

PUBLIC SERVICE COMMISSION ANNUAL REPORT BRANCH
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# PEAKS MILL WATER DISTRICT

## AUDIT REPORT

For Year Ended December 31, 2011

*Rick R. Waddle, Jr., CPA, PLLC  
450 Versailles Road  
Frankfort, Kentucky 40601*

**PEAKS MILL WATER DISTRICT**  
**AUDIT REPORT**  
**December 31, 2011 and 2010**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Peaks Mill Water District as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of Peaks Mill Water District's management. Our responsibility is to express opinions on these financial statements based on our audit.

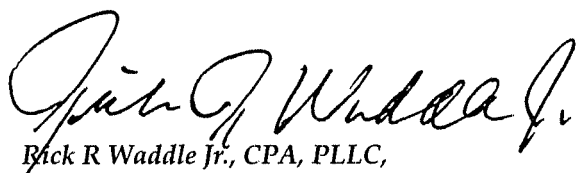
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information contained herein 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Peaks Mill Water District's financial statements as a whole. Other supplementary information presented in pages 12 thru 15 are presented for purposes of additional analysis and are not a required part of the financial statements. The Supplementary Information and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the audit procedures applied in the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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,



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July 2, 2012

## 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, 2011. 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 \$271,369. The term "net assets" refers to the difference between assets and liabilities. At the close of calendar year 2011, the District had net assets of \$3,926,162.

#### **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 \$3,926,162 at the close of the most recent calendar year. This represents an increase of \$271,369 over the previous year.

The unrestricted net assets were \$545,827. 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:

<b>Peaks Mill Water District</b>		
<b>Net Assets</b>		
	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Current Assets	\$ 570,488	\$ 567,777
Non-Current Assets	242,585	283,907
Capital Assets	<u>4,529,303</u>	<u>4,257,963</u>
Total Assets	<u>\$ 5,342,376</u>	<u>\$ 5,109,647</u>
Total Liabilities	<u>\$ 1,416,212</u>	<u>\$ 1,454,852</u>
Net Assets	<u>\$ 3,926,164</u>	<u>\$ 3,654,795</u>
	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Revenues	\$ 887,558	\$ 1,033,326
Expenses	<u>616,189</u>	<u>601,015</u>
Changes in Net Assets	271,369	432,311
Net Assets, Beginning of Year	<u>3,654,795</u>	<u>3,222,484</u>
Net Assets, End of Year	<u>\$ 3,926,164</u>	<u>\$ 3,654,795</u>

**Cash Flows**

Net cash provided by operating activities increased cash by \$140,526. Net cash provided in investing increased cash by \$446,558 and net cash used by capital and related financing activities decreased cash by \$274,689 which was primarily due to capital additions.

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

**Capital Assets**

The District's investment in capital assets is \$3,137,750, 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, 2011 and 2010

Assets	<u>2011</u>	<u>2010</u>
<b>Current Assets</b>		
Cash in Bank and on Hand	\$ 462,771	\$ 452,792
Investments at Cost	78,636	76,686
Accrued Interest Receivable	158	-
Accounts Receivable	<u>28,923</u>	<u>38,299</u>
<b>Total Current Assets</b>	<u>570,488</u>	<u>567,777</u>
<b>Non-Current Assets</b>		
Restricted Assets - Cash	<u>242,585</u>	<u>283,907</u>
<b>Property, Plant, &amp; Equipment</b>		
Property, Plant, & Equipment	6,276,961	5,828,732
Accumulated Depreciation	<u>(1,747,658)</u>	<u>(1,570,769)</u>
<b>Total Property, Plant &amp; Equipment</b>	<u>4,529,303</u>	<u>4,257,963</u>
<b>Total Non-Current Assets</b>	<u>4,771,888</u>	<u>4,541,870</u>
<b>Total Assets</b>	<u>\$ 5,342,376</u>	<u>\$ 5,109,647</u>
<b>Liabilities &amp; Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 21,134	\$ 16,548
Accrued Liabilities	3,525	
Current Portion of Bonds Payable	<u>48,958</u>	<u>46,756</u>
<b>Total Current Liabilities</b>	<u>73,617</u>	<u>63,304</u>
<b>Long Term Liabilities</b>		
KIA Loan Payable	838,395	875,648
Bonds Payable	<u>504,200</u>	<u>515,900</u>
<b>Total Long Term Liabilities</b>	<u>1,342,595</u>	<u>1,391,548</u>
<b>Total Liabilities</b>	<u>1,416,212</u>	<u>1,454,852</u>
<b>Net Assets</b>		
Investment in Capital Assets, Net of Related Debt	3,137,750	2,819,659
Restricted for Debt Retirement	104,757	92,214
Restricted for Construction	137,828	191,693
Unrestricted	<u>545,829</u>	<u>551,229</u>
<b>Total Net Assets</b>	<u>3,926,164</u>	<u>3,654,795</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,342,376</u>	<u>\$ 5,109,647</u>

