

# **FINANCIAL IMPACT STUDY OF FUTURE CAPITAL PROJECTS**

**Prepared for:**

**BEDFORD COUNTY PUBLIC SERVICE AUTHORITY**

**Prepared By:**

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**DECEMBER 13, 2011**

**REVISED DECEMBER 22, 2011**

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**BEDFORD COUNTY PUBLIC SERVICE AUTHORITY**  
**Financial Impact Study of Future Capital Projects**

**I. Report Objectives**

The purpose of the study is to determine the financial impact of undertaking a large capital project on the Authority's water rates over time. Some of the questions that are addressed in this study include the following:

- How does building the large capital project compare to utilizing the existing arrangement of purchasing water from the City of Lynchburg?
- If the Authority is to build the new facility, when should it do so, and should the Authority consider phasing the project?
- What are the important assumptions that need to be considered?

This report will show the assumptions used in a financial model that was created to assist the Authority in its decision making process. The report will also discuss four cases that were created using the financial model; the costs used for each of these four cases were derived from a Preliminary Engineering Report prepared by Anderson & Associates titled "Lakes – Bedford – Forest Water Supply Evaluation" dated June 10, 2011 ("PER"). The four cases analyzed in this financial report are:

- Case I- Continue purchasing water from the City of Lynchburg and build an \$8.5 million waterline project from Forest to Bedford City.
- Case II- Build a \$33.9 million facility in one phase to bring water from Smith Mountain Lake to Bedford City and to Forest. This project would be financed in 2014.
- Case III- Build a \$33.9 million facility in three phases to bring water from Smith Mountain Lake to Bedford City and to Forest. The phased approach would have \$24.0 million of project costs bond financed in 2014, \$5.0 million bond financed in 2024 and \$4.9 million bond financed in 2034.
- Case IV- Build a \$33.9 million facility in three phases to bring water from Smith Mountain Lake to Bedford City and to Forest. The phased approach would have \$24.0 million of project costs bond financed in 2014, \$5.0 million bond financed in 2024 and \$4.9 million bond financed in 2034. This case also excludes all projected revenue and debt service associated with the City Reversion Agreement. This also excludes the debt service for the \$8.5 million water line from Forest to Bedford City when comparing Case I to Case IV.

This report will show each of these cases and their impact on the projected water rates and the projected pro-forma budget of the new Authority. Once the cases have been depicted, the report will summarize the financing results for the various cases and come to a conclusion on the most prudent course of action for the Authority to take when considering the financial impact of future capital projects.

## **II. Assumptions**

We utilized a financial model to depict the impact of several alternatives for supplying water to the Authority's customers. In this model there were a variety of assumptions made to assist the Authority in its decision making. These assumptions include:

### Operational Assumptions

The financing model utilized several operational assumptions regarding the timing of future cash flows and changes in operations. We used the Authority's Fiscal Year 2012 budget as the basis for the financial model. We also utilized Bedford City's Fiscal Year 2012 budget for the Water & Sewer Fund Revenue and Expenditures as the basis of the City's operations. For Cases I-III, we have assumed that these two operations would be incorporated into a single new Authority once the Reversion Agreement takes effect in FY 2014. We have assumed there would be a net pro-forma surplus from the City's operations of approximately \$630,000 per fiscal year prior to paying debt service. The new Authority would also pay approximately \$1.0 million in debt service for FY 2012, declining to \$635,000 by FY 2026. For Case IV, we have assumed that the two operations would not be incorporated into a single new Authority. We have assumed there would not be any additional revenues from the City's operations and the Authority would not be paying the City's water and sewer fund debt service. We have also assumed that Bedford County would continue with its' approximately \$1 million annual contributions for debt service for each of the Series 2005 and Series 2009B Virginia Resources Authority Bonds. The operational assumptions in the model include:

- Base year for the model was the Authority's FY 2012 budget and Bedford City's FY 2012 budget for the Water and Sewer Fund.
- The City of Bedford's Reversion to a Town would take effect in FY 2014 and the net surplus from the City's operations would be available to the new Authority to pay debt service.
- The new Authority would begin paying the City's debt service in FY 2014.
- The City and the County would not continue their revenue sharing agreement contributions to the new Authority past FY 2013.
- The County would continue to pay its CIP Contribution for Debt of approximately \$2 million from FY 2012- FY 2023 and approximately \$960,000 per year from FY 2024-FY 2026.
- For Case IV, we have assumed that the two operations would not be incorporated into a single new Authority. We have assumed there would not be any additional revenues from the City's operations and the Authority would not be paying the City water and sewer fund debt service.

### Revenue Assumptions

The Authority's revenues come primarily from the sale of water and sewer treatment. These revenues are based on the projected rates charged for water and sewer. For FY 2012, we have assumed the water rate would be \$5.40 per thousand gallons and the sewer rate would be \$7.00 per thousand gallons. We have assumed that these revenues would increase at 2.0% per fiscal year from connections located in the County and 0.50% per fiscal year from connections located in the City, throughout the forecast period. The Authority also has some smaller sources of revenues including penalties, administrative fees, rental and service charges and contract operations. We have assumed that these other revenues would increase at 2.0% per fiscal year. A summary of revenue assumptions is shown below. Please see Appendix A for the complete model assumptions.

- Proposed Usage Rate for Water of \$5.40 per thousand in FY 2012
- Proposed Usage Rate for Sewer of \$7.00 per thousand in FY 2012
- Proposed Minimum Rate of \$20.00 per account, charged every other month
- County Water Revenue Growth Rate of 2.00%
- County Sewer Revenue Growth Rate of 2.00%
- City Water Revenue Growth Rate of 0.50%
- City Sewer Revenue Growth Rate of 0.50%
- Other Revenue Growth Rate of 2.00%
- Authority Water Accounts totaled 8,671 at 6/30/2011
- Authority Sewer Accounts totaled 1,578 at 6/30/2011
- City Water Accounts totaled 3,583 at 6/30/2010
- City Sewer Accounts totaled 2,929 at 6/30/2010
- Projected Growth Rate in Authority Accounts of 1.00%
- Average Gallons of Water Sold Per Account per year of 75,000
- Average Gallons of Sewer Treated Per Account per year of 80,000
- The only contributions for Capital Projects that are included in revenue projections are those existing contributions that are being made by the County.
- No Line Dedications or Prepay Redemptions are included in revenue projections

#### Expense Assumptions

The Authority's expenses are comprised of operational expenses including personnel, administration, customer service, facilities service and vehicle and equipment service costs. We have assumed that operational expenses would grow at 2.0% per fiscal year for the County and 0.50% for the City. The Authority also has water and sewer operations costs that include water and sewer purchases from the City of Lynchburg. We derived the fiscal year 2012 purchase expenses by looking at the projected amount of water purchased for the Forest and Stewartsville. The water purchase rates for FY 2012 were projected to be \$2.80 per thousand for the Forest and \$2.74 per thousand for Stewartsville. The sewer purchase rate for Forest for FY 2012 is projected to be \$1.67 per thousand. Based on reports prepared by the City of Lynchburg, after FY 2012 we have assumed that the water and sewer purchase expenses would grow at 3.0% per fiscal year. We have also incorporated the existing debt service of the Authority and the City into the financing model as an expense. Finally, based on the PER (Page 20, Table 6), for Case II, we have assumed that the new facility would increase operating costs by \$196,400 to expand the treatment rate at the Highpoint Water Treatment Plant ("WTP") to 1.0 million gallons per day ("MGD") and \$439,700 to treat an additional 5.0 MGD WTP at the new facility for a total capacity of 6.0 MGD. These expenses would be incurred starting in FY 2016, when the new facility is anticipated to become operational. We assumed these additional operating costs would grow at 2.0% during the forecast period. A summary of expense assumptions is shown below. Please see Appendix A for the complete model assumptions.

- Proposed County Expenditure Growth Rate of 2.0%
- Proposed City Expenditure Growth Rate of 0.50%
- Forest Water Purchase Rate of \$2.80 per thousand in FY 2012
- Forest Water Purchase in FY 2012 of 610,249,528 gallons
- Stewartsville Water Purchase Rate of \$2.74 per thousand in FY 2012
- Stewartsville Water Purchase in FY 2012 of 10,860,200 gallons
- Forest Sewer Purchase Rate of \$1.67 per thousand in FY 2012
- Forest Sewer Treatment Purchase in FY 2012 of 127,440,593 gallons

- Water & Sewer Purchase Fee Growth Rate of 3.0%
- The model incorporates the existing debt service of the Authority and the City into the expenditures.
- \$196,400 in annual operations costs added in FY 2016 for WTP Phase 1a, expanding the Highpoint WTP treatment rate to 1.0 MGD
- \$439,700 in annual operations costs added in FY 2016 for WTP Phase 1b, for treating 5.0 MGD at the new WTP

We will defer the description of the debt financing assumptions associated with each case until after the more detailed description of each case on the following pages.

*The primary goal of our analysis is to compare the relative costs of the various options for a new water treatment plant to serve the Smith Mountain Lake, Bedford City, and Forest Areas. Given the length of the forecast period (2060), it would be difficult to accurately project the Authority's future capital and maintenance needs for its existing infrastructure. We have not assumed any changes to that existing infrastructure in our forecast model.*

### **III. Case I – Continue to Purchase Water from Lynchburg for the Forest Area**

For Case I, we assumed the Authority would continue purchasing water from the City of Lynchburg for the Forest Area and not build the new 5.0 MGD facility at Smith Mountain Lake. If the Authority chose this alternative, it would need to finance approximately \$8.5 million of capital costs to build the Alternative B3 project identified in the PER; this project consists of a 20-inch Route 460 waterline and pump station to Bedford City to provide the backup source that is required as part of the Reversion Agreement. We assumed these costs would be financed by a bond issue in FY 2014 with level debt service payments of approximately \$650,000 per year from FY 2016-FY 2038. The financing assumptions for Case I are shown below.

- \$8,500,000 in project costs bond financed with a bond issue in FY 2014
- The bond issue would have 2 years of interest only and then 23 years of amortization for a 25 year final maturity
- \$750,000 in bond financed capitalized interest to pay the interest on the bonds for FY 2014 and FY 2015
- Bonds amortized over 23 years to achieve level debt service of approximately \$650,000 per year from FY 2016-FY 2038
- Assumed interest rate of 4.50%

For Case I, we have also assumed that the new Authority continues to purchase water and sewer from the City of Lynchburg with these expenses increasing at 3.0% per year throughout the forecast period. As is shown in the 'Chart 1 Pro-Forma with Continuing Water Purchases' below, the Authority would generate net revenues available to pay debt service of at least 1.0 times in each fiscal year, except for small deficits in FY 2016 and FY 2017. Those are the first two years of debt service for the \$8.5 million project to complete the water lines to Bedford City. Debt service coverage ranges from 0.97x in FY 2016 to 1.21x in FY 2021. The minimum water rate needed to maintain a balanced budget and 1.0x debt service is in the shaded blue row in the chart below. The minimum water rate needed for a balanced budget under this scenario ranges from \$4.98 per thousand in FY 2013 to \$6.04 per thousand in FY 2017.

However, by FY 2021, the minimum water rate needed for a balanced budget is projected to decline to \$5.51 per thousand because the Authority's annual debt service burden has declined from a high of \$3.84 million in FY 2016 to \$3.28 million in FY 2021. Please see Chart 1 below for the 'Pro-Forma with Continuing Water Purchases'. Supporting analysis for Case I can be found in Appendix B.

### CHART 1- Pro-Forma with Continuing Water Purchases

Bedford County Public Service Authority Pro-Forma with Continuing Water Purchases										
Revenue Sources	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Sales	\$4,597,798	\$4,715,423	\$4,836,387	\$4,960,791	\$5,088,735	\$5,220,324	\$5,355,666	\$5,494,873	\$5,638,058	\$5,785,339
Sewer Sales	1,083,770	1,112,637	1,142,337	1,172,894	1,204,335	1,236,686	1,269,973	1,304,226	1,339,471	1,375,740
Penalties	42,000	42,840	43,697	44,571	45,462	46,371	47,299	48,245	49,210	50,194
Facility Fees	-	-	-	-	-	-	-	-	-	-
Administrative Fees	57,650	58,803	59,979	61,179	62,402	63,650	64,923	66,222	67,546	68,897
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	108,710	110,884	113,102	115,364	117,671	120,025	122,425	124,874	127,371	129,919
Contract Operations	92,000	93,840	95,717	97,631	99,584	101,575	103,607	105,679	107,793	109,949
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,996,485	2,000,000	2,000,000	2,000,000	1,993,831	1,995,615	1,992,132	1,989,944	1,990,298	1,990,595
<b>Revenue from Operations</b>	<b>7,984,413</b>	<b>8,140,427</b>	<b>8,297,219</b>	<b>8,458,429</b>	<b>8,618,020</b>	<b>8,790,247</b>	<b>8,962,026</b>	<b>9,140,061</b>	<b>9,325,747</b>	<b>9,516,632</b>
<b>Other Non Operating Revenue Sources</b>										
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	616,729	620,543	624,390	628,272	632,189	636,140	640,127	644,150
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>616,729</b>	<b>620,543</b>	<b>624,390</b>	<b>628,272</b>	<b>632,189</b>	<b>636,140</b>	<b>640,127</b>	<b>644,150</b>
<b>TOTAL REVENUES</b>	<b>\$7,984,413</b>	<b>\$8,140,427</b>	<b>\$8,913,947</b>	<b>\$9,078,972</b>	<b>\$9,242,410</b>	<b>\$9,418,519</b>	<b>\$9,594,214</b>	<b>\$9,776,201</b>	<b>\$9,965,874</b>	<b>\$10,160,783</b>
<b>Operating Expenditures</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Personnel Costs	1,889,807	1,927,603	1,966,155	2,005,478	2,045,588	2,086,500	2,128,230	2,170,794	2,214,210	2,258,494
Administration	246,504	251,434	256,463	261,592	266,824	272,160	277,604	283,156	288,819	294,595
Customer Service and Billing Costs	75,022	76,522	78,053	79,614	81,206	82,830	84,487	86,177	87,900	89,658
Design & Facilities Services	27,757	28,312	28,878	29,456	30,045	30,646	31,259	31,884	32,522	33,172
Vehicle & Equipment Services	116,449	118,778	121,154	123,577	126,048	128,569	131,140	133,763	136,439	139,167
Increased Expenditures from New Facility	-	-	-	-	-	-	-	-	-	-
	2,355,539	2,402,650	2,450,703	2,499,717	2,549,711	2,600,705	2,652,719	2,705,774	2,759,889	2,815,087
Water Purchases from Lynchburg	1,738,456	1,790,609	1,844,328	1,899,657	1,956,647	2,015,347	2,075,807	2,138,081	2,202,224	2,268,290
Other Water Operations	336,384	343,112	349,974	356,974	364,113	371,396	378,823	386,400	394,128	402,010
<b>Total Water Operations</b>	<b>2,074,840</b>	<b>2,133,721</b>	<b>2,194,302</b>	<b>2,256,631</b>	<b>2,320,760</b>	<b>2,386,742</b>	<b>2,454,630</b>	<b>2,524,481</b>	<b>2,596,351</b>	<b>2,670,301</b>
Sewer Treatment Purchases from Lynchburg	212,826	219,211	225,787	232,560	239,537	246,723	254,125	261,749	269,601	277,689
Other Sewer Operations	319,479	325,869	332,386	339,034	345,815	352,731	359,785	366,981	374,321	381,807
<b>Total Sewer Operations</b>	<b>532,305</b>	<b>545,079</b>	<b>558,173</b>	<b>571,594</b>	<b>585,352</b>	<b>599,454</b>	<b>613,911</b>	<b>628,730</b>	<b>643,922</b>	<b>659,497</b>
Contract Operations	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779
<b>Direct Operating Expenses</b>	<b>5,007,684</b>	<b>5,127,350</b>	<b>5,249,996</b>	<b>5,375,697</b>	<b>5,504,533</b>	<b>5,636,585</b>	<b>5,771,938</b>	<b>5,910,676</b>	<b>6,052,888</b>	<b>6,198,664</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>2,976,729</b>	<b>3,013,076</b>	<b>3,663,952</b>	<b>3,703,276</b>	<b>3,737,878</b>	<b>3,781,934</b>	<b>3,822,277</b>	<b>3,865,526</b>	<b>3,912,986</b>	<b>3,962,119</b>
Existing Authority Debt Service	2,757,127	2,664,415	2,636,183	2,632,824	2,171,926	2,171,368	2,150,787	2,092,818	2,065,775	2,000,116
Existing City Debt Service after FY 2014 Reversion	-	-	1,018,373	1,022,134	1,018,728	1,014,225	828,647	826,288	634,941	635,155
Debt Service for Lines to City (\$5 million)	-	-	-	-	648,468	648,227	647,976	647,713	647,439	647,152
<b>Total Debt Service</b>	<b>2,757,127</b>	<b>2,664,415</b>	<b>3,654,556</b>	<b>3,654,958</b>	<b>3,839,122</b>	<b>3,833,821</b>	<b>3,627,410</b>	<b>3,566,819</b>	<b>3,348,155</b>	<b>3,282,423</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>219,602</b>	<b>348,661</b>	<b>9,396</b>	<b>48,317</b>	<b>(101,244)</b>	<b>(51,887)</b>	<b>194,866</b>	<b>298,706</b>	<b>564,831</b>	<b>679,696</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.08</b>	<b>1.13</b>	<b>1.00</b>	<b>1.01</b>	<b>0.97</b>	<b>0.99</b>	<b>1.05</b>	<b>1.08</b>	<b>1.17</b>	<b>1.21</b>
<b>Projected Water Sale Rate</b>	<b>\$5.40</b>	<b>\$5.51</b>	<b>\$5.62</b>	<b>\$5.73</b>	<b>\$5.85</b>	<b>\$5.96</b>	<b>\$6.08</b>	<b>\$6.20</b>	<b>\$6.33</b>	<b>\$6.45</b>
<b>Projected Sewer Sale Rate</b>	<b>\$7.00</b>	<b>\$7.14</b>	<b>\$7.28</b>	<b>\$7.43</b>	<b>\$7.58</b>	<b>\$7.73</b>	<b>\$7.88</b>	<b>\$8.04</b>	<b>\$8.20</b>	<b>\$8.37</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.07</b>	<b>\$4.98</b>	<b>\$5.60</b>	<b>\$5.66</b>	<b>\$5.99</b>	<b>\$6.04</b>	<b>\$5.80</b>	<b>\$5.78</b>	<b>\$5.53</b>	<b>\$5.51</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.70</b>	<b>\$5.58</b>	<b>\$6.42</b>	<b>\$6.47</b>	<b>\$6.84</b>	<b>\$6.87</b>	<b>\$6.58</b>	<b>\$6.54</b>	<b>\$6.24</b>	<b>\$6.19</b>

Per the Authority, the current bond covenant requirement is 1.15x debt service coverage. We have shown the minimum water rate that would be required to generate 1.15x coverage in orange, in the chart above, for each forecast year. It ranges from \$5.70 per thousand in FY 2012 to \$6.87 per thousand in FY 2017. However, in the past, the Authority has been able to utilize its existing cash on hand as a partial credit when calculating its debt service coverage and we assumed that could continue during the forecast period. Therefore, our analysis has focused more on the 1.0x debt service coverage, or a balanced budget approach, when comparing the financing alternatives.

#### **IV. Case II – Provide Water to the Forest Area from Lakes Central Water System**

For Case II, we assumed the Authority would bond finance a \$33.9 million project to complete alternative A2 Lakes to Forest, as described in the PER. This project cost estimate was taken from page 26, Table 9 of the PER that depicts the total project cost of the A2 Lakes to Forest project. This project would upgrade the Highpoint WTP to 1.0 MGD (Phase 1a), construct a new 5.0 MGD WTP (Phase 1b), construct a 24-inch Route 122 Transmission Main (Phase 1c), construct a 20-inch Rte 460 Transmission Main (Phase 1d), construct the Whitehouse Road Loop (Phase 2), and construct the Route 122 Pump Station (Phase 3).

We assumed the \$33.9 million in project costs plus \$3.0 million for 2 years of capitalized interest would be financed by a bond issue in FY 2014. We have projected that the new facility would become operational in FY 2016. The bond issue would have 2 years of interest only and then 23 years of amortization for a 25 year final maturity. The level debt service payments would be approximately \$2,580,000 per year from FY 2016-FY 2038. The Authority would also incur approximately \$196,400 in additional operating costs for Phase 1a of the WTP and \$439,700 in additional operating costs for Phase 1b of the WTP. Finally, we assumed that the Authority would continue to purchase 100,000 gallons of water per day or 36,500,000 gallons of water per year from the City of Lynchburg from FY 2016 to the end of the forecast period. In FY 2016, we estimate that the water purchase fee from the City of Lynchburg will be \$3.15 per thousand gallons. That would equate to \$115,000 in water purchase expenses in FY 2016. We assumed these water purchase expenses would grow at 3.0% per fiscal year during the forecast period. The financing assumptions for Case II are shown below.

- \$33,900,000 in bond financed project costs with a bond issue in FY 2014
- The bond issue would have 2 years of interest only and then 23 years of amortization for a 25 year final maturity
- \$3,000,000 in bond financed capitalized interest to pay the interest on the bonds for FY 2014 and FY 2015
- Bonds amortized over 23 years to achieve level debt service of approximately \$2.58 million per year from FY 2016-FY 2038
- Assumed interest rate of 4.50%
- \$196,400 in additional annual operations costs added in FY 2016 for WTP Phase 1a, expanding the treatment rate of the Highpoint WTP to 1.0 MGD
- \$439,700 in additional annual operations costs added in FY 2016 for WTP Phase 1b, when treating 5.0 MGD at the new WTP
- Additional operating expenses grow at 2.0%.
- Continuing water purchases from the City of Lynchburg of 100,000 gallons per day or 36,500,000 gallons per year.
- Ongoing Water purchase expenses from the City of Lynchburg grow at 3.0%.

For Case II, as is shown in 'Chart 2 Pro-Forma with New Facility' below, the new Authority would generate net revenues available to pay debt service of at least 1.0 times in FY 2012-2015, before the facility becomes operational, and in FY 2020-2021. For FY's 2016-2019, the Authority would not have net revenues available to pay debt service of at least 1.0x, assuming that water and sewer revenues are growing at 2.0% per year for the County and 0.50% for the City. Debt service coverage ranges from 0.86x in FY 2016 to 0.95x in FY 2019. As is shown in the blue shaded row on Chart 2, the minimum water rate needed for a balanced budget ranges from \$5.07 per thousand in FY 2012 to \$7.07 per thousand in

FY 2016. However, by FY 2021, the minimum water rate needed for a balanced budget is projected to decline to \$6.21 per thousand. This decline is because the Authority's debt service burden has declined from a high of \$5.8 million in FY 2016 to \$5.2 million in FY 2021. Please see Chart 2 below for the 'Pro-Forma with New Facility'. Refer to Appendix C for supporting information on Case II.

## CHART 2- Pro-Forma with New Facility

Bedford County Public Service Authority Pro-Forma with New Facility in FY 2016										
Revenue Sources	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Sales	\$4,597,798	\$4,715,423	\$4,836,387	\$4,960,791	\$5,088,735	\$5,220,324	\$5,355,666	\$5,494,873	\$5,638,058	\$5,785,339
Sewer Sales	1,083,770	1,112,637	1,142,337	1,172,894	1,204,335	1,236,686	1,269,973	1,304,226	1,339,471	1,375,740
Penalties	42,000	42,840	43,697	44,571	45,462	46,371	47,299	48,245	49,210	50,194
Facility Fees	-	-	-	-	-	-	-	-	-	-
Administrative Fees	57,650	58,803	59,979	61,179	62,402	63,650	64,923	66,222	67,546	68,897
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	108,710	110,884	113,102	115,364	117,671	120,025	122,425	124,874	127,371	129,919
Contract Operations	92,000	93,840	95,717	97,631	99,584	101,575	103,607	105,679	107,793	109,949
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,996,485	2,000,000	2,000,000	2,000,000	1,993,831	1,995,615	1,992,132	1,989,944	1,990,298	1,990,595
<b>Revenue from Operations</b>	<b>7,984,413</b>	<b>8,140,427</b>	<b>8,297,219</b>	<b>8,458,429</b>	<b>8,618,020</b>	<b>8,790,247</b>	<b>8,962,026</b>	<b>9,140,061</b>	<b>9,325,747</b>	<b>9,516,632</b>
<b>Other Non Operating Revenue Sources</b>										
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	616,729	620,543	624,390	628,272	632,189	636,140	640,127	644,150
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>616,729</b>	<b>620,543</b>	<b>624,390</b>	<b>628,272</b>	<b>632,189</b>	<b>636,140</b>	<b>640,127</b>	<b>644,150</b>
<b>TOTAL REVENUES</b>	<b>\$7,984,413</b>	<b>\$8,140,427</b>	<b>\$8,913,947</b>	<b>\$9,078,972</b>	<b>\$9,242,410</b>	<b>\$9,418,519</b>	<b>\$9,594,214</b>	<b>\$9,776,201</b>	<b>\$9,965,874</b>	<b>\$10,160,783</b>
<b>Operating Expenditures</b>										
Personnel Costs	1,889,807	1,927,603	1,966,155	2,005,478	2,045,588	2,086,500	2,128,230	2,170,794	2,214,210	2,258,494
Administration	246,504	251,434	256,463	261,592	266,824	272,160	277,604	283,156	288,819	294,595
Customer Service and Billing Costs	75,022	76,522	78,053	79,614	81,206	82,830	84,487	86,177	87,900	89,658
Design & Facilities Services	27,757	28,312	28,878	29,456	30,045	30,646	31,259	31,884	32,522	33,172
Vehicle & Equipment Services	116,449	118,778	121,154	123,577	126,048	128,569	131,140	133,763	136,439	139,167
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>636,100</b>	<b>648,822</b>	<b>661,798</b>	<b>675,034</b>	<b>688,535</b>	<b>702,306</b>
	2,355,539	2,402,650	2,450,703	2,499,717	3,185,811	3,249,527	3,314,518	3,380,808	3,448,424	3,517,393
Water Purchases from Lynchburg <sup>2</sup>	1,738,456	1,790,609	1,844,328	1,899,657	115,027	118,478	122,032	125,693	129,464	133,348
Other Water Operations	336,384	343,112	349,974	356,974	364,113	371,396	378,823	386,400	394,128	402,010
<b>Total Water Operations</b>	<b>2,074,840</b>	<b>2,133,721</b>	<b>2,194,302</b>	<b>2,256,631</b>	<b>479,140</b>	<b>489,873</b>	<b>500,856</b>	<b>512,093</b>	<b>523,592</b>	<b>535,358</b>
Sewer Treatment Purchases from Lynchburg	212,826	219,211	225,787	232,560	239,537	246,723	254,125	261,749	269,601	277,689
Other Sewer Operations	319,479	325,869	332,386	339,034	345,815	352,731	359,785	366,981	374,321	381,807
<b>Total Sewer Operations</b>	<b>532,305</b>	<b>545,079</b>	<b>558,173</b>	<b>571,594</b>	<b>585,352</b>	<b>599,454</b>	<b>613,911</b>	<b>628,730</b>	<b>643,922</b>	<b>659,497</b>
Contract Operations	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779
<b>Direct Operating Expenses</b>	<b>5,007,684</b>	<b>5,127,350</b>	<b>5,249,996</b>	<b>5,375,697</b>	<b>4,299,013</b>	<b>4,388,539</b>	<b>4,479,961</b>	<b>4,573,322</b>	<b>4,668,663</b>	<b>4,766,027</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>2,976,729</b>	<b>3,013,076</b>	<b>3,663,952</b>	<b>3,703,276</b>	<b>4,943,398</b>	<b>5,029,980</b>	<b>5,114,253</b>	<b>5,202,879</b>	<b>5,297,211</b>	<b>5,394,756</b>
Existing Authority Debt Service	2,757,127	2,664,415	2,636,183	2,632,824	2,171,926	2,171,368	2,150,787	2,092,818	2,065,775	2,000,116
Existing City Debt Service after FY 2014 Reversion	-	-	1,018,373	1,022,134	1,018,728	1,014,225	828,647	826,288	634,941	635,155
Debt Service for New Facility	-	-	-	-	2,586,861	2,585,902	2,584,899	2,583,851	2,582,756	2,581,612
<b>Total Debt Service</b>	<b>2,757,127</b>	<b>2,664,415</b>	<b>3,654,556</b>	<b>3,654,958</b>	<b>5,777,515</b>	<b>5,771,495</b>	<b>5,564,333</b>	<b>5,502,957</b>	<b>5,283,472</b>	<b>5,216,883</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>219,602</b>	<b>348,661</b>	<b>9,396</b>	<b>48,317</b>	<b>(834,117)</b>	<b>(741,515)</b>	<b>(450,080)</b>	<b>(300,078)</b>	<b>13,739</b>	<b>177,873</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.08</b>	<b>1.13</b>	<b>1.00</b>	<b>1.01</b>	<b>0.86</b>	<b>0.87</b>	<b>0.92</b>	<b>0.95</b>	<b>1.00</b>	<b>1.03</b>
<b>Projected Water Sale Rate</b>	<b>\$5.40</b>	<b>\$5.51</b>	<b>\$5.62</b>	<b>\$5.73</b>	<b>\$5.85</b>	<b>\$5.96</b>	<b>\$6.08</b>	<b>\$6.20</b>	<b>\$6.33</b>	<b>\$6.45</b>
<b>Projected Sewer Sale Rate</b>	<b>\$7.00</b>	<b>\$7.14</b>	<b>\$7.28</b>	<b>\$7.43</b>	<b>\$7.58</b>	<b>\$7.73</b>	<b>\$7.88</b>	<b>\$8.04</b>	<b>\$8.20</b>	<b>\$8.37</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.07</b>	<b>\$4.98</b>	<b>\$5.60</b>	<b>\$5.66</b>	<b>\$7.07</b>	<b>\$7.04</b>	<b>\$6.73</b>	<b>\$6.63</b>	<b>\$6.31</b>	<b>\$6.21</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.70</b>	<b>\$5.58</b>	<b>\$6.42</b>	<b>\$6.47</b>	<b>\$8.33</b>	<b>\$8.29</b>	<b>\$7.92</b>	<b>\$7.80</b>	<b>\$7.42</b>	<b>\$7.30</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and \$439,700 for Constructing the 5.0 MGD WTP from Page 20 Table 6 of the PER.

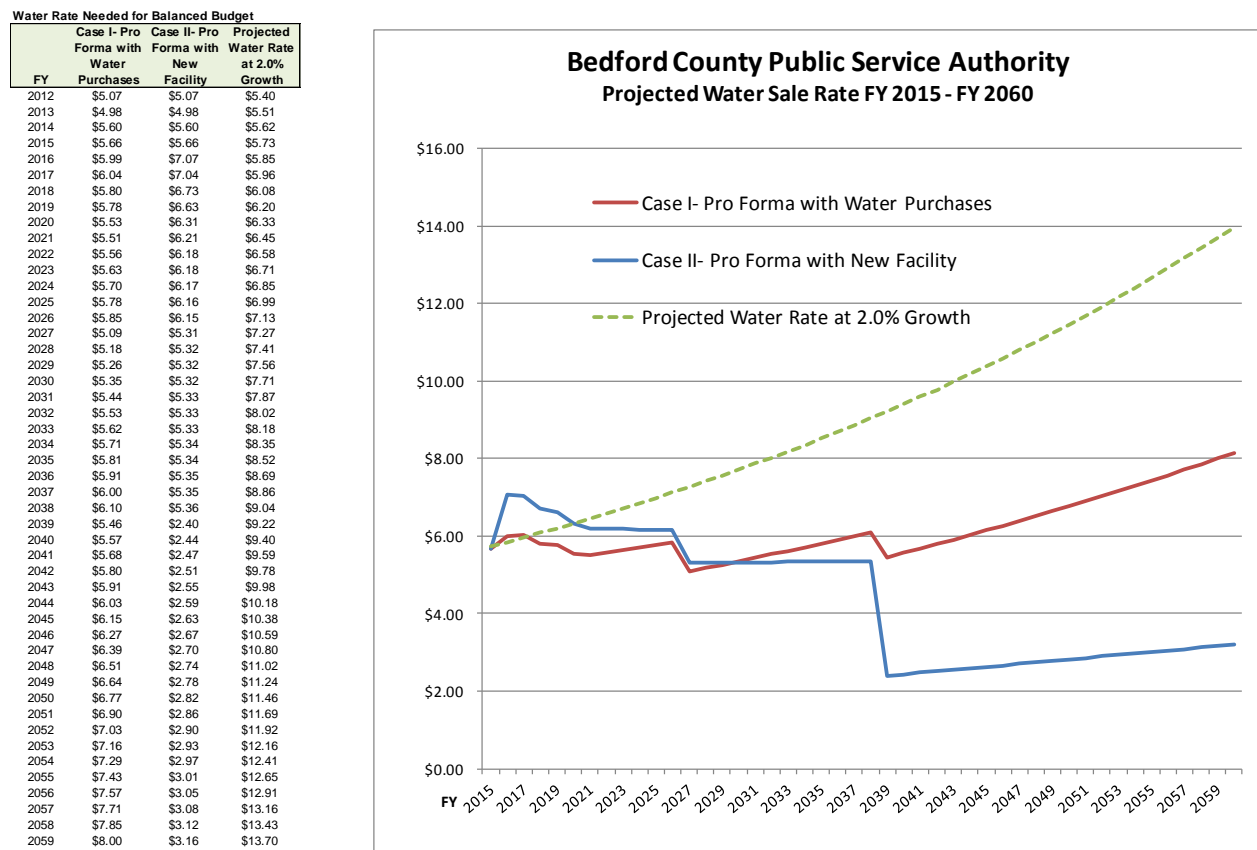
<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 gallons per day purchased thereafter.

## V. Comparison of Case I and Case II

First, we compared 'Case I- Pro-Forma with Continuing Water Purchases from Lynchburg' to 'Case II- Pro-Forma with the New Facility' by looking at the projected water rates needed to achieve a balanced budget. Case I has 2 years where the net revenues available to pay debt service are not projected to produce a balanced budget in FY 2016 and FY 2017. Case II has 4 years where the net revenues available to pay debt service are not projected to produce a balanced budget in FY 2016 to FY 2019. Under Case I, the maximum water rate required to achieve a balanced budget is \$6.04 per thousand in FY 2017. Under Case II, the maximum water rate required to achieve a balanced budget increases to \$7.07 per thousand in FY 2016. In both cases, by FY 2020, the projected water rate will exceed the rate required to achieve a balanced budget.

Chart 3, below, shows the projected water rate needed for a balanced budget under Case I and Case II, and compares those to the Authority's projected water rate, assuming 2.0% growth rate. The red line shows the projected water rate needed to achieve a balanced budget under Case I. The blue line shows the projected water rate needed to achieve a balanced budget under Case II. The green line shows the projected water rate assuming a 2.0% growth rate, which illustrates the projected growth rate under the Authority's historical average as provided by management. Case I and Case II are relatively similar until FY 2038 with Case I having a slightly lower projected water rate for a balanced budget. In FY 2039, the debt service for the new facility will be paid in full. In that year, the expenses under Case II will decline by approximately \$2.58 million per year and the water rate required to achieve a balanced budget will fall to \$2.40 per thousand.

