

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

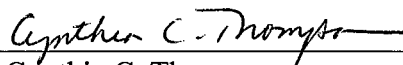
PROPOSED ADJUSTMENT OF THE )  
WHOLESALE WATER SERVICE RATES OF ) CASE NO. 2015-00039  
THE CITY OF AUGUSTA )

CITY OF AUGUSTA'S RESPONSE TO THE KENTUCKY PUBLIC SERVICE  
COMMISSION'S REQUEST FOR INFORMATION  
ON APPENDIX B OF ORDER DATED FEBRUARY 10, 2015

Pursuant to the Commission's request for information on Appendix B of its Order dated February 10, 2015, the City of Augusta respectfully submits the following information to the Kentucky Public Service Commission.

Dated: March 30, 2015

Respectfully submitted,

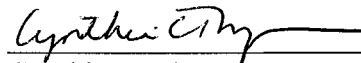


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*Counsel for City of Augusta*

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that the City of Augusta's March 30, 2015 electronic filing of this Statement is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Commission on March 30, 2015; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a paper copy of this Statement will be mailed to the Commission on March 31, 2015.



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Cynthia C. Thompson

RESPONSE TO APPENDIX B  
 APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN  
 CASE NO. 2015-00039 DATED FEBRUARY 10, 2015

1. Augusta intends to call the following witnesses at the scheduled hearing in this matter:
  - Donna Hendrix, CPA
  - Gretchen Usleaman, Augusta City Clerk
  - Susan Butts, Chief Operator, Augusta Regional Water Treatment Plant
  - Will supplement this witness list if necessary
2. Audit reports.
  - a. Attached as Exhibit 2 are copies of the City of Augusta's audit reports for Fiscal Years 2012 through 2014.
  - b. The audit report for Fiscal Year 2014 is attached.
3. Test Period.
  - a. The 12-month test period for the proposed rate adjustment is Fiscal Year 2014.
  - b. A Fiscal Year test period is required by the initial water purchase contract dated March 4, 1993 and is also consistent with all subsequent filings and agreements between the parties herein. Please see Exhibit 3, Water Purchase Contract Modification Agreement of 2008, paragraph 4.
4. Attached as Exhibit 4 are copies of general ledgers and check register for the test period of Fiscal Year 2014.
5. Outstanding revenue bonds related to Augusta's Water Treatment Plant.
  - a. Attached as Exhibit 5 are copies of the City's bond ordinances relating to the City's Water Treatment Plant.
  - b. Attached as Exhibit 5 are amortization schedules for the bonds.
  - c. The debt was incurred when the City of Augusta constructed a new 1.44 million gallons per day Water Treatment Plant.
  - d. Section 7 in the attached bond ordinances contains the requirements for all reserve accounts. Augusta will need to engage the CPA to calculate the annual debt service payment, including all required payments to debt service reserve accounts or funds for each of the next three (3) years.
6. Attached as Exhibit 6 is a list of City employees on Augusta's payroll for the Water Treatment Plant along with job duties, total wages paid and current wage rates. The City has other employees that devote 34 hours per week on water treatment plant duties, but because records do not permit the allocation of their work hours among city divisions, the City charges 85% of the Assistant City Clerk's time to the Water Treatment Plant. On a typical week, the City Clerk spends 14 hours per week on water treatment plant activities, Assistant City Clerk spends 14 hours per week on water treatment plant tasks, Maintenance Department spends 4 hours per week on water treatment plant maintenance and Computer Technician devotes 2 hours per week on water treatment plant computer assistance.
7. Information regarding time allocations and benefits is included in Exhibit 6.
8. The City is not aware of any charges to the Water Treatment Plant in the test year that are non-water treatment plant expenses.
9. Shared Costs

- a. The City is not aware of any joint or shared costs incurred during the test period.
  - b. No allocation procedures are necessary.
  - c. There are no documents related to the allocation of joint costs.
10. Attached as Exhibit 10 are the depreciation schedules for the Water Treatment Plant.
11. Attached as Exhibit 11 is the adjusted trial balance for the test period.
12. Enterprise Funds Uniform Financial Information Reports are attached as Exhibit 12.
13. Wholesale customers.
- a. The Augusta Water Treatment Plant has two (2) wholesale customers Bracken County Water District and City of Augusta.
  - b. Attached as Exhibit 13 is a copy of monthly water usage and billing for 24-months.
14. Water Mains at the Augusta Regional Water Treatment Plant.
- a. The Water Treatment Plant was constructed using distribution lines already in existence.
  - b. The Bracken County Water District and City of Augusta own their own distribution lines. The Regional Water Treatment Plant does not own any water lines outside of the plant.
15. Water Treatment Plant Capacities.
- a. The Regional Water Treatment Plant's capacity is 1.44 mgd.
  - b. Wholesale customers. The following responses are made pursuant to the Water Purchase Contract Modification of 2008:
    - (1) The reserved capacity for Bracken County Water District is 75%. Reserved capacity of City of Augusta is 25%.
    - (2) There is no minimum amount of water usage in the current contract. The maximum quantity of water that the Bracken County Water District can purchase in a month is 25,110,000 gallons (1.44 mgd x 75%). The maximum amount of water that the City of Augusta can purchase in a month is 8,370,000 gallons (1.44 mgd x 25%).
  - c. The City of Augusta does not expect any changes within the next three (3) in the level of water treatment capacity reserved for each of its customers.
16. Master meters.
- a. It is the City's belief that the master meters are part of the Augusta Regional Water Treatment Plant and are thereby owned by the City of Augusta.
  - b. The Water Treatment Plant utilizes one (1) master meter for Bracken County Water District and one (1) master meter for the City of Augusta.
  - c. The Regional Water Treatment Plant is responsible for maintaining each master meter at its location.
17. Attached as Exhibit 17 is a map of the Regional Water Treatment Plant demonstrating location of pumps, master meters and clear well. All other distribution related facilities are owned and maintained by the wholesale customers.
18. The Augusta Regional Water Treatment Plant has no water mains.
19. Water sales.
- a. Water Treatment Plant sales in gallons for 36 months is attached as Exhibit 13. The Water Treatment Plant has no retail customers.
  - b. Amount billed by the Water Treatment Plant is attached as Exhibit 13. The Water Treatment Plant has no retail customers.



20. The Water Treatment Plant current rate schedule is attached as Exhibit

21. Usage table.

Regional Water Treatment Plant	Gallons for Test Period	Gallons for Fiscal Year 2014.
Plant Use	3,001,400	Same
Wholesale BCWD	163,669,400	Same
Wholesale City of Augusta	50,426,000	Same
Total Produced	217,096,800	Same
Total Sold	214,095,400	Same

22. Unmetered services.

- a. The Water Treatment Plant does not supply unmetered water service to any entities.
- b. No unmetered services provided.

23. Please see number 25 below.

24. Please see number 25 below.

25. The Regional Water Treatment Plant's rate study is based upon the City of Augusta's annual audit per the Water Purchase Agreement. A copy of the study and calculations is attached as Exhibit 25. Donna J. Hendrix, CPA, PSC performed the City's annual audit for Fiscal Year 2014.

26. Rate case expenses.

- a. The current rate case does not include an adjustment for rate case expenses incurred in this proceeding.
- b. The City of Augusta will seek an adjustment to recover expenses incurred in litigating this proceeding.
- c. The City of Augusta will supplement this response at a later date.

27. The Regional Water Treatment Plant is considered a department of the City per KRS 96.320.

28. The proposed wholesale rate adjustment was approved as part of the City's annual audit by the Augusta City Council at a regular council meeting held on December 17, 2014. A copy of the minutes is attached as Exhibit 28.

29. Please see 28 above.

30. Attached as Exhibit 30 is a copy of the correspondence sent to Bracken County Water District regarding adjustment to the wholesale rate.

31. Attached as Exhibit 31 is a copy of all contracts for the Water Treatment Plant and its wholesale customers.

# EXHIBIT 2

**CITY OF AUGUSTA, KENTUCKY  
AUDITED BASIC FINANCIAL STATEMENTS  
AND REQUIRED SUPPLEMENTARY INFORMATION  
Year the Year Ended June 30, 2014**

**DONNA J. HENDRIX, CPA, PSC**  
Certified Public Accountant  
550 West First Street  
PO Box 449  
Morehead, Kentucky 40351  
(606) 784-4451

**CITY OF AUGUSTA, KENTUCKY**

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**DONNA J. HENDRIX**  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER: K.S.C.P.A.  
A.I.C.P.A.

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## INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Augusta  
Augusta, Kentucky 41002

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Augusta, Kentucky as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's 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 governmental activities of the City of Augusta, Kentucky, as of June 30, 2014, 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 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 on pages 3-8 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of the City of Augusta, Kentucky'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 City of Augusta, Kentucky's internal control over financial reporting and compliance.

*Donna J. Hendrix, CPA*

Donna J. Hendrix, CPA, PSC

Morehead, Kentucky

December 12, 2014

**CITY OF AUGUSTA, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2014**

As management of the City of Augusta, Kentucky "the City", we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

- The City ended the 2014-year with net assets (both City and Utilities) of \$3,489,000. The principal part of net assets is comprised of the City's investment in fixed assets.
- The City was awarded a federal "Mary Ingles Scenic Highway Development of a Corridor Management Plan National Scenic Byways Program" grant in the amount of \$60,000. The amount received as of June 30, 2013 was \$26,481. There were no funds received in the June 30, 2014 year.
- The City purchased a new police car and financed with a capital lease during the year ended June 30, 2014.
- The City purchased a new maintenance truck for the Gas Division.
- The City received a \$3,000 grant from CDAO for GPS locations of valves and hydrants.



## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City'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 City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the 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.

The government-wide financial statements outline functions of the City that are principally supported by property taxes and intergovernmental revenues (government activities). The governmental activities of the City include general administration, police, sanitation, streets and recreation services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9 and 10 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary funds. The only proprietary funds are our utility operations, all other activities of the City are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 11 through 19 of this report.

**Notes to the financial statements.** The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-34 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$3,489,000 as of June 30, 2014.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, utility line systems, vehicles, furniture and computer equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**Net Assets for the period ending June 30, 2014**

Comparative data for 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Current Assets	\$1,105,000	\$1,101,000
Noncurrent Assets	<u>4,335,000</u>	<u>4,405,000</u>
<b>Total Assets</b>	<b>5,440,000</b>	<b>5,506,000</b>
Current Liabilities	721,000	560,000
Noncurrent Liabilities	<u>1,231,000</u>	<u>1,274,000</u>
<b>Total Liabilities</b>	<b>1,951,000</b>	<b>1,833,000</b>
<b>Net Assets</b>		
Investment in capital assets (net of debt)	3,474,000	3,477,000
Restricted	51,000	41,000
Unreserved Fund Balance	<u>(37,000)</u>	<u>155,000</u>
<b>Total Net Assets</b>	<b>\$3,489,000</b>	<b>\$ 3,673,000</b>

**Comments on Budget Comparisons**

- The City's total revenues for the fiscal year ended June 30, 2014, net of interfund transfers were \$2,674,000.
- General fund budget compared to actual revenue varied from line to line with the ending actual revenues being \$13,000 more than budget. The main contributing factor for the variance was the insurance premium license fee was then budgeted.
- General fund budget expenditures to actual varied \$203,000 more than budget due to the painting of the water tower and the new road sign.

The following table presents a summary of governmental fund revenues and expense for the fiscal year ended June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>		
Local revenue sources	\$1,031,000	\$ 1,023,000
Federal and State revenue sources	0	526,000
Other Sources	<u>0</u>	<u>0</u>
<b>Total revenues</b>	<b>\$1,031,000</b>	<b>\$1,549,000</b>
 <b>Expenses:</b>		
General government	384,000	703,000
Police	196,000	185,000
Fire	15,000	28,000
Streets	52,000	50,000
Sanitation	372,000	374,000
Recreation, pool and park	111,000	131,000
Tourism	70,000	63,000
Debt Service	8,000	15,000
Capital Outlay	<u>13,000</u>	<u>10,000</u>
<b>Total expenses</b>	<b><u>\$ 1,222,000</u></b>	<b><u>\$1,560,000</u></b>
<b>Revenue in Excess of Expense</b>	<b>\$ (190,000)</b>	<b>\$ ( 10,000)</b>

**General Fund Revenue**

The majority of revenue was derived from local sources. Revenues from sanitation services were \$389,000.

**General Fund Expenses**

Salaries comprise of \$ 330,000 of total expenses, or 27% of total expense.

**Utility Operations**

The net results for divisions of Utility operations (net of grants for construction) were:

Water	\$(27,000)
Gas	\$155,000
Sewer	\$(34,000)
Water Treatment	\$ (84,000)

The cost of operating the water treatment plant increased from \$1.83 per thousand gallons in the prior year to \$1.95 in the current year.

**Budgetary Implications**

The City adopted a budget for 2014 in which anticipated revenue equaled expenditures. The City has a cash balance of \$75,000 for the beginning of the next fiscal year. The utility had a cash balance of \$205,000 for the beginning of the 2015 fiscal year. The City does not anticipate any significant action, which would impact the budget.

Questions regarding this report should be directed to the Mayor John Laycock or to his **REPRESENTATIVE**, City Clerk Gretchen Usleaman, or by mail at:

City of Augusta  
219 Main Street  
Augusta, Kentucky 41002

**BASIC FINANCIAL STATEMENTS**

**CITY OF AUGUSTA, KENTUCKY  
STATEMENT OF NET ASSETS  
June 30, 2014**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	74,762	204,557	279,319
Accounts Receivable:			
Accounts	31,436	100,071	131,507
Loans	-		-
Deposits	-		-
Due from other funds	-	666,347	666,347
Restricted Cash	27,555		27,555
<b>Total Current Assets</b>	<u>133,754</u>	<u>970,974</u>	<u>1,104,728</u>
<b>Noncurrent Assets</b>			
Bond issue Costs		-	-
Nondepreciated capital assets:			
Land	2,000		2,000
Depreciated capital assets:			
Buildings and improvements	2,559,974		2,559,974
Equipment	465,830		465,830
Utility Systems		6,113,757	6,113,757
Less: Accumulated depreciation	(1,552,267)	(3,254,027)	(4,806,294)
<b>Net Capital Assets</b>	<u>1,475,536</u>	<u>2,859,730</u>	<u>4,335,267</u>
<b>Total Noncurrent Assets</b>	<u>1,475,536</u>	<u>2,859,730</u>	<u>4,335,267</u>
<b>TOTAL ASSETS</b>	<u><u>1,609,290</u></u>	<u><u>3,830,704</u></u>	<u><u>5,439,995</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	6,478	(42,589)	(36,111)
Accrued Liabilities	13,143	5,687	18,829
Accrued interest payable		5,986	5,986
Customer Deposits		16,900	16,900
Due to Other Funds	477,549	188,797	666,347
Current portion of Bonds and Notes Payable	9,880	39,067	48,947
<b>Total Current Liabilities</b>	<u>507,050</u>	<u>213,848</u>	<u>720,897</u>
<b>Noncurrent Liabilities</b>			
Bonds payable		1,230,573	1,230,573
Notes Payable	-	-	-
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>1,230,573</u>	<u>1,230,573</u>
<b>TOTAL LIABILITIES</b>	<u>507,050</u>	<u>1,444,421</u>	<u>1,951,471</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,465,657	2,008,797	3,474,454
Restricted for:			
Capital projects		-	-
Other purposes	50,781		50,781
Unrestricted	(414,196)	377,487	(36,709)
<b>TOTAL NET ASSETS</b>	<u>1,102,241</u>	<u>2,386,282</u>	<u>3,488,523</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>1,609,290</u></u>	<u><u>3,830,704</u></u>	<u><u>5,439,995</u></u>

See independent auditor's report and accompanying notes to financial statements.

CITY OF AUGUSTA, KENTUCKY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General Government	329,931	167,204	-	-	(162,727)	-	\$ (162,727)
Police	196,303	312	-	-	(195,992)	-	\$ (195,992)
Fire	14,746	-	-	-	(14,746)	-	(14,746)
Streets	52,191	-	-	-	(52,191)	-	(52,191)
Sanitation	371,964	411,641	-	-	39,678	39,678	39,678
Recreation, Pool and Parks	111,252	-	-	-	(111,252)	-	(111,252)
Tourism	36,327	-	-	-	(36,327)	-	(36,327)
Depreciation	111,817	-	-	-	(111,817)	-	(111,817)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,224,532</b>	<b>579,157</b>	<b>-</b>	<b>-</b>	<b>(645,375)</b>	<b>-</b>	<b>(645,375)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Utilities	1,463,613	1,473,244	-	-	-	9,631	9,631
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>1,463,613</b>	<b>1,473,244</b>	<b>-</b>	<b>-</b>	<b>(645,375)</b>	<b>9,631</b>	<b>(635,743)</b>
<b>TOTAL CITY</b>	<b>2,688,145</b>	<b>2,052,401</b>	<b>-</b>	<b>-</b>	<b>302,457</b>	<b>9,631</b>	<b>302,457</b>
General Revenues					48,181	2,376,652	48,181
Taxes					101,070	-	101,070
Federal and State Grants					451,708	-	451,708
Local and Other Revenues					(193,666)	9,631	(184,035)
Investment Earnings					1,295,908	-	1,295,908
Total General Revenues					9,631	2,376,652	3,672,560
Change in Net Assets					-	-	-
Net Assets July 1, 2013					-	-	-
Prior Period Adjustments					-	-	-
Net Assets June 30, 2014					-	-	-
					<u>1,102,241</u>	<u>\$ 2,386,282</u>	<u>\$ 3,488,523</u>

See independent auditor's report and accompanying notes to financial statements.



**CITY OF AUGUSTA, KENTUCKY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014**

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	44,637	30,125	74,762
Accounts Receivable:			-
Customers, Net	31,436		31,436
Other		-	-
Loans		-	-
Due From Other Funds			-
Deposits	-		-
Restricted Assets			-
Cash	27,555		27,555
Fixed Assets			-
Construction in Progress			-
Accumulated Depreciation			-
<b>TOTAL ASSETS</b>	<b>103,629</b>	<b>30,125</b>	<b>133,755</b>
<b>LIABILITIES AND NET ASSETS</b>			
Accounts Payable	6,478	-	6,478
Accrued Liabilities	13,143		13,143
Accrued Interest Payable			-
Due to Other Funds	470,649	6,900	477,549
Notes Payable			-
<b>TOTAL LIABILITIES</b>	<b>490,270</b>	<b>6,900</b>	<b>497,170</b>
Fund Balance:			
Restricted	27,555	23,226	50,781
Unassigned	(414,196)		(414,196)
<b>TOTAL FUND BALANCES</b>	<b>(386,640)</b>	<b>23,226</b>	<b>(363,416)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>103,629</b>	<b>30,125</b>	<b>133,755</b>

See independent auditor's report and accompanying notes to financial statements.