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Income		
Water Revenue	\$ 484,331	\$ 492,273
Miscellaneous Income	24,816	25,772
Total Operating Income	<u>509,147</u>	<u>518,045</u>
Operating Expenses		
Purchased Water	166,074	172,532
Purchased Power	17,814	11,936
Contractual Services	50,280	50,280
Advertising	360	531
Salaries	25,647	22,512
Payroll taxes	3,119	2,813
Postage	5,432	6,052
Maintenance	62,935	70,667
Office Supplies	3,584	945
Office Expenses	659	-
Insurance	10,209	10,959
Legal & Professional	8,550	9,865
Commissioner's Fees	10,800	10,800
Utilities & Telephone	2,291	2,442
Rent	6,600	3,600
Administrative Fee (KIA)	2,750	4,611
Chemical & Lab Analysis	996	680
Miscellaneous	8,008	8,226
Depreciation	176,889	156,797
Total Operating Expenses	<u>562,997</u>	<u>546,248</u>
Operating Income	<u>(53,850)</u>	<u>(28,203)</u>
Net Operating Revenue (Expenses)		
Interest Revenue	3,769	4,096
Interest Expense	(53,192)	(54,767)
Total Non-Operating Revenue (Expenses)	<u>(49,423)</u>	<u>(50,671)</u>
Net Income Before Contributions & Government Grants	<u>(103,273)</u>	<u>(78,874)</u>
Government Grants	370,186	477,371
Contributions From Customers	4,456	33,814
Change In Net Assets	271,369	432,311
Net Assets - Beginning of Year	<u>3,654,795</u>	<u>3,222,484</u>
Net Assets - End of Year	<u><u>3,926,164</u></u>	<u><u>3,654,795</u></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, 2011 and 2010

	2011	2010
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 522,048	\$ 525,604
Cash Payments for Employee Services and Benefits	(39,566)	(36,125)
Cash Payments to Suppliers for Goods and Services	(341,956)	(350,006)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>140,526</b>	<b>139,473</b>
 <b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital Contributions Received	4,456	33,814
Bond and Bond Interest Payments	(36,925)	(37,140)
Long-Term Liability and Long-Term liability Interest Payments	(63,028)	(63,018)
Acquisition of Capital Assets	(448,219)	(642,892)
Government Grants	370,186	477,371
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(173,530)</b>	<b>(231,865)</b>
 <b>Cash Flows From Investing Activities:</b>		
Interest Income Received	3,611	4,096
Cash Purchases of Investments	(1,950)	(1,707)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,661</b>	<b>2,389</b>
 <b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(31,343)</b>	<b>(90,003)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>736,699</b>	<b>826,702</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 705,356</b>	<b>\$ 736,699</b>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities</b>		
Operating Income (Loss)	\$ (53,850)	\$ (28,203)
<b>Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:</b>		
Depreciation	176,889	156,797
(Increase)/Decrease in Accounts Receivable	9,376	7,559
Increase/(Decrease) in Accounts Payable	4,586	3,320
Increase/(Decrease) in Accrued Liabilities	3,525	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 140,526</b>	<b>\$ 139,473</b>

**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, 2011, and \$3,800 at December 31, 2010. Net Accounts Receivable were \$28,923 at December 31, 2011, and \$38,299 at December 31, 2010.

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 \$784,150.

**Statement of Cash Flows**

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

	<u>2011</u>	<u>2010</u>	
Cash	\$ 466,371	\$ 452,792	
Restricted Cash	242,585	283,907	
Total Cash & Cash Equivalents	\$ 705,356	\$ 736,699	

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

Farmers Bank Certificate of Deposit	\$ 78,636
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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>12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2011</u>
Land	\$ 8,096			\$ 8,096
Property, Plant, and Equipment	5,820,636	448,231	-	6,268,867
Less: Accumulated Depreciation	(1,570,769)	(176,889)		(1,747,658)
Capital Assets, Net	\$ 4,257,963	\$ 271,342	\$ -	\$ 4,529,305

**Note D - Accounts Payable**

Accounts payable were \$21,134 at December 31, 2011, and \$16,548 at December 31, 2010. 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
2012	\$ 48,958	\$ 51,555
2013	50,291	49,837
2014	51,659	48,074
2015	54,062	46,266
2016	55,602	44,361
Thereafter	1,130,981	271,570
Total	<u>\$ 1,391,553</u>	<u>\$ 511,663</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 \$104,757 at December 31, 2011, and a balance of \$92,214 at December 31, 2010.

