

# Petitioner's Exhibit 12

# Financial Analysis Report

## Town of Winfield Sewage Works

December 22, 2023



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## Purpose of the Report

Crowe LLP (“Crowe” or “we”) has performed a study and analysis of the operating and financial reports and other data pertaining to the Town of Winfield Sewage Works (“Utility”). The results of our analysis are contained in this Financial Analysis Report (“Report”).

The purpose of this Report is to calculate the debt service coverage of the Utility on current debt service payments. This Report is based on data for the twelve months ended September 30, 2023, December 31, 2022, and December 31, 2021. The historical information used in this Report was taken from the books and records of the Utility.

In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying exhibits and schedules. We have made certain projections based on assumptions provided by the Utility that may vary from actual results because events and circumstances frequently do not occur as estimated and such variances may be material. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

If you have any questions regarding this Report, please call Jennifer Wilson at (317) 269-6696.

## Financial Statements

Statements of Receipts and Disbursements for the twelve months ended September 30, 2023, December 31, 2022, and December 31, 2021

	September 30, 2023	December 31, 2022	December 31, 2021
<u>Operating Receipts</u>			
Sales and Forfeited Discounts	\$ 1,428,760	\$ 1,333,075	\$ 1,330,889
Other Operating Receipts	43,761	56,719	27,352
Total Operating Receipts	<u>1,472,521</u>	<u>1,389,794</u>	<u>1,358,241</u>
<u>Operating Disbursements</u>			
Operation and Maintenance Expenses			
Sewer Operations			
Sludge Removal Expense	108,042	112,496	172,942
Purchased Power	181,853	134,265	98,797
Chemicals	25,900	31,660	66,389
Repairs	68,733	134,530	84,397
Billing Expense	17,534	14,002	16,195
Contractual Services - Operator	57,619	48,150	47,520
Contractual Services - Professional	2,700	1,500	7,641
Contractual Services - Legal	46,419	15,542	26,245
Contractual Services - Engineering	19,679	5,113	6,724
Contractual Services - Other	28,330	25,556	23,916
Insurance Expense	13,666	13,385	10,224
Regulatory Fees	7,210	5,400	5,400
Miscellaneous Expense	18,545	12,982	15,846
Administrative and General	126,000	126,000	127,054
Taxes Other Than Income Taxes			
Payment in Lieu of Taxes	<u>-</u>	<u>52,518</u>	<u>16,097</u>
Total Operating Disbursements	<u>722,230</u>	<u>733,099</u>	<u>725,387</u>
Net Operating Receipts	<u>750,291</u>	<u>656,695</u>	<u>632,854</u>

Data Source: Utility

Statements of Receipts and Disbursements for the twelve months ended  
September 30, 2023, December 31, 2022, and December 31, 2021  
(Continued)

<u>Other Receipts</u>			
Interest on Investments	\$ 87,392	\$ 18,862	\$ 5,566
Building Corporation Reimbursements	-	-	935,475
System Development Fees	685,850	526,350	302,931
Net Recapture Fees	(4,071)	337	(23,131)
Proceeds of Sale of Bonds-Notes	-	7,080,000	-
Other Non-Operating Receipts	-	-	9,000
Total Other Receipts	<u>769,171</u>	<u>7,625,549</u>	<u>1,229,841</u>
<u>Other Disbursements</u>			
Principal Repayment	395,000	325,000	110,000
Interest Expense	307,430	247,558	195,093
BAN Repayment	-	6,800,000	-
Capital Improvements	436,432	689,162	1,335,124
Bond Cost of Issuance	-	213,649	-
Total Other Disbursements	<u>1,138,862</u>	<u>8,275,369</u>	<u>1,640,217</u>
Net Receipts	<u>\$ 380,600</u>	<u>\$ 6,875</u>	<u>\$ 222,478</u>