CITY OF AUGUSTA, KENTUCKY

RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET ASSETS

June 30, 2014

Total fund balance per fund financial statements \$ (363,416)

Changes required for presentation of  
Net Assets in conformity with GASB34:

Capital assets are not reported in the fund financial statements because they are not current financial resources; however they are reported in the Statement of Net Assets.

Total Cost  
Accumulated Depreciation

3,027,804  
(1,552,267)  
1,475,536

Certain liabilities (such as bond payable, capital leases, the long-term portion of accrued sick leave, and accrued interest) are not reported in the fund financial statements because they are not currently due and payable, but they are presented in the Statement of Net Assets.

(9,880)

Net assets for government activities

\$ 1,102,241

**CITY OF AUGUSTA, KENTUCKY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Special Revenue (CDBG) Funds</u>	<u>TOTALS (Memorandum Only)</u>
<b>REVENUES:</b>			
Taxes	302,457		302,457
Licenses and Permits	167,204		167,204
Fines and Forfeits	312		312
Intergovernmental Revenue	62,037		62,037
Charges for Services	411,641		411,641
Kentucky Grant-Clopay	-		-
Miscellaneous	87,215	-	87,215
	<hr/>		<hr/>
<b>TOTAL REVENUES</b>	1,030,866	-	1,030,866
<b>EXPENDITURES:</b>			
Current:			
General Government	384,371	-	384,371
Police	196,303		196,303
Fire	14,746		14,746
Streets	52,191		52,191
Sanitation	371,964		371,964
Recreation, Pool and Parks	111,252		111,252
Tourism	69,784		69,784
Capital Outlay	12,715	-	12,715
Debt Service	8,253		8,253
	<hr/>		<hr/>
<b>TOTAL EXPENDITURES</b>	1,221,579	-	1,221,579
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(190,714)	-	(190,714)
<b>OTHER FINANCING SOURCES (USES):</b>			
Federal Grant	-		-
CDBG Fund	-		-
Memorial Gift - Library	-		-
Transfer to Library	-		-
Transfers - Net (Utility Funds)	-		-
	<hr/>		<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(190,714)	-	(190,714)
FUND BALANCE JULY 1, 2013	(195,926)	23,226	(172,700)
	<hr/>		<hr/>
Prior Period Adjustment	-	-	-
FUND BALANCE JUNE 30, 2014	<u>\$ (386,640)</u>	<u>\$ 23,226</u>	<u>\$ (363,416)</u>

See independent auditor's report and accompanying notes to financial statements.

**CITY OF AUGUSTA, KENTUCKY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

June 30, 2014

**Net change in total fund balances per fund financial statements** **\$ (190,714)**

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but they are presented as assets in the Statement of Net Assets and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.

Total current capital outlays  
Depreciation for the year

106,107  
(111,817)  
(5,710)

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the Statement of Net Assets.

2,758

**Change in net assets of governmental activities per Statement of Activities**

**\$ (193,666)**

**CITY OF AUGUSTA, KENTUCKY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES:</b>			
Taxes	309,803	302,457	(7,346)
Licenses and Permits	143,249	167,204	23,955
Fines and Forfeits	400	312	(89)
Intergovernmental Revenue	44,100	62,037	17,937
Charges for Services	432,448	411,641	(20,807)
Kentucky Grant-Clopay	-	-	-
Miscellaneous	88,328	87,215	(1,113)
	<b>1,018,328</b>	<b>1,030,866</b>	<b>12,538</b>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES:</b>			
Current:			
General Government	282,191	384,371	(102,180)
Police	161,188	196,303	(35,115)
Fire	28,002	14,746	13,255
Recreation and Park	84,454	111,252	(26,799)
Streets	20,602	52,191	(31,589)
Sanitation	331,000	371,964	(40,964)
Tourism	51,243	69,784	(18,541)
Capital Outlay	51,000	12,715	38,285
Debt Service	8,648	8,253	395
	<b>1,018,328</b>	<b>1,221,579</b>	<b>(203,252)</b>
<b>TOTAL EXPENDITURES</b>			
Excess of revenues over (under) expenditures Before Other Financing Sources (Uses)	-	(190,714)	(190,714)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out) - Proprietary Funds	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
<b>Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>-</b>	<b>(190,714)</b>	<b>(190,714)</b>
<b>FUND BALANCE JULY 1, 2013</b>	<b>21,277</b>	<b>(195,926)</b>	<b>217,203</b>
Prior Period Adjustment	-	-	-
<b>FUND BALANCE JUNE 30, 2014</b>	<b>21,277</b>	<b>(386,640)</b>	<b>407,917</b>

**CITY OF AUGUSTA, KENTUCKY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
SPECIAL REVENUE (CDBG) FUND**

**FOR THE YEAR ENDED JUNE 30, 2014**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Taxes			-
Licenses and Permits			-
Fines and Forfeits			-
Intergovernmental Revenue			
Charges for Service			-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	-	-	-
<b>EXPENDITURES:</b>			
Current			-
General Government	-	-	-
Police			-
Fire			-
Recreation			-
Streets			-
Sanitation			-
Tourism			-
Capital Outlay			-
Debt Service			-
<b>TOTAL EXPENDITURES</b>	-	-	-
Excess of revenues over (under) expenditures Before Other Financing Sources (Uses)	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out) - Proprietary Funds	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	-	-
 FUND BALANCE JULY 1, 2013	 37,292	 23,226	 (14,066)
 FUND BALANCE JUNE 30, 2014	 \$ 37,292	 \$ 23,226	 \$ (14,067)

**CITY OF AUGUSTA, KENTUCKY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2014**

	<u>Business- type Activities</u>
<b>ASSETS AND RESOURCES</b>	
Current assets:	
Cash and cash equivalents	\$ 204,557
Accounts Receivable	100,071
Restricted cash and Investment	
Due from other funds	<u>666,347</u>
<b>Total Current assets</b>	<b>970,974</b>
Noncurrent assets:	
Bond Issue Costs	-
Nondepreciated capital assets:	
Land	
Depreciated capital assets:	
Building and improvements	6,113,757
Equipment	
Less accumulated depreciation	<u>(3,254,027)</u>
<b>Net Capital Assets</b>	<u>2,859,730</u>
<b>Total noncurrent assets</b>	<u>2,859,730</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,830,704</u></b>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ (42,589)
Accrued Liabilities	5,687
Accrued Interest Payable	5,986
Customer Deposits	16,900
Due to Other Funds	188,797
Current Portion of Bonds and Notes Payable	<u>39,067</u>
<b>Total Current Liabilities</b>	<b>213,848</b>
<b>NONCURRENT LIABILITIES</b>	
Bonds Payable	1,230,573
Notes Payable	-
<b>Total Noncurrent Liabilities</b>	<u>1,230,573</u>
<b>TOTAL LIABILITIES</b>	<b>1,444,421</b>
<b>NET ASSETS:</b>	
Contributed Capital	2,008,797
Restricted for:	
Capital Projects	-
Unassigned	<u>377,487</u>
<b>TOTAL NET ASSETS</b>	<u>2,386,282</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>3,830,704</u></b>

**CITY OF AUGUSTA, KENTUCKY  
COMBINES STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>OPERATING REVENUES</b>	
Charges for Services	\$ 1,064,640
Charges for Sales to Water District	<u>384,539</u>
<b>TOTAL OPERATING REVENUES</b>	1,449,178
 <b>OPERATING EXPENSES</b>	
Salaries and wages	387,252
Gas Purchases	316,628
Water Treatment Expense in Excess of Revenue	534
Chemicals and Testing	98,513
Utilities and Telephone	156,143
Professional Fees	27,464
Insurance	35,606
Repair and Supplies	143,899
Transportation	26,427
Office Expense and Other	18,224
Amortization	-
Depreciation	<u>165,934</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,376,625</u>
 <b>OPERATING INCOME (LOSS)</b>	 72,553
 <b>NON-OPERATING REVENUES (Expenses)</b>	
Other Income	24,066
Interest Income	-
Interest Expense	<u>(58,990)</u>
 <b>Net Loss Before Capital Contributions and Transfers</b>	 37,629
Capital Contributions	-
Transfers - Charges to General Fund	<u>(27,999)</u>
 <b>NET INCOME (LOSS)</b>	 9,631
 <b>TOTAL NET ASSETS - JULY 1, 2013</b>	 <u>2,376,652</u>
Prior Period Adjustments	
KIA Sinking Fund Reserve	<u>                    </u>
 <b>TOTAL NET ASSETS - JUNE 30, 2014</b>	 <u><u>\$ 2,386,282</u></u>



**CITY OF AUGUSTA, KENTUCKY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from:	
Services	1,449,178
Other Income	24,066
Cash payments to employees for services	(387,252)
Cash payments for contract services	-
Cash payments to suppliers for goods and services	(861,163)
Cash payments for other operating expenses	<u>                    </u>

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 224,829

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfers to General Fund	<u>(128,210)</u>
---------------------------	------------------

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Loan Proceeds	-
Principal Paid	(43,078)
Interest Paid	(58,990)
Fixed Assets Acquired	(99,922)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(201,990)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments	<u>                    </u>
-------------------------	-----------------------------

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** **\$ (105,371)**

**CASH AND CASH EQUIVALENTS JULY 1, 2013** 309,924

**CASH AND CASH EQUIVALENTS JUNE 30, 2014** \$ 204,557

**Reconciliation of operating income to net cash used for operating activities**

Operating income	72,553
other income	24,052
Transfers	(27,999)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	165,934
State Grants	-
Changes in assets and liabilities:	
Receivables	(8,571)
Inventories	
Accrued liabilities	<u>(1,140)</u>

**Net Cash used for operating activities** 224,829

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

Year ended June 30, 2014

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City Of Augusta, Kentucky (“City”), conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting Entity

The City of Augusta, Kentucky’s financial statements include the operations of all entities for which the City Council exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of the governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The entities included in the financial statements are the general operations of the City of Augusta with no component units.

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of the City of Augusta. The financial statements presented herein do not include funds of groups and organizations, which although associated with the City, have not originated within the City Council itself such as Knoedler Memorial Library or Sternwheel Regatta, etc.

The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City Council or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

CITY OF AUGUSTA, KENTUCKY

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statements of activities present a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the good or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2014

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The City has the following funds:

**I. Governmental Fund Types**

- (A) The General Fund is the main operating fund of the Council. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the City.
- (B) The Special Revenue (Grant) Funds account for the Community Development Block Grant received in 1984 and proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs.

**II. Proprietary Fund Types**

- A. Water Fund – A proprietary fund used to account for the water and sewer services provided to the residents and commercial accounts of the City of Augusta, the operations of which are financed by user charges
- B. Gas Fund – A proprietary fund used to account for the gas services provided to the residents and commercial accounts of the City of Augusta, the operations of which are financed by user charges.
- C. Sewer Fund – A proprietary fund used to account for the sewer services provided to the residents and commercial accounts of the City of Augusta, the operations of which are financed by user charges.
- D. Water Treatment Plant Fund – A proprietary fund used to account for the water treatment plant operations, sale of water to Bracken County Water, and receipt of water by the City of Augusta.

The City applies all GAS pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2014

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

II. (Continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2014

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Basis of Accounting - Continued

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are deposited into the General Fund.

The property tax rates assessed for the year ended June 30, 2014, to finance the General Fund operations were \$.306 per \$100 valuation for real property, \$.5890 per \$100 valuation for business personal property and \$.185 per \$100 valuation for motor vehicles. The assessed value upon which the levy for the 2014 fiscal year was based, was \$32,955,970.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars (\$1000) with the exception of computers and real property for which there is no threshold. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not capitalized.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2014

Basis of Accounting – Continued

Capital Assets – Continued

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

Description	Governmental Activities Estimated Lives
Buildings and improvements	25-50 years
Land improvements	20 years
Utility System	40 years
Vehicles	5-10 years
Furniture and fixtures	7 years
Other	10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Budgetary Process

**Budgetary Basis of Accounting:** The City’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the City Council at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the City, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2014

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Cash and Cash Equivalents**

The City considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

**Prepaid Assets**

Payments made that will benefit periods beyond June 30, 2014 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payable and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.



CITY OF AUGUSTA, KENTUCKY

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2014

Fund Balance Reserves  
Fund Financial Statements:

Fund Balance Designation

Beginning with fiscal year 2011, the District implemented GASB 54 “ Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The classifications are the following listed from the highest level of strength : Nonspendable, Restricted, Committed, Assigned, and Unassigned.

1. For *committed fund* balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
2. For *assigned* fund balance: (1) the body of official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which that authorization is given.
3. For the classification of fund balances:
  - (a) Whether the government considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, and
  - (b) Whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2014

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Basis of Accounting - Continued  
Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, those revenues are primarily charges for utility usage.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**NOTE B – ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE C – CASH AND CASH EQUIVALENTS**

At year-end, the carrying amount of the City's total cash and cash equivalents was \$573,814. Of the total cash balance, federal depository insurance and pledged assets covered the balance throughout the year. All cash and equivalents were covered at 6/30/14.

**CITY OF AUGUSTA, KENTUCKY**  
 NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED  
 Year ended June 30, 2014

Cash and cash equivalents at June 30, 2014 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Checking	\$ 561,522	\$ 294,582
Certificates of Deposit	<u>12,292</u>	<u>12,292</u>
	<u>\$ 573,814</u>	<u>\$ 306,874</u>

Breakdown per financial statements:

Governmental funds	\$102,317
Proprietary funds	<u>204,557</u>
	<u>\$ 306,874</u>

CITY OF AUGUSTA

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

Year Ended June 30, 2014

NOTE D - CAPITAL ASSETS

Capital asset for the fiscal year ended June 30, 2014 was as follows:

Governmental Activities	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Land	2,000			2,000
Park, pool and shelter	361,262	2,000		363,262
Buildings and improvements	909,084	54,009		963,093
Streets	410,384	19,854		430,239
Lighting and dock	805,381			805,381
Vehicles	143,448	27,144	17,719	152,873
Other equipment	307,857	3,100		310,957
Total at historical cost	2,939,416	106,107	17,719	3,027,804
Less accumulated depreciation:				
Park, pool and shelter	232,599	5,860		238,459
Building and improvements	203,952	20,146		224,099
Streets	218,678	28,874		247,552
Lighting and dock	379,737	39,153		418,890
Vehicles	120,835	16,354	17,719	119,469
Other Equipment	301,749	2,051		303,800
Total accumulated depreciation	1,457,550	112,437	17,719	1,552,267
Governmental Activities Capital Assets-Net	1,481,867	(6,330)	-	1,475,536
 <u>Business - Type Activities</u>				
Land	9,714			9,714
Water Utility	4,127,750	37,169		4,164,919
Gas Utility	785,160	15,000	2,300	797,860
Sewer Utility	1,093,674	59,498	2,195	1,150,977
Totals at historical cost	6,016,297	111,668	4,495	6,123,469
Less accumulated depreciation:				
Water Utility	1,785,333	109,983		1,895,315
Gas Utility	638,062	20,297	633	657,726
Sewer Utility	667,540	35,639	2,195	700,984
Total accumulated depreciation	3,090,933	165,919	2,828	3,254,027
Business - Type Activities Capital Assets - Net	2,925,364	(54,252)	1,668	2,869,442

Depreciation expense is not allocated to governmental functions in the fund financial statements. Depreciation is recorded in the statement of activities as "unallocated" expense.

CITY OF AUGUSTA, KENTUCKY

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2014

**NOTE E – RESERVES**

The City of Augusta is required to comply with the bond agreements of all bond issues as follows:

**A. Sinking Fund**

On or before the 20<sup>th</sup> day of each month the City is required to set aside an amount into a special account known as the “City of Augusta Water System Bond and Interest Sinking Fund”. The amount to be so set aside and paid into the Sinking Fund each month shall be sums equal to the following amounts:

1. A sum of one-sixth of the interest becoming due on the next succeeding interest due date, with respect to all outstanding Bond Issues.
2. A sum equal to one-twelfth (1/12) of the principal of all such bonds maturing on the next succeeding December 1.

The required balance of the reserve at June 30, 2014 was \$23,314. The City has set aside \$211 into the restricted account. There was \$87,000 in deposits that was made to the sinking fund for the year. As required in (1) or (2) above, the monthly funding should be \$23,314. The account is underfunded by \$23,103.

**B. Depreciation Fund**

The City is required to deposit \$785 each month into the Depreciation Fund account as well as the proceeds from the sale of any equipment no longer usable or needed, fees or charges collected from potential customers to aid in the financing of the cost of extensions, additions and/or improvements to the project, plus the proceeds of any property damage insurance not immediately used to replace damaged or destroyed property. Monies in the Depreciation Fund shall be available and shall be withdrawn and used, upon appropriate certification to Rural Development, for the purpose of paying the cost of constructing replacements, extensions, additions and/or improvements to the project.

When the balance in the Depreciation Fund reaches \$88,200 the monthly payments may be reduced to \$50 until the fully funded level of \$91,800. When the balance reaches \$91,800, the monthly payments may be discontinued or by the order of the City Council, may be diverted into the Sinking Fund Account to be held as part of the Sinking Fund Reserve and may then be used to redeem Bonds; however, the payments into the Depreciation Fund must be resumed whenever necessary to restore the balance up to \$91,800. The Depreciation Reserve requirement at June 30, 2014 was \$21,195. The City had set aside \$786 at June 30, 2014 into a restricted account. The account is underfunded by \$20,409.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2014

**NOTE F. LONG-TERM DEBT**

Long-Term Debt of the City consists of Revenue Bonds payable from the Proprietary Funds and Notes Payable by the Governmental and Proprietary Funds. A detail of Long-Term Debt at June 30, 2014 is as follows.

