

Safe Drinking Water Fund Program

DRAFT Certification Worksheet

Date of Analysis
Municipality Name

7/16/2025
City of Watertown

Financial Review Notes as of 07/16/2025

1. Net revenue appears **sufficient** for this debt service on this project.
2. City of Watertown has not provided a reimbursement resolution for this project.
3. The City of Watertown has a number of outstanding water revenue bonds. The pledge for the new bonds will be water system revenue. New bonds will be senior-parity and tax-exempt.
4. In FAA definitions, Parity Obligations means the Municipality's \$5,880,000 Water System Revenue Bonds, dated April 23, 2012; its \$945,000 Water System Revenue Refunding Bonds, dated March 1, 2017; its \$10,757,910 Water System Revenue Bonds, Series 2017B, dated May 10, 2017; and any other obligations issued on a parity with the Municipal Obligations pursuant to the restrictive provisions of Section 11 of the Municipal Obligation Resolution.
6. The City of Watertown states that a customer generates more than five percent of system revenue. No special agreement exists.

| | |
|---|-------------------|
| Project Manager | Kate Laja-Brennan |
| DOA Contact | Amy Johnson |
| Primary Project Number | 5439-99 |
| Additional Project | n/a |
| Additional Project | n/a |
| Substantial Completion Date | 10/31/2027 |
| Muni Meeting Date | |
| Project was on funding list for State Fiscal Year | 2025 |

| | |
|-----------------------|-------------------|
| Proposed Loan Amount | 2,863,161 |
| Principal Forgiveness | 318,129 |
| Disadvantaged Status | Not disadvantaged |
| Assumed Interest Rate | 0.250% |
| Loan Term | 5 |

DOA Capital Finance Office

This analysis is only as of the date indicated. This worksheet will be updated and may change as DOA reviews finances, ability to pay, etc.

City of Watertown - DEBT COVERAGE CALCULATION

Water Revenue

7/16/2025

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| | bakertilly 2022 | bakertilly 2023 | bakertilly 2024 |
|-------------------------------------|--------------------|--------------------|--------------------|
| <u>Water System Revenues</u> | | | |
| Sales of water | 5,649,819 | 5,596,056 | 5,466,920 |
| Other operating revenue | - | - | - |
| Interest and dividend income | 28,991 | 306,790 | 388,383 |
| reserved | - | - | - |
| reserved | - | - | - |
| reserved | - | - | - |
| reserved | - | - | - |
| reserved | - | - | - |
| Total Gross Earnings | 5,678,810 | 5,902,846 | 5,855,303 |
| <u>Water System Expenses</u> | | | |
| Operation & maintenance | 2,104,648 | 2,120,902 | 1,781,712 |
| PSC Tax | 46,891 | 43,117 | 42,383 |
| reserved | - | - | - |
| reserved | - | - | - |
| reserved | - | - | - |
| reserved | - | - | - |
| reserved | - | - | - |
| Total Current Expenses | 2,151,539 | 2,164,019 | 1,824,095 |
| Net Revenues | \$ 3,527,271 | \$ 3,738,827 | \$ 4,031,208 |

| | 2030 Max Debt Servic Prin & Int | Required Debt Cover |
|---|------------------------------------|---------------------------|
| <u>Sewer Revenue Debt Issues</u> | | |
| \$5,880,000, CM 2012, Series N/A | 136,463 | 125% |
| \$945,000, CM 2017, Series N/A | 0 | 125% |
| \$10,757,910, SDW 5439-02, Series 2001 | 630,393 | 125% |
| \$2,863,161, SDW 5439-99, Series 2025 | 957,967 | 125% |
| Reserved | 0 | |
| Max Annual Debt Service | 1,724,822 | |

Net Revenues / Max Annual Debt Service = \$ 4,031,208 / \$ 1,724,822 = 234% debt coverage ratio

Net Revenues must be at least \$2,156,028 (1,724,822 x 125%) to meet Debt Coverage Test

