



Warren County  
Water District

March 4, 2020

MR KENT CHANDLER  
EXECUTIVE DIRECTOR  
PUBLIC SERVICE COMMISSION  
211 SOWER BLVD  
FRANKFORT KY 40602

RE: Case No. 2020-00052  
Response to Filing Deficiencies Dated 3/3/2020  
Warren County Water District  
Morgantown Road Area Improvements Project &  
Small Line Replacements

Dear Mr. Chandler:

The Warren County Water District hereby provides answers to the filing deficiencies as follows:

- (1) 807 KAR 5:001: Section 18(1)(b) – Description of applicant’s property and the field of its operation. Statement of original cost of applicant’s property and the cost to the applicant, if different.**

**ANSWER:** Warren County Water District (WCWD) provides water and sewer services to a portion of the City of Bowling Green, Kentucky and all of Warren County, Kentucky. WCWD serves over 30,000 water customers and over 7,000 sewer customers. WCWD owns and maintains over 1,200 miles of water pipeline, 36 pumping stations, and 28 storage tanks. WCWD owns and maintains over 190 miles of sewer pipeline and over 65 lift stations.

Total Utility Plant Assets of the Water District was presented in the 2018 Audit, previously submitted, as \$122,067,056. Page 7 of the audit is attached for convenience.

- (2) 807 KAR 5:001: Section 18(1)(g) – If the applicant is a water district, a copy of the applicant’s written notification to the state local debt officer regarding the proposed issuance.**

**ANSWER:** Please see attached, as requested.

- (3) 807 KAR 5:001: Section 18(2)(c) – If property to be acquired: Detailed estimates by USOA account number.**

**ANSWER:** Please see attached, as requested.

- (4) 807 KAR 5:001: Section 15(2)(f) – An estimated annual cost of operation after the proposed facilities are placed into service.**

**ANSWER:** Please see the attached proforma column labeled “Total Future System after Project” which was previously submitted as part of the Engineering Report.

Thank you for your assistance on this project.

Sincerely,

John M. Dix, P.E.  
General Manager

Enclosures

Providing high quality  
water and wastewater  
services to families and  
businesses throughout  
Warren County.



The District's *Total Net Position* totaled \$124,794,663 and increased by \$6,995,900 comparatively over the prior year. *Total Liabilities & Net Position* totaled \$143,075,572 for year 2018, an increase of \$5,511,607, or 4.0%.

Table 2  
CONDENSED STATEMENT OF NET POSITION  
December 31, 2018

<u>Assets:</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Increase (Decrease)</u>	
Current & Non-Current Assets	\$ 20,846,982	\$ 19,695,519	\$ 1,151,463	5.8%
Utility Plant	122,067,056	117,705,365	4,361,691	3.7%
Other Assets	161,534	\$ 163,081	(1,547)	-0.9%
Total Assets	<u>\$ 143,075,572</u>	<u>\$ 137,563,965</u>	<u>5,511,607</u>	4.0%
<u>Liabilities:</u>				
Current & Non-Current Liabilities	9,337,468	10,192,454	(854,986)	-8.4%
Long-Term Debt	8,943,441	9,572,748	(629,307)	-6.6%
Total Liabilities	<u>18,280,909</u>	<u>19,765,202</u>	<u>(1,484,293)</u>	-7.5%
<u>Net Position:</u>				
Net Investment in Capital Assets	\$ 113,316,024	108,329,573	4,986,451	4.6%
Restricted for Depreciation Reserves	4,684,828	4,769,315	(84,487)	-1.8%
Unrestricted	6,793,811	4,699,875	2,093,936	44.6%
Total Net Position	<u>\$ 124,794,663</u>	<u>\$ 117,798,763</u>	<u>6,995,900</u>	5.9%
Total Liabilities & Net Position	<u>\$ 143,075,572</u>	<u>\$ 137,563,965</u>	<u>\$ 5,511,607</u>	4.0%

## Ryan Leisey

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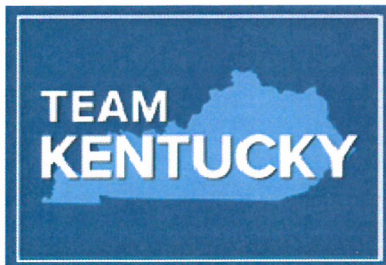
**From:** Brown, Robert O (DLG) <RobertO.Brown@ky.gov>  
**Sent:** Tuesday, March 3, 2020 12:34 PM  
**To:** Ryan Leisey  
**Subject:** RE: Notice of Proposed Debt

