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PEAKS MILL WATER DISTRICT

AUDIT REPORT

For Year Ended December 31, 2012

Rick R. Waddle, Jr., CPA, PLLC
120 Walnut Street
Frankfort, Kentucky 40601

**PEAKS MILL WATER DISTRICT
AUDIT REPORT
December 31, 2012 and 2011**

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Peaks Mill Water District
Frankfort, Kentucky 40601

Report on the Financial Statements

We have audited the accompanying financial statements of the Peaks Mill Water District as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Peaks Mill Water District, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2013, on our consideration of the Peaks Mill Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Peaks Mill Water District's internal control over financial reporting and compliance.

Other Matters

Required Supplementary Information

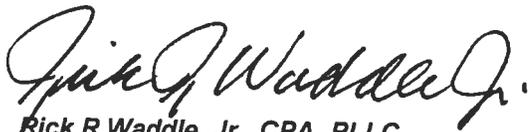
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Peaks Mill Water District's basic financial statements. Other supplementary information presented in pages 12-14, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Rick R Waddle, Jr., CPA, PLLC

120 Walnut Street, Frankfort, Kentucky 40601
July 1, 2013

Peaks Mill Water District
Management's Discussion & Analysis

As financial management of the Peaks Mill Water District (the "District"), we offer readers of these financial statements this narrative and analysis of the financial activities of the District for calendar year ended December 31, 2012. The discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

Change in net assets produced an increase in net assets of \$122,477. The term "net assets" refers to the difference between assets and liabilities. At the close of calendar year 2012, the District had net assets of \$4,048,642.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements, which is comprised of the basic financial statements and the notes to the financial statements. Since the District is comprised of a single enterprise fund, no fund level financial statements are shown. This report also contains other supplementary information concerning the District's budget to actual revenues and expenses.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statements of net assets present information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, results in increased net assets, which indicates an improved financial position.

The statement of net revenues, expenses and changes in net assets present information showing how the District's net assets change during the fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes of the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budget to actual revenues and expenses.

Peaks Mill Water District
Management's Discussion & Analysis
(continued)

Financial Analysis

Net assets may serve, over time, as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$4,048,642 at the close of the most recent calendar year. This represents an increase of \$122,477 over the previous year.

The unrestricted net assets were \$650,492. The District's net assets reflect its investment in capital assets (property, building and equipment). The District uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending. The following is a schedule of financial analysis of net assets and changes in net assets:

Peaks Mill Water District			
Net Assets			
	<u>December 31, 2012</u>		<u>December 31, 2011</u>
Current Assets	\$ 676,011	\$	570,488
Non-Current Assets	257,302		242,585
Capital Assets	<u>4,483,443</u>		<u>4,529,303</u>
Total Assets	<u>\$ 5,416,756</u>	<u>\$</u>	<u>5,342,376</u>
Total Liabilities	<u>\$ 1,368,113</u>	<u>\$</u>	<u>1,416,212</u>
Net Assets	<u>\$ 4,048,643</u>	<u>\$</u>	<u>3,926,164</u>

Peaks Mill Water District			
Changes in Net Assets			
	<u>December 31, 2012</u>		<u>December 31, 2011</u>
Revenues	\$ 745,134	\$	887,558
Expenses	<u>622,657</u>		<u>616,189</u>
Changes in Net Assets	122,477		271,369
Net Assets, Beginning of Year	<u>3,926,164</u>		<u>3,654,795</u>
Net Assets, End of Year	<u>\$ 4,048,641</u>	<u>\$</u>	<u>3,926,164</u>

Peaks Mill Water District
Management's Discussion & Analysis
(continued)

Cash Flows

Net cash provided by operating activities increased cash by \$197,636. Net cash used in investing decreased cash by \$140,379, which was mainly due to capital additions and net cash provided by capital and related financing activities increased cash by \$39,334.

Capital Assets

The District's investment in capital assets is \$3,140,848, net of accumulated depreciation. Major capital assets include pumps, lines, meters and tanks.

Requests for Information

This financial information is designed to provide a general overview of the District's finances for all those with an interest in the finances. Questions concerning any of the information provided in this report or request for additional financial information should be directed to Peaks Mill Water District, 7175 US 127 North, Frankfort, Kentucky 40601.