Net Revenues Excess or (Shortfall) 1,875,180

ANNUAL DEBT SERVICE SCHEDULE

Maximum Debt Service is Shaded

7/16/2025

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| | | CM 2012 | CM 2017 | SDW 5439-02 | SDW 5439-99 | | |
|-------|------|----------------------|---------------------|------------------------|------------------------|------------|------------------|
| | | Water Revenue | Water Revenue | Water Revenue | Water Revenue | | |
| | | \$5,880,000 | \$945,000 | \$10,757,910 | \$2,863,161 | | |
| | | N/A | N/A | Closed Out | Footnote 1 | | |
| | | Series N/A | Series N/A | Series 2001 | Series 2025 | Annual | Debt Service |
| | | <u>Dated 4/23/12</u> | <u>Dated 3/1/17</u> | <u>Dated 5/10/2017</u> | <u>Dated 9/24/2025</u> | Total | |
| Year | | | | | | | |
| 1 | 2025 | 13,944 | 3,150 | 63,344 | - | 80,438 | |
| 2 | 2026 | 136,238 | 109,725 | 630,759 | 7,894 | 884,615 | |
| 3 | 2027 | 132,938 | 106,575 | 630,670 | 7,158 | 877,340 | |
| 4 | 2028 | 134,419 | - | 630,579 | 957,973 | 1,722,971 | |
| 5 | 2029 | 135,600 | - | 630,487 | 957,970 | 1,724,057 | |
| 6 | 2030 | 136,463 | - | 630,393 | 957,967 | 1,724,822 | MAX Annual |
| 7 | 2031 | 137,000 | - | 630,297 | - | 767,297 | |
| 8 | 2032 | 137,363 | - | 630,199 | - | 767,562 | |
| 9 | 2033 | - | - | 630,100 | - | 630,100 | |
| 10 | 2034 | - | - | 629,999 | - | 629,999 | |
| 11 | 2035 | - | - | 629,895 | - | 629,895 | |
| 12 | 2036 | - | - | 629,790 | - | 629,790 | |
| 13 | 2037 | - | - | 629,683 | - | 629,683 | |
| 14 | 2038 | - | - | - | - | - | |
| 15 | 2039 | - | - | - | - | - | |
| 16 | 2040 | - | - | - | - | - | |
| 17 | 2041 | - | - | - | - | - | |
| 18 | 2042 | - | - | - | - | - | |
| 19 | 2043 | - | - | - | - | - | |
| 20 | 2044 | - | - | - | - | - | |
| 21 | 2045 | - | - | - | - | - | |
| 22 | 2046 | - | - | - | - | - | |
| 23 | 2047 | - | - | - | - | - | |
| 24 | 2048 | - | - | - | - | - | |
| 25 | 2049 | - | - | - | - | - | |
| 26 | 2050 | - | - | - | - | - | |
| 27 | 2051 | - | - | - | - | - | |
| 28 | 2052 | - | - | - | - | - | |
| 29 | 2053 | - | - | - | - | - | |
| 30 | 2054 | - | - | - | - | - | |
| 31 | 2055 | - | - | - | - | - | |
| 32 | 2056 | - | - | - | - | - | |
| 33 | 2057 | - | - | - | - | - | |
| 34 | 2058 | - | - | - | - | - | |
| 35 | 2059 | - | - | - | - | - | |
| 36 | 2060 | - | - | - | - | - | |
| 37 | 2061 | - | - | - | - | - | |
| 38 | 2062 | - | - | - | - | - | |
| 39 | 2063 | - | - | - | - | - | |
| 40 | 2064 | - | - | - | - | - | |
| 41 | 2065 | - | - | - | - | - | |
| Total | | 963,963 | 219,450 | 7,626,194 | 2,888,961 | 11,698,568 | TRUE |
| | | | | | | | Check with Amort |

¹ See Exhibit B in FAA for details on amortization schedule.

City of Watertown, Wisconsin**Exhibit B**

Project 5439-99 Safe Drinking Water Fund Program

Loan Closing Date:

September 24, 2025

| <u>Payment Date</u> | <u>Principal Payment</u> | <u>Interest Rate</u> | <u>Interest Payment</u> | <u>Principal & Interest</u> | <u>Bond Year Debt Service</u> | <u>Calendar Year Debt Service</u> |
|-------------------------|------------------------------|--------------------------|-----------------------------|-------------------------------------|-----------------------------------|---------------------------------------|
| 1-May-26 | 0.00 | 0.250% | 4,314.62 | 4,314.62 | 4,314.62 | 0.00 |
| 1-Nov-26 | 0.00 | 0.250% | 3,578.95 | 3,578.95 | 0.00 | 7,893.57 |
| 1-May-27 | 0.00 | 0.250% | 3,578.95 | 3,578.95 | 7,157.90 | 0.00 |
| 1-Nov-27 | 0.00 | 0.250% | 3,578.95 | 3,578.95 | 0.00 | 7,157.90 |
| 1-May-28 | 952,005.00 | 0.250% | 3,578.95 | 955,583.95 | 959,162.90 | 0.00 |
| 1-Nov-28 | 0.00 | 0.250% | 2,388.95 | 2,388.95 | 0.00 | 957,972.90 |
| 1-May-29 | 954,385.02 | 0.250% | 2,388.95 | 956,773.97 | 959,162.92 | 0.00 |
| 1-Nov-29 | 0.00 | 0.250% | 1,195.96 | 1,195.96 | 0.00 | 957,969.93 |
| 1-May-30 | 956,770.98 | 0.250% | 1,195.96 | 957,966.94 | 959,162.90 | 957,966.94 |
| Totals | 2,863,161.00 | | 25,800.24 | 2,888,961.24 | 2,888,961.24 | 2,888,961.24 |
| Net Interest Rate | | | | 0.2500% | | |
| Bond Years | | | | 10,320.0994 | | |
| Average Life | | | | 3.6044 | | |

The above schedule assumes full disbursement of the loan on the loan closing date.

16-Jul-25 Wisconsin Department of Administration