**Caution – This message was generated outside of our organization**

Thank you

### Robert O. Brown

State Local Finance Officer  
Counties Branch Manager  
Office of the Governor  
Department for Local Government  
100 Airport Rd, 3<sup>rd</sup> Floor  
Frankfort, KY 40601  
502-892-3433



**From:** Ryan Leisey <ryanl@warrenwater.com>  
**Sent:** Tuesday, March 3, 2020 12:40 PM  
**To:** Brown, Robert O (DLG) <RobertO.Brown@ky.gov>  
**Subject:** Notice of Proposed Debt

**\*\*CAUTION\*\* PDF attachments may contain links to malicious sites. Please contact the COT Service Desk [ServiceCorrespondence@ky.gov](mailto:ServiceCorrespondence@ky.gov) for any assistance.**

Mr. Brown,

Please see the attached document for proposed debt (KIA Loan) for our Morgantown Road Area Improvements project. I sent via fax as well.  
Thanks.

Ryan J. Leisey, P.E.  
Manager of Engineering & Construction

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## NOTIFICATION OF INTENT TO FINANCE AND APPLICATION FOR DEBT APPROVAL

Form # SLDO-1  
Revised 1/1/2011

For DLG staff use only:

File # \_\_\_\_\_  
Received \_\_\_\_\_

Completion and delivery of this form to the address below shall satisfy the requirements of KRS 65.117, which prohibits any city, county, urban-county, consolidated local government, charter county, special district, or taxing district from entering into any financing obligation of any nature, except leases under \$200,000, without first notifying the state local debt officer in writing. This form shall also serve as application for approval of debt issuance when applicable. An electronic version of the form is available at [www.dlg.ky.gov](http://www.dlg.ky.gov).

✓ Type of debt to be issued ( <u>must check one</u> ):	SLDO Approval Required	Complete Sections
<input type="checkbox"/> Short Term Borrowing - KRS 65.7701 et seq.	No	A, B, C
<input type="checkbox"/> Lease from \$200,000 - \$500,000 - KRS 65.940 et seq.	No	A, B, D
<input type="checkbox"/> Lease exceeding \$500,000 - KRS 65.940 et seq.	Yes (Counties only)	A, B, D
<input type="checkbox"/> General Obligation Bond - KRS Chapter 66	Yes (Counties only)	A, B, E
<input type="checkbox"/> Public Project Rev. Bond - KRS Chapter 58	No	A, B, E
<input type="checkbox"/> Public Project Rev. Bond w/Lease - KRS 66.310(2)	Yes (Counties only)	A, B, D, E
<input type="checkbox"/> Industrial Revenue Bond - KRS Chapter 103	Yes (All Borrowers)	A, B, F
<input checked="" type="checkbox"/> Other Bonds (True Revenue, Utility Assessment, TIF) <b>(KIA FUND C LOAN)</b>	No	A, B, E

### Section A - Borrower Information

Agency Name Warren County Water District - Morgantown Rd Area Improvements

Governing Body WCWD Board of Commissioners

Street Address 523 US 31-W Bypass

P.O. Box # 10180

City Bowling Green

County Warren

Zip 42102

Authorized Official John M. Dix - General Manager

### Section B - Terms of Financial Obligation

Please provide all relevant information. Fields in **bold** are mandatory.

<b>Principle Amount:</b>	<b>\$2,000,000.00</b>	<b>Date of Issue:</b>	March 2020
<b>Maturity Date(s):</b>	01/01/2041	<b>Payment Schedule:</b> (must attach schedule)	
<b>Term:</b>	20 years	<b>Number of Renewal Periods:</b>	0
<b>Interest Rate(s):</b>	<b>3.00%</b>	<b>Type of Interest (fixed or variable):</b>	Fixed
<b>Retirement Method:</b>	Payment in full		
Lender's Name:	Kentucky Infrastructure Authority		
Lender's Address:	100 Airport Road, Third Floor, Frankfort, KY 40601		
Right of Termination:			
Termination Penalties:			
Prepayment Provisions:			
Trustee or Paying Agent:			
AOC Funded Percentage:	0.00		

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**NOTIFICATION OF INTENT TO FINANCE AND APPLICATION FOR DEBT APPROVAL**

Form # SLDO-1  
Revised 1/1/2011

**Section C - Note (Loan) Information/Documentation**

Purpose - Briefly explain the documented need that necessitates this note (loan) and the public purpose it is intended to address. (Attach additional information if necessary):

Pledge of Taxes/Description:

Pledge of Revenue/Description:

Pledge of Project Revenues (Attach documentation which substantiates the revenue projections):

Have bids been sought by the local governments to determine the financial and programmatic competitiveness of the note (loan) proposal?  Yes  No

If No, explain what steps were taken to ensure adequate competition.