**A. Revenue Bonds – Proprietary Funds**

Sewer Utility Fund:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water Utility Fund:			
1995 Series A, due to USDA Rural Development at interest rate of 4.5% Per annum with final payment Due in 2036	905,000	526,511	1,431,511
1995 Series B, due to USDA Rural Development at interest rate of 4.875% Per annum with final payment due in 2036	268,100	170,023	438,123
2004 Series, due USDA Rural Development at interest rate of 4.50% per annum with final payment due in 2044	<u>90,400</u>	<u>76,311</u>	<u>166,711</u>
	<u>\$1,263,500</u>	<u>\$ 772,845</u>	<u>\$2,036,345</u>

The annual requirements to amortize all revenue bonds payable outstanding as of June 30, 2014, are as follows:

YEAR ENDING	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
<u>JUNE 30</u>			
2015	31,800	57,169	88,969
2016	33,100	55,683	88,783
2017	35,100	54,123	89,223
2018	36,600	52,483	89,083
2019	38,500	50,762	89,262
2020-2024	224,500	224,761	449,261
2025-2029	286,700	166,489	453,189
2030-2034	367,100	92,046	459,146
2035-2039	185,600	15,937	201,537
2040-2044	<u>24,500</u>	<u>3,392</u>	<u>27,892</u>
TOTAL	<u>\$1,263,500</u>	<u>\$ 772,845</u>	<u>\$2,036,345</u>

**CITY OF AUGUSTA, KENTUCKY**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2014

**B. Notes Payable**

**Governmental Fund**

Maintenance Truck

The City entered into a loan agreement for a Maintenance Truck with payments of \$853.21 monthly for 47 months, plus a final payment equal to all unpaid principal and accrued interest on January 14, 2015. The interest rate is 2.95%

The maturities of Notes Payable at June 30, 2014 were as follows:

2015	<u>5,898</u>	<u>58</u>
	<u>\$ 5,898</u>	<u>\$ 58</u>

Mower

The City entered into a loan agreement for a Mower with payments of \$246.62 monthly for 47 months, plus a final payment equal to all unpaid principal and accrued interest on July 30, 2015. The interest rate is 4.5%

The maturities of Notes Payable at June 30, 2014 were as follows:

2015	<u>243</u>	<u>1</u>
	<u>\$ 243</u>	<u>\$ 1</u>

Police Cruiser

The City entered into a capital lease agreement for a Police Cruiser with payments of \$791.35 monthly for 36 months, plus a final payment equal to all unpaid principal and accrued interest on August 1, 2016.

The maturities of Notes Payable at June 30, 2014 were as follows:

2015	8,915	582
2016	9,269	228
2017	<u>1,580</u>	<u>3</u>
	<u>\$19,763</u>	<u>\$ 812</u>





**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2014

**NOTE G. CDBG GRANT AND LOANS RECEIVABLE**

The City received a Community Development Block Grant in 1984 for \$217,500. The amount was loaned to local businesses, to be repaid at 5% over 7-12 years. All repayments are to be recirculated through loans to the community for economic development. There are no outstanding loans as of June 30, 2014.

**NOTE H. INSURANCE AND RELATED ACTIVITIES**

The City is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The City had purchased certain policies, which are retrospective rated, which includes Worker's compensation insurance.

**NOTE I. PENDING LITIGATION**

The City has no pending litigation that the City will be liable for as of December 12, 2014.

**SUPPLEMENTARY INFORMATION**

**CITY OF AUGUSTA, KENTUCKY  
COMBINING BALANCE SHEET  
ALL PROPRIETARY FUND TYPES  
For the Year Ended June 30, 2014**

	Water Fund	Water Treatment Plant Fund	Gas Fund	Sewer Fund	Combined Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,047	\$ 21,547	\$ 143,270	\$ 27,692	\$ 204,557
Account Receivable					-
Customers - Net	19,537		13,064	14,545	47,146
Other		52,926			52,926
Due from other funds			666,347		666,347
Restricted Assets					-
Cash					-
Investments					-
Fixed Assets	360,275	3,804,645	797,860	1,150,977	6,113,757
Accumulated Depreciation	(324,185)	(1,571,130)	(657,727)	(700,985)	(3,254,027)
Construction In Progress					-
Bond Issue Costs					-
<b>TOTAL ASSETS</b>	<b>\$ 67,674</b>	<b>\$ 2,307,987</b>	<b>\$ 962,813</b>	<b>\$ 492,230</b>	<b>\$ 3,830,704</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ -	\$ 2,202	\$ (46,393)	\$ 1,602	\$ (42,589)
Accrued Liabilities	1,295	880	2,794	718	5,687
Accrued Interest Payable		5,986			5,986
Customer Deposits	9,100		7,800		16,900
Due to Other Funds	63,003	48,682		77,111	188,797
Notes Payable			6,140		6,140
Payable from Restricted Assets					-
Revenue Bonds Payable		1,263,500			1,263,500
<b>Total Liabilities</b>	<b>73,398</b>	<b>1,321,251</b>	<b>(29,659)</b>	<b>79,431</b>	<b>1,444,421</b>
<b>NET ASSETS</b>					
Reserves					-
Contributed Capital	70,000	1,440,428		498,369	2,008,797
Unassigned	(75,725)	(453,691)	992,473	(85,571)	377,487
<b>Total Net Assets</b>	<b>(5,725)</b>	<b>986,737</b>	<b>992,473</b>	<b>412,799</b>	<b>2,386,282</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 67,674</b>	<b>\$ 2,307,987</b>	<b>\$ 962,813</b>	<b>\$ 492,230</b>	<b>\$ 3,830,704</b>

**CITY OF AUGUSTA, KENTUCKY  
COMBINES STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2014**

	Water Fund	Water Treatment Plant Fund	Gas Fund	Sewer Fund	Combined Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 238,382		\$ 680,761	\$ 145,497	\$ 1,064,640
Charges to Bracken Water District		384,539			384,539
Charges to Augusta Water Fund		112,864			112,864
<b>Total Revenues</b>	<u>238,382</u>	<u>497,402</u>	<u>680,761</u>	<u>145,497</u>	<u>1,562,042</u>
<b>OPERATING EXPENSES</b>					
Salaries and Wages	58,921	186,194	97,830	44,308	387,252
Gas Purchases			316,628		316,628
Water Treatment	113,398				113,398
Chemicals, Testing and Study		96,128	2,385		98,513
Utilities and Telephone	23,225	89,290	2,967	40,670	156,143
Professional Fees	3,940	-	8,148	15,376	27,464
Insurance	3,878	16,280	14,533	914	35,606
Repair and Supplies	39,345	26,697	30,157	47,700	143,899
Transportation	6,441	1,525	9,845	8,615	26,427
Office Expense and Other	5,255	1,650	6,012	5,307	18,224
Amorization				-	-
Depreciation	3,722	106,276	20,297	35,639	165,934
<b>Total Operating Expenses</b>	<u>258,124</u>	<u>524,041</u>	<u>508,793</u>	<u>198,530</u>	<u>1,489,488</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(19,743)</u>	<u>(26,638)</u>	<u>171,968</u>	<u>(53,034)</u>	<u>72,553</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Other Income	(205)	818	(337)	23,789	24,066
Franchise Charges to General Fund	(6,888)	-	(16,500)	(4,611)	(27,999)
Interest Income			-		-
Interest Expense	-	(58,557)	(433)	-	(58,990)
<b>Net Income (Loss) Before Capital Contributions</b>	<u>(26,836)</u>	<u>(84,377)</u>	<u>154,698</u>	<u>(33,855)</u>	<u>9,631</u>
Capital Contributions				-	-
<b>NET INCOME (LOSS)</b>	<u>(26,836)</u>	<u>(84,377)</u>	<u>154,698</u>	<u>(33,855)</u>	<u>9,631</u>
Net Assets (Deficit), July 1, 2013	<u>21,111</u>	<u>1,071,114</u>	<u>837,775</u>	<u>446,655</u>	<u>2,376,652</u>
Prior Period Adjustments					-
<b>NET ASSETS (DEFICIT), JUNE 30, 2014</b>	<u>\$ (5,725)</u>	<u>\$ 986,737</u>	<u>\$ 992,473</u>	<u>\$ 412,799</u>	<u>\$ 2,386,282</u>

**CITY OF AUGUSTA, KENTUCKY  
COMBINING STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Water Fund	Water Treatment Plant Fund	Gas Fund	Sewer Fund	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$(19,743)	\$ (26,638)	\$171,968	\$ (53,034)	\$ 72,553
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and Amortization	3,722	108,276	20,297	35,639	165,934
Other Income	(205)	804	(337)	23,789	24,052
Transfers	(6,888)	-	(16,500)	(4,611)	(27,999)
Grants				-	-
(Increase) Decrease in Assets					
Accounts Receivable	3,305	(8,268)	(1,250)	(2,357)	(8,571)
Restricted Funds				-	-
Increase (Decrease) in Liabilities					
Account Payable	(798)	(2,087)	(28,260)	(703)	(31,849)
Other Liabilities	-	-	1,392	-	1,392
Due to Other Funds	34,403	19,544	(211,025)	56,867	(100,211)
Customer Deposits	1,120	-	200	-	1,320
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>14,916</b>	<b>89,631</b>	<b>(63,515)</b>	<b>55,591</b>	<b>96,621</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	-	-	-	-	-
Interest Income					
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	-	-	-	-	-
Loan Proceeds	-	(30,300)	(12,778)	-	(43,078)
Principal Paid	-	(58,557)	(433)	-	(58,990)
Interest Paid	(21,165)	(16,004)	(12,700)	(50,053)	(99,922)
Fixed Assets Acquired	(21,165)	(104,861)	(25,911)	(50,053)	(201,990)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(6,249)</b>	<b>(15,229)</b>	<b>(69,426)</b>	<b>5,538</b>	<b>(105,369)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>18,296</b>	<b>36,777</b>	<b>232,696</b>	<b>22,155</b>	<b>309,924</b>
CASH AND CASH EQUIVALENTS JULY 1, 2013	18,296	36,777	232,696	22,155	309,924
<b>CASH AND CASH EQUIVALENTS JUNE 30, 2014</b>	<b>\$ 12,047</b>	<b>\$ 21,548</b>	<b>\$143,270</b>	<b>\$ 27,692</b>	<b>\$ 204,557</b>

CITY OF AUGUSTA, KENTUCKY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>			
Salaries & Fringe Benefits	\$ 65,406	\$ 86,531	\$ (21,125)
Professional Services	15,152	15,933	(781)
Other Legal Costs	2,500	5,402	(2,902)
Telephone and Utilities	22,041	24,330	(2,289)
Office Supplies	7,500	9,558	(2,058)
Cemeteries	12,460	10,518	1,942
Library	18,474	14,989	3,485
Insurance	22,724	35,738	(13,014)
Training & Travel	2,000	1,345	655
Advertisement and Dues	3,200	3,856	(656)
Community Center	14,251	12,821	1,430
Reimburse for ?	32,482	-	32,482
Investigation	-	-	-
Credit Card Reimb	50,000	-	50,000
Economic Assistance Clopay	-	-	-
Comprehensive Training	-	-	-
Miscellaneous	14,000	163,351	(149,351)
	<u>282,191</u>	<u>384,371</u>	<u>(102,180)</u>
<b>POLICE</b>			
Salaries and Fringe Benefits	143,449	156,779	(13,330)
Vehicle Expense	7,500	25,223	(17,723)
Repairs and Maintenance	3,200	6,916	(3,716)
Telephone	800	890	(90)
Training and Travel	2,500	2,756	(256)
Insurance	3,739	3,739	-
	<u>161,188</u>	<u>196,303</u>	<u>(35,115)</u>
<b>FIRE DEPARTMENT</b>			
Operations	28,002	14,746	13,255
	<u>28,002</u>	<u>14,746</u>	<u>13,255</u>
<b>STREETS</b>			
Salaries - Litter Abatement	10,801	15,692	(4,891)
Electric	-	-	-
Repairs and Maintenance	9,802	36,499	(26,698)
	<u>20,602</u>	<u>52,191</u>	<u>(31,589)</u>
<b>SANITATION</b>			
Refuse Contract	331,000	371,964	(40,964)
<b>RECREATION AND PARK DEPARTMENTS</b>			
Salaries	25,500	34,558	(9,058)
Utilities	10,734	8,905	1,828
Sternwheel/Ghostwalk/Swingtime/Turning Leaves	15,820	15,359	461
Clopay	10,000	10,037	(37)
Operation and Maintenance	22,400	42,393	(19,993)
	<u>84,454</u>	<u>111,252</u>	<u>(26,799)</u>
<b>TOURISM</b>			
Salaries and Fringe Benefits	51,243	36,327	14,916
Corridor Management -ESRI Software	-	33,457	(33,457)
	<u>51,243</u>	<u>69,784</u>	<u>(18,541)</u>
<b>CAPITAL OUTLAY</b>	51,000	12,715	38,285
<b>DEBT SERVICE</b>	8,648	8,253	395
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,018,328</u>	<u>\$ 1,221,579</u>	<u>\$ (203,252)</u>

**CITY OF AUGUSTA, KENTUCKY  
WATER TREATMENT PLANT COSTS  
For the Year Ended June 30, 2014**

Operating costs for the fiscal year 2014 that were incurred by the City were consistent with cost calculations by Public Service Commission of Commonwealth of Kentucky.

<u>OPERATING COSTS</u>	<u>2014</u>	(For Comparison) <u>2013</u>
Salaries and Benefits	\$ 189,260	\$159,023
Chemicals and Testing	96,128	93,436
Utilities	89,290	73,983
Insurance	13,244	11,865
Repairs and Supplies	26,667	30,004
Accounting & Legal	-0-	4,100
Office Expense	<u>3,189</u>	<u>2,510</u>
<b>TOTAL OPERATING COSTS</b>	<b><u>\$417,778</u></b>	<b><u>\$374,921</u></b>

TREATED GALLONS OF WATER

Bracken County Water	164,134,700	158,328,300
City of Augusta	<u>50,026,000</u>	<u>46,450,000</u>
<b>TOTAL GALLONS</b>	<b><u>214,160,700</u></b>	<b><u>204,778,300</u></b>

<b>Cost Per 1000 Gallons</b>	<b><u>\$1.95</u></b>	<b><u>\$1.83</u></b>
------------------------------	----------------------	----------------------

The above-calculated costs do not include Capital Cost charged to the users each month:

	<u>Month</u>	<u>Annual</u>
Bracken County Water	\$6,090.00	\$ 73,080
City of Augusta	<u>2,030.00</u>	<u>24,360</u>
	<b><u>\$8,120.00</u></b>	<b><u>\$ 97,440</u></b>

**CITY OF AUGUSTA, KENTUCKY  
SCHEDULE OF DEBIT SERVICE REQUIREMENTS  
SERIES A WATER SYSTEM REVENUE BONDS  
June 30, 2014**

Payable to: Rural Development  
Purpose: Water Treatment Plant

Fiscal Year	Rate of Interest	Interest Coupons Payable December 1	Interest Coupons Payable June 1	Bond Principle Payable December 1	Total Annual Requirement
2014-2015	4.50%	20,363	19,834	23,500	63,697
2015-2016	4.50%	19,834	19,283	24,500	63,617
2016-2017	4.50%	19,283	18,698	26,000	63,981
2017-2018	4.50%	18,698	18,090	27,000	63,788
2018-2019	4.50%	18,090	17,449	28,500	64,039
2019-2020	4.50%	17,449	16,774	30,000	64,223
2020-2021	4.50%	16,774	16,065	31,500	64,339
2021-2022	4.50%	16,065	15,323	33,000	64,388
2022-2023	4.50%	15,323	14,535	35,000	64,858
2023-2024	4.50%	14,535	13,714	36,500	64,749
2024-2025	4.50%	13,714	12,848	38,500	65,062
2025-2026	4.50%	12,848	11,948	40,000	64,796
2026-2027	4.50%	11,948	10,991	42,500	65,439
2027-2028	4.50%	10,991	10,001	44,000	64,992
2028-2029	4.50%	10,001	8,955	46,500	65,456
2029-2030	4.50%	8,955	7,853	49,000	65,808
2030-2031	4.50%	7,853	6,694	51,500	66,047
2031-2032	4.50%	6,694	5,479	54,000	66,173
2032-2033	4.50%	5,479	4,208	56,500	66,187
2033-2034	4.50%	4,208	2,869	59,500	66,577
2034-2035	4.50%	2,869	1,463	62,500	66,832
2035-2036	4.50%	1,463		65,000	66,463
<b>Totals</b>		<b>273,437</b>	<b>253,074</b>	<b>905,000</b>	<b>1,431,511</b>



**CITY OF AUGUSTA, KENTUCKY  
SCHEDULE OF DEBIT SERVICE REQUIREMENTS  
SERIES B WATER SYSTEM REVENUE BONDS  
June 30, 2014**

Payable to: Rural Development  
Purpose: Water Treatment Plant

Fiscal Year	Rate of Interest	Interest Coupons Payable December 1	Interest Coupons Payable June 1	Bond Principle Payable December 1	Total Annual Requirement
2014-2015	4.50%	6,535	6,369	6,800	19,704
2015-2016	4.50%	6,369	6,196	7,100	19,665
2016-2017	4.50%	6,196	6,013	7,500	19,709
2017-2018	4.50%	6,013	5,821	7,900	19,734
2018-2019	4.50%	5,821	5,618	8,300	19,739
2019-2020	4.50%	5,618	5,406	8,700	19,724
2020-2021	4.50%	5,406	5,182	9,200	19,788
2021-2022	4.50%	5,182	4,946	9,700	19,828
2022-2023	4.50%	4,946	4,697	10,200	19,843
2023-2024	4.50%	4,697	4,436	10,700	19,833
2024-2025	4.50%	4,436	4,161	11,300	19,897
2025-2026	4.50%	4,161	3,871	11,900	19,932
2026-2027	4.50%	3,871	3,566	12,500	19,937
2027-2028	4.50%	3,566	3,247	13,100	19,913
2028-2029	4.50%	3,247	2,908	13,900	20,055
2029-2030	4.50%	2,908	2,555	14,500	19,963
2030-2031	4.50%	2,555	2,179	15,400	20,134
2031-2032	4.50%	2,179	1,787	16,100	20,066
2032-2033	4.50%	1,787	1,372	17,000	20,159
2033-2034	4.50%	1,372	936	17,900	20,208
2034-2035	4.50%	936	478	18,800	20,214
2035-2036	4.50%	478		19,600	20,078
<b>Totals</b>		<b>88,279</b>	<b>81,744</b>	<b>268,100</b>	<b>438,123</b>

**CITY OF AUGUSTA, KENTUCKY  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SERIES 2004 WATER SYSTEM REVENUE BONDS  
June 30, 2014**

Payable to: Rural Development  
Purpose: Water Treatment Plant

Fiscal Year	Rate of Interest	Interest Coupons Payable December 1	Interest Coupons Payable June 1	Bond Principle Payable December 1	Total Annual Requirement
2014-2015	4.50%	2,034	2,034	1,500	5,568
2015-2016	4.50%	2,001	2,000	1,500	5,501
2016-2017	4.50%	1,967	1,966	1,600	5,533
2017-2018	4.50%	1,931	1,930	1,700	5,561
2018-2019	4.50%	1,892	1,892	1,700	5,484
2019-2020	4.50%	1,854	1,854	1,800	5,508
2020-2021	4.50%	1,814	1,814	1,900	5,528
2021-2022	4.50%	1,771	1,771	2,000	5,542
2022-2023	4.50%	1,726	1,726	2,100	5,552
2023-2024	4.50%	1,679	1,679	2,200	5,558
2024-2025	4.50%	1,629	1,629	2,300	5,558
2025-2026	4.50%	1,577	1,577	2,400	5,554
2026-2027	4.50%	1,523	1,523	2,500	5,546
2027-2028	4.50%	1,467	1,467	2,600	5,534
2028-2029	4.50%	1,409	1,409	2,700	5,518
2029-2030	4.50%	1,348	1,348	2,900	5,596
2030-2031	4.50%	1,283	1,283	3,000	5,566
2031-2032	4.50%	1,215	1,215	3,100	5,530
2032-2033	4.50%	1,145	1,145	3,300	5,590
2033-2034	4.50%	1,071	1,071	3,400	5,542
2034-2035	4.50%	995	995	3,600	5,590
2035-2036	4.50%	914	914	3,800	5,628
2036-2037	4.50%	828	828	3,900	5,556
2037-2038	4.50%	740	740	4,100	5,580
2038-2039	4.50%	648	648	4,300	5,596
2039-2040	4.50%	551	551	4,500	5,602
2040-2041	4.50%	450	450	4,700	5,600
2041-2042	4.50%	344	344	4,900	5,588
2042-2043	4.50%	234	234	5,200	5,668
2043-2044	4.50%	117	117	5,200	5,434
<b>Totals</b>		<b>38,157</b>	<b>38,154</b>	<b>90,400</b>	<b>166,711</b>

**DONNA J. HENDRIX**  
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**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 Mayor and City Council  
City of Augusta, Kentucky

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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Augusta, Kentucky as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Augusta, Kentucky, Kentucky's basic financial statements and have issued our report thereon dated December 12, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Augusta, Kentucky'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 City of Augusta, Kentucky, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Augusta, Kentucky, Kentucky'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. However, as discussed below, we did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Augusta, Kentucky'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*.

