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Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
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Vice Chairman

Charles R. Borders
Commissioner

October 12, 2009

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Salyersville, KY 41465

Mr. Billy J. Rowe, Sr.
HC 60 Box 255
Salyersville, KY 41465

Gregory D. Allen, Esq.
Collins & Allen
P.O. Box 475
Salyersville, KY 41465

Re: Case No. 2008-00443
Magoffin County Water District/City of Salyersville

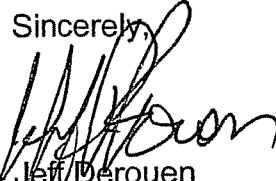
Ms. Stephens and Gentlemen:

During the hearing in the above-reference case on February 29, 2009, Commission Staff questioned witnesses for the City of Salyersville regarding the ability of the city to obtain water from Paintsville Utilities Commission through a four-inch connection that Salyersville has with that utility. Commission Staff respectfully requests that the parties advise the Commission in writing within 10 days of this letter whether any tests have been conducted to determine if this connection may be used by Salyersville to obtain water from Paintsville Utilities Commission and, if tests were performed, the results of such tests.

Commission Staff has also been informed that Prestonsburg City Utilities recently received approval from the Kentucky Infrastructure Authority for an emergency tie-in with Magoffin County Water District. Commission Staff respectfully requests that each party advise the Commission in writing within 10 days of this letter of the status of this project and any contract(s) or contract negotiations between Magoffin County Water District, Salyersville and Prestonsburg City Utilities for the provision of water to either Magoffin County Water District or Salyersville. Enclosed is a copy of the documents recently presented to KIA's Board of Directors regarding the proposed project.

Any questions regarding these requests should be directed to Virginia Gregg at (502) 564-3940, Extension 407, or Gerald Wuetcher at (502) 564-3940, Extension 259.

Sincerely,



Jeff Derouen
Executive Director

VG/kar
Enclosures

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN OF \$805,000 TO THE CITY OF PRESTONSBURG, FLOYD COUNTY, KENTUCKY (F2 09-15) FUNDED IN WHOLE OR IN PART BY THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Drinking Water Revolving Loan Program (Fund F) with the City of Prestonsburg, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund F loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Drinking Water Revolving Fund loan for \$805,000 of project expense including capitalized interest for the construction period, to the City of Prestonsburg for construction

of the KY 411 System Emergency Tie-in with Magoffin County project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 54.1% will be deducted from the approved loan amount. The unforgiven principal balance of \$369,495 shall be repaid.

Section 4. The unforgiven principal shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a 0.25% annual administration fee on the unpaid, unforgiven principal balance will be charged. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of October 2009.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BUSHAR
GOVERNOR



LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

September 23, 2009

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: L012; Fund F
Prestonsburg City Utilities--1298
Activity ID: FGL20090004
HUC11 Number: 05070203030
Watershed name: Levisa Fork, near
Prestonsburg
KY 114 System Emergency Tie-in with
Magoffin County
Binding Commitment

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the Prestonsburg City Utilities Commission is entitled to receive priority for funding for their KY 114 System Emergency Tie-in with Magoffin County project and is eligible to receive \$805,000 from the American Recovery and Reinvestment Act Drinking Water State Revolving Fund. The following information is provided:

1. Project specific environmental information was approved by DOW on July 23, 2009.
2. Plans and specifications were technically approved by DOW on August 6, 2009.
3. Construction bids are expected to be opened on September 30, 2009.

The conditional commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the Disadvantaged Business Enterprise (DBE) reviews and conduct a preconstruction and project management conference.

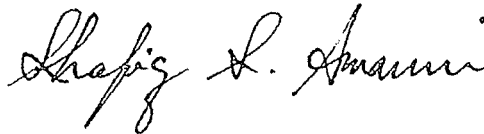
John Covington
September 23, 2009
Page 2

2. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.
3. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.
4. Loan Agreement must be executed within three (3) months from bid opening.
5. The city must agree to expend all loan funds within six months of the date of initiation of operation.