*Data Source: Utility*

## Combined Outstanding Debt

Pay Year	2013A Bond	2013B Bonds	2022A Bonds	2022B Bonds	Total Debt
2023	\$ 63,120	\$ 15,599	\$ 108,136	\$ 71,358	\$ 258,212
2024	123,900	31,198	223,291	142,715	521,104
2025	60,780	91,198	224,119	142,715	518,812
2026		158,192	185,022	172,441	515,655
2027		153,966	191,669	171,346	516,981
2028		154,742	193,019	170,251	518,012
2029		154,801	194,294	169,156	518,251
2030		154,621	195,345	168,061	518,027
2031		154,163	196,322	166,966	517,451
2032			350,958	165,871	516,829
2033			351,944	164,776	516,720
2034			352,631	163,681	516,312
2035			358,021	162,586	520,607
2036			357,963	161,491	519,454
2037			177,608	340,396	518,004
2038				519,355	519,355
2039				519,664	519,664
2040				514,425	514,425
2041				518,730	518,730
2042				517,305	517,305
2043				515,424	515,424
2044				517,904	517,904
2045				259,654	259,654
Totals	<u>\$ 247,800</u>	<u>\$ 1,068,480</u>	<u>\$ 3,660,339</u>	<u>\$ 6,416,273</u>	<u>\$ 11,392,891</u>
Maximum Annual Debt Service					<u>\$ 521,104</u>

## Sewage Works Refunding Revenue Bonds of 2013, Series A

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/24	\$ 60,000	2.60 %	\$ 3,120	\$ 63,120	\$ 63,120
7/1/24	60,000	2.60	2,340	62,340	
1/1/25	60,000	2.60	1,560	61,560	123,900
7/1/25	<u>60,000</u>	2.60	<u>780</u>	<u>60,780</u>	<u>60,780</u>
Totals	<u>\$ 240,000</u>		<u>\$ 7,800</u>	<u>\$ 247,800</u>	

*Data Source: Bond Specimen for the 2013A Bonds, as recalculated by Crowe.*



## Sewage Works Refunding Revenue Bonds of 2013, Series B

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/24			\$ 15,599	\$ 15,599	\$ 15,599
7/1/24			15,599	15,599	
1/1/25			15,599	15,599	31,198
7/1/25			15,599	15,599	
1/1/26	\$ 60,000	3.25 %	15,599	75,599	91,198
7/1/26	65,000	3.25	14,624	79,624	
1/1/27	65,000	3.25	13,568	78,568	158,192
7/1/27	65,000	3.25	12,511	77,511	
1/1/28	65,000	3.25	11,455	76,455	153,966
7/1/28	65,000	3.25	10,399	75,399	
1/1/29	70,000	3.70	9,343	79,343	154,742
7/1/29	70,000	3.70	8,048	78,048	
1/1/30	70,000	3.70	6,753	76,753	154,801
7/1/30	70,000	3.70	5,458	75,458	
1/1/31	75,000	3.70	4,163	79,163	154,621
7/1/31	75,000	3.70	2,775	77,775	
1/1/32	75,000	3.70	1,388	76,388	154,163
Totals	\$ 890,000		\$ 178,480	\$ 1,068,480	

Data Source: Bond Specimen for the 2013B Bonds, as recalculated by Crowe.

## Sewage Works Revenue Bonds of 2022, Series A

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/24	\$ 65,000	2.98 %	\$ 43,136	\$ 108,136	\$ 108,136
7/1/24	70,000	2.98	42,167	112,167	
1/1/25	70,000	2.98	41,124	111,124	223,291
7/1/25	70,000	2.98	40,081	110,081	
1/1/26	75,000	2.98	39,038	114,038	224,119
7/1/26	55,000	2.98	37,921	92,921	
1/1/27	55,000	2.98	37,101	92,101	185,022
7/1/27	60,000	2.98	36,282	96,282	
1/1/28	60,000	2.98	35,388	95,388	191,669
7/1/28	65,000	2.98	34,494	99,494	
1/1/29	60,000	2.98	33,525	93,525	193,019
7/1/29	65,000	2.98	32,631	97,631	
1/1/30	65,000	2.98	31,663	96,663	194,294
7/1/30	70,000	2.98	30,694	100,694	
1/1/31	65,000	2.98	29,651	94,651	195,345
7/1/31	70,000	2.98	28,683	98,683	
1/1/32	70,000	2.98	27,640	97,640	196,322
7/1/32	150,000	2.98	26,597	176,597	
1/1/33	150,000	2.98	24,362	174,362	350,958
7/1/33	155,000	2.98	22,127	177,127	
1/1/34	155,000	2.98	19,817	174,817	351,944
7/1/34	160,000	2.98	17,508	177,508	
1/1/35	160,000	2.98	15,124	175,124	352,631
7/1/35	165,000	2.98	12,740	177,740	
1/1/36	170,000	2.98	10,281	180,281	358,021
7/1/36	170,000	2.98	7,748	177,748	
1/1/37	175,000	2.98	5,215	180,215	357,963
7/1/37	175,000	2.98	2,608	177,608	177,608
Totals	\$ 2,895,000		\$ 765,339	\$ 3,660,339	

Data Source: Bond Specimen for the 2022 A Bonds, as recalculated by Crowe.