Peaks Mill Water District
Comparative Statement of Net Assets
December 31, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash in Bank and on Hand	\$ 544,645	\$ 462,771
Investments at Cost	79,587	78,636
Accrued Interest Receivable	161	158
Accounts Receivable	51,618	28,923
Total Current Assets	676,011	570,488
Non-Current Assets		
Restricted Assets - Cash	257,302	242,585
Property, Plant, & Equipment		
Property, Plant, & Equipment	6,417,710	6,276,961
Accumulated Depreciation	(1,934,267)	(1,747,658)
Total Property, Plant & Equipment	4,483,443	4,529,303
Total Non-Current Assets	4,740,745	4,771,888
Total Assets	\$ 5,416,756	\$ 5,342,376
Liabilities & Net Assets		
Current Liabilities		
Accounts Payable	\$ 20,217	\$ 21,134
Sales Tax Payable	2,084	86
Sewer Billing Payable	3,217	3,439
Current Portion of Bonds Payable	50,291	48,958
Total Current Liabilities	75,809	73,617
Long Term Liabilities		
KIA Loan Payable	800,004	838,395
Bonds Payable	492,300	504,200
Total Long Term Liabilities	1,292,304	1,342,595
Total Liabilities	1,368,113	1,416,212
Net Assets		
Investment in Capital Assets, Net of Related Debt	3,140,848	3,137,750
Restricted for Debt Retirement	116,593	104,757
Restricted for Construction	140,709	137,828
Unrestricted	650,492	545,829
Total Net Assets	4,048,642	3,926,164
Total Liabilities and Net Assets	5,416,755	\$ 5,342,376

The Accompanying Notes are an integral part of these financial statements.

Peaks Mill Water District
 Comparative Statement of Revenues, Expenses, And
 Changes In Net Assets
 For The Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Income		
Water Revenue	\$ 596,247	\$ 484,331
Miscellaneous Income	7,718	24,816
Total Operating Income	<u>603,965</u>	<u>509,147</u>
Operating Expenses		
Purchased Water	179,336	166,074
Purchased Power	18,493	17,814
Contractual Services	50,280	50,280
Advertising	862	360
Salaries	23,593	25,647
Payroll taxes	3,194	3,119
Postage	4,822	5,432
Maintenance	56,396	62,935
Office Supplies	4,346	3,584
Office Expenses	372	659
Insurance	8,934	10,209
Legal & Professional	10,610	8,550
Commissioner's Fees	10,800	10,800
Utilities & Telephone	2,221	2,291
Rent	7,725	6,600
Administrative Fee (KIA)	-	2,750
Chemical & Lab Analysis	1,364	996
Miscellaneous	1,145	8,008
Depreciation	186,609	176,889
Total Operating Expenses	<u>571,102</u>	<u>562,997</u>
Operating Income	<u>32,863</u>	<u>(53,850)</u>
Net Operating Revenue (Expenses)		
Interest Revenue	1,322	3,769
Interest Expense	(51,555)	(53,192)
Total Non-Operating Revenue (Expenses)	<u>(50,233)</u>	<u>(49,423)</u>
Net Income Before Contributions & Government Grants	<u>(17,370)</u>	<u>(103,273)</u>
Government Grants	131,684	370,186
Contributions From Customers	8,163	4,456
Change In Net Assets	122,477	271,369
Net Assets - Beginning of Year	<u>3,926,165</u>	<u>3,654,795</u>
Net Assets - End of Year	<u>\$ 4,048,642</u>	<u>\$ 3,926,164</u>

The accompanying notes are an integral part of these financial statements

Peaks Mill Water District
Comparative Statement of Cash Flows
For The Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 583,046	\$ 522,048
Cash Payments for Employee Services and Benefits	(37,587)	(39,566)
Cash Payments to Suppliers for Goods and Services	(347,823)	(341,956)
Net Cash Provided (Used) by Operating Activities	197,636	140,526
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions Received	8,163	4,456
Bond and Bond Interest Payments	(100,513)	(99,953)
Government Grants	131,684	370,186
Net Cash Provided (Used) by Capital and Related Financing Activities	39,334	274,689
Cash Flows From Investing Activities:		
Interest Income Received	1,319	3,611
Acquisition of Capital Assets	(140,747)	(448,219)
Cash Purchases of Investments	(951)	(1,950)
Net Cash Provided (Used) by Investing Activities	(140,379)	(446,558)
Net Increase (Decrease) in Cash & Cash Equivalents	96,591	(31,343)
Cash and Cash Equivalents, Beginning of Year	705,356	736,699
Cash and Cash Equivalents, End of Year	\$ 801,947	\$ 705,356
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities		
Operating Income (Loss)	\$ 32,863	\$ (53,850)
Adjustment to Reconcile Operating Income (Loss) to		
Net Cash Provided (Used) in Operating Activities:		
Depreciation	186,609	176,889
(Increase)/Decrease in Accounts Receivable	(22,695)	9,376
Increase/(Decrease) in Accounts Payable	(917)	4,586
Increase/(Decrease) in Accrued Liabilities	1,776	3,525
Net Cash Provided (Used) by Operating Activities	\$ 197,636	\$ 140,526