Upon compliance with the general conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

The SRF application review has been completed by staff of the KIA. If you have any questions or concerns regarding missing items or additional submission requirements, please contact Kasi White at (502) 573-0260. Should you have any questions concerning this letter, do not hesitate to contact Joel Murphy, Project Administrator, at (502) 564-8158, extension 4592.

Sincerely,



Shafiq S. Amawi, Manager
Water Infrastructure Branch

SSA:jjm

C: David Ellis, Prestonsburg City Utilities Commission
Andrew Dorton, Public Finance Group, LLC
Doug Griffin, Kenvirons

EXECUTIVE SUMMARY		Reviewer:	Kasi White
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	October 1, 2009
FUND F, FEDERALLY ASSISTED DRINKING WATER		KIA Loan Number:	F2 09-15
REVOLVING LOAN FUND		WRIS Number	WX21071219
BORROWER:	City of Prestonsburg		
	Floyd County		
BRIEF DESCRIPTION:	The City of Prestonsburg is requesting a Fund F loan in the amount of \$805,000 from the American Recovery and Reinvestment Act of 2009 for the KY 114 System Emergency tie-in with Magoffin County project. This project will interconnect Prestonsburg City's Utility Commission's (PCUC) existing water system to Magoffin County Water District to provide for an emergency water supply. The project components include approximately 1,580 feet of 8" polyvinyl chloride (PVC); 10,800 feet of 6" PVC; 3,100 feet of 4" PVC; 250 feet of 4" polyethylene (PE) waterlines; two duplex pump stations; 100,000 gallon ground storage tank; master meter tie-in to MaGoffin County Water District.		
PROJECT FINANCING:		PROJECT BUDGET	
Fund F Loan	\$ 805,000	Administrative Expenses	\$ 5,000
		Engineering Fees	101,000
		Construction	635,300
		Contingency	63,700
TOTAL	\$ 805,000	TOTAL	\$ 805,000
REPAYMENT		Est. Annual	
	Rate	1.00%	Payment \$21,353
	Term	20 years	1st Payment 6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Kenvirons	
	Bond Counsel	Peck, Shaffer, & Williams, LLP	
PROJECT SCHEDULE	Bid Opening:	September 30, 2009	
	Construction Start:	November, 2009	
	Construction Stop:	July, 2010	
DEBT PER CUSTOMER	Existing:	\$ 959	
	Proposed:	\$ 1,233	
OTHER DEBT	See Attached		
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached		
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>
	Current	7,866 \$	23.57 (for 4,000 gallons)
	Additional	0 \$	23.57 (for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.		
CASHFLOW	Cash Available for	Income after Debt	
	Debt Service	Debt Service	Service Coverage Ratio
Audited 2005	794,423	483,844	310,579 1.64
Audited 2006	414,594	483,834	(69,240) 0.86
Audited 2007	658,519	485,323	173,196 1.36
Audited 2008	1,380,926	592,819	788,107 2.33
Projected 2009	1,156,417	726,158	430,259 1.59
Projected 2010	1,262,785	682,587	580,198 1.85
Projected 2011	1,078,914	711,567	367,347 1.52
Projected 2012	954,025	766,386	187,639 1.24
Projected 2013	844,690	766,386	78,305 1.10

**KENTUCKY INFRASTRUCTURE AUTHORITY
 DRINKING WATER STATE REVOLVING FUND (FUND "F")**

**CITY OF PRESTONSBURG
 FLOYD COUNTY
 PROJECT REVIEW
 WX21071219**

I. PROJECT DESCRIPTION

The City of Prestonsburg is requesting a Fund F loan in the amount of \$805,000 from the American Recovery and Reinvestment Act of 2009 for the KY 114 System Emergency tie-in with Magoffin County project. This project will interconnect Prestonsburg City's Utility Commission's (PCUC) existing water system to Magoffin County Water District to provide an emergency water supply. The project components include approximately 1,580 feet of 8" polyvinyl chloride (PVC); 10,800 feet of 6" PVC; 3,100 feet of 4" PVC; 250 feet of 4" polyethylene (PE) waterlines; two duplex pump stations; 100,000 gallon ground storage tank; master meter tie-in to Magoffin County Water District.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 5,000
Engineering Fees	101,000
Construction	635,300
Contingency	63,700
Total	\$ 805,000