**Required Attachments**

- 1. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the note and statement as to taxes and revenues to be collected during the term of the note.

**Section D - Lease Information/Documentation**

Describe the real or personal property to be acquired or constructed:

Type of Lease :  General Obligation  Revenue

Is Lease Annually Renewable?  Yes  No

Does Agency seek approval without a hearing?  Yes  No Justification:  Revenue  Refunding

If yes, must attach certification from counsel regarding county obligation.

Does this lease refund a prior lease?  Yes  No

If yes, please state the name, date and principal amount of original issue(s) being refunded:

**Required Attachments (If lease requires SLDO approval)**

- 1. Minutes from the local public hearing
- 2. Affidavit of publication of SLDO hearing (if hearing is required) and newspaper advertisement tear sheet
- 3. Copy of lease
- 4. Executed copy of ordinance/resolution of fiscal court authorizing the lease
- 5. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the lease and statement as to taxes and revenues to be collected during the term of the lease.



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**NOTIFICATION OF INTENT TO FINANCE AND APPLICATION FOR DEBT APPROVAL**

Form # SLDO-1  
Revised 1/1/2011

**Section E - Bond Information/Documentation**

Please provide all relevant information. Fields in **bold** are mandatory

**Describe the purpose of the bond:**

Finance a new 200,000 gallon elevated tank, pump station, water lines, & water line replacements.

Bond Counsel: Dinsmore & Shohl, LLP

Counsel Address: 50 East River Center Boulevard, Suite 1150, Covington, KY 41011

Financial Advisor:

Advisor Address:

**Bond Series:** Fund C : Loan C19-002

**Call Date:** 2041

Does this bond refund a prior bond?  Yes  No

If yes, please state the name, date and principal amount of original issue(s) being refunded:

**Required Attachments (If SLDO Approval is Required)**

1. Minutes from the local public hearing
2. Affidavit of publication of SLDO hearing and newspaper advertisement tear sheet
3. Executed copy of ordinance/resolution of fiscal court authorizing financial plan for the issuance of the bonds
4. Proposed plan of financing
5. Preliminary official statement (if applicable)
6. Sources and uses table

**Additional Required Attachments for KRS Chapter 103 Bonds**

1. Documentation in an appropriate form substantiating the project's eligibility under KRS 103.2101(1)(a)-(e).
2. If the project requires approval of the reduction in property taxes, attach any documentation provided to agency responsible for approval.

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**By signing below, the Authorized Official certifies that the foregoing is true and accurate to the best of his or her knowledge.**

Name (please print) John M. Dix

Date: 3/3/2020

Title: General Manager

Signature:

Mail to:

Department for Local Government  
Attn: State Local Debt Officer  
1024 Capital Center Drive, Suite 340  
Frankfort, KY 40601

Fax to: 502-573-3712

# LOAN AMORTIZATION SCHEDULE

## ENTER VALUES

Loan amount	\$2,000,000.00
Annual interest rate	3.00%
Loan period in years	20
Number of payments per year	1
Start date of loan	4/1/2022
Optional extra payments	\$0.00

## LOAN SUMMARY

Scheduled payment	\$134,431.42
Scheduled number of payments	20
Actual number of payments	1
Total early payments	\$0.00
Total interest	\$688,628.30
LENDER NAME	KIA Fund C:19-002