Disclosure of Accounting Policy:

For purposes of cash flows, Peaks Mill Water District considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The accompanying notes are an integral part of these financial statements

Note A - Summary of Significant Accounting Policies

The Peaks Mill Water District was organized in November, 1968 to provide water service to residents of Peaks Mill. It is a political subdivision of Franklin County, Kentucky and purchases water from the Frankfort Plant Board for resale to the residents. The District is subject to the regulatory authority of Kentucky Public Service Commission ("PSC") pursuant to KRS 278.040.

The District's financial statements are presented in conformity with the provisions of Governmental Accounting Standards Board Statement No. 34, "***Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments***".

The net assets of the District are classified into three categories; invested in capital assets net of related debt, restricted, and unrestricted. The restricted net assets consists of reserves for bond retirement and depreciation costs relating to the construction, replacement, extension, additions and/or improvements to the system. These reserves are discussed in Note E.

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

The District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case , GASB prevails.

Accounts Receivable are stated net of Allowance for Uncollectible Accounts. The Allowance for Uncollectible Accounts were \$3,800 at December 31, 2012, and \$3,800 at December 31, 2011. Net Accounts Receivable were \$51,618 at December 31, 2012, and \$28,923 at December 31, 2011.

Fixed Assets are recorded at cost and depreciated using the straight-line method at the following rates:

Pumps, lines, and meters	2.50%
Tanks	3.00%
Office Equipment	10.00%
Meter testing equipment	10.00%

The District capitalizes interest cost incurred during construction of fixed assets.

Investments are stated at cost, which approximates fair value, unless the market value is less than cost and there is evidence the decline in market value is due to other than temporary conditions.

Note B - Cash and Investments

Statutory Requirements

Kentucky Revised Statute 66.480 authorizes the District to invest in obligations of the U.S. treasury, in bonds or certificates of indebtedness of this state and of its agencies, savings and loan associations insured by an agency of the government of the United States up to the amount so insured, interest-bearing deposits in state or national banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank pledges as security obligations equal to uninsured amounts.

Statutes require that financial institutions pledge approved securities to secure those funds on deposit in an amount equal to the amount of those funds. At the end of the calendar year, the carrying amount of the District's deposits and investments were \$881,534.

Statement of Cash Flows

The Statement of Cash Flows includes as cash and cash equivalents the following:

	<u>2012</u>	<u>2011</u>	
Cash	\$ 544,645	\$ 466,371	
Restricted Cash	257,302	242,585	
Total Cash & Cash Equivalents	\$ 801,947	\$ 705,356	

The following is a chart summarizing investments held in federally insured financial institutions:

Farmers Bank Certificate of Deposit	\$ 79,587
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Note C - Property, Plant, And Equipment

A summary of capital asset activity during the year follows:

	<u>Balance</u>			<u>Balance</u>
	<u>12/31/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2012</u>
Land	\$ 8,096			\$ 8,096
Property, Plant, and Equipment	6,268,865	140,749	-	6,409,614
Less: Accumulated Depreciation	(1,747,658)	(186,609)		(1,934,267)
Capital Assets, Net	\$ 4,529,303	\$ (45,860)	\$ -	\$ 4,483,443

Note D - Accounts Payable

Accounts payable were \$20,217 at December 31, 2012, and \$21,134 at December 31, 2011. Most accounts were paid in January or February of the following fiscal year.

Note E - Bonds and KIA Notes Payable

In September 1997 the District issued and sold \$627,000 of Waterworks Revenue Bonds for the purpose of extending water service to other customers. The bonds pay interest at 5% and mature ratably through the year 2035. The District's annual principle payments are due January 1st of each year. The District paid it's principle and interest requirement for January 1, 2012 at December 31, 2011.

The outstanding amount of the bonds were \$515,900 at December 31, 2011 and \$526,500 at December 31, 2010.

The annual debt service requirements to retire the bonds and KIA notes outstanding at December 31, 2011 for each of the next five years and in remaining five year increments are as follows:

Year Ending	Bond/Note Principle	Bond/Note Interest
2013	50,291	49,837
2014	51,659	48,074
2015	54,062	46,266
2016	55,602	44,361
2017	58,079	42,404
Thereafter	1,072,902	359,182
Total	<u>\$ 1,342,595</u>	<u>\$ 590,124</u>

The supplementary information provides a breakdown for bond and long-term debt payments. The Fund C Loan from the Kentucky Infrastructure Authority was completely drawn, and repayment had began in 2009. The interest rate on Bonds Payable is variable according to the debt terms, while the KIA loan is fixed at 3%.