**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.

*Donna J. Hendrix, CPA*

Donna J. Hendrix, CPA, PSC

Morehead, Kentucky  
December 12, 2014

**DONNA J. HENDRIX**  
CERTIFIED PUBLIC ACCOUNTANTMEMBER: K.S.G.P.A.  
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(606) 846-5210550 W. FIRST ST., PO BOX 449  
MOREHEAD, KY 40351  
(606) 784-4451  
(606) 784-8224 (FAX)ACCOUNTANT'S REPORT ON  
MANAGEMENT POINTSMayor and City Council  
City of Augusta  
Augusta, Kentucky 41002

In planning and performing my audit of the basic financial statements of City of Augusta for the year ended June 30, 2014, I considered the City's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during my audit, I became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated December 12, 2014, on the financial statements of the City of Augusta.

I will review the status of these comments and suggestions with various City personnel, and I will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Donna J. Hendrix, CPA*DONNA J. HENDRIX, CPA, PSC  
Morehead, Kentucky

December 12, 2014

CITY OF AUGUSTA, KENTUCKY  
MANAGEMENT POINTS, RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2014

*Status of Prior Year Management Points*

2013-1 RESERVE ACCOUNTS

Condition: The Depreciation Reserve balance was short by \$20,409.

Recommendation: The City should catch up the funding balance for the Depreciation Fund.

Response: The City is diligently working on catching up this shortage by FY2015

Status: Reserve is still underfunded see 2014-1.

2013-2 APPROPRIATE NUMBER OF CHECK SIGNATURES PRESENT ON CHECKS

Condition: There are checks being distributed with only one signature present. The current requirement is for there to be two signatures on each check.

Recommendation: This requirement should be abided by. If this is creating undue hardship getting two signatures, the City should investigate a system to have one signature under a specified dollar amount and all checks over that specified amount would require two signatures.

Response: The City will correct this situation and investigate further the recommendation.

Status: This has been resolved.

2013-3 Credit Card Approvals

Condition: During the test of disbursements it was discovered that the credit card statements are not being approved by a signature on each credit card statement.

Recommendation: The Mayor or a member of the City Council should review and approve each monthly credit card statement with a signature on each statement.

Response: The City will investigate a new procedure concerning the monthly credit card statements.

Status: Still an issue, see 2014-2

CITY OF AUGUSTA, KENTUCKY  
MANAGEMENT POINTS, RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2014

Current year Management Points

2014-1 RESERVE ACCOUNTS

- Condition: The Depreciation Reserve balance was short by \$20,409 and the Sinking fund balance was short by \$\$23,103.
- Recommendation: The City should catch up the funding balance for the Depreciation Fund and Sinking Fund.
- Response: The City is diligently working on catching up these shortages by FY2015.

2014-2 Credit Card Approvals

- Condition: During the test of disbursements it was discovered that the credit card statements are not being approved by a signature on each credit card statement.
- Recommendation: The Mayor or a member of the City Council should review and approve each monthly credit card statement with a signature on each statement.
- Response: The City will investigate a new procedure concerning the monthly credit card statements.

2014-3 Employee Expense Report Approvals

- Condition: During the test of disbursements it was discovered that the employee expense reports are not being approved and the reason for reimbursement is not stated.
- Recommendation: The employee expense reports should explain why they are requesting reimbursement and it should be approved prior to being reimbursed.
- Response: The City will investigate a new procedure concerning the employee expense reports.

**CITY OF AUGUSTA, KENTUCKY  
AUDITED BASIC FINANCIAL STATEMENTS  
AND REQUIRED SUPPLEMENTARY INFORMATION  
Year the Year Ended June 30, 2013**

**DONNA J. HENDRIX, CPA, PSC**  
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**CITY OF AUGUSTA, KENTUCKY  
AUDITED BASIC FINANCIAL STATEMENTS  
AND REQUIRED SUPPLEMENTARY INFORMATION  
Year the Year Ended June 30, 2012**

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CITY OF AUGUSTA, KENTUCKY

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CITY OF AUGUSTA, KENTUCKY

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**DONNA J. HENDRIX**  
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**INDEPENDENT AUDITOR'S REPORT**

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Mayor and City Council  
City of Augusta  
Augusta, Kentucky 41002

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Augusta, Kentucky, as of and for the year ended June 30, 2012 which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Augusta, Kentucky's management. My responsibility is to express an opinion on these financial statements on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business activities, each major fund and the aggregate remaining fund information of the City of Augusta, Kentucky as of June 30, 2012 and respective changes in financial position and cash flows of its business-type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated January 14, 2013, on my consideration of the City of Augusta, Kentucky's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 my audit.

The Management's Discussion and Analysis on Page 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Augusta, Kentucky's financial statements as a whole. The accompanying supplemental information and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



DONNA J. HENDRIX, CPA  
Morehead, Kentucky  
January 14, 2013

**CITY OF AUGUSTA, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2012**

As management of the City of Augusta, Kentucky "the City", we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

- The City ended the 2012-year with net assets (both City and Utilities) of \$3,717,000. The principal part of net assets is comprised of the City's investment in fixed assets.
- The City received a state grant for sidewalk improvements for \$20,000.
- In July 2012, the City received a \$500,000 Economic Development Bond Grant from the Cabinet for Economic Development for the benefit of Clopay Plastic Products, Inc.
- There was a new roof installed on the Maintenance Building and Fire Department in the amount of \$50,000.
- The City constructed new restrooms with local funds in the amount of \$62,349.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City'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 City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the 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.

The government-wide financial statements outline functions of the City that are principally supported by property taxes and intergovernmental revenues (government activities). The governmental activities of the City include general administration, police, sanitation, streets and recreation services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9 and 10 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary funds. The only proprietary funds are our utility operations, all other activities of the City are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 11 through 19 of this report.

**Notes to the financial statements.** The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-34 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$3,717,000 as of June 30, 2012.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, utility line systems, vehicles, furniture and computer equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.



**Net Assets for the period ending June 30, 2012**

Comparative data for 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Current Assets	\$ 907,000	\$ 986,000
Noncurrent Assets	<u>4,598,000</u>	<u>4,598,000</u>
<b>Total Assets</b>	<b>5,505,000</b>	<b>5,584,000</b>
Current Liabilities	474,000	334,000
Noncurrent Liabilities	<u>1,314,000</u>	<u>1,370,000</u>
<b>Total Liabilities</b>	<b>1,788,000</b>	<b>1,703,000</b>
<b>Net Assets</b>		
Investment in capital assets (net of debt)	3,541,000	3,169,000
Restricted	44,000	49,000
Unreserved Fund Balance	<u>132,000</u>	<u>663,000</u>
<b>Total Net Assets</b>	<b>\$3,717,000</b>	<b>\$ 3,881,000</b>

**Comments on Budget Comparisons**

- The City's total revenues for the fiscal year ended June 30, 2012, net of interfund transfers were \$2,314,000.
- General fund budget compared to actual revenue varied slightly from line to line with the ending actual revenues being \$214,000 less than budget. The main contributing factor for the variance was miscellaneous income was budgeted at \$362,000 and actual was \$111,000.
- General fund budget expenditures to actual varied \$17,000 more than budget, or 2%.

The following table presents a summary of governmental fund revenues and expense for the fiscal year ended June 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>		
Local revenue sources	\$ 775,000	\$ 750,000
Federal and State revenue sources	180,000	167,000
Other Sources	<u>0</u>	<u>0</u>
<b>Total revenues</b>	<b>\$ 954,000</b>	<b>\$ 917,000</b>
 <b>Expenses:</b>		
General government	417,000	192,000
Police	148,000	164,000
Fire	12,000	23,000
Streets	65,000	63,000
Sanitation	266,000	297,000
Recreation, pool and park	106,000	96,000
Tourism	55,000	51,000
Debt Service	27,000	23,000
Capital Outlay	<u>89,000</u>	<u>9,000</u>
<b>Total expenses</b>	<b><u>\$ 1,186,000</u></b>	<b><u>\$ 919,000</u></b>
<b>Revenue in Excess of Expense</b>	<b>\$ (231,000)</b>	<b>\$ (1,000)</b>

**General Fund Revenue**

The majority of revenue was derived from local sources making up 81%. Revenues from sanitation services were \$331,000.

**General Fund Expenses**

Salaries comprise of \$ 288,000 of total expenses, or 25% of total expense.

**Utility Operations**

The net results for divisions of Utility operations (net of grants for construction) were:

Water	\$(10,000)
Gas	\$ 99,000
Sewer	\$(47,000)
Water Treatment	\$ (26,000)

The cost of operating the water treatment plant increased from \$1.78 per thousand gallons in the prior year to \$1.79 in the current year.

**Budgetary Implications**

The City adopted a budget for 2012 in which anticipated revenue equaled expenditures. The City has a cash balance of \$98,000 for the beginning of the next fiscal year. The utility had a cash balance of \$302,000 for the beginning of the 2013 fiscal year. The City does not anticipate any significant action, which would impact the budget.

Questions regarding this report should be directed to the Mayor John Laycock or to his **REPRESENTATIVE**, City Clerk Gretchen Usleaman, or by mail at:

City of Augusta  
219 Main Street  
Augusta, Kentucky 41002

**BASIC FINANCIAL STATEMENTS**

**CITY OF AUGUSTA, KENTUCKY  
 STATEMENT OF NET ASSETS  
 June 30, 2012**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	97,923	302,130	400,053
Accounts Receivable:			
Accounts	26,852	94,495	121,347
Loans	3,412		3,412
Deposits	-		-
Due from other funds	-	358,478	358,478
Restricted Cash	24,256		24,256
<b>Total Current Assets</b>	152,444	755,104	907,547
Noncurrent Assets			
Bond Issue Costs		-	-
Nondepreciated capital assets:			
Land	2,000		2,000
Depreciated capital assets:			
Buildings and improvements	2,458,390		2,458,390
Equipment	441,311		441,311
Utility Systems		5,992,651	5,992,651
Less: Accumulated depreciation	(1,354,008)	(2,942,402)	(4,296,410)
<b>Net Capital Assets</b>	1,547,693	3,050,248	4,597,941
<b>Total Noncurrent Assets</b>	1,547,693	3,050,248	4,597,941
<b>TOTAL ASSETS</b>	1,700,137	3,805,352	5,505,489
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	14,815	13,167	27,982
Accrued Liabilities	10,519	2,380	12,899
Accrued interest payable		5,986	5,986
Customer Deposits		14,180	14,180
Due to Other Funds	292,340	66,138	358,478
Current portion of Bonds and Notes Payable	15,300	39,067	54,367
<b>Total Current Liabilities</b>	332,974	140,918	473,892
Noncurrent Liabilities			
Bonds payable		1,314,119	1,314,119
Notes Payable	-	-	-
<b>Total Noncurrent Liabilities</b>	-	1,314,119	1,314,119
<b>TOTAL LIABILITIES</b>	332,974	1,455,037	1,788,012
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,532,393	2,008,797	3,541,190
Restricted for:			
Capital projects		-	-
Other purposes	44,533		44,533
Unrestricted	(209,762)	341,519	131,757
<b>TOTAL NET ASSETS</b>	1,367,163	2,350,315	3,717,478
<b>TOTAL LIABILITIES AND NET ASSETS</b>	1,700,137	3,805,352	5,505,489

See independent auditor's report and accompanying notes to financial statements.



**CITY OF AUGUSTA, KENTUCKY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012**

	General Fund	Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	74,159	23,764	97,923
Accounts Receivable:			-
Customers, Net	26,852		26,852
Other		-	-
Loans		3,412	3,412
Due From Other Funds			-
Deposits	-		-
Restricted Assets			-
Cash	24,256		24,256
Fixed Assets			-
Construction in Progress			-
Accumulated Depreciation			-
<b>TOTAL ASSETS</b>	125,268	27,176	152,445
<b>LIABILITIES AND NET ASSETS</b>			
Accounts Payable	14,815	-	14,815
Accrued Liabilities	10,519		10,519
Accrued Interest Payable			-
Due to Other Funds	285,440	6,900	292,340
Notes Payable			-
<b>TOTAL LIABILITIES</b>	310,774	6,900	317,674
Fund Balance:			
Restricted	24,256	20,277	44,533
Unassigned	(209,762)		(209,762)
<b>TOTAL FUND BALANCES</b>	(185,505)	20,277	(165,230)
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	125,268	27,176	152,445

See independent auditor's report and accompanying notes to financial statements.

**CITY OF AUGUSTA, KENTUCKY**

**RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF NET ASSETS**

June 30, 2012

**Total fund balance per fund financial statements** \$ (165,230)

Changes required for presentation of  
 Net Assets in conformity with GASB34:

Capital assets are not reported in the fund financial statements because they are not current financial resources; however they are reported in the Statement of Net Assets.

	2,901,701
Total Cost	<u>(1,354,008)</u>
Accumulated Depreciation	1,547,693

Certain liabilities (such as bond payable, capital leases, the long-term portion of accrued sick leave, and accrued interest) are not reported in the fund financial statements because they are not currently due and payable, but they are presented in the Statement of Net Assets.

(15,300)

**Net assets for government activities** \$ 1,367,163



**CITY OF AUGUSTA, KENTUCKY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Special Revenue (CDBG) Funds	TOTALS (Memorandum Only)
<b>REVENUES:</b>			
Taxes	303,523		303,523
Licenses and Permits	134,222		134,222
Fines and Forfeits	165		165
Intergovernmental Revenue	46,074		46,074
Charges for Services	359,578		359,578
Miscellaneous	111,079	147	111,226
	<b>TOTAL REVENUES</b>	147	<b>954,788</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	417,100	-	417,100
Police	148,040		148,040
Fire	12,121		12,121
Streets	65,319		65,319
Sanitation	265,814		265,814
Recreation, Pool and Parks	106,239		106,239
Tourism	55,188		55,188
Capital Outlay	89,843	-	89,843
Debt Service	26,603		26,603
	<b>TOTAL EXPENDITURES</b>	-	<b>1,186,266</b>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(231,625)	147	(231,478)
<b>OTHER FINANCING SOURCES (USES):</b>			
Federal Grant	-		-
CDBG Fund	-		-
Memorial Gift - Library	-		-
Transfer to Library	-		-
Transfers - Net (Utility Funds)	-		-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(231,625)	147	(231,478)
FUND BALANCE JULY 1, 2011	38,093	20,130	58,223
Prior Period Adjustment	8,027	-	8,027
FUND BALANCE JUNE 30, 2012	<b>\$ (185,505)</b>	<b>\$ 20,277</b>	<b>\$ (165,230)</b>

See independent auditor's report and accompanying notes to financial statements.

**CITY OF AUGUSTA, KENTUCKY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
 STATEMENT OF ACTIVITIES**

June 30, 2012

**Net change in total fund balances per fund financial statements** \$ (231,478)

Amounts reported for governmental activities in the Statement of Activities  
 are different because:

Capital outlays are reported as expenditures in the fund financial statements  
 because they use current financial resources, but they are presented as  
 assets in the Statement of Net Assets and depreciated over their  
 estimated economic lives. The difference is the amount by which  
 capital outlays exceeds depreciation expense for the year.