**CHART 3- Projected Water Sales Rate FY 2012-FY 2060**



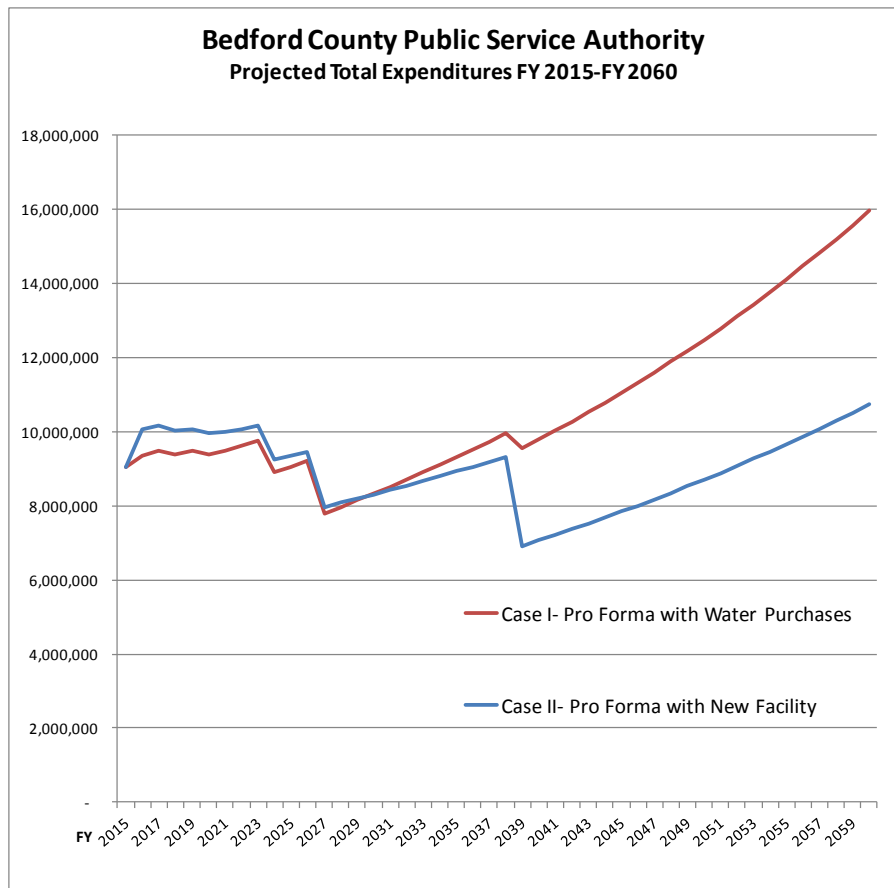
Next, we compared 'Case I- Pro-Forma with Continuing Water Purchases' to 'Case II- Pro-Forma with the New Facility' by looking at projected total expenditures. Case I and Case II have the same projected expenditures in FY 2012-FY 2015, before the facility has been constructed and the new Authority is continuing to purchase water from the City of Lynchburg as the Authority has been doing historically. Then, from FY 2016-FY 2029, Case I has lower expenditures that range from a difference of \$732,873 in FY 2016 to \$44,437 in FY 2029. From FY 2030-FY 2060, Case II has lower projected expenditures that range from a difference of \$21,514 in FY 2030 to \$5,241,108 in FY 2060. Projected total expenditures under Case I from FY 2012 to FY 2060 equal \$517,438,046. Projected total expenditures under Case II from FY 2012 to FY 2060 equal \$436,742,643. The difference in Projected Total Expenditures for the planning period is \$80,695,403.

Chart 4, below, shows the projected total expenditures under Case I and Case II. The red line shows the projected expenditures under Case I. The blue line shows the projected expenditures under Case II. Case I has lower expenditures from FY 2016-FY 2029. Case II has lower expenditures from FY 2030-FY 2060. One thing to keep in mind is that these projections only look at the additional expenses associated with this project and do not attempt to project other capital needs the Authority may have over time; however, the facility fees collected from new development connections have been removed from the revenue projections, and could be used for other minor capital needs.

**CHART 4- Projected Expenditures FY 2012-FY 2060**

Projected Total Expenditures			
TOTAL	517,438,046	436,742,643	80,695,403

FY	Case I- Pro Forma with Water Purchases	Case II- Pro Forma with New Facility	Difference
2012	\$7,764,811	\$7,764,811	\$0
2013	7,791,765	7,791,765	-
2014	8,904,552	8,904,552	-
2015	9,030,655	9,030,655	-
2016	9,343,655	10,076,528	(732,873)
2017	9,470,406	10,160,034	(689,627)
2018	9,399,348	10,044,295	(644,947)
2019	9,477,495	10,076,279	(598,784)
2020	9,401,043	9,952,135	(551,093)
2021	9,481,087	9,982,910	(501,823)
2022	9,616,160	10,067,085	(450,925)
2023	9,771,848	10,170,194	(398,346)
2024	8,902,667	9,246,699	(344,032)
2025	9,061,288	9,349,217	(287,928)
2026	9,220,232	9,450,209	(229,977)
2027	7,798,687	7,968,806	(170,119)
2028	7,971,768	8,080,061	(108,293)
2029	8,149,213	8,193,650	(44,437)
2030	8,331,136	8,309,621	21,514
2031	8,517,654	8,428,026	89,628
2032	8,708,888	8,548,915	159,973
2033	8,904,961	8,672,342	232,620
2034	9,106,002	8,798,359	307,643
2035	9,312,139	8,927,021	385,118
2036	9,523,507	9,058,385	465,122
2037	9,740,244	9,192,507	547,737
2038	9,962,492	9,329,446	633,046
2039	9,551,292	6,919,761	2,631,531
2040	9,785,662	7,065,154	2,720,508
2041	10,026,019	7,213,665	2,812,354
2042	10,272,522	7,365,362	2,907,161
2043	10,525,336	7,520,316	3,005,020
2044	10,784,626	7,678,598	3,106,028
2045	11,050,565	7,840,282	3,210,284
2046	11,323,331	8,005,443	3,317,888
2047	11,603,105	8,174,158	3,428,947
2048	11,890,074	8,346,506	3,543,568
2049	12,184,429	8,522,566	3,661,863
2050	12,486,367	8,702,422	3,783,946
2051	12,796,092	8,886,156	3,909,936
2052	13,113,812	9,073,857	4,039,955
2053	13,439,740	9,265,610	4,174,130
2054	13,774,096	9,461,507	4,312,589
2055	14,117,105	9,661,639	4,455,466
2056	14,469,001	9,866,101	4,602,900
2057	14,830,022	10,074,989	4,755,033
2058	15,200,412	10,288,402	4,912,010
2059	15,580,423	10,506,440	5,073,983
2060	15,970,315	10,729,207	5,241,108
TOTAL	\$517,438,046	\$436,742,643	\$80,695,403



## **VI. Case III - Provide Water to the Forest Area from Lakes Central Water System in Three Phases**

For Case III, we assumed the Authority would bond finance alternative A2, as outlined in the PER, with \$33.9 million in project costs in three phases. We project that the first phase would cost \$24.0 million and would be bond financed in FY 2014. This project would upgrade the Highpoint WTP to 1.0 MGD, construct the majority of a new 5.0 MGD WTP, construct a 24-inch Route 122 Transmission Main, and construct a 20-inch Route 460 transmission main. We then included a second phase which would construct the remaining portions of the 5.0 MGD WTP at a cost of \$5.0 million and would be financed in FY 2024. A third phase would construct the Route 122 Pump Station, add membrane filters to the WTP, and construct the 18-inch White House Road Loop at a cost of \$4.9 million and would be financed in FY 2034. This would allow the Authority to spread its debt service over a longer period of time and add to the capacity of the water system as demand required.

For Phase 1, we assumed \$24.0 million in project costs plus \$2.3 million for 2 years of capitalized interest would be financed by a bond issue in FY 2014. We have projected that the new facility would become operational in FY 2016. The bond issue would have 2 years of interest only and then 23 years of amortization for a 25 year final maturity. The level debt service payments would be approximately \$1.84 million per year from FY 2016-FY 2038.

For Phase 2, we assumed \$5.0 million in project costs plus \$500,000 for 2 years of capitalized interest would be financed by a bond issue in FY 2024. The bond issue would have 2 years of interest only and then 23 years of amortization for a 25 year final maturity. The level debt service payments would be approximately \$385,000 per year from FY 2026-FY 2048.

For Phase 3, we assumed \$4.9 million in project costs plus \$500,000 for 2 years of capitalized interest would be financed by a bond issue in FY 2034. The bond issue would have 2 years of interest only and then 23 years of amortization for a 25 year final maturity. The level debt service payments would be approximately \$375,000 per year from FY 2026-FY 2058.

Similar to Case II, we conservatively assumed the Authority would incur approximately \$196,400 in additional operating costs for Phase 1a of the WTP and \$439,700 in additional operating costs for Phase 1b of the WTP starting in FY 2016. We used the same estimates as Case II because the projects being constructed during Phase 1 are those that would incur the large majority of the operating costs. We did not assume any additional operating costs would be incurred when Phase 2 and Phase 3 are constructed in 2024 and 2034, because the full operating costs were included in Phase 1. Also, similar to Case II, we assumed that the Authority would continue to purchase 100,000 gallons of water per day or 36,500,000 gallons of water per year from the City of Lynchburg from FY 2016 to the end of the end forecast period. The financing assumptions for Case III are shown below.

- \$33,900,000 in project costs bond financed with three bond issues
  - \$24,000,000 financed in FY 2014
  - \$5,000,000 financed in FY 2024
  - \$4,900,000 financed in FY 2034
- \$3,300,000 in capitalized interest bond financed to pay interest on the Bonds
  - \$2,300,000 in capitalized interest financed in FY 2014 to pay the interest on the bonds for FY 2014 and FY 2015
  - \$500,000 in capitalized interest financed in FY 2024 to pay the interest on the bonds for FY 2024 and FY 2025

- \$500,000 in capitalized interest financed in FY 2034 to pay the interest on the bonds for FY 2034 and FY 2035
- Each bond issue would have 2 years of interest only and then 23 years of amortization for a 25 year final maturity
- Assumed interest rate of 4.50%
- Phase 1 bonds amortized over 23 years to achieve level debt service of approximately \$1.84 million per year from FY 2016-FY 2038
- Phase 2 bonds amortized over 23 years to achieve level debt service of approximately \$385,000 per year from FY 2026-FY 2048
- Phase 3 bonds amortized over 23 years to achieve level debt service of approximately \$375,000 per year from FY 2036-FY 2058
- \$196,400 in additional annual operations costs added in FY 2016 for WTP Phase 1a, expanding the Highpoint WTP to 1.0 MGD
- \$439,700 in additional annual operations costs added in FY 2016 for WTP Phase 1b, constructing the 5.0 MGD WTP
- Additional operating expenses grow at 2.0%.
- Continuing water purchases from the City of Lynchburg of 100,000 gallons per day or 36,500,000 gallons per year.
- Ongoing Water purchase expenses from the City of Lynchburg grow at 3.0%.

For Case III, as is shown in 'Chart 5 Pro-Forma with New Facility Built in Three Phases', the model projects that the Authority would generate net revenues available to pay debt service of at least 1.0 times in every fiscal year except a small deficit of \$91,008 in FY 2016. Debt service coverage ranges from 0.98x in FY 2016 to 1.21x in FY 2021. As is shown in the blue shaded row on Chart 5, the minimum water rate needed for a balanced budget ranges from \$5.07 per thousand in FY 2012 to \$5.98 per thousand in FY 2016. However, by FY 2021, the minimum water rate needed for a balanced budget is projected to decline to \$5.17 per thousand. This decline is because the Authority's debt service burden has declined from a high of \$5.0 million in FY 2016 to \$4.5 million in FY 2021. Please see Chart 5 below for the 'Pro-Forma with New Facility Built in Three Phases'. Case III supporting analysis can be found in Appendix D.

## CHART 5- Pro-Forma with New Facility Built in Three Phases

Bedford County Public Service Authority Pro-Forma with New Facility in Three Phases										
Revenue Sources	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Sales	\$4,597,798	\$4,715,423	\$4,836,387	\$4,960,791	\$5,088,735	\$5,220,324	\$5,355,666	\$5,494,873	\$5,638,058	\$5,785,339
Sewer Sales	1,083,770	1,112,637	1,142,337	1,172,894	1,204,335	1,236,686	1,269,973	1,304,226	1,339,471	1,375,740
Penalties	42,000	42,840	43,697	44,571	45,462	46,371	47,299	48,245	49,210	50,194
Facility Fees	-	-	-	-	-	-	-	-	-	-
Administrative Fees	57,650	58,803	59,979	61,179	62,402	63,650	64,923	66,222	67,546	68,897
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	108,710	110,884	113,102	115,364	117,671	120,025	122,425	124,874	127,371	129,919
Contract Operations	92,000	93,840	95,717	97,631	99,584	101,575	103,607	105,679	107,793	109,949
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,996,485	2,000,000	2,000,000	2,000,000	1,993,831	1,995,615	1,992,132	1,989,944	1,990,298	1,990,595
<b>Revenue from Operations</b>	<b>7,984,413</b>	<b>8,140,427</b>	<b>8,297,219</b>	<b>8,458,429</b>	<b>8,618,020</b>	<b>8,790,247</b>	<b>8,962,026</b>	<b>9,140,061</b>	<b>9,325,747</b>	<b>9,516,632</b>
<b>Other Non Operating Revenue Sources</b>										
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	616,729	620,543	624,390	628,272	632,189	636,140	640,127	644,150
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>616,729</b>	<b>620,543</b>	<b>624,390</b>	<b>628,272</b>	<b>632,189</b>	<b>636,140</b>	<b>640,127</b>	<b>644,150</b>
<b>TOTAL REVENUES</b>	<b>\$7,984,413</b>	<b>\$8,140,427</b>	<b>\$8,913,947</b>	<b>\$9,078,972</b>	<b>\$9,242,410</b>	<b>\$9,418,519</b>	<b>\$9,594,214</b>	<b>\$9,776,201</b>	<b>\$9,965,874</b>	<b>\$10,160,783</b>
Operating Expenditures	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Personnel Costs	1,889,807	1,927,603	1,966,155	2,005,478	2,045,588	2,086,500	2,128,230	2,170,794	2,214,210	2,258,494
Administration	246,504	251,434	256,463	261,592	266,824	272,160	277,604	283,156	288,819	294,595
Customer Service and Billing Costs	75,022	76,522	78,053	79,614	81,206	82,830	84,487	86,177	87,900	89,658
Design & Facilities Services	27,757	28,312	28,878	29,456	30,045	30,646	31,259	31,884	32,522	33,172
Vehicle & Equipment Services	116,449	118,778	121,154	123,577	126,048	128,569	131,140	133,763	136,439	139,167
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>636,100</b>	<b>648,822</b>	<b>661,798</b>	<b>675,034</b>	<b>688,535</b>	<b>702,306</b>
	2,355,539	2,402,650	2,450,703	2,499,717	3,185,811	3,249,527	3,314,518	3,380,808	3,448,424	3,517,393
Water Purchases from Lynchburg <sup>2</sup>	1,738,456	1,790,609	1,844,328	1,899,657	115,027	118,478	122,032	125,693	129,464	133,348
Other Water Operations	336,384	343,112	349,974	356,974	364,113	371,396	378,823	386,400	394,128	402,010
Total Water Operations	2,074,840	2,133,721	2,194,302	2,256,631	479,140	489,873	500,856	512,093	523,592	535,358
Sewer Treatment Purchases from Lynchburg	212,826	219,211	225,787	232,560	239,537	246,723	254,125	261,749	269,601	277,689
Other Sewer Operations	319,479	325,869	332,386	339,034	345,815	352,731	359,785	366,981	374,321	381,807
Total Sewer Operations	532,305	545,079	558,173	571,594	585,352	599,454	613,911	628,730	643,922	659,497
Contract Operations	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779
<b>Direct Operating Expenses</b>	<b>5,007,684</b>	<b>5,127,350</b>	<b>5,249,996</b>	<b>5,375,697</b>	<b>4,299,013</b>	<b>4,388,539</b>	<b>4,479,961</b>	<b>4,573,322</b>	<b>4,668,663</b>	<b>4,766,027</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>2,976,729</b>	<b>3,013,076</b>	<b>3,663,952</b>	<b>3,703,276</b>	<b>4,943,398</b>	<b>5,029,980</b>	<b>5,114,253</b>	<b>5,202,879</b>	<b>5,297,211</b>	<b>5,394,756</b>
Existing Authority Debt Service	2,757,127	2,664,415	2,636,183	2,632,824	2,171,926	2,171,368	2,150,787	2,092,818	2,065,775	2,000,116
Existing City Debt Service after FY 2014 Reversion	-	-	1,018,373	1,022,134	1,018,728	1,014,225	828,647	826,288	634,941	635,155
Debt Service for New Facility	-	-	-	-	1,843,752	1,843,068	1,842,353	1,841,607	1,840,826	1,840,011
<b>Total Debt Service</b>	<b>2,757,127</b>	<b>2,664,415</b>	<b>3,654,556</b>	<b>3,654,958</b>	<b>5,034,406</b>	<b>5,028,662</b>	<b>4,821,788</b>	<b>4,760,713</b>	<b>4,541,542</b>	<b>4,475,282</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>219,602</b>	<b>348,661</b>	<b>9,396</b>	<b>48,317</b>	<b>(91,008)</b>	<b>1,319</b>	<b>292,465</b>	<b>442,167</b>	<b>755,669</b>	<b>919,474</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.08</b>	<b>1.13</b>	<b>1.00</b>	<b>1.01</b>	<b>0.98</b>	<b>1.00</b>	<b>1.06</b>	<b>1.09</b>	<b>1.17</b>	<b>1.21</b>
<b>Projected Water Sale Rate</b>	<b>\$5.40</b>	<b>\$5.51</b>	<b>\$5.62</b>	<b>\$5.73</b>	<b>\$5.85</b>	<b>\$5.96</b>	<b>\$6.08</b>	<b>\$6.20</b>	<b>\$6.33</b>	<b>\$6.45</b>
<b>Projected Sewer Sale Rate</b>	<b>\$7.00</b>	<b>\$7.14</b>	<b>\$7.28</b>	<b>\$7.43</b>	<b>\$7.58</b>	<b>\$7.73</b>	<b>\$7.88</b>	<b>\$8.04</b>	<b>\$8.20</b>	<b>\$8.37</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.07</b>	<b>\$4.98</b>	<b>\$5.60</b>	<b>\$5.66</b>	<b>\$5.98</b>	<b>\$5.96</b>	<b>\$5.66</b>	<b>\$5.58</b>	<b>\$5.26</b>	<b>\$5.17</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.70</b>	<b>\$5.58</b>	<b>\$6.42</b>	<b>\$6.47</b>	<b>\$7.08</b>	<b>\$7.05</b>	<b>\$6.70</b>	<b>\$6.59</b>	<b>\$6.22</b>	<b>\$6.11</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and \$439,700 for Constructing the 5.0 MGD WTP from Page 20 Table 6 of the PER.

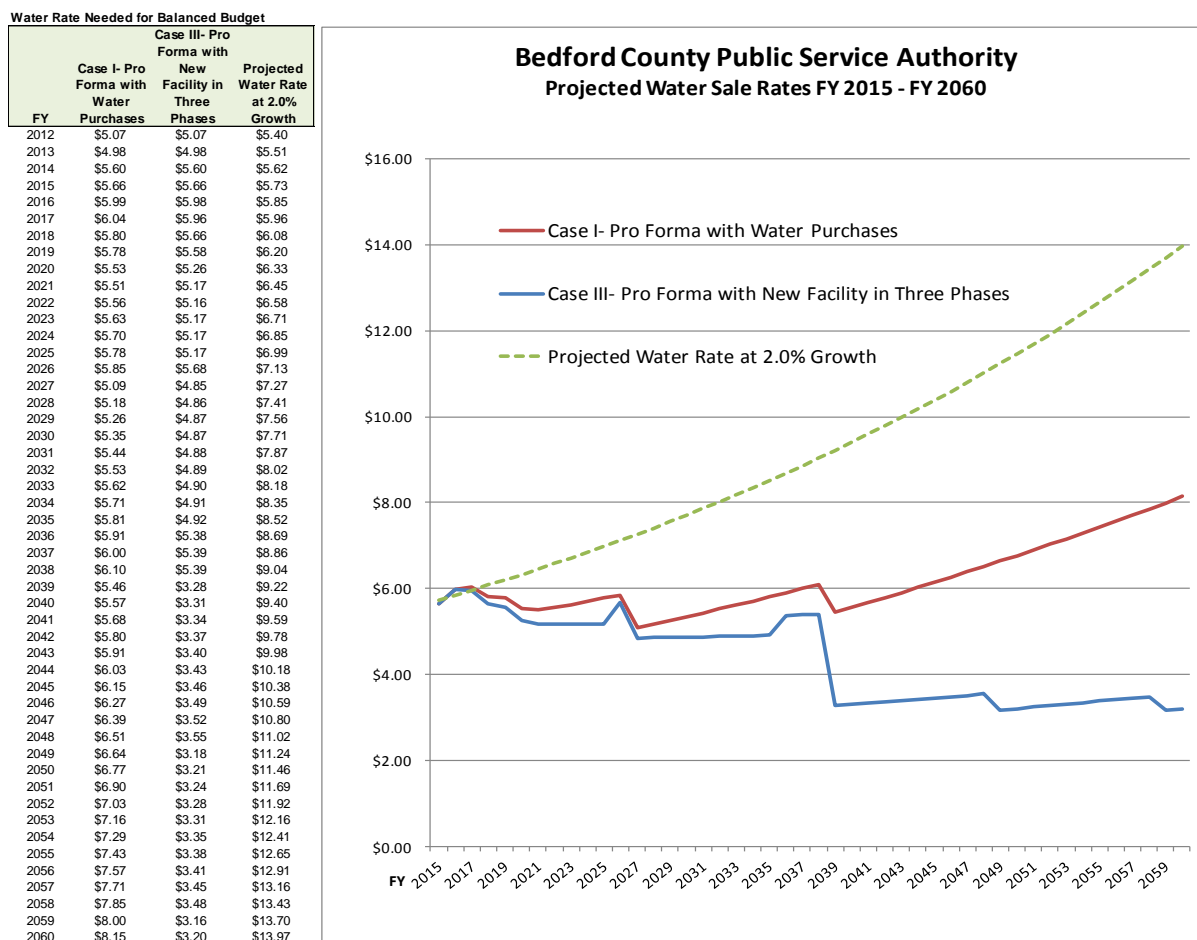
<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 gallons per day purchased thereafter.

## VII. Comparison of Case I and Case III

We compared 'Case I- Pro-Forma with Continuing Water Purchases' to 'Case III- Pro-Forma with the New Facility Built in Three Phases' by looking at the Projected Water Rates needed to achieve a balanced budget. Case I has 2 years where the net revenues available to pay debt service are not projected to produce a balanced budget in FY 2016 and FY 2017. Case III has 1 year where the net revenues available to pay debt service are not projected to produce a balanced budget in FY 2016, and the deficit is only \$91,008 in that year. Under Case I, the maximum water rate required to achieve a balanced budget is \$6.04 per thousand in FY 2017. Under Case III, the maximum water rate required to achieve a balanced budget increases to \$5.98 per thousand in FY 2016. In both cases, by FY 2018, the projected water rate will exceed the rate required to achieve a balanced budget.

Chart 6, below, shows the projected water rate needed for a balanced budget under Case I and Case III, and compares those to the Authority's projected water rate, assuming 2.0% growth rate. The red line shows the projected water rate needed to achieve a balanced budget under Case I. The blue line shows the projected water rate needed to achieve a balanced budget under Case III. The green line shows the projected water rate assuming a 2.0% growth rate. Case I and Case III are relatively similar until FY 2038. That is when the debt service for the Phase 1 financing will be paid in full. In that year, the expenses under Case III will decline by approximately \$1.84 million per year and the water rate required to achieve a balanced budget will fall to \$3.28 per thousand.

**CHART 6- Projected Water Sales Rate FY 2012-FY 2060**



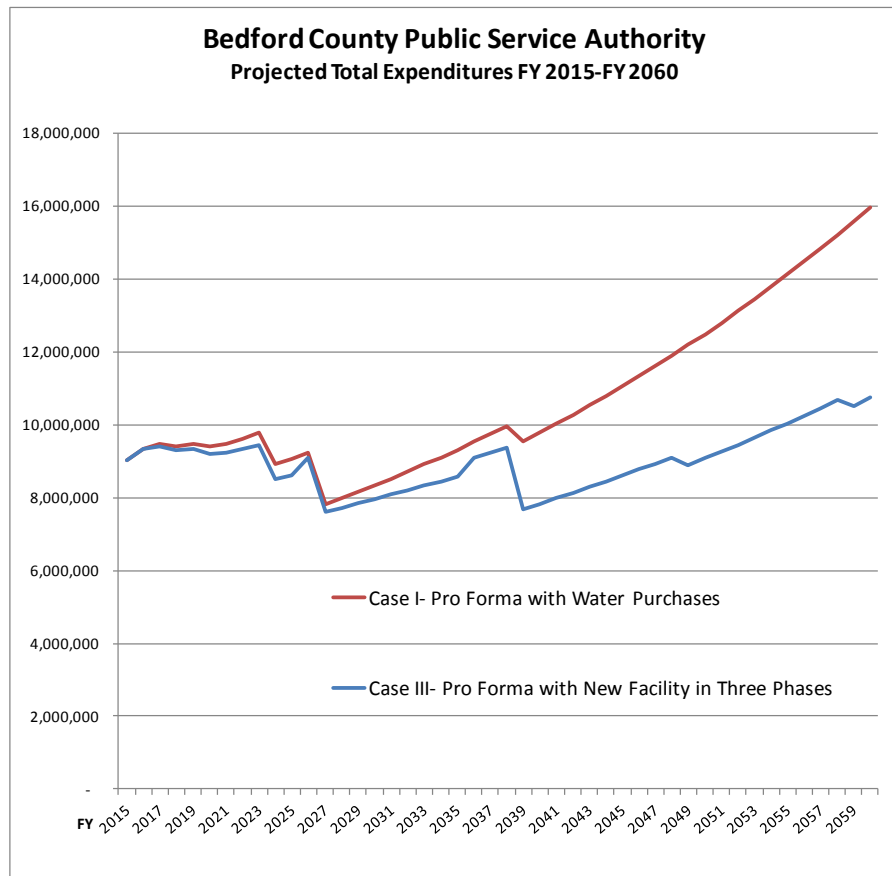
Next, we compared 'Case I- Pro-Forma with Continuing Water Purchases' to 'Case III- Pro-Forma with the New Facility Built in Three Phases' by looking at projected total expenditures. Case I and Case III have the same projected expenditures in FY 2012-FY 2015, before the facility has been constructed and the Authority is continuing to purchase water from the City of Lynchburg as it has been doing historically. From FY 2016-FY 2060, Case III has lower projected expenditures than Case I. The difference ranges from \$10,236 in FY 2016 to \$5,241,108 in FY 2060. Over the entire term of the projections, Case I has total projected expenditures from FY 2012 to FY 2060 of \$517,438,046. Total Projected Expenditures under Case III from FY 2012 to FY 2060 equals \$437,223,603. The difference in Projected Total Expenditures is \$80,214,444.

Chart 7, below, shows the projected total expenditures under Case I and Case III. The red line shows the projected expenditures under Case I. The blue line shows the projected expenditures under Case III. One thing to keep in mind is that these projections only look at the additional expenses associated with this project and do not attempt to project other capital needs the Authority may have over time; however, the facility fees collected from new development connections have been removed from the revenue projections, and could be used for other minor capital needs.

**CHART 7- Projected Expenditures FY 2012-FY 2060**

Projected Total Expenditures			
TOTAL	517,438,046	437,223,603	80,214,444

FY	Case I- Pro Forma with Water Purchases	Case III- Pro Forma with New Facility in Three Phases	Difference
2012	\$7,764,811	\$7,764,811	\$0
2013	7,791,765	7,791,765	-
2014	8,904,552	8,904,552	-
2015	9,030,655	9,030,655	-
2016	9,343,655	9,333,419	10,236
2017	9,470,406	9,417,200	53,206
2018	9,399,348	9,301,749	97,599
2019	9,477,495	9,334,035	143,460
2020	9,401,043	9,210,205	190,837
2021	9,481,087	9,241,309	239,778
2022	9,616,160	9,325,827	290,333
2023	9,771,848	9,429,295	342,553
2024	8,902,667	8,506,175	396,491
2025	9,061,288	8,609,085	452,203
2026	9,220,232	9,096,063	124,170
2027	7,798,687	7,614,944	183,743
2028	7,971,768	7,726,498	245,270
2029	8,149,213	7,840,398	308,815
2030	8,331,136	7,956,694	374,441
2031	8,517,654	8,075,439	442,215
2032	8,708,888	8,196,683	512,205
2033	8,904,961	8,320,481	584,481
2034	9,106,002	8,446,886	659,116
2035	9,312,139	8,575,953	736,185
2036	9,523,507	9,086,306	437,201
2037	9,740,244	9,220,730	519,514
2038	9,962,492	9,357,985	604,507
2039	9,551,292	7,681,007	1,870,285
2040	9,785,662	7,825,986	1,959,675
2041	10,026,019	7,974,065	2,051,954
2042	10,272,522	8,125,310	2,147,213
2043	10,525,336	8,279,791	2,245,544
2044	10,784,626	8,437,580	2,347,046
2045	11,050,565	8,598,749	2,451,817
2046	11,323,331	8,763,371	2,559,960
2047	11,603,105	8,931,523	2,671,582
2048	11,890,074	9,103,283	2,786,791
2049	12,184,429	8,898,722	3,285,707
2050	12,486,367	9,078,328	3,408,039
2051	12,796,092	9,261,803	3,534,289
2052	13,113,812	9,446,231	3,667,581
2053	13,439,740	9,640,701	3,799,039
2054	13,774,096	9,836,301	3,937,795
2055	14,117,105	10,036,123	4,080,983
2056	14,469,001	10,240,261	4,228,741
2057	14,830,022	10,448,810	4,381,212
2058	15,200,412	10,661,869	4,538,543
2059	15,580,423	10,506,440	5,073,983
2060	15,970,315	10,729,207	5,241,108
TOTAL	\$517,438,046	\$437,223,603	\$80,214,444



### **VIII. Case IV - Provide Water to the Forest Area from Lakes Central Water System in Three Phases with No City Reversion Agreement**

For Case IV, we assumed the Authority would build a \$33.9 million facility in three phases to bring water from Smith Mountain Lake to Bedford City and to Forest. The phased approach would have \$24.0 million of project costs bond financed in 2014, \$5.0 million bond financed in 2024 and \$4.9 million bond financed in 2034. This is the same as Case III. However, this case also excludes all projected revenue and debt service associated with the City Reversion Agreement. For Case IV, we have assumed that the two operations would not be incorporated into a single new Authority. We have assumed there would not be any pro-forma revenues from the City's operations and the Authority would not be paying the City's water and sewer fund debt service. We have eliminated the net pro-forma surplus from the City's operations of approximately \$630,000 per fiscal year and the \$1.0 million in debt service for FY 2012, declining to \$635,000 by FY 2026.

Similar to Cases II and III, we are conservatively assuming the Authority would incur approximately \$196,400 in additional operating costs for Phase 1a of the WTP and \$439,700 in additional operating costs for Phase 1b of the WTP starting in FY 2016. We used the same estimates because the projects being constructed during Phase 1 are those that would incur the large majority of the operating costs. We did not assume any additional operating costs would be incurred when Phase 2 and Phase 3 are constructed in 2024 and 2034, because the full operating costs were included in Phase 1. Also, similar to Case II, we assumed that the Authority would continue to purchase 100,000 gallons of water per day or 36,500,000 gallons of water per year from the City of Lynchburg from FY 2016 to the end of the end forecast period. The financing assumptions for Case III are shown below.

- \$33,900,000 in project costs bond financed with three bond issues
  - \$24,000,000 financed in FY 2014
  - \$5,000,000 financed in FY 2024
  - \$4,900,000 financed in FY 2034
- \$3,300,000 in capitalized interest bond financed to pay interest on the Bonds
  - \$2,300,000 in capitalized interest financed in FY 2014 to pay the interest on the bonds for FY 2014 and FY 2015
  - \$500,000 in capitalized interest financed in FY 2024 to pay the interest on the bonds for FY 2024 and FY 2025
  - \$500,000 in capitalized interest financed in FY 2034 to pay the interest on the bonds for FY 2034 and FY 2035
- Each bond issue would have 2 years of interest only and then 23 years of amortization for a 25 year final maturity
- Assumed interest rate of 4.50%
- Phase 1 bonds amortized over 23 years to achieve level debt service of approximately \$1.84 million per year from FY 2016-FY 2038
- Phase 2 bonds amortized over 23 years to achieve level debt service of approximately \$385,000 per year from FY 2026-FY 2048
- Phase 3 bonds amortized over 23 years to achieve level debt service of approximately \$375,000 per year from FY 2036-FY 2058
- \$196,400 in additional annual operations costs added in FY 2016 for WTP Phase 1a, expanding the Highpoint WTP to 1.0 MGD and \$439,700 in additional annual operations costs added in FY 2016 for WTP Phase 1b, constructing the 5.0 MGD WTP

- Additional operating expenses grow at 2.0%.
- Continuing water purchases from the City of Lynchburg of 100,000 gallons per day or 36,500,000 gallons per year.
- Ongoing Water purchase expenses from the City of Lynchburg grow at 3.0%.

For Case IV, as is shown in 'Chart 8 Pro-Forma with New Facility Built in Three Phases', the model projects that the Authority would generate net revenues available to pay debt service of at least 1.0 times in every fiscal year. Debt service coverage ranges from 1.08x in FY 2016 to 1.24x in FY 2021. As is shown in the blue shaded row on Chart 8, the minimum water rate needed for a balanced budget ranges from \$5.07 per thousand in FY 2012 to \$5.40 per thousand in FY 2016 and FY 2017. However, by FY 2021, the minimum water rate needed for a balanced budget is projected to decline to \$5.19 per thousand. Please see Chart 8 below for the 'Pro-Forma with New Facility Built in Three Phases and No City Reversion Agreement'. Case IV supporting analysis can be found in Appendix E.

### CHART 8- Pro-Forma with New Facility Built in Three Phases and No City Reversion Agreement

Bedford County Public Service Authority Appendix E- Pro-Forma with New Facility in Three Phases and No City Reversion Agreement										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenue Sources</b>										
Water Sales	\$4,597,798	\$4,715,423	\$4,836,387	\$4,960,791	\$5,086,735	\$5,220,324	\$5,355,666	\$5,494,873	\$5,638,058	\$5,785,339
Sewer Sales	1,083,770	1,112,637	1,142,337	1,172,894	1,204,335	1,236,686	1,269,973	1,304,226	1,339,471	1,375,740
Penalties	42,000	42,840	43,697	44,571	45,462	46,371	47,299	48,245	49,210	50,194
Facility Fees	-	-	-	-	-	-	-	-	-	-
Administrative Fees	57,650	58,803	59,979	61,179	62,402	63,650	64,923	66,222	67,546	68,897
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	108,710	110,884	113,102	115,364	117,671	120,025	122,425	124,874	127,371	129,919
Contract Operations	92,000	93,840	95,717	97,631	99,584	101,575	103,607	105,679	107,793	109,949
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,996,485	2,000,000	2,000,000	2,000,000	1,993,831	1,995,615	1,992,132	1,989,944	1,990,298	1,990,595
<b>Revenue from Operations</b>	<b>7,984,413</b>	<b>8,140,427</b>	<b>8,297,219</b>	<b>8,458,429</b>	<b>8,618,020</b>	<b>8,790,247</b>	<b>8,962,026</b>	<b>9,140,061</b>	<b>9,325,747</b>	<b>9,516,632</b>
<b>Other Non Operating Revenue Sources</b>										
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	-	-	-	-	-	-	-	-
DEO Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUES</b>	<b>\$7,984,413</b>	<b>\$8,140,427</b>	<b>\$8,297,219</b>	<b>\$8,458,429</b>	<b>\$8,618,020</b>	<b>\$8,790,247</b>	<b>\$8,962,026</b>	<b>\$9,140,061</b>	<b>\$9,325,747</b>	<b>\$9,516,632</b>
<b>Operating Expenditures</b>										
Personnel Costs	1,889,807	1,927,603	1,966,155	2,005,478	2,045,588	2,086,500	2,128,230	2,170,794	2,214,210	2,258,494
Administration	246,504	251,434	256,463	261,592	266,824	272,160	277,604	283,156	288,819	294,595
Customer Service and Billing Costs	75,022	76,522	78,053	79,614	81,206	82,830	84,487	86,177	87,900	89,658
Design & Facilities Services	27,757	28,312	28,878	29,456	30,045	30,646	31,259	31,884	32,522	33,172
Vehicle & Equipment Services	116,449	118,778	121,154	123,577	126,048	128,569	131,140	133,763	136,439	139,167
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>2,355,539</b>	<b>2,402,650</b>	<b>2,450,703</b>	<b>2,499,717</b>	<b>3,185,811</b>	<b>3,249,527</b>	<b>3,314,518</b>	<b>3,380,808</b>	<b>3,448,424</b>	<b>3,517,393</b>
Water Purchases from Lynchburg <sup>2</sup>	1,738,456	1,790,609	1,844,328	1,899,657	115,027	118,478	122,032	125,693	129,464	133,348
Other Water Operations	336,384	343,112	349,974	356,974	364,113	371,396	378,823	386,400	394,128	402,010
<b>Total Water Operations</b>	<b>2,074,840</b>	<b>2,133,721</b>	<b>2,194,302</b>	<b>2,256,631</b>	<b>479,140</b>	<b>489,873</b>	<b>500,856</b>	<b>512,093</b>	<b>523,592</b>	<b>535,358</b>
Sewer Treatment Purchases from Lynchburg	212,826	219,211	225,787	232,560	239,537	246,723	254,125	261,749	269,601	277,689
Other Sewer Operations	319,479	325,869	332,386	339,034	345,815	352,731	359,785	366,981	374,321	381,807
<b>Total Sewer Operations</b>	<b>532,305</b>	<b>545,079</b>	<b>558,173</b>	<b>571,594</b>	<b>585,352</b>	<b>599,454</b>	<b>613,911</b>	<b>628,730</b>	<b>643,922</b>	<b>659,497</b>
Contract Operations	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779
<b>Direct Operating Expenses</b>	<b>5,007,684</b>	<b>5,127,350</b>	<b>5,249,996</b>	<b>5,375,697</b>	<b>4,299,013</b>	<b>4,388,539</b>	<b>4,479,961</b>	<b>4,573,322</b>	<b>4,668,663</b>	<b>4,766,027</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>2,976,729</b>	<b>3,013,076</b>	<b>3,047,223</b>	<b>3,082,733</b>	<b>4,319,007</b>	<b>4,401,708</b>	<b>4,482,064</b>	<b>4,566,739</b>	<b>4,657,084</b>	<b>4,750,605</b>
Existing Authority Debt Service	2,757,127	2,664,415	2,636,183	2,632,824	2,171,926	2,171,368	2,150,787	2,092,818	2,065,775	2,000,116
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-
Debt Service for New Facility	-	-	-	-	1,843,752	1,843,068	1,842,353	1,841,607	1,840,826	1,840,011
<b>Total Debt Service</b>	<b>2,757,127</b>	<b>2,664,415</b>	<b>2,636,183</b>	<b>2,632,824</b>	<b>4,015,678</b>	<b>4,014,437</b>	<b>3,993,141</b>	<b>3,934,425</b>	<b>3,906,601</b>	<b>3,840,127</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>219,602</b>	<b>348,661</b>	<b>411,040</b>	<b>449,908</b>	<b>303,329</b>	<b>387,271</b>	<b>488,923</b>	<b>632,314</b>	<b>750,482</b>	<b>910,479</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.08</b>	<b>1.13</b>	<b>1.16</b>	<b>1.17</b>	<b>1.08</b>	<b>1.10</b>	<b>1.12</b>	<b>1.16</b>	<b>1.19</b>	<b>1.24</b>
<b>Projected Water Sale Rate</b>	<b>\$5.40</b>	<b>\$5.51</b>	<b>\$5.62</b>	<b>\$5.73</b>	<b>\$5.85</b>	<b>\$5.96</b>	<b>\$6.08</b>	<b>\$6.20</b>	<b>\$6.33</b>	<b>\$6.45</b>
<b>Projected Sewer Sale Rate</b>	<b>\$7.00</b>	<b>\$7.14</b>	<b>\$7.28</b>	<b>\$7.43</b>	<b>\$7.58</b>	<b>\$7.73</b>	<b>\$7.88</b>	<b>\$8.04</b>	<b>\$8.20</b>	<b>\$8.37</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.07</b>	<b>\$4.98</b>	<b>\$5.00</b>	<b>\$5.07</b>	<b>\$5.40</b>	<b>\$5.40</b>	<b>\$5.38</b>	<b>\$5.30</b>	<b>\$5.27</b>	<b>\$5.19</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.70</b>	<b>\$5.58</b>	<b>\$5.59</b>	<b>\$5.65</b>	<b>\$6.28</b>	<b>\$6.27</b>	<b>\$6.24</b>	<b>\$6.14</b>	<b>\$6.10</b>	<b>\$5.99</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and \$439,700 for Constructing the 5.0 MGD WTP from Page 20 Table 6 of the PER.

