturity</u>
KIA A11-21	\$169,296	2034
KIA A12-07	323,873	2035
KIA A15-046	842,368	2037
KIA A15-074	7,155,575	2039
KIA A15-075	395,227	2038
KIA A16-033	943,040	2041
KIA F11-17	151,340	2034
KIA F13-002	1,381,553	2036
KIA F15-031	193,781	2037
KIA F16-049	1,429,331	2039
KIA F23-004S^	969,676	TBD
Series 2012 Revenue Bonds	6,330,500	2051
Series 2014 A & B Revenue Bonds	1,488,500	2054
Series 2016 Revenue Bonds	7,973,000	2057
Kentucky Bond Corp. - Refinance	2,540,000	2043
Leases	80,433	N/A
Total	\$32,367,493	

* Balances as of FYE 2025.

^ The approved loan amount for KIA F23-004S \$4,280,000. As of 7/27/2026, \$4,114,391 has been drawn with \$165,609 in available funds. Principal forgiveness of over \$3 million in included in the loan. Once fully drawn, the amortized loan amount will be \$1,200,399. For the purposes of this analysis, it assumed that all available fund will be drawn and that principal and interest payments will commence June 2027.

XI. CONTACTS

Legal Applicant

Name	City of Harrodsburg
Address	208 S Main St Harrodsburg, KY 40330
County	Mercer
Authorized Official	Mayor Robert Williams
Phone	(859) 734-2383
Email	mayorbob@harrodsburgcity.org

Project Contact - Applicant

Name	Stacey Maynard
Representing	City of Harrodsburg
Address	208 S Main St Harrodsburg, KY 40330
Phone	(859) 734-2383
Email	smaynard@harrodsburgcity.org

Project Administrator

Name	Holly Nicholas
Representing	Kentucky Engineering Group, PLLC
Address	PO Box 1034 Versailles, KY 40383
Phone	(859) 251-4127
Email	hnicholas@kyengr.com

Consulting Engineer

Name	Ryan Carr
Firm	Kentucky Engineering Group, PLLC
Address	PO Box 1034 Versailles, KY 40383
Phone	(859) 251-4127
Email	rcarr@kyengr.com

XII. RECOMMENDATIONS

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

CITY OF HARRODSBURG
FINANCIAL SUMMARY (JUNE YEAR END)

	Audited 2023	Audited 2024	Audited 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030
Balance Sheet								
Assets								
Current Assets	5,049,699	8,039,133	5,999,302	6,662,070	7,336,847	7,985,422	8,339,875	8,733,063
Other Assets	51,709,580	52,869,858	54,306,933	52,758,760	50,725,323	58,764,149	56,303,330	53,842,846
Total	56,759,279	60,908,991	60,306,235	59,420,829	58,062,170	66,749,572	64,643,204	62,575,909
Liabilities & Equity								
Current Liabilities	1,795,543	5,791,158	3,047,675	2,514,858	2,410,442	2,578,362	2,510,917	2,470,948
Long Term Liabilities	36,970,643	35,140,807	36,052,180	34,739,853	33,239,655	39,244,768	37,391,755	35,515,170
Total Liabilities	38,766,186	40,931,965	39,099,855	37,254,711	35,650,096	41,823,130	39,902,672	37,986,117
Net Assets	17,993,093	19,977,026	21,206,380	22,166,118	22,412,074	24,926,442	24,740,532	24,589,792
Cash Flow								
Revenues	6,604,883	6,372,766	6,753,543	6,905,400	7,050,884	7,189,228	7,331,031	7,476,379
Operating Expenses	3,416,551	4,084,640	4,028,997	4,231,512	4,335,762	4,468,919	4,578,447	4,690,713
Other Income	14,304	39,884	56,130	56,130	56,130	56,130	56,130	56,130
Cash Flow Before Debt Service	3,202,636	2,328,010	2,780,676	2,730,018	2,771,252	2,776,439	2,808,714	2,841,796
Debt Service								
Existing Debt Service	2,326,435	2,336,882	2,832,753	2,074,063	2,113,974	2,144,464	2,144,646	2,139,493
Proposed KIA Loan	0	0	0	0	0	0	326,615	326,615
Total Debt Service	2,326,435	2,336,882	2,832,753	2,074,063	2,113,974	2,144,464	2,471,261	2,466,108
Cash Flow After Debt Service	876,201	(8,872)	(52,077)	655,955	657,277	631,975	337,453	375,688
Ratios								
Current Ratio	2.8	1.4	2.0	2.6	3.0	3.1	3.3	3.5
Debt to Equity	2.2	2.0	1.8	1.7	1.6	1.7	1.6	1.5
Days Sales in Accounts Receivable	38.3	49.0	43.9	43.9	43.9	43.9	43.9	43.9
Months Operating Expenses in Unrestricted Cash	14.4	15.7	13.6	15.1	16.5	17.9	18.3	18.9
Debt Coverage Ratio	1.4	1.0	1.0	1.3	1.3	1.3	1.1	1.2