Total current capital outlays	120,825
Depreciation for the year	<u>(98,224)</u>
	22,601

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the Statement of Net Assets.	<u>29,512</u>
--	---------------

**Change in net assets of governmental activities per Statement of Activities** \$ (179,365)

**CITY OF AUGUSTA, KENTUCKY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Taxes	303,942	303,523	(419)
Licenses and Permits	144,290	134,222	(10,068)
Fines and Forfeits	400	165	(236)
Intergovernmental Revenue	47,300	46,074	(1,226)
Charges for Services	311,280	359,578	48,298
Miscellaneous	361,601	111,079	(250,522)
	<b>1,168,814</b>	<b>954,641</b>	<b>(214,173)</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	419,776	417,100	2,677
Police	175,877	148,040	27,837
Fire	22,500	12,121	10,380
Recreation and Park	82,090	106,239	(24,149)
Streets	38,508	65,319	(26,810)
Sanitation	246,311	265,814	(19,503)
Tourism	111,053	55,188	55,865
Capital Outlay	50,803	89,843	(39,040)
Debt Service	21,895	26,603	(4,709)
	<b>1,168,814</b>	<b>1,186,266</b>	<b>(17,452)</b>
<b>Excess of revenues over (under) expenditures Before Other Financing Sources (Uses)</b>	-	(231,625)	(231,625)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out) - Proprietary Funds	-	-	-
	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	(231,625)	(231,625)
<b>FUND BALANCE JULY 1, 2011</b>	<b>21,277</b>	<b>38,093</b>	<b>(16,816)</b>
Prior Period Adjustment		8,027	8,027
<b>FUND BALANCE JUNE 30, 2012</b>	<b>21,277</b>	<b>(185,505)</b>	<b>206,782</b>

**CITY OF AUGUSTA, KENTUCKY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
SPECIAL REVENUE (CDBG) FUND**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES:</b>			
Taxes			-
Licenses and Permits			-
Fines and Forfeits			-
Intergovernmental Revenue			
Charges for Service			-
Miscellaneous	2,160	147	(2,013)
	2,160	147	(2,013)
<b>TOTAL REVENUES</b>	2,160	147	(2,013)
<b>EXPENDITURES:</b>			
Current			-
General Government	2,160	-	(2,160)
Police			-
Fire			-
Recreation			-
Streets			-
Sanitation			-
Tourism			-
Capital Outlay			-
Debt Service			-
	2,160	-	(2,160)
<b>TOTAL EXPENDITURES</b>	2,160	-	(2,160)
Excess of revenues over (under) expenditures Before Other Financing Sources (Uses)	-	147	147
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out) - Proprietary Funds	-	-	-
	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	147	147
<b>FUND BALANCE JULY 1, 2011</b>	37,292	20,130	(17,162)
<b>FUND BALANCE JUNE 30, 2012</b>	\$ 37,292	\$ 20,277	\$ (17,016)

**CITY OF AUGUSTA, KENTUCKY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2012**

	<u>Business- type Activities</u>
<b>ASSETS AND RESOURCES</b>	
Current assets:	
Cash and cash equivalents	\$ 302,130
Accounts Receivable	94,495
Restricted cash and Investment	
Due from other funds	<u>358,478</u>
<b>Total Current assets</b>	<u>755,104</u>
Noncurrent assets:	
Bond Issue Costs	-
Nondepreciated capital assets:	
Land	
Depreciated capital assets:	
Building and improvements	5,992,651
Equipment	
Less accumulated depreciation	<u>(2,942,402)</u>
<b>Net Capital Assets</b>	<u>3,050,248</u>
<b>Total noncurrent assets</b>	<u>3,050,248</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,805,352</u></u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ 13,167
Accrued Liabilities	2,380
Accrued Interest Payable	5,986
Customer Deposits	14,180
Due to Other Funds	66,138
Current Portion of Bonds and Notes Payable	<u>39,067</u>
<b>Total Current Liabilities</b>	<u>140,918</u>
<b>NONCURRENT LIABILITIES</b>	
Bonds Payable	1,314,119
Notes Payable	-
<b>Total Noncurrent Liabilities</b>	<u>1,314,119</u>
<b>TOTAL LIABILITIES</b>	1,455,037
<b>NET ASSETS:</b>	
Contributed Capital	2,008,797
Restricted for:	
Capital Projects	-
Unassigned	<u>341,519</u>
<b>TOTAL NET ASSETS</b>	<u><u>2,350,315</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,805,352</u></u>

**CITY OF AUGUSTA, KENTUCKY  
 COMBINES STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012**

<b>OPERATING REVENUES</b>	
Charges for Services	\$ 853,724
Charges for Sales to Water District	<u>385,846</u>
<b>TOTAL OPERATING REVENUES</b>	<b>1,239,570</b>
 <b>OPERATING EXPENSES</b>	
Salaries and wages	278,334
Gas Purchases	165,703
Water Treatment Expense in Excess of Revenue	356
Chemicals and Testing	89,380
Utilities and Telephone	141,214
Professional Fees	33,862
Insurance	140,245
Repair and Supplies	101,002
Transportation	14,813
Office Expense and Other	19,442
Amortization	-
Depreciation	<u>154,878</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>1,139,228</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b>100,342</b>
 <b>NON-OPERATING REVENUES (Expenses)</b>	
Other Income	2,961
Interest Income	-
Interest Expense	<u>(62,488)</u>
<b>Net Loss Before Capital Contributions and Transfers</b>	<b>40,814</b>
Capital Contributions	-
Transfers - Charges to General Fund	<u>(24,900)</u>
<b>NET INCOME (LOSS)</b>	<b>15,915</b>
<b>TOTAL NET ASSETS - JULY 1, 2011</b>	<b><u>2,334,400</u></b>
Prior Period Adjustments	
KIA Sinking Fund Reserve	<u>                    </u>
<b>TOTAL NET ASSETS - JUNE 30, 2012</b>	<b><u><u>\$ 2,350,315</u></u></b>

**CITY OF AUGUSTA, KENTUCKY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from:	
Services	1,239,570
Other Income	2,961
Cash payments to employees for services	(278,334)
Cash payments for contract services	-
Cash payments to suppliers for goods and services	(706,016)
Cash payments for other operating expenses	<u>                    </u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>258,181</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to General Fund	<u>(312,847)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Loan Proceeds	-
Principal Paid	(39,071)
Interest Paid	(62,488)
Fixed Assets Acquired	(131,749)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(233,308)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>                    </u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (287,975)</b>
CASH AND CASH EQUIVALENTS JULY 1, 2011	<u>590,101</u>
<b>CASH AND CASH EQUIVALENTS JUNE 30, 2012</b>	<b><u>\$ 302,130</u></b>
<b>Reconciliation of operating income to net cash used for</b>	
operating activities	
Operating income	100,342
other income	3,467
Transfers	(24,900)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	154,878
State Grants	-
Changes in assets and liabilities:	
Receivables	(6,527)
Inventories	
Accrued liabilities	<u>30,921</u>
Net Cash used for operating activities	<u><u>258,181</u></u>

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

Year ended June 30, 2012

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City Of Augusta, Kentucky (“City”), conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant accounting policies.

**Reporting Entity**

The City of Augusta, Kentucky’s financial statements include the operations of all entities for which the City Council exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of the governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The entities included in the financial statements are the general operations of the City of Augusta with no component units.

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of the City of Augusta. The financial statements presented herein do not include funds of groups and organizations, which although associated with the City, have not originated within the City Council itself such as Knoedler Memorial Library or Sternwheel Regatta, etc.

The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City Council or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.



**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2012

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Basis of Presentation

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statements of activities present a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the good or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2012

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The City has the following funds:

**I. Governmental Fund Types**

- (A) The General Fund is the main operating fund of the Council. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the City.
- (B) The Special Revenue (Grant) Funds account for the Community Development Block Grant received in 1984 and proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs.

**II. Proprietary Fund Types**

- A. Water Fund – A proprietary fund used to account for the water and sewer services provided to the residents and commercial accounts of the City of Augusta, the operations of which are financed by user charges
- B. Gas Fund – A proprietary fund used to account for the gas services provided to the residents and commercial accounts of the City of Augusta, the operations of which are financed by user charges.
- C. Sewer Fund – A proprietary fund used to account for the sewer services provided to the residents and commercial accounts of the City of Augusta, the operations of which are financed by user charges.
- D. Water Treatment Plant Fund – A proprietary fund used to account for the water treatment plant operations, sale of water to Bracken County Water, and receipt of water by the City of Augusta.

The City applies all GAS pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2012

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

II. (Continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**Revenues – Exchange and Non-exchange Transactions** – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

**Expenses/Expenditures** – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2012

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Basis of Accounting - Continued

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are deposited into the General Fund.

The property tax rates assessed for the year ended June 30, 2012, to finance the General Fund operations were \$.284 per \$100 valuation for real property, \$.6470 per \$100 valuation for business personal property and \$.647 per \$100 valuation for motor vehicles. The assessed value upon which the levy for the 2012 fiscal year was based, was \$32,839,262.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars (\$1000) with the exception of computers and real property for which there is no threshold. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not capitalized.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2012

Basis of Accounting – Continued

Capital Assets – Continued

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Utility System	40 years
Vehicles	5-10 years
Furniture and fixtures	7 years
Other	10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Budgetary Process

**Budgetary Basis of Accounting:** The City’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the City Council at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the City, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2012

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Cash and Cash Equivalents

The City considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2012 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payable and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

CITY OF AUGUSTA, KENTUCKY

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2012

Fund Balance Reserves

Fund Financial Statements:

Fund Balance Designation

Beginning with fiscal year 2011, the District implemented GASB 54 “ Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The classifications are the following listed from the highest level of strength : Nonspendable, Restricted, Committed, Assigned, and Unassigned.

1. For *committed fund* balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
2. For *assigned* fund balance: (1) the body of official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which that authorization is given.
3. For the classification of fund balances:
  - (a) Whether the government considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, and
  - (b) Whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2012

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Basis of Accounting - Continued

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, those revenues are primarily charges for utility usage.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**NOTE B – ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE C – CASH AND CASH EQUIVALENTS**

At year-end, the carrying amount of the City's total cash and cash equivalents was \$387,670. Of the total cash balance, federal depository insurance cover up to \$500,000. All cash and equivalents were covered at 6/30/12.



**CITY OF AUGUSTA, KENTUCKY**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2012

Cash and cash equivalents at June 30, 2012 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Checking	\$ 375,378	\$ 412,017
Certificates of Deposit	<u>12,292</u>	<u>12,292</u>
	<u>\$ 387,670</u>	<u>\$ 424,309</u>

Breakdown per financial statements:

Governmental funds	\$122,178
Proprietary funds	<u>302,131</u>
	<u>\$ 424,309</u>

CITY OF AUGUSTA

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

Year Ended June 30, 2012

NOTE D - CAPITAL ASSETS

Capital asset for the fiscal year ended June 30, 2012 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Land	2,000			2,000
Park, pool and shelter	359,950	1,312		361,262
Buildings and improvements	846,735	62,349		909,084
Streets	334,478	48,186		382,664
Lighting and dock	805,381			805,381
Vehicles	131,630	7,818		139,448
Other equipment	300,703	1,160		301,863
Total at historical cost	2,780,876	120,825	-	2,901,701
Less accumulated depreciation:				
Park, pool and shelter	220,988	5,751		226,739
Building and improvements	165,495	18,761		184,256
Streets	168,643	24,025		192,668
Lighting and dock	301,432	39,153		340,584
Vehicles	100,066	9,391		109,457
Other Equipment	299,161	1,143		300,304
Total accumulated depreciation	1,255,784	98,224	-	1,354,008
<b>Governmental Activities Capital Assets-Net</b>	<b>1,525,092</b>	<b>22,601</b>	<b>-</b>	<b>1,547,694</b>
 <u>Business - Type Activities</u>				
Land	9,714			9,714
Water Utility	4,062,031	56,249		4,118,280
Gas Utility	717,425	60,364		777,789
Sewer Utility	1,071,728	15,137		1,086,865
Totals at historical cost	5,860,897	131,750	-	5,992,647
Less accumulated depreciation:				
Water Utility	1,572,324	104,455		1,676,778
Gas Utility	603,887	16,609		620,496
Sewer Utility	611,314	33,814		645,128
Total accumulated depreciation	2,787,524	154,878	-	2,942,402
<b>Business - Type Activities Capital Assets - Net</b>	<b>3,073,374</b>	<b>(23,128)</b>	<b>-</b>	<b>3,050,249</b>

Depreciation expense is not allocated to governmental functions in the fund financial statements. Depreciation is recorded in the statement of activities as "unallocated" expense.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2012

**NOTE E – RESERVES**

The City of Augusta is required to comply with the bond agreements of all bond issues as follows:

**A. Sinking Fund**

On or before the 20<sup>th</sup> day of each month the City is required to set aside an amount into a special account known as the “City of Augusta Water System Bond and Interest Sinking Fund”. The amount to be so set aside and paid into the Sinking Fund each month shall be sums equal to the following amounts:

1. A sum of one-sixth of the interest becoming due on the next succeeding interest due date, with respect to all outstanding Bond Issues.
2. A sum equal to one-twelfth (1/12) of the principal of all such bonds maturing on the next succeeding December 1.

The required balance of the reserve at June 30, 2012 was \$21,853. The City has set aside \$31,093 into the restricted account. There was \$80,000 in deposits that was made to the sinking fund for the year. As required in (1) or (2) above, the monthly funding should be \$21,853.

**B. Depreciation Fund**

The City is required to deposit \$785 each month into the Depreciation Fund account as well as the proceeds from the sale of any equipment no longer usable or needed, fees or charges collected from potential customers to aid in the financing of the cost of extensions, additions and/or improvements to the project, plus the proceeds of any property damage insurance not immediately used to replace damaged or destroyed property. Monies in the Depreciation Fund shall be available and shall be withdrawn and used, upon appropriate certification to Rural Development, for the purpose of paying the cost of constructing replacements, extensions, additions and/or improvements to the project.

When the balance in the Depreciation Fund reaches \$88,200 the monthly payments may be reduced to \$50 until the fully funded level of \$91,800. When the balance reaches \$91,800, the monthly payments may be discontinued or by the order of the City Council, may be diverted into the Sinking Fund Account to be held as part of the Sinking Fund Reserve and may then be used to redeem Bonds; however, the payments into the Depreciation Fund must be resumed whenever necessary to restore the balance up to \$91,800. The Depreciation Reserve requirement at June 30, 2012 was \$2355. The City had set aside \$56 at June 30, 2012 into a restricted account. The account is underfunded by \$2,300.

**CITY OF AUGUSTA, KENTUCKY**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2012

**NOTE F. LONG-TERM DEBT**

Long-Term Debt of the City consists of Revenue Bonds payable from the Proprietary Funds and Notes Payable by the Governmental and Proprietary Funds. A detail of Long-Term Debt at June 30, 2012 is as follows.

**A. Revenue Bonds – Proprietary Funds**

Sewer Utility Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water Utility Fund:			
1995 Series A, due to USDA Rural Development at interest rate of 4.5% Per annum with final payment Due in 2036	949,000	609,965	1,558,965
1995 Series B, due to USDA Rural Development at interest rate of 4.875% Per annum with final payment due in 2036	280,600	196,780	477,380
2004 Series, due USDA Rural Development at interest rate of 4.50% per annum with final payment due in 2044	<u>93,100</u>	<u>84,632</u>	<u>177,732</u>
	<u>\$1,322,700</u>	<u>\$ 891,377</u>	<u>\$2,214,077</u>

The annual requirements to amortize all revenue bonds payable outstanding as of June 30, 2012, are as follows:

YEAR ENDING	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
<u>JUNE 30</u>			
2013	28,900	59,943	88,843
2014	30,300	58,589	88,889
2015	31,800	57,169	88,969
2016	33,100	55,683	88,783
2017	35,100	54,123	89,223
2018	36,600	52,483	89,083
2019	38,500	50,762	89,262
2020-2024	224,500	224,761	449,261
2025-2029	286,700	166,489	453,189
2030-2034	367,100	92,046	459,146
2035-2039	185,600	15,937	201,537
2040-2044	<u>24,500</u>	<u>3,392</u>	<u>27,892</u>
TOTAL	<u>\$1,322,700</u>	<u>\$ 891,377</u>	<u>\$2,214,077</u>

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2012

**B. Notes Payable**

**Governmental Fund**

Community Center

The City entered into a loan agreement for a Community Center with payments of \$1,147.95 monthly for 11 months, plus a final payment equal to all unpaid principal and accrued interest on June 29, 2013. The interest rate is 3.0%

The maturities of Notes Payable at June 30, 2012 were as follows:

2013	<u>12,442</u>	<u>1,334</u>
	<u>\$12,442</u>	<u>\$1,334</u>

Police Cruiser

The City entered into a loan agreement for a Police Cruiser in June 2010 with payments of \$720.67 monthly for 36 months. The interest rate is 4.007%

The maturities of Notes Payable at June 30, 2012 were as follows:

2013	<u>2,858</u>	<u>23</u>
	<u>\$ 2,858</u>	<u>\$ 23</u>

Maintenance Truck

The City entered into a loan agreement for a Maintenance Truck with payments of \$853.21 monthly for 47 months, plus a final payment equal to all unpaid principal and accrued interest on January 14, 2015. The interest rate is 2.95%

The maturities of Notes Payable at June 30, 2012 were as follows:

2013	9,618	558
2014	9,906	333
2015	<u>5,094</u>	<u>58</u>
	<u>\$24,618</u>	<u>\$ 949</u>

**CITY OF AUGUSTA, KENTUCKY**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2012

**Mower**

The City entered into a loan agreement for a Mower with payments of \$246.62 monthly for 47 months, plus a final payment equal to all unpaid principal and accrued interest on July 30, 2014. The interest rate is 4.5%

The maturities of Notes Payable at June 30, 2012 were as follows:

2013	2,752	207	
2014	2,878	81	
2015	<u>238</u>	<u>1</u>	
	<u>\$ 5,868</u>	<u>\$ 289</u>	

**NOTE G. CDBG GRANT AND LOANS RECEIVABLE**

The City received a Community Development Block Grant in 1984 for \$217,500. The amount was loaned to local businesses, to be repaid at 5% over 7-12 years. All repayments are to be recirculated through loans to the community for economic development. The existing loans are detailed below.

Balance <u>June 30, 2011</u>	<u>Payments</u>	Balance <u>June 30, 2012</u>
\$ 0	\$ 0	\$ 0
<u>4,366</u>	<u>954</u>	<u>3,412</u>
\$4,366	\$ 954	\$3,412

**NOTE H. INSURANCE AND RELATED ACTIVITIES**

The City is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The City had purchased certain policies, which are retrospective rated, which includes Worker's compensation insurance.

**NOTE I. PENDING LITIGATION**

The City is named in a lawsuit filed in late 2012, currently in the Bracken Circuit Court. The outcome is unknown.