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 gallons per day purchased thereafter.

## **IX. Comparison of Case I and Case IV**

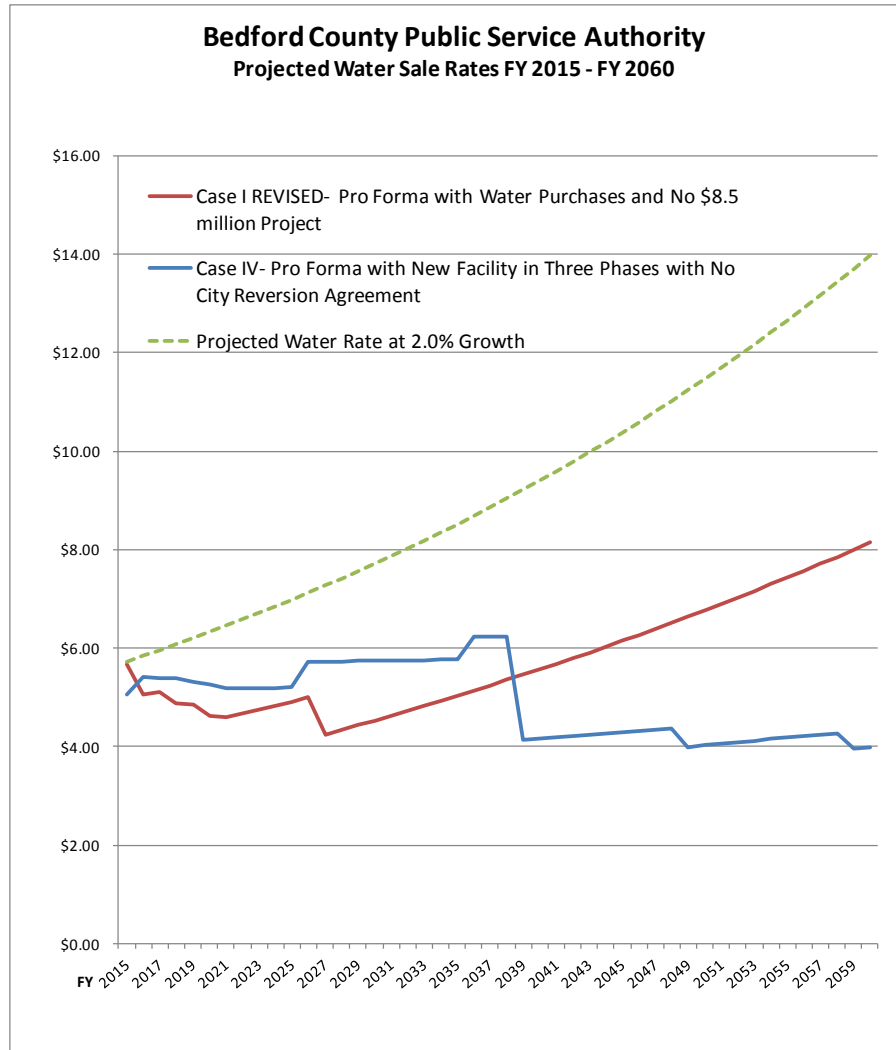
We compared 'Case I Revised- Pro-Forma with Continuing Water Purchases and No \$8.5 million Project' to 'Case IV- Pro-Forma with the New Facility Built in Three Phases and No City Reversion Agreement' by looking at the projected water rates needed to achieve a balanced budget. In this comparison, we also revised Case I to exclude the debt service for the \$8.5 million water line from Forest to Bedford City. Without the debt service for that project included in the Case I Revised, the net revenues available to pay debt service are projected to produce a balanced budget in every fiscal year. Case I Revised supporting analysis can be found in Appendix F. Case IV is also projected to produce a balanced budget in every fiscal year. Under Case I Revised, the maximum water rate required to achieve a balanced budget is \$8.15 per thousand in FY 2060. Under Case IV, the maximum water rate required to achieve a balanced budget increases to \$6.24 per thousand in FY 2038.

Chart 9, below, shows the projected water rate needed for a balanced budget under Case I Revised and Case IV, and compares those to the Authority's projected water rate, assuming a 2.0% growth rate. The red line shows the projected water rate needed to achieve a balanced budget under Case I Revised. The blue line shows the projected water rate needed to achieve a balanced budget under Case IV. The green line shows the projected water rate assuming a 2.0% growth rate. Case I Revised has lower water rates needed for a balanced budget from FY 2016 to FY 2038. In FY 2039, the debt service for the Phase 1 financing will be paid in full. In that year, the expenses under Case IV will decline by approximately \$1.84 million per year and the water rate required to achieve a balanced budget will fall to \$4.12 per thousand. Then, Case IV has lower projected water rates than Case I Revised from FY 2039- FY 2060.

**CHART 9- Projected Water Sales Rate FY 2012-FY 2060**

Water Rate Needed for Balanced Budget

FY	Case I REVISED- Pro Forma with Water Purchases and No \$8.5 million Project	Case IV- Pro Forma with New Facility in Three Phases with No City Reversion Agreement	Projected Water Rate at 2.0% Growth
2012	\$5.07	\$5.07	\$5.40
2013	\$4.98	\$4.98	\$5.51
2014	\$5.60	\$5.00	\$5.62
2015	\$5.66	\$5.07	\$5.73
2016	\$5.04	\$5.40	\$5.85
2017	\$5.10	\$5.40	\$5.96
2018	\$4.87	\$5.38	\$6.08
2019	\$4.86	\$5.30	\$6.20
2020	\$4.62	\$5.27	\$6.33
2021	\$4.61	\$5.19	\$6.45
2022	\$4.67	\$5.18	\$6.58
2023	\$4.75	\$5.19	\$6.71
2024	\$4.83	\$5.20	\$6.85
2025	\$4.91	\$5.20	\$6.99
2026	\$4.99	\$5.72	\$7.13
2027	\$4.25	\$5.73	\$7.27
2028	\$4.34	\$5.73	\$7.41
2029	\$4.43	\$5.74	\$7.56
2030	\$4.53	\$5.74	\$7.71
2031	\$4.63	\$5.75	\$7.87
2032	\$4.73	\$5.75	\$8.02
2033	\$4.83	\$5.76	\$8.18
2034	\$4.93	\$5.76	\$8.35
2035	\$5.03	\$5.77	\$8.52
2036	\$5.14	\$6.23	\$8.69
2037	\$5.24	\$6.23	\$8.86
2038	\$5.35	\$6.24	\$9.04
2039	\$5.46	\$4.12	\$9.22
2040	\$5.57	\$4.15	\$9.40
2041	\$5.68	\$4.18	\$9.59
2042	\$5.80	\$4.20	\$9.78
2043	\$5.91	\$4.23	\$9.98
2044	\$6.03	\$4.26	\$10.18
2045	\$6.15	\$4.28	\$10.38
2046	\$6.27	\$4.31	\$10.59
2047	\$6.39	\$4.34	\$10.80
2048	\$6.51	\$4.37	\$11.02
2049	\$6.64	\$3.99	\$11.24
2050	\$6.77	\$4.02	\$11.46
2051	\$6.90	\$4.06	\$11.69
2052	\$7.03	\$4.09	\$11.92
2053	\$7.16	\$4.12	\$12.16
2054	\$7.29	\$4.15	\$12.41
2055	\$7.43	\$4.18	\$12.65
2056	\$7.57	\$4.21	\$12.91
2057	\$7.71	\$4.24	\$13.16
2058	\$7.85	\$4.28	\$13.43
2059	\$8.00	\$3.95	\$13.70
2060	\$8.15	\$3.99	\$13.97



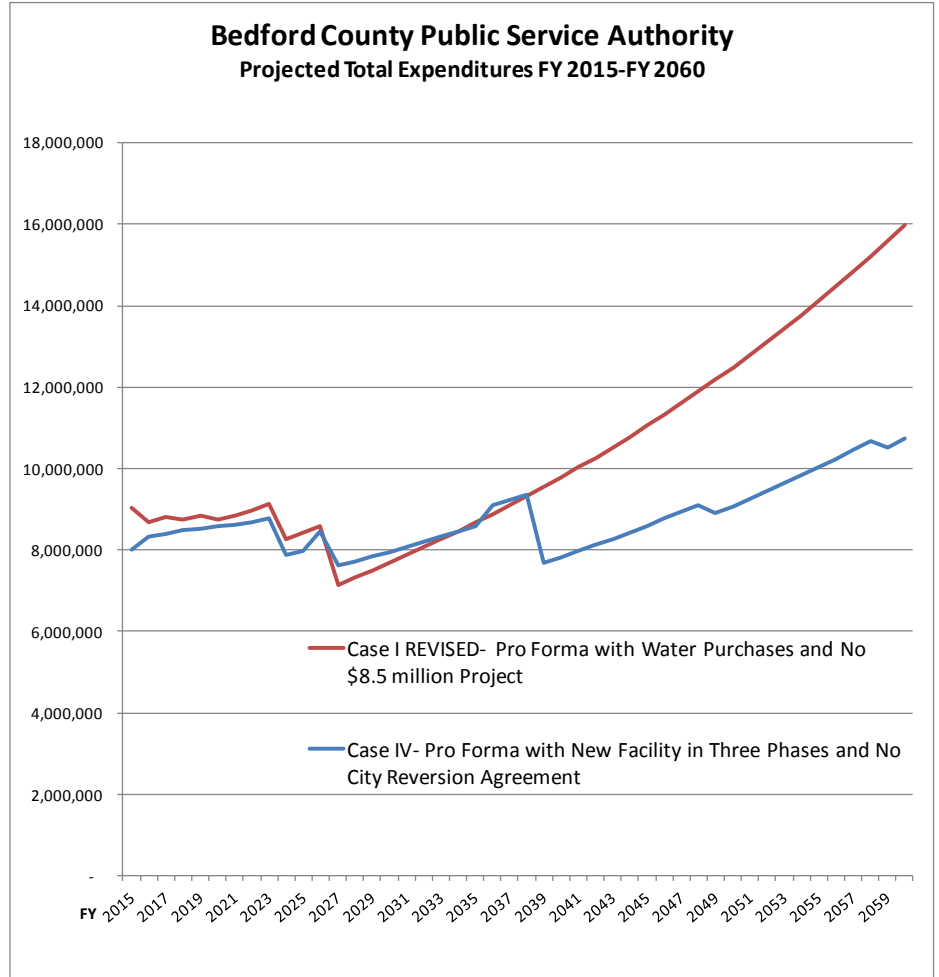
Next, we compared 'Case I Revised- Pro-Forma with Continuing Water Purchases and No \$8.5 million Project' to 'Case IV- Pro-Forma with the New Facility Built in Three Phases and No City Reversion Agreement' by looking at projected total expenditures. Case I Revised and Case IV have the same projected expenditures in FY 2012 and FY 2013, before the Reversion Agreement takes effect. From FY 2014-FY 2026, Case IV has lower projected expenditures than Case I Revised. Then, from FY 2027 to FY 2038, when the debt service for Phase 2 and Phase 3 of the financing are added, Case I Revised has lower expenditures than Case IV. Over the entire term of the projections, Case I Revised has total projected expenditures from FY 2012 to FY 2060 of \$502,608,471. Total projected expenditures under Case IV from FY 2012 to FY 2060 equals \$427,048,117. The difference in projected total expenditures is \$75,560,354.

Case IV (Without the City Reversion Agreement) is slightly worse from a projected total expenditures standpoint, than Case III (With the City Reversion Agreement). The difference in projected total expenditures for Case III is \$80,214,444, while the difference for Case IV is projected to be \$75,560,354.

Chart 10, below, shows the projected total expenditures under Case I Revised and Case IV. The red line shows the projected expenditures under Case I Revised. The blue line shows the projected expenditures under Case IV. One thing to keep in mind is that these projections only look at the additional expenses associated with this project and do not attempt to project other capital needs the Authority may have over time; however, the facility fees collected from new development connections have been removed from the revenue projections, and could be used for other minor capital needs.

**CHART 10- Projected Expenditures FY 2012-FY 2060**

Projected Total Expenditures			
TOTAL	502,608,471	427,048,117	\$75,560,354
FY	Case I REVISED- Pro Forma with Water Purchases and No \$8.5 million Project	Case IV- Pro Forma with New Facility in Three Phases and No City Reversion Agreement	Difference
2012	\$7,764,811	\$7,764,811	\$0
2013	7,791,765	7,791,765	-
2014	8,904,552	7,886,179	1,018,373
2015	9,030,655	8,008,521	1,022,134
2016	8,695,187	8,314,691	380,496
2017	8,822,179	8,402,975	419,204
2018	8,751,372	8,473,102	278,270
2019	8,829,782	8,507,747	322,035
2020	8,753,604	8,575,264	178,339
2021	8,833,935	8,606,154	227,781
2022	8,969,307	8,690,547	278,761
2023	9,125,309	8,793,753	331,556
2024	8,256,455	7,871,104	385,351
2025	8,415,419	7,973,184	442,235
2026	8,574,720	8,460,862	113,858
2027	7,153,548	7,614,944	(461,396)
2028	7,327,020	7,726,498	(399,478)
2029	7,504,872	7,840,398	(335,525)
2030	7,687,222	7,956,694	(269,473)
2031	7,874,185	8,075,439	(201,254)
2032	8,065,885	8,196,683	(130,799)
2033	8,262,445	8,320,481	(58,036)
2034	8,463,993	8,446,886	17,108
2035	8,670,662	8,575,953	94,708
2036	8,882,585	9,086,306	(203,721)
2037	9,099,902	9,220,730	(120,828)
2038	9,322,756	9,357,985	(35,229)
2039	9,551,292	7,681,007	1,870,285
2040	9,785,662	7,825,986	1,959,675
2041	10,026,019	7,974,065	2,051,954
2042	10,272,522	8,125,310	2,147,213
2043	10,525,336	8,279,791	2,245,544
2044	10,784,626	8,437,580	2,347,046
2045	11,050,565	8,598,749	2,451,817
2046	11,323,331	8,763,371	2,559,960
2047	11,603,105	8,931,523	2,671,582
2048	11,890,074	9,103,283	2,786,791
2049	12,184,429	8,898,722	3,285,707
2050	12,486,367	9,078,328	3,408,039
2051	12,796,092	9,261,803	3,534,289
2052	13,113,812	9,449,231	3,664,581
2053	13,439,740	9,640,701	3,799,039
2054	13,774,096	9,836,301	3,937,795
2055	14,117,105	10,036,123	4,080,983
2056	14,469,001	10,240,261	4,228,741
2057	14,830,022	10,448,810	4,381,212
2058	15,200,412	10,661,869	4,538,543
2059	15,580,423	10,506,440	5,073,983
2060	15,970,315	10,729,207	5,241,108
TOTAL	\$502,608,471	\$427,048,117	\$75,560,354



## **X. Conclusion**

The Authority has many variables to consider when deciding on its future capital plans including projected growth in water and sewer demand in Bedford County and Bedford City, projected future water purchase rates from the City of Lynchburg, increases in the expenses of the Authority associated with the new facility and the projected timing of capital expenditures. A change in any of these variables can drastically alter the financial impact of future capital projects.

The Authority also has a variety of financing options to consider. Building the new facility is more expensive in the short-term with the total expenditures under Case II exceeding the total expenditures under Case I from FY 2016-FY2029. However, based upon the assumptions we used and a planning horizon of 2060, building the new facility will be a less expensive long term option for the Authority. In our analysis of Case II, constructing the \$33.9 million project from Smith Mountain Lake in one phase is projected to save the Authority \$80,695,403 by 2060 if this option is chosen over the Case I option of continuing to purchase the majority of the Authority's water from the City of Lynchburg. When comparing Case I and Case III, building the new facility in three phases has lower projected total expenditures from FY 2012 to FY 2060 of \$80,214,444. Furthermore, if the Authority is comfortable phasing the project, Case III illustrates a scenario that eliminates the differential in the shorter term while still providing financial justification over the longer term. Finally, when comparing Case I Revised and Case IV, removing the City's revenues and debt service from the pro-forma and building the new facility in three phases has lower projected total expenditures from FY 2012 to FY 2060 of \$75,560,354.

## **Appendix A**

### **Model Assumptions**

**Bedford County Public Service Authority**  
**Appendix A- Model Assumptions**

Proposed Usage Rate for Water (per 1000)	\$5.40
Proposed Usage Rate for Sewer (per 1000)	\$7.00
Proposed Minimum Rate (every other month)	\$20.00

**Water Accounts as of 6/30/2011**

Forest	7,219
Lake	1,310
Stewartsville	142
	<hr/>
	8,671

**Sewer Accounts as of 6/30/2011**

Forest	1,377
Lake	193
Montvale	8
	<hr/>
	1,578

Projected Growth Rate in Water & Sewer Accounts	1.0%
Average Gallons of Water Sold Per Account	75,000
Average Gallons of Sewer Treated Per Account	80,000

Water & Sewer Purchase Fee (from Lynchburg) Growth Rate	3.0%
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County Water Revenue Growth Rate (2014-2020)	2.00%
County Sewer Revenue Growth Rate (2014-2020)	2.00%
Other Revenue Growth Rate (2014-2020)	2.00%
City of Bedford Water Revenue Growth Rate	0.50%
City of Bedford Sewer Revenue Growth Rate	0.50%
County Expenditure Growth Rate	2.00%
City Expenditure Growth Rate	0.50%
Forest Water Purchase Rate (per 1,000)	\$2.80
Forest Water Purchased in FY 2012	610,249,528
Forest Water Purchased after New Facility	36,500,000
Lake Water Produced in FY 2012	164,973,965
Lake Water Sold Wholesale in FY 2012	60,000,000
Lake Water Sale Price	\$2.74
Stewartsville Water Purchase Rate (per 1,000)	\$2.74
Stewartsville Water Purchased In FY 2012	10,860,200
Stewartsville Water Purchased after New Facility	-
Forest Sewer Treatment Purchase Rate (per 1,000)	\$1.67
Forest Sewer Treatment Purchased in FY 2012	127,440,593

**Debt Assumptions:**

Projects	Include 0=No, 1=Yes	FY Financed	Project Cost (\$)	Equity Contribution	Financing Term <sup>3</sup>	Interest Rate
Alternative A2 - Supply from Lakes <sup>1</sup>	1	2014	36,900,000	-	23	4.50%
\$8.5 million Project under Water Purchase Option <sup>2</sup>	1	2014	9,250,000	-	23	4.50%
Project 2	0	2014	-	-	20	5.00%
Project 3	0	2016	-	-	20	5.00%
Project 4	0	2012	-	-	20	5.00%
Project 5	0	2012	-	-	20	5.00%
Project 6	0	2012	-	-	20	5.00%
Project 7	0	2012	-	-	20	5.00%
<b>Total Cost Financed</b>				-		

<sup>1</sup> Includes \$3.0 million for 2 years of capitalized interest and \$33.9 million for project costs.

<sup>2</sup> Includes \$750,000 for 2 years of capitalized interest and \$8.5 million for project costs.

<sup>3</sup> Years of amortization after 2 year capitalized interest period.

**Appendix B**  
**Case I - Pro-Forma Financial Model with Water Purchases**

Bedford County Public Service Authority											
Appendix B- Pro-Forma with Continuing Water Purchases											
Revenue Sources	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Sales	\$4,597,798	\$4,715,423	\$4,836,387	\$4,960,791	\$5,088,735	\$5,220,324	\$5,355,666	\$5,494,873	\$5,638,058	\$5,785,339	\$5,936,839
Sewer Sales	1,083,770	1,112,637	1,142,337	1,172,894	1,204,335	1,236,686	1,269,973	1,304,226	1,339,471	1,375,740	1,413,062
Penalties	42,000	42,840	43,697	44,571	45,462	46,371	47,299	48,245	49,210	50,194	51,198
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	57,650	58,803	59,979	61,179	62,402	63,650	64,923	66,222	67,546	68,897	70,275
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	108,710	110,884	113,102	115,364	117,671	120,025	122,425	124,874	127,371	129,919	132,517
Contract Operations	92,000	93,840	95,717	97,631	99,584	101,575	103,607	105,679	107,793	109,949	112,147
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,996,485	2,000,000	2,000,000	2,000,000	1,993,831	1,995,615	1,992,132	1,989,944	1,990,298	1,990,595	1,985,931
<b>Revenue from Operations</b>	<b>7,984,413</b>	<b>8,140,427</b>	<b>8,297,219</b>	<b>8,458,429</b>	<b>8,618,020</b>	<b>8,790,247</b>	<b>8,962,026</b>	<b>9,140,061</b>	<b>9,325,747</b>	<b>9,516,632</b>	<b>9,707,969</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	616,729	620,543	624,390	628,272	632,189	636,140	640,127	644,150	648,210
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>616,729</b>	<b>620,543</b>	<b>624,390</b>	<b>628,272</b>	<b>632,189</b>	<b>636,140</b>	<b>640,127</b>	<b>644,150</b>	<b>648,210</b>
<b>TOTAL REVENUES</b>	<b>\$7,984,413</b>	<b>\$8,140,427</b>	<b>\$8,913,947</b>	<b>\$9,078,972</b>	<b>\$9,242,410</b>	<b>\$9,418,519</b>	<b>\$9,594,214</b>	<b>\$9,776,201</b>	<b>\$9,965,874</b>	<b>\$10,160,783</b>	<b>\$10,356,179</b>
<b>Operating Expenditures</b>											
Personnel Costs	1,889,807	1,927,603	1,966,155	2,005,478	2,045,588	2,086,500	2,128,230	2,170,794	2,214,210	2,258,494	2,303,664
Administration	246,504	251,434	256,463	261,592	266,824	272,160	277,604	283,156	288,819	294,595	300,487
Customer Service and Billing Costs	75,022	76,522	78,053	79,614	81,206	82,830	84,487	86,177	87,900	89,658	91,451
Design & Facilities Services	27,757	28,312	28,878	29,456	30,045	30,646	31,259	31,884	32,522	33,172	33,836
Vehicle & Equipment Services	116,449	118,778	121,154	123,577	126,048	128,569	131,140	133,763	136,439	139,167	141,951
Increased Expenditures from New Facility	-	-	-	-	-	-	-	-	-	-	-
	2,355,539	2,402,650	2,450,703	2,499,717	2,549,711	2,600,705	2,652,719	2,705,774	2,759,889	2,815,087	2,871,389
Water Purchases from Lynchburg	1,738,456	1,790,609	1,844,328	1,899,657	1,956,647	2,015,347	2,075,807	2,138,081	2,202,224	2,268,290	2,336,339
Other Water Operations	336,384	343,112	349,974	356,974	364,113	371,396	378,823	386,400	394,128	402,010	410,051
<b>Total Water Operations</b>	<b>2,074,840</b>	<b>2,133,721</b>	<b>2,194,302</b>	<b>2,256,631</b>	<b>2,320,760</b>	<b>2,386,742</b>	<b>2,454,630</b>	<b>2,524,481</b>	<b>2,596,351</b>	<b>2,670,301</b>	<b>2,746,390</b>
Sewer Treatment Purchases from Lynchburg	212,826	219,211	225,787	232,560	239,537	246,723	254,125	261,749	269,601	277,689	286,020
Other Sewer Operations	319,479	325,869	332,386	339,034	345,815	352,731	359,785	366,981	374,321	381,807	389,443
<b>Total Sewer Operations</b>	<b>532,305</b>	<b>545,079</b>	<b>558,173</b>	<b>571,594</b>	<b>585,352</b>	<b>599,454</b>	<b>613,911</b>	<b>628,730</b>	<b>643,922</b>	<b>659,497</b>	<b>675,463</b>
Contract Operations	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779	54,855
<b>Direct Operating Expenses</b>	<b>5,007,684</b>	<b>5,127,350</b>	<b>5,249,996</b>	<b>5,375,697</b>	<b>5,504,533</b>	<b>5,636,585</b>	<b>5,771,938</b>	<b>5,910,676</b>	<b>6,052,888</b>	<b>6,198,664</b>	<b>6,348,097</b>
<b>Additional Fund Balance available to Pay Debt Service</b>											
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>2,976,729</b>	<b>3,013,076</b>	<b>3,663,952</b>	<b>3,703,276</b>	<b>3,737,878</b>	<b>3,781,934</b>	<b>3,822,277</b>	<b>3,865,526</b>	<b>3,912,986</b>	<b>3,962,119</b>	<b>4,008,082</b>
Existing Authority Debt Service	2,757,127	2,664,415	2,636,183	2,632,824	2,171,926	2,171,368	2,150,787	2,092,818	2,065,775	2,000,116	1,985,931
Existing City Debt Service after FY 2014 Reversion	-	-	1,018,373	1,022,134	1,018,728	1,014,225	828,647	826,288	634,941	635,155	635,280
Debt Service for Lines to City (\$8.5 million)	-	-	-	-	648,468	648,227	647,976	647,439	647,439	647,152	646,852
<b>Total Debt Service</b>	<b>2,757,127</b>	<b>2,664,415</b>	<b>3,654,556</b>	<b>3,654,958</b>	<b>3,839,122</b>	<b>3,833,821</b>	<b>3,627,410</b>	<b>3,566,819</b>	<b>3,348,155</b>	<b>3,282,423</b>	<b>3,268,063</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>219,602</b>	<b>348,661</b>	<b>9,396</b>	<b>48,317</b>	<b>(101,244)</b>	<b>(51,887)</b>	<b>194,866</b>	<b>298,706</b>	<b>564,831</b>	<b>679,696</b>	<b>740,019</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.08</b>	<b>1.13</b>	<b>1.00</b>	<b>1.01</b>	<b>0.97</b>	<b>0.99</b>	<b>1.05</b>	<b>1.08</b>	<b>1.17</b>	<b>1.21</b>	<b>1.23</b>
<b>Projected Water Sale Rate</b>	<b>\$5.40</b>	<b>\$5.51</b>	<b>\$5.62</b>	<b>\$5.73</b>	<b>\$5.85</b>	<b>\$5.96</b>	<b>\$6.08</b>	<b>\$6.20</b>	<b>\$6.33</b>	<b>\$6.45</b>	<b>\$6.58</b>
<b>Projected Sewer Sale Rate</b>	<b>\$7.00</b>	<b>\$7.14</b>	<b>\$7.28</b>	<b>\$7.43</b>	<b>\$7.58</b>	<b>\$7.73</b>	<b>\$7.88</b>	<b>\$8.04</b>	<b>\$8.20</b>	<b>\$8.37</b>	<b>\$8.53</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.07</b>	<b>\$4.98</b>	<b>\$5.60</b>	<b>\$5.66</b>	<b>\$5.99</b>	<b>\$6.04</b>	<b>\$5.80</b>	<b>\$5.78</b>	<b>\$5.53</b>	<b>\$5.51</b>	<b>\$5.56</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.70</b>	<b>\$5.58</b>	<b>\$6.42</b>	<b>\$6.47</b>	<b>\$6.84</b>	<b>\$6.87</b>	<b>\$6.58</b>	<b>\$6.54</b>	<b>\$6.24</b>	<b>\$6.19</b>	<b>\$6.24</b>

Bedford County Public Service Authority											
Appendix B- Pro-Forma with Continuing Water Purchases											
Revenue Sources	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water Sales	\$6,092,682	\$6,252,997	\$6,417,916	\$6,587,577	\$6,762,120	\$6,941,690	\$7,126,437	\$7,316,514	\$7,512,080	\$7,713,299	\$7,920,337
Sewer Sales	1,451,469	1,490,993	1,531,668	1,573,527	1,616,607	1,660,943	1,706,574	1,753,537	1,801,873	1,851,622	1,902,827
Penalties	52,222	53,266	54,331	55,418	56,526	57,657	58,810	59,986	61,186	62,410	63,658
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	71,681	73,114	74,576	76,068	77,589	79,141	80,724	82,338	83,985	85,665	87,378
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	135,167	137,871	140,628	143,441	146,309	149,236	152,220	155,265	158,370	161,537	164,768
Contract Operations	114,390	116,678	119,012	121,392	123,820	126,296	128,822	131,399	134,027	136,707	139,441
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,988,484	963,066	960,213	955,173	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>9,912,095</b>	<b>9,093,985</b>	<b>9,304,344</b>	<b>9,518,596</b>	<b>8,788,972</b>	<b>9,020,964</b>	<b>9,259,588</b>	<b>9,505,039</b>	<b>9,757,521</b>	<b>10,017,240</b>	<b>10,284,410</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	652,307	656,441	660,614	664,825	669,075	673,366	677,696	682,068	686,481	690,936	695,433
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>652,307</b>	<b>656,441</b>	<b>660,614</b>	<b>664,825</b>	<b>669,075</b>	<b>673,366</b>	<b>677,696</b>	<b>682,068</b>	<b>686,481</b>	<b>690,936</b>	<b>695,433</b>
<b>TOTAL REVENUES</b>	<b>\$10,564,402</b>	<b>\$9,750,426</b>	<b>\$9,964,958</b>	<b>\$10,183,421</b>	<b>\$9,458,048</b>	<b>\$9,694,329</b>	<b>\$9,937,284</b>	<b>\$10,187,107</b>	<b>\$10,444,001</b>	<b>\$10,708,175</b>	<b>\$10,979,843</b>
<b>Operating Expenditures</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Personnel Costs	2,349,737	2,396,732	2,444,667	2,493,560	2,543,431	2,594,300	2,646,186	2,699,110	2,753,092	2,808,154	2,864,317
Administration	306,497	312,627	318,879	325,257	331,762	338,397	345,165	352,068	359,110	366,292	373,618
Customer Service and Billing Costs	93,280	95,146	97,049	98,990	100,970	102,989	105,049	107,150	109,293	111,479	113,708
Design & Facilities Services	34,512	35,203	35,907	36,625	37,357	38,104	38,867	39,644	40,437	41,245	42,070
Vehicle & Equipment Services	144,790	147,685	150,639	153,652	156,725	159,860	163,057	166,318	169,644	173,037	176,498
Increased Expenditures from New Facility	-	-	-	-	-	-	-	-	-	-	-
	2,928,817	2,987,393	3,047,141	3,108,084	3,170,245	3,233,650	3,298,323	3,364,290	3,431,576	3,500,207	3,570,211
Water Purchases from Lynchburg	2,406,429	2,478,622	2,552,981	2,629,570	2,708,457	2,789,711	2,873,402	2,959,604	3,048,392	3,139,844	3,234,040
Other Water Operations	418,252	426,617	435,149	443,852	452,729	461,784	471,019	480,440	490,049	499,849	509,846
<b>Total Water Operations</b>	<b>2,824,681</b>	<b>2,905,239</b>	<b>2,988,130</b>	<b>3,073,422</b>	<b>3,161,186</b>	<b>3,251,495</b>	<b>3,344,422</b>	<b>3,440,044</b>	<b>3,538,441</b>	<b>3,639,694</b>	<b>3,743,886</b>
Sewer Treatment Purchases from Lynchburg	294,601	303,439	312,542	321,918	331,576	341,523	351,769	362,322	373,191	384,387	395,919
Other Sewer Operations	397,232	405,177	413,280	421,546	429,977	438,576	447,348	456,295	465,421	474,729	484,224
<b>Total Sewer Operations</b>	<b>691,833</b>	<b>708,616</b>	<b>725,822</b>	<b>743,464</b>	<b>761,553</b>	<b>780,099</b>	<b>799,117</b>	<b>818,617</b>	<b>838,612</b>	<b>859,116</b>	<b>880,143</b>
Contract Operations	55,952	57,071	58,212	59,377	60,564	61,775	63,011	64,271	65,557	66,868	68,205
<b>Direct Operating Expenses</b>	<b>6,501,282</b>	<b>6,658,318</b>	<b>6,819,305</b>	<b>6,984,347</b>	<b>7,153,548</b>	<b>7,327,020</b>	<b>7,504,872</b>	<b>7,687,222</b>	<b>7,874,185</b>	<b>8,065,885</b>	<b>8,262,445</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>4,063,120</b>	<b>3,092,108</b>	<b>3,145,653</b>	<b>3,199,074</b>	<b>2,304,499</b>	<b>2,367,310</b>	<b>2,432,411</b>	<b>2,499,885</b>	<b>2,569,816</b>	<b>2,642,291</b>	<b>2,717,398</b>
Existing Authority Debt Service	1,988,484	963,066	960,213	955,173	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	635,542	635,071	635,901	635,201	-	-	-	-	-	-	-
Debt Service for Lines to City (\$8.5 million)	646,539	646,212	645,870	645,512	645,139	644,748	644,340	643,914	643,469	643,003	642,517
<b>Total Debt Service</b>	<b>3,270,565</b>	<b>2,244,348</b>	<b>2,241,983</b>	<b>2,235,886</b>	<b>645,139</b>	<b>644,748</b>	<b>644,340</b>	<b>643,914</b>	<b>643,469</b>	<b>643,003</b>	<b>642,517</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>792,555</b>	<b>847,759</b>	<b>903,670</b>	<b>963,189</b>	<b>1,659,361</b>	<b>1,722,561</b>	<b>1,788,071</b>	<b>1,855,971</b>	<b>1,926,348</b>	<b>1,999,288</b>	<b>2,074,882</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.24</b>	<b>1.38</b>	<b>1.40</b>	<b>1.43</b>	<b>3.57</b>	<b>3.67</b>	<b>3.78</b>	<b>3.88</b>	<b>3.99</b>	<b>4.11</b>	<b>4.23</b>
<b>Projected Water Sale Rate</b>	<b>\$6.71</b>	<b>\$6.85</b>	<b>\$6.99</b>	<b>\$7.13</b>	<b>\$7.27</b>	<b>\$7.41</b>	<b>\$7.56</b>	<b>\$7.71</b>	<b>\$7.87</b>	<b>\$8.02</b>	<b>\$8.18</b>
<b>Projected Sewer Sale Rate</b>	<b>\$8.70</b>	<b>\$8.88</b>	<b>\$9.06</b>	<b>\$9.24</b>	<b>\$9.42</b>	<b>\$9.61</b>	<b>\$9.80</b>	<b>\$10.00</b>	<b>\$10.20</b>	<b>\$10.40</b>	<b>\$10.61</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.63</b>	<b>\$5.70</b>	<b>\$5.78</b>	<b>\$5.85</b>	<b>\$5.09</b>	<b>\$5.18</b>	<b>\$5.26</b>	<b>\$5.35</b>	<b>\$5.44</b>	<b>\$5.53</b>	<b>\$5.62</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$6.30</b>	<b>\$6.16</b>	<b>\$6.23</b>	<b>\$6.29</b>	<b>\$5.22</b>	<b>\$5.30</b>	<b>\$5.39</b>	<b>\$5.47</b>	<b>\$5.56</b>	<b>\$5.65</b>	<b>\$5.74</b>

