

**City of Charles Town Council - CTUB Sewer Department
Executive Summary - Debt Service Coverage Schedule
Council Work Session - March 19, 2018**

Test year ended June 30, 2017

Per Books - CTUB Sewer Department only; actual results of operations; no tariff changes; cash flow surplus \$292,367; debt service coverage 136%.

Per Books Adjusted - Per books modified to reflect cash flows in conformity with WVPSC Rule 42 requirements; surplus cash flow \$291,954; debt service coverage 136%.

Going-Level Adjustments and Going-Level - Per books adjusted modified to reflect year of maximum annual debt service, expiration of JCPSD billing credit and related increase in renewal and replacement reserve requirement; cash flow surplus \$252,866; debt service coverage ratio 136%.

Proforma Adjustments - City of Ranson Sewer Department actual operations for the year ended June 30, 2017 modified as follows:

1. Adjustment to allow for 2 Ranson employees being transferred to CTUB at a total cost of \$154,670;
2. Adjustment for \$2,000,000 hypothetical construction project to be funded from Ranson Sewer Department cash flows; the project is projected to be funded with a bond issue over a 30-year term at a 4.5% effective interest rate; annual debt service payments are estimated to be \$122,445.
3. Adjustment to eliminate \$647,625 of CTUB billed sewer services to the City of Ranson Sewer Department;
4. Adjustment to eliminate \$647,625 of Ranson Sewer Department purchased treatment cost paid to CTUB.

Proforma - Going-Level operations modified to reflect the acquisition of City of Ranson Sewer Department assets, liabilities, customer base, and franchise territory; the proforma cash flows are presented based on the terms and conditions of the purchase agreement; the Ranson Sewer Department tariff is expected to be maintained; cash flow surplus is \$481,315; debt service coverage 147%.

Public Service Commission of West Virginia
DEBT SERVICE COVERAGE SCHEDULE
For the year ended June 30, 2017

	Per Books (1)	Accounting Adjustments (2)	Per Books Adjusted (3)	Adj. No. (4)	Going Level Adjustments (5)	Going Level (6)	Adj. No. (7)	Proforma Adjustments (8)	Proforma (9)
Available cash									
Operating revenues	\$ 3,773,340	\$ -	\$ 3,773,340		\$ 6,667	\$ 3,780,007		\$ 668,033	\$ 4,448,040
Other income	121,609	-	121,609		-	121,609		5,251	126,860
Total available cash	3,894,949	-	3,894,949		6,667	3,901,616		673,284	4,574,900
Cash requirements									
Operating expenses	2,195,506	413	2,195,919		-	2,195,919		279,689	2,475,608
Taxes other than federal income taxes	59,949	-	59,949		-	59,949		9,713	69,662
Total cash requirements	2,255,455	413	2,255,868		-	2,255,868		289,402	2,545,270
Total cash available for debt service	1,639,494	(413)	1,639,081		6,667	1,645,748		383,882	2,029,630
Debt service with coverage requirements									
Bond principal	874,775	-	874,775	(3)	40,890	915,665	(11)	32,913	948,578
Bond interest	333,481	-	333,481	(4)	4,698	338,179	(11)	89,532	427,711
Total debt service with coverage requirements	1,208,256	-	1,208,256		45,588	1,253,844		122,445	1,376,289
Reserve transfers									
Renewal and replacement reserve	94,334	-	94,334		167	94,501	(9)	16,701	111,201
Debt service reserve	37,856	-	37,856		-	37,856		-	37,856
Total reserve requirements	132,190	-	132,190		167	132,356		16,701	149,057
Debt service without coverage requirements									
Note/capital lease principal	5,182	-	5,182		-	5,182	(10)	15,343	20,525
Note/capital lease interest	1,500	-	1,500		-	1,500	(10)	944	2,444
Total debt service requirements without coverage requirements	6,682	-	6,682		-	6,682		16,287	22,969
Cash surplus (deficit)	\$ 292,367	\$ (413)	\$ 291,954		\$ (39,088)	\$ 252,866		\$ 228,449	\$ 481,315
Percentage coverage	135.69%		135.66%			131.26%			147.47%

See accountant's report and summary of significant assumptions.