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULE D PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
1	4/1/2022	\$2,000,000.00	\$134,431.42	\$0.00	\$134,431.42	\$74,431.42	\$60,000.00	\$1,925,568.58	\$60,000.00
2	4/1/2023	\$1,925,568.58	\$134,431.42	\$0.00	\$134,431.42	\$76,664.36	\$57,767.06	\$1,848,904.23	\$117,767.06
3	3/31/2024	\$1,848,904.23	\$134,431.42	\$0.00	\$134,431.42	\$78,964.29	\$55,467.13	\$1,769,939.94	\$173,234.18
4	3/31/2025	\$1,769,939.94	\$134,431.42	\$0.00	\$134,431.42	\$81,333.22	\$53,098.20	\$1,688,606.72	\$226,332.38
5	3/31/2026	\$1,688,606.72	\$134,431.42	\$0.00	\$134,431.42	\$83,773.21	\$50,658.20	\$1,604,833.51	\$276,990.58
6	3/31/2027	\$1,604,833.51	\$134,431.42	\$0.00	\$134,431.42	\$86,286.41	\$48,145.01	\$1,518,547.10	\$325,135.59
7	3/30/2028	\$1,518,547.10	\$134,431.42	\$0.00	\$134,431.42	\$88,875.00	\$45,556.41	\$1,429,672.10	\$370,692.00
8	3/30/2029	\$1,429,672.10	\$134,431.42	\$0.00	\$134,431.42	\$91,541.25	\$42,890.16	\$1,338,130.84	\$413,582.17
9	3/30/2030	\$1,338,130.84	\$134,431.42	\$0.00	\$134,431.42	\$94,287.49	\$40,143.93	\$1,243,843.35	\$453,726.09
10	3/30/2031	\$1,243,843.35	\$134,431.42	\$0.00	\$134,431.42	\$97,116.11	\$37,315.30	\$1,146,727.24	\$491,041.39
11	3/29/2032	\$1,146,727.24	\$134,431.42	\$0.00	\$134,431.42	\$100,029.60	\$34,401.82	\$1,046,697.64	\$525,443.21
12	3/29/2033	\$1,046,697.64	\$134,431.42	\$0.00	\$134,431.42	\$103,030.49	\$31,400.93	\$943,667.16	\$556,844.14
13	3/29/2034	\$943,667.16	\$134,431.42	\$0.00	\$134,431.42	\$106,121.40	\$28,310.01	\$837,545.75	\$585,154.15
14	3/29/2035	\$837,545.75	\$134,431.42	\$0.00	\$134,431.42	\$109,305.04	\$25,126.37	\$728,240.71	\$610,280.52
15	3/28/2036	\$728,240.71	\$134,431.42	\$0.00	\$134,431.42	\$112,584.19	\$21,847.22	\$615,656.52	\$632,127.75
16	3/28/2037	\$615,656.52	\$134,431.42	\$0.00	\$134,431.42	\$115,961.72	\$18,469.70	\$499,694.80	\$650,597.44
17	3/28/2038	\$499,694.80	\$134,431.42	\$0.00	\$134,431.42	\$119,440.57	\$14,990.84	\$380,254.23	\$665,588.29
18	3/28/2039	\$380,254.23	\$134,431.42	\$0.00	\$134,431.42	\$123,023.79	\$11,407.63	\$257,230.44	\$676,995.91
19	3/27/2040	\$257,230.44	\$134,431.42	\$0.00	\$134,431.42	\$126,714.50	\$7,716.91	\$130,515.94	\$684,712.83
20	3/27/2041	\$130,515.94	\$134,431.42	\$0.00	\$130,515.94	\$126,600.46	\$3,915.48	\$0.00	\$688,628.30

<b>PROJECT PROPERTY AQUISITION ESTIMATE</b>						
<b>USOA NO.</b>	<b>DESCRIPTION</b>	<b>QTY.</b>	<b>UNITS</b>	<b>UNIT PRICE</b>	<b>SUB-TOTAL</b>	<b>TOTAL</b>
101-3031-2	LAND - TANK SITE	1	EA	\$15,000	\$15,000	\$15,000
101-3032-2	LAND - PUMPING STATIONS	1	EA	\$5,000	\$5,000	\$5,000
101-3112-2	EQUIPMENT - ELECTRIC PUMPING	1	EA	\$200,973	\$200,973	\$200,973
101-3304-2	STORAGE TANKS	1	EA	\$685,000	\$685,000	\$685,000
101-3314-2	MAINS - TRANSMISSION & DISTRIBUTION					\$1,180,672
	8" PVC Water Line	4,561	LF	\$101.00	\$460,661	
	6" PVC Water Line	356	LF	\$93.00	\$33,108	
	Small Line Replacements	8,845	LF	\$77.66	\$686,903	
101-3324-2	SCADA	2	EA	\$20,000	\$40,000	\$40,000
101-3344-2	**METERS	30	EA	\$1,320	\$39,600	\$39,600
101-3354-2	HYDRANTS	1	EA	\$5,253	\$5,253	\$5,253
	<b>TOTAL</b>					<b>\$2,156,525</b>

\*\* The meters associated with this project are relocations of meters for existing customers.