Note F - Reserves

Debt Service Reserve - There is to be a monthly deposit of an amount equal to 1/12 of the next ensuing principle payment due and 1/6 of the next ensuing interest payment due for the remaining outstanding bonds. The Debt Service Reserve had a balance of \$116,593 at December 31, 2012, and a balance of \$104,757 at December 31, 2011.

Depreciation Reserve - This fund may be used to purchase new or replacement equipment and emergency repairs to the water line system. The Depreciation Reserve had a balance of \$89,146 at December 31, 2012, and a balance of \$98,487 at December 31, 2011.

These Reserves are included in the Restrictions of Net Assets for December 31, 2012, and December 31, 2011.

Note G - Concentrations of Credit Risk

The District had cash, and cash equivalents in excess of FDIC insurance at Farmers Bank & Capital Trust Co. as of December 31, 2012. The Institution possessed securities pledged against this excess as well as coverage under the Temporary Liquidity Guaranty Program.

Note H - Sewer Billing

The District began billing and collecting for a sewer treatment plant during 2009. The amount collected is not included in sales revenue, and remitted payments offset those collections less a collection fee.

Note I - Related Party Transactions

The District utilized the services of Gatewood Water Service as an independent contractor in 2012, and 2011. Monthly fees totalled \$50,280 for 2012, and \$50,280 for 2011. Gatewood Water Service also performed various repairs to the water system in 2012, and 2011.

Note J - Subsequent Events

Management did not indicate financially impacting information regarding subsequent events. An evaluation of subsequent events through July 1, 2013 found no events that appeared to have a material effect regarding the accompanying financial statements of Peaks Mill Water District as of and for the year ended December 31, 2012.

Rick R. Waddle, Jr, CPA, PLLC
120 Walnut Street
Frankfort, KY 40601
(502) 352-2950
rickwaddle@gmail.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Board Members, Peaks Mill Water District
Frankfort, Kentucky 40601**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Peaks Mill Water District as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Peaks Mill Water District's basic financial statements, and have issued our report thereon dated July 1, 2013..

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Peaks Mill Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Peaks Mill Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Peaks Mill Water District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Peaks Mill Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Peaks Mill Water District, in a separate letter dated July 1, 2013

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Frankfort, Kentucky 40601
July 1, 2013

Supplementary Information

Peaks Mill Water District
 Schedule of Bond and Interest Payments
 Issue: 1997 Issue (91-03)
 December 31, 2012

Year End	Bond			Total Interest	Total Requirements
	Prin. Due January 1	Interest January 1	July 1		
2013	\$ 8,000	\$ 8,400	\$ 8,400	\$ 16,800	\$ 24,800
2014	8,000	8,200	8,200	16,400	24,400
2015	9,000	8,000	8,000	16,000	25,000
2016	9,000	7,775	7,775	15,550	24,550
2017	10,000	7,550	7,550	15,100	25,100
2018	10,000	7,300	7,300	14,600	24,600
2019	11,000	7,050	7,050	14,100	25,100
2020	11,000	6,775	6,775	13,550	24,550
2021	12,000	6,500	6,500	13,000	25,000
2022	13,000	6,200	6,200	12,400	25,400
2023	13,000	5,875	5,875	11,750	24,750
2024	14,000	5,550	5,550	11,100	25,100
2025	15,000	5,200	5,200	10,400	25,400
2026	15,000	4,825	4,825	9,650	24,650
2027	17,000	4,450	4,450	8,900	25,900
2028	17,000	4,025	4,025	8,050	25,050
2029	18,000	3,600	3,600	7,200	25,200
2030	19,000	3,150	3,150	6,300	25,300
2031	20,000	2,675	2,675	5,350	25,350
2032	20,000	2,175	2,175	4,350	24,350
2033	21,000	1,675	1,675	3,350	24,350
2034	22,000	1,150	1,150	2,300	24,300
2035	24,000	600	600	1,200	25,200
	<u>\$ 336,000</u>	<u>\$ 118,700</u>	<u>\$ 118,700</u>	<u>\$ 237,400</u>	<u>\$ 573,400</u>

Peaks Mill Water District
Schedule of Bond and Interest Payments
Issue: 1997 Issue (91-05)
December 31, 2012

