

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

LOAN APPLICATION FORM PART II INSTRUCTIONS

FINANCIAL DOCUMENTATION

Instructions

GEFA will be evaluating your jurisdiction's ability to repay a proposed loan.

The application consists of:

- (1) existing data in engineering, financial/design, audit and other reports; and
- (2) information supplied by you on the form.

The following instructions are keyed to the numbered sections on the application form.

Please contact Allison Halron, GEFA, at 404-584-1061 or Allison@gefa.ga.gov if you have any questions.

Instructions are provided for those questions in the application that might not be easily understood, or that warrant special attention. It is not necessary to send GEFA documents that we have on file.

I. GENERAL INFORMATION

Enter the official or legal name of the applying city county or authority.

Enter the name and title of the official of the jurisdiction who can answer questions about the application. The contact person must be an elected official or an employee of the jurisdiction.

Enter the contact information for the city/county/authority attorney, independent auditor and finance director.

II. CHECKLIST OF DOCUMENTS TO BE SUBMITTED AS PART OF THIS APPLICATION

A. ACCOUNTING DATA:

1. FISCAL YEAR: Enter the month and day on which your fiscal year ends. If your jurisdiction has multiple fiscal years; i.e., major operation funds operate on different fiscal years, please indicate.

2. AUDITS: Enclose with the completed application one (1) copy of your audit or annual financial report for the most recently completed four (4) fiscal years (we would prefer to have this information in electronic form, if available). Please enter the fiscal years in the blanks beginning with the most recent year in the first blank. These reports must include all operations of your jurisdiction. If certain funds are reported in separate documents, please include these reports as well. If different funds/operations have different fiscal years, please note this below the year's listing for this item. If your audit(s) do not provide an accounting for the water and sewer utility separate from other utilities that you may have, it will be necessary for you or your independent auditor to provide such an accounting in addition to a copy of the audit(s).

3. UNAUDITED ACCOUNTING DATA: Georgia law requires that a certified audit be completed within six months after the close of a local government's fiscal year. If the local government does not have a completed audit within the six months after the close of its fiscal year, then it should have an extension letter from the State Audit Office. For purposes of this application, some governments with recently ended fiscal years may not have audited data available for that latest fiscal year. In order for GEFA to have the most current financial data, please submit draft audit statements or other accounting data that shows concisely the yearly ending balances for the various line items of revenue, expense, assets and liabilities for the general fund, water/sewer enterprise fund (exclusive of all other utilities), and debt service funds. Enter the

year covered by this unaudited data in the space provided. Submission of this data does not alter the requirement contained in II .A. I. above for copies of the most recent four years of audits. The purpose of this requirement is to have the most recent information upon which to make a credit analysis decision.

B. BOND ORDINANCE: If your water and/or sewer system has any outstanding revenue bonds (including security for U.S. Department of Agriculture (USDA) debt) issued over the past three years, please enclose a complete copy of the most recent revenue bond ordinance or official statement (we would prefer to have this information in electronic form, if available). This is usually the ordinance that governs the financial operations of your system, especially the disposition of revenues, the liens on system revenues and the coverage necessary to issue additional debt. Please enter the name and date of the bond issue covered by the ordinance or official statement enclosed. If you have no debt currently outstanding on your water and/or sewer system, write 'NONE' in the space provided.

C. AMORTIZATION SCHEDULE: In order to assess your total debt requirements, submit an amortization schedule that includes all principal and interest requirements for all revenue bond issues currently outstanding on your water/sewer system and any proposed to be issued whether or not as part of this project. This schedule is generally not found in the bond ordinance required by II. B. above.

D. DEBT RATING

E. GEFA FUNDING METHOD: Indicate by checking the applicable block what the funding source(s) will be to repay the debt incurred on this project. If the choices do not fit your proposed funding plan, please check block #4 and indicate that additional explanations are enclosed to define your funding scenario.

F. DESIRED AMORTIZATION PERIOD: GEFA's policy contains general guidelines for amortization periods based on the principal amount of the loan. The amounts and periods are:

| <u>Loan Principal Amount</u> | <u>Amortization Period (Years)</u> |
|------------------------------|------------------------------------|
| Less than \$250,000 | 10 |
| \$250,001 - \$750,000 | 15 |
| Over \$750,000 | 20 (maximum) |

An amortization period shorter or longer than the stated policy guidelines may be requested. If a local government can pay its loan sooner, then it can save interest costs over the life of the loan.

G. FINANCIAL/DESIGN REPORTS: Please enclose one (1) copy each of the reports (if available) generated during the planning and design process for the project covered by this loan application. These documents would normally address the following items;

1. Financial impact and reviews of the local jurisdiction's economy, demand and costs;
2. Any proposed or newly implemented rate structures including a rate study;
3. The current operating budget which includes water/sewer as well as general operations. Indicate beginning and ending dates of your budget year. (Include one (1) copy of the current budget with application);
4. Detailed cost of operations and maintenance of the project when completed and put into operation; as well as revenues forecasted to be generated as a result of this project;
5. The projected sources of funding for the total cost of the finished project;
6. Detailed project construction budget (including major components such as plant, lines, land acquisition, legal and administrative);

7. The customer base from which revenue will be drawn to pay operating costs and debt service for the system including the project to be financed;

These items are usually found in the financial/design, rate study or other reports done by your consulting engineer. Please indicate in the space provided how many documents are enclosed and the names and dates of these documents to ensure their receipt.