**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, 2011, and a balance of \$95,045 at December 31, 2010.

These Reserves are included in the Restrictions of Net Assets for December 31, 2011, and December 31, 2010.

**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, 2011. 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 2011, and 2010. Monthly fees totalled \$50,280 for 2011, and \$50,280 for 2010. Gatewood Water Service also performed various repairs to the water system in 2011, and 2010.

**Note J - Subsequent Events**

Management did not indicate financially impacting information regarding subsequent events. An evaluation of subsequent events through July 2, 2012 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, 2011.

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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 Board Members, Peaks Mill Water District  
Frankfort, Kentucky 40601

We have audited the financial statements of the Peaks Mill Water District, as of and for the year ended December 31, 2011, and have issued our report thereon dated July 2, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Peak's Mill Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Peak's Mill Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Peaks Mill Water District's internal control over financial reporting.

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.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peak's Mill Water District's financial statements are free of 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 2, 2012.

This report is intended solely for the information and use of management, board members, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

  
Frankfort, Kentucky  
July 2, 2012

Supplementary Information

Peaks Mill Water District  
Schedule of Bond and Interest Payments  
Issue: 1997 Issue (91-03)  
December 31, 2011

Year End	Bond		July 1	Total Interest	Total Requirements
	Prin. Due January 1	Interest January 1			
2012	\$ 8,000	\$ 8,600	\$ 8,600	\$ 17,200	\$ 25,200
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>\$ 344,000</u>	<u>\$ 127,300</u>	<u>\$ 127,300</u>	<u>\$ 254,600</u>	<u>\$ 598,600</u>



Peaks Mill Water District  
 Schedule of Bond and Interest Payments  
 Issue: 1997 Issue (91-05)  
 December 31, 2011

Year End	Bond		July 1	Total Interest	Total Requirements
	Prin. Due January 1	Interest January 1			
2012	\$ 3,700	\$ 4,298	\$ 4,298	\$ 8,595	\$ 12,295
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>\$ 171,900</u>	<u>\$ 64,204</u>	<u>\$ 64,204</u>	<u>\$ 128,407</u>	<u>\$ 300,307</u>

Peaks Mill Water District  
Schedule of KIA Fund C Loan Payments  
December 31, 2011

<u>Year</u> <u>Ending</u>	<u>Note</u> <u>Principal</u>	<u>Note</u> <u>Interest</u>
2012	\$ 37,258	\$ 25,760
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>\$ 875,653</u>	<u>\$ 258,672</u>

Peaks Mill Water District  
Statement of Revenues, Expenses & Changes in Net Assets-  
Budget v Actual  
For The Year Ended December 31, 2011

	Budget 2011	Actual 2011	Variance
<b>Operating Income</b>			
Water Revenue	\$ 514,000	\$ 484,331	\$ (29,669)
Miscellaneous Income	27,500	24,816	(2,684)
<b>Total Operating Income</b>	<u>541,500</u>	<u>509,147</u>	<u>(32,353)</u>
<b>Operating Expenses</b>			
Purchased Water & Power	184,500	183,888	612
Contractual Services	52,000	50,280	1,720
Advertising	500	360	140
Salaries	22,512	25,647	(3,135)
Payroll Taxes	2,800	3,119	(319)
Postage	5,500	5,432	68
Maintenance	30,000	62,935	(32,935)
Office Supplies	1,000	3,584	(2,584)
Office Expenses	-	659	(659)
Insurance	10,000	10,209	(209)
Legal & Professional	8,500	8,550	(50)
Commissioner's Fees	10,800	10,800	-
Utilities and Telephone	3,700	2,291	1,409
Rent	6,600	6,600	-
Administrative Fee(KLA)	-	2,750	(2,750)
Chemical and Lab Analysis	1,000	996	4
Miscellaneous	6,360	8,008	(1,648)
Bad Debt Expense	-	-	-
Depreciation	155,000	176,889	(21,889)
<b>Total Operating Expenses</b>	<u>500,772</u>	<u>562,997</u>	<u>(62,225)</u>
<b>Operating Income</b>	<u>40,728</u>	<u>(53,850)</u>	<u>(94,578)</u>
<b>Non-Operating Revenue(Expenses)</b>			
Interest Revenue	5,000	3,769	(1,231)
Interest Expense	(53,184)	(53,192)	(8)
<b>Total Non-Operating Revenue(Expenses)</b>	<u>(48,184)</u>	<u>(49,423)</u>	<u>(1,239)</u>
<b>Net Income Before Contributions</b>	(7,456)	(103,273)	(95,817)
Government Grants		370,186	370,186
Contributions from Customers	7,500	4,456	(3,044)
<b>Change in Net Assets</b>	<u>\$ 44</u>	<u>\$ 271,369</u>	<u>\$ 271,325</u>