## Sewage Works Revenue Bonds of 2022, Series B

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/24			\$ 71,358	\$ 71,358	\$ 71,358
7/1/24			71,358	71,358	
1/1/25			71,358	71,358	142,715
7/1/25			71,358	71,358	
1/1/26			71,358	71,358	142,715
7/1/26	\$ 15,000	3.65 %	71,358	86,358	
1/1/27	15,000	3.65	71,084	86,084	172,441
7/1/27	15,000	3.65	70,810	85,810	
1/1/28	15,000	3.65	70,536	85,536	171,346
7/1/28	15,000	3.65	70,263	85,263	
1/1/29	15,000	3.65	69,989	84,989	170,251
7/1/29	15,000	3.65	69,715	84,715	
1/1/30	15,000	3.65	69,441	84,441	169,156
7/1/30	15,000	3.65	69,168	84,168	
1/1/31	15,000	3.65	68,894	83,894	168,061
7/1/31	15,000	3.65	68,620	83,620	
1/1/32	15,000	3.65	68,346	83,346	166,966
7/1/32	15,000	3.65	68,073	83,073	
1/1/33	15,000	3.65	67,799	82,799	165,871
7/1/33	15,000	3.65	67,525	82,525	
1/1/34	15,000	3.65	67,251	82,251	164,776
7/1/34	15,000	3.65	66,978	81,978	
1/1/35	15,000	3.65	66,704	81,704	163,681
7/1/35	15,000	3.65	66,430	81,430	
1/1/36	15,000	3.65	66,156	81,156	162,586
7/1/36	15,000	3.65	65,883	80,883	
1/1/37	15,000	3.65	65,609	80,609	161,491
7/1/37	15,000	3.65	65,335	80,335	
1/1/38	195,000	3.65	65,061	260,061	340,396
7/1/38	200,000	3.65	61,503	261,503	
1/1/39	200,000	3.65	57,853	257,853	519,355
7/1/39	205,000	3.65	54,203	259,203	
1/1/40	210,000	3.65	50,461	260,461	519,664
7/1/40	210,000	3.65	46,629	256,629	
1/1/41	215,000	3.65	42,796	257,796	514,425
7/1/41	220,000	3.65	38,873	258,873	
1/1/42	225,000	3.65	34,858	259,858	518,730
7/1/42	230,000	3.65	30,751	260,751	
1/1/43	230,000	3.65	26,554	256,554	517,305
7/1/43	235,000	3.65	22,356	257,356	
1/1/44	240,000	3.65	18,068	258,068	515,424
7/1/44	245,000	3.65	13,688	258,688	
1/1/45	250,000	3.65	9,216	259,216	517,904
7/1/45	255,000	3.65	4,654	259,654	259,654
Totals	\$ 3,910,000		\$ 2,506,273	\$ 6,416,273	

Data Source: Bond Specimen for the 2022 B Bonds, as recalculated by Crowe.

## Statement of Fund Balances for twelve months ended September 30, 2023, December 31, 2022, and December 31, 2021

	September 30, 2023	December 31, 2022	December 31, 2021
Sewer Operating	\$ 80,000	\$ 80,000	\$ 80,000
Debt Service 2013A Bonds	31,560	-	-
Debt Service 2013B Bonds	7,799	-	-
Debt Service 2022 Bonds	89,747	-	-
Debt Service Reserve	267,879	214,878	167,766
Improvement Fund	26,192	69,055	327,612
System Development Charges	2,023,076	1,584,859	1,366,875
Sewer Recapture Fees	1,312	337	-
Totals	<u>\$ 2,527,565</u>	<u>\$ 1,949,129</u>	<u>\$ 1,942,253</u>

*Data Source: Utility.*

## Estimated Debt Service Coverage

	September 30, 2023	December 31, 2022	December 31, 2021
Operating Receipts	\$ 1,472,521	\$ 1,389,794	\$ 1,358,241
Less: Operating Disbursements	(722,230)	(733,099)	(725,387)
Add: System Development Fees	685,850	526,350	302,931
Add: Interest	87,392	18,862	5,566
Net Receipts Available for Debt Service	1,523,533	1,201,907	941,351
Maximum Annual Debt Service	521,104	521,104	521,104
Coverage - \$	<u>\$ 1,002,429</u>	<u>\$ 680,803</u>	<u>\$ 420,247</u>
Coverage - %	<u>292%</u>	<u>231%</u>	<u>181%</u>