III. PROJECT FUNDING

Funding Sources	Amount	%
Fund F ARRA Loan	\$ 805,000	100%
Total	\$ 805,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 805,000
Less: Principal Forgiveness (54.1%)	435,505
Amortized Loan Amount	\$ 369,495
Interest Rate	1.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 20,430
Administrative Fee (0.20%)	924
Total Estimated Annual Debt Service	\$ 21,353

V. PROJECT SCHEDULE

Bid Opening: September 30, 2009
Construction Start: November, 2009
Construction Stop: July, 2010

VI. RATE STRUCTURE

Customers	Current	Proposed	Total
Residential	7,019	0	7,019
Commercial	847	0	847
Industrial	0	0	0
	7,866	0	7,866

The customer count listed above includes sewer service to the following communities and districts:

City of Martin	Martin County Water District
Sandy Valley Water	Southern Water and Sewer

RATE STRUCTURE – Water Rates

The date of the last rate increase was April, 2009. The newly implemented rates represent a 2.5% increase from the previous rate structure.

	Inside Corp	Outside Corp
First 1,000 gallons (minimum)	\$ 7.43	\$ 10.76
Next 99,000 gallons (per 1,000)	\$ 5.38	\$ 6.92
Over 100,000 gallons (per 1,000)	\$ 4.87	\$ 5.69
Residential Bill for 4,000 gallons	\$ 23.57	\$ 31.52
Affordability Index (Rate/MHI)	1.4%	1.8%

VII. DEMOGRAPHICS

In 2000, the City of Prestonsburg had a population of 3,612 with a Median Household Income (MHI) level of \$20,810. The median household income for the Commonwealth is \$33,672. Based on median household income falling below 80% of that of the Commonwealth, the project will qualify for the 1.00% interest rate.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the city was obtained from audited financial statements for the Prestonsburg City's Utility Commission (PCUC) for the years ended June 30, 2005, 2006, 2007 and 2008. PCUC is a component unit of the City and the statements are reflective of the water, gas and sewer utilities. The utility revenues are being pledged as security for the proposed KIA loan.

HISTORICAL

Utility revenues have increased from just under \$5 million dollars in 2005 to almost \$6.7 million in 2008. These increases are attributed in part to rate increases implemented as well as the purchase of the Auxier Water Company in 2008. While expenses have fluctuated from \$5,845,629 in 2005 to \$7,185,813 in 2008, most of the variances are related to the fluctuation of natural gas purchase prices and increasing personnel and O&M expenses. Net of depreciation, Net Income Cash has remained positive for all years and the city has averaged a debt coverage ratio of 1.5 for the period reviewed.

Looking at the balance sheet, PCUC has maintained a strong current ratio fluctuating between 1.72 in 2005 to a high of 2.06 in 2007. Between 2007 and 2008, long-term liabilities increased by over \$2.3 million dollars; however, during that period KIA funded a \$841,000 loan for a radio meter conversion project and assisted in financing the acquisition of the Auxier Water Company in the amount of \$2,650,000. Both loans have been fully drawn and entered into repayment in June of this year. PCUC has showed positive and steady growth in working capital from a low of \$746,165 in 2005 to over \$1.3 million in 2008.

PROJECTED

Projections are based on the following assumptions:

- * Projections for 2009 were based on management provided year-to-date financials.
- * Charges for Water and Sewer Services are projected to increase by 3% annually. Gas charges are projected to increase 2% annually.
- * Expenses are projected to increase by 5% annually.
- * Cost of Goods (for gas purchases) will remain constant at 75% of revenues.
- * A replacement reserve of \$2,000 will be funded annually for the Fund F loan beginning in FY2012.
- * The new debt service related to this project is estimated at \$21,353 for the Fund F loan with full repayment to begin in June, 2011. This project financing combined with the Fund A ARRA, Fund B and two (2) 2010 Fund A requests will bring a total estimate of \$181,640 in new annual debt service to PCUC. Of this combined amount, 25% of the debt service will be related to loans funded through ARRA.

Debt service coverage is 1.24 in 2012 which represents the first year of principal and interest repayment on the five (5) proposed loans. Based on the proforma assumptions, the utility shows adequate cashflow to repay the KIA Fund F loan.