Bedford County Public Service Authority										
Appendix B- Pro-Forma with Continuing Water Purchases										
Revenue Sources	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Water Sales	\$8,133,369	\$8,352,573	\$8,578,133	\$8,810,238	\$9,049,083	\$9,294,869	\$9,547,802	\$9,808,096	\$10,075,971	\$10,351,652
Sewer Sales	1,955,531	2,009,780	2,065,618	2,123,094	2,182,257	2,243,158	2,305,847	2,370,379	2,436,809	2,505,193
Penalties	64,931	66,230	67,554	68,905	70,284	71,689	73,123	74,585	76,077	77,599
Facility Fees	-	-	-	-	-	-	-	-	-	-
Administrative Fees	89,126	90,908	92,726	94,581	96,473	98,402	100,370	102,377	104,425	106,513
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	168,063	171,425	174,853	178,350	181,917	185,556	189,267	193,052	196,913	200,851
Contract Operations	142,230	145,075	147,976	150,936	153,954	157,034	160,174	163,378	166,645	169,978
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>10,559,251</b>	<b>10,841,990</b>	<b>11,132,862</b>	<b>11,432,105</b>	<b>11,739,968</b>	<b>12,056,707</b>	<b>12,382,583</b>	<b>12,717,868</b>	<b>13,062,840</b>	<b>13,417,787</b>
<b>Other Non Operating Revenue Sources</b>										
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	699,975	704,560	709,190	713,865	718,586	723,353	728,168	733,031	737,943	742,904
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>699,975</b>	<b>704,560</b>	<b>709,190</b>	<b>713,865</b>	<b>718,586</b>	<b>723,353</b>	<b>728,168</b>	<b>733,031</b>	<b>737,943</b>	<b>742,904</b>
<b>TOTAL REVENUES</b>	<b>\$11,259,226</b>	<b>\$11,546,550</b>	<b>\$11,842,051</b>	<b>\$12,145,969</b>	<b>\$12,458,554</b>	<b>\$12,780,060</b>	<b>\$13,110,751</b>	<b>\$13,450,899</b>	<b>\$13,800,784</b>	<b>\$14,160,692</b>
<b>Operating Expenditures</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>
Personnel Costs	2,921,603	2,980,035	3,039,636	3,100,429	3,162,437	3,225,686	3,290,200	3,356,004	3,423,124	3,491,586
Administration	381,090	388,712	396,486	404,416	412,504	420,754	429,169	437,753	446,508	455,438
Customer Service and Billing Costs	115,982	118,302	120,668	123,082	125,543	128,054	130,615	133,227	135,892	138,610
Design & Facilities Services	42,912	43,770	44,645	45,538	46,449	47,378	48,326	49,292	50,278	51,284
Vehicle & Equipment Services	180,028	183,628	187,301	191,047	194,868	198,765	202,741	206,795	210,931	215,150
Increased Expenditures from New Facility	-	-	-	-	-	-	-	-	-	-
	3,641,615	3,714,448	3,788,737	3,864,511	3,941,802	4,020,638	4,101,050	4,183,071	4,266,733	4,352,068
Water Purchases from Lynchburg	3,331,061	3,430,993	3,533,922	3,639,940	3,749,138	3,861,612	3,977,461	4,096,785	4,219,688	4,346,279
Other Water Operations	520,043	530,444	541,053	551,874	562,912	574,170	585,653	597,366	609,314	621,500
Total Water Operations	3,851,104	3,961,437	4,074,976	4,191,814	4,312,050	4,435,782	4,563,114	4,694,151	4,829,002	4,967,779
Sewer Treatment Purchases from Lynchburg	407,796	420,030	432,631	445,610	458,978	472,748	486,930	501,538	516,584	532,082
Other Sewer Operations	493,908	503,787	513,862	524,140	534,622	545,315	556,221	567,345	578,692	590,266
Total Sewer Operations	901,705	923,817	946,493	969,749	993,601	1,018,062	1,043,151	1,068,883	1,095,276	1,122,348
Contract Operations	69,569	70,960	72,380	73,827	75,304	76,810	78,346	79,913	81,511	83,141
<b>Direct Operating Expenses</b>	<b>8,463,993</b>	<b>8,670,662</b>	<b>8,882,585</b>	<b>9,099,902</b>	<b>9,322,756</b>	<b>9,551,292</b>	<b>9,785,662</b>	<b>10,026,019</b>	<b>10,272,522</b>	<b>10,525,336</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>2,795,232</b>	<b>2,875,889</b>	<b>2,959,466</b>	<b>3,046,067</b>	<b>3,135,798</b>	<b>3,228,768</b>	<b>3,325,090</b>	<b>3,424,881</b>	<b>3,528,261</b>	<b>3,635,356</b>
Existing Authority Debt Service	-	-	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-
Debt Service for Lines to City (\$8.5 million)	642,008	641,477	640,922	640,342	639,736	(0)	-	-	-	-
<b>Total Debt Service</b>	<b>642,008</b>	<b>641,477</b>	<b>640,922</b>	<b>640,342</b>	<b>639,736</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>2,153,224</b>	<b>2,234,411</b>	<b>2,318,544</b>	<b>2,405,725</b>	<b>2,496,062</b>	<b>3,228,768</b>	<b>3,325,090</b>	<b>3,424,881</b>	<b>3,528,261</b>	<b>3,635,356</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>4.35</b>	<b>4.48</b>	<b>4.62</b>	<b>4.76</b>	<b>4.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Projected Water Sale Rate</b>	<b>\$8.35</b>	<b>\$8.52</b>	<b>\$8.69</b>	<b>\$8.86</b>	<b>\$9.04</b>	<b>\$9.22</b>	<b>\$9.40</b>	<b>\$9.59</b>	<b>\$9.78</b>	<b>\$9.98</b>
<b>Projected Sewer Sale Rate</b>	<b>\$10.82</b>	<b>\$11.04</b>	<b>\$11.26</b>	<b>\$11.48</b>	<b>\$11.71</b>	<b>\$11.95</b>	<b>\$12.19</b>	<b>\$12.43</b>	<b>\$12.68</b>	<b>\$12.93</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.71</b>	<b>\$5.81</b>	<b>\$5.91</b>	<b>\$6.00</b>	<b>\$6.10</b>	<b>\$5.46</b>	<b>\$5.57</b>	<b>\$5.68</b>	<b>\$5.80</b>	<b>\$5.91</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.83</b>	<b>\$5.93</b>	<b>\$6.02</b>	<b>\$6.12</b>	<b>\$6.22</b>	<b>\$5.46</b>	<b>\$5.57</b>	<b>\$5.68</b>	<b>\$5.80</b>	<b>\$5.91</b>

Bedford County Public Service Authority										
Appendix B- Pro-Forma with Continuing Water Purchases										
Revenue Sources	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Water Sales	\$10,635,373	\$10,927,373	\$11,227,900	\$11,537,207	\$11,855,558	\$12,183,223	\$12,520,479	\$12,867,614	\$13,224,922	\$13,592,708
Sewer Sales	2,575,591	2,648,062	2,722,668	2,799,474	2,878,546	2,959,950	3,043,758	3,130,041	3,218,873	3,310,331
Penalties	79,151	80,734	82,348	83,995	85,675	87,389	89,137	90,919	92,738	94,592
Facility Fees	-	-	-	-	-	-	-	-	-	-
Administrative Fees	108,644	110,817	113,033	115,294	117,600	119,951	122,351	124,798	127,293	129,839
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	204,868	208,966	213,145	217,408	221,756	226,191	230,715	235,329	240,036	244,837
Contract Operations	173,378	176,845	180,382	183,990	187,670	191,423	195,251	199,157	203,140	207,202
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>13,783,004</b>	<b>14,158,796</b>	<b>14,545,477</b>	<b>14,943,369</b>	<b>15,352,805</b>	<b>15,774,128</b>	<b>16,207,691</b>	<b>16,653,857</b>	<b>17,113,002</b>	<b>17,585,510</b>
<b>Other Non Operating Revenue Sources</b>										
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	747,916	752,978	758,093	763,260	768,480	773,754	779,084	784,469	789,911	795,411
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>747,916</b>	<b>752,978</b>	<b>758,093</b>	<b>763,260</b>	<b>768,480</b>	<b>773,754</b>	<b>779,084</b>	<b>784,469</b>	<b>789,911</b>	<b>795,411</b>
<b>TOTAL REVENUES</b>	<b>\$14,530,920</b>	<b>\$14,911,775</b>	<b>\$15,303,569</b>	<b>\$15,706,628</b>	<b>\$16,121,284</b>	<b>\$16,547,882</b>	<b>\$16,986,774</b>	<b>\$17,438,326</b>	<b>\$17,902,913</b>	<b>\$18,380,921</b>
<b>Operating Expenditures</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>
Personnel Costs	3,561,418	3,632,646	3,705,299	3,779,405	3,854,993	3,932,093	4,010,735	4,090,950	4,172,769	4,256,224
Administration	464,547	473,838	483,314	492,981	502,840	512,897	523,155	533,618	544,291	555,176
Customer Service and Billing Costs	141,382	144,210	147,094	150,036	153,036	156,097	159,219	162,403	165,652	168,965
Design & Facilities Services	52,309	53,355	54,422	55,511	56,621	57,754	58,909	60,087	61,289	62,514
Vehicle & Equipment Services	219,453	223,842	228,319	232,885	237,543	242,294	247,140	252,082	257,124	262,266
Increased Expenditures from New Facility	-	-	-	-	-	-	-	-	-	-
	4,439,109	4,527,891	4,618,449	4,710,818	4,805,034	4,901,135	4,999,158	5,099,141	5,201,124	5,305,146
Water Purchases from Lynchburg	4,476,667	4,610,967	4,749,296	4,891,775	5,038,528	5,189,684	5,345,375	5,505,736	5,670,908	5,841,035
Other Water Operations	633,930	646,609	659,541	672,732	686,186	699,910	713,908	728,186	742,750	757,605
Total Water Operations	5,110,597	5,257,576	5,408,837	5,564,507	5,724,714	5,889,594	6,059,283	6,233,922	6,413,658	6,598,640
Sewer Treatment Purchases from Lynchburg	548,044	564,485	581,420	598,863	616,828	635,333	654,393	674,025	694,246	715,073
Other Sewer Operations	602,072	614,113	626,395	638,923	651,702	664,736	678,030	691,591	705,423	719,531
Total Sewer Operations	1,150,116	1,178,598	1,207,815	1,237,786	1,268,530	1,300,069	1,332,424	1,365,616	1,399,669	1,434,604
Contract Operations	84,804	86,500	88,230	89,995	91,795	93,631	95,503	97,414	99,362	101,349
<b>Direct Operating Expenses</b>	<b>10,784,626</b>	<b>11,050,565</b>	<b>11,323,331</b>	<b>11,603,105</b>	<b>11,890,074</b>	<b>12,184,429</b>	<b>12,486,367</b>	<b>12,796,092</b>	<b>13,113,812</b>	<b>13,439,740</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>3,746,295</b>	<b>3,861,209</b>	<b>3,980,238</b>	<b>4,103,523</b>	<b>4,231,211</b>	<b>4,363,453</b>	<b>4,500,407</b>	<b>4,642,234</b>	<b>4,789,101</b>	<b>4,941,181</b>
Existing Authority Debt Service	-	-	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-
Debt Service for Lines to City (\$8.5 million)	-	-	-	-	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>3,746,295</b>	<b>3,861,209</b>	<b>3,980,238</b>	<b>4,103,523</b>	<b>4,231,211</b>	<b>4,363,453</b>	<b>4,500,407</b>	<b>4,642,234</b>	<b>4,789,101</b>	<b>4,941,181</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Projected Water Sale Rate</b>	<b>\$10.18</b>	<b>\$10.38</b>	<b>\$10.59</b>	<b>\$10.80</b>	<b>\$11.02</b>	<b>\$11.24</b>	<b>\$11.46</b>	<b>\$11.69</b>	<b>\$11.92</b>	<b>\$12.16</b>
<b>Projected Sewer Sale Rate</b>	<b>\$13.19</b>	<b>\$13.46</b>	<b>\$13.72</b>	<b>\$14.00</b>	<b>\$14.28</b>	<b>\$14.56</b>	<b>\$14.86</b>	<b>\$15.15</b>	<b>\$15.46</b>	<b>\$15.77</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$6.03</b>	<b>\$6.15</b>	<b>\$6.27</b>	<b>\$6.39</b>	<b>\$6.51</b>	<b>\$6.64</b>	<b>\$6.77</b>	<b>\$6.90</b>	<b>\$7.03</b>	<b>\$7.16</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$6.03</b>	<b>\$6.15</b>	<b>\$6.27</b>	<b>\$6.39</b>	<b>\$6.51</b>	<b>\$6.64</b>	<b>\$6.77</b>	<b>\$6.90</b>	<b>\$7.03</b>	<b>\$7.16</b>

Bedford County Public Service Authority							
Appendix B- Pro-Forma with Continuing Water Purchases							
Revenue Sources	2054	2055	2056	2057	2058	2059	2060
Water Sales	\$13,971,285	\$14,360,976	\$14,762,113	\$15,175,039	\$15,600,106	\$16,037,679	\$16,488,130
Sewer Sales	3,404,493	3,501,442	3,601,259	3,704,031	3,809,848	3,918,799	4,030,980
Penalties	96,484	98,414	100,382	102,390	104,438	106,526	108,657
Facility Fees	-	-	-	-	-	-	-
Administrative Fees	132,436	135,085	137,787	140,542	143,353	146,220	149,145
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	249,733	254,728	259,823	265,019	270,320	275,726	281,240
Contract Operations	211,346	215,573	219,885	224,283	228,768	233,344	238,010
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>18,071,779</b>	<b>18,572,218</b>	<b>19,087,249</b>	<b>19,617,304</b>	<b>20,162,833</b>	<b>20,724,294</b>	<b>21,302,163</b>
<b>Other Non Operating Revenue Sources</b>							
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	800,969	806,586	812,264	818,003	823,805	829,669	835,598
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>800,969</b>	<b>806,586</b>	<b>812,264</b>	<b>818,003</b>	<b>823,805</b>	<b>829,669</b>	<b>835,598</b>
<b>TOTAL REVENUES</b>	<b>\$18,872,748</b>	<b>\$19,378,804</b>	<b>\$19,899,512</b>	<b>\$20,435,308</b>	<b>\$20,986,637</b>	<b>\$21,553,963</b>	<b>\$22,137,761</b>
<b>Operating Expenditures</b>	<b>2054</b>	<b>2055</b>	<b>2056</b>	<b>2057</b>	<b>2058</b>	<b>2059</b>	<b>2060</b>
Personnel Costs	4,341,349	4,428,176	4,516,739	4,607,074	4,699,215	4,793,200	4,889,064
Administration	566,280	577,606	589,158	600,941	612,960	625,219	637,723
Customer Service and Billing Costs	172,344	175,791	179,307	182,893	186,551	190,282	194,087
Design & Facilities Services	63,765	65,040	66,341	67,668	69,021	70,401	71,809
Vehicle & Equipment Services	267,512	272,862	278,319	283,886	289,563	295,355	301,262
Increased Expenditures from New Facility	-	-	-	-	-	-	-
	5,411,249	5,519,474	5,629,863	5,742,461	5,857,310	5,974,456	6,093,945
Water Purchases from Lynchburg	6,016,266	6,196,754	6,382,657	6,574,137	6,771,361	6,974,501	7,183,737
Other Water Operations	772,757	788,212	803,977	820,056	836,457	853,186	870,250
<b>Total Water Operations</b>	<b>6,789,023</b>	<b>6,984,967</b>	<b>7,186,633</b>	<b>7,394,193</b>	<b>7,607,818</b>	<b>7,827,688</b>	<b>8,053,987</b>
Sewer Treatment Purchases from Lynchburg	736,525	758,621	781,380	804,821	828,966	853,835	879,450
Other Sewer Operations	733,922	748,600	763,572	778,844	794,421	810,309	826,515
<b>Total Sewer Operations</b>	<b>1,470,447</b>	<b>1,507,221</b>	<b>1,544,952</b>	<b>1,583,665</b>	<b>1,623,386</b>	<b>1,664,144</b>	<b>1,705,965</b>
Contract Operations	103,376	105,444	107,552	109,703	111,898	114,135	116,418
<b>Direct Operating Expenses</b>	<b>13,774,096</b>	<b>14,117,105</b>	<b>14,469,001</b>	<b>14,830,022</b>	<b>15,200,412</b>	<b>15,580,423</b>	<b>15,970,315</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>5,098,652</b>	<b>5,261,699</b>	<b>5,430,511</b>	<b>5,605,286</b>	<b>5,786,226</b>	<b>5,973,540</b>	<b>6,167,446</b>
Existing Authority Debt Service	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-
Debt Service for Lines to City (\$8.5 million)	-	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>5,098,652</b>	<b>5,261,699</b>	<b>5,430,511</b>	<b>5,605,286</b>	<b>5,786,226</b>	<b>5,973,540</b>	<b>6,167,446</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Projected Water Sale Rate</b>	<b>\$12.41</b>	<b>\$12.65</b>	<b>\$12.91</b>	<b>\$13.16</b>	<b>\$13.43</b>	<b>\$13.70</b>	<b>\$13.97</b>
<b>Projected Sewer Sale Rate</b>	<b>\$16.08</b>	<b>\$16.40</b>	<b>\$16.73</b>	<b>\$17.06</b>	<b>\$17.41</b>	<b>\$17.75</b>	<b>\$18.11</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$7.29</b>	<b>\$7.43</b>	<b>\$7.57</b>	<b>\$7.71</b>	<b>\$7.85</b>	<b>\$8.00</b>	<b>\$8.15</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$7.29</b>	<b>\$7.43</b>	<b>\$7.57</b>	<b>\$7.71</b>	<b>\$7.85</b>	<b>\$8.00</b>	<b>\$8.15</b>

**Appendix C**  
**Case II - Pro-Forma Financial Model with New Facility Built in One Phase**

Bedford County Public Service Authority											
Appendix C- Pro-Forma with New Facility in One Phase											
Revenue Sources	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Sales	\$4,597,798	\$4,715,423	\$4,836,387	\$4,960,791	\$5,088,735	\$5,220,324	\$5,355,666	\$5,494,873	\$5,638,058	\$5,785,339	\$5,936,839
Sewer Sales	1,083,770	1,112,637	1,142,337	1,172,894	1,204,335	1,236,686	1,269,973	1,304,226	1,339,471	1,375,740	1,413,062
Penalties	42,000	42,840	43,697	44,571	45,462	46,371	47,299	48,245	49,210	50,194	51,198
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	57,650	58,803	59,979	61,179	62,402	63,650	64,923	66,222	67,546	68,897	70,275
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	108,710	110,884	113,102	115,364	117,671	120,025	122,425	124,874	127,371	129,919	132,517
Contract Operations	92,000	93,840	95,717	97,631	99,584	101,575	103,607	105,679	107,793	109,949	112,147
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,996,485	2,000,000	2,000,000	2,000,000	1,993,831	1,995,615	1,992,132	1,989,944	1,990,298	1,990,595	1,985,931
<b>Revenue from Operations</b>	<b>7,984,413</b>	<b>8,140,427</b>	<b>8,297,219</b>	<b>8,458,429</b>	<b>8,618,020</b>	<b>8,790,247</b>	<b>8,962,026</b>	<b>9,140,061</b>	<b>9,325,747</b>	<b>9,516,632</b>	<b>9,707,969</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	616,729	620,543	624,390	628,272	632,189	636,140	640,127	644,150	648,210
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>616,729</b>	<b>620,543</b>	<b>624,390</b>	<b>628,272</b>	<b>632,189</b>	<b>636,140</b>	<b>640,127</b>	<b>644,150</b>	<b>648,210</b>
<b>TOTAL REVENUES</b>	<b>\$7,984,413</b>	<b>\$8,140,427</b>	<b>\$8,913,947</b>	<b>\$9,078,972</b>	<b>\$9,242,410</b>	<b>\$9,418,519</b>	<b>\$9,594,214</b>	<b>\$9,776,201</b>	<b>\$9,965,874</b>	<b>\$10,160,783</b>	<b>\$10,356,179</b>
<b>Operating Expenditures</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Personnel Costs	1,889,807	1,927,603	1,966,155	2,005,478	2,045,588	2,086,500	2,128,230	2,170,794	2,214,210	2,258,494	2,303,664
Administration	246,504	251,434	256,463	261,592	266,824	272,160	277,604	283,156	288,819	294,595	300,487
Customer Service and Billing Costs	75,022	76,522	78,053	79,614	81,206	82,830	84,487	86,177	87,900	89,658	91,451
Design & Facilities Services	27,757	28,312	28,878	29,456	30,045	30,646	31,259	31,884	32,522	33,172	33,836
Vehicle & Equipment Services	116,449	118,778	121,154	123,577	126,048	128,569	131,140	133,763	136,439	139,167	141,951
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>636,100</b>	<b>648,822</b>	<b>661,798</b>	<b>675,034</b>	<b>688,535</b>	<b>702,306</b>	<b>716,352</b>
	2,355,539	2,402,650	2,450,703	2,499,717	3,185,811	3,249,527	3,314,518	3,380,808	3,448,424	3,517,393	3,587,741
Water Purchases from Lynchburg <sup>2</sup>	1,738,456	1,790,609	1,844,328	1,899,657	115,027	118,478	122,032	125,693	129,464	133,348	137,348
Other Water Operations	336,384	343,112	349,974	356,974	364,113	371,396	378,823	386,400	394,128	402,010	410,051
Total Water Operations	2,074,840	2,133,721	2,194,302	2,256,631	479,140	489,873	500,856	512,093	523,592	535,358	547,399
Sewer Treatment Purchases from Lynchburg	212,826	219,211	225,787	232,560	239,537	246,723	254,125	261,749	269,601	277,689	286,020
Other Sewer Operations	319,479	325,869	332,386	339,034	345,815	352,731	359,785	366,981	374,321	381,807	389,443
Total Sewer Operations	532,305	545,079	558,173	571,594	585,352	599,454	613,911	628,730	643,922	659,497	675,463
Contract Operations	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779	54,855
<b>Direct Operating Expenses</b>	<b>5,007,684</b>	<b>5,127,350</b>	<b>5,249,996</b>	<b>5,375,697</b>	<b>4,299,013</b>	<b>4,388,539</b>	<b>4,479,961</b>	<b>4,573,322</b>	<b>4,668,663</b>	<b>4,766,027</b>	<b>4,865,458</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>2,976,729</b>	<b>3,013,076</b>	<b>3,663,952</b>	<b>3,703,276</b>	<b>4,943,398</b>	<b>5,029,980</b>	<b>5,114,253</b>	<b>5,202,879</b>	<b>5,297,211</b>	<b>5,394,756</b>	<b>5,490,721</b>
Existing Authority Debt Service	2,757,127	2,664,415	2,636,183	2,632,824	2,171,926	2,171,368	2,150,787	2,092,818	2,065,775	2,000,116	1,985,931
Existing City Debt Service after FY 2014 Reversion	-	-	1,018,373	1,022,134	1,018,728	1,014,225	828,647	826,288	634,941	635,155	635,280
Debt Service for New Facility	-	-	-	-	2,586,861	2,585,902	2,584,899	2,583,851	2,582,756	2,581,612	2,580,416
<b>Total Debt Service</b>	<b>2,757,127</b>	<b>2,664,415</b>	<b>3,654,556</b>	<b>3,654,958</b>	<b>5,777,515</b>	<b>5,771,495</b>	<b>5,564,333</b>	<b>5,502,957</b>	<b>5,283,472</b>	<b>5,216,883</b>	<b>5,201,627</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>219,602</b>	<b>348,661</b>	<b>9,396</b>	<b>48,317</b>	<b>(834,117)</b>	<b>(741,515)</b>	<b>(450,080)</b>	<b>(300,078)</b>	<b>13,739</b>	<b>177,873</b>	<b>289,095</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.08</b>	<b>1.13</b>	<b>1.00</b>	<b>1.01</b>	<b>0.86</b>	<b>0.87</b>	<b>0.92</b>	<b>0.95</b>	<b>1.00</b>	<b>1.03</b>	<b>1.06</b>
<b>Projected Water Sale Rate</b>	<b>\$5.40</b>	<b>\$5.51</b>	<b>\$5.62</b>	<b>\$5.73</b>	<b>\$5.85</b>	<b>\$5.96</b>	<b>\$6.08</b>	<b>\$6.20</b>	<b>\$6.33</b>	<b>\$6.45</b>	<b>\$6.58</b>
<b>Projected Sewer Sale Rate</b>	<b>\$7.00</b>	<b>\$7.14</b>	<b>\$7.28</b>	<b>\$7.43</b>	<b>\$7.58</b>	<b>\$7.73</b>	<b>\$7.88</b>	<b>\$8.04</b>	<b>\$8.20</b>	<b>\$8.37</b>	<b>\$8.53</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.07</b>	<b>\$4.98</b>	<b>\$5.60</b>	<b>\$5.66</b>	<b>\$7.07</b>	<b>\$7.04</b>	<b>\$6.73</b>	<b>\$6.63</b>	<b>\$6.31</b>	<b>\$6.21</b>	<b>\$6.18</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.70</b>	<b>\$5.58</b>	<b>\$6.42</b>	<b>\$6.47</b>	<b>\$8.33</b>	<b>\$8.29</b>	<b>\$7.92</b>	<b>\$7.80</b>	<b>\$7.42</b>	<b>\$7.30</b>	<b>\$7.26</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and \$439,700 for Constructing the 5.0 MGD WTP from Page 20 Table 6 of the PER.

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 gallons per day purchased thereafter.

Bedford County Public Service Authority											
Appendix C- Pro-Forma with New Facility in One Phase											
Revenue Sources	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water Sales	\$6,092,682	\$6,252,997	\$6,417,916	\$6,587,577	\$6,762,120	\$6,941,690	\$7,126,437	\$7,316,514	\$7,512,080	\$7,713,299	\$7,920,337
Sewer Sales	1,451,469	1,490,993	1,531,668	1,573,527	1,616,607	1,660,943	1,706,574	1,753,537	1,801,873	1,851,622	1,902,827
Penalties	52,222	53,266	54,331	55,418	56,526	57,657	58,810	59,986	61,186	62,410	63,658
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	71,681	73,114	74,576	76,068	77,589	79,141	80,724	82,338	83,985	85,665	87,378
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	135,167	137,871	140,628	143,441	146,309	149,236	152,220	155,265	158,370	161,537	164,768
Contract Operations	114,390	116,678	119,012	121,392	123,820	126,296	128,822	131,399	134,027	136,707	139,441
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,988,484	963,066	960,213	955,173	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>9,912,095</b>	<b>9,093,985</b>	<b>9,304,344</b>	<b>9,518,596</b>	<b>8,788,972</b>	<b>9,020,964</b>	<b>9,259,588</b>	<b>9,505,039</b>	<b>9,757,521</b>	<b>10,017,240</b>	<b>10,284,410</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	652,307	656,441	660,614	664,825	669,075	673,366	677,696	682,068	686,481	690,936	695,433
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>652,307</b>	<b>656,441</b>	<b>660,614</b>	<b>664,825</b>	<b>669,075</b>	<b>673,366</b>	<b>677,696</b>	<b>682,068</b>	<b>686,481</b>	<b>690,936</b>	<b>695,433</b>
<b>TOTAL REVENUES</b>	<b>\$10,564,402</b>	<b>\$9,750,426</b>	<b>\$9,964,958</b>	<b>\$10,183,421</b>	<b>\$9,458,048</b>	<b>\$9,694,329</b>	<b>\$9,937,284</b>	<b>\$10,187,107</b>	<b>\$10,444,001</b>	<b>\$10,708,175</b>	<b>\$10,979,843</b>
<b>Operating Expenditures</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Personnel Costs	2,349,737	2,396,732	2,444,667	2,493,560	2,543,431	2,594,300	2,646,186	2,699,110	2,753,092	2,808,154	2,864,317
Administration	306,497	312,627	318,879	325,257	331,762	338,397	345,165	352,068	359,110	366,292	373,618
Customer Service and Billing Costs	93,280	95,146	97,049	98,990	100,970	102,989	105,049	107,150	109,293	111,479	113,708
Design & Facilities Services	34,512	35,203	35,907	36,625	37,357	38,104	38,867	39,644	40,437	41,245	42,070
Vehicle & Equipment Services	144,790	147,685	150,639	153,652	156,725	159,860	163,057	166,318	169,644	173,037	176,498
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>730,679</b>	<b>745,293</b>	<b>760,198</b>	<b>775,402</b>	<b>790,910</b>	<b>806,729</b>	<b>822,863</b>	<b>839,320</b>	<b>856,107</b>	<b>873,229</b>	<b>890,694</b>
	3,659,496	3,732,686	3,807,339	3,883,486	3,961,156	4,040,379	4,121,186	4,203,610	4,287,682	4,373,436	4,460,905
Water Purchases from Lynchburg <sup>2</sup>	141,469	145,713	150,084	154,587	159,224	164,001	168,921	173,989	179,208	184,585	190,122
Other Water Operations	418,252	426,617	435,149	443,852	452,729	461,784	471,019	480,440	490,049	499,849	509,846
Total Water Operations	559,720	572,329	585,233	598,439	611,953	625,785	639,940	654,428	669,257	684,434	699,969
Sewer Treatment Purchases from Lynchburg	294,601	303,439	312,542	321,918	331,576	341,523	351,769	362,322	373,191	384,387	395,919
Other Sewer Operations	397,232	405,177	413,280	421,546	429,977	438,576	447,348	456,295	465,421	474,729	484,224
Total Sewer Operations	691,833	708,616	725,822	743,464	761,553	780,099	799,117	818,617	838,612	859,116	880,143
Contract Operations	55,952	57,071	58,212	59,377	60,564	61,775	63,011	64,271	65,557	66,868	68,205
<b>Direct Operating Expenses</b>	<b>4,967,001</b>	<b>5,070,701</b>	<b>5,176,607</b>	<b>5,284,765</b>	<b>5,395,226</b>	<b>5,508,038</b>	<b>5,623,254</b>	<b>5,740,926</b>	<b>5,861,108</b>	<b>5,983,854</b>	<b>6,109,221</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>5,597,401</b>	<b>4,679,725</b>	<b>4,788,351</b>	<b>4,898,655</b>	<b>4,062,822</b>	<b>4,186,291</b>	<b>4,314,029</b>	<b>4,446,181</b>	<b>4,582,894</b>	<b>4,724,321</b>	<b>4,870,622</b>
Existing Authority Debt Service	1,988,484	963,066	960,213	955,173	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	635,542	635,071	635,901	635,201	-	-	-	-	-	-	-
Debt Service for New Facility	2,579,166	2,577,861	2,576,496	2,575,070	2,573,580	2,572,023	2,570,396	2,568,695	2,566,918	2,565,061	2,563,121
<b>Total Debt Service</b>	<b>5,203,193</b>	<b>4,175,997</b>	<b>4,172,610</b>	<b>4,165,444</b>	<b>2,573,580</b>	<b>2,572,023</b>	<b>2,570,396</b>	<b>2,568,695</b>	<b>2,566,918</b>	<b>2,565,061</b>	<b>2,563,121</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>394,209</b>	<b>503,727</b>	<b>615,742</b>	<b>733,212</b>	<b>1,489,242</b>	<b>1,614,268</b>	<b>1,743,634</b>	<b>1,877,486</b>	<b>2,015,975</b>	<b>2,159,260</b>	<b>2,307,502</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.08</b>	<b>1.12</b>	<b>1.15</b>	<b>1.18</b>	<b>1.58</b>	<b>1.63</b>	<b>1.68</b>	<b>1.73</b>	<b>1.79</b>	<b>1.84</b>	<b>1.90</b>
<b>Projected Water Sale Rate</b>	<b>\$6.71</b>	<b>\$6.85</b>	<b>\$6.99</b>	<b>\$7.13</b>	<b>\$7.27</b>	<b>\$7.41</b>	<b>\$7.56</b>	<b>\$7.71</b>	<b>\$7.87</b>	<b>\$8.02</b>	<b>\$8.18</b>
<b>Projected Sewer Sale Rate</b>	<b>\$8.70</b>	<b>\$8.88</b>	<b>\$9.06</b>	<b>\$9.24</b>	<b>\$9.42</b>	<b>\$9.61</b>	<b>\$9.80</b>	<b>\$10.00</b>	<b>\$10.20</b>	<b>\$10.40</b>	<b>\$10.61</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$6.18</b>	<b>\$6.17</b>	<b>\$6.16</b>	<b>\$6.15</b>	<b>\$5.31</b>	<b>\$5.32</b>	<b>\$5.32</b>	<b>\$5.32</b>	<b>\$5.33</b>	<b>\$5.33</b>	<b>\$5.33</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$7.24</b>	<b>\$7.01</b>	<b>\$7.00</b>	<b>\$6.98</b>	<b>\$5.82</b>	<b>\$5.82</b>	<b>\$5.82</b>	<b>\$5.81</b>	<b>\$5.81</b>	<b>\$5.81</b>	<b>\$5.81</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD at

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000

Bedford County Public Service Authority											
Appendix C- Pro-Forma with New Facility in One Phase											
Revenue Sources	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Water Sales	\$8,133,369	\$8,352,573	\$8,578,133	\$8,810,238	\$9,049,083	\$9,294,869	\$9,547,802	\$9,808,096	\$10,075,971	\$10,351,652	\$10,635,373
Sewer Sales	1,955,531	2,009,780	2,065,618	2,123,094	2,182,257	2,243,158	2,305,847	2,370,379	2,436,809	2,505,193	2,575,591
Penalties	64,931	66,230	67,554	68,905	70,284	71,689	73,123	74,585	76,077	77,599	79,151
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	89,126	90,908	92,726	94,581	96,473	98,402	100,370	102,377	104,425	106,513	108,644
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	168,063	171,425	174,853	178,350	181,917	185,556	189,267	193,052	196,913	200,851	204,868
Contract Operations	142,230	145,075	147,976	150,936	153,954	157,034	160,174	163,378	166,645	169,978	173,378
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>10,559,251</b>	<b>10,841,990</b>	<b>11,132,862</b>	<b>11,432,105</b>	<b>11,739,968</b>	<b>12,056,707</b>	<b>12,382,583</b>	<b>12,717,868</b>	<b>13,062,840</b>	<b>13,417,787</b>	<b>13,783,004</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	699,975	704,560	709,190	713,865	718,586	723,353	728,168	733,031	737,943	742,904	747,916
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>699,975</b>	<b>704,560</b>	<b>709,190</b>	<b>713,865</b>	<b>718,586</b>	<b>723,353</b>	<b>728,168</b>	<b>733,031</b>	<b>737,943</b>	<b>742,904</b>	<b>747,916</b>
<b>TOTAL REVENUES</b>	<b>\$11,259,226</b>	<b>\$11,546,550</b>	<b>\$11,842,051</b>	<b>\$12,145,969</b>	<b>\$12,458,554</b>	<b>\$12,780,060</b>	<b>\$13,110,751</b>	<b>\$13,450,899</b>	<b>\$13,800,784</b>	<b>\$14,160,692</b>	<b>\$14,530,920</b>
<b>Operating Expenditures</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>
Personnel Costs	2,921,603	2,980,035	3,039,636	3,100,429	3,162,437	3,225,686	3,290,200	3,356,004	3,423,124	3,491,586	3,561,418
Administration	381,090	388,712	396,486	404,416	412,504	420,754	429,169	437,753	446,508	455,438	464,547
Customer Service and Billing Costs	115,982	118,302	120,668	123,082	125,543	128,054	130,615	133,227	135,892	138,610	141,382
Design & Facilities Services	42,912	43,770	44,645	45,538	46,449	47,378	48,326	49,292	50,278	51,284	52,309
Vehicle & Equipment Services	180,028	183,628	187,301	191,047	194,868	198,765	202,741	206,795	210,931	215,150	219,453
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>908,507</b>	<b>926,678</b>	<b>945,211</b>	<b>964,115</b>	<b>983,398</b>	<b>1,003,066</b>	<b>1,023,127</b>	<b>1,043,589</b>	<b>1,064,461</b>	<b>1,085,750</b>	<b>1,107,465</b>
	4,550,123	4,641,125	4,733,948	4,828,627	4,925,199	5,023,703	5,124,177	5,226,661	5,331,194	5,437,818	5,546,574
Water Purchases from Lynchburg <sup>2</sup>	195,826	201,701	207,752	213,984	220,404	227,016	233,826	240,841	248,066	255,508	263,173
Other Water Operations	520,043	530,444	541,053	551,874	562,912	574,170	585,653	597,366	609,314	621,500	633,930
Total Water Operations	715,869	732,145	748,805	765,858	783,315	801,186	819,480	838,207	857,380	877,008	897,103
Sewer Treatment Purchases from Lynchburg	407,796	420,030	432,631	445,610	458,978	472,748	486,930	501,538	516,584	532,082	548,044
Other Sewer Operations	493,908	503,787	513,862	524,140	534,622	545,315	556,221	567,345	578,692	590,266	602,072
Total Sewer Operations	901,705	923,817	946,493	969,749	993,601	1,018,062	1,043,151	1,068,883	1,095,276	1,122,348	1,150,116
Contract Operations	69,569	70,960	72,380	73,827	75,304	76,810	78,346	79,913	81,511	83,141	84,804
<b>Direct Operating Expenses</b>	<b>6,237,266</b>	<b>6,368,047</b>	<b>6,501,625</b>	<b>6,638,062</b>	<b>6,777,419</b>	<b>6,919,761</b>	<b>7,065,154</b>	<b>7,213,665</b>	<b>7,365,362</b>	<b>7,520,316</b>	<b>7,678,598</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>5,021,960</b>	<b>5,178,503</b>	<b>5,340,426</b>	<b>5,507,908</b>	<b>5,681,135</b>	<b>5,860,299</b>	<b>6,045,597</b>	<b>6,237,235</b>	<b>6,435,422</b>	<b>6,640,376</b>	<b>6,852,323</b>
Existing Authority Debt Service	-	-	-	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-	-
Debt Service for New Facility	2,561,093	2,558,974	2,556,759	2,554,445	2,552,027	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>2,561,093</b>	<b>2,558,974</b>	<b>2,556,759</b>	<b>2,554,445</b>	<b>2,552,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>2,460,867</b>	<b>2,619,529</b>	<b>2,783,666</b>	<b>2,953,462</b>	<b>3,129,108</b>	<b>5,860,299</b>	<b>6,045,597</b>	<b>6,237,235</b>	<b>6,435,422</b>	<b>6,640,376</b>	<b>6,852,323</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.96</b>	<b>2.02</b>	<b>2.09</b>	<b>2.16</b>	<b>2.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Projected Water Sale Rate</b>	<b>\$8.35</b>	<b>\$8.52</b>	<b>\$8.69</b>	<b>\$8.86</b>	<b>\$9.04</b>	<b>\$9.22</b>	<b>\$9.40</b>	<b>\$9.59</b>	<b>\$9.78</b>	<b>\$9.98</b>	<b>\$10.18</b>
<b>Projected Sewer Sale Rate</b>	<b>\$10.82</b>	<b>\$11.04</b>	<b>\$11.26</b>	<b>\$11.48</b>	<b>\$11.71</b>	<b>\$11.95</b>	<b>\$12.19</b>	<b>\$12.43</b>	<b>\$12.68</b>	<b>\$12.93</b>	<b>\$13.19</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.34</b>	<b>\$5.34</b>	<b>\$5.35</b>	<b>\$5.35</b>	<b>\$5.36</b>	<b>\$2.40</b>	<b>\$2.44</b>	<b>\$2.47</b>	<b>\$2.51</b>	<b>\$2.55</b>	<b>\$2.59</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.81</b>	<b>\$5.81</b>	<b>\$5.81</b>	<b>\$5.81</b>	<b>\$5.81</b>	<b>\$2.40</b>	<b>\$2.44</b>	<b>\$2.47</b>	<b>\$2.51</b>	<b>\$2.55</b>	<b>\$2.59</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD at