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY DRINKING WATER AND WASTEWATER GRANT PROGRAM CLEANER WATER PROGRAM GRANT		Reviewer CPBOC Date KIA Grant Number WRIS Number		Julie Bickers August 20, 2026 21CWW375 WX21027063	
GRANTEE		CLOVERPORT, CITY OF BRECKINRIDGE COUNTY			
BRIEF DESCRIPTION This project will conduct a leak detection of the entire water distribution system and inspect/evaluate the only water storage tank in the city. As funding allows, the leaks discovered during the leak detection will be fixed and a master meter installed to help monitor water loss.					
PROJECT FINANCING		PROJECT BUDGET		RD Fee %	Actual %
CWP - Water Grant - 21CWW375	\$8,439	Planning			\$167,319
CWP Grant 22CWW392	158,880				
TOTAL	\$167,319	TOTAL			\$167,319
PROFESSIONAL SERVICES	Engineer	Kentucky Engineering Group PLLC			
PROJECT SCHEDULE	Bid Opening	NA			
	Construction Start	NA			
	Construction Stop	NA			
RESIDENTIAL RATES	Current	<u>Users</u> 560	\$	<u>Avg. Bill</u> 42.34	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.				
Allocation Source	Allocated County	Allocated Amount			
County Allocation Pool	Breckinridge County	\$ 8,439.00			
	Total	\$ 8,439.00			
Notes:					
This grant is a reallocation from a previously approved grant. Previous Grantee: City of Cloverport Previous Grant #21CWS159 Previous Project: Sewer System Evaluation Previous WRIS #SX21027027 Prior Approval Date: August 26, 2025					

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY DRINKING WATER AND WASTEWATER GRANT PROGRAM CLEANER WATER PROGRAM GRANT		Reviewer CPBOC Date KIA Grant Number WRIS Number		Julie Bickers August 20, 2026 21CWW376 WX21055010	
GRANTEE		MARION, CITY OF CRITTENDEN COUNTY			
BRIEF DESCRIPTION This project will purchase and install 7 emergency standby generators to prevent water outages throughout the utilities distribution system.					
PROJECT FINANCING		PROJECT BUDGET		RD Fee %	Actual %
CWP - Water Grant - 21CWW376	\$173,410	Administrative Expenses			\$12,500
CWP Grant 22CWW409	256,134	Construction			487,500
Local	70,456				
TOTAL	\$500,000	TOTAL			\$500,000
PROFESSIONAL SERVICES	Engineer	NA			
PROJECT SCHEDULE	Bid Opening	September 1, 2026			
	Construction Start	October 1, 2026			
	Construction Stop	December 1, 2026			
RESIDENTIAL RATES	Current	<u>Users</u> 1,418	\$	<u>Avg. Bill</u> 59.15	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.				
Allocation Source	Allocated County	Allocated Amount			
County Allocation Pool	Crittenden County	\$ 173,410.00			
	Total	\$ 173,410.00			
Notes:					
This grant is a reallocation from a previously approved grant. Previous Grantee: City of Marion Previous Grant #21CWW346 Previous Project: City of Marion - Emergency Water Supply Crisis Project Previous WRIS #WX21055019 Prior Approval Date: February 27, 2024					

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY DRINKING WATER AND WASTEWATER GRANT PROGRAM CLEANER WATER PROGRAM GRANT		Reviewer CPBOC Date KIA Grant Number WRIS Number		Julie Bickers August 20, 2026 22CWW409 WX21055010	
GRANTEE		MARION, CITY OF CRITTENDEN COUNTY			
BRIEF DESCRIPTION This project will purchase and install 7 emergency standby generators to prevent water outages throughout the utilities distribution system.					
PROJECT FINANCING		PROJECT BUDGET		RD Fee %	Actual %
CWP - Water Grant - 22CWW409	\$256,134	Administrative Expenses			\$12,500
CWP Grant 21CWW376	173,410	Construction			487,500
Local	70,456				
TOTAL	\$500,000	TOTAL			\$500,000
PROFESSIONAL SERVICES	Engineer	NA			
PROJECT SCHEDULE	Bid Opening	September 1, 2026			
	Construction Start	October 1, 2026			
	Construction Stop	December 1, 2026			
RESIDENTIAL RATES	Current	<u>Users</u> 1,418	\$	<u>Avg. Bill</u> 59.15	(for 4,000 gallons)
REGIONAL COORDINATION This project is consistent with regional planning recommendations.					
Allocation Source	Allocated County	Allocated Amount			
County Allocation Pool	Crittenden County	\$ 256,134.03			
		Total	\$	256,134.03	
Notes:					
This grant is a reallocation from a previously approved grant. Previous Grantee: City of Marion Previous Grant #22CWW253 Previous Project: City of Marion - Emergency Water Supply Crisis Project Previous WRIS #WX21055019 Prior Approval Date: December 27, 2022					