REPLACEMENT RESERVE

The annual replacement cost is \$2,000. These amounts should be added to the replacement accounts each December 1 until the balance reaches \$20,000 and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

Debt Issue	Outstanding	Maturity
USDA/RD (1998) Cow Creek 91-12	165,500	2038
USDA/RD (1999) Buffalo 91-15	245,000	2027
USDA/RD (2001) Mountaintop 93-21	1,024,000	2041
USDA/RD (91-23) Water Intake	707,000	2044
USDA/RD (91-25) Water Intake II	143,500	2044
KIA (B291-11)	600,388	2014
KIA (B98-01)	319,410	2021
KIA (B98-03)	568,389	2021
KIA (B99-01)	476,752	2021
KIA Fund (B07-10)	2,636,997	2029
KIA Fund (B08-08)	822,089	2029
Community Trust	12,182	2011
Community Trust	4,685	2010
Community Trust	8,054	2010
Community Trust	7,213	2010
BNY - KADD2003_045B (Lease)	60,000	2010
Leasing One Corp	141,981	2012
Total	\$7,943,140	

X. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Floyd County Fiscal Court - City of Prestonsburg for Water Tower Replacement for Martin Co Prison	HB 269	\$400,000	Grant
Waterline Extensions	2020 Grant	\$153,336	Grant
Floyd Co FC - River Crossing @ Prater Creek	HB 380	\$100,000	Grant
Floyd Co FC - Prestonsburg Water & Sewer Projects	HB 380	\$200,000	Grant
Floyd Co FC - KY 321 Water Line Reinforcement	HB 267	\$88,888	Grant
Floyd Co FC - Prestonsburg Water Line Extensions	HB 267	\$239,862	Grant
Floyd Co FC - Prestonsburg Water Line Extensions	HB 267	\$221,250	Grant
Floyd Co FC - Prestonsburg Water Line Extensions	HB 267	\$44,444	Grant
Floyd Co FC - Prestonsburg Water Line Extensions	HB 267	\$44,444	Grant

XI. CONTACTS

<p>Applicant</p> <p>Name City of Prestonsburg Address 200 North Lake Drive Prestonsburg, KY 41653 County Floyd Contact Jerry Fannin Phone (606) 886-6871</p>	<p>Engineer</p> <p>Name Doug Griffin Firm Kenvirons Address 452 Versailles Road Frankfort, KY 40601 Phone (502) 695-4357 Email dgriffin@kenvirons.com</p>
<p>Applicant Contact</p> <p>Name Public Finance Group, LLC Address P.O. Box 150 Staffordsville, KY 41256 Contact Andrew Dorton Phone (606) 297-3936 Email adorton@publicfg.com</p>	<p>Applicant Contact</p> <p>Name Prestonsburg City's Utility Commission Address 2560 South Lake Drive Prestonsburg, KY 41653 Contact David Ellis Phone (606) 886-6871 Email dmepcuc@bellsouth.net</p>

XII. RECOMMENDATIONS

KIA staff recommends approval of the Fund F loan with the standard conditions and the additional ARRA conditions.

EXHIBIT 1

City of Prestonsburg (on behalf of Prestonsburg City's Utilities Commission)
CASHFLOW ANALYSIS