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000

Bedford County Public Service Authority										
Appendix C- Pro-Forma with New Facility in One Phase										
Revenue Sources	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Water Sales	\$10,927,373	\$11,227,900	\$11,537,207	\$11,855,558	\$12,183,223	\$12,520,479	\$12,867,614	\$13,224,922	\$13,592,708	\$13,971,285
Sewer Sales	2,648,062	2,722,668	2,799,474	2,878,546	2,959,950	3,043,758	3,130,041	3,218,873	3,310,331	3,404,493
Penalties	80,734	82,348	83,995	85,675	87,389	89,137	90,919	92,738	94,592	96,484
Facility Fees	-	-	-	-	-	-	-	-	-	-
Administrative Fees	110,817	113,033	115,294	117,600	119,951	122,351	124,798	127,293	129,839	132,436
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	208,966	213,145	217,408	221,756	226,191	230,715	235,329	240,036	244,837	249,733
Contract Operations	176,845	180,382	183,990	187,670	191,423	195,251	199,157	203,140	207,202	211,346
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>14,158,796</b>	<b>14,545,477</b>	<b>14,943,369</b>	<b>15,352,805</b>	<b>15,774,128</b>	<b>16,207,691</b>	<b>16,653,857</b>	<b>17,113,002</b>	<b>17,585,510</b>	<b>18,071,779</b>
<b>Other Non Operating Revenue Sources</b>										
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	752,978	758,093	763,260	768,480	773,754	779,084	784,469	789,911	795,411	800,969
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>752,978</b>	<b>758,093</b>	<b>763,260</b>	<b>768,480</b>	<b>773,754</b>	<b>779,084</b>	<b>784,469</b>	<b>789,911</b>	<b>795,411</b>	<b>800,969</b>
<b>TOTAL REVENUES</b>	<b>\$14,911,775</b>	<b>\$15,303,569</b>	<b>\$15,706,628</b>	<b>\$16,121,284</b>	<b>\$16,547,882</b>	<b>\$16,986,774</b>	<b>\$17,438,326</b>	<b>\$17,902,913</b>	<b>\$18,380,921</b>	<b>\$18,872,748</b>
Operating Expenditures	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Personnel Costs	3,632,646	3,705,299	3,779,405	3,854,993	3,932,093	4,010,735	4,090,950	4,172,769	4,256,224	4,341,349
Administration	473,838	483,314	492,981	502,840	512,897	523,155	533,618	544,291	555,176	566,280
Customer Service and Billing Costs	144,210	147,094	150,036	153,036	156,097	159,219	162,403	165,652	168,965	172,344
Design & Facilities Services	53,355	54,422	55,511	56,621	57,754	58,909	60,087	61,289	62,514	63,765
Vehicle & Equipment Services	223,842	228,319	232,885	237,543	242,294	247,140	252,082	257,124	262,266	267,512
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>1,129,615</b>	<b>1,152,207</b>	<b>1,175,251</b>	<b>1,198,756</b>	<b>1,222,731</b>	<b>1,247,186</b>	<b>1,272,130</b>	<b>1,297,572</b>	<b>1,323,524</b>	<b>1,349,994</b>
	5,657,506	5,770,656	5,886,069	6,003,790	6,123,866	6,246,344	6,371,270	6,498,696	6,628,670	6,761,243
Water Purchases from Lynchburg <sup>2</sup>	271,069	279,201	287,577	296,204	305,090	314,243	323,670	333,380	343,382	353,683
Other Water Operations	646,609	659,541	672,732	686,186	699,910	713,908	728,186	742,750	757,605	772,757
Total Water Operations	917,677	938,742	960,308	982,390	1,005,000	1,028,151	1,051,856	1,076,130	1,100,987	1,126,440
Sewer Treatment Purchases from Lynchburg	564,485	581,420	598,863	616,828	635,333	654,393	674,025	694,246	715,073	736,525
Other Sewer Operations	614,113	626,395	638,923	651,702	664,736	678,030	691,591	705,423	719,531	733,922
Total Sewer Operations	1,178,598	1,207,815	1,237,786	1,268,530	1,300,069	1,332,424	1,365,616	1,399,669	1,434,604	1,470,447
Contract Operations	86,500	88,230	89,995	91,795	93,631	95,503	97,414	99,362	101,349	103,376
<b>Direct Operating Expenses</b>	<b>7,840,282</b>	<b>8,005,443</b>	<b>8,174,158</b>	<b>8,346,506</b>	<b>8,522,566</b>	<b>8,702,422</b>	<b>8,886,156</b>	<b>9,073,857</b>	<b>9,265,610</b>	<b>9,461,507</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>7,071,493</b>	<b>7,298,126</b>	<b>7,532,470</b>	<b>7,774,779</b>	<b>8,025,316</b>	<b>8,284,353</b>	<b>8,552,170</b>	<b>8,829,056</b>	<b>9,115,311</b>	<b>9,411,241</b>
Existing Authority Debt Service	-	-	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-
Debt Service for New Facility	-	-	-	-	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>7,071,493</b>	<b>7,298,126</b>	<b>7,532,470</b>	<b>7,774,779</b>	<b>8,025,316</b>	<b>8,284,353</b>	<b>8,552,170</b>	<b>8,829,056</b>	<b>9,115,311</b>	<b>9,411,241</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Projected Water Sale Rate</b>	<b>\$10.38</b>	<b>\$10.59</b>	<b>\$10.80</b>	<b>\$11.02</b>	<b>\$11.24</b>	<b>\$11.46</b>	<b>\$11.69</b>	<b>\$11.92</b>	<b>\$12.16</b>	<b>\$12.41</b>
<b>Projected Sewer Sale Rate</b>	<b>\$13.46</b>	<b>\$13.72</b>	<b>\$14.00</b>	<b>\$14.28</b>	<b>\$14.56</b>	<b>\$14.86</b>	<b>\$15.15</b>	<b>\$15.46</b>	<b>\$15.77</b>	<b>\$16.08</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$2.63</b>	<b>\$2.67</b>	<b>\$2.70</b>	<b>\$2.74</b>	<b>\$2.78</b>	<b>\$2.82</b>	<b>\$2.86</b>	<b>\$2.90</b>	<b>\$2.93</b>	<b>\$2.97</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$2.63</b>	<b>\$2.67</b>	<b>\$2.70</b>	<b>\$2.74</b>	<b>\$2.78</b>	<b>\$2.82</b>	<b>\$2.86</b>	<b>\$2.90</b>	<b>\$2.93</b>	<b>\$2.97</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD at

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000

Bedford County Public Service Authority						
Appendix C- Pro-Forma with New Facility in One Phase						
Revenue Sources	2055	2056	2057	2058	2059	2060
Water Sales	\$14,360,976	\$14,762,113	\$15,175,039	\$15,600,106	\$16,037,679	\$16,488,130
Sewer Sales	3,501,442	3,601,259	3,704,031	3,809,848	3,918,799	4,030,980
Penalties	98,414	100,382	102,390	104,438	106,526	108,657
Facility Fees	-	-	-	-	-	-
Administrative Fees	135,085	137,787	140,542	143,353	146,220	149,145
Interest	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	254,728	259,823	265,019	270,320	275,726	281,240
Contract Operations	215,573	219,885	224,283	228,768	233,344	238,010
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>18,572,218</b>	<b>19,087,249</b>	<b>19,617,304</b>	<b>20,162,833</b>	<b>20,724,294</b>	<b>21,302,163</b>
<b>Other Non Operating Revenue Sources</b>						
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	806,586	812,264	818,003	823,805	829,669	835,598
DEQ Contributions for Capital Projects	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>806,586</b>	<b>812,264</b>	<b>818,003</b>	<b>823,805</b>	<b>829,669</b>	<b>835,598</b>
<b>TOTAL REVENUES</b>	<b>\$19,378,804</b>	<b>\$19,899,512</b>	<b>\$20,435,308</b>	<b>\$20,986,637</b>	<b>\$21,553,963</b>	<b>\$22,137,761</b>
<b>Operating Expenditures</b>						
Personnel Costs	4,428,176	4,516,739	4,607,074	4,699,215	4,793,200	4,889,064
Administration	577,606	589,158	600,941	612,960	625,219	637,723
Customer Service and Billing Costs	175,791	179,307	182,893	186,551	190,282	194,087
Design & Facilities Services	65,040	66,341	67,668	69,021	70,401	71,809
Vehicle & Equipment Services	272,862	278,319	283,886	289,563	295,355	301,262
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>1,376,994</b>	<b>1,404,534</b>	<b>1,432,625</b>	<b>1,461,277</b>	<b>1,490,503</b>	<b>1,520,313</b>
	6,896,468	7,034,397	7,175,085	7,318,587	7,464,959	7,614,258
Water Purchases from Lynchburg <sup>2</sup>	364,294	375,222	386,479	398,073	410,016	422,316
Other Water Operations	788,212	803,977	820,056	836,457	853,186	870,250
Total Water Operations	1,152,506	1,179,199	1,206,535	1,234,531	1,263,202	1,292,566
Sewer Treatment Purchases from Lynchburg	758,621	781,380	804,821	828,966	853,835	879,450
Other Sewer Operations	748,600	763,572	778,844	794,421	810,309	826,515
Total Sewer Operations	1,507,221	1,544,952	1,583,665	1,623,386	1,664,144	1,705,965
Contract Operations	105,444	107,552	109,703	111,898	114,135	116,418
<b>Direct Operating Expenses</b>	<b>9,661,639</b>	<b>9,866,101</b>	<b>10,074,989</b>	<b>10,288,402</b>	<b>10,506,440</b>	<b>10,729,207</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>9,717,165</b>	<b>10,033,412</b>	<b>10,360,319</b>	<b>10,698,236</b>	<b>11,047,523</b>	<b>11,408,553</b>
Existing Authority Debt Service	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-
Debt Service for New Facility	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>9,717,165</b>	<b>10,033,412</b>	<b>10,360,319</b>	<b>10,698,236</b>	<b>11,047,523</b>	<b>11,408,553</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Projected Water Sale Rate</b>	<b>\$12.65</b>	<b>\$12.91</b>	<b>\$13.16</b>	<b>\$13.43</b>	<b>\$13.70</b>	<b>\$13.97</b>
<b>Projected Sewer Sale Rate</b>	<b>\$16.40</b>	<b>\$16.73</b>	<b>\$17.06</b>	<b>\$17.41</b>	<b>\$17.75</b>	<b>\$18.11</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$3.01</b>	<b>\$3.05</b>	<b>\$3.08</b>	<b>\$3.12</b>	<b>\$3.16</b>	<b>\$3.20</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$3.01</b>	<b>\$3.05</b>	<b>\$3.08</b>	<b>\$3.12</b>	<b>\$3.16</b>	<b>\$3.20</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD at

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000

## **Appendix D**

### **Case III - Pro-Forma Financial Model with New Facility Built in Three Phases**

Bedford County Public Service Authority											
Appendix D- Pro-Forma with New Facility in Three Phases											
Revenue Sources	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Sales	\$4,597,798	\$4,715,423	\$4,836,387	\$4,960,791	\$5,088,735	\$5,220,324	\$5,355,666	\$5,494,873	\$5,638,058	\$5,785,339	\$5,936,839
Sewer Sales	1,083,770	1,112,637	1,142,337	1,172,894	1,204,335	1,236,686	1,269,973	1,304,226	1,339,471	1,375,740	1,413,062
Penalties	42,000	42,840	43,697	44,571	45,462	46,371	47,299	48,245	49,210	50,194	51,198
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	57,650	58,803	59,979	61,179	62,402	63,650	64,923	66,222	67,546	68,897	70,275
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	108,710	110,884	113,102	115,364	117,671	120,025	122,425	124,874	127,371	129,919	132,517
Contract Operations	92,000	93,840	95,717	97,631	99,584	101,575	103,607	105,679	107,793	109,949	112,147
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,996,485	2,000,000	2,000,000	2,000,000	1,993,831	1,995,615	1,992,132	1,989,944	1,990,298	1,990,595	1,985,931
<b>Revenue from Operations</b>	<b>7,984,413</b>	<b>8,140,427</b>	<b>8,297,219</b>	<b>8,458,429</b>	<b>8,618,020</b>	<b>8,790,247</b>	<b>8,962,026</b>	<b>9,140,061</b>	<b>9,325,747</b>	<b>9,516,632</b>	<b>9,707,969</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	616,729	620,543	624,390	628,272	632,189	636,140	640,127	644,150	648,210
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>616,729</b>	<b>620,543</b>	<b>624,390</b>	<b>628,272</b>	<b>632,189</b>	<b>636,140</b>	<b>640,127</b>	<b>644,150</b>	<b>648,210</b>
<b>TOTAL REVENUES</b>	<b>\$7,984,413</b>	<b>\$8,140,427</b>	<b>\$8,913,947</b>	<b>\$9,078,972</b>	<b>\$9,242,410</b>	<b>\$9,418,519</b>	<b>\$9,594,214</b>	<b>\$9,776,201</b>	<b>\$9,965,874</b>	<b>\$10,160,783</b>	<b>\$10,356,179</b>
<b>Operating Expenditures</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Personnel Costs	1,889,807	1,927,603	1,966,155	2,005,478	2,045,588	2,086,500	2,128,230	2,170,794	2,214,210	2,258,494	2,303,664
Administration	246,504	251,434	256,463	261,592	266,824	272,160	277,604	283,156	288,819	294,595	300,487
Customer Service and Billing Costs	75,022	76,522	78,053	79,614	81,206	82,830	84,487	86,177	87,900	89,658	91,451
Design & Facilities Services	27,757	28,312	28,878	29,456	30,045	30,646	31,259	31,884	32,522	33,172	33,836
Vehicle & Equipment Services	116,449	118,778	121,154	123,577	126,048	128,569	131,140	133,763	136,439	139,167	141,951
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>636,100</b>	<b>648,822</b>	<b>661,798</b>	<b>675,034</b>	<b>688,535</b>	<b>702,306</b>	<b>716,352</b>
	2,355,539	2,402,650	2,450,703	2,499,717	3,185,811	3,249,527	3,314,518	3,380,808	3,448,424	3,517,393	3,587,741
Water Purchases from Lynchburg <sup>2</sup>	1,738,456	1,790,609	1,844,328	1,899,657	115,027	118,478	122,032	125,693	129,464	133,348	137,348
Other Water Operations	336,384	343,112	349,974	356,974	364,113	371,396	378,823	386,400	394,128	402,010	410,051
Total Water Operations	2,074,840	2,133,721	2,194,302	2,256,631	479,140	489,873	500,856	512,093	523,592	535,358	547,399
Sewer Treatment Purchases from Lynchburg	212,826	219,211	225,787	232,560	239,537	246,723	254,125	261,749	269,601	277,689	286,020
Other Sewer Operations	319,479	325,869	332,386	339,034	345,815	352,731	359,785	366,981	374,321	381,807	389,443
Total Sewer Operations	532,305	545,079	558,173	571,594	585,352	599,454	613,911	628,730	643,922	659,497	675,463
Contract Operations	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779	54,855
<b>Direct Operating Expenses</b>	<b>5,007,684</b>	<b>5,127,350</b>	<b>5,249,996</b>	<b>5,375,697</b>	<b>4,299,013</b>	<b>4,388,539</b>	<b>4,479,961</b>	<b>4,573,322</b>	<b>4,668,663</b>	<b>4,766,027</b>	<b>4,865,458</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>2,976,729</b>	<b>3,013,076</b>	<b>3,663,952</b>	<b>3,703,276</b>	<b>4,943,398</b>	<b>5,029,980</b>	<b>5,114,253</b>	<b>5,202,879</b>	<b>5,297,211</b>	<b>5,394,756</b>	<b>5,490,721</b>
Existing Authority Debt Service	2,757,127	2,664,415	2,636,183	2,632,824	2,171,926	2,171,368	2,150,787	2,092,818	2,065,775	2,000,116	1,985,931
Existing City Debt Service after FY 2014 Reversion	-	-	1,018,373	1,022,134	1,018,728	1,014,225	828,647	826,288	634,941	635,155	635,280
Debt Service for New Facility	-	-	-	-	1,843,752	1,843,068	1,842,353	1,841,607	1,840,826	1,840,011	1,839,158
<b>Total Debt Service</b>	<b>2,757,127</b>	<b>2,664,415</b>	<b>3,654,556</b>	<b>3,654,958</b>	<b>5,034,406</b>	<b>5,028,662</b>	<b>4,821,788</b>	<b>4,760,713</b>	<b>4,541,542</b>	<b>4,475,282</b>	<b>4,460,369</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>219,602</b>	<b>348,661</b>	<b>9,396</b>	<b>48,317</b>	<b>(91,008)</b>	<b>1,319</b>	<b>292,465</b>	<b>442,167</b>	<b>755,669</b>	<b>919,474</b>	<b>1,030,352</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.08</b>	<b>1.13</b>	<b>1.00</b>	<b>1.01</b>	<b>0.98</b>	<b>1.00</b>	<b>1.06</b>	<b>1.09</b>	<b>1.17</b>	<b>1.21</b>	<b>1.23</b>
<b>Projected Water Sale Rate</b>	<b>\$5.40</b>	<b>\$5.51</b>	<b>\$5.62</b>	<b>\$5.73</b>	<b>\$5.85</b>	<b>\$5.96</b>	<b>\$6.08</b>	<b>\$6.20</b>	<b>\$6.33</b>	<b>\$6.45</b>	<b>\$6.58</b>
<b>Projected Sewer Sale Rate</b>	<b>\$7.00</b>	<b>\$7.14</b>	<b>\$7.28</b>	<b>\$7.43</b>	<b>\$7.58</b>	<b>\$7.73</b>	<b>\$7.88</b>	<b>\$8.04</b>	<b>\$8.20</b>	<b>\$8.37</b>	<b>\$8.53</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.07</b>	<b>\$4.98</b>	<b>\$5.60</b>	<b>\$5.66</b>	<b>\$5.98</b>	<b>\$5.96</b>	<b>\$5.66</b>	<b>\$5.58</b>	<b>\$5.26</b>	<b>\$5.17</b>	<b>\$5.16</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.70</b>	<b>\$5.58</b>	<b>\$6.42</b>	<b>\$6.47</b>	<b>\$7.08</b>	<b>\$7.05</b>	<b>\$6.70</b>	<b>\$6.59</b>	<b>\$6.22</b>	<b>\$6.11</b>	<b>\$6.08</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and \$439,700 for Constructing the 5.0 MGD WTP from Page 20 Table 6 of the PER.

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 gallons per day purchased thereafter.

Bedford County Public Service Authority											
Appendix D- Pro-Forma with New Facility in Three Phases											
Revenue Sources	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water Sales	\$6,092,682	\$6,252,997	\$6,417,916	\$6,587,577	\$6,762,120	\$6,941,690	\$7,126,437	\$7,316,514	\$7,512,080	\$7,713,299	\$7,920,337
Sewer Sales	1,451,469	1,490,993	1,531,668	1,573,527	1,616,607	1,660,943	1,706,574	1,753,537	1,801,873	1,851,622	1,902,827
Penalties	52,222	53,266	54,331	55,418	56,526	57,657	58,810	59,986	61,186	62,410	63,658
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	71,681	73,114	74,576	76,068	77,589	79,141	80,724	82,338	83,985	85,665	87,378
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	135,167	137,871	140,628	143,441	146,309	149,236	152,220	155,265	158,370	161,537	164,768
Contract Operations	114,390	116,678	119,012	121,392	123,820	126,296	128,822	131,399	134,027	136,707	139,441
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,988,484	963,066	960,213	955,173	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>9,912,095</b>	<b>9,093,985</b>	<b>9,304,344</b>	<b>9,518,596</b>	<b>8,788,972</b>	<b>9,020,964</b>	<b>9,259,588</b>	<b>9,505,039</b>	<b>9,757,521</b>	<b>10,017,240</b>	<b>10,284,410</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	652,307	656,441	660,614	664,825	669,075	673,366	677,696	682,068	686,481	690,936	695,433
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>652,307</b>	<b>656,441</b>	<b>660,614</b>	<b>664,825</b>	<b>669,075</b>	<b>673,366</b>	<b>677,696</b>	<b>682,068</b>	<b>686,481</b>	<b>690,936</b>	<b>695,433</b>
<b>TOTAL REVENUES</b>	<b>\$10,564,402</b>	<b>\$9,750,426</b>	<b>\$9,964,958</b>	<b>\$10,183,421</b>	<b>\$9,458,048</b>	<b>\$9,694,329</b>	<b>\$9,937,284</b>	<b>\$10,187,107</b>	<b>\$10,444,001</b>	<b>\$10,708,175</b>	<b>\$10,979,843</b>
<b>Operating Expenditures</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Personnel Costs	2,349,737	2,396,732	2,444,667	2,493,560	2,543,431	2,594,300	2,646,186	2,699,110	2,753,092	2,808,154	2,864,317
Administration	306,497	312,627	318,879	325,257	331,762	338,397	345,165	352,068	359,110	366,292	373,618
Customer Service and Billing Costs	93,280	95,146	97,049	98,990	100,970	102,989	105,049	107,150	109,293	111,479	113,708
Design & Facilities Services	34,512	35,203	35,907	36,625	37,357	38,104	38,867	39,644	40,437	41,245	42,070
Vehicle & Equipment Services	144,790	147,685	150,639	153,652	156,725	159,860	163,057	166,318	169,644	173,037	176,498
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>730,679</b>	<b>745,293</b>	<b>760,198</b>	<b>775,402</b>	<b>790,910</b>	<b>806,729</b>	<b>822,863</b>	<b>839,320</b>	<b>856,107</b>	<b>873,229</b>	<b>890,694</b>
	<b>3,659,496</b>	<b>3,732,686</b>	<b>3,807,339</b>	<b>3,883,486</b>	<b>3,961,156</b>	<b>4,040,379</b>	<b>4,121,186</b>	<b>4,203,610</b>	<b>4,287,682</b>	<b>4,373,436</b>	<b>4,460,905</b>
Water Purchases from Lynchburg <sup>2</sup>	141,469	145,713	150,084	154,587	159,224	164,001	168,921	173,989	179,208	184,585	190,122
Other Water Operations	418,252	426,617	435,149	443,852	452,729	461,784	471,019	480,440	490,049	499,849	509,846
Total Water Operations	559,720	572,329	585,233	598,439	611,953	625,785	639,940	654,428	669,257	684,434	699,969
Sewer Treatment Purchases from Lynchburg	294,601	303,439	312,542	321,918	331,576	341,523	351,769	362,322	373,191	384,387	395,919
Other Sewer Operations	397,232	405,177	413,280	421,546	429,977	438,576	447,348	456,295	465,421	474,729	484,224
Total Sewer Operations	691,833	708,616	725,822	743,464	761,553	780,099	799,117	818,617	838,612	859,116	880,143
Contract Operations	55,952	57,071	58,212	59,377	60,564	61,775	63,011	64,271	65,557	66,868	68,205
<b>Direct Operating Expenses</b>	<b>4,967,001</b>	<b>5,070,701</b>	<b>5,176,607</b>	<b>5,284,765</b>	<b>5,395,226</b>	<b>5,508,038</b>	<b>5,623,254</b>	<b>5,740,926</b>	<b>5,861,108</b>	<b>5,983,854</b>	<b>6,109,221</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>5,597,401</b>	<b>4,679,725</b>	<b>4,788,351</b>	<b>4,898,655</b>	<b>4,062,822</b>	<b>4,186,291</b>	<b>4,314,029</b>	<b>4,446,181</b>	<b>4,582,894</b>	<b>4,724,321</b>	<b>4,870,622</b>
Existing Authority Debt Service	1,988,484	963,066	960,213	955,173	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	635,542	635,071	635,901	635,201	-	-	-	-	-	-	-
Debt Service for New Facility	1,838,268	1,837,337	1,836,364	2,220,924	2,219,719	2,218,459	2,217,143	2,215,768	2,214,331	2,212,829	2,211,260
<b>Total Debt Service</b>	<b>4,462,294</b>	<b>3,435,474</b>	<b>3,432,478</b>	<b>3,811,297</b>	<b>2,219,719</b>	<b>2,218,459</b>	<b>2,217,143</b>	<b>2,215,768</b>	<b>2,214,331</b>	<b>2,212,829</b>	<b>2,211,260</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>1,135,107</b>	<b>1,244,251</b>	<b>1,355,873</b>	<b>1,087,358</b>	<b>1,843,103</b>	<b>1,967,832</b>	<b>2,096,886</b>	<b>2,230,413</b>	<b>2,368,563</b>	<b>2,511,492</b>	<b>2,659,362</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.25</b>	<b>1.36</b>	<b>1.40</b>	<b>1.29</b>	<b>1.83</b>	<b>1.89</b>	<b>1.95</b>	<b>2.01</b>	<b>2.07</b>	<b>2.13</b>	<b>2.20</b>
<b>Projected Water Sale Rate</b>	<b>\$6.71</b>	<b>\$6.85</b>	<b>\$6.99</b>	<b>\$7.13</b>	<b>\$7.27</b>	<b>\$7.41</b>	<b>\$7.56</b>	<b>\$7.71</b>	<b>\$7.87</b>	<b>\$8.02</b>	<b>\$8.18</b>
<b>Projected Sewer Sale Rate</b>	<b>\$8.70</b>	<b>\$8.88</b>	<b>\$9.06</b>	<b>\$9.24</b>	<b>\$9.42</b>	<b>\$9.61</b>	<b>\$9.80</b>	<b>\$10.00</b>	<b>\$10.20</b>	<b>\$10.40</b>	<b>\$10.61</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.17</b>	<b>\$5.17</b>	<b>\$5.17</b>	<b>\$5.68</b>	<b>\$4.85</b>	<b>\$4.86</b>	<b>\$4.87</b>	<b>\$4.87</b>	<b>\$4.88</b>	<b>\$4.89</b>	<b>\$4.90</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$6.08</b>	<b>\$5.86</b>	<b>\$5.86</b>	<b>\$6.44</b>	<b>\$5.29</b>	<b>\$5.29</b>	<b>\$5.29</b>	<b>\$5.30</b>	<b>\$5.30</b>	<b>\$5.30</b>	<b>\$5.31</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and :

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 ga

Bedford County Public Service Authority											
Appendix D- Pro-Forma with New Facility in Three Phases											
Revenue Sources	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Water Sales	\$8,133,369	\$8,352,573	\$8,578,133	\$8,810,238	\$9,049,083	\$9,294,869	\$9,547,802	\$9,808,096	\$10,075,971	\$10,351,652	\$10,635,373
Sewer Sales	1,955,531	2,009,780	2,065,618	2,123,094	2,182,257	2,243,158	2,305,847	2,370,379	2,436,809	2,505,193	2,575,591
Penalties	64,931	66,230	67,554	68,905	70,284	71,689	73,123	74,585	76,077	77,599	79,151
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	89,126	90,908	92,726	94,581	96,473	98,402	100,370	102,377	104,425	106,513	108,644
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	168,063	171,425	174,853	178,350	181,917	185,556	189,267	193,052	196,913	200,851	204,868
Contract Operations	142,230	145,075	147,976	150,936	153,954	157,034	160,174	163,378	166,645	169,978	173,378
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>10,559,251</b>	<b>10,841,990</b>	<b>11,132,862</b>	<b>11,432,105</b>	<b>11,739,968</b>	<b>12,056,707</b>	<b>12,382,583</b>	<b>12,717,868</b>	<b>13,062,840</b>	<b>13,417,787</b>	<b>13,783,004</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	699,975	704,560	709,190	713,865	718,586	723,353	728,168	733,031	737,943	742,904	747,916
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>699,975</b>	<b>704,560</b>	<b>709,190</b>	<b>713,865</b>	<b>718,586</b>	<b>723,353</b>	<b>728,168</b>	<b>733,031</b>	<b>737,943</b>	<b>742,904</b>	<b>747,916</b>
<b>TOTAL REVENUES</b>	<b>\$11,259,226</b>	<b>\$11,546,550</b>	<b>\$11,842,051</b>	<b>\$12,145,969</b>	<b>\$12,458,554</b>	<b>\$12,780,060</b>	<b>\$13,110,751</b>	<b>\$13,450,899</b>	<b>\$13,800,784</b>	<b>\$14,160,692</b>	<b>\$14,530,920</b>
<b>Operating Expenditures</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>
Personnel Costs	2,921,603	2,980,035	3,039,636	3,100,429	3,162,437	3,225,686	3,290,200	3,356,004	3,423,124	3,491,586	3,561,418
Administration	381,090	388,712	396,486	404,416	412,504	420,754	429,169	437,753	446,508	455,438	464,547
Customer Service and Billing Costs	115,982	118,302	120,668	123,082	125,543	128,054	130,615	133,227	135,892	138,610	141,382
Design & Facilities Services	42,912	43,770	44,645	45,538	46,449	47,378	48,326	49,292	50,278	51,284	52,309
Vehicle & Equipment Services	180,028	183,628	187,301	191,047	194,868	198,765	202,741	206,795	210,931	215,150	219,453
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>908,507</b>	<b>926,678</b>	<b>945,211</b>	<b>964,115</b>	<b>983,398</b>	<b>1,003,066</b>	<b>1,023,127</b>	<b>1,043,589</b>	<b>1,064,461</b>	<b>1,085,750</b>	<b>1,107,465</b>
	4,550,123	4,641,125	4,733,948	4,828,627	4,925,199	5,023,703	5,124,177	5,226,661	5,331,194	5,437,818	5,546,574
Water Purchases from Lynchburg <sup>2</sup>	195,826	201,701	207,752	213,984	220,404	227,016	233,826	240,841	248,066	255,508	263,173
Other Water Operations	520,043	530,444	541,053	551,874	562,912	574,170	585,653	597,366	609,314	621,500	633,930
Total Water Operations	715,869	732,145	748,805	765,858	783,315	801,186	819,480	838,207	857,380	877,008	897,103
Sewer Treatment Purchases from Lynchburg	407,796	420,030	432,631	445,610	458,978	472,748	486,930	501,538	516,584	532,082	548,044
Other Sewer Operations	493,908	503,787	513,862	524,140	534,622	545,315	556,221	567,345	578,692	590,266	602,072
Total Sewer Operations	901,705	923,817	946,493	969,749	993,601	1,018,062	1,043,151	1,068,883	1,095,276	1,122,348	1,150,116
Contract Operations	69,569	70,960	72,380	73,827	75,304	76,810	78,346	79,913	81,511	83,141	84,804
<b>Direct Operating Expenses</b>	<b>6,237,266</b>	<b>6,368,047</b>	<b>6,501,625</b>	<b>6,638,062</b>	<b>6,777,419</b>	<b>6,919,761</b>	<b>7,065,154</b>	<b>7,213,665</b>	<b>7,365,362</b>	<b>7,520,316</b>	<b>7,678,598</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>5,021,960</b>	<b>5,178,503</b>	<b>5,340,426</b>	<b>5,507,908</b>	<b>5,681,135</b>	<b>5,860,299</b>	<b>6,045,597</b>	<b>6,237,235</b>	<b>6,435,422</b>	<b>6,640,376</b>	<b>6,852,323</b>
Existing Authority Debt Service	-	-	-	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-	-
Debt Service for New Facility	2,209,620	2,207,906	2,584,680	2,582,668	2,580,566	761,246	760,832	760,400	759,948	759,476	758,983
<b>Total Debt Service</b>	<b>2,209,620</b>	<b>2,207,906</b>	<b>2,584,680</b>	<b>2,582,668</b>	<b>2,580,566</b>	<b>761,246</b>	<b>760,832</b>	<b>760,400</b>	<b>759,948</b>	<b>759,476</b>	<b>758,983</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>2,812,340</b>	<b>2,970,597</b>	<b>2,755,745</b>	<b>2,925,239</b>	<b>3,100,569</b>	<b>5,099,053</b>	<b>5,284,765</b>	<b>5,476,835</b>	<b>5,675,474</b>	<b>5,880,900</b>	<b>6,093,340</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>2.27</b>	<b>2.35</b>	<b>2.07</b>	<b>2.13</b>	<b>2.20</b>	<b>7.70</b>	<b>7.95</b>	<b>8.20</b>	<b>8.47</b>	<b>8.74</b>	<b>9.03</b>
<b>Projected Water Sale Rate</b>	<b>\$8.35</b>	<b>\$8.52</b>	<b>\$8.69</b>	<b>\$8.86</b>	<b>\$9.04</b>	<b>\$9.22</b>	<b>\$9.40</b>	<b>\$9.59</b>	<b>\$9.78</b>	<b>\$9.98</b>	<b>\$10.18</b>
<b>Projected Sewer Sale Rate</b>	<b>\$10.82</b>	<b>\$11.04</b>	<b>\$11.26</b>	<b>\$11.48</b>	<b>\$11.71</b>	<b>\$11.95</b>	<b>\$12.19</b>	<b>\$12.43</b>	<b>\$12.68</b>	<b>\$12.93</b>	<b>\$13.19</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$4.91</b>	<b>\$4.92</b>	<b>\$5.38</b>	<b>\$5.39</b>	<b>\$5.39</b>	<b>\$3.28</b>	<b>\$3.31</b>	<b>\$3.34</b>	<b>\$3.37</b>	<b>\$3.40</b>	<b>\$3.43</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.31</b>	<b>\$5.32</b>	<b>\$5.85</b>	<b>\$5.85</b>	<b>\$5.85</b>	<b>\$3.42</b>	<b>\$3.44</b>	<b>\$3.47</b>	<b>\$3.50</b>	<b>\$3.53</b>	<b>\$3.56</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and :