**PROFORMA ADJUSTMENT**  
**MORGANTOWN ROAD AREA IMPROVEMENTS**  
**WARREN COUNTY WATER DISTRICT**

	EXISTING SYSTEM	CHANGES ON EXISTING SYSTEM	CHANGES DUE TO NEW PROJECT	TOTAL FUTURE SYSTEM AFTER PROJECT
<b>OPERATING REVENUE:</b>				
<b>METERED &amp; OTHER</b>				
Meter Sales Revenue	\$11,805,155	\$727,515 (1)	\$0	\$12,532,670
Forfeited Discounts	167,871	0	0	167,871
Misc. Service Revenue	375,819	0	0	375,819
Other Water Revenue	7,888	0	0	7,888
Income-Interest	153,591	0	0	153,591
Rental Income/Utility Prop	<u>46,757</u>	<u>0</u>	<u>0</u>	<u>46,757</u>
<b>TOTAL OPERATING REVENUE</b>	<b>\$12,557,081</b>	<b>\$727,515</b>	<b>\$0</b>	<b>\$13,284,596</b>
<b>OPERATING EXPENSE:</b>				
<b>SOURCE OF SUPPLY &amp; PUMP. EXP.</b>				
Salaries and Wages	\$1,359,460	\$0	\$0	\$1,359,460
Commissioner Fees	15,000	0	0	15,000
Employee Overhead	809,119	0	0	809,119
Purchased Water	4,861,409	\$727,515 (1)	0	5,588,924
Purchased Power	499,228	0	13,867 (3,4)	513,095
Chemicals	0	0	0	0
Materials & Supplies	186,822	0	408 (4)	187,230
Cont. Services-Engr	0	0	0	0
Cont. Services-Accounting	11,006	0	0	11,006
Cont. Services-Legal	2,462	0	0	2,462
Cont. Services-Other	553,382	0	1,209 (4)	554,591
Rental of Building & Utilities	57,675	0	0	57,675
Equipment Expense	201,421	0	440 (4)	201,861
Insurance-Gen'l Liability	67,530	0	148 (4)	67,678
Insurance-Other	2,545	0	0	2,545
Regulatory Expense	22,456	0	0	22,456
Bad Debt Expense	11,803	0	0	11,803
Misc. Expense	<u>18,543</u>	<u>0</u>	<u>0</u>	<u>18,543</u>
<b>TOTAL OPERATING EXPENSE</b>	<b>\$8,679,861</b>	<b>\$727,515</b>	<b>\$16,072</b>	<b>\$9,423,448</b>
<b>OTHER EXPENSES</b>				
Depreciation	\$2,653,726	\$0	\$46,120 (5)	\$2,699,846
Misc. Non-Operating Income	(4,529)	0	0	(4,529)
Interest Expense	246,611	0	0	246,611
Unamortized Debt Expense	3,568	0	0	3,568
OPED Expense	<u>22,841</u>	<u>0</u>	<u>0</u>	<u>22,841</u>
<b>TOTAL OTHER EXPENSES</b>	<b>\$2,922,217</b>	<b>\$0</b>	<b>\$46,120</b>	<b>\$2,968,337</b>
<b>PRINCIPAL &amp; INTEREST EXPENSE:</b>				
Existing Principal	\$448,116	36,671 (2)	0	484,787
Existing Interest	225,678	(30,077) (2)	0	195,601
New Principal - KIA	0	0	74,431 (6)	74,431
New Interest - KIA	0	0	60,000 (6)	60,000
New Loan Servicing Fee - KIA	<u>0</u>	<u>0</u>	<u>4,000 (6)</u>	<u>4,000</u>
<b>TOTAL PRINCIPAL &amp; INTEREST</b>	<b>\$673,794</b>	<b>\$6,594</b>	<b>\$138,431</b>	<b>\$818,819</b>
<b>TOTAL EXPENSES</b>	<b><u>\$12,275,872</u></b>	<b><u>\$734,109</u></b>	<b><u>\$200,623</u></b>	<b><u>\$13,210,604</u></b>
<b>NET UTILITY OPERATING INCOME</b>	<b><u>\$281,209</u></b>	<b><u>(\$6,594)</u></b>	<b><u>(\$200,623)</u></b>	<b><u>\$73,992</u></b>

**NOTES:**

- (1) WHOLESALE RATE INCREASES FROM BGMU FOR WTP EXPANSION
- (2) ADJUSTMENT BASED ON LOAN AMORTIZATION SCHEDULES FOR FIRST FULL YEAR OF OPERATION
- (3) INCREASE IN EXPENSE BASED ON NEW PUMP STATION
- (4) INCREASE IN EXPENSE BASED ON IMPROVEMENTS
- (5) DEPRECIATION FOR IMPROVEMENTS (50 YR)
- (6) PRINCIPAL, INTEREST, & 0.2% SERVICE FEE PAYMENT FOR MORGANTOWN ROAD AREA IMPROVEMENTS PROJECT