	Audited 2005	% Change	Audited 2006	% Change	Audited 2007	% Change	Audited 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013
Revenues												
Charges for Services - Water Utility	2,423,774	4%	2,509,134	12%	2,818,318	24%	3,485,905	4,124,496	4,248,231	4,375,678	4,506,948	4,642,157
Charges for Services - Gas	1,593,477	0%	1,587,528	6%	1,675,285	0%	1,674,105	1,948,037	1,986,998	2,026,738	2,067,272	2,108,618
Charges for Services - Sewer Utility	779,827	1%	786,407	30%	1,023,346	27%	1,294,926	1,339,394	1,379,576	1,420,963	1,463,592	1,507,500
Tap, Reconnection&Collection Fees	83,430	-32%	56,931	21%	68,618	51%	103,387	64,911	75,455	73,860	77,246	78,972
Penalties and Arrears	110,303	15%	126,728	-8%	116,227	17%	135,525	144,877	126,732	130,018	130,676	133,566
Total Revenues	4,990,811	2%	5,066,728	13%	5,701,794	17%	6,693,848	7,621,715	7,816,992	8,027,257	8,245,735	8,470,812
Expenses												
Administrative & General Expense	534,191	20%	640,486	8%	691,540	8%	748,389	893,225	937,886	984,781	1,034,020	1,085,721
Employee Related Expenses	1,707,706	13%	1,926,679	5%	2,032,210	16%	2,348,121	2,378,917	2,497,863	2,622,756	2,753,894	2,891,588
Cost of Goods Sold	1,347,845	6%	1,424,905	1%	1,440,462	-20%	1,153,566	1,495,320	1,390,898	1,520,053	1,550,454	1,581,463
Operation & Maintenance Exp	796,306	23%	981,971	9%	1,073,826	12%	1,204,216	1,789,814	1,879,305	1,973,270	2,071,933	2,175,530
Depreciation	1,431,545	8%	1,544,560	3%	1,596,077	6%	1,698,608	1,698,612	1,740,662	1,792,882	1,846,668	1,902,068
Miscellaneous Expense	10,161	72%	17,500	69%	29,521	-37%	18,563	18,563	18,862	20,602	21,222	19,562
Replacement Reserve - Existing KIA Lns	17,875		17,862		16,228		14,350	14,350	14,350	14,350	14,350	14,350
Replacement Reserve - New KIA Loans								0	0	0	10,600	10,600
Total Expenses	5,845,629	12%	6,553,963	5%	6,879,864	4%	7,185,813	8,288,801	8,479,826	8,928,693	9,303,142	9,680,883
Net Income Cash	(854,818)	74%	(1,487,235)	21%	(1,178,070)	58%	(491,965)	(667,086)	(662,834)	(901,437)	(1,057,407)	(1,210,072)
Non-Operating Revenues and Expenses												
Miscellaneous Revenue	66,756	174%	183,245	-50%	90,715	-24%	68,672	55,134	92,904	98,134	81,112	79,191
Gain/(Loss) on Sale of Fixed Assets	48,464		58,861		15,000		(2,839)	4,451	24,787	20,052	12,290	0
Interest Income	102,476	12%	115,163	17%	134,797	-20%	108,450	65,306	67,265	69,283	71,362	73,502
Total Non-Operating Rev & Exp	217,696	64%	357,269	-33%	240,512	-28%	174,283	124,891	184,957	187,469	164,764	152,694
Add Non-Cash Expenses												
Depreciation	1,431,545		1,544,560		1,596,077		1,698,608	1,698,612	1,740,662	1,792,882	1,846,668	1,902,068
Cash Available for Debt Service	794,423		414,594		658,519		1,380,926	1,156,417	1,262,785	1,078,914	954,025	844,690
Debt Service												
Existing Notes Payable & Bond Payables	358,598		358,588		359,792		479,147	591,660	588,432	583,629	584,745	584,278
Lease Obligations	125,246		125,246		125,531		113,672	134,498	62,482	14,690	0	0
NEW KIA Fund A ARRA Loan									4,299	14,465	24,632	24,632
NEW KIA Fund B Loan									17,724	59,634	101,544	101,544
NEW KIA 2010 Fund A Loans									5,954	20,033	34,111	34,111
NEW KIA Fund F ARRA Loan									3,695	19,116	21,353	21,353
Total Debt Service	483,844		483,834		485,323		592,819	726,158	682,587	711,567	766,386	765,919
Income After Debt Service	310,579		(69,240)		173,196		788,107	430,259	580,198	367,347	187,639	78,772
Debt Coverage Ratio	1.64		0.86		1.36		2.33	1.59	1.85	1.52	1.24	1.10

City of Prestonsburg (on behalf of Prestonsburg City's Utilities Commission)
BALANCE SHEETS
ALL UTILITIES