**SUPPLEMENTARY INFORMATION**

**CITY OF AUGUSTA, KENTUCKY  
COMBINING BALANCE SHEET  
ALL PROPRIETARY FUND TYPES  
For the Year Ended June 30, 2012**

	Water Fund	Water Treatment Plant Fund	Gas Fund	Sewer Fund	Combined Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,876	\$ 52,200	\$ 218,167	\$ 15,887	\$ 302,130
Account Receivable					-
Customers - Net	22,470		11,606	16,453	50,529
Other		43,966			43,966
Due from other funds	-		345,522	12,956	358,478
Restricted Assets					-
Cash					-
Investments					-
Fixed Assets	336,506	3,781,774	777,789	1,096,581	5,992,651
Accumulated Depreciation	(317,128)	(1,359,649)	(620,496)	(645,129)	(2,942,402)
Bond Issue Costs					-
<b>TOTAL ASSETS</b>	<b>\$ 57,723</b>	<b>\$ 2,518,292</b>	<b>\$ 732,588</b>	<b>\$ 496,749</b>	<b>\$ 3,805,352</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 194	\$ 6,700	\$ 2,809	\$ 3,463	\$ 13,167
Accrued Liabilities	1,295	-	367	718	2,380
Accrued Interest Payable		5,986			5,986
Customer Deposits	6,980		7,200	-	14,180
Due to Other Funds	21,000	45,138			66,138
Notes Payable			30,486	-	30,486
Payable from Restricted Assets					-
Revenue Bonds Payable		1,322,700			1,322,700
<b>Total Liabilities</b>	<b>29,469</b>	<b>1,380,524</b>	<b>40,863</b>	<b>4,181</b>	<b>1,455,037</b>
<b>NET ASSETS</b>					
Reserves				-	-
Contributed Capital	70,000	1,440,428		498,369	2,008,797
Unassigned	(41,746)	(302,660)	691,726	(5,800)	341,519
<b>Total Net Assets</b>	<b>28,254</b>	<b>1,137,768</b>	<b>691,726</b>	<b>492,569</b>	<b>2,350,315</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 57,723</b>	<b>\$ 2,518,292</b>	<b>\$ 732,588</b>	<b>\$ 496,749</b>	<b>\$ 3,805,352</b>



**CITY OF AUGUSTA, KENTUCKY  
 COMBINES STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2012**

	Water Fund	Water Treatment Plant Fund	Gas Fund	Sewer Fund	Combined Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 223,216		\$ 480,735	\$ 149,774	\$ 853,724
Charges to Bracken Water District		385,846			385,846
Charges to Augusta Water Fund		119,704			119,704
<b>Total Revenues</b>	<b>223,216</b>	<b>505,550</b>	<b>480,735</b>	<b>149,774</b>	<b>1,359,274</b>
<b>OPERATING EXPENSES</b>					
Salaries and Wages	43,044	136,835	66,715	31,740	278,334
Gas Purchases			165,703		165,703
Water Treatment	120,060				120,060
Chemicals, Testing and Study		88,578	802		89,380
Utilities and Telephone	17,523	68,403	2,366	52,922	141,214
Professional Fees	4,109	4,962	10,229	14,562	33,862
Insurance	14,918	36,423	69,953	18,951	140,245
Repair and Supplies	16,473	35,652	18,981	29,896	101,002
Transportation	3,505	1,585	4,955	4,768	14,813
Office Expense and Other	4,153	2,643	7,627	5,019	19,442
Amorization				-	-
Depreciation	3,270	101,184	16,609	33,814	154,878
<b>Total Operating Expenses</b>	<b>227,056</b>	<b>476,265</b>	<b>363,939</b>	<b>191,872</b>	<b>1,258,932</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,840)</b>	<b>29,285</b>	<b>116,796</b>	<b>(41,899)</b>	<b>100,342</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Other Income	(5,743)	5,813	1,421	1,470	2,961
Franchise Charges to General Fund	-	-	(18,000)	(6,900)	(24,900)
Interest Income			-	-	-
Interest Expense	-	(61,194)	(1,294)	-	(62,488)
<b>Net Income (Loss) Before Capital Contributions</b>	<b>(9,583)</b>	<b>(26,096)</b>	<b>98,922</b>	<b>(47,329)</b>	<b>15,915</b>
Capital Contributions				-	-
<b>NET INCOME (LOSS)</b>	<b>(9,583)</b>	<b>(26,096)</b>	<b>98,922</b>	<b>(47,328)</b>	<b>15,915</b>
Net Assets (Deficit), July 1, 2011	37,837	1,163,864	592,804	539,897	2,334,400
Prior Period Adjustments					-
<b>NET ASSETS (DEFICIT), JUNE 30, 2012</b>	<b>\$ 28,254</b>	<b>\$ 1,137,768</b>	<b>\$ 691,726</b>	<b>\$ 492,569</b>	<b>\$ 2,350,315</b>

**CITY OF AUGUSTA, KENTUCKY  
COMBINING STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Water Fund	Water Treatment Plant Fund	Gas Fund	Sewer Fund	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (3,840)	\$ 29,285	\$116,796	\$ (41,899)	\$ 100,342
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and Amortization	3,270	101,184	16,609	33,814	154,878
Other Income	(5,743)	5,813	1,421	1,976	3,467
Transfers	-	-	(18,000)	(6,900)	(24,900)
Grants	-	-	-	-	-
(Increase) Decrease in Assets					
Accounts Receivable	663	(5,266)	(2,087)	164	(6,527)
Restricted Funds	-	-	-	-	-
Increase (Decrease) in Liabilities					
Account Payable	(13,369)	(10,721)	(2,106)	(20,778)	(46,975)
Other Liabilities	-	-	-	-	-
Due to Other Funds	16,000	(24,884)	(224,467)	-	(233,351)
Customer Deposits	-	-	(1,600)	-	(1,600)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(3,018)</b>	<b>95,411</b>	<b>(113,435)</b>	<b>(33,622)</b>	<b>(54,666)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interest Income	-	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Loan Proceeds	-	-	-	-	-
Principal Paid	-	(27,100)	(11,971)	-	(39,071)
Interest Paid	-	(61,194)	(1,294)	-	(62,488)
Fixed Assets Acquired	-	(56,249)	(60,364)	(15,136)	(131,749)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>(144,543)</b>	<b>(73,629)</b>	<b>(15,136)</b>	<b>(233,308)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,018)</b>	<b>(49,132)</b>	<b>(187,064)</b>	<b>(48,758)</b>	<b>(287,975)</b>
CASH AND CASH EQUIVALENTS JULY 1, 2011	18,894	104,669	401,058	65,480	590,101
<b>CASH AND CASH EQUIVALENTS JUNE 30, 2012</b>	<b>\$ 15,876</b>	<b>\$ 55,537</b>	<b>\$213,994</b>	<b>\$ 16,722</b>	<b>\$ 302,130</b>

**CITY OF AUGUSTA, KENTUCKY  
GENERAL FUND  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>TAXES</b>			
Property Taxes	\$ 120,598	\$ 116,778	\$ (3,820)
Bank Shares Taxes	5,200	5,232	32
Motor Vehicle Taxes	22,000	18,442	(3,558)
Recreational Property Taxes	17,145	16,725	(419)
Payroll Taxes	139,000	146,346	7,346
	<u>303,942</u>	<u>303,523</u>	<u>(419)</u>
<b>LICENSES AND PERMITS</b>			
Occupational Licenses	11,000	12,897	1,897
Franchise Fees	61,490	49,678	(11,812)
Insurance Premium License Fees	70,000	68,747	(1,253)
Liquor Licenses	1,800	2,900	1,100
	<u>144,290</u>	<u>134,222</u>	<u>(10,068)</u>
<b>FINES AND FORFEITS</b>			
Arrest Fees	400	165	(236)
	<u>400</u>	<u>165</u>	<u>(236)</u>
<b>INTERGOVERNMENTAL REVENUES</b>			
Base Court Revenue	10,000	10,367	367
Police Incentive Pay	9,300	7,795	(1,505)
Municipal Road Aid	28,000	27,913	(87)
	<u>47,300</u>	<u>46,074</u>	<u>(1,226)</u>
<b>CHARGES FOR SERVICES</b>			
Sanitation Fees	296,560	331,081	34,521
Accident Reports	20	15	(5)
Pool and Marina Income	14,700	28,482	13,782
	<u>311,280</u>	<u>359,578</u>	<u>48,298</u>
<b>MISCELLANEOUS</b>			
Interest	470	49	(421)
Library Tax	17,145	16,725	(419)
Tourism	15,000	12,480	(2,510)
Ghostwalk	5,000	5,175	175
Riverfest Regatta	10,000	-	(10,000)
Turning Leaves Festival	440	380	(60)
Swingtime	4,600	3,674	(926)
Sternwheel Days	-	9,608	9,608
Blueberry Festival	-	430	430
Battle of Augusta	-	1,450	1,450
Telecommunications	5,700	5,680	(20)
Community Center	3,000	3,535	535
Contribution - Clopay Foundation	10,000	10,000	-
Grants - Local & State	-	20,000	20,000
Ball Park Revenue	7,000	8,174	1,174
Borrowed Money	13,247	-	(13,247)
Corridor Management	60,000	-	(60,000)
Restrooms Main Street	10,000	5,000	(5,000)
Transfer from Gas-Clopay	190,000	-	(190,000)
Miscellaneous	10,000	8,709	(1,291)
	<u>361,601</u>	<u>111,079</u>	<u>(250,522)</u>
<b>TOTAL REVENUE</b>	<b>\$ 1,168,814</b>	<b>\$ 954,641</b>	<b>\$ (214,173)</b>

**CITY OF AUGUSTA, KENTUCKY  
 GENERAL FUND  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>GENERAL GOVERNMENT</b>			
Salaries & Fringe Benefits	\$ 58,566	\$ 59,551	\$ (985)
Professional Services	13,691	13,450	242
Other Legal Costs	2,000	22,931	(20,931)
Telephone and Utilities	20,700	17,419	3,281
Office Supplies	6,100	12,559	(6,459)
Cemeteries	12,460	10,088	2,372
Library	17,145	17,025	120
Insurance	29,000	28,912	88
Training & Travel	3,000	1,480	1,520
Advertisement and Dues	3,100	3,670	(770)
Community Center	9,900	11,415	(1,515)
Reimburse for ?	6,082	-	6,082
Investigation	-	5,000	(5,000)
Credit Card Reimb	29,000	-	29,000
Economic Assistance Clopay	190,000	191,625	(1,625)
Comprehensive Training	5,033	-	5,033
Miscellaneous	14,000	21,774	(7,774)
	<u>419,776</u>	<u>417,100</u>	<u>2,677</u>
<b>POLICE</b>			
Salaries and Fringe Benefits	158,876	134,801	24,075
Vehicle Expense	7,500	6,906	594
Repairs and Maintenance	2,300	4,233	(1,933)
Telephone	1,000	825	175
Training and Travel	2,500	1,275	1,225
Insurance	3,701	-	3,701
	<u>175,877</u>	<u>148,040</u>	<u>27,837</u>
<b>FIRE DEPARTMENT</b>			
Operations	22,500	12,121	10,380
	<u>22,500</u>	<u>12,121</u>	<u>10,380</u>
<b>STREETS</b>			
Salaries - Litter Abatement	10,508	14,882	(4,374)
Electric	-	21,514	(21,514)
Repairs and Maintenance	28,000	28,922	(922)
	<u>38,508</u>	<u>65,319</u>	<u>(26,810)</u>
<b>SANITATION</b>			
Refuse Contract	246,311	265,814	(19,503)
<b>RECREATION AND PARK DEPARTMENTS</b>			
Salaries	25,500	28,200	(2,700)
Utilities	7,250	2,304	4,946
Sternwheel/Ghostwalk/Swingtime/Turning Leaves	18,840	18,734	106
Clopay	10,000	15,729	(5,729)
Operation and Maintenance	20,500	41,272	(20,772)
	<u>82,090</u>	<u>106,239</u>	<u>(24,149)</u>
<b>TOURISM</b>			
Salaries and Fringe Benefits	51,053	50,698	355
Corridor Management -ESRI Software	60,000	4,490	55,510
	<u>111,053</u>	<u>55,188</u>	<u>55,865</u>
<b>CAPITAL OUTLAY</b>			
	50,803	89,843	(39,040)
<b>DEBT SERVICE</b>			
	21,895	26,603	(4,709)
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,168,814</u>	<u>\$ 1,186,266</u>	<u>\$ (17,452)</u>

**CITY OF AUGUSTA, KENTUCKY  
WATER TREATMENT PLANT COSTS  
For the Year Ended June 30, 2012**

Operating costs for the fiscal year 2012 that were incurred by the City were consistent with cost calculations by Public Service Commission of Commonwealth of Kentucky.

<u>OPERATING COSTS</u>	<u>2012</u>	<u>2011</u>
Salaries and Benefits	\$ 164,303	\$186,890
Chemicals and Testing	88,578	87,332
Utilities	68,403	91,097
Insurance	8,955	13,657
Repairs and Supplies	35,652	28,532
Accounting & Legal	4,962	5,545
Office Expense	<u>4,228</u>	<u>1,432</u>
<b>TOTAL OPERATING COSTS</b>	<b><u>\$375,081</u></b>	<b><u>\$414,485</u></b>

(For Comparison)

TREATED GALLONS OF WATER

Bracken County Water	156,371,700	173,204,000
City of Augusta	<u>53,061,000</u>	<u>59,153,000</u>
<b>TOTAL GALLONS</b>	<b><u>209,432,700</u></b>	<b><u>232,357,000</u></b>

**Cost Per 1000 Gallons**

**\$1.79**

**\$1.78**

The above-calculated costs do not include Capital Cost charged to the users each month:

	<u>Month</u>	<u>Annual</u>
Bracken County Water	\$6,090.00	\$ 73,080
City of Augusta	<u>2,030.00</u>	<u>24,360</u>
	<b><u>\$8,120.00</u></b>	<b><u>\$ 97,440</u></b>

**CITY OF AUGUSTA, KENTUCKY  
SCHEDULE OF DEBIT SERVICE REQUIREMENTS  
SERIES A WATER SYSTEM REVENUE BONDS  
June 30, 2012**

Payable to: Rural Development  
Purpose: Water Treatment Plant

Fiscal Year	Rate of Interest	Interest Coupons Payable December 1	Interest Coupons Payable June 1	Bond Principle Payable December 1	Total Annual Requirement
2012-2013	4.50%	21,353	20,869	21,500	63,722
2013-2014	4.50%	20,869	20,363	22,500	63,732
2014-2015	4.50%	20,363	19,834	23,500	63,697
2015-2016	4.50%	19,834	19,283	24,500	63,617
2016-2017	4.50%	19,283	18,698	26,000	63,981
2017-2018	4.50%	18,698	18,090	27,000	63,788
2018-2019	4.50%	18,090	17,449	28,500	64,039
2019-2020	4.50%	17,449	16,774	30,000	64,223
2020-2021	4.50%	16,774	16,065	31,500	64,339
2021-2022	4.50%	16,065	15,323	33,000	64,388
2022-2023	4.50%	15,323	14,535	35,000	64,858
2023-2024	4.50%	14,535	13,714	36,500	64,749
2024-2025	4.50%	13,714	12,848	38,500	65,062
2025-2026	4.50%	12,848	11,948	40,000	64,796
2026-2027	4.50%	11,948	10,991	42,500	65,439
2027-2028	4.50%	10,991	10,001	44,000	64,992
2028-2029	4.50%	10,001	8,955	46,500	65,456
2029-2030	4.50%	8,955	7,853	49,000	65,808
2030-2031	4.50%	7,853	6,694	51,500	66,047
2031-2032	4.50%	6,694	5,479	54,000	66,173
2032-2033	4.50%	5,479	4,208	56,500	66,187
2033-2034	4.50%	4,208	2,869	59,500	66,577
2034-2035	4.50%	2,869	1,463	62,500	66,832
2035-2036	4.50%	1,463		65,000	66,463
<b>Totals</b>		<b>315,659</b>	<b>294,306</b>	<b>949,000</b>	<b>1,558,965</b>

**CITY OF AUGUSTA, KENTUCKY  
SCHEDULE OF DEBIT SERVICE REQUIREMENTS  
SERIES B WATER SYSTEM REVENUE BONDS  
June 30, 2012**

Payable to: Rural Development  
Purpose: Water Treatment Plant

Fiscal Year	Rate of Interest	Interest Coupons Payable December 1	Interest Coupons Payable June 1	Bond Principle Payable December 1	Total Annual Requirement
2012-2013	4.50%	6,840	6,691	6,100	19,631
2013-2014	4.50%	6,691	6,535	6,400	19,626
2014-2015	4.50%	6,535	6,369	6,800	19,704
2015-2016	4.50%	6,369	6,196	7,100	19,665
2016-2017	4.50%	6,196	6,013	7,500	19,709
2017-2018	4.50%	6,013	5,821	7,900	19,734
2018-2019	4.50%	5,821	5,618	8,300	19,739
2019-2020	4.50%	5,618	5,406	8,700	19,724
2020-2021	4.50%	5,406	5,182	9,200	19,788
2021-2022	4.50%	5,182	4,946	9,700	19,828
2022-2023	4.50%	4,946	4,697	10,200	19,843
2023-2024	4.50%	4,697	4,436	10,700	19,833
2024-2025	4.50%	4,436	4,161	11,300	19,897
2025-2026	4.50%	4,161	3,871	11,900	19,932
2026-2027	4.50%	3,871	3,566	12,500	19,937
2027-2028	4.50%	3,566	3,247	13,100	19,913
2028-2029	4.50%	3,247	2,908	13,900	20,055
2029-2030	4.50%	2,908	2,555	14,500	19,963
2030-2031	4.50%	2,555	2,179	15,400	20,134
2031-2032	4.50%	2,179	1,787	16,100	20,066
2032-2033	4.50%	1,787	1,372	17,000	20,159
2033-2034	4.50%	1,372	936	17,900	20,208
2034-2035	4.50%	936	478	18,800	20,214
2035-2036	4.50%	478		19,600	20,078
<b>Totals</b>		<u>101,810</u>	<u>94,970</u>	<u>280,600</u>	<u>477,380</u>

**CITY OF AUGUSTA, KENTUCKY  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SERIES 2004 WATER SYSTEM REVENUE BONDS  
June 30, 2012**

Payable to: Rural Development  
Purpose: Water Treatment Plant

Fiscal Year	Rate of Interest	Interest Coupons Payable December 1	Interest Coupons Payable June 1	Bond Principle Payable December 1	Total Annual Requirement
2012-2013	4.50%	2,095	2,095	1,300	5,490
2013-2014	4.50%	2,066	2,065	1,400	5,531
2014-2015	4.50%	2,034	2,034	1,500	5,568
2015-2016	4.50%	2,001	2,000	1,500	5,501
2016-2017	4.50%	1,967	1,966	1,600	5,533
2017-2018	4.50%	1,931	1,930	1,700	5,561
2018-2019	4.50%	1,892	1,892	1,700	5,484
2019-2020	4.50%	1,854	1,854	1,800	5,508
2020-2021	4.50%	1,814	1,814	1,900	5,528
2021-2022	4.50%	1,771	1,771	2,000	5,542
2022-2023	4.50%	1,726	1,726	2,100	5,552
2023-2024	4.50%	1,679	1,679	2,200	5,558
2024-2025	4.50%	1,629	1,629	2,300	5,558
2025-2026	4.50%	1,577	1,577	2,400	5,554
2026-2027	4.50%	1,523	1,523	2,500	5,546
2027-2028	4.50%	1,467	1,467	2,600	5,534
2028-2029	4.50%	1,409	1,409	2,700	5,518
2029-2030	4.50%	1,348	1,348	2,900	5,596
2030-2031	4.50%	1,283	1,283	3,000	5,566
2031-2032	4.50%	1,215	1,215	3,100	5,530
2032-2033	4.50%	1,145	1,145	3,300	5,590
2033-2034	4.50%	1,071	1,071	3,400	5,542
2034-2035	4.50%	995	995	3,600	5,590
2035-2036	4.50%	914	914	3,800	5,628
2036-2037	4.50%	828	828	3,900	5,556
2037-2038	4.50%	740	740	4,100	5,580
2038-2039	4.50%	648	648	4,300	5,596
2039-2040	4.50%	551	551	4,500	5,602
2040-2041	4.50%	450	450	4,700	5,600
2041-2042	4.50%	344	344	4,900	5,588
2042-2043	4.50%	234	234	5,200	5,668
2043-2044	4.50%	117	117	5,200	5,434
<b>Totals</b>		<u>42,318</u>	<u>42,314</u>	<u>93,100</u>	<u>177,732</u>



**DONNA J. HENDRIX**  
CERTIFIED PUBLIC ACCOUNTANT

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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**

Mayor and City Council  
City of Augusta  
Augusta, Kentucky 41002

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the City of Augusta, Kentucky, as of and for the year ended June 30, 2012, which collectively comprise the City of Augusta's basic financial statements and have issued our report thereon dated January 14, 2013. 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 City of Augusta'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 the City of Augusta's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Augusta'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 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.