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 ga

Bedford County Public Service Authority										
Appendix D- Pro-Forma with New Facility in Three Phases										
Revenue Sources	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Water Sales	\$10,927,373	\$11,227,900	\$11,537,207	\$11,855,558	\$12,183,223	\$12,520,479	\$12,867,614	\$13,224,922	\$13,592,708	\$13,971,285
Sewer Sales	2,648,062	2,722,668	2,799,474	2,878,546	2,959,950	3,043,758	3,130,041	3,218,873	3,310,331	3,404,493
Penalties	80,734	82,348	83,995	85,675	87,389	89,137	90,919	92,738	94,592	96,484
Facility Fees	-	-	-	-	-	-	-	-	-	-
Administrative Fees	110,817	113,033	115,294	117,600	119,951	122,351	124,798	127,293	129,839	132,436
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	208,966	213,145	217,408	221,756	226,191	230,715	235,329	240,036	244,837	249,733
Contract Operations	176,845	180,382	183,990	187,670	191,423	195,251	199,157	203,140	207,202	211,346
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>14,158,796</b>	<b>14,545,477</b>	<b>14,943,369</b>	<b>15,352,805</b>	<b>15,774,128</b>	<b>16,207,691</b>	<b>16,653,857</b>	<b>17,113,002</b>	<b>17,585,510</b>	<b>18,071,779</b>
<b>Other Non Operating Revenue Sources</b>										
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	752,978	758,093	763,260	768,480	773,754	779,084	784,469	789,911	795,411	800,969
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>752,978</b>	<b>758,093</b>	<b>763,260</b>	<b>768,480</b>	<b>773,754</b>	<b>779,084</b>	<b>784,469</b>	<b>789,911</b>	<b>795,411</b>	<b>800,969</b>
<b>TOTAL REVENUES</b>	<b>\$14,911,775</b>	<b>\$15,303,569</b>	<b>\$15,706,628</b>	<b>\$16,121,284</b>	<b>\$16,547,882</b>	<b>\$16,986,774</b>	<b>\$17,438,326</b>	<b>\$17,902,913</b>	<b>\$18,380,921</b>	<b>\$18,872,748</b>
<b>Operating Expenditures</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>
Personnel Costs	3,632,646	3,705,299	3,779,405	3,854,993	3,932,093	4,010,735	4,090,950	4,172,769	4,256,224	4,341,349
Administration	473,838	483,314	492,981	502,840	512,897	523,155	533,618	544,291	555,176	566,280
Customer Service and Billing Costs	144,210	147,094	150,036	153,036	156,097	159,219	162,403	165,652	168,965	172,344
Design & Facilities Services	53,355	54,422	55,511	56,621	57,754	58,909	60,087	61,289	62,514	63,765
Vehicle & Equipment Services	223,842	228,319	232,885	237,543	242,294	247,140	252,082	257,124	262,266	267,512
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>1,129,615</b>	<b>1,152,207</b>	<b>1,175,251</b>	<b>1,198,756</b>	<b>1,222,731</b>	<b>1,247,186</b>	<b>1,272,130</b>	<b>1,297,572</b>	<b>1,323,524</b>	<b>1,349,994</b>
	5,657,506	5,770,656	5,886,069	6,003,790	6,123,866	6,246,344	6,371,270	6,498,696	6,628,670	6,761,243
Water Purchases from Lynchburg <sup>2</sup>	271,069	279,201	287,577	296,204	305,090	314,243	323,670	333,380	343,382	353,683
Other Water Operations	646,609	659,541	672,732	686,186	699,910	713,908	728,186	742,750	757,605	772,757
Total Water Operations	917,677	938,742	960,308	982,390	1,005,000	1,028,151	1,051,856	1,076,130	1,100,987	1,126,440
Sewer Treatment Purchases from Lynchburg	564,485	581,420	598,863	616,828	635,333	654,393	674,025	694,246	715,073	736,525
Other Sewer Operations	614,113	626,395	638,923	651,702	664,736	678,030	691,591	705,423	719,531	733,922
Total Sewer Operations	1,178,598	1,207,815	1,237,786	1,268,530	1,300,069	1,332,424	1,365,616	1,399,669	1,434,604	1,470,447
Contract Operations	86,500	88,230	89,995	91,795	93,631	95,503	97,414	99,362	101,349	103,376
<b>Direct Operating Expenses</b>	<b>7,840,282</b>	<b>8,005,443</b>	<b>8,174,158</b>	<b>8,346,506</b>	<b>8,522,566</b>	<b>8,702,422</b>	<b>8,886,156</b>	<b>9,073,857</b>	<b>9,265,610</b>	<b>9,461,507</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>7,071,493</b>	<b>7,298,126</b>	<b>7,532,470</b>	<b>7,774,779</b>	<b>8,025,316</b>	<b>8,284,353</b>	<b>8,552,170</b>	<b>8,829,056</b>	<b>9,115,311</b>	<b>9,411,241</b>
Existing Authority Debt Service	-	-	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-
Debt Service for New Facility	758,467	757,928	757,365	756,777	376,155	375,907	375,647	375,375	375,091	374,794
<b>Total Debt Service</b>	<b>758,467</b>	<b>757,928</b>	<b>757,365</b>	<b>756,777</b>	<b>376,155</b>	<b>375,907</b>	<b>375,647</b>	<b>375,375</b>	<b>375,091</b>	<b>374,794</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>6,313,026</b>	<b>6,540,198</b>	<b>6,775,105</b>	<b>7,018,002</b>	<b>7,649,160</b>	<b>7,908,446</b>	<b>8,176,523</b>	<b>8,453,681</b>	<b>8,740,220</b>	<b>9,036,447</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>9.32</b>	<b>9.63</b>	<b>9.95</b>	<b>10.27</b>	<b>21.34</b>	<b>22.04</b>	<b>22.77</b>	<b>23.52</b>	<b>24.30</b>	<b>25.11</b>
<b>Projected Water Sale Rate</b>	<b>\$10.38</b>	<b>\$10.59</b>	<b>\$10.80</b>	<b>\$11.02</b>	<b>\$11.24</b>	<b>\$11.46</b>	<b>\$11.69</b>	<b>\$11.92</b>	<b>\$12.16</b>	<b>\$12.41</b>
<b>Projected Sewer Sale Rate</b>	<b>\$13.46</b>	<b>\$13.72</b>	<b>\$14.00</b>	<b>\$14.28</b>	<b>\$14.56</b>	<b>\$14.86</b>	<b>\$15.15</b>	<b>\$15.46</b>	<b>\$15.77</b>	<b>\$16.08</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$3.46</b>	<b>\$3.49</b>	<b>\$3.52</b>	<b>\$3.55</b>	<b>\$3.18</b>	<b>\$3.21</b>	<b>\$3.24</b>	<b>\$3.28</b>	<b>\$3.31</b>	<b>\$3.35</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$3.58</b>	<b>\$3.61</b>	<b>\$3.64</b>	<b>\$3.67</b>	<b>\$3.24</b>	<b>\$3.27</b>	<b>\$3.30</b>	<b>\$3.34</b>	<b>\$3.37</b>	<b>\$3.40</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and :

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 ga

Bedford County Public Service Authority						
Appendix D- Pro-Forma with New Facility in Three Phases						
Revenue Sources	2055	2056	2057	2058	2059	2060
Water Sales	\$14,360,976	\$14,762,113	\$15,175,039	\$15,600,106	\$16,037,679	\$16,488,130
Sewer Sales	3,501,442	3,601,259	3,704,031	3,809,848	3,918,799	4,030,980
Penalties	98,414	100,382	102,390	104,438	106,526	108,657
Facility Fees	-	-	-	-	-	-
Administrative Fees	135,085	137,787	140,542	143,353	146,220	149,145
Interest	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	254,728	259,823	265,019	270,320	275,726	281,240
Contract Operations	215,573	219,885	224,283	228,768	233,344	238,010
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>18,572,218</b>	<b>19,087,249</b>	<b>19,617,304</b>	<b>20,162,833</b>	<b>20,724,294</b>	<b>21,302,163</b>
<b>Other Non Operating Revenue Sources</b>						
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	806,586	812,264	818,003	823,805	829,669	835,598
DEQ Contributions for Capital Projects	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>806,586</b>	<b>812,264</b>	<b>818,003</b>	<b>823,805</b>	<b>829,669</b>	<b>835,598</b>
<b>TOTAL REVENUES</b>	<b>\$19,378,804</b>	<b>\$19,899,512</b>	<b>\$20,435,308</b>	<b>\$20,986,637</b>	<b>\$21,553,963</b>	<b>\$22,137,761</b>
<b>Operating Expenditures</b>	<b>2055</b>	<b>2056</b>	<b>2057</b>	<b>2058</b>	<b>2059</b>	<b>2060</b>
Personnel Costs	4,428,176	4,516,739	4,607,074	4,699,215	4,793,200	4,889,064
Administration	577,606	589,158	600,941	612,960	625,219	637,723
Customer Service and Billing Costs	175,791	179,307	182,893	186,551	190,282	194,087
Design & Facilities Services	65,040	66,341	67,668	69,021	70,401	71,809
Vehicle & Equipment Services	272,862	278,319	283,886	289,563	295,355	301,262
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>1,376,994</b>	<b>1,404,534</b>	<b>1,432,625</b>	<b>1,461,277</b>	<b>1,490,503</b>	<b>1,520,313</b>
	<b>6,896,468</b>	<b>7,034,397</b>	<b>7,175,085</b>	<b>7,318,587</b>	<b>7,464,959</b>	<b>7,614,258</b>
Water Purchases from Lynchburg <sup>2</sup>	364,294	375,222	386,479	398,073	410,016	422,316
Other Water Operations	788,212	803,977	820,056	836,457	853,186	870,250
Total Water Operations	1,152,506	1,179,199	1,206,535	1,234,531	1,263,202	1,292,566
Sewer Treatment Purchases from Lynchburg	758,621	781,380	804,821	828,966	853,835	879,450
Other Sewer Operations	748,600	763,572	778,844	794,421	810,309	826,515
Total Sewer Operations	1,507,221	1,544,952	1,583,665	1,623,386	1,664,144	1,705,965
Contract Operations	105,444	107,552	109,703	111,898	114,135	116,418
<b>Direct Operating Expenses</b>	<b>9,661,639</b>	<b>9,866,101</b>	<b>10,074,989</b>	<b>10,288,402</b>	<b>10,506,440</b>	<b>10,729,207</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>9,717,165</b>	<b>10,033,412</b>	<b>10,360,319</b>	<b>10,698,236</b>	<b>11,047,523</b>	<b>11,408,553</b>
Existing Authority Debt Service	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-
Debt Service for New Facility	374,484	374,160	373,821	373,467	-	-
<b>Total Debt Service</b>	<b>374,484</b>	<b>374,160</b>	<b>373,821</b>	<b>373,467</b>	<b>-</b>	<b>-</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>9,342,681</b>	<b>9,659,252</b>	<b>9,986,497</b>	<b>10,324,768</b>	<b>11,047,523</b>	<b>11,408,553</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>25.95</b>	<b>26.82</b>	<b>27.71</b>	<b>28.65</b>	<b>-</b>	<b>-</b>
<b>Projected Water Sale Rate</b>	<b>\$12.65</b>	<b>\$12.91</b>	<b>\$13.16</b>	<b>\$13.43</b>	<b>\$13.70</b>	<b>\$13.97</b>
<b>Projected Sewer Sale Rate</b>	<b>\$16.40</b>	<b>\$16.73</b>	<b>\$17.06</b>	<b>\$17.41</b>	<b>\$17.75</b>	<b>\$18.11</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$3.38</b>	<b>\$3.41</b>	<b>\$3.45</b>	<b>\$3.48</b>	<b>\$3.16</b>	<b>\$3.20</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$3.44</b>	<b>\$3.47</b>	<b>\$3.50</b>	<b>\$3.54</b>	<b>\$3.16</b>	<b>\$3.20</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and :

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 ga

**Appendix E**  
**Case IV - Pro-Forma Financial Model with New Facility Built in Three Phases and No City Reversion Agreement**

**Bedford County Public Service Authority**  
**Appendix E- Pro-Forma with New Facility in Three Phases and**  
**No City Contribution**

<b>Revenue Sources</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Water Sales	\$4,597,798	\$4,715,423	\$4,836,387	\$4,960,791	\$5,088,735	\$5,220,324	\$5,355,666	\$5,494,873	\$5,638,058	\$5,785,339	\$5,936,839
Sewer Sales	1,083,770	1,112,637	1,142,337	1,172,894	1,204,335	1,236,686	1,269,973	1,304,226	1,339,471	1,375,740	1,413,062
Penalties	42,000	42,840	43,697	44,571	45,462	46,371	47,299	48,245	49,210	50,194	51,198
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	57,650	58,803	59,979	61,179	62,402	63,650	64,923	66,222	67,546	68,897	70,275
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	108,710	110,884	113,102	115,364	117,671	120,025	122,425	124,874	127,371	129,919	132,517
Contract Operations	92,000	93,840	95,717	97,631	99,584	101,575	103,607	105,679	107,793	109,949	112,147
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,996,485	2,000,000	2,000,000	2,000,000	1,993,831	1,995,615	1,992,132	1,989,944	1,990,298	1,990,595	1,985,931
<b>Revenue from Operations</b>	<b>7,984,413</b>	<b>8,140,427</b>	<b>8,297,219</b>	<b>8,458,429</b>	<b>8,618,020</b>	<b>8,790,247</b>	<b>8,962,026</b>	<b>9,140,061</b>	<b>9,325,747</b>	<b>9,516,632</b>	<b>9,707,969</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	-	-	-	-	-	-	-	-	-
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUES</b>	<b>\$7,984,413</b>	<b>\$8,140,427</b>	<b>\$8,297,219</b>	<b>\$8,458,429</b>	<b>\$8,618,020</b>	<b>\$8,790,247</b>	<b>\$8,962,026</b>	<b>\$9,140,061</b>	<b>\$9,325,747</b>	<b>\$9,516,632</b>	<b>\$9,707,969</b>
<b>Operating Expenditures</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Personnel Costs	1,889,807	1,927,603	1,966,155	2,005,478	2,045,588	2,086,500	2,128,230	2,170,794	2,214,210	2,258,494	2,303,664
Administration	246,504	251,434	256,463	261,592	266,824	272,160	277,604	283,156	288,819	294,595	300,487
Customer Service and Billing Costs	75,022	76,522	78,053	79,614	81,206	82,830	84,487	86,177	87,900	89,658	91,451
Design & Facilities Services	27,757	28,312	28,878	29,456	30,045	30,646	31,259	31,884	32,522	33,172	33,836
Vehicle & Equipment Services	116,449	118,778	121,154	123,577	126,048	128,569	131,140	133,763	136,439	139,167	141,951
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>636,100</b>	<b>648,822</b>	<b>661,798</b>	<b>675,034</b>	<b>688,535</b>	<b>702,306</b>	<b>716,352</b>
	2,355,539	2,402,650	2,450,703	2,499,717	3,185,811	3,249,527	3,314,518	3,380,808	3,448,424	3,517,393	3,587,741
Water Purchases from Lynchburg <sup>2</sup>	1,738,456	1,790,609	1,844,328	1,899,657	115,027	118,478	122,032	125,693	129,464	133,348	137,348
Other Water Operations	336,384	343,112	349,974	356,974	364,113	371,396	378,823	386,400	394,128	402,010	410,051
<b>Total Water Operations</b>	<b>2,074,840</b>	<b>2,133,721</b>	<b>2,194,302</b>	<b>2,256,631</b>	<b>479,140</b>	<b>489,873</b>	<b>500,856</b>	<b>512,093</b>	<b>523,592</b>	<b>535,358</b>	<b>547,399</b>
Sewer Treatment Purchases from Lynchburg	212,826	219,211	225,787	232,560	239,537	246,723	254,125	261,749	269,601	277,689	286,020
Other Sewer Operations	319,479	325,869	332,386	339,034	345,815	352,731	359,785	366,981	374,321	381,807	389,443
<b>Total Sewer Operations</b>	<b>532,305</b>	<b>545,079</b>	<b>558,173</b>	<b>571,594</b>	<b>585,352</b>	<b>599,454</b>	<b>613,911</b>	<b>628,730</b>	<b>643,922</b>	<b>659,497</b>	<b>675,463</b>
Contract Operations	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779	54,855
<b>Direct Operating Expenses</b>	<b>5,007,684</b>	<b>5,127,350</b>	<b>5,249,996</b>	<b>5,375,697</b>	<b>4,299,013</b>	<b>4,388,539</b>	<b>4,479,961</b>	<b>4,573,322</b>	<b>4,668,663</b>	<b>4,766,027</b>	<b>4,865,458</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>2,976,729</b>	<b>3,013,076</b>	<b>3,047,223</b>	<b>3,082,733</b>	<b>4,319,007</b>	<b>4,401,708</b>	<b>4,482,064</b>	<b>4,566,739</b>	<b>4,657,084</b>	<b>4,750,605</b>	<b>4,842,511</b>
Existing Authority Debt Service	2,757,127	2,664,415	2,636,183	2,632,824	2,171,926	2,171,368	2,150,787	2,092,818	2,065,775	2,000,116	1,985,931
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-	-
Debt Service for New Facility	-	-	-	-	1,843,752	1,843,068	1,842,353	1,841,607	1,840,826	1,840,011	1,839,158
<b>Total Debt Service</b>	<b>2,757,127</b>	<b>2,664,415</b>	<b>2,636,183</b>	<b>2,632,824</b>	<b>4,015,678</b>	<b>4,014,437</b>	<b>3,993,141</b>	<b>3,934,425</b>	<b>3,906,601</b>	<b>3,840,127</b>	<b>3,825,089</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>219,602</b>	<b>348,661</b>	<b>411,040</b>	<b>449,908</b>	<b>303,329</b>	<b>387,271</b>	<b>488,923</b>	<b>632,314</b>	<b>750,482</b>	<b>910,479</b>	<b>1,017,422</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.08</b>	<b>1.13</b>	<b>1.16</b>	<b>1.17</b>	<b>1.08</b>	<b>1.10</b>	<b>1.12</b>	<b>1.16</b>	<b>1.19</b>	<b>1.24</b>	<b>1.27</b>
<b>Projected Water Sale Rate</b>	<b>\$5.40</b>	<b>\$5.51</b>	<b>\$5.62</b>	<b>\$5.73</b>	<b>\$5.85</b>	<b>\$5.96</b>	<b>\$6.08</b>	<b>\$6.20</b>	<b>\$6.33</b>	<b>\$6.45</b>	<b>\$6.58</b>
<b>Projected Sewer Sale Rate</b>	<b>\$7.00</b>	<b>\$7.14</b>	<b>\$7.28</b>	<b>\$7.43</b>	<b>\$7.58</b>	<b>\$7.73</b>	<b>\$7.88</b>	<b>\$8.04</b>	<b>\$8.20</b>	<b>\$8.37</b>	<b>\$8.53</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.07</b>	<b>\$4.98</b>	<b>\$5.00</b>	<b>\$5.07</b>	<b>\$5.40</b>	<b>\$5.40</b>	<b>\$5.38</b>	<b>\$5.30</b>	<b>\$5.27</b>	<b>\$5.19</b>	<b>\$5.18</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.70</b>	<b>\$5.58</b>	<b>\$5.59</b>	<b>\$5.65</b>	<b>\$6.28</b>	<b>\$6.27</b>	<b>\$6.24</b>	<b>\$6.14</b>	<b>\$6.10</b>	<b>\$5.99</b>	<b>\$5.97</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and \$439,700 for Constructing the 5.0 MGD WTP from Page 20 Table 6 of the PER.

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 gallons per day purchased thereafter.

**Bedford County Public Service Authority**  
**Appendix E- Pro-Forma with New Facility in Three Phases and**  
**No City Contribution**

<b>Revenue Sources</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Water Sales	\$6,092,682	\$6,252,997	\$6,417,916	\$6,587,577	\$6,762,120	\$6,941,690	\$7,126,437	\$7,316,514	\$7,512,080	\$7,713,299	\$7,920,337
Sewer Sales	1,451,469	1,490,993	1,531,668	1,573,527	1,616,607	1,660,943	1,706,574	1,753,537	1,801,873	1,851,622	1,902,827
Penalties	52,222	53,266	54,331	55,418	56,526	57,657	58,810	59,986	61,186	62,410	63,658
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	71,681	73,114	74,576	76,068	77,589	79,141	80,724	82,338	83,985	85,665	87,378
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	135,167	137,871	140,628	143,441	146,309	149,236	152,220	155,265	158,370	161,537	164,768
Contract Operations	114,390	116,678	119,012	121,392	123,820	126,296	128,822	131,399	134,027	136,707	139,441
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,988,484	963,066	960,213	955,173	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>9,912,095</b>	<b>9,093,985</b>	<b>9,304,344</b>	<b>9,518,596</b>	<b>8,788,972</b>	<b>9,020,964</b>	<b>9,259,588</b>	<b>9,505,039</b>	<b>9,757,521</b>	<b>10,017,240</b>	<b>10,284,410</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	-	-	-	-	-	-	-	-	-
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUES</b>	<b>\$9,912,095</b>	<b>\$9,093,985</b>	<b>\$9,304,344</b>	<b>\$9,518,596</b>	<b>\$8,788,972</b>	<b>\$9,020,964</b>	<b>\$9,259,588</b>	<b>\$9,505,039</b>	<b>\$9,757,521</b>	<b>\$10,017,240</b>	<b>\$10,284,410</b>
<b>Operating Expenditures</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Personnel Costs	2,349,737	2,396,732	2,444,667	2,493,560	2,543,431	2,594,300	2,646,186	2,699,110	2,753,092	2,808,154	2,864,317
Administration	306,497	312,627	318,879	325,257	331,762	338,397	345,165	352,068	359,110	366,292	373,618
Customer Service and Billing Costs	93,280	95,146	97,049	98,990	100,970	102,989	105,049	107,150	109,293	111,479	113,708
Design & Facilities Services	34,512	35,203	35,907	36,625	37,357	38,104	38,867	39,644	40,437	41,245	42,070
Vehicle & Equipment Services	144,790	147,685	150,639	153,652	156,725	159,860	163,057	166,318	169,644	173,037	176,498
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>730,679</b>	<b>745,293</b>	<b>760,198</b>	<b>775,402</b>	<b>790,910</b>	<b>806,729</b>	<b>822,863</b>	<b>839,320</b>	<b>856,107</b>	<b>873,229</b>	<b>890,694</b>
	3,659,496	3,732,686	3,807,339	3,883,486	3,961,156	4,040,379	4,121,186	4,203,610	4,287,682	4,373,436	4,460,905
Water Purchases from Lynchburg <sup>2</sup>	141,469	145,713	150,084	154,587	159,224	164,001	168,921	173,989	179,208	184,585	190,122
Other Water Operations	418,252	426,617	435,149	443,852	452,729	461,784	471,019	480,440	490,049	499,849	509,846
<b>Total Water Operations</b>	<b>559,720</b>	<b>572,329</b>	<b>585,233</b>	<b>598,439</b>	<b>611,953</b>	<b>625,785</b>	<b>639,940</b>	<b>654,428</b>	<b>669,257</b>	<b>684,434</b>	<b>699,969</b>
Sewer Treatment Purchases from Lynchburg	294,601	303,439	312,542	321,918	331,576	341,523	351,769	362,322	373,191	384,387	395,919
Other Sewer Operations	397,232	405,177	413,280	421,546	429,977	438,576	447,348	456,295	465,421	474,729	484,224
<b>Total Sewer Operations</b>	<b>691,833</b>	<b>708,616</b>	<b>725,822</b>	<b>743,464</b>	<b>761,553</b>	<b>780,099</b>	<b>799,117</b>	<b>818,617</b>	<b>838,612</b>	<b>859,116</b>	<b>880,143</b>
Contract Operations	55,952	57,071	58,212	59,377	60,564	61,775	63,011	64,271	65,557	66,868	68,205
<b>Direct Operating Expenses</b>	<b>4,967,001</b>	<b>5,070,701</b>	<b>5,176,607</b>	<b>5,284,765</b>	<b>5,395,226</b>	<b>5,508,038</b>	<b>5,623,254</b>	<b>5,740,926</b>	<b>5,861,108</b>	<b>5,983,854</b>	<b>6,109,221</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>4,945,095</b>	<b>4,023,283</b>	<b>4,127,737</b>	<b>4,233,830</b>	<b>3,393,747</b>	<b>3,512,925</b>	<b>3,636,333</b>	<b>3,764,113</b>	<b>3,896,413</b>	<b>4,033,386</b>	<b>4,175,189</b>
Existing Authority Debt Service	1,988,484	963,066	960,213	955,173	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-	-
Debt Service for New Facility	1,838,268	1,837,337	1,836,364	2,220,924	2,219,719	2,218,459	2,217,143	2,215,768	2,214,331	2,212,829	2,211,260
<b>Total Debt Service</b>	<b>3,826,752</b>	<b>2,800,403</b>	<b>2,796,577</b>	<b>3,176,096</b>	<b>2,219,719</b>	<b>2,218,459</b>	<b>2,217,143</b>	<b>2,215,768</b>	<b>2,214,331</b>	<b>2,212,829</b>	<b>2,211,260</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>1,118,342</b>	<b>1,222,881</b>	<b>1,331,160</b>	<b>1,057,734</b>	<b>1,174,028</b>	<b>1,294,466</b>	<b>1,419,190</b>	<b>1,548,345</b>	<b>1,682,082</b>	<b>1,820,557</b>	<b>1,963,929</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.29</b>	<b>1.44</b>	<b>1.48</b>	<b>1.33</b>	<b>1.53</b>	<b>1.58</b>	<b>1.64</b>	<b>1.70</b>	<b>1.76</b>	<b>1.82</b>	<b>1.89</b>
<b>Projected Water Sale Rate</b>	<b>\$6.71</b>	<b>\$6.85</b>	<b>\$6.99</b>	<b>\$7.13</b>	<b>\$7.27</b>	<b>\$7.41</b>	<b>\$7.56</b>	<b>\$7.71</b>	<b>\$7.87</b>	<b>\$8.02</b>	<b>\$8.18</b>
<b>Projected Sewer Sale Rate</b>	<b>\$8.70</b>	<b>\$8.88</b>	<b>\$9.06</b>	<b>\$9.24</b>	<b>\$9.42</b>	<b>\$9.61</b>	<b>\$9.80</b>	<b>\$10.00</b>	<b>\$10.20</b>	<b>\$10.40</b>	<b>\$10.61</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.19</b>	<b>\$5.20</b>	<b>\$5.20</b>	<b>\$5.72</b>	<b>\$5.73</b>	<b>\$5.73</b>	<b>\$5.74</b>	<b>\$5.74</b>	<b>\$5.75</b>	<b>\$5.75</b>	<b>\$5.76</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.97</b>	<b>\$5.76</b>	<b>\$5.77</b>	<b>\$6.36</b>	<b>\$6.16</b>	<b>\$6.16</b>	<b>\$6.16</b>	<b>\$6.16</b>	<b>\$6.17</b>	<b>\$6.17</b>	<b>\$6.17</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and \$

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 gal

Bedford County Public Service Authority											
Appendix E- Pro-Forma with New Facility in Three Phases and No City Contribution											
Revenue Sources	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Water Sales	\$8,133,369	\$8,352,573	\$8,578,133	\$8,810,238	\$9,049,083	\$9,294,869	\$9,547,802	\$9,808,096	\$10,075,971	\$10,351,652	\$10,635,373
Sewer Sales	1,955,531	2,009,780	2,065,618	2,123,094	2,182,257	2,243,158	2,305,847	2,370,379	2,436,809	2,505,193	2,575,591
Penalties	64,931	66,230	67,554	68,905	70,284	71,689	73,123	74,585	76,077	77,599	79,151
Facility Fees	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	89,126	90,908	92,726	94,581	96,473	98,402	100,370	102,377	104,425	106,513	108,644
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	168,063	171,425	174,853	178,350	181,917	185,556	189,267	193,052	196,913	200,851	204,868
Contract Operations	142,230	145,075	147,976	150,936	153,954	157,034	160,174	163,378	166,645	169,978	173,378
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>10,559,251</b>	<b>10,841,990</b>	<b>11,132,862</b>	<b>11,432,105</b>	<b>11,739,968</b>	<b>12,056,707</b>	<b>12,382,583</b>	<b>12,717,868</b>	<b>13,062,840</b>	<b>13,417,787</b>	<b>13,783,004</b>
<b>Other Non Operating Revenue Sources</b>											
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	-	-	-	-	-	-	-	-	-
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUES</b>	<b>\$10,559,251</b>	<b>\$10,841,990</b>	<b>\$11,132,862</b>	<b>\$11,432,105</b>	<b>\$11,739,968</b>	<b>\$12,056,707</b>	<b>\$12,382,583</b>	<b>\$12,717,868</b>	<b>\$13,062,840</b>	<b>\$13,417,787</b>	<b>\$13,783,004</b>
<b>Operating Expenditures</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>
Personnel Costs	2,921,603	2,980,035	3,039,636	3,100,429	3,162,437	3,225,686	3,290,200	3,356,004	3,423,124	3,491,586	3,561,418
Administration	381,090	388,712	396,486	404,416	412,504	420,754	429,169	437,753	446,508	455,438	464,547
Customer Service and Billing Costs	115,982	118,302	120,668	123,082	125,543	128,054	130,615	133,227	135,892	138,610	141,382
Design & Facilities Services	42,912	43,770	44,645	45,538	46,449	47,378	48,326	49,292	50,278	51,284	52,309
Vehicle & Equipment Services	180,028	183,628	187,301	191,047	194,868	198,765	202,741	206,795	210,931	215,150	219,453
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>908,507</b>	<b>926,678</b>	<b>945,211</b>	<b>964,115</b>	<b>983,398</b>	<b>1,003,066</b>	<b>1,023,127</b>	<b>1,043,589</b>	<b>1,064,461</b>	<b>1,085,750</b>	<b>1,107,465</b>
	4,550,123	4,641,125	4,733,948	4,828,627	4,925,199	5,023,703	5,124,177	5,226,661	5,331,194	5,437,818	5,546,574
Water Purchases from Lynchburg <sup>2</sup>	195,826	201,701	207,752	213,984	220,404	227,016	233,826	240,841	248,066	255,508	263,173
Other Water Operations	520,043	530,444	541,053	551,874	562,912	574,170	585,653	597,366	609,314	621,500	633,930
<b>Total Water Operations</b>	<b>715,869</b>	<b>732,145</b>	<b>748,805</b>	<b>765,858</b>	<b>783,315</b>	<b>801,186</b>	<b>819,480</b>	<b>838,207</b>	<b>857,380</b>	<b>877,008</b>	<b>897,103</b>
Sewer Treatment Purchases from Lynchburg	407,796	420,030	432,631	445,610	458,978	472,748	486,930	501,538	516,584	532,082	548,044
Other Sewer Operations	493,908	503,787	513,862	524,140	534,622	545,315	556,221	567,345	578,692	590,266	602,072
<b>Total Sewer Operations</b>	<b>901,705</b>	<b>923,817</b>	<b>946,493</b>	<b>969,749</b>	<b>993,601</b>	<b>1,018,062</b>	<b>1,043,151</b>	<b>1,068,883</b>	<b>1,095,276</b>	<b>1,122,348</b>	<b>1,150,116</b>
Contract Operations	69,569	70,960	72,380	73,827	75,304	76,810	78,346	79,913	81,511	83,141	84,804
<b>Direct Operating Expenses</b>	<b>6,237,266</b>	<b>6,368,047</b>	<b>6,501,625</b>	<b>6,638,062</b>	<b>6,777,419</b>	<b>6,919,761</b>	<b>7,065,154</b>	<b>7,213,665</b>	<b>7,365,362</b>	<b>7,520,316</b>	<b>7,678,598</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>4,321,985</b>	<b>4,473,943</b>	<b>4,631,236</b>	<b>4,794,043</b>	<b>4,962,549</b>	<b>5,136,945</b>	<b>5,317,429</b>	<b>5,504,203</b>	<b>5,697,479</b>	<b>5,897,472</b>	<b>6,104,407</b>
Existing Authority Debt Service	-	-	-	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-	-
Debt Service for New Facility	2,209,620	2,207,906	2,584,680	2,582,668	2,580,566	761,246	760,832	760,400	759,948	759,476	758,983
<b>Total Debt Service</b>	<b>2,209,620</b>	<b>2,207,906</b>	<b>2,584,680</b>	<b>2,582,668</b>	<b>2,580,566</b>	<b>761,246</b>	<b>760,832</b>	<b>760,400</b>	<b>759,948</b>	<b>759,476</b>	<b>758,983</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>2,112,365</b>	<b>2,266,037</b>	<b>2,046,556</b>	<b>2,211,375</b>	<b>2,381,983</b>	<b>4,375,700</b>	<b>4,556,597</b>	<b>4,743,803</b>	<b>4,937,531</b>	<b>5,137,996</b>	<b>5,345,424</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.96</b>	<b>2.03</b>	<b>1.79</b>	<b>1.86</b>	<b>1.92</b>	<b>6.75</b>	<b>6.99</b>	<b>7.24</b>	<b>7.50</b>	<b>7.77</b>	<b>8.04</b>
<b>Projected Water Sale Rate</b>	<b>\$8.35</b>	<b>\$8.52</b>	<b>\$8.69</b>	<b>\$8.86</b>	<b>\$9.04</b>	<b>\$9.22</b>	<b>\$9.40</b>	<b>\$9.59</b>	<b>\$9.78</b>	<b>\$9.98</b>	<b>\$10.18</b>
<b>Projected Sewer Sale Rate</b>	<b>\$10.82</b>	<b>\$11.04</b>	<b>\$11.26</b>	<b>\$11.48</b>	<b>\$11.71</b>	<b>\$11.95</b>	<b>\$12.19</b>	<b>\$12.43</b>	<b>\$12.68</b>	<b>\$12.93</b>	<b>\$13.19</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.76</b>	<b>\$5.77</b>	<b>\$6.23</b>	<b>\$6.23</b>	<b>\$6.24</b>	<b>\$4.12</b>	<b>\$4.15</b>	<b>\$4.18</b>	<b>\$4.20</b>	<b>\$4.23</b>	<b>\$4.26</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$6.17</b>	<b>\$6.17</b>	<b>\$6.70</b>	<b>\$6.69</b>	<b>\$6.69</b>	<b>\$4.26</b>	<b>\$4.28</b>	<b>\$4.31</b>	<b>\$4.33</b>	<b>\$4.36</b>	<b>\$4.38</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and \$

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 gal

**Bedford County Public Service Authority**  
**Appendix E- Pro-Forma with New Facility in Three Phases and**  
**No City Contribution**