- (1) System Development Charges ("SDC") are one-time capacity charges paid by new customers to the Sewage Works for system capacity. SDCs may be used for capital expenditures or payment of debt service. The collection of SDCs is contingent on new customers connecting to the Sewage Works.
- (2) Including the PILOT Payment and excluding the SDC, the coverage is 161% or \$316,579 for September 30, 2023, 140% or \$206,971 for December 31, 2022, and 126% or \$133,413 for December 31, 2021. According to the parity provisions listed in the bond ordinances of the currently outstanding bonds, the Net Revenues available for debt service is required to be 125% of the maximum annual debt service on the outstanding debt and the proposed additional debt to be issued on parity with the outstanding debt. The definition of "Net Revenues" is defined as gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance and which reasonable expenses of operation, repair and maintenance specifically do not include any rates or charges in lieu of taxes ("PILOT Payment").

## Schedule of Current Rates and Charges

Monthly Treatment Rate Per 1,000 Gallons		\$	11.95
Automotive Car Washes - Required to Use Metered Rates			
Evaporation Discount on Metered Water Usage			15% Discount
Minimum Monthly Charge (up to 2,000 Gallons allowed)			23.90
<u>Flat Rate Charges (For Non-Metered Customers)</u>			
Single Family Residential Dwelling			
User Class I	Per Home		59.75
User Class II (includes Double Tree			
Project Area Surcharge)	Per Home		69.75
Duplex Residential Dwelling	Per Duplex		120.00
Apartment and Condominiums			
One Bedroom	Per Unit		39.00
Two Bedrooms	Per Unit		58.20
Three Bedrooms	Per Unit		67.80
Assembly Hall	Per Seat		0.60
Bar (without Food Service)	Per Seat		1.80
Beauty Salon	Per Customer		6.60
Bowling Alley			
With Bar and/or Food Service	Per Lane		24.00
Without Food Service	Per Lane		14.40
Church			
With Kitchen	Per Sanctuary Seat		1.20
Without Kitchen	Per Sanctuary Seat		0.60
Day Care Center	Per Person		3.60
Dentist	Per Chair Plus		145.20
	Per Employee		14.40
Food Service Operations			
Cocktail Lounge	Per Seat		6.60
Non 24 Hour Restaurant	Per Seat		6.60
24 Hour Restaurant	Per Seat		9.60
Interstate 24 Hour restaurant	Per Seat		13.80
Tavern	Per Seat		6.60
Curb Service (Drive In) Restaurant	Per Seat		9.60
Governmental Entities or Public Authorities			
Required to use metered rates base on water			

## Schedule of Rates and Charges (Continued)

Flat Rate Charges (For Non-Metered Customers)			
Hospital or Medical Facilities	Per Bed	\$	39.00
Hotel	Per Room		19.20
Kennels	Per Animal Enclosure		3.60
Mental Health Facility	Per Patient		19.20
Mobile Home Park	Per Lot		39.00
Motel	Per Room		19.20
Nursing Home	Per Bed		19.20
Office Building	Per Employee		3.60
Orthodontist	Per Chair Plus		72.60
	Per Employee		7.20
Outpatient Surgical Center	Per Patient		9.60
School			
Elementary	Per Pupil		3.00
Secondary	Per Pupil		4.80
Service (Gas) Station	Per Restroom		77.40
Shopping Center	Per 1,000 Sq. Ft of		
	Floor Space		19.20
	Per Employee		3.60
Theater			
Drive In	Per Car Space		1.20
Inside Building	Per Seat		1.20
Doubletree Project Area Surcharge (Class II)			
Surcharge per Month			10.00

System Development Charges			
Meter Size	Ratio		
5/8" - 3/4"	1.0	\$	3,190.00
1"	2.5		7,975.00
1 1/4"	4.0		12,760.00
1 1/2"	5.8		18,502.00
2"	10.0		31,900.00
3"	23.0		73,370.00
4"	40.0		127,600.00
6"	91.0		290,290.00
8"	162.1		517,099.00

Note: Current Rates and Charges were adopted and effected through Ordinance 143-F by the Town Council of the Town of Winfield on October 26, 2017. The System Development Charges were adopted and effected through Ordinance 143-G by the Town Council of the Town of Winfield on March 12, 2019.