**DONNA J. HENDRIX**  
CERTIFIED PUBLIC ACCOUNTANT

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ACCOUNTANT'S REPORT ON  
MANAGEMENT POINTS

Mayor and City Council  
City of Augusta  
Augusta, Kentucky 41002

In planning and performing my audit of the basic financial statements of City of Augusta for the year ended June 30, 2012, I considered the City's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during my audit, I became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated January 14, 2013, on the financial statements of the City of Augusta.

I will review the status of these comments and suggestions with various City personnel, and I will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Donna J. Hendrix, CPA*

DONNA J. HENDRIX, CPA  
Morehead, Kentucky

January 14, 2013

CITY OF AUGUSTA, KENTUCKY  
MANAGEMENT POINTS, RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2012

*Status of Prior Year Management Points*

2011-1 RESERVE ACCOUNTS

Condition: The Depreciation Reserve balance was short by \$2,594.

Recommendation: The City should catch up the funding balance for the Depreciation Fund.

Response: The City is diligently working on catching up this shortage by FY2012

Status: Reserve is still underfunded see 12-1

2011-2 APPROPRIATE NUMBER OF CHECK SIGNATURES PRESENT ON CHECKS

Condition: There are checks being distributed with only one signature present. The current requirement is for there to be two signatures on each check.

Recommendation: This requirement should be abided by. If this is creating undue hardship getting two signatures, the City should investigate a system to have one signature under a specified dollar amount and all checks over that specified amount would require two signatures.

Response: The City will correct this situation and investigate further the recommendation.

Status: Still an issue see 2012-2

*Current year Management Points*

- 2012-1 RESERVE ACCOUNTS

Condition: The Depreciation Reserve balance was short by \$2,300.

Recommendation: The City should catch up the funding balance for the Depreciation Fund.

Response: The City is diligently working on catching up this shortage by FY2013.

CITY OF AUGUSTA, KENTUCKY  
MANAGEMENT POINTS, RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2012

2012-2 APPROPRIATE NUMBER OF CHECK SIGNATURES PRESENT ON CHECKS

- Condition:** There are checks being distributed with only one signature present. The current requirement is for there to be two signatures on each check.
- Recommendation:** This requirement should be abided by. If this is creating undue hardship getting two signatures, the City should investigate a system to have one signature under a specified dollar amount and all checks over that specified amount would require two signatures.
- Response:** The City will correct this situation and investigate further the recommendation.

2012-3 Proper Void Check Procedures

- Condition:** During the test of disbursements voided checks were being shredded.
- Recommendation:** Ideally, "void" should be written across the face of the check, the signature corner should also be removed to ensure the check can longer be used and should be kept with the bank statements.
- Response:** All voided checks will have the signature corner removed and be kept with the bank statements

CITY OF AUGUSTA, KENTUCKY

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**DONNA J. HENDRIX**  
CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Augusta  
Augusta, Kentucky 41002

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Augusta, Kentucky as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's 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 governmental activities of the City of Augusta, Kentucky, as of June 30, 2013, 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 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 on pages 3-8 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of the City of Augusta, Kentucky'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 City of Augusta, Kentucky's internal control over financial reporting and compliance.

*Donna J. Hendrix, CPA*

Donna J. Hendrix, CPA, PSC

Morehead, Kentucky

December 13, 2013



**CITY OF AUGUSTA, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
YEAR ENDED JUNE 30, 2013**

As management of the City of Augusta, Kentucky "the City", we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

- The City ended the 2013-year with net assets (both City and Utilities) of \$3,673,000. The principal part of net assets is comprised of the City's investment in fixed assets.
- The City was awarded a federal "Mary Ingles Scenic Highway Development of a Corridor Management Plan National Scenic Byways Program" grant in the amount of \$60,000. The amount received as of June 30, 2013 was \$26,481.
- In July 2012, the City received a \$500,000 Economic Development Bond Grant from the Cabinet for Economic Development for the benefit of Clopay Plastic Products, Inc.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City'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 City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the 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.

The government-wide financial statements outline functions of the City that are principally supported by property taxes and intergovernmental revenues (government activities). The governmental activities of the City include general administration, police, sanitation, streets and recreation services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9 and 10 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary funds. The only proprietary funds are our utility operations, all other activities of the City are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 11 through 19 of this report.

**Notes to the financial statements.** The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-34 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$3,673,000 as of June 30, 2013.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, utility line systems, vehicles, furniture and computer equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**Net Assets for the period ending June 30, 2013**

Comparative data for 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Current Assets	\$1,101,000	\$ 907,000
Noncurrent Assets	<u>4,405,000</u>	<u>4,598,000</u>
<b>Total Assets</b>	<b>5,506,000</b>	<b>5,505,000</b>
Current Liabilities	560,000	474,000
Noncurrent Liabilities	<u>1,274,000</u>	<u>1,314,000</u>
<b>Total Liabilities</b>	<b>1,833,000</b>	<b>1,788,000</b>
<b>Net Assets</b>		
Investment in capital assets (net of debt)	3,477,000	3,541,000
Restricted	41,000	44,000
Unreserved Fund Balance	<u>155,000</u>	<u>132,000</u>
<b>Total Net Assets</b>	<b>\$3,673,000</b>	<b>\$ 3,717,000</b>

**Comments on Budget Comparisons**

- The City's total revenues for the fiscal year ended June 30, 2013, net of interfund transfers were \$2,968,000.
- General fund budget compared to actual revenue varied from line to line with the ending actual revenues being \$499,000 more than budget. The main contributing factor for the variance was the \$500,000 grant for Clopay was not budgeted.
- General fund budget expenditures to actual varied \$509,000 more than budget due to the Grant for \$500,000 expenditure to Clopay was not budgeted.

The following table presents a summary of governmental fund revenues and expense for the fiscal year ended June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>		
Local revenue sources	\$1,023,000	\$ 775,000
Federal and State revenue sources	526,000	180,000
Other Sources	<u>0</u>	<u>0</u>
<b>Total revenues</b>	<b>\$1,549,000</b>	<b>\$ 954,000</b>
 <b>Expenses:</b>		
General government	703,000	417,000
Police	185,000	148,000
Fire	28,000	12,000
Streets	50,000	65,000
Sanitation	374,000	266,000
Recreation, pool and park	131,000	106,000
Tourism	63,000	55,000
Debt Service	15,000	27,000
Capital Outlay	<u>10,000</u>	<u>89,000</u>
<b>Total expenses</b>	<b><u>\$ 1,560,000</u></b>	<b><u>\$1,186,000</u></b>
<b>Revenue in Excess of Expense</b>	<b>\$ (10,000)</b>	<b>\$ (231,000)</b>

**General Fund Revenue**

The majority of revenue was derived from local sources making up 66%. Revenues from sanitation services were \$348,000.

**General Fund Expenses**

Salaries comprise of \$ 292,000 of total expenses, or 19% of total expense.

**Utility Operations**

The net results for divisions of Utility operations (net of grants for construction) were:

Water	\$( 7,000)
Gas	\$146,000
Sewer	\$(46,000)
Water Treatment	\$ (67,000)

The cost of operating the water treatment plant increased from \$1.79 per thousand gallons in the prior year to \$1.83 in the current year.

**Budgetary Implications**

The City adopted a budget for 2013 in which anticipated revenue equaled expenditures. The City has a cash balance of \$193,000 for the beginning of the next fiscal year. The utility had a cash balance of \$310,000 for the beginning of the 2014 fiscal year. The City does not anticipate any significant action, which would impact the budget.

Questions regarding this report should be directed to the Mayor John Laycock or to his **REPRESENTATIVE**, City Clerk Gretchen Usleaman, or by mail at:

City of Augusta  
219 Main Street  
Augusta, Kentucky 41002

**BASIC FINANCIAL STATEMENTS**

**CITY OF AUGUSTA, KENTUCKY**  
**STATEMENT OF NET ASSETS**  
June 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	193,243	309,924	503,167
Accounts Receivable:			
Accounts	26,445	98,715	125,160
Loans	-		-
Deposits	-		-
Due from other funds	-	455,322	455,322
Restricted Cash	17,299		17,299
<b>Total Current Assets</b>	236,987	863,961	1,100,948
Noncurrent Assets			
Bond Issue Costs			
Nondepreciated capital assets:			
Land	2,000		2,000
Depreciated capital assets:			
Buildings and improvements	2,486,111		2,486,111
Equipment	451,305		451,305
Utility Systems		6,013,835	6,013,835
Less: Accumulated depreciation	(1,457,549)	(3,090,935)	(4,548,484)
<b>Net Capital Assets</b>	1,481,867	2,922,899	4,404,766
<b>Total Noncurrent Assets</b>	1,481,867	2,922,899	4,404,766
<b>TOTAL ASSETS</b>	1,718,854	3,786,861	5,505,715
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	19,092	(6,353)	12,739
Accrued Liabilities	13,257	4,295	17,552
Accrued interest payable		5,986	5,986
Customer Deposits		15,580	15,580
Due to Other Funds	377,340	77,982	455,322
Current portion of Bonds and Notes Payable	13,257	39,067	52,324
<b>Total Current Liabilities</b>	422,947	136,557	559,504
Noncurrent Liabilities			
Bonds payable		1,273,651	1,273,651
Notes Payable	-	-	-
<b>Total Noncurrent Liabilities</b>	-	1,273,651	1,273,651
<b>TOTAL LIABILITIES</b>	422,947	1,410,208	1,833,154
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,468,610	2,008,797	3,477,407
Restricted for:			
Capital projects	40,525		40,525
Other purposes	(213,226)	367,856	154,630
Unrestricted	1,295,908	2,376,652	3,672,560
<b>TOTAL NET ASSETS</b>	1,295,908	2,376,652	3,672,560
<b>TOTAL LIABILITIES AND NET ASSETS</b>	1,718,854	3,786,861	5,505,715

See independent auditor's report and accompanying notes to financial statements.



**CITY OF AUGUSTA, KENTUCKY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
<b>GOVERNMENTAL ACTIVITIES:</b>							
General Government	708,551	136,012		501,987	(70,552)	-	\$ (70,552)
Police	185,205	298			(184,907)		\$ (184,907)
Fire	28,233				(28,233)		(28,233)
Streets	50,376				(50,376)		(50,376)
Sanitation	374,164	373,469			(695)		(695)
Recreation, Pool and Parks	130,844				(130,844)		(130,844)
Tourism	39,722				(39,722)		(39,722)
Depreciation	103,542				(103,542)		(103,542)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,620,636</b>	<b>509,779</b>	<b>-</b>	<b>501,987</b>	<b>(608,870)</b>	<b>-</b>	<b>(608,870)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Utilities	1,286,638	1,312,976	-		-	26,339	26,339
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>1,286,638</b>	<b>1,312,976</b>	<b>-</b>		<b>26,339</b>	<b>26,339</b>	<b>26,339</b>
<b>TOTAL CITY</b>	<b>2,907,274</b>	<b>1,822,755</b>	<b>-</b>	<b>501,987</b>	<b>(608,870)</b>	<b>26,339</b>	<b>(582,531)</b>
General Revenues					355,172		355,172
Taxes					32,517		32,517
Federal and State Grants					149,926		149,926
Local and Other Revenues					537,615		537,615
Investment Earnings							
Total General Revenues					1,075,230		1,075,230
Change in Net Assets					(71,255)	26,339	(44,916)
Net Assets July 1, 2012					1,367,163	2,350,315	3,717,478
Prior Period Adjustments							
Net Assets June 30, 2013					<u>1,295,908</u>	<u>\$ 2,376,652</u>	<u>\$ 3,672,560</u>

See independent auditor's report and accompanying notes to financial statements.

**CITY OF AUGUSTA, KENTUCKY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013**

	General Fund	Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	163,118	30,125	193,243
Accounts Receivable:			-
Customers, Net	26,445		26,445
Other		-	-
Loans		-	-
Due From Other Funds			-
Deposits	-		-
Restricted Assets			-
Cash	17,299		17,299
Fixed Assets			-
Construction in Progress			-
Accumulated Depreciation			-
<b>TOTAL ASSETS</b>	<u>206,862</u>	<u>30,125</u>	<u>236,988</u>
<b>LIABILITIES AND NET ASSETS</b>			
Accounts Payable	19,092	-	19,092
Accrued Liabilities	13,257		13,257
Accrued Interest Payable			-
Due to Other Funds	370,440	6,900	377,340
Notes Payable			-
<b>TOTAL LIABILITIES</b>	<u>402,790</u>	<u>6,900</u>	<u>409,690</u>
Fund Balance:			
Restricted	17,299	23,226	40,525
Unassigned	(213,227)		(213,226)
<b>TOTAL FUND BALANCES</b>	<u>(195,926)</u>	<u>23,226</u>	<u>(172,702)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>206,862</u>	<u>30,125</u>	<u>236,988</u>

See independent auditor's report and accompanying notes to financial statements.

**CITY OF AUGUSTA, KENTUCKY**

**RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET ASSETS**

June 30, 2013

**Total fund balance per fund financial statements** \$ (172,702)

Changes required for presentation of  
Net Assets in conformity with GASB34:

Capital assets are not reported in the fund financial statements because they are not current financial resources; however they are reported in the Statement of Net Assets.

	2,939,416
Total Cost	<u>(1,457,549)</u>
Accumulated Depreciation	1,481,867

Certain liabilities (such as bond payable, capital leases, the long-term portion of accrued sick leave, and accrued interest) are not reported in the fund financial statements because they are not currently due and payable, but they are presented in the Statement of Net Assets.

(13,257)

**Net assets for government activities**

\$ 1,295,908

**CITY OF AUGUSTA, KENTUCKY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Special Revenue (CDBG) Funds	TOTALS (Memorandum Only)
<b>REVENUES:</b>			
Taxes	355,172		355,172
Licenses and Permits	136,012		136,012
Fines and Forfeits	298		298
Intergovernmental Revenue	49,504		49,504
Charges for Services	373,469		373,469
Kentucky Grant-Clopay	501,987		501,987
Miscellaneous	132,939	2,949	135,888
	<b>TOTAL REVENUES</b>	2,949	<b>1,552,330</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	702,721	-	702,721
Police	185,205		185,205
Fire	28,233		28,233
Streets	50,376		50,376
Sanitation	374,164		374,164
Recreation, Pool and Parks	130,844		130,844
Tourism	63,017		63,017
Capital Outlay	10,449	-	10,449
Debt Service	14,794		14,794
	<b>TOTAL EXPENDITURES</b>	-	<b>1,559,802</b>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(10,421)	2,949	(7,472)
<b>OTHER FINANCING SOURCES (USES):</b>			
Federal Grant	-		-
CDBG Fund	-		-
Memorial Gift - Library	-		-
Transfer to Library	-		-
Transfers - Net (Utility Funds)	-		-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(10,421)	2,949	(7,472)
FUND BALANCE JULY 1, 2012	(185,505)	20,277	(165,228)
Prior Period Adjustment	-	-	-
FUND BALANCE JUNE 30, 2013	<b>\$ (195,926)</b>	<b>\$ 23,226</b>	<b>\$ (172,702)</b>

See independent auditor's report and accompanying notes to financial statements.

**CITY OF AUGUSTA, KENTUCKY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
 STATEMENT OF ACTIVITIES**

June 30, 2013

**Net change in total fund balances per fund financial statements** \$ (7,472)

Amounts reported for governmental activities in the Statement of Activities  
 are different because:

Capital outlays are reported as expenditures in the fund financial statements  
 because they use current financial resources, but they are presented as  
 assets in the Statement of Net Assets and depreciated over their  
 estimated economic lives. The difference is the amount by which  
 capital outlays exceeds depreciation expense for the year.

Total current capital outlays	58,899
Depreciation for the year	<u>(103,542)</u>
	(44,643)

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the Statement of Net Assets.	<u>(19,140)</u>
--	-----------------

**Change in net assets of governmental activities per Statement of Activities** \$ (71,255)

**CITY OF AUGUSTA, KENTUCKY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES:</b>			
Taxes	300,775	355,172	54,397
Licenses and Permits	146,749	136,012	(10,737)
Fines and Forfeits	400	298	(102)
Intergovernmental Revenue	44,100	49,504	5,404
Charges for Services	379,237	373,469	(5,768)
Kentucky Grant-Clopay	-	501,987	501,987
Miscellaneous	179,515	132,939	(46,576)
	<b>1,050,776</b>	<b>1,549,381</b>	<b>498,605</b>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES:</b>			
Current:			
General Government	309,020	702,721	(393,700)
Police	163,422	185,205	(21,783)
Fire	20,500	28,233	(7,733)
Recreation and Park	94,350	130,844	(36,494)
Streets	20,370	50,376	(30,006)
Sanitation	263,000	374,164	(111,164)
Tourism	107,430	63,017	44,413
Capital Outlay	50,303	10,449	39,854
Debt Service	22,381	14,794	7,586
	<b>1,050,776</b>	<b>1,559,802</b>	<b>(509,026)</b>
<b>TOTAL EXPENDITURES</b>			
Excess of revenues over (under) expenditures Before Other Financing Sources (Uses)	-	(10,421)	(10,421)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out) - Proprietary Funds	-	-	-
	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
<b>Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	0	(10,421)	(10,421)
<b>FUND BALANCE JULY 1, 2012</b>	<b>21,277</b>	<b>(185,505)</b>	<b>206,782</b>
Prior Period Adjustment		-	-
<b>FUND BALANCE JUNE 30, 2013</b>	<b>21,277</b>	<b>(195,926)</b>	<b>217,203</b>

**CITY OF AUGUSTA, KENTUCKY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
SPECIAL REVENUE (CDBG) FUND**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES:</b>			
Taxes			-
Licenses and Permits			-
Fines and Forfeits			-
Intergovernmental Revenue			-
Charges for Service			-
Miscellaneous	2,160	2,949	789
	2,160	2,949	789
<b>TOTAL REVENUES</b>	<b>2,160</b>	<b>2,949</b>	<b>789</b>
<b>EXPENDITURES:</b>			
Current			-
General Government	2,160	-	(2,160)
Police			-
Fire			-
Recreation			-
Streets			-
Sanitation			-
Tourism			-
Capital Outlay			-
Debt Service			-
	2,160	-	(2,160)
<b>TOTAL EXPENDITURES</b>	<b>2,160</b>	<b>-</b>	<b>(2,160)</b>
Excess of revenues over (under) expenditures Before Other Financing Sources (Uses)	-	2,949	2,949
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out) - Proprietary Funds	-	-	-
	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	2,949	2,949
FUND BALANCE JULY 1, 2012	37,292	20,277	(17,015)
FUND BALANCE JUNE 30, 2013	\$ 37,292	\$ 23,226	\$ (14,067)

**CITY OF AUGUSTA, KENTUCKY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2013

	<u>Business- type Activities</u>
<b>ASSETS AND RESOURCES</b>	
Current assets:	
Cash and cash equivalents	\$ 309,924
Accounts Receivable	98,715
Restricted cash and Investment	
Due from other funds	<u>455,322</u>
<b>Total Current assets</b>	<b>863,961</b>
Noncurrent assets:	
Bond Issue Costs	-
Nondepreciated capital assets:	
Land	
Depreciated capital assets:	
Building and improvements	6,013,835
Equipment	
Less accumulated depreciation	<u>(3,090,935)</u>
<b>Net Capital Assets</b>	<u>2,922,899</u>
<b>Total noncurrent assets</b>	<u>2,922,899</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,786,861</u></b>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ (6,353)
Accrued Liabilities	4,295
Accrued Interest Payable	5,986
Customer Deposits	15,580
Due to Other Funds	77,982
Current Portion of Bonds and Notes Payable	<u>39,067</u>
<b>Total Current Liabilities</b>	<b>136,557</b>
<b>NONCURRENT LIABILITIES</b>	
Bonds Payable	1,273,651
Notes Payable	-
<b>Total Noncurrent Liabilities</b>	<u>1,273,651</u>
<b>TOTAL LIABILITIES</b>	<b>1,410,208</b>
<b>NET ASSETS:</b>	
Contributed Capital	2,008,797
Restricted for:	
Capital Projects	-
Unassigned	<u>367,856</u>
<b>TOTAL NET ASSETS</b>	<u>2,376,652</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>3,786,861</u></b>



**CITY OF AUGUSTA, KENTUCKY  
COMBINES STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>OPERATING REVENUES</b>	
Charges for Services	\$ 953,626
Charges for Sales to Water District	<u>359,242</u>
<b>TOTAL OPERATING REVENUES</b>	1,312,867
 <b>OPERATING EXPENSES</b>	
Salaries and wages	365,721
Gas Purchases	210,575
Water Treatment Expense in Excess of Revenue	463
Chemicals and Testing	102,764
Utilities and Telephone	146,177
Professional Fees	30,859
Insurance	59,613
Repair and Supplies	91,933
Transportation	21,662
Office Expense and Other	16,868
Amortization	-
Depreciation	<u>161,525</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,208,160</u>
 <b>OPERATING INCOME (LOSS)</b>	 104,707
 <b>NON-OPERATING REVENUES (Expenses)</b>	
Other Income	109
Interest Income	-
Interest Expense	<u>(60,478)</u>
 <b>Net Loss Before Capital Contributions and Transfers</b>	 44,338
Capital Contributions	-
Transfers - Charges to General Fund	<u>(18,000)</u>
 <b>NET INCOME (LOSS)</b>	 26,339
 <b>TOTAL NET ASSETS - JULY 1, 2012</b>	 <u>2,350,315</u>
Prior Period Adjustments	-
KIA Sinking Fund Reserve	<u>                    </u>
 <b>TOTAL NET ASSETS -- JUNE 30, 2013</b>	 <u><u>\$ 2,376,652</u></u>



**CITY OF AUGUSTA, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

Year ended June 30, 2013

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City Of Augusta, Kentucky (“City”), conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting Entity

The City of Augusta, Kentucky’s financial statements include the operations of all entities for which the City Council exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of the governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The entities included in the financial statements are the general operations of the City of Augusta with no component units.

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of the City of Augusta. The financial statements presented herein do not include funds of groups and organizations, which although associated with the City, have not originated within the City Council itself such as Knoedler Memorial Library or Sternwheel Regatta, etc.

The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City Council or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2013

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Basis of Presentation**

**Government-wide Financial Statements** – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statements of activities present a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the good or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2013

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The City has the following funds:

**I. Governmental Fund Types**

- (A) The General Fund is the main operating fund of the Council. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the City.
- (B) The Special Revenue (Grant) Funds account for the Community Development Block Grant received in 1984 and proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs.

**II. Proprietary Fund Types**

- A. Water Fund – A proprietary fund used to account for the water and sewer services provided to the residents and commercial accounts of the City of Augusta, the operations of which are financed by user charges
- B. Gas Fund – A proprietary fund used to account for the gas services provided to the residents and commercial accounts of the City of Augusta, the operations of which are financed by user charges.
- C. Sewer Fund – A proprietary fund used to account for the sewer services provided to the residents and commercial accounts of the City of Augusta, the operations of which are financed by user charges.
- D. Water Treatment Plant Fund – A proprietary fund used to account for the water treatment plant operations, sale of water to Bracken County Water, and receipt of water by the City of Augusta.

The City applies all GAS pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2013

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

II. (Continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2013

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Basis of Accounting - Continued

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are deposited into the General Fund.

The property tax rates assessed for the year ended June 30, 2013, to finance the General Fund operations were \$.30 per \$100 valuation for real property, \$.6180 per \$100 valuation for business personal property and \$.618 per \$100 valuation for motor vehicles. The assessed value upon which the levy for the 2013 fiscal year was based, was \$33,198,612.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars (\$1000) with the exception of computers and real property for which there is no threshold. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not capitalized.

**CITY OF AUGUSTA, KENTUCKY**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2013

Basis of Accounting – Continued

Capital Assets – Continued

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

Description	Governmental Activities Estimated Lives
Buildings and improvements	25-50 years
Land improvements	20 years
Utility System	40 years
Vehicles	5-10 years
Furniture and fixtures	7 years
Other	10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Budgetary Process

**Budgetary Basis of Accounting:** The City’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the City Council at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the City, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.



**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2013

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Cash and Cash Equivalents**

The City considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

**Prepaid Assets**

Payments made that will benefit periods beyond June 30, 2013 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payable and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

CITY OF AUGUSTA, KENTUCKY

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2013

Fund Balance Reserves  
Fund Financial Statements:

Fund Balance Designation

Beginning with fiscal year 2011, the District implemented GASB 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The classifications are the following listed from the highest level of strength : Nonspendable, Restricted, Committed, Assigned, and Unassigned.

1. For *committed fund* balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
2. For *assigned* fund balance: (1) the body of official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which that authorization is given.
3. For the classification of fund balances:
  - (a) Whether the government considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, and
  - (b) Whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2013

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Basis of Accounting - Continued  
Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, those revenues are primarily charges for utility usage.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**NOTE B – ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE C – CASH AND CASH EQUIVALENTS**

At year-end, the carrying amount of the City's total cash and cash equivalents was \$531,894. Of the total cash balance, federal depository insurance and pledged assets covered the balance throughout the year. All cash and equivalents were covered at 6/30/13.

**CITY OF AUGUSTA, KENTUCKY**  
 NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2013

Cash and cash equivalents at June 30, 2013 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Checking	\$ 519,602	\$ 508,174
Certificates of Deposit	<u>12,292</u>	<u>12,292</u>
	<u>\$ 531,894</u>	<u>\$ 520,466</u>

Breakdown per financial statements:

Governmental funds	\$210,542
Proprietary funds	<u>309,924</u>
	<u>\$ 520,466</u>

CITY OF AUGUSTA

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

Year Ended June 30, 2013

NOTE D - CAPITAL ASSETS

Capital asset for the fiscal year ended June 30, 2013 was as follows:

Governmental Activities	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Land	2,000			2,000
Park, pool and shelter	361,262			361,262
Buildings and improvements	909,084			909,084
Streets	382,664	27,720		410,384
Lighting and dock	805,381			805,381
Vehicles	139,448	4,000		143,448
Other equipment	301,863	5,994		307,857
Total at historical cost	2,901,702	37,714	-	2,939,416
Less accumulated depreciation:				
Park, pool and shelter	226,739	5,860		232,599
Building and improvements	184,256	19,696		203,952
Streets	192,668	26,010		218,678
Lighting and dock	340,584	39,153		379,737
Vehicles	109,457	11,378		120,835
Other Equipment	300,304	1,445		301,749
Total accumulated depreciation	1,354,008	103,542	-	1,457,549
<b>Governmental Activities Capital Assets-Net</b>	<b>1,547,694</b>	<b>(65,827)</b>	<b>-</b>	<b>1,481,867</b>
 <b>Business - Type Activities</b>				
Land	9,714			9,714
Water Utility	4,118,280	9,470		4,127,750
Gas Utility	777,789	7,371		785,160
Sewer Utility	1,086,865	15,848	18,756	1,083,959
Totals at historical cost	5,992,647	32,689	18,756	6,006,582
Less accumulated depreciation:				
Water Utility	1,676,778	108,556		1,785,333
Gas Utility	620,496	17,566		638,062
Sewer Utility	645,128	35,394	12,982	667,540
Total accumulated depreciation	2,942,401	161,515	12,982	3,090,933
<b>Business - Type Activities Capital Assets - Net</b>	<b>3,050,247</b>	<b>(128,826)</b>	<b>5,774</b>	<b>2,915,649</b>

Depreciation expense is not allocated to governmental functions in the fund financial statements. Depreciation is recorded in the statement of activities as "unallocated" expense.

**CITY OF AUGUSTA, KENTUCKY**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2013

**NOTE E – RESERVES**

The City of Augusta is required to comply with the bond agreements of all bond issues as follows:

**A. Sinking Fund**

On or before the 20<sup>th</sup> day of each month the City is required to set aside an amount into a special account known as the “City of Augusta Water System Bond and Interest Sinking Fund”. The amount to be so set aside and paid into the Sinking Fund each month shall be sums equal to the following amounts:

1. A sum of one-sixth of the interest becoming due on the next succeeding interest due date, with respect to all outstanding Bond Issues.
2. A sum equal to one-twelfth (1/12) of the principal of all such bonds maturing on the next succeeding December 1.

The required balance of the reserve at June 30, 2013 was \$22,558. The City has set aside \$2,281 into the restricted account. There was \$60,000 in deposits that was made to the sinking fund for the year. As required in (1) or (2) above, the monthly funding should be \$22,558. The account is underfunded by \$20,277.

**B. Depreciation Fund**

The City is required to deposit \$785 each month into the Depreciation Fund account as well as the proceeds from the sale of any equipment no longer usable or needed, fees or charges collected from potential customers to aid in the financing of the cost of extensions, additions and/or improvements to the project, plus the proceeds of any property damage insurance not immediately used to replace damaged or destroyed property. Monies in the Depreciation Fund shall be available and shall be withdrawn and used, upon appropriate certification to Rural Development, for the purpose of paying the cost of constructing replacements, extensions, additions and/or improvements to the project.

When the balance in the Depreciation Fund reaches \$88,200 the monthly payments may be reduced to \$50 until the fully funded level of \$91,800. When the balance reaches \$91,800, the monthly payments may be discontinued or by the order of the City Council, may be diverted into the Sinking Fund Account to be held as part of the Sinking Fund Reserve and may then be used to redeem Bonds; however, the payments into the Depreciation Fund must be resumed whenever necessary to restore the balance up to \$91,800. The Depreciation Reserve requirement at June 30, 2013 was \$11,775. The City had set aside \$46 at June 30, 2013 into a restricted account. The account is underfunded by \$11,729.

**CITY OF AUGUSTA, KENTUCKY**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2013

**NOTE F. LONG-TERM DEBT**

Long-Term Debt of the City consists of Revenue Bonds payable from the Proprietary Funds and Notes Payable by the Governmental and Proprietary Funds. A detail of Long-Term Debt at June 30, 2013 is as follows.

**A. Revenue Bonds – Proprietary Funds**

Sewer Utility Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water Utility Fund:			
1995 Series A, due to USDA Rural Development at interest rate of 4.5% Per annum with final payment Due in 2036	927,500	567,743	1,495,243
1995 Series B, due to USDA Rural Development at interest rate of 4.875% Per annum with final payment due in 2036	274,500	183,249	457,749
2004 Series, due USDA Rural Development at interest rate of 4.50% per annum with final payment due in 2044	<u>91,800</u>	<u>80,442</u>	<u>172,242</u>
	<u>\$1,293,800</u>	<u>\$ 831,434</u>	<u>\$2,125,234</u>

The annual requirements to amortize all revenue bonds payable outstanding as of June 30, 2013, are as follows:

YEAR ENDING	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
<u>JUNE 30</u>			
2014	30,300	58,589	88,889
2015	31,800	57,169	88,969
2016	33,100	55,683	88,783
2017	35,100	54,123	89,223
2018	36,600	52,483	89,083
2019	38,500	50,762	89,262
2020-2024	224,500	224,761	449,261
2025-2029	286,700	166,489	453,189
2030-2034	367,100	92,046	459,146
2035-2039	185,600	15,937	201,537
2040-2044	<u>24,500</u>	<u>3,392</u>	<u>27,892</u>
TOTAL	<u>\$1,293,800</u>	<u>\$ 831,434</u>	<u>\$2,125,234</u>

**CITY OF AUGUSTA, KENTUCKY**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2013

**B. Notes Payable**

**Governmental Fund**

Maintenance Truck

The City entered into a loan agreement for a Maintenance Truck with payments of \$853.21 monthly for 47 months, plus a final payment equal to all unpaid principal and accrued interest on January 14, 2015. The interest rate is 2.95%

The maturities of Notes Payable at June 30, 2013 were as follows:

2014	9,906	333
2015	<u>5,893</u>	<u>58</u>
	<u>\$15,799</u>	<u>\$ 391</u>

Mower

The City entered into a loan agreement for a Mower with payments of \$246.62 monthly for 47 months, plus a final payment equal to all unpaid principal and accrued interest on July 30, 2014. The interest rate is 4.5%

The maturities of Notes Payable at June 30, 2013 were as follows:

2014	2,878	81
2015	<u>241</u>	<u>1</u>
	<u>\$ 3,119</u>	<u>\$ 82</u>



**CITY OF AUGUSTA, KENTUCKY**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

Year ended June 30, 2013

**NOTE G. CDBG GRANT AND LOANS RECEIVABLE**

The City received a Community Development Block Grant in 1984 for \$217,500. The amount was loaned to local businesses, to be repaid at 5% over 7-12 years. All repayments are to be recirculated through loans to the community for economic development. There are no outstanding loans as of June 30, 2013.

**NOTE H. INSURANCE AND RELATED ACTIVITIES**

The City is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The City had purchased certain policies, which are retrospective rated, which includes Worker's compensation insurance.

**NOTE I. PENDING LITIGATION**

1) The City was named in a lawsuit filed in late 2012. The outcome is unknown. (2) The City has become aware of a potential for future litigation. The outcome is unknown.

**SUPPLEMENTARY INFORMATION**

**CITY OF AUGUSTA, KENTUCKY  
COMBINING BALANCE SHEET  
ALL PROPRIETARY FUND TYPES  
For the Year Ended June 30, 2013**

	Water Fund	Water Treatment Plant Fund	Gas Fund	Sewer Fund	Combined Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,296	\$ 36,777	\$ 232,696	\$ 22,155	\$ 309,924
Account Receivable					-
Customers - Net	22,842		14,314	16,902	54,058
Other		44,658			44,658
Due from other funds			455,322		455,322
Restricted Assets					-
Cash					-
Investments					-
Fixed Assets	339,110	3,788,641	785,160	1,093,674	6,006,585
Accumulated Depreciation	(320,464)	(1,464,869)	(638,062)	(667,541)	(3,090,935)
Construction In Progress				7,250	7,250
Bond Issue Costs					-
<b>TOTAL ASSETS</b>	<b>\$ 59,784</b>	<b>\$ 2,405,206</b>	<b>\$ 849,431</b>	<b>\$ 472,440</b>	<b>\$ 3,786,861</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 798	\$ 4,289	\$ (16,264)	\$ 4,824	\$ (6,353)
Accrued Liabilities	1,295	880	1,402	718	4,295
Accrued Interest Payable		5,986			5,986
Customer Deposits	7,980		7,800		15,580
Due to Other Funds	28,600	29,138		20,244	77,982
Notes Payable			18,918		18,918
Payable from Restricted Assets					-
Revenue Bonds Payable		1,293,800			1,293,800
<b>Total Liabilities</b>	<b>38,673</b>	<b>1,334,093</b>	<b>11,656</b>	<b>25,786</b>	<b>1,410,208</b>
<b>NET ASSETS</b>					
Reserves					-
Contributed Capital	70,000	1,440,428		498,369	2,008,797
Unassigned	(48,889)	(369,314)	837,775	(51,715)	367,856
<b>Total Net Assets</b>	<b>21,111</b>	<b>1,071,114</b>	<b>837,775</b>	<b>446,655</b>	<b>2,376,652</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 59,784</b>	<b>\$ 2,405,206</b>	<b>\$ 849,431</b>	<b>\$ 472,440</b>	<b>\$ 3,786,861</b>

**CITY OF AUGUSTA, KENTUCKY**  
**COMBINES STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Water Fund	Water Treatment Plant Fund	Gas Fund	Sewer Fund	Combined Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 218,216		\$ 578,656	\$ 156,753	\$ 953,626
Charges to Bracken Water District		359,242			359,242
Charges to Augusta Water Fund		105,930			105,930
<b>Total Revenues</b>	<u>218,216</u>	<u>465,172</u>	<u>578,656</u>	<u>156,753</u>	<u>1,418,797</u>
<b>OPERATING EXPENSES</b>					
Salaries and Wages	61,450	149,791	104,534	49,945	365,721
Gas Purchases			210,575		210,575
Water Treatment	106,393				106,393
Chemicals, Testing and Study		93,436	9,328		102,764
Utilities and Telephone	19,743	73,983	2,141	50,310	146,177
Professional Fees	4,950	4,100	5,598	16,210	30,859
Insurance	4,600	21,097	26,658	7,257	59,613
Repair and Supplies	13,213	30,004	21,297	27,420	91,933
Transportation	6,264	694	7,139	7,565	21,662
Office Expense and Other	4,691	1,807	6,248	4,123	16,868
Amorization					-
Depreciation	3,336	105,230	17,566	35,394	161,525
<b>Total Operating Expenses</b>	<u>224,641</u>	<u>480,142</u>	<u>411,083</u>	<u>198,225</u>	<u>1,314,091</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(6,425)</u>	<u>(14,970)</u>	<u>167,573</u>	<u>(41,471)</u>	<u>104,707</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Other Income	(718)	8,228	(2,958)	(4,443)	109
Franchise Charges to General Fund	-	-	(18,000)	-	(18,000)
Interest Income	-	-	-	-	-
Interest Expense	-	(59,912)	(566)	-	(60,478)
<b>Net Income (Loss) Before Capital Contributions</b>	<u>(7,143)</u>	<u>(66,654)</u>	<u>146,049</u>	<u>(45,914)</u>	<u>26,339</u>
Capital Contributions					-
<b>NET INCOME (LOSS)</b>	<u>(7,143)</u>	<u>(66,654)</u>	<u>146,049</u>	<u>(45,914)</u>	<u>26,339</u>
Net Assets (Deficit), July 1, 2012	<u>28,254</u>	<u>1,137,768</u>	<u>691,726</u>	<u>492,569</u>	<u>2,350,315</u>
Prior Period Adjustments					-
<b>NET