<b>Revenue Sources</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>
Water Sales	\$10,927,373	\$11,227,900	\$11,537,207	\$11,855,558	\$12,183,223	\$12,520,479	\$12,867,614	\$13,224,922	\$13,592,708	\$13,971,285
Sewer Sales	2,648,062	2,722,668	2,799,474	2,878,546	2,959,950	3,043,758	3,130,041	3,218,873	3,310,331	3,404,493
Penalties	80,734	82,348	83,995	85,675	87,389	89,137	90,919	92,738	94,592	96,484
Facility Fees	-	-	-	-	-	-	-	-	-	-
Administrative Fees	110,817	113,033	115,294	117,600	119,951	122,351	124,798	127,293	129,839	132,436
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	208,966	213,145	217,408	221,756	226,191	230,715	235,329	240,036	244,837	249,733
Contract Operations	176,845	180,382	183,990	187,670	191,423	195,251	199,157	203,140	207,202	211,346
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>14,158,796</b>	<b>14,545,477</b>	<b>14,943,369</b>	<b>15,352,805</b>	<b>15,774,128</b>	<b>16,207,691</b>	<b>16,653,857</b>	<b>17,113,002</b>	<b>17,585,510</b>	<b>18,071,779</b>
<b>Other Non Operating Revenue Sources</b>										
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	-	-	-	-	-	-	-	-
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUES</b>	<b>\$14,158,796</b>	<b>\$14,545,477</b>	<b>\$14,943,369</b>	<b>\$15,352,805</b>	<b>\$15,774,128</b>	<b>\$16,207,691</b>	<b>\$16,653,857</b>	<b>\$17,113,002</b>	<b>\$17,585,510</b>	<b>\$18,071,779</b>
<b>Operating Expenditures</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>	<b>2050</b>	<b>2051</b>	<b>2052</b>	<b>2053</b>	<b>2054</b>
Personnel Costs	3,632,646	3,705,299	3,779,405	3,854,993	3,932,093	4,010,735	4,090,950	4,172,769	4,256,224	4,341,349
Administration	473,838	483,314	492,981	502,840	512,897	523,155	533,618	544,291	555,176	566,280
Customer Service and Billing Costs	144,210	147,094	150,036	153,036	156,097	159,219	162,403	165,652	168,965	172,344
Design & Facilities Services	53,355	54,422	55,511	56,621	57,754	58,909	60,087	61,289	62,514	63,765
Vehicle & Equipment Services	223,842	228,319	232,885	237,543	242,294	247,140	252,082	257,124	262,266	267,512
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>1,129,615</b>	<b>1,152,207</b>	<b>1,175,251</b>	<b>1,198,756</b>	<b>1,222,731</b>	<b>1,247,186</b>	<b>1,272,130</b>	<b>1,297,572</b>	<b>1,323,524</b>	<b>1,349,994</b>
	5,657,506	5,770,656	5,886,069	6,003,790	6,123,866	6,246,344	6,371,270	6,498,696	6,628,670	6,761,243
Water Purchases from Lynchburg <sup>2</sup>	271,069	279,201	287,577	296,204	305,090	314,243	323,670	333,380	343,382	353,683
Other Water Operations	646,609	659,541	672,732	686,186	699,910	713,908	728,186	742,750	757,605	772,757
Total Water Operations	917,677	938,742	960,308	982,390	1,005,000	1,028,151	1,051,856	1,076,130	1,100,987	1,126,440
Sewer Treatment Purchases from Lynchburg	564,485	581,420	598,863	616,828	635,333	654,393	674,025	694,246	715,073	736,525
Other Sewer Operations	614,113	626,395	638,923	651,702	664,736	678,030	691,591	705,423	719,531	733,922
Total Sewer Operations	1,178,598	1,207,815	1,237,786	1,268,530	1,300,069	1,332,424	1,365,616	1,399,669	1,434,604	1,470,447
Contract Operations	86,500	88,230	89,995	91,795	93,631	95,503	97,414	99,362	101,349	103,376
<b>Direct Operating Expenses</b>	<b>7,840,282</b>	<b>8,005,443</b>	<b>8,174,158</b>	<b>8,346,506</b>	<b>8,522,566</b>	<b>8,702,422</b>	<b>8,886,156</b>	<b>9,073,857</b>	<b>9,265,610</b>	<b>9,461,507</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>6,318,515</b>	<b>6,540,034</b>	<b>6,769,210</b>	<b>7,006,299</b>	<b>7,251,562</b>	<b>7,505,269</b>	<b>7,767,701</b>	<b>8,039,145</b>	<b>8,319,900</b>	<b>8,610,272</b>
Existing Authority Debt Service	-	-	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-
Debt Service for New Facility	758,467	757,928	757,365	756,777	376,155	375,907	375,647	375,375	375,091	374,794
<b>Total Debt Service</b>	<b>758,467</b>	<b>757,928</b>	<b>757,365</b>	<b>756,777</b>	<b>376,155</b>	<b>375,907</b>	<b>375,647</b>	<b>375,375</b>	<b>375,091</b>	<b>374,794</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>5,560,047</b>	<b>5,782,105</b>	<b>6,011,845</b>	<b>6,249,522</b>	<b>6,875,406</b>	<b>7,129,363</b>	<b>7,392,054</b>	<b>7,663,771</b>	<b>7,944,809</b>	<b>8,235,478</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>8.33</b>	<b>8.63</b>	<b>8.94</b>	<b>9.26</b>	<b>19.28</b>	<b>19.97</b>	<b>20.68</b>	<b>21.42</b>	<b>22.18</b>	<b>22.97</b>
<b>Projected Water Sale Rate</b>	<b>\$10.38</b>	<b>\$10.59</b>	<b>\$10.80</b>	<b>\$11.02</b>	<b>\$11.24</b>	<b>\$11.46</b>	<b>\$11.69</b>	<b>\$11.92</b>	<b>\$12.16</b>	<b>\$12.41</b>
<b>Projected Sewer Sale Rate</b>	<b>\$13.46</b>	<b>\$13.72</b>	<b>\$14.00</b>	<b>\$14.28</b>	<b>\$14.56</b>	<b>\$14.86</b>	<b>\$15.15</b>	<b>\$15.46</b>	<b>\$15.77</b>	<b>\$16.08</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$4.28</b>	<b>\$4.31</b>	<b>\$4.34</b>	<b>\$4.37</b>	<b>\$3.99</b>	<b>\$4.02</b>	<b>\$4.06</b>	<b>\$4.09</b>	<b>\$4.12</b>	<b>\$4.15</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$4.41</b>	<b>\$4.43</b>	<b>\$4.46</b>	<b>\$4.49</b>	<b>\$4.05</b>	<b>\$4.08</b>	<b>\$4.11</b>	<b>\$4.14</b>	<b>\$4.18</b>	<b>\$4.21</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and \$

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 gal

Bedford County Public Service Authority						
Appendix E- Pro-Forma with New Facility in Three Phases and No City Contribution						
Revenue Sources	2055	2056	2057	2058	2059	2060
Water Sales	\$14,360,976	\$14,762,113	\$15,175,039	\$15,600,106	\$16,037,679	\$16,488,130
Sewer Sales	3,501,442	3,601,259	3,704,031	3,809,848	3,918,799	4,030,980
Penalties	98,414	100,382	102,390	104,438	106,526	108,657
Facility Fees	-	-	-	-	-	-
Administrative Fees	135,085	137,787	140,542	143,353	146,220	149,145
Interest	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	254,728	259,823	265,019	270,320	275,726	281,240
Contract Operations	215,573	219,885	224,283	228,768	233,344	238,010
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>18,572,218</b>	<b>19,087,249</b>	<b>19,617,304</b>	<b>20,162,833</b>	<b>20,724,294</b>	<b>21,302,163</b>
<b>Other Non Operating Revenue Sources</b>						
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	-	-	-	-
DEQ Contributions for Capital Projects	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUES</b>	<b>\$18,572,218</b>	<b>\$19,087,249</b>	<b>\$19,617,304</b>	<b>\$20,162,833</b>	<b>\$20,724,294</b>	<b>\$21,302,163</b>
<b>Operating Expenditures</b>	<b>2055</b>	<b>2056</b>	<b>2057</b>	<b>2058</b>	<b>2059</b>	<b>2060</b>
Personnel Costs	4,428,176	4,516,739	4,607,074	4,699,215	4,793,200	4,889,064
Administration	577,606	589,158	600,941	612,960	625,219	637,723
Customer Service and Billing Costs	175,791	179,307	182,893	186,551	190,282	194,087
Design & Facilities Services	65,040	66,341	67,668	69,021	70,401	71,809
Vehicle & Equipment Services	272,862	278,319	283,886	289,563	295,355	301,262
<b>Increased Expenditures from New Facility <sup>1</sup></b>	<b>1,376,994</b>	<b>1,404,534</b>	<b>1,432,625</b>	<b>1,461,277</b>	<b>1,490,503</b>	<b>1,520,313</b>
	6,896,468	7,034,397	7,175,085	7,318,587	7,464,959	7,614,258
Water Purchases from Lynchburg <sup>2</sup>	364,294	375,222	386,479	398,073	410,016	422,316
Other Water Operations	788,212	803,977	820,056	836,457	853,186	870,250
<b>Total Water Operations</b>	<b>1,152,506</b>	<b>1,179,199</b>	<b>1,206,535</b>	<b>1,234,531</b>	<b>1,263,202</b>	<b>1,292,566</b>
Sewer Treatment Purchases from Lynchburg	758,621	781,380	804,821	828,966	853,835	879,450
Other Sewer Operations	748,600	763,572	778,844	794,421	810,309	826,515
<b>Total Sewer Operations</b>	<b>1,507,221</b>	<b>1,544,952</b>	<b>1,583,665</b>	<b>1,623,386</b>	<b>1,664,144</b>	<b>1,705,965</b>
Contract Operations	105,444	107,552	109,703	111,898	114,135	116,418
<b>Direct Operating Expenses</b>	<b>9,661,639</b>	<b>9,866,101</b>	<b>10,074,989</b>	<b>10,288,402</b>	<b>10,506,440</b>	<b>10,729,207</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>8,910,579</b>	<b>9,221,148</b>	<b>9,542,316</b>	<b>9,874,431</b>	<b>10,217,854</b>	<b>10,572,955</b>
Existing Authority Debt Service	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-
Debt Service for New Facility	374,484	374,160	373,821	373,467	-	-
<b>Total Debt Service</b>	<b>374,484</b>	<b>374,160</b>	<b>373,821</b>	<b>373,467</b>	<b>-</b>	<b>-</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>8,536,095</b>	<b>8,846,988</b>	<b>9,168,494</b>	<b>9,500,964</b>	<b>10,217,854</b>	<b>10,572,955</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>23.79</b>	<b>24.64</b>	<b>25.53</b>	<b>26.44</b>	<b>-</b>	<b>-</b>
<b>Projected Water Sale Rate</b>	<b>\$12.65</b>	<b>\$12.91</b>	<b>\$13.16</b>	<b>\$13.43</b>	<b>\$13.70</b>	<b>\$13.97</b>
<b>Projected Sewer Sale Rate</b>	<b>\$16.40</b>	<b>\$16.73</b>	<b>\$17.06</b>	<b>\$17.41</b>	<b>\$17.75</b>	<b>\$18.11</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$4.18</b>	<b>\$4.21</b>	<b>\$4.24</b>	<b>\$4.28</b>	<b>\$3.95</b>	<b>\$3.99</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$4.24</b>	<b>\$4.27</b>	<b>\$4.30</b>	<b>\$4.33</b>	<b>\$3.95</b>	<b>\$3.99</b>

<sup>1</sup> The sum of \$196,400 for expanding Highpoint WTP to 1.0 MGD and \$

<sup>2</sup> Full purchases from Lynchburg for FY 2012-FY 2015 and 100,000 gal

## **Appendix F**

**Case I Revised - Pro-Forma Financial Model with Water Purchases and No \$8.5 million Project**

Bedford County Public Service Authority Appendix F- Pro-Forma with Continuing Water Purchases and No \$8.5 million Project														
Revenue Sources	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Sales	\$4,597,798	\$4,715,423	\$4,836,387	\$4,960,791	\$5,088,735	\$5,220,324	\$5,355,666	\$5,494,873	\$5,638,058	\$5,785,339	\$5,936,839	\$6,092,682	\$6,252,997	\$6,417,916
Sewer Sales	1,083,770	1,112,637	1,142,337	1,172,894	1,204,335	1,236,686	1,269,973	1,304,226	1,339,471	1,375,740	1,413,062	1,451,469	1,490,993	1,531,668
Penalties	42,000	42,840	43,697	44,571	45,462	46,371	47,299	48,245	49,210	50,194	51,198	52,222	53,266	54,331
Facility Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	57,650	58,803	59,979	61,179	62,402	63,650	64,923	66,222	67,546	68,897	70,275	71,681	73,114	74,576
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	108,710	110,884	113,102	115,364	117,671	120,025	122,425	124,874	127,371	129,919	132,517	135,167	137,871	140,628
Contract Operations	92,000	93,840	95,717	97,631	99,584	101,575	103,607	105,679	107,793	109,949	112,147	114,390	116,678	119,012
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	1,996,485	2,000,000	2,000,000	2,000,000	1,993,831	1,995,615	1,992,132	1,989,944	1,990,298	1,990,595	1,985,931	1,988,484	963,066	960,213
<b>Revenue from Operations</b>	<b>7,984,413</b>	<b>8,140,427</b>	<b>8,297,219</b>	<b>8,458,429</b>	<b>8,618,020</b>	<b>8,790,247</b>	<b>8,962,026</b>	<b>9,140,061</b>	<b>9,325,747</b>	<b>9,516,632</b>	<b>9,707,969</b>	<b>9,912,095</b>	<b>9,093,985</b>	<b>9,304,344</b>
<b>Other Non Operating Revenue Sources</b>														
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	-	-	616,729	620,543	624,390	628,272	632,189	636,140	640,127	644,150	648,210	652,307	656,441	660,614
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>-</b>	<b>-</b>	<b>616,729</b>	<b>620,543</b>	<b>624,390</b>	<b>628,272</b>	<b>632,189</b>	<b>636,140</b>	<b>640,127</b>	<b>644,150</b>	<b>648,210</b>	<b>652,307</b>	<b>656,441</b>	<b>660,614</b>
<b>TOTAL REVENUES</b>	<b>\$7,984,413</b>	<b>\$8,140,427</b>	<b>\$8,913,947</b>	<b>\$9,078,972</b>	<b>\$9,242,410</b>	<b>\$9,418,519</b>	<b>\$9,594,214</b>	<b>\$9,776,201</b>	<b>\$9,965,874</b>	<b>\$10,160,783</b>	<b>\$10,356,179</b>	<b>\$10,564,402</b>	<b>\$9,750,426</b>	<b>\$9,964,958</b>
<b>Operating Expenditures</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Personnel Costs	1,889,807	1,927,603	1,966,155	2,005,478	2,045,588	2,086,500	2,128,230	2,170,794	2,214,210	2,258,494	2,303,664	2,349,737	2,396,732	2,444,667
Administration	246,504	251,434	256,463	261,592	266,824	272,160	277,604	283,156	288,819	294,595	300,487	306,497	312,627	318,879
Customer Service and Billing Costs	75,022	76,522	78,053	79,614	81,206	82,830	84,487	86,177	87,900	89,658	91,451	93,280	95,146	97,049
Design & Facilities Services	27,757	28,312	28,878	29,456	30,045	30,646	31,259	31,884	32,522	33,172	33,836	34,512	35,203	35,907
Vehicle & Equipment Services	116,449	118,778	121,154	123,577	126,048	128,569	131,140	133,763	136,439	139,167	141,951	144,790	147,685	150,639
Increased Expenditures from New Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2,355,539	2,402,650	2,450,703	2,499,717	2,549,711	2,600,705	2,652,719	2,705,774	2,759,889	2,815,087	2,871,389	2,928,817	2,987,393	3,047,141
Water Purchases from Lynchburg	1,738,456	1,790,609	1,844,328	1,899,657	1,956,647	2,015,347	2,075,807	2,138,081	2,202,224	2,268,290	2,336,339	2,406,429	2,478,622	2,552,981
Other Water Operations	336,384	343,112	349,974	356,974	364,113	371,396	378,823	386,400	394,128	402,010	410,051	418,252	426,617	435,149
<b>Total Water Operations</b>	<b>2,074,840</b>	<b>2,133,721</b>	<b>2,194,302</b>	<b>2,256,631</b>	<b>2,320,760</b>	<b>2,386,742</b>	<b>2,454,630</b>	<b>2,524,481</b>	<b>2,596,351</b>	<b>2,670,301</b>	<b>2,746,390</b>	<b>2,824,681</b>	<b>2,905,239</b>	<b>2,988,130</b>
Sewer Treatment Purchases from Lynchburg	212,826	219,211	225,787	232,560	239,537	246,723	254,125	261,749	269,601	277,689	286,020	294,601	303,439	312,542
Other Sewer Operations	319,479	325,869	332,386	339,034	345,815	352,731	359,785	366,981	374,321	381,807	389,443	397,232	405,177	413,280
<b>Total Sewer Operations</b>	<b>532,305</b>	<b>545,079</b>	<b>558,173</b>	<b>571,594</b>	<b>585,352</b>	<b>599,454</b>	<b>613,911</b>	<b>628,730</b>	<b>643,922</b>	<b>659,497</b>	<b>675,463</b>	<b>691,833</b>	<b>708,616</b>	<b>725,822</b>
Contract Operations	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779	54,855	55,952	57,071	58,212
<b>Direct Operating Expenses</b>	<b>5,007,684</b>	<b>5,127,350</b>	<b>5,249,996</b>	<b>5,375,697</b>	<b>5,504,533</b>	<b>5,636,585</b>	<b>5,771,938</b>	<b>5,910,676</b>	<b>6,052,888</b>	<b>6,198,664</b>	<b>6,348,097</b>	<b>6,501,282</b>	<b>6,658,318</b>	<b>6,819,305</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>2,976,729</b>	<b>3,013,076</b>	<b>3,663,952</b>	<b>3,703,276</b>	<b>3,737,878</b>	<b>3,781,934</b>	<b>3,822,277</b>	<b>3,865,526</b>	<b>3,912,986</b>	<b>3,962,119</b>	<b>4,008,082</b>	<b>4,063,120</b>	<b>3,092,108</b>	<b>3,145,653</b>
Existing Authority Debt Service	2,757,127	2,664,415	2,636,183	2,632,824	2,171,926	2,171,368	2,150,787	2,092,818	2,065,775	2,000,116	1,985,931	1,988,484	963,066	960,213
Existing City Debt Service after FY 2014 Reversion	-	-	1,018,373	1,022,134	1,018,728	1,014,225	828,647	826,288	634,941	635,155	635,280	635,542	635,071	635,901
Debt Service for Lines to City (\$8.5 million)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>2,757,127</b>	<b>2,664,415</b>	<b>3,654,556</b>	<b>3,654,958</b>	<b>3,190,654</b>	<b>3,185,593</b>	<b>2,979,434</b>	<b>2,919,106</b>	<b>2,700,716</b>	<b>2,635,271</b>	<b>2,621,211</b>	<b>2,624,026</b>	<b>1,598,137</b>	<b>1,596,114</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>219,602</b>	<b>348,661</b>	<b>9,396</b>	<b>48,317</b>	<b>547,224</b>	<b>596,340</b>	<b>842,842</b>	<b>946,420</b>	<b>1,212,270</b>	<b>1,326,848</b>	<b>1,386,872</b>	<b>1,439,094</b>	<b>1,493,971</b>	<b>1,549,540</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>1.08</b>	<b>1.13</b>	<b>1.00</b>	<b>1.01</b>	<b>1.17</b>	<b>1.19</b>	<b>1.28</b>	<b>1.32</b>	<b>1.45</b>	<b>1.50</b>	<b>1.53</b>	<b>1.55</b>	<b>1.93</b>	<b>1.97</b>
<b>Projected Water Sale Rate</b>	<b>\$5.40</b>	<b>\$5.51</b>	<b>\$5.62</b>	<b>\$5.73</b>	<b>\$5.85</b>	<b>\$5.96</b>	<b>\$6.08</b>	<b>\$6.20</b>	<b>\$6.33</b>	<b>\$6.45</b>	<b>\$6.58</b>	<b>\$6.71</b>	<b>\$6.85</b>	<b>\$6.99</b>
<b>Projected Sewer Sale Rate</b>	<b>\$7.00</b>	<b>\$7.14</b>	<b>\$7.28</b>	<b>\$7.43</b>	<b>\$7.58</b>	<b>\$7.73</b>	<b>\$7.88</b>	<b>\$8.04</b>	<b>\$8.20</b>	<b>\$8.37</b>	<b>\$8.53</b>	<b>\$8.70</b>	<b>\$8.88</b>	<b>\$9.06</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$5.07</b>	<b>\$4.98</b>	<b>\$5.60</b>	<b>\$5.66</b>	<b>\$5.04</b>	<b>\$5.10</b>	<b>\$4.87</b>	<b>\$4.86</b>	<b>\$4.62</b>	<b>\$4.61</b>	<b>\$4.67</b>	<b>\$4.75</b>	<b>\$4.83</b>	<b>\$4.91</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$5.70</b>	<b>\$5.58</b>	<b>\$6.42</b>	<b>\$6.47</b>	<b>\$5.74</b>	<b>\$5.79</b>	<b>\$5.51</b>	<b>\$5.48</b>	<b>\$5.19</b>	<b>\$5.16</b>	<b>\$5.21</b>	<b>\$5.29</b>	<b>\$5.15</b>	<b>\$5.23</b>

Bedford County Public Service Authority Appendix F- Pro-Forma with Continuing Water Purchases and No \$8.5 million Project														
Revenue Sources	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Water Sales	\$6,587,577	\$6,762,120	\$6,941,690	\$7,126,437	\$7,316,514	\$7,512,080	\$7,713,299	\$7,920,337	\$8,133,369	\$8,352,573	\$8,578,133	\$8,810,238	\$9,049,083	\$9,294,869
Sewer Sales	1,573,527	1,616,607	1,660,943	1,706,574	1,753,537	1,801,873	1,851,622	1,902,827	1,955,531	2,009,780	2,065,618	2,123,094	2,182,257	2,243,158
Penalties	55,418	56,526	57,657	58,810	59,986	61,186	62,410	63,658	64,931	66,230	67,554	68,905	70,284	71,689
Facility Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	76,068	77,589	79,141	80,724	82,338	83,985	85,665	87,378	89,126	90,908	92,726	94,581	96,473	98,402
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	143,441	146,309	149,236	152,220	155,265	158,370	161,537	164,768	168,063	171,425	174,853	178,350	181,917	185,556
Contract Operations	121,392	123,820	126,296	128,822	131,399	134,027	136,707	139,441	142,230	145,075	147,976	150,936	153,954	157,034
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	955,173	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from Operations	9,518,596	8,788,972	9,020,964	9,259,588	9,505,039	9,757,521	10,017,240	10,284,410	10,559,251	10,841,990	11,132,862	11,432,105	11,739,968	12,056,707
Other Non Operating Revenue Sources														
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	664,825	669,075	673,366	677,696	682,068	686,481	690,936	695,433	699,975	704,560	709,190	713,865	718,586	723,353
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue & Support	664,825	669,075	673,366	677,696	682,068	686,481	690,936	695,433	699,975	704,560	709,190	713,865	718,586	723,353
TOTAL REVENUES	\$10,183,421	\$9,458,048	\$9,694,329	\$9,937,284	\$10,187,107	\$10,444,001	\$10,708,175	\$10,979,843	\$11,259,226	\$11,546,550	\$11,842,051	\$12,145,969	\$12,458,554	\$12,780,060
Operating Expenditures	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Personnel Costs	2,493,560	2,543,431	2,594,300	2,646,186	2,699,110	2,753,092	2,808,154	2,864,317	2,921,603	2,980,035	3,039,636	3,100,429	3,162,437	3,225,686
Administration	325,257	331,762	338,397	345,165	352,068	359,110	366,292	373,618	381,090	388,712	396,486	404,416	412,504	420,754
Customer Service and Billing Costs	98,990	100,970	102,989	105,049	107,150	109,293	111,479	113,708	115,982	118,302	120,668	123,082	125,543	128,054
Design & Facilities Services	36,625	37,357	38,104	38,867	39,644	40,437	41,245	42,070	42,912	43,770	44,645	45,538	46,449	47,378
Vehicle & Equipment Services	153,652	156,725	159,860	163,057	166,318	169,644	173,037	176,498	180,028	183,628	187,301	191,047	194,868	198,765
Increased Expenditures from New Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	3,108,084	3,170,245	3,233,650	3,298,323	3,364,290	3,431,576	3,500,207	3,570,211	3,641,615	3,714,448	3,788,737	3,864,511	3,941,802	4,020,638
Water Purchases from Lynchburg	2,629,570	2,708,457	2,789,711	2,873,402	2,959,604	3,048,392	3,139,844	3,234,040	3,331,061	3,430,993	3,533,922	3,639,940	3,749,138	3,861,612
Other Water Operations	443,852	452,729	461,784	471,019	480,440	490,049	499,849	509,846	520,043	530,444	541,053	551,874	562,912	574,170
Total Water Operations	3,073,422	3,161,186	3,251,495	3,344,422	3,440,044	3,538,441	3,639,694	3,743,886	3,851,104	3,961,437	4,074,976	4,191,814	4,312,050	4,435,782
Sewer Treatment Purchases from Lynchburg	321,918	331,576	341,523	351,769	362,322	373,191	384,387	395,919	407,796	420,030	432,631	445,610	458,978	472,748
Other Sewer Operations	421,546	429,977	438,576	447,348	456,295	465,421	474,729	484,224	493,908	503,787	513,862	524,140	534,622	545,315
Total Sewer Operations	743,464	761,553	780,099	799,117	818,617	838,612	859,116	880,143	901,705	923,817	946,493	969,749	993,601	1,018,062
Contract Operations	59,377	60,564	61,775	63,011	64,271	65,557	66,868	68,205	69,569	70,960	72,380	73,827	75,304	76,810
Direct Operating Expenses	6,984,347	7,153,548	7,327,020	7,504,872	7,687,222	7,874,185	8,065,885	8,262,445	8,463,993	8,670,662	8,882,585	9,099,902	9,322,756	9,551,292
Additional Fund Balance available to Pay Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET REVENUES AVAILABLE TO PAY DEBT SERVICE	3,199,074	2,304,499	2,367,310	2,432,411	2,499,885	2,569,816	2,642,291	2,717,398	2,795,232	2,875,889	2,959,466	3,046,067	3,135,798	3,228,768
Existing Authority Debt Service	955,173	-	-	-	-	-	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	635,201	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service for Lines to City (\$8.5 million)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service	1,590,374	-	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH SURPLUS/(DEFICIT)	1,608,701	2,304,499	2,367,310	2,432,411	2,499,885	2,569,816	2,642,291	2,717,398	2,795,232	2,875,889	2,959,466	3,046,067	3,135,798	3,228,768
Debt Service Coverage (Minimum of 1.15x Required)	2.01	-	-	-	-	-	-	-	-	-	-	-	-	-
Projected Water Sale Rate	\$7.13	\$7.27	\$7.41	\$7.56	\$7.71	\$7.87	\$8.02	\$8.18	\$8.35	\$8.52	\$8.69	\$8.86	\$9.04	\$9.22
Projected Sewer Sale Rate	\$9.24	\$9.42	\$9.61	\$9.80	\$10.00	\$10.20	\$10.40	\$10.61	\$10.82	\$11.04	\$11.26	\$11.48	\$11.71	\$11.95
Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)	\$4.99	\$4.25	\$4.34	\$4.43	\$4.53	\$4.63	\$4.73	\$4.83	\$4.93	\$5.03	\$5.14	\$5.24	\$5.35	\$5.46
Minimum Water Rate to Achieve 1.15x coverage	\$5.31	\$4.25	\$4.34	\$4.43	\$4.53	\$4.63	\$4.73	\$4.83	\$4.93	\$5.03	\$5.14	\$5.24	\$5.35	\$5.46

Bedford County Public Service Authority Appendix F- Pro-Forma with Continuing Water Purchases and No \$8.5 million Project													
Revenue Sources	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Water Sales	\$9,547,802	\$9,808,096	\$10,075,971	\$10,351,652	\$10,635,373	\$10,927,373	\$11,227,900	\$11,537,207	\$11,855,558	\$12,183,223	\$12,520,479	\$12,867,614	\$13,224,922
Sewer Sales	2,305,847	2,370,379	2,436,809	2,505,193	2,575,591	2,648,062	2,722,668	2,799,474	2,878,546	2,959,950	3,043,758	3,130,041	3,218,873
Penalties	73,123	74,585	76,077	77,599	79,151	80,734	82,348	83,995	85,675	87,389	89,137	90,919	92,738
Facility Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Fees	100,370	102,377	104,425	106,513	108,644	110,817	113,033	115,294	117,600	119,951	122,351	124,798	127,293
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	189,267	193,052	196,913	200,851	204,868	208,966	213,145	217,408	221,756	226,191	230,715	235,329	240,036
Contract Operations	160,174	163,378	166,645	169,978	173,378	176,845	180,382	183,990	187,670	191,423	195,251	199,157	203,140
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from Operations	12,382,583	12,717,868	13,062,840	13,417,787	13,783,004	14,158,796	14,545,477	14,943,369	15,352,805	15,774,128	16,207,691	16,653,857	17,113,002
Other Non Operating Revenue Sources													
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	728,168	733,031	737,943	742,904	747,916	752,978	758,093	763,260	768,480	773,754	779,084	784,469	789,911
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue & Support	728,168	733,031	737,943	742,904	747,916	752,978	758,093	763,260	768,480	773,754	779,084	784,469	789,911
TOTAL REVENUES	\$13,110,751	\$13,450,899	\$13,800,784	\$14,160,692	\$14,530,920	\$14,911,775	\$15,303,569	\$15,706,628	\$16,121,284	\$16,547,882	\$16,986,774	\$17,438,326	\$17,902,913
Operating Expenditures	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Personnel Costs	3,290,200	3,356,004	3,423,124	3,491,586	3,561,418	3,632,646	3,705,299	3,779,405	3,854,993	3,932,093	4,010,735	4,090,950	4,172,769
Administration	429,169	437,753	446,508	455,438	464,547	473,838	483,314	492,981	502,840	512,897	523,155	533,618	544,291
Customer Service and Billing Costs	130,615	133,227	135,892	138,610	141,382	144,210	147,094	150,036	153,036	156,097	159,219	162,403	165,652
Design & Facilities Services	48,326	49,292	50,278	51,284	52,309	53,355	54,422	55,511	56,621	57,754	58,909	60,087	61,289
Vehicle & Equipment Services	202,741	206,795	210,931	215,150	219,453	223,842	228,319	232,885	237,543	242,294	247,140	252,082	257,124
Increased Expenditures from New Facility	-	-	-	-	-	-	-	-	-	-	-	-	-
	4,101,050	4,183,071	4,266,733	4,352,068	4,439,109	4,527,891	4,618,449	4,710,818	4,805,034	4,901,135	4,999,158	5,099,141	5,201,124
Water Purchases from Lynchburg	3,977,461	4,096,785	4,219,688	4,346,279	4,476,667	4,610,967	4,749,296	4,891,775	5,038,528	5,189,684	5,345,375	5,505,736	5,670,908
Other Water Operations	585,653	597,366	609,314	621,500	633,930	646,609	659,541	672,732	686,186	699,910	713,908	728,186	742,750
Total Water Operations	4,563,114	4,694,151	4,829,002	4,967,779	5,110,597	5,257,576	5,408,837	5,564,507	5,724,714	5,889,594	6,059,283	6,233,922	6,413,658
Sewer Treatment Purchases from Lynchburg	486,930	501,538	516,584	532,082	548,044	564,485	581,420	598,863	616,828	635,333	654,393	674,025	694,246
Other Sewer Operations	556,221	567,345	578,692	590,266	602,072	614,113	626,395	638,923	651,702	664,736	678,030	691,591	705,423
Total Sewer Operations	1,043,151	1,068,883	1,095,276	1,122,348	1,150,116	1,178,598	1,207,815	1,237,786	1,268,530	1,300,069	1,332,424	1,365,616	1,399,669
Contract Operations	78,346	79,913	81,511	83,141	84,804	86,500	88,230	89,995	91,795	93,631	95,503	97,414	99,362
Direct Operating Expenses	9,785,662	10,026,019	10,272,522	10,525,336	10,784,626	11,050,565	11,323,331	11,603,105	11,890,074	12,184,429	12,486,367	12,796,092	13,113,812
Additional Fund Balance available to Pay Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
NET REVENUES AVAILABLE TO PAY DEBT SERVICE	3,325,090	3,424,881	3,528,261	3,635,356	3,746,295	3,861,209	3,980,238	4,103,523	4,231,211	4,363,453	4,500,407	4,642,234	4,789,101
Existing Authority Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service for Lines to City (\$8.5 million)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH SURPLUS/(DEFICIT)	3,325,090	3,424,881	3,528,261	3,635,356	3,746,295	3,861,209	3,980,238	4,103,523	4,231,211	4,363,453	4,500,407	4,642,234	4,789,101
Debt Service Coverage (Minimum of 1.15x Required)	-	-	-	-	-	-	-	-	-	-	-	-	-
Projected Water Sale Rate	\$9.40	\$9.59	\$9.78	\$9.98	\$10.18	\$10.38	\$10.59	\$10.80	\$11.02	\$11.24	\$11.46	\$11.69	\$11.92
Projected Sewer Sale Rate	\$12.19	\$12.43	\$12.68	\$12.93	\$13.19	\$13.46	\$13.72	\$14.00	\$14.28	\$14.56	\$14.86	\$15.15	\$15.46
Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)	\$5.57	\$5.68	\$5.80	\$5.91	\$6.03	\$6.15	\$6.27	\$6.39	\$6.51	\$6.64	\$6.77	\$6.90	\$7.03
Minimum Water Rate to Achieve 1.15x coverage	\$5.57	\$5.68	\$5.80	\$5.91	\$6.03	\$6.15	\$6.27	\$6.39	\$6.51	\$6.64	\$6.77	\$6.90	\$7.03

Bedford County Public Service Authority								
Appendix F- Pro-Forma with Continuing Water Purchases and								
No \$8.5 million Project								
Revenue Sources	2053	2054	2055	2056	2057	2058	2059	2060
Water Sales	\$13,592,708	\$13,971,285	\$14,360,976	\$14,762,113	\$15,175,039	\$15,600,106	\$16,037,679	\$16,488,130
Sewer Sales	3,310,331	3,404,493	3,501,442	3,601,259	3,704,031	3,809,848	3,918,799	4,030,980
Penalties	94,592	96,484	98,414	100,382	102,390	104,438	106,526	108,657
Facility Fees	-	-	-	-	-	-	-	-
Administrative Fees	129,839	132,436	135,085	137,787	140,542	143,353	146,220	149,145
Interest	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Rental & Service Charges	244,837	249,733	254,728	259,823	265,019	270,320	275,726	281,240
Contract Operations	207,202	211,346	215,573	219,885	224,283	228,768	233,344	238,010
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bedford County CIP Contribution for Debt	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>17,585,510</b>	<b>18,071,779</b>	<b>18,572,218</b>	<b>19,087,249</b>	<b>19,617,304</b>	<b>20,162,833</b>	<b>20,724,294</b>	<b>21,302,163</b>
<b>Other Non Operating Revenue Sources</b>								
Net Surplus from City of Bedford Pro Forma after 2014 Reversion	795,411	800,969	806,586	812,264	818,003	823,805	829,669	835,598
DEQ Contributions for Capital Projects	-	-	-	-	-	-	-	-
Line Dedications	-	-	-	-	-	-	-	-
Prepay Redemptions	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Other Revenue &amp; Support</b>	<b>795,411</b>	<b>800,969</b>	<b>806,586</b>	<b>812,264</b>	<b>818,003</b>	<b>823,805</b>	<b>829,669</b>	<b>835,598</b>
<b>TOTAL REVENUES</b>	<b>\$18,380,921</b>	<b>\$18,872,748</b>	<b>\$19,378,804</b>	<b>\$19,899,512</b>	<b>\$20,435,308</b>	<b>\$20,986,637</b>	<b>\$21,553,963</b>	<b>\$22,137,761</b>
<b>Operating Expenditures</b>	<b>2053</b>	<b>2054</b>	<b>2055</b>	<b>2056</b>	<b>2057</b>	<b>2058</b>	<b>2059</b>	<b>2060</b>
Personnel Costs	4,256,224	4,341,349	4,428,176	4,516,739	4,607,074	4,699,215	4,793,200	4,889,064
Administration	555,176	566,280	577,606	589,158	600,941	612,960	625,219	637,723
Customer Service and Billing Costs	168,965	172,344	175,791	179,307	182,893	186,551	190,282	194,087
Design & Facilities Services	62,514	63,765	65,040	66,341	67,668	69,021	70,401	71,809
Vehicle & Equipment Services	262,266	267,512	272,862	278,319	283,886	289,563	295,355	301,262
Increased Expenditures from New Facility	-	-	-	-	-	-	-	-
	5,305,146	5,411,249	5,519,474	5,629,863	5,742,461	5,857,310	5,974,456	6,093,945
Water Purchases from Lynchburg	5,841,035	6,016,266	6,196,754	6,382,657	6,574,137	6,771,361	6,974,501	7,183,737
Other Water Operations	757,605	772,757	788,212	803,977	820,056	836,457	853,186	870,250
Total Water Operations	6,598,640	6,789,023	6,984,967	7,186,633	7,394,193	7,607,818	7,827,688	8,053,987
Sewer Treatment Purchases from Lynchburg	715,073	736,525	758,621	781,380	804,821	828,966	853,835	879,450
Other Sewer Operations	719,531	733,922	748,600	763,572	778,844	794,421	810,309	826,515
Total Sewer Operations	1,434,604	1,470,447	1,507,221	1,544,952	1,583,665	1,623,386	1,664,144	1,705,965
Contract Operations	101,349	103,376	105,444	107,552	109,703	111,898	114,135	116,418
<b>Direct Operating Expenses</b>	<b>13,439,740</b>	<b>13,774,096</b>	<b>14,117,105</b>	<b>14,469,001</b>	<b>14,830,022</b>	<b>15,200,412</b>	<b>15,580,423</b>	<b>15,970,315</b>
<b>Additional Fund Balance available to Pay Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET REVENUES AVAILABLE TO PAY DEBT SERVICE</b>	<b>4,941,181</b>	<b>5,098,652</b>	<b>5,261,699</b>	<b>5,430,511</b>	<b>5,605,286</b>	<b>5,786,226</b>	<b>5,973,540</b>	<b>6,167,446</b>
Existing Authority Debt Service	-	-	-	-	-	-	-	-
Existing City Debt Service after FY 2014 Reversion	-	-	-	-	-	-	-	-
Debt Service for Lines to City (\$8.5 million)	-	-	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>4,941,181</b>	<b>5,098,652</b>	<b>5,261,699</b>	<b>5,430,511</b>	<b>5,605,286</b>	<b>5,786,226</b>	<b>5,973,540</b>	<b>6,167,446</b>
<b>Debt Service Coverage (Minimum of 1.15x Required)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Projected Water Sale Rate</b>	<b>\$12.16</b>	<b>\$12.41</b>	<b>\$12.65</b>	<b>\$12.91</b>	<b>\$13.16</b>	<b>\$13.43</b>	<b>\$13.70</b>	<b>\$13.97</b>
<b>Projected Sewer Sale Rate</b>	<b>\$15.77</b>	<b>\$16.08</b>	<b>\$16.40</b>	<b>\$16.73</b>	<b>\$17.06</b>	<b>\$17.41</b>	<b>\$17.75</b>	<b>\$18.11</b>
<b>Minimum Water Rate to Achieve 1.00x coverage (Balanced Budget)</b>	<b>\$7.16</b>	<b>\$7.29</b>	<b>\$7.43</b>	<b>\$7.57</b>	<b>\$7.71</b>	<b>\$7.85</b>	<b>\$8.00</b>	<b>\$8.15</b>
<b>Minimum Water Rate to Achieve 1.15x coverage</b>	<b>\$7.16</b>	<b>\$7.29</b>	<b>\$7.43</b>	<b>\$7.57</b>	<b>\$7.71</b>	<b>\$7.85</b>	<b>\$8.00</b>	<b>\$8.15</b>