H. WATER/SEWER RATE STRUCTURE: Please enclose one (1) copy of your ordinance or other document(s) that defines and lists the water/sewer rates and other charges; i.e., tap-on fees, reconnect charges for your system. Enter the title and effective date of the enclosed document. **If rates were increased in the last 24 months, please include old rates. Please include any future planned rate changes also in this section.**

If local government uses ERUs for calculating rates, please provide a translation of these as rates per 1000 gallons.

I. ONE-TIME OPERATING EXPENSES: Please enclose copies of backup documentations from the General Ledger or paid invoice receipts for justifying one-time expenses in the applicable fund that will repay the GEFA debt. One-time expenses could be for unexpected repairs to the tank, pump station, wells, etc.

J. Operating Transfers: For most recent completed audit and the current fiscal year, enter the amounts that were '**Transfers In**' to the Water and Sewer Enterprise Fund, the Fund that will be repaying the GEFA debt, from another Fund, for example from the General Fund. Please explain the reason for this and if it is a practice that will continue into the future and why. Enter the future amounts planned for the '**Transfers In**'.

For most recent completed Audit and the current fiscal year, enter the amounts that were '**Transfers Out**' from the Water and Sewer Enterprise Fund, the Fund that will be repaying the GEFA debt, to another Fund, for example to the General Fund. Please explain the reason for this and if it is a practice that will continue into the future and why. Enter the future amounts planned for the '**Transfers Out**'.

K. BAD DEBT AND AVERAGE COLLECTION PERIOD: Enter the past four (4) Audited Fiscal Years the Bad Debt that was calculated for the Water and Sewer Fund, the Fund repaying the GEFA debt.

Enter the past four (4) Audited Fiscal Years the calculated Average Collection Days on the monthly Water and Sewer Service Billings.

III. PROJECT FINANCIAL DESIGN: GEFA will be assessing the proposed project's financial viability relating to the projected revenue and its ability to cover or exceed your present and proposed debt repayment obligations.

A. AMOUNT REQUESTED: Please enter the amount requested in the space provided.

B. 1, 2, 3 FORECASTED REVENUES (Not cumulative); If your project proposes additional annual revenue generation, from new residential, commercial, industrial customers and from new rates, please note in the appropriate space the source and expected annual (yearly) amount of these new revenues. If rates are to be phased in, or if tap or impact fees are to cover initial debt service with rates picking up the slack in future years, please attached a schedule noting the expected revenue flow over time. It is imperative that revenue be generated in all years subsequent to the project coming on line to defray debt service if existing revenue is insufficient to cover the proposed debt burden.

If natural population growth, or other economic growth not related to project will generate additional revenues, please include the forecasted annual revenues in the space provided. If SPLOST will be collected for the capital project and will be used for operations and debt repayment related to the project, please provide referendum and include annual amounts in space provided.

B. 4 FORECASTED EXPENSES (Not cumulative): If, as a result of the project, the system will incur increased annual operating and maintenance expenses; i.e. electricity, additional personnel, supplies, please note in the space provided the amount by which the annual operating expenses will increase or decrease. Do not add in or estimate the costs for your entire system; include only the increased cost for the proposed project. GEFA will look at the total system operation from your audit reports or other data.

B. 5. NEW NON-GEFA DEBT: If you propose to incur or issue additional debt (other than the GEFA loan requested in this application) to complete the proposed project, please indicate the annual amount of increased debt service costs to the system and the source and principal amount of the debt in the appropriate spaces. Do not include the debt service for the GEFA loan. This will be calculated separately.

IV. WATER/SEWER SYSTEM OPERATIONS INFORMATION

Current Customer Base Analysis

Please fill in all of the blocks.

V. FINANCIAL INFORMATION

A. PROPERTY TAX COLLECTIONS: Enter the dollar amounts of property taxes collected for the last three (3) audited fiscal years of your jurisdiction on the line beginning 'Property Taxes Collected'. Enter the dollar amounts of property taxes levied ('the Digest') for the same fiscal year on the line beginning 'Property Taxes Levied'.

B. PROPERTY VALUES: Enter the assessed value of taxable property (including public utilities) from the tax digest for the last three (3) audited fiscal years before the date of submissions of this application. Enter this information on the line beginning 'Assessed Value' and in the column under the appropriate fiscal year. Enter the fair market (100%) value of taxable property (including public utilities, but not automobiles) from the tax digest. Enter this information on the line beginning 'Fair Market Value'. Please fill in the fiscal year in the space provided in each column heading.

When the forms and attachments are complete, please mail to:

Water/Sewer Loan Application
Georgia Environmental Finance Authority
233 Peachtree Street, NE
Harris Tower – Suite 900
Atlanta, GA 30303

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