ASSETS	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	Upon Project Completions
Current Assets					
Cash and Cash Equivalents	457,179	992,461	885,428	1,103,194	1,470,541
Restricted Cash	0	0	0	0	0
Accounts Receivables, net	681,267	622,957	841,299	999,104	786,157
Due from Other Funds	393,031	437,359	482,521	531,672	0
Inventory	87,223	99,928	106,518	147,577	110,312
Other Current Assets	167,423	9,155	72,963	115,406	91,237
Total Current Assets	<u>1,786,123</u>	<u>2,161,860</u>	<u>2,388,729</u>	<u>2,896,953</u>	<u>2,458,246</u>
Noncurrent Assets					
Investments	1,755,869	1,779,741	1,856,085	1,960,601	2,065,117
Investments, Restricted	1,922,966	1,220,259	150,216	68,254	150,216
Total Noncurrent Assets	<u>3,678,835</u>	<u>3,000,000</u>	<u>2,006,301</u>	<u>2,028,855</u>	<u>2,215,333</u>
Capital Assets					
Construction In Progress	0	0	312,259	131,038	221,649
Land & Land Improvements	247,113	317,609	353,298	372,423	391,548
Buildings	577,673	561,114	561,114	947,735	947,735
Office and Other Equipment	431,995	529,241	648,182	545,120	545,120
Water Plant and Equipment	18,954,766	19,281,302	20,551,980	23,416,853	24,221,853
Sewer Plant and Equipment	14,000,643	14,000,574	14,779,670	14,882,450	18,147,850
Gas Distribution System	764,710	771,867	777,502	792,712	792,712
Vehicles	1,281,575	1,170,727	1,280,542	1,457,886	1,457,886
Depreciation	(14,646,455)	(15,899,514)	(17,451,168)	(18,852,464)	(19,055,984)
Total Noncurrent Assets	<u>21,612,020</u>	<u>20,732,920</u>	<u>21,813,379</u>	<u>23,693,753</u>	<u>27,670,369</u>
Total Assets	<u>27,076,978</u>	<u>25,894,780</u>	<u>26,208,409</u>	<u>28,619,561</u>	<u>32,343,948</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	180,343	451,289	299,383	526,421	364,359
Customer Meter Deposits	255,170	247,737	256,852	277,446	259,301
Capital Lease Obligations	105,843	108,844	117,186	120,171	60,471
Revenue Bonds Payable	26,500	28,500	30,000	31,500	33,500
Notes Payable	209,117	239,219	253,067	318,375	434,069
Construction Contracts Payable	143,871	9,500	30,186	9,500	19,843
Unearned Revenue	15,100	15,100	13,300	13,300	13,300
Accrued Expenses	104,014	116,825	156,995	270,229	283,740
Total Current Liabilities	<u>1,039,958</u>	<u>1,217,014</u>	<u>1,156,969</u>	<u>1,566,942</u>	<u>1,468,584</u>
NonCurrent Liabilities					
Revenue Bonds Payable	2,375,000	2,346,500	2,316,500	2,285,000	2,218,500
Capital Lease Obligations	334,753	225,610	172,599	201,981	14,307
Notes Payable	2,619,464	2,435,661	2,236,243	4,585,236	6,938,985
Total Long Term Liabilities	<u>5,329,217</u>	<u>5,007,771</u>	<u>4,725,342</u>	<u>7,072,217</u>	<u>9,171,792</u>
Total Liabilities	<u>6,369,175</u>	<u>6,224,785</u>	<u>5,882,311</u>	<u>8,639,159</u>	<u>10,640,376</u>
NET ASSETS					
Invested in Capital Assets, Net	15,941,343	15,348,586	16,687,784	16,151,490	17,054,629
Unrestricted (deficit)	4,766,460	4,321,409	3,638,314	3,828,912	4,648,942
Total Retained Earnings	<u>20,707,803</u>	<u>19,669,995</u>	<u>20,326,098</u>	<u>19,980,402</u>	<u>21,703,571</u>
Total Liabilities and Equity	<u>27,076,978</u>	<u>25,894,780</u>	<u>26,208,409</u>	<u>28,619,561</u>	<u>32,343,948</u>
Balance Sheet Analysis					
Current Ratio	1.72	1.78	2.06	1.85	1.67
Debt to Equity	0.31	0.32	0.29	0.43	0.49
Working Capital	746,165	944,846	1,231,760	1,330,011	989,662