**Appendix G**  
**Bedford City Water & Sewer Fund Projected Revenue and Expenditures**

**City of Bedford Water & Sewer Enterprise Fund**  
**Appendix G - Projected Revenue and Expenditures**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenue Sources</b>											
Interest on Investments	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247	\$3,312	\$3,378	\$3,446	\$3,515	\$3,585	\$3,657
Revenue Sharing Agreement	405,000	413,100	-	-	-	-	-	-	-	-	-
Sale of Water	1,285,000	1,291,425	1,297,882	1,304,372	1,310,893	1,317,448	1,324,035	1,330,655	1,337,309	1,343,995	1,350,715
Sewer Treatment Charges	1,884,300	1,893,722	1,903,190	1,912,706	1,922,270	1,931,881	1,941,540	1,951,248	1,961,004	1,970,809	1,980,663
Water & Sewer Connection Charges	11,600	11,832	12,069	12,310	12,556	12,807	13,063	13,325	13,591	13,863	14,140
Water & Sewer Facility Fees	19,050	19,431	-	-	-	-	-	-	-	-	-
Wastewater Discharge Permits	21,900	22,338	22,785	23,240	23,705	24,179	24,663	25,156	25,659	26,173	26,696
Penalties	10,100	10,302	10,508	10,718	10,933	11,151	11,374	11,602	11,834	12,070	12,312
Miscellaneous	200	204	208	212	216	221	225	230	234	239	244
Bedford City CIP Contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>3,640,150</b>	<b>3,665,414</b>	<b>3,249,763</b>	<b>3,266,742</b>	<b>3,283,821</b>	<b>3,301,000</b>	<b>3,318,280</b>	<b>3,335,662</b>	<b>3,353,146</b>	<b>3,370,735</b>	<b>3,388,427</b>
<b>TOTAL REVENUES</b>	<b>3,640,150</b>	<b>3,665,414</b>	<b>3,249,763</b>	<b>3,266,742</b>	<b>3,283,821</b>	<b>3,301,000</b>	<b>3,318,280</b>	<b>3,335,662</b>	<b>3,353,146</b>	<b>3,370,735</b>	<b>3,388,427</b>
<b>Operating Expenditures</b>											
General Administration	297,850	299,339	300,836	302,340	303,852	305,371	306,898	308,432	309,975	311,524	313,082
Supply and Purification	566,500	569,333	572,179	575,040	577,915	580,805	583,709	586,627	589,561	592,508	595,471
Transmission & Distribution	182,850	183,764	184,683	185,606	186,535	187,467	188,405	189,347	190,293	191,245	192,201
Wastewater Treatment	1,154,460	1,160,232	1,166,033	1,171,864	1,177,723	1,183,612	1,189,530	1,195,477	1,201,455	1,207,462	1,213,499
Maintenance - Sewer Lines	185,250	186,176	187,107	188,043	188,983	189,928	190,877	191,832	192,791	193,755	194,724
Pretreatment- Wastewater	81,490	81,897	82,307	82,718	83,132	83,548	83,965	84,385	84,807	85,231	85,657
Transfers to Other Funds	138,500	139,193	139,888	140,588	141,291	141,997	142,707	143,421	144,138	144,859	145,583
<b>Direct Operating Expenses</b>	<b>2,606,900</b>	<b>2,619,935</b>	<b>2,633,034</b>	<b>2,646,199</b>	<b>2,659,430</b>	<b>2,672,727</b>	<b>2,686,091</b>	<b>2,699,522</b>	<b>2,713,019</b>	<b>2,726,584</b>	<b>2,740,217</b>
<b>Debt Service</b>											
Existing DS	1,030,142	1,024,252	1,018,373	1,022,134	1,018,728	1,014,225	828,647	826,288	634,941	635,155	635,280
New Debt Service	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>1,030,142</b>	<b>1,024,252</b>	<b>1,018,373</b>	<b>1,022,134</b>	<b>1,018,728</b>	<b>1,014,225</b>	<b>828,647</b>	<b>826,288</b>	<b>634,941</b>	<b>635,155</b>	<b>635,280</b>
<b>TOTAL CASH EXPENDITURES</b>	<b>3,637,042</b>	<b>3,644,187</b>	<b>3,651,407</b>	<b>3,668,333</b>	<b>3,678,158</b>	<b>3,686,952</b>	<b>3,514,738</b>	<b>3,525,810</b>	<b>3,347,960</b>	<b>3,361,739</b>	<b>3,375,497</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>3,108</b>	<b>21,227</b>	<b>(401,644)</b>	<b>(401,591)</b>	<b>(394,338)</b>	<b>(385,953)</b>	<b>(196,458)</b>	<b>(190,148)</b>	<b>5,186</b>	<b>8,995</b>	<b>12,930</b>
<b>NET CASH SURPLUS/(DEFICIT) PLUS DEBT SERVICE</b>	<b>1,033,250</b>	<b>1,045,479</b>	<b>616,729</b>	<b>620,543</b>	<b>624,390</b>	<b>628,272</b>	<b>632,189</b>	<b>636,140</b>	<b>640,127</b>	<b>644,150</b>	<b>648,210</b>

**City of Bedford Water & Sewer Enterprise Fund**  
**Appendix G - Projected Revenue and Expenditures**

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Revenue Sources</b>										
Interest on Investments	\$3,730	\$3,805	\$3,881	\$3,958	\$4,038	\$4,118	\$4,201	\$4,285	\$4,370	\$4,458
Revenue Sharing Agreement	-	-	-	-	-	-	-	-	-	-
Sale of Water	1,357,469	1,364,256	1,371,077	1,377,933	1,384,822	1,391,746	1,398,705	1,405,699	1,412,727	1,419,791
Sewer Treatment Charges	1,990,567	2,000,520	2,010,522	2,020,575	2,030,678	2,040,831	2,051,035	2,061,290	2,071,597	2,081,955
Water & Sewer Connection Charges	14,423	14,712	15,006	15,306	15,612	15,924	16,243	16,568	16,899	17,237
Water & Sewer Facility Fees	-	-	-	-	-	-	-	-	-	-
Wastewater Discharge Permits	27,230	27,774	28,330	28,897	29,475	30,064	30,665	31,279	31,904	32,542
Penalties	12,558	12,809	13,065	13,327	13,593	13,865	14,142	14,425	14,714	15,008
Miscellaneous	249	254	259	264	269	275	280	286	291	297
Bedford City CIP Contributions	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>3,406,225</b>	<b>3,424,129</b>	<b>3,442,140</b>	<b>3,460,259</b>	<b>3,478,487</b>	<b>3,496,824</b>	<b>3,515,272</b>	<b>3,533,831</b>	<b>3,552,503</b>	<b>3,571,288</b>
<b>TOTAL REVENUES</b>	<b>3,406,225</b>	<b>3,424,129</b>	<b>3,442,140</b>	<b>3,460,259</b>	<b>3,478,487</b>	<b>3,496,824</b>	<b>3,515,272</b>	<b>3,533,831</b>	<b>3,552,503</b>	<b>3,571,288</b>
<b>Operating Expenditures</b>										
General Administration	314,647	316,221	317,802	319,391	320,988	322,593	324,206	325,827	327,456	329,093
Supply and Purification	598,448	601,440	604,448	607,470	610,507	613,560	616,628	619,711	622,809	625,923
Transmission & Distribution	193,162	194,128	195,098	196,074	197,054	198,040	199,030	200,025	201,025	202,030
Wastewater Treatment	1,219,567	1,225,665	1,231,793	1,237,952	1,244,142	1,250,362	1,256,614	1,262,897	1,269,212	1,275,558
Maintenance - Sewer Lines	195,697	196,676	197,659	198,647	199,641	200,639	201,642	202,650	203,664	204,682
Pretreatment- Wastewater	86,086	86,516	86,949	87,383	87,820	88,259	88,701	89,144	89,590	90,038
Transfers to Other Funds	146,311	147,042	147,778	148,516	149,259	150,005	150,755	151,509	152,267	153,028
<b>Direct Operating Expenses</b>	<b>2,753,918</b>	<b>2,767,688</b>	<b>2,781,526</b>	<b>2,795,434</b>	<b>2,809,411</b>	<b>2,823,458</b>	<b>2,837,575</b>	<b>2,851,763</b>	<b>2,866,022</b>	<b>2,880,352</b>
<b>Debt Service</b>										
Existing DS	635,542	635,071	635,901	635,201	-	-	-	-	-	-
New Debt Service	-	-	-	-	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>635,542</b>	<b>635,071</b>	<b>635,901</b>	<b>635,201</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CASH EXPENDITURES</b>	<b>3,389,460</b>	<b>3,402,759</b>	<b>3,417,427</b>	<b>3,430,635</b>	<b>2,809,411</b>	<b>2,823,458</b>	<b>2,837,575</b>	<b>2,851,763</b>	<b>2,866,022</b>	<b>2,880,352</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>16,765</b>	<b>21,370</b>	<b>24,713</b>	<b>29,624</b>	<b>669,075</b>	<b>673,366</b>	<b>677,696</b>	<b>682,068</b>	<b>686,481</b>	<b>690,936</b>
<b>NET CASH SURPLUS/(DEFICIT) PLUS DEBT SERVICE</b>	<b>652,307</b>	<b>656,441</b>	<b>660,614</b>	<b>664,825</b>	<b>669,075</b>	<b>673,366</b>	<b>677,696</b>	<b>682,068</b>	<b>686,481</b>	<b>690,936</b>

**City of Bedford Water & Sewer Enterprise Fund**  
**Appendix G - Projected Revenue and Expenditures**

	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
<b>Revenue Sources</b>										
Interest on Investments	\$4,547	\$4,638	\$4,731	\$4,825	\$4,922	\$5,020	\$5,121	\$5,223	\$5,328	\$5,434
Revenue Sharing Agreement	-	-	-	-	-	-	-	-	-	-
Sale of Water	1,426,890	1,434,024	1,441,194	1,448,400	1,455,642	1,462,921	1,470,235	1,477,586	1,484,974	1,492,399
Sewer Treatment Charges	2,092,365	2,102,826	2,113,340	2,123,907	2,134,527	2,145,199	2,155,925	2,166,705	2,177,538	2,188,426
Water & Sewer Connection Charges	17,582	17,933	18,292	18,658	19,031	19,412	19,800	20,196	20,600	21,012
Water & Sewer Facility Fees	-	-	-	-	-	-	-	-	-	-
Wastewater Discharge Permits	33,193	33,857	34,534	35,225	35,929	36,648	37,381	38,128	38,891	39,669
Penalties	15,308	15,614	15,927	16,245	16,570	16,902	17,240	17,584	17,936	18,295
Miscellaneous	303	309	315	322	328	335	341	348	355	362
Bedford City CIP Contributions	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>3,590,187</b>	<b>3,609,202</b>	<b>3,628,334</b>	<b>3,647,582</b>	<b>3,666,949</b>	<b>3,686,436</b>	<b>3,706,043</b>	<b>3,725,771</b>	<b>3,745,622</b>	<b>3,765,597</b>
<b>TOTAL REVENUES</b>	<b>3,590,187</b>	<b>3,609,202</b>	<b>3,628,334</b>	<b>3,647,582</b>	<b>3,666,949</b>	<b>3,686,436</b>	<b>3,706,043</b>	<b>3,725,771</b>	<b>3,745,622</b>	<b>3,765,597</b>
<b>Operating Expenditures</b>										
General Administration	330,739	332,392	334,054	335,725	337,403	339,090	340,786	342,490	344,202	345,923
Supply and Purification	629,053	632,198	635,359	638,536	641,729	644,937	648,162	651,403	654,660	657,933
Transmission & Distribution	203,040	204,056	205,076	206,101	207,132	208,167	209,208	210,254	211,305	212,362
Wastewater Treatment	1,281,936	1,288,345	1,294,787	1,301,261	1,307,767	1,314,306	1,320,878	1,327,482	1,334,119	1,340,790
Maintenance - Sewer Lines	205,705	206,734	207,768	208,806	209,850	210,900	211,954	213,014	214,079	215,149
Pretreatment- Wastewater	90,488	90,941	91,395	91,852	92,312	92,773	93,237	93,703	94,172	94,642
Transfers to Other Funds	153,793	154,562	155,335	156,112	156,892	157,677	158,465	159,257	160,054	160,854
<b>Direct Operating Expenses</b>	<b>2,894,754</b>	<b>2,909,228</b>	<b>2,923,774</b>	<b>2,938,393</b>	<b>2,953,085</b>	<b>2,967,850</b>	<b>2,982,689</b>	<b>2,997,603</b>	<b>3,012,591</b>	<b>3,027,654</b>
<b>Debt Service</b>										
Existing DS	-	-	-	-	-	-	-	-	-	-
New Debt Service	-	-	-	-	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CASH EXPENDITURES</b>	<b>2,894,754</b>	<b>2,909,228</b>	<b>2,923,774</b>	<b>2,938,393</b>	<b>2,953,085</b>	<b>2,967,850</b>	<b>2,982,689</b>	<b>2,997,603</b>	<b>3,012,591</b>	<b>3,027,654</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>695,433</b>	<b>699,975</b>	<b>704,560</b>	<b>709,190</b>	<b>713,865</b>	<b>718,586</b>	<b>723,353</b>	<b>728,168</b>	<b>733,031</b>	<b>737,943</b>
<b>NET CASH SURPLUS/(DEFICIT) PLUS DEBT SERVICE</b>	<b>695,433</b>	<b>699,975</b>	<b>704,560</b>	<b>709,190</b>	<b>713,865</b>	<b>718,586</b>	<b>723,353</b>	<b>728,168</b>	<b>733,031</b>	<b>737,943</b>

**City of Bedford Water & Sewer Enterprise Fund**  
**Appendix G - Projected Revenue and Expenditures**

	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
<b>Revenue Sources</b>												
Interest on Investments	\$5,543	\$5,654	\$5,767	\$5,882	\$6,000	\$6,120	\$6,242	\$6,367	\$6,494	\$6,624	\$6,757	\$6,892
Revenue Sharing Agreement	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Water	1,499,861	1,507,360	1,514,897	1,522,472	1,530,084	1,537,734	1,545,423	1,553,150	1,560,916	1,568,721	1,576,564	1,584,447
Sewer Treatment Charges	2,199,368	2,210,365	2,221,417	2,232,524	2,243,687	2,254,905	2,266,180	2,277,511	2,288,898	2,300,343	2,311,844	2,323,404
Water & Sewer Connection Charges	21,432	21,861	22,298	22,744	23,199	23,663	24,136	24,619	25,111	25,613	26,126	26,648
Water & Sewer Facility Fees	-	-	-	-	-	-	-	-	-	-	-	-
Wastewater Discharge Permits	40,462	41,271	42,097	42,939	43,798	44,674	45,567	46,478	47,408	48,356	49,323	50,310
Penalties	18,661	19,034	19,415	19,803	20,199	20,603	21,015	21,435	21,864	22,301	22,747	23,202
Miscellaneous	370	377	384	392	400	408	416	424	433	442	450	459
Bedford City CIP Contributions	-	-	-	-	-	-	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>3,785,697</b>	<b>3,805,922</b>	<b>3,826,275</b>	<b>3,846,755</b>	<b>3,867,366</b>	<b>3,888,106</b>	<b>3,908,979</b>	<b>3,929,984</b>	<b>3,951,124</b>	<b>3,972,399</b>	<b>3,993,811</b>	<b>4,015,362</b>
<b>TOTAL REVENUES</b>	<b>3,785,697</b>	<b>3,805,922</b>	<b>3,826,275</b>	<b>3,846,755</b>	<b>3,867,366</b>	<b>3,888,106</b>	<b>3,908,979</b>	<b>3,929,984</b>	<b>3,951,124</b>	<b>3,972,399</b>	<b>3,993,811</b>	<b>4,015,362</b>
<b>Operating Expenditures</b>												
General Administration	347,653	349,391	351,138	352,894	354,658	356,431	358,213	360,005	361,805	363,614	365,432	367,259
Supply and Purification	661,223	664,529	667,852	671,191	674,547	677,920	681,309	684,716	688,139	691,580	695,038	698,513
Transmission & Distribution	213,424	214,491	215,563	216,641	217,724	218,813	219,907	221,007	222,112	223,222	224,338	225,460
Wastewater Treatment	1,347,494	1,354,231	1,361,003	1,367,808	1,374,647	1,381,520	1,388,427	1,395,370	1,402,346	1,409,358	1,416,405	1,423,487
Maintenance - Sewer Lines	216,225	217,306	218,393	219,485	220,582	221,685	222,793	223,907	225,027	226,152	227,283	228,419
Pretreatment- Wastewater	95,116	95,591	96,069	96,550	97,032	97,517	98,005	98,495	98,988	99,483	99,980	100,480
Transfers to Other Funds	161,658	162,466	163,279	164,095	164,916	165,740	166,569	167,402	168,239	169,080	169,925	170,775
<b>Direct Operating Expenses</b>	<b>3,042,792</b>	<b>3,058,006</b>	<b>3,073,296</b>	<b>3,088,663</b>	<b>3,104,106</b>	<b>3,119,626</b>	<b>3,135,225</b>	<b>3,150,901</b>	<b>3,166,655</b>	<b>3,182,488</b>	<b>3,198,401</b>	<b>3,214,393</b>
<b>Debt Service</b>												
Existing DS	-	-	-	-	-	-	-	-	-	-	-	-
New Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CASH EXPENDITURES</b>	<b>3,042,792</b>	<b>3,058,006</b>	<b>3,073,296</b>	<b>3,088,663</b>	<b>3,104,106</b>	<b>3,119,626</b>	<b>3,135,225</b>	<b>3,150,901</b>	<b>3,166,655</b>	<b>3,182,488</b>	<b>3,198,401</b>	<b>3,214,393</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>742,904</b>	<b>747,916</b>	<b>752,978</b>	<b>758,093</b>	<b>763,260</b>	<b>768,480</b>	<b>773,754</b>	<b>779,084</b>	<b>784,469</b>	<b>789,911</b>	<b>795,411</b>	<b>800,969</b>
<b>NET CASH SURPLUS/(DEFICIT) PLUS DEBT SERVICE</b>	<b>742,904</b>	<b>747,916</b>	<b>752,978</b>	<b>758,093</b>	<b>763,260</b>	<b>768,480</b>	<b>773,754</b>	<b>779,084</b>	<b>784,469</b>	<b>789,911</b>	<b>795,411</b>	<b>800,969</b>

City of Bedford Water & Sewer Enterprise Fund						
Appendix G - Projected Revenue and Expenditures						
	2055	2056	2057	2058	2059	2060
<b>Revenue Sources</b>						
Interest on Investments	\$7,030	\$7,170	\$7,314	\$7,460	\$7,609	\$7,761
Revenue Sharing Agreement	-	-	-	-	-	-
Sale of Water	1,592,369	1,600,331	1,608,333	1,616,374	1,624,456	1,632,579
Sewer Treatment Charges	2,335,021	2,346,696	2,358,429	2,370,221	2,382,072	2,393,983
Water & Sewer Connection Charges	27,181	27,725	28,279	28,845	29,422	30,010
Water & Sewer Facility Fees	-	-	-	-	-	-
Wastewater Discharge Permits	51,316	52,342	53,389	54,457	55,546	56,657
Penalties	23,666	24,140	24,622	25,115	25,617	26,129
Miscellaneous	469	478	488	497	507	517
Bedford City CIP Contributions	-	-	-	-	-	-
<b>Revenue from Operations</b>	<b>4,037,051</b>	<b>4,058,881</b>	<b>4,080,853</b>	<b>4,102,969</b>	<b>4,125,230</b>	<b>4,147,636</b>
<b>TOTAL REVENUES</b>	<b>4,037,051</b>	<b>4,058,881</b>	<b>4,080,853</b>	<b>4,102,969</b>	<b>4,125,230</b>	<b>4,147,636</b>
<b>Operating Expenditures</b>						
General Administration	369,095	370,941	372,795	374,659	376,533	378,415
Supply and Purification	702,006	705,516	709,043	712,588	716,151	719,732
Transmission & Distribution	226,587	227,720	228,859	230,003	231,153	232,309
Wastewater Treatment	1,430,604	1,437,757	1,444,946	1,452,171	1,459,432	1,466,729
Maintenance - Sewer Lines	229,561	230,709	231,863	233,022	234,187	235,358
Pretreatment- Wastewater	100,982	101,487	101,995	102,505	103,017	103,532
Transfers to Other Funds	171,629	172,487	173,349	174,216	175,087	175,963
<b>Direct Operating Expenses</b>	<b>3,230,465</b>	<b>3,246,617</b>	<b>3,262,850</b>	<b>3,279,165</b>	<b>3,295,560</b>	<b>3,312,038</b>
<b>Debt Service</b>						
Existing DS	-	-	-	-	-	-
New Debt Service	-	-	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CASH EXPENDITURES</b>	<b>3,230,465</b>	<b>3,246,617</b>	<b>3,262,850</b>	<b>3,279,165</b>	<b>3,295,560</b>	<b>3,312,038</b>
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>806,586</b>	<b>812,264</b>	<b>818,003</b>	<b>823,805</b>	<b>829,669</b>	<b>835,598</b>
<b>NET CASH SURPLUS/(DEFICIT) PLUS DEBT SERVICE</b>	<b>806,586</b>	<b>812,264</b>	<b>818,003</b>	<b>823,805</b>	<b>829,669</b>	<b>835,598</b>

**Appendix H**  
**Existing Debt Service Tables**

**Bedford County Public Service Authority**  
**Appendix H - Summary of Outstanding PSA Debt**

<b>Fiscal Year</b>	<b>Series 2002A</b>			<b>Series 2002B- 1993 Refinance</b>			<b>Lynchburg Sewer</b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Trustee Fee</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Trustee Fee</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Trustee Fee</u></b>
2011	\$580,000.00	\$24,505.50	\$0.00	\$365,000.00	\$82,475.00	\$2,265.63	\$181,562.35	\$33,799.71	\$0.00
2012				\$380,000.00	\$65,750.00	\$1,800.00	\$182,426.98	\$30,418.30	\$0.00
2013				\$400,000.00	\$48,150.00	\$1,312.50	\$183,321.44	\$27,007.09	\$0.00
2014				\$415,000.00	\$27,775.00	\$803.13	\$164,866.75	\$23,565.00	\$0.00
2015				\$435,000.00	\$8,700.00	\$271.88	\$165,823.98	\$20,091.03	\$0.00
2016							\$161,511.23	\$16,584.00	\$0.00
2017							\$162,535.65	\$13,217.82	\$0.00
2018							\$148,839.28	\$9,816.32	\$0.00
2019							\$96,495.96	\$6,378.25	\$0.00
2020							\$72,574.72	\$2,902.34	\$0.00
2021							\$9,276.88	\$244.22	\$0.00
2022									
2023									
2024									
2025									
2026									
2027									
2028									
2029									
2030									
2031									
2032									
2033									
	<b>\$580,000.00</b>	<b>\$24,505.50</b>	<b>\$0.00</b>	<b>\$1,995,000.00</b>	<b>\$232,850.00</b>	<b>\$6,453.14</b>	<b>\$1,529,235.22</b>	<b>\$184,024.08</b>	<b>\$0.00</b>

**Bedford County Public Service Authority**  
**Appendix H - Summary of Outstanding PSA Debt**

<b>Fiscal Year</b>	<b>2004 Building Loan</b>			<b>VRA Series 2005</b>			<b>VRA Series 2009B</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Trustee Fee</b>	<b>Principal</b>	<b>Interest</b>	<b>Trustee Fee</b>	<b>Principal</b>	<b>Interest</b>	<b>Trustee Fee</b>
2011	\$93,346.72	\$6,899.97	\$0.00	\$500,000.00	\$465,407.50	\$450.00		\$430,881.26	\$328.13
2012	\$96,735.20	\$3,511.49	\$0.00	\$520,000.00	\$447,406.88	\$450.00	\$610,000.00	\$418,300.01	\$328.13
2013			\$0.00	\$540,000.00	\$428,680.01	\$450.00	\$645,000.00	\$390,165.63	\$328.13
2014			\$0.00	\$560,000.00	\$408,901.26	\$450.00	\$670,000.00	\$364,493.75	\$328.13
2015			\$0.00	\$585,000.00	\$384,543.76	\$450.00	\$695,000.00	\$337,615.63	\$328.13
2016			\$0.00	\$610,000.00	\$355,971.26	\$450.00	\$720,000.00	\$307,081.26	\$328.13
2017			\$0.00	\$640,000.00	\$325,877.51	\$450.00	\$755,000.00	\$273,959.38	\$328.13
2018			\$0.00	\$670,000.00	\$294,635.01	\$450.00	\$790,000.00	\$236,718.75	\$328.13
2019			\$0.00	\$700,000.00	\$262,356.26	\$450.00	\$825,000.00	\$201,809.38	\$328.13
2020			\$0.00	\$735,000.00	\$230,488.76	\$450.00	\$860,000.00	\$164,031.26	\$328.13
2021			\$0.00	\$765,000.00	\$199,738.76	\$450.00	\$905,000.00	\$120,078.13	\$328.13
2022				\$795,000.00	\$167,608.76	\$450.00	\$950,000.00	\$72,543.75	\$328.13
2023				\$830,000.00	\$133,606.26	\$450.00	\$1,000,000.00	\$24,100.00	\$328.13
2024				\$865,000.00	\$97,615.63	\$450.00			
2025				\$900,000.00	\$59,762.50	\$450.00			
2026				\$935,000.00	\$20,172.50	\$0.00			
2027									
2028									
2029									
2030									
2031									
2032									
2033									
	\$190,081.92	\$10,411.46	\$0.00	\$11,150,000.00	\$4,282,772.62	\$6,750.00	\$9,425,000.00	\$3,341,778.19	\$4,265.69

**Bedford County Public Service Authority**  
**Appendix H - Summary of Outstanding PSA Debt**

<b>Fiscal</b> <b>Year</b>	<b>TOTAL</b>				<b>Outstanding</b> <b>Balance</b>	<b>Debt</b> <b>Remaining</b>
	<b>Principal</b>	<b>Interest</b>	<b>Trustee Fees</b>	<b>Total</b>		
2011	\$1,719,909.07	\$1,043,968.94	\$3,043.76	\$2,766,921.77	\$23,149,408.07	93%
2012	\$1,789,162.18	\$965,386.68	\$2,578.13	\$2,757,126.99	\$21,360,245.89	86%
2013	\$1,768,321.44	\$894,002.73	\$2,090.63	\$2,664,414.80	\$19,591,924.45	79%
2014	\$1,809,866.75	\$824,735.01	\$1,581.26	\$2,636,183.02	\$17,782,057.70	72%
2015	\$1,880,823.98	\$750,950.42	\$1,050.01	\$2,632,824.41	\$15,901,233.72	64%
2016	\$1,491,511.23	\$679,636.52	\$778.13	\$2,171,925.88	\$14,409,722.49	58%
2017	\$1,557,535.65	\$613,054.71	\$778.13	\$2,171,368.49	\$12,852,186.84	52%
2018	\$1,608,839.28	\$541,170.08	\$778.13	\$2,150,787.49	\$11,243,347.56	45%
2019	\$1,621,495.96	\$470,543.89	\$778.13	\$2,092,817.98	\$9,621,851.60	39%
2020	\$1,667,574.72	\$397,422.36	\$778.13	\$2,065,775.21	\$7,954,276.88	32%
2021	\$1,679,276.88	\$320,061.11	\$778.13	\$2,000,116.12	\$6,275,000.00	25%
2022	\$1,745,000.00	\$240,152.51	\$778.13	\$1,985,930.64	\$4,530,000.00	18%
2023	\$1,830,000.00	\$157,706.26	\$778.13	\$1,988,484.39	\$2,700,000.00	11%
2024	\$865,000.00	\$97,615.63	\$450.00	\$963,065.63	\$1,835,000.00	7%
2025	\$900,000.00	\$59,762.50	\$450.00	\$960,212.50	\$935,000.00	4%
2026	\$935,000.00	\$20,172.50	\$0.00	\$955,172.50	\$0.00	0%
2027	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
2028	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
2029	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
2030	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
2031	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
2032	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
2033	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
	<b>\$24,869,317.14</b>	<b>\$8,076,341.85</b>		<b>\$32,963,127.82</b>		

**City of Bedford Water & Sewer Enterprise Fund Debt**  
**Appendix H- Summary of Outstanding City W&S Enterprise Fund Debt**

<b>Fiscal Year</b>	<b>1991 VRA WWTP</b>			<b>1998 Enterprise GO Issue WWTP Upgrade</b>			<b>2001A Enterprise GO Issue VRA W&amp;S</b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total DS</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total DS</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total DS</u></b>
2012	\$101,315.29	\$0.00	\$101,315.29	\$276,973.00	\$63,002.00	\$339,975.00	\$90,000.00	\$0.00	\$90,000.00
2013				\$283,940.00	\$56,034.00	\$339,974.00	\$90,000.00	\$0.00	\$90,000.00
2014				\$291,083.00	\$48,892.00	\$339,975.00	\$90,000.00	\$0.00	\$90,000.00
2015				\$298,406.00	\$41,569.00	\$339,975.00	\$90,000.00	\$0.00	\$90,000.00
2016				\$305,912.00	\$34,062.00	\$339,974.00	\$90,000.00	\$0.00	\$90,000.00
2017				\$313,608.00	\$26,367.00	\$339,975.00	\$90,000.00	\$0.00	\$90,000.00
2018				\$321,497.00	\$18,477.00	\$339,974.00	\$90,000.00	\$0.00	\$90,000.00
2019				\$329,585.00	\$10,390.00	\$339,975.00	\$90,000.00	\$0.00	\$90,000.00
2020				\$167,889.00	\$2,099.00	\$169,988.00	\$90,000.00	\$0.00	\$90,000.00
2021							\$90,000.00	\$0.00	\$90,000.00
2022							\$90,000.00	\$0.00	\$90,000.00
2023									
2024									
2025									
2026									
2027									
2028									
2029									
2030									
<b>TOTAL</b>	<b>\$101,315.29</b>	<b>\$0.00</b>	<b>\$101,315.29</b>	<b>\$2,588,893.00</b>	<b>\$300,892.00</b>	<b>\$2,889,785.00</b>	<b>\$990,000.00</b>	<b>\$0.00</b>	<b>\$990,000.00</b>

**City of Bedford Water & Sewer Enterprise Fund Debt**  
**Appendix H- Summary of Outstanding City W&S Enterprise Fund Debt**

<b>Fiscal Year</b>	<b>2002A Enterprise GO Issue VRA W&amp;S</b>			<b>2008 Enterprise GO Issue W&amp;S</b>			<b>2010 Enterprise GO Issue W&amp;S Refunding</b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total DS</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total DS</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total DS</u></b>
2012	\$143,315.00	\$0.00	\$143,315.00	\$58,574.00	\$31,175.00	\$89,749.00	\$155,000.00	\$27,720.00	\$182,720.00
2013	\$143,315.00	\$0.00	\$143,315.00	\$60,695.00	\$29,054.00	\$89,749.00	\$160,000.00	\$23,805.00	\$183,805.00
2014	\$143,315.00	\$0.00	\$143,315.00	\$62,892.00	\$26,857.00	\$89,749.00	\$160,000.00	\$20,285.00	\$180,285.00
2015	\$143,315.00	\$0.00	\$143,315.00	\$65,169.00	\$24,581.00	\$89,750.00	\$170,000.00	\$16,405.00	\$186,405.00
2016	\$143,315.00	\$0.00	\$143,315.00	\$67,528.00	\$22,222.00	\$89,750.00	\$175,000.00	\$10,360.00	\$185,360.00
2017	\$143,315.00	\$0.00	\$143,315.00	\$69,972.00	\$19,777.00	\$89,749.00	\$180,000.00	\$3,217.00	\$183,217.00
2018	\$143,315.00	\$0.00	\$143,315.00	\$72,505.00	\$17,244.00	\$89,749.00			
2019	\$143,315.00	\$0.00	\$143,315.00	\$75,130.00	\$14,619.00	\$89,749.00			
2020	\$143,315.00	\$0.00	\$143,315.00	\$77,849.00	\$11,900.00	\$89,749.00			
2021	\$143,315.00	\$0.00	\$143,315.00	\$80,668.00	\$9,082.00	\$89,750.00			
2022	\$143,315.00	\$0.00	\$143,315.00	\$83,588.00	\$6,161.00	\$89,749.00			
2023	\$71,657.00	\$0.00	\$71,657.00	\$86,614.00	\$3,135.00	\$89,749.00			
2024									
2025									
2026									
2027									
2028									
2029									
2030									
<b>TOTAL</b>	<b>\$1,648,122.00</b>	<b>\$0.00</b>	<b>\$1,648,122.00</b>	<b>\$861,184.00</b>	<b>\$215,807.00</b>	<b>\$1,076,991.00</b>	<b>\$1,000,000.00</b>	<b>\$101,792.00</b>	<b>\$1,101,792.00</b>

**City of Bedford Water & Sewer Enterprise Fund Debt**  
**Appendix H- Summary of Outstanding City W&S Enterprise Fund Debt**

<b>Fiscal Year</b>	<b>2011 Enterprise GO Issue W&amp;S</b>			<b>Total City Enterprise Fund Debt</b>			<b>Outstanding Balance</b>	<b>Debt Remaining</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total DS</b>	<b>Principal</b>	<b>Interest</b>	<b>Total DS</b>		
							\$10,491,514.29	100%
2012	\$0.00	\$83,068.00	\$83,068.00	\$825,177.29	\$204,965.00	\$1,030,142.29	\$9,666,337.00	92%
2013	\$80,000.00	\$97,409.00	\$177,409.00	\$817,950.00	\$206,302.00	\$1,024,252.00	\$8,848,387.00	84%
2014	\$80,000.00	\$95,049.00	\$175,049.00	\$827,290.00	\$191,083.00	\$1,018,373.00	\$8,021,097.00	76%
2015	\$80,000.00	\$92,689.00	\$172,689.00	\$846,890.00	\$175,244.00	\$1,022,134.00	\$7,174,207.00	68%
2016	\$80,000.00	\$90,329.00	\$170,329.00	\$861,755.00	\$156,973.00	\$1,018,728.00	\$6,312,452.00	60%
2017	\$80,000.00	\$87,969.00	\$167,969.00	\$876,895.00	\$137,330.00	\$1,014,225.00	\$5,435,557.00	52%
2018	\$80,000.00	\$85,609.00	\$165,609.00	\$707,317.00	\$121,330.00	\$828,647.00	\$4,728,240.00	45%
2019	\$80,000.00	\$83,249.00	\$163,249.00	\$718,030.00	\$108,258.00	\$826,288.00	\$4,010,210.00	38%
2020	\$61,000.00	\$80,889.00	\$141,889.00	\$540,053.00	\$94,888.00	\$634,941.00	\$3,470,157.00	33%
2021	\$233,000.00	\$79,090.00	\$312,090.00	\$546,983.00	\$88,172.00	\$635,155.00	\$2,923,174.00	28%
2022	\$240,000.00	\$72,216.00	\$312,216.00	\$556,903.00	\$78,377.00	\$635,280.00	\$2,366,271.00	23%
2023	\$409,000.00	\$65,136.00	\$474,136.00	\$567,271.00	\$68,271.00	\$635,542.00	\$1,799,000.00	17%
2024	\$582,000.00	\$53,071.00	\$635,071.00	\$582,000.00	\$53,071.00	\$635,071.00	\$1,217,000.00	12%
2025	\$600,000.00	\$35,901.00	\$635,901.00	\$600,000.00	\$35,901.00	\$635,901.00	\$617,000.00	6%
2026	\$617,000.00	\$18,201.00	\$635,201.00	\$617,000.00	\$18,201.00	\$635,201.00	\$0.00	0%
2027							\$0.00	0%
2028							\$0.00	0%
2029							\$0.00	0%
2030							\$0.00	0%
TOTAL	\$3,302,000.00	\$1,119,875.00	\$4,421,875.00	\$10,491,514.29	\$1,738,366.00	\$12,229,880.29		