Year End	Bond		July 1	Total Interest	Total Requirements
	Prin. Due January 1	Interest January 1			
2013	\$ 3,900	\$ 4,205	\$ 4,205	\$ 8,410	\$ 12,310
2014	4,100	4,108	4,108	8,215	12,315
2015	4,300	4,005	4,005	8,010	12,310
2016	4,600	3,898	3,898	7,795	12,395
2017	4,800	3,783	3,783	7,565	12,365
2018	5,100	3,663	3,663	7,325	12,425
2019	5,300	3,535	3,535	7,070	12,370
2020	5,600	3,403	3,403	6,805	12,405
2021	5,900	3,263	3,263	6,525	12,425
2022	6,200	3,115	3,115	6,230	12,430
2023	6,500	2,960	2,960	5,920	12,420
2024	6,900	2,798	2,798	5,595	12,495
2025	7,200	2,625	2,625	5,250	12,450
2026	7,600	2,445	2,445	4,890	12,490
2027	8,000	2,255	2,255	4,510	12,510
2028	8,400	2,055	2,055	4,110	12,510
2029	8,900	1,845	1,845	3,690	12,590
2030	9,500	1,663	1,663	3,325	12,825
2031	10,000	1,385	1,385	2,770	12,770
2032	10,600	1,135	1,135	2,270	12,870
2033	11,100	870	870	1,740	12,840
2034	11,600	593	593	1,186	12,786
2035	12,100	303	303	606	12,706
	<u>\$ 168,200</u>	<u>\$ 59,906</u>	<u>\$ 59,906</u>	<u>\$ 119,812</u>	<u>\$ 288,012</u>

Peaks Mill Water District
 Schedule of KIA Fund C Loan Payments
 December 31, 2012

<u>Year</u> <u>Ending</u>	<u>Note</u> <u>Principal</u>	<u>Note</u> <u>Interest</u>
2013	38,391	24,627
2014	39,559	23,459
2015	40,762	22,256
2016	42,002	21,016
2017	43,279	19,739
2018	44,596	18,422
2019	45,952	17,066
2020	47,350	15,668
2021	48,790	14,228
2022	50,274	12,744
2023	51,803	11,215
2024	53,379	9,639
2025	55,002	8,016
2026	56,675	6,343
2027	58,399	4,619
2028	60,175	2,843
2029	62,007	1,012
	<u>\$ 838,395</u>	<u>\$ 232,912</u>

Peaks Mill Water District
Statement of Revenues, Expenses & Changes in Net Asset-
Budget v Actual
For The Year Ended December 31, 2012

	Budget	Actual	Variance
Operating Income			
Water Revenue	\$ 525,000	\$ 596,247	\$ 71,247
Miscellaneous Income	25,000	7,718	(17,282)
Total Operating Income	<u>550,000</u>	<u>603,965</u>	<u>53,965</u>
Operating Expenses			
Purchased Water & Power	192,000	197,829	5,829
Contractual Services	52,000	50,280	(1,720)
Advertising	500	862	362
Salaries	25,000	23,593	(1,407)
Payroll taxes	2,800	3,194	394
Postage	5,500	4,822	(678)
Maintenance	30,000	56,396	26,396
Office Supplies	4,000	4,346	346
Office Expenses	-	372	372
Insurance	10,000	8,934	(1,066)
Legal & Professional	7,500	10,610	3,110
Commissioner's Fees	10,800	10,800	-
Utilities & Telephone	3,700	2,221	(1,479)
Rent	7,200	7,725	525
Administrative Fee (KIA)	-	-	-
Chemical & Lab Analysis	1,000	1,364	364
Miscellaneous	4,160	1,145	(3,015)
Bad Debt Expense	-	-	-
Depreciation	145,000	186,609	41,609
Total Operating Expenses	<u>501,160</u>	<u>571,102</u>	<u>69,942</u>
Operating Income	<u>48,840</u>	<u>32,863</u>	<u>(15,977)</u>
Non-Operating Revenue (Expenses)			
Interest Revenue	1,500	1,322	(178)
Interest Expense	(53,185)	(51,555)	1,630
Total Non-Operating Revenue (Expenses)	<u>(51,685)</u>	<u>(50,233)</u>	<u>1,452</u>
Net Income Before Contributions	<u>(2,845)</u>	<u>(17,370)</u>	<u>(14,525)</u>
Government Grants	-	131,684	131,684
Contributions From Customers	5,000	8,163	3,163
Change In Net Assets	<u>2,155</u>	<u>122,477</u>	<u>120,322</u>