

### **Capital Asset Changes**

The Company had a net increase of approximately \$2,107,619 in water and sewer property during fiscal year 2013-2014. This is primarily due to the Highway 90 Utility Relocation Project and the Redwood – Blackwood Sewer project.

The Highway 90 Utility Relocation project was completed during the fiscal year. This project included moving lines and services for the new road construction of Highway 90 East (Burkesville Rd). Project cost was approximately 1.275 million.

The Redwood – Blackwood Sewer Project was constructed during the fiscal year. This project consisted of replacing old sewer lines and constructing new sewer lines deep enough to eliminate the need of an old existing sewer lift station. Project cost was approximately \$130,000.

The company had an ending balance of approximately \$3.64 million in construction in progress at fiscal year-end. This is because of capital projects in progress as of June 30, 2014 which primarily consists of the following; engineering services and construction for the Waste Water Treatment Plant Upgrades and Renovations Project (at June 30<sup>th</sup> approximately 28% of the work had been completed) and engineering fees for the Southside Sewer Interceptor Project which is scheduled for construction in 2015.

During fiscal year 2013-2014 the Company continued setting aside revenues from sewer rates to fund future sewer rehabilitation or expansion projects. One third of all sewer revenues are placed in an account for these expenditures. At year end, this account had approximately \$1.74 million, compared to \$1.56 million at the previous year end.

### **Debt Administration**

At June 30, 2014, the Glasgow Water Company had \$11.065 million bonds outstanding, an increase of the prior year's \$5.28 million. The company incurred \$286,850 in interest expense associated with long term debt. The company refinanced the 2003 A Bond Series in December 2012, resulting in approximately \$100,000 savings over the course of future debt maturities. In September of 2013 the company had a \$6.5 million bond sale to fund the rehabilitation of the Waste Water Treatment Plant. The term of the bonds is 30 years. The sewer rate increase that occurred in 2012 was based on forecasted expenses as well as the new debt service associated with the 2013 series bonds and future funding of the Interceptor and Peak Storage Basin Projects. In August 2014 the Glasgow Water Company received a loan commitment from the Kentucky Infrastructure Authority through their Fund C revolving loan fund. The loan was for \$3 million and will be used to construct a 7 million gallon Peak Storage Basin to attenuate increased waste water flow during wet weather events. The terms of the loan include 3% interest for 20 years. The Glasgow Water Company's current debt service coverage forecasted over the next five years (does not include planned future capital investment projects) is as follows: