

DRINKING WATER STATE REVOLVING FUND
SRF ANNUAL REPORT
STATE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by the Commonwealth of Kentucky
For EPA Region IV

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KENTUCKY DRINKING WATER SRF ANNUAL REPORT

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DWSRF ANNUAL REPORT

I. INTRODUCTION

The Commonwealth of Kentucky respectfully submits the Drinking Water State Revolving Fund (DWSRF) Annual Report for State Fiscal Year (SFY) ended June 30, 2017. This report describes how Kentucky met the goals as identified in the 2017 Intended Use Plan (IUP) and presents the actual use of funds.

II. EXECUTIVE SUMMARY

The Kentucky Infrastructure Authority (KIA) is the responsible agency for the DWSRF program in Kentucky. Daily program activities are administered by KIA and DOW via a Memorandum of Agreement. KIA oversees \$350,114,840 in DWSRF first use funds (Exhibit 9) which are comprised of capitalization grants (\$197,776,892) state match (\$43,620,640) and leverage bond proceeds (\$55,000,000).

Exhibit 1 shows that the Commonwealth of Kentucky made seven new binding commitments for a total of \$19,301,000 to provide assistance for construction of drinking water projects during the year. The average interest rate on funds committed during the year was 0.28%. Exhibit 2 reflects commitments by quarter. Exhibit 5 shows disbursements from the SRF to various recipients, program administration and other set-aside activities during 2017 totaling \$46,521,190.

In an effort to assist small systems and disadvantaged communities, KIA provided binding commitments to four small systems and six disadvantaged communities, some of which are also small systems (Exhibit 1). Binding commitments for small systems totaled \$10,805,000 or 56% of total binding commitments. Binding commitments for disadvantaged communities totaled \$18,748,000 or 97% of total binding commitments.

During 2017 three loans totaling \$9,922,000 were approved that were subsidized with principal forgiveness of \$3,150,000 (Exhibit 4). The subsidy was around 50% of project cost per project up to the 2017 maximum amount established in the IUP (\$1.3 million) allocated in priority order to disadvantaged communities on the priority list.

Since the inception of the program, the Commonwealth has issued 186 binding commitments totaling \$427,872,524. Cumulative set-asides made available from capitalization grant funds total \$53,717,308 (Exhibit 8). The program administration set-aside totals \$8,316,104 while the balance of \$45,401,204 has been for technical assistance, environmental support and management (Exhibit 9).

III. GOALS AND ACCOMPLISHMENTS

The primary goal of the DWSRF program is to assist public water systems (PWS) in providing safe drinking water at an affordable cost to their customers. The program offers low-cost financing to PWS for eligible drinking water infrastructure construction projects. Through set-aside funds, the DWSRF is also used to improve environmental programs that support the goals of the Safe Drinking Water Act (SDWA). Examples include capacity development, operator certification, source water protection, and wellhead protection. Effective and efficient administration of the DWSRF program, combined with below market interest rates and long term financing, will assist PWS to provide sufficient quality and quantity of affordable potable water throughout Kentucky.

A. Short Term Goals and Accomplishments

The 2017 IUP describes six short-term goals to be achieved by the SRF. The State continues to make significant progress toward successful completion of these goals as described below:

1. Continue to define and develop specific environmental outcomes and measures that will demonstrate the protection of public health by category type through DWSRF funding.

All projects receiving DWSRF funding are expected to result in multiple environmental benefits that protect public health. The specific environmental outcomes and measures that will demonstrate these benefits by category type are still being designed.

2. Continue to issue and evaluate contracts associated with set-aside initiatives.

DWSRF provides funds in support of a technical, managerial, and financial assistance contract with Kentucky Rural Water Association (KRWA). Assistance has been provided for the treatment and prevention of Disinfection By-Products (DBPs). The list of systems to be assisted is provided to KRWA by Division of Water staff based on regular inspections and sanitary surveys. The contract is reviewed and the list of systems updated annually.

3. Educate borrowers, Area Development Districts, and engineers to assure compliance with Davis Bacon and American Iron and Steel requirements.

Compliance related training and information has been provided through introductory meetings with each SRF borrower as well as reiterated during the preconstruction meetings held at the time the construction contracts are executed. A "Best Practices" document for Davis Bacon compliance and reporting has been distributed to borrowers throughout the loan process.

4. Fund projects designed to remediate risk to human health or are necessary to ensure compliance with the requirements of the SDWA.

The ranking criteria used to fund 2017 DWSRF projects provided points to projects that address both acute and chronic public health risks. Additionally, points are also added for those systems currently operating under Agreed Orders or other similar enforcement actions.

5. Support components of the state drinking water and groundwater programs by directing the necessary resources toward the state's most pressing compliance and health needs.
 - a. Exhibit 1 details the loans approved by the KIA Board during the 2017 fiscal year.
 - b. Exhibit 3 reflects the status of every project ranked on the 2017 Project Priority List which was funded in priority order.
 - c. DWSRF set-aside funds are used directly to specifically assist those systems demonstrating significant compliance and public health issues.

The EPA allows up to 31% of the DWSRF grant to be used for administration and to support SDWA environmental programs such as capacity development, operator certification, source water protection, and wellhead protection. Set-aside dollars are maximized by targeting systems that demonstrate significant compliance and public health needs for technical assistance, inspections, performance based training (PBT) and comprehensive performance evaluation (CPE). The DOW also uses the Enforcement Targeting Tool (ETT) as another tool to prioritize systems for technical assistance. The remaining funds are loaned to public water systems at low interest rates for projects that replace and improve existing infrastructure or projects that replace and improve compliance capabilities.

Kentucky provides funding from the set-asides for DWSRF administration, small systems technical assistance, state program management, and state/local assistance. Activities for Section 1452(g)(2) under Administration, Small Systems Technical Assistance, and State Program Management are listed in Attachment 1.

DOW is continually updating its strategy for assistance to PWS to improve their managerial, financial, and technical capacity. Reports are submitted to the Governor and US EPA on the efficacy of the strategy as required. Activities are listed in Attachment 2 for Section 1452(k)(2)(C) under the State and Local Assistance Set-Aside.

6. Continue to refine the integration of the SRF Call for Projects into the Water Resource Information System (WRIS).

During the 2017 SFY, the DOW and KIA continuously met with Area Development District (ADD) planners, Water Management Councils, and water system officials to provide guidance on how to apply for a DWSRF loan through the WRIS. The main emphasis during training this year has been year-round planning in preparation for the annual SRF call for projects. In general, participants are becoming more proficient with the process.

B. Long Term Goals and Accomplishments

The IUP describes four long-term goals:

1. Maintain a self-sustaining revolving loan program that will support protection of public health by ensuring DWSRF funds are used to finance only those projects necessary to remediate serious risk to human health or are necessary to ensure compliance with the requirements of the SDWA.

The ranking criteria used to determine project priorities for the 2017 DWSRF assign points to those projects addressing potential acute and/or chronic health risks. Points are also added for those systems currently operating under Agreed Orders or other similar enforcement actions. These projects are directed at protecting public health and ensure compliance with the requirements of the SDWA.

2. Ensure that all public water systems have the necessary technical, financial, and managerial capacity to maintain compliance with the current and foreseeable SDWA requirements and provide safe drinking water to their customers.

All borrowers that submit project(s) during the call for projects are reviewed for technical, financial and managerial capacity to maintain compliance with the current and foreseeable SDWA requirements using the data from the Sanitary Surveys. If deficiencies exist, as noted in sanitary survey and/or inspection reports, additional guidance and consultation is provided by Technical Assistance and Capacity Development staff. Any unaddressed deficiencies may be included in the binding commitment for funding.

Generally accepted accounting standards are followed for all monies in the fund. Each year, an independent accounting firm audits KIA and since the inception of the program KIA has received unqualified opinions. A thorough credit analysis of each borrower is performed using the past three years of audited financial statements. Project estimates are provided from the project engineer and the borrower. For construction projects, no construction funds are released under the assistance agreement until all other funding sources are committed, the project has been bid, and contracts have been awarded. Each borrower must provide

audited financial statements to KIA within 180 days of their fiscal year end as one of the terms and conditions of each loan. A listing is maintained to determine the borrowers that do not report in a timely fashion. Notices are sent to these borrowers. Once audits arrive, a standard review process is used to analyze the financial statements.

Low-income participation in the SRF program has been encouraged by offering interest rates that are lower than the program's standard 2.75% rate. During 2017, six of the seven new loans funded projects in low income communities (Exhibit 1). A low income community is defined as having an MHI lower than the state MHI of \$43,342 based on the American Community Survey (ACS) 5 Year Estimate 2010-2014. Ninety-seven percent (\$18,748,000) of funds committed during 2017 were to low income communities (Exhibit 1). The average interest rate on all funds committed during the year was 0.28%. Additionally, \$3,150,000 of eligible 2017 loan dollars will be forgiven to meet the loan subsidy conditions of open capitalization grants. The loan subsidy was directed to borrowers with an MHI below 80% of the state's MHI.

In April 2010 leverage bonds were issued to support loan program demand. Net proceeds were \$30,000,000 for a true interest cost of 3.488%. An additional \$25,000,000 was issued in April 2012 at a true interest cost of 3.033%. Leveraging allows the Commonwealth to maximize SRF funding resources and to target funds where they are needed most (compliance, court orders, etc.) without additional General Fund appropriations. The high loan demand has been significantly influenced by compliance requirements, infrastructure replacement and expansion into previously unserved areas. Because the SRF is a below market rate program, borrower repayments do not completely fund leveraged bond debt service. The shortfall is funded by program interest earnings, repayments from other existing loans and interest payments from loans made with Capitalization Grants and State Match.

Reduced interest rates on loans to low income communities coupled with required loan subsidies and the financial effects of leveraging combine to negatively affect the potential return to the SRF, which in turn slows the program's ability to become self-sustaining. It will take some time and continued funding by the Federal government for Kentucky to revolve a sufficient amount of funds to address funding needs solely from repayments.

3. Work with the Energy and Environment Cabinet to explore solutions to increase energy efficiency for drinking water utilities.

The use of energy efficient methods and equipment is encouraged for DWSRF funded projects. Additional points are assigned during the ranking process for those projects utilizing energy efficient designs.

4. Continue to work toward making the program easier to use by the borrowers by improving communication and the sharing of data between KIA and DOW, also by working toward the use of electronic forms and data as opposed to paper documents.

DOW and KIA provide administrative and technical assistance to borrowers in several different ways. Both agencies conduct a joint Introductory Meeting before work begins to instruct borrowers on compliance with applicable rules (by both the borrower and contractors) during the construction process. KIA and DOW also review each payment submitted by borrowers to ensure invoices provide substantiate the amount requested, and also conduct an administrative file review before the final payment is made to ensure that all required elements of the process have been satisfied.

In addition, KIA has worked for several funding cycles to develop an electronic application process for borrowers. Application information will be pulled automatically from WRIS Project Profiles to populate an electronic application after the borrower has worked with their Area Development District to update them. From there the borrower will download the PDF application with clickable links directly to additional documents required for the application. The borrower will then submit the entire electronic application package to KIA via email in order to reduce paper usage, increase timeliness of submittal, as well as ease the burden of applying for financial assistance to borrowers. KIA is expected to fully implement the electronic application process by the 2018 funding cycle.

IV. SET-ASIDE ACTIVITY

Exhibit 10 shows the administrative and set-aside disbursements for 2017. Since the inception of the program, Kentucky has disbursed administrative and other (state programs, local assistance and technical assistance) set-asides of \$53,717,308 (Exhibit 8) as compared to \$49,705,598 in 2016.

A. State Program Management Set-Aside

Section 1452(g)(2) of the Safe Drinking Water Act (SDWA) allows up to 4% of the DWSRF capitalization grant to be allotted to the state to cover the reasonable costs of administration of the programs under this section and up to 10% of the DWSRF capitalization grant to be set-aside to support other program initiatives of the SDWA. The Program Management Set-Aside requires a dollar for dollar match by Kentucky. Kentucky met this requirement based on expenditures from the General Fund of the Energy and Environment Cabinet for the PWSS program and activities. An additional set-aside of up to 2% may be taken to provide technical assistance to small PWS serving populations less than 10,000. For a program overview of amounts for each set-aside category see Exhibit 9 and activities under Section 1452(g)(2) are listed in Attachment 1.

B. Local Assistance and Other Programs Set-Aside

Section 1452(k)(2) of the SDWA allows up to 15% of the DWSRF capitalization grant to be set-aside to support local assistance and other program initiatives of the SDWA. Activities under Section 1452(k)(2) are listed in Attachment 2.

V. ASSISTANCE ACITIVITY

A. Fund Financial Status

Exhibit 9 shows the sources and allocation of first use SRF funds for 2017. Exhibit 13 shows the Accounts Receivable Aging. If a borrower experiences late payments, KIA will work with them to assess rate structures or revise repayment schedules. To date, KIA has had no defaults and currently no loans are over 30 days past due. Exhibit 10 shows the administrative and set-aside disbursements for 2017.

B. Financial Statements

Exhibits 11 and 12 present the 2017 unaudited trial balance data for the Kentucky Infrastructure Authority.

C. Provisions of the Operating Agreement/Conditions of the Grant

The Commonwealth of Kentucky agreed to abide by conditions in the operating agreement and in each grant agreement. All conditions have been met. Some of the primary conditions are described below:

1. State Matching Funds

The Commonwealth of Kentucky deposited into the SRF account an amount that equals at least 20% of the grant payment (Exhibit 9 displays the state match payment). This is similar to the EPA/ACH in that funds are not deposited until the revenue bonds are sold and federal funds are actually deposited. A state match was not required on ARRA grant funds.

2. Binding Commitments within One Year

Exhibit 2 shows that the state entered into binding commitments to provide assistance from the SRF in amounts equal to 251% of each quarterly grant payment within one year of the receipt of the payment.

3. Expeditious and Timely Expenditure

Exhibit 5 shows that \$46,521,190 was disbursed for project expenses and to the state for program administration and other set-asides. The Commonwealth

disbursed all cash draws and other available SRF funds in a timely and expeditious manner. Exhibit 1 "Projects Receiving SRF Financial Assistance for State Fiscal Year Ended June 30, 2017" demonstrates that SRF projects have moved in an expeditious and timely manner to start construction. Kentucky is monitoring the projects to ensure timely initiation of operations in accordance with the established schedules.

4. Eligible Activities of the State Revolving Fund

All projects met eligibility requirements.

5. Disadvantaged Business Enterprises (DBE) and Minority Business Enterprise/Women's Business Enterprise (MBE/WBE) Requirement

Kentucky negotiated with Region IV an overall fair share objective of 8% for MBE/WBE participation on activities financed by the SRF. During 2017, \$42,048,940 in construction draw requests was reimbursed to DWSRF participants of which \$271,326, or 0.6% was reimbursed to WBE contractors and \$61,299 or 0.1% was reimbursed to MBE contractors. All borrowers are required to follow the six affirmative steps.

6. Other Federal Laws and Authorities

Kentucky and all recipients of SRF funds directly made available by the capitalization grant have complied with applicable federal authorities. Recipients agreed to do this in their loan agreement with the Commonwealth.

Attachment 1

Activities Under Section 1452(g)(2) of the Safe Drinking Water Act

A. DWSRF Administration – Section 1452 (g)(2) – 4 percent maximum

The Kentucky Energy and Environment Cabinet, Department for Environmental Protection, Division of Water (DOW), in cooperation with the Kentucky Infrastructure Authority (KIA), conducted regular activities to develop, maintain, and administer the DWSRF program. Activities included developing reports, payment processing, pre-application activities, travel, application review, engineering review, environmental review, construction progress inspection, training, portfolio management, audit management, cash management, securities management, financial management, financial analysis and capacity review.

The Water Infrastructure Branch of the Kentucky DOW performed the following:

- ◆ There were 46 active drinking water loan projects in various stages of the DWSRF process at the end of the 2017 state fiscal year (SFY). The projects are sponsored by the following systems:

SFY 2017 Active DWSRF Projects		
Bath County Water District	City of Mount Vernon	Hopkinsville Water Environmental Authority
Cave Run Water Commission	City of Nicholasville	Jessamine South Elkhorn Water District
City of Campbellsville	City of Olive Hill	Lyon County Water District
City of Centertown	City of Pineville	Monroe County Water District
City of Cynthiana	City of Prestonsburg	Northern Kentucky Water District
City of Danville	City of Salyersville	Ohio County Water District
City of Evarts	City of Stanford	Paducah Water Works
City of Fleming Neon	City of Williamstown	Southern Water and sewer District
City of Harrodsburg	Columbia Adair Co. Utilities District	Western Pulaski County Water District
City of Hodgenville	Crittenden-Livingston County Water District	Whitley County Water District
City of Irvine	Cumberland Falls Highway Water District	
City of Lebanon	Henry County Water District #2	

- ◆ Loan applications have been reviewed for all of the projects listed above. Eleven drinking water projects were closed out during the 2017 state fiscal year.
- ◆ Fourteen DWSRF environmental reviews were conducted during the SFY 2017 for drinking water infrastructure projects.
- ◆ Twenty drinking water projects were reviewed by Water Infrastructure Branch Engineering Section from July 1, 2016 to June 30, 2017.

SFY 2017 Project Review Summary	
Distribution- Line Extension	2
Distribution- Major Construction	2
Replacement/Rehabilitation	10
Tank	3
Water Treatment- Modifications, New, Preliminary	3

The Engineering Section also performed all associated project management responsibilities including attending preconstruction meetings, project inspections, review of invoices and change orders, etc.

B. Technical Assistance – Section 1452(g)(2) – 2 percent maximum

Kentucky used the Technical Assistance set-aside as follows:

- ◆ Provided approximately 446 instances of assistance, training and consultation, covering all aspects of technical, managerial, and financial capacity.
- ◆ Of the 154 sanitary surveys conducted in SFY 2017 25% were conducted at small drinking water systems (less than 10,000 population). Over 56% were in very small systems with less than 3,300 population.
- ◆ Fifty-seven drinking water treatment plants achieved Area-Wide Optimization Program (AWOP) turbidity goals, resulting in safer drinking water for over 2.5 million Kentucky citizens.
- ◆ Four Modular Distribution System Optimization (DSO) trainings were conducted throughout the state:
 - ◆ Madisonville—included thirteen participating systems (October 2016)
 - ◆ Morehead—included nine participating systems (June 2017)
 - ◆ Hazard—included six participating systems (June 2017)
 - ◆ Campbellsville—included nine participating systems (September 2017)

- ◆ Three Disinfection By-Products Symposiums were conducted throughout the state:
 - ◆ Lexington (March 2017)
 - ◆ Hazard (March 2017)
 - ◆ Madisonville (April 2017)

- ◆ The partnership with USEPA's Technical Support Center (TSC Cincinnati) continued for the SFY 2017. Activities focused on AWOP, data integrity, and Optimal Corrosion Control Treatment (OCCT). Technical Assistance staff attended the following:
 - Region 4 AWOP Meeting in Nashville, TN (March 2017)
 - OCCT Evaluation Training in Louisville, KY (March 2017)
 - National AWOP Meeting in Cincinnati, OH (August 2017)
 - Region 4 AWOP Remote Planning Meeting (December 2016)

- ◆ The Division of Water's drinking water staff and management attended and/or participated in training events with a focus on small systems:
 - EFCN Webinar "Communicating Water to Influence Decision-Makers" (July 2016)
 - EFCN Webinar "Keys to Recruiting Qualified Water Utility Staff" (July 2016)
 - EPA Webinar "DWSRF and Capacity Building Webinar 1: Sanitary Surveys" (July 2016)
 - Division of Compliance Assistance – Distribution Certification School (August 2016)
 - EFCN Webinar "Are your Rates too High - Looking at Affordability of Water Rates" (August 2016)
 - EFCN Webinar "Succession Planning" (September 2016)
 - EPA Webinar "Lost and Forgotten Tools of the Operator Certification Program" (August 2016)
 - EFCN Webinar "Determining the Risk: Asset Management Risk Analysis Discussion and Available Tools" (August 2016)
 - Webinar "DWSRF and Capacity Building Webinar 2: HABs" (September 2016)
 - EFCN Webinar "Are Your Rates too High- Looking at Affordability of water Rates" (September 2016)
 - KWWOA Conference (October 2016)
 - KRADD and RCAP Training (October 2016)
 - EPA webinar "DWSRF and Capacity Building In Action: Leveraging Resources to Address Lead in Drinking Water" (October 2016)
 - Corrosion Control Training (October 2016)
 - Webinar "Legionella Control in Large Building Water Systems" (October 2016)
 - Webinar "Capacity Development and Asset Management" (November 2016)

- Webinar “Demystifying Depreciation and How to Make Use of It” (November 2016)
- KRWA “Ditch to Desk Training” (December 2016)
- Webinar “GIS in Asset Management” (December 2016)
- HAZWOPER (January 2017)
- Webinar “Achieving Revenue Stability through Your Water Rate Structure” (January 2017)
- Division of Water “Water Quality Training” (January 2017)
- Webinar “What to Expect In The Trump Era and 115th Congress” (January 2017)
- Taught a class on “The Basics of Financial Accounting” (January and February 2017)
- Attended “Accounting 101 Training” (January 2017)
- EPA Webinar “Drinking Water Capacity Building: Water and Energy Efficiency” (January 2017)
- EPA Webinar “Disinfectant Residual with Gabe Tanner” (January 2017)
- Webinar “3Ts for Reducing Lead in Drinking Water in Schools” (January 2017)
- Webinar “Eliminating Nitrification in Chloraminated Water Systems (January 2017)
- Webinar “Disinfectant Residuals” (January 2017)
- Webinar “Communicating with the Public About Water Infrastructure” (February 2017)
- Webinar “Financing for the Future -- Financial Longevity for Municipal Operations” (February 2017)
- Webinar “Water Audits and Water Loss Control: Gathering Your Data” (March 2017)
- Webinar “Forming Responsible Management Entities” (March 2017)
- Webinar “Water Audits and Water Loss Control: Entering Your Data into the Spreadsheet” (March 2017)
- EFCN Webinar “Preparing Wining Financing Application for Water Infrastructure Projects” (March 2017)
- EFCN Webinar “Water Audits and Water Loss Control: Entering Your Data into the Spreadsheet: (March 2017)
- USEPA Lead & Copper Rule Training in Atlanta, GA (March 2017)
- Webinar “Source Water Protection” (March 2017)
- Webinar “Upcoming Research on the Impacts of Water Conservation on Water Quality in Premise Plumbing” (March 2017)
- Webinar “Workforce Development: An Overview of Key Components” (April 2017)
- Webinar “Smart Tank: Turning DS Tanks into Intelligent Water Quality Management Systems” (April 2017)
- Webinar “Energy Efficiency in Water/Wastewater Systems” (May)
- EFCN Webinar “I’ve Completed My Water Audit, Now What?” (May 2017)

- EPA Webinar “WEF Membership Effective Utility Management” (May 2017)
- Webinar “Water System Partnerships” (May 2017)
- EFCN Webinar “Ask the Expert: Workforce Development (June 2017)
- EFCN Webinar “Ask the Expert: Advice on Capital Planning for Your Water System” (June 2017)
- USEPA State UV Meeting (June 2017)
- Webinar “Harmful Algal Blooms: Treatment, Risk Communication Toolbox, and Management Plans” (June 2017)
- Webinar “Nonpotable Water Reuse in Urban Environments” (June 2017)

C. *State Program Management – Section 1452(g)(2)(A) – (D) – 10 percent maximum (Public Water System Supervision Program)*

Kentucky used the Supplemental Public Water System Supervision Program set-aside to fund the following drinking water program activities:

- ◆ Overall administration of the drinking water program, including implementation of work plans, tracking of regulatory developments and coordinating inter-and intra-division activities.
- ◆ Assessed SDWA compliance of 441 public water systems:
 - ◆ All water systems are monitoring for Stage 2 DBP and LT2 Rules.
 - ◆ Conducted 154 Sanitary Surveys from July 1, 2016 to June 30, 2017.
 - ◆ Submitted federal SDWIS data to EPA on time each quarter.
- ◆ Participated in SDWIS Prime activities and attended the EPA/ASDW Data Management users Conference (May 2017) via webinar.
- ◆ Conducted inspections, investigated complaints, and assisted with drinking water compliance activities at the DOW Regional Office level.
- ◆ Continued to implement and support the Microbiology, Chemistry, and Cryptosporidium Laboratory Certification Programs. In SFY 2017 there were 5 Chemistry Laboratories and 34 Microbiology audited by DOW Certification Officers. Currently, two staff members are EPA certified to conduct Chemistry, Microbiology, Cryptosporidium, or Radiochemistry Laboratory audits.
- ◆ Provided compliance and technical assistance presentations at various conferences:
 - Drinking Water Compliance Presentation at the Kentucky Water and Wastewater Operators Association (KWWOA) Conference (April 2017)

- KY AWOP Update and Self-Assessment Presentations at the USEPA National AWOP Meeting in Cincinnati on KY AWOP (August 2017)
 - Drinking Water Update Presentation at Public Service Commission (PSC) Training (December 2016, May and September 2017)
- ◆ Continued to support the microbial and disinfection by-products activities associated with the Area-Wide Optimization Program. The focus for SFY 2017 was disinfection by-product formation control for both water treatment plants and distribution systems.

Attachment 2

Activities Under Section 1452(k)(2) of the Safe Drinking Water Act

*State/Local Assistance Sections 1452(k)(2)(A) – (E)
15 percent maximum*

A. Capacity Development Program – Technical, Managerial, and Financial Assistance

State/Local Assistance set-aside funds were utilized to provide assistance to small systems.

- ◆ Reviewed 72 projects through Federal Assistance Review requests from the Kentucky e-Clearinghouse to ensure projects applying for funding have adequate capacity.
- ◆ Conducted 154 Sanitary Surveys for surface water systems, groundwater systems, and subsequent systems.
- ◆ The DOW's Capacity Development Section provided assistance to public water systems throughout the state related to managerial and financial capacity. Technical capacity was offered through inspections, on-site assistance, and AWOP activities. All drinking water systems are inspected annually: plus over 160 assistance visits made by technical assistance staff.
- ◆ DWSRF set-aside funds were used for conference travel for DOW drinking water staff to attend and/or present at various conferences as previously mentioned.
- ◆ Continued to provide funding to the Kentucky Rural Water Association (KRWA) to support a small system assistance program focusing on Disinfection By-Products (DBPs) treatment, leak detection, water loss, operation and maintenance manuals, and rate studies. Targeted DBP assistance was provided to approximately 30 small public water systems and additional assistance was provided to multiple systems (74) upon request.
- ◆ Funding was provided to support the drinking water operator certification program.

A. Source Water Assessment Program

The Division of Water provides support to the United States Geological Survey's real-time stream gauging network with funding from DWSRF set asides. During SFY2017, \$258,820 was provided in network support with a 40/60 cost share by the USGS. In addition to allocating funds, the DOW coordinates with USGS in the placement of gauging stations with an emphasis on optimization of the network's data collection capabilities. This ongoing partnership has helped to produce a system where both scientific and regulatory interests are served.

B. Operator Certification Program

◆ ***License Administration***

- ◆ The Division of Compliance Assistance (DCA), Operator Certification Program received and processed 492 drinking water certification applications, administered 445 drinking water certification exams, and issued 288 new drinking water certificates during the 2017 state fiscal year. The drinking water certification program had an average pass rate of 65 percent.
- ◆ The administrative staff was responsible for entering the operator training hours which are used for the renewal process, as well as operator updates into the department database. They processed 94 online renewals, and issued wallet cards.

◆ ***Training***

The DCA staff prepared and published the Kentucky Operator Certification Program training schedule which outlines all training events offered by the program. A post card was mailed to all certified operators making them aware the schedule was available on the Division's Website. DCA technical staff conducted 15 drinking water training events during this timeframe totaling approximately 234 training hours with 473 operators or potential operators in attendance. In addition, staff within the program, along with the Kentucky Board of Certification of Water Treatment and Distribution System Operators, reviewed 222 requests from third-party training providers seeking approval of courses for continuing education credit.

◆ ***National Involvement***

- ◆ Staff within the certification program continues to promote the importance of operator certification in Kentucky as well as nationwide. Staff has attended the EPA Workshop for Operator Certification and Capacity Development conference, served as the state coordinator and attended the EPA/ASDWA Region 1-5 Capacity Development and Operator

Certification Workshop, as well as engaged with vendors, operators, and others in the certification field at various events.

◆ **Communications**

Operation Matters, the certification blog, continues to thrive. It has gained followers in 169 countries, has 197,900 all-time views, and has several direct blog followers who have subscribed to receive emails for every post made. Positive feedback has been received from the operator community. To follow the blog, go to www.kyocp.wordpress.com.

C. Wellhead Protection Program

Wellhead Protection Program (WHPP) staff provide assistance to communities reliant on groundwater for their public drinking water sources with wellhead protection planning efforts. This includes developing and reviewing wellhead protection plans, conducting system site visits and facilitating public meetings throughout the state. During this fiscal year program staff worked to modernize standard planning templates and brochures and develop a Contaminant Source Inventory form and database for the wellhead protection program. Program staff also worked to assist systems to bring them back into compliance with the required planning and approval schedules. The WHPP has also continued to administer the Source Water Protection Assistance Program which provides funding from DWSRF set-asides to eligible applicants and projects for source water protection. The program received 22 applications for funding assistance and were able to select six proposed projects based on funding limitations under the current budget. Program staff also worked to modernize the assistance program's application, guidance documents and ranking criteria. Program staff developed education and outreach efforts by establishing an Environmental Systems Research Institute (ESRI) Story Map application for source water protection, wellhead protection and the assistance program. Wellhead staff also attended and/or provided presentations at the following conferences and meetings:

- ◆ GWPC (Groundwater Protection Council) 2016 Annual Forum
- ◆ 2017 Kentucky Water Resources Research Institute Annual Symposium
- ◆ 2017 Kentucky Geological Survey Annual Seminar
- ◆ Area Development Districts' Water Management Council meetings statewide
- ◆ Kentucky Rural Water Association Operator Trainings
- ◆ Trimble County Water District Customer Appreciation Open House
- ◆ U.S. Geological Survey Annual Open House

- ◆ Kentucky Agriculture Science and Monitoring Committee Conference
- ◆ Source Water Protection Assistance Program funding preliminary meetings
- ◆ Georgetown Rain Garden Installation Day

The following data and information reflects the most current program statistics:

Community Water Systems Utilizing Groundwater Sources					
	Population Served				
	25 – 1,000	1,001 – 3,300	3,301 – 10,000	10,001 – 50,000	Over 50,000
Number of Community GW Supplies	24	33	22	12	3
Total Population Served	9,100	66,000	121,700	232,000	909,000*

**Includes Louisville Water Company, which uses groundwater and surface water sources.*

Non-Community Water Systems Utilizing Groundwater Sources		
	Number of Systems	Population
Non-Transient Non-Community Systems	13	5,800
Transient Non-Community Systems	32	3,200

Wellhead Protection Plans			
	Phase I Plan	Phase II Plan	Five Year Update
Developed	1	0	19
Reviewed	1	0	25
Approved	0	0	25

**EXHIBIT 1
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROJECTS RECEIVING SRF FINANCIAL ASSISTANCE
FISCAL YEAR ENDED JUNE 30, 2017**

RECIPIENT NAME	LOAN NUMBER	AMOUNT OF ASSISTANCE	BINDING COMMITMENT DATE	ESTIMATED CONSTRUCTION START DATE	ESTIMATED INITIATE OPERATION	TYPE OF ASSISTANCE	INTEREST RATE	LOAN TERM	POPULATION CATEGORY	SMALL SYSTEM	DISADVANTAGED COMMUNITY
Olive Hill, City of	F17-007	\$883,000.00	10/27/2016	6/15/2017	1/15/2018	L	0.25%	30	3,301 to 10,000	Y	Y
Fleming-Neon, City of	F17-003	\$1,500,000.00	12/1/2016	3/1/2017	6/30/2018	L	0.25%	20	501 to 3,300	Y	Y
Nicholasville, City of	F17-001	\$553,000.00	3/2/2017	5/15/2017	12/31/2017	L	1.75%	20	10,001 to 100,000	N	N
Stanford, City of	F17-005	\$2,690,000.00	3/2/2017	10/31/2017	7/31/2018	L	0.25%	20	3,301 to 10,000	Y	Y
Irvine, City of	F17-006	\$5,732,000.00	3/2/2017	3/1/2018	6/1/2019	L	0.25%	20	3,301 to 10,000	Y	Y
Southern Water and Sewer District	F17-012	\$1,350,000.00	3/2/2017	3/1/2018	3/1/2019	L	0.25%	20	10,001 to 100,000	N	Y
Cambellsville, City of	F17-014	\$6,593,000.00	6/1/2017	10/1/2017	10/1/2018	L	0.25%	20	10,001 to 100,000	N	Y
TOTAL	7	\$ 19,301,000					0.28%				

<u>Summary</u>	<u>Total</u>	<u>Loan Count</u>	<u>% of Total</u>
Total Funding For Loans	\$ 19,301,000	7	
Total Funding For Small Communities	\$ 10,805,000	4	56%
Total Funding For Disadvantaged Communities	\$ 18,748,000	6	97%
Weighted Average Interest Rate	0.28%		

Type of Assistance
L = Loan
(1) = Increase / (Decrease)
(2) = Planning & Design

**EXHIBIT 2
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
BINDING COMMITMENTS BY QUARTER
FISCAL YEAR ENDED JUNE 30, 2017**

RECIPIENT NAME	LOAN NUMBER	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL	TYPE OF ASSISTANCE
Olive Hill, City of	F17-007		\$ 883,000			\$ 883,000	L
Fleming-Neon, City of	F17-003			1,500,000		1,500,000	L
Nicholasville, City of	F17-001			553,000		553,000	L
Stanford, City of	F17-005			2,690,000		2,690,000	L
Irvine, City of	F17-006			5,732,000		5,732,000	L
Southern Water and Sewer District	F17-012			1,350,000		1,350,000	L
Cambellsville, City of	F17-014				6,593,000	6,593,000	L
TOTAL	7	\$ -	\$ 883,000	\$ 11,825,000	\$ 6,593,000	\$ 19,301,000	
PROGRAM ADMINISTRATION		\$ 99,394	\$ 89,800	\$ 130,040	\$ 99,138	\$ 418,372	
SET-ASIDES		\$ 1,067,000	\$ -	\$ 1,491,330	\$ 1,495,548	\$ 4,053,878	
TOTAL		\$ 1,166,394	\$ 972,800	\$ 13,446,370	\$ 8,187,686	\$ 23,773,250	
CUMULATIVE TOTALS		\$ 1,166,394	\$ 2,139,194	\$ 15,585,564	\$ 23,773,250		
FEDERAL PAYMENTS - 2016		\$ 1,804,832	\$ -	\$ 3,655,722	\$ 4,004,564		
CUMULATIVE FEDERAL PAYMENTS		\$ 1,804,832	\$ 1,804,832	\$ 5,460,554	\$ 9,465,118		
BINDING COMMITMENT % OF PAYMENTS		65%	119%	285%	251%		

Type of Assistance

L = Loan

(1) = Increase / (Decrease)

(2) = Planning & Design

**EXHIBIT 3
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROJECT PRIORITY LIST STATUS REPORT
FISCAL YEAR ENDED JUNE 30, 2017**

Rank	Applicant	Project Name	Action
1	Nicholasville, City of	Nicholasville – Jessamine South Elkhorn Water District Interconn	Accepted
2	Salyersville, City of	Salyersville Church Street Storage Tank	Bypassed
3	Fleming-Neon, City of	Water Treatment Plant Upgrade Project	Accepted
4	Louisa, City of	Downtown Water Rehab Project	Bypassed
5	Stanford, City of	City of Stanford - Water System Upgrades	Accepted
6	Irvine, City of	Water Plant Modernization	Accepted
7	Olive Hill, City of	Olive Hill: Replace Downtown Area Water Line	Accepted
8	Parksville Water District	PWD Storage Tank Rehabilitation	Declined
9	Big Sandy Water District	Scattered Site Water Service Line Replacement Project	Declined
10	McCreary County Water District	Stearns to Smithtown Phase 2 - Water Line Replacements	Declined
11	McCreary County Water District	Stearns to Smithtown Phase 1 - Water Line Replacements	Declined
12	Southern Water & Sewer District	SWSD - Lackey to Wayland Water Line Replacement	Accepted
13	McKee, City of	Downtown Water Storage Tank Replacement	Declined
14	Campbellsville, City of	2017 Water System Improvements	Accepted
15	Clay City, City of	City of Clay City - 150,000 Gallon Elevated Water Storage Tank	Declined
16	Whitesburg, City of	Whitesburg Water Treatment Plant Upgrade	Bypassed
17	Carrollton, City of	Carroll County Regional Nexus Project	Declined
18	Bullock Pen Water District	Bullock Pen Improvements Phase 15	Declined
19	Hardinsburg, City of	City of Hardinsburg - Extension Area A	Declined
20	South Shore, City of	City of South Shore Water System Improvement Project	Declined
21	Booneville, City of	Booneville Pump Repairs	Declined
22	Vanceburg Electric Plant Board	Vanceburg School Tank Rehab	Declined
23	Crab Orchard, City of	City of Crab Orchard - Deepwell Woods Road Water Line and J&V Water Line	Declined
24	Martin County Water District	ARC Water System Improvements	Declined
25	Rattlesnake Ridge Water District	Rattlesnake Ridge Water District Phase 11 Water System Improvements	Not Invited
26	Ashland, City of	Ashland: Debord Hill Water Tank Upgrade	Not Invited
27	Frankfort Electric & Water Plant Board	Frankfort Plant Board Water Storage Improvement Project	Not Invited
28	Magoffin County Water District	Magoffin - KY 542/Sandbottom Water Line Extension	Not Invited
29	Morganfield, City of	Morganfield Combined Sewer Separation Project Phase 3	Not Invited
30	Lincoln County Fiscal Court	Waynesburg Water Line Replacement (KY HWY 328)	Not Invited
31	Western Fleming County Water District	Western Fleming-Planning & Design & Phase 1 AC Replacement	Not Invited
32	McLean County Fiscal Court	Beech Grove Water System Storage Tank Addition	Not Invited
33	Lewisport, City of	Lewisport Water System Improvements	Not Invited
34	Mountain Water District	MWD-Variou Waterline Extensions	Not Invited

**EXHIBIT 3
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROJECT PRIORITY LIST STATUS REPORT
FISCAL YEAR ENDED JUNE 30, 2017**

Rank	Applicant	Project Name	Action
35	Northern Kentucky Water District	Taylor Mill Treatment Plant Emergency Generator	Not Invited
36	McLean County Fiscal Court	Pack Schoolhouse Road	Not Invited
37	Calvert City, City of	Calvert Heights Water Main Replacement Project Phase III	Not Invited
38	Mount Washington, City of	New Water Tower at Armstrong Lane	Not Invited
39	Mountain Water District	Water Loss Prevention Program Phase I – Contract #2	Not Invited
40	Beattyville, City of	Beattyville - Bear Track Waterline Replacement	Not Invited
41	New Castle, City of	New Castle Water Main Replacement (South Main St - KY 421)	Not Invited
42	Jackson, City of	Jackson Water Treatment Plant Upgrade	Not Invited
43	Barlow, City of	PHASE 1 - SENIOR CITIZENS CENTER & KY CARE	Not Invited
44	Benton, City of	City of Benton-Line Replacement Along Main Street	Not Invited
45	Russell, City of	City of Russell 500,000 Gallon Water Tank	Not Invited
46	Mayfield Electric & Water Systems	Water Line Extension to Wildwood Subdivision	Not Invited
47	Bullock Pen Water District	Bullock Pen Water District Teal Road Water Line Project	Not Invited
48	McKee, City of	Water Treatment Plant Improvements	Not Invited
49	Western Mason Water District	WMWD-Augusta Dover Road Water Line Upgrade	Not Invited
50	Greater Fleming Regional Water Commission	Greater Fleming Well	Not Invited
51	Martin County Water District	Water Treatment Plant Clarifier Rehab	Not Invited
52	Mountain Water District	Water Loss Prevention Program Phase I – Contract #1	Not Invited
53	Greenup, City of	Greenup: New Water Intake Structure	Not Invited
54	Morganfield, City of	Morganfield Raw Water Main Replacement	Not Invited
55	Dixon, City of	Dixon Water Line Upgrade	Not Invited
56	Flatwoods, City of	City of Flatwoods New 250,000 Gallon Water Storage Tank	Not Invited
57	Northeast Woodford County Water District	NE Woodford Co WD - Improvements	Not Invited
58	Magoffin County Water District	Magoffin County Water District - Radio Telemetry System	Not Invited

EXHIBIT 4
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
LOAN COMMITMENTS WITH PRINCIPAL FORGIVENESS SUBSIDY
FISCAL YEAR ENDED JUNE 30, 2017

RECIPIENT NAME / LOCATION	LOAN NUMBER	PROJECT NAME	AMOUNT OF ASSISTANCE	ORIGINAL SUBSIDY	INTEREST RATE	MHI	MHI AS % OF STATE	POPULATION
Fleming-Neon, City of	F17-003	Water Treatment Plant Upgrade	\$ 1,500,000	\$ 750,000	0.25%	\$ 30,045	69.3%	3,176
Stanford, City of	F17-005	Water System Upgrade	2,690,000	1,300,000	0.25%	26,761	61.7%	7,870
Irvine, City of	F17-006	Water Plant Modernization	5,732,000	1,100,000	0.25%	26,339	60.8%	4,513
TOTALS	<u>3</u>		<u>\$ 9,922,000</u>	<u>\$ 3,150,000</u>			<u>63.0%</u>	

All subsidies were provided in the form of loan forgiveness. A borrower's entire service area must have a median household income (MHI) less than \$34,674 to be eligible under the 2017 Intended Use Plan. See "Additional Subsidization" in the written IUP commentary for a detailed discussion of principal forgiveness for 2017.

**EXHIBIT 5
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
TOTAL DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT NAME	LOAN NUMBER	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
CAPITALIZATION GRANT FUNDS						
Bath County Water District	F16-011				\$ 58,388	\$ 58,388
Bullock Pen Water District	F14-008			38,689		38,689
Campbellsville, City of	F15-013	124,093			994,244	1,118,337
Cave Run Water Commission	F16-032				231,743	231,743
Crittenden-Livingston County WD	F16-021	441,305				441,305
Cumberland County Water District	F15-001			5,000		5,000
Garrison-Quincy-KY-O-Heights WD	F13-034			32,237		32,237
Henry County Water District #2	F15-014	129,566		114,615	225,572	469,753
Hopkinsville, City of	F13-020	214,690			341,990	556,680
Jenkins, City of	F14-005			162,029		162,029
Lebanon, City of	F14-036	191,854			82,942	274,796
Lyon County Water District	F12-02			459,976		459,976
Monroe County WD	F15-002	1,965,127		2,727,739	1,042,017	5,734,883
Mount Vernon, City of	F12-01	221,233				221,233
North Middletown, City of	F14-017			19,854		19,854
Northern Kentucky Water District	F14-015			1,950,321	164,586	2,114,906
Northern Kentucky Water District	F15-011	471,105			2,162,858	2,633,963
Ohio County Water District	F15-069				199,958	199,958
Paducah, City of	F15-064	352,798			371,799	724,598
Pineville, City of	F115-016			8,386		8,386
Salyersville, City of	F16-038	34,615				34,615
Western Lewis-Rectorville Wat & Gas	F15-005	22,042		9,363	204,976	236,381
Williamstown, City of	F13-013	833,246		255,269	434,741	1,523,256
PROJECT TOTAL		\$ 5,001,675	\$ -	\$ 5,783,478	\$ 6,515,815	\$ 17,300,968

**EXHIBIT 5
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
TOTAL DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT NAME	LOAN NUMBER	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
PROGRAM ADMINISTRATION		\$ 99,394	\$ 89,800	\$ 130,040	\$ 99,138	\$ 418,372
SET-ASIDES		\$ 1,067,000	\$ -	\$ 1,491,330	\$ 1,495,548	\$ 4,053,878
FIRST USE TOTALS		\$ 6,168,069	\$ 89,800	\$ 7,404,848	\$ 8,110,501	\$ 21,773,218
CUMULATIVE TOTALS		\$ 6,168,069	\$ 6,257,869	\$ 13,662,718	\$ 21,773,218	
REPAYMENT FUNDS						
Adair County Water District	F12-04		\$ 547,754		\$ 12,166	\$ 559,920
Bath County Water District	F16-011	53,291	73,373		684,186	810,850
Bullock Pen Water District	F14-008			28,506		28,506
Burkesville, City of	F15-017			87,233	13,446	100,679
Campbellsville, City of	F15-013	653,286	394,024	1,592,110	664,611	3,304,030
Carrollton, City of	F13-007			128,574		128,574
Carrollton, City of	F14-013				193,089	193,089
Cave Run Water Commission	F16-032	148,637	96,096			244,733
Crittenden-Livingston County WD	F16-021	127,888	214,010		75,985	417,883
Cumberland County Water District	F15-001			41,039	64,692	105,731
Danville, City of	F13-011		341,684			341,684
Evarts, City of	F16-036		33,779			33,779
Fleming-Neon, City of	F17-003		55,541			55,541
Garrison-Quincy-KY-O-Heights WD	F13-034			97,881		97,881
Harrodsburg, City of	F15-031				154,724	154,724
Harrodsburg, City of	F16-049		439,306			439,306
Henry County Water District #2	F15-014	205,054	73,062	524,565	611,524	1,414,205
Hodgenville, City of	F11-13			31,278	7,819	39,097
Hopkinsville, City of	F13-020	23,895		554,700	485,323	1,063,918
Jenkins, City of	F14-005			95,817	139,796	235,613
Jessamine-South Elkhorn Water Dist	F11-12				116,586	116,586
Lebanon, City of	F14-036		110,109	1,220,442	776,978	2,107,529
Lebanon, City of	F15-057			121,999	40,257	162,256
Lyon County Water District	F12-02			553,322	547,137	1,100,459

**EXHIBIT 5
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
TOTAL DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT NAME	LOAN NUMBER	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
Monroe County WD	F15-002	435,695	2,454,357	1,152,951	757,712	4,800,715
North Middletown, City of	F14-017				8,395	8,395
Northern Kentucky Water District	F13-012			175,500	19,500	195,000
Northern Kentucky Water District	F14-015			992,364	179,873	1,172,237
Ohio County Water District	F15-069	83,834			761,662	845,495
Paducah, City of	F15-064				1,595,785	1,595,785
Pineville, City of	F115-016			3,136		3,136
Sebree, City of	F13-004			6,032		6,032
Western Lewis-Rectorville Wat & Gas	F15-005	76,389	7,339	526,948	224,938	835,614
Whitley County Water District	F15-030		491,636			491,636
Williamstown, City of	F13-013			827,000	710,351	1,537,351
PROJECT TOTAL		\$ 1,807,969	\$ 5,332,071	\$ 8,761,396	\$ 8,846,536	\$ 24,747,971
GRAND TOTAL		\$ 7,976,039	\$ 5,421,871	\$ 16,166,244	\$ 16,957,036	\$ 46,521,190

EXHIBIT 6
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
PROPORTIONATE FEDERAL SHARE THROUGH CASH DRAWS
FISCAL YEAR ENDED JUNE 30, 2017

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
DISBURSEMENT SCHEDULE					
SELECT DISBURSEMENTS					
FIRST ROUND	\$ 5,001,675	\$ -	\$ 5,783,478	\$ 6,515,815	\$ 17,300,968
ADMINISTRATION	99,394	89,800	130,040	99,138	418,372
SET-ASIDES	1,067,000	0	1,491,330	1,495,548	4,053,878
REPAYMENT	1,807,969	5,332,071	8,761,396	8,846,536	24,747,971
REVENUE BONDS	0	0	0	0	0
TOTAL SELECT DISBURSEMENTS	\$ 7,976,039	\$ 5,421,871	\$ 16,166,244	\$ 16,957,036	\$ 46,521,190
CUMULATIVE TOTAL	\$ 7,976,039	\$ 13,397,909	\$ 29,564,153	\$ 46,521,190	\$ 93,042,380
CASH DRAW FROM LINE OF CREDIT	\$ 6,949,872	\$ 4,017,414	\$ 6,623,045	\$ 1,594,687	\$ 19,185,018
STATE SHARE	\$ -	\$ 2,588,200	\$ -	\$ -	\$ 2,588,200
CASH DRAWS AS % OF DISBURSEMENTS	87%	74%	41%	9%	41%

**EXHIBIT 7
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
FINANCIAL PROGRAM OVERVIEW
FISCAL YEAR ENDED JUNE 30, 2017**

Reference	Capitalization Grant FFY:	1997 - 2009	2010	2011	2012	2013	2014	2015	2016	Totals
	Capitalization Grant Award Date:	Various	2/2/2011	9/29/2011	9/19/2012	9/11/2013	9/2/2014	9/29/2015	9/27/2016	
	Capitalization Grant Award Amount:	\$ 153,020,200	\$ 19,592,000	\$ 13,379,000	\$ 12,956,000	\$ 12,156,000	\$ 13,770,000	\$ 13,680,000	\$ 12,941,000	\$ 251,494,200
	DWSRF Program Administration (4%):	6,120,808	783,680	535,160	388,680	364,680	413,100	547,200	517,640	9,670,948
1452(g)(2)	DOW (3%)	4,590,606	587,760	401,370	259,120	243,120	275,400	410,400	388,230	7,156,006
1452(g)(2)	KIA (1%)	1,530,202	195,920	133,790	129,560	121,560	137,700	136,800	129,410	2,514,942
	State Program Management (up to 10% available):	11,795,568	1,959,200	1,337,900	1,295,600	1,215,600	1,377,000	1,368,000	1,294,100	21,642,968
1452(g)(2)(A)	Supplement PWSS Program	11,101,917	1,959,200	1,337,900	1,295,600	1,215,600	1,377,000	1,368,000	1,294,100	20,949,317
1452(g)(2)(B)	SWP Technical Assistance	0	0	0	0	0	0	0	0	0
)	Develop/Implement Capacity Development Strategy	344,023	0	0	0	0	0	0	0	344,023
)	Develop/Implement Operator Certification Program	349,628	0	0	0	0	0	0	0	349,628
)	Small Systems Technical Assistance (2% maximum):	2,400,228	391,840	267,580	259,120	243,120	275,400	273,600	258,820	4,369,708
	State/Local Assistance (up to 15%-10% maximum):	8,199,973	2,213,896	1,605,480	1,807,362	1,452,642	2,065,500	2,052,000	1,941,150	21,338,003
1452(k)(2)(A)	Land Acquisition and Conservation Easements	999,000	0	0	0	0	0	0	0	999,000
1452(k)(2)(E)	Wellhead Protection Program	1,913,833	0	267,580	259,120	0	413,100	410,400	388,230	3,652,263
1452(k)(2)(D)	Source Water Assessment Program:	1,130,292	254,696	0	252,642	237,042	275,400	273,600	258,820	2,682,492
1452(k)(2)(C)	Capacity Development – TMF assistance	4,156,848	1,959,200	1,337,900	1,295,600	1,215,600	1,377,000	1,368,000	1,294,100	14,004,248
	Total Grant Set-Asides:	\$ 28,516,577	\$ 5,348,616	\$ 3,746,120	\$ 3,750,762	\$ 3,276,042	\$ 4,131,000	\$ 4,240,800	\$ 4,011,710	\$ 57,021,627
	Project Funds:	124,503,623	14,243,384	9,632,880	9,205,238	8,879,958	9,639,000	9,439,200	8,929,290	194,472,573
	Kentucky Matching Dollars:	26,514,040	3,918,400	2,675,800	2,591,200	2,431,200	2,754,000	2,736,000	2,588,200	43,620,640
	Total Project Fund:	151,017,663	18,161,784	12,308,680	11,796,438	11,311,158	12,393,000	12,175,200	11,517,490	238,093,213

**EXHIBIT 8
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
AMENDED FINANCIAL PROGRAM OVERVIEW
FISCAL YEAR ENDED JUNE 30, 2017**

Reference	Capitalization Grant FFY:	1997 - 2009	2010	2011	2012	2013	2014	2015	2016	Totals
	Capitalization Grant Award Date:	Various	2/2/2011	9/29/2011	9/19/2012	9/11/2013	9/2/2014	9/29/2015	9/27/2016	
	Capitalization Grant Award Amount:	\$ 153,020,200	\$ 19,592,000	\$ 13,379,000	\$ 12,956,000	\$ 12,156,000	\$ 13,770,000	\$ 13,680,000	\$ 12,941,000	\$ 251,494,200
DWSRF Program Administration (4%):										
		5,025,964	783,680	535,160	388,680	364,680	413,100	547,200	517,640	8,316,104
1452(g)(2)	DOW (3%)	3,495,762	587,760	141,370	259,120	243,120	275,400	410,400	388,230	5,801,162
1452(g)(2)	KIA (1%)	1,530,202	195,920	133,790	129,560	121,560	137,700	136,800	129,410	2,514,942
State Program Management (up to 10% available):										
		12,046,744	1,959,200	1,337,900	1,295,600	1,215,600	1,377,000	1,368,000	1,294,100	21,894,144
1452(g)(2)(A)	Supplement PWSS Program	11,101,917	1,959,200	1,337,900	1,295,600	1,215,600	1,377,000	1,368,000	1,294,100	20,949,317
1452(g)(2)(B)	SWP Technical Assistance	251,176	0	0	0	0	0	0	0	251,176
1452(g)(2)(C)	Develop/Implement Capacity Development Strategy	344,023	0	0	0	0	0	0	0	344,023
1452(g)(2)(D)	Develop/Implement Operator Certification Program	349,628	0	0	0	0	0	0	0	349,628
1452(g)(2)(D) Small Systems Technical Assistance (2% maximum):										
		2,396,070	391,840	267,580	259,120	243,120	275,400	273,600	258,820	4,365,550
State/Local Assistance (up to 15%-10% maximum):										
		6,959,762	2,213,896	649,198	1,807,362	1,452,642	2,065,500	2,052,000	1,941,150	19,141,510
1452(k)(2)(A)	Land Acquisition and Conservation Easements	759,630	0	0	0	0	0	0	0	759,630
1452(k)(2)(E)	Wellhead Protection Program	1,857,975	0	58,380	259,120	0	413,100	410,400	388,230	3,387,205
1452(k)(2)(D)	Source Water Assessment Program:	421,717	254,696	0	252,642	237,042	268,515	273,600	258,820	1,967,032
1452(k)(2)(C)	Capacity Development – TMF assistance	3,920,440	1,959,200	590,818	1,295,600	1,215,600	1,383,885	1,368,000	1,294,100	13,027,643
	Total Grant Set-Asides:	\$ 26,428,540	\$ 5,348,616	\$ 2,529,838	\$ 3,750,762	\$ 3,276,042	\$ 4,131,000	\$ 4,240,800	\$ 4,011,710	\$ 53,717,308
	Project Funds:	126,591,660	14,243,384	10,849,162	9,205,238	8,879,958	9,639,000	9,439,200	8,929,290	197,776,892
	Kentucky Matching Dollars:	26,514,040	3,918,400	2,675,800	2,591,200	2,431,200	2,754,000	2,736,000	2,588,200	43,620,640
	Total Project Fund:	153,105,700	18,161,784	13,524,962	11,796,438	11,311,158	12,393,000	12,175,200	11,517,490	241,397,532

Reflects transfers to construction during 2013 and other accumulated amendments.

**EXHIBIT 9
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
SOURCE AND ALLOCATION OF SRF FUNDS
FISCAL YEAR ENDED JUNE 30, 2017**

CUMULATIVE SOURCES		FY 2017 DISBURSEMENTS				
	TOTAL	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
Capitalization Grants	\$ 197,776,892	\$ 5,783,478	\$ 3,927,615	\$ 5,001,675	\$ -	\$ 14,712,768
State Matching Funds	43,620,640	0	2,588,200	0	0	2,588,200
Program Administration	8,316,104	99,394	89,800	130,040	99,138	418,372
Other Set Asides	45,401,204	1,067,000	0	1,491,330	1,495,548	4,053,878
Revenue Bond Proceeds (Net)	55,000,000	0	0	0	0	0
TOTALS	<u>\$ 350,114,840</u>	<u>\$ 6,949,872</u>	<u>\$ 6,605,615</u>	<u>\$ 6,623,045</u>	<u>\$ 1,594,686</u>	<u>\$ 21,773,218</u>

EXHIBIT 10
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER LOAN PROGRAM
ADMINISTRATIVE AND SET-ASIDE EXPENSES
FISCAL YEAR ENDED JUNE 30, 2017

	SET-ASIDE DISBURSEMENTS				
	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
Administration	\$ 99,394	\$ 89,800	\$ 130,040	\$ 99,138	\$ 418,372
Technical Assistance	79,271	0	112,604	143,596	335,471
State Programs	389,273	0	527,736	578,024	1,495,033
Local Assistance	598,456	0	850,990	773,928	2,223,374
Total Set-Aside Expenses	\$ 1,166,394	\$ 89,800	\$ 1,621,370	\$ 1,594,686	\$ 4,472,250

EXHIBIT 11
KENTUCKY INFRASTRUCTURE AUTHORITY
BALANCE SHEET
JUNE 30, 2017
(UNAUDITED Trial Balance Data)

Description	Amount
Assets	
Cash	\$ 51,917,000
Loans Receivable	228,700,000
Other Assets	2,336,000
<u>Total Assets</u>	<u>282,953,000</u>
 Liabilities	
Bond Premiums	5,526,000
Bonds Payable	37,264,000
Pension Liability	2,213,000
Deferred Outflow on Refunding	(1,495,000)
<u>Total Liabilities</u>	<u>43,508,000</u>
 Net Assets	
<u>Net Assets</u>	<u>\$ 239,445,000</u>

EXHIBIT 12
KENTUCKY INFRASTRUCTURE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2017
(UNAUDITED Trial Balance Data)

Description	Amount
Revenues	
Grant Revenue	\$ 19,185,000
Loan Interest Revenue	3,547,000
Revenue - Service Fees	531,000
State Appropriations	2,588,000
Investment Income	249,000
Amortization of Bond Premiums	675,000
<u>Total Revenue</u>	<u>26,775,000</u>
 Expenses	
Bond Interest Expense	1,864,000.00
Operating Expense	505,000.00
Principal Forgiveness	6,014,000.00
Intergvmtl Exp - Fed Grant	4,382,000.00
Other Expense	
<u>Total Expenses</u>	<u>12,765,000.00</u>
 Increase / (Decrease) In Fund Balance	 <u><u>\$ 14,010,000</u></u>

EXHIBIT 13
KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN PROGRAM
REPORT OF ANNUAL LOAN REPAYMENTS
FISCAL YEAR ENDED JUNE 30, 2017

Loan Number	Loans Outstanding	Number of Days Past Due			
		0 - 30	31 - 60	61 - 120	121 and Over
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTALS		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No principal amounts delinquent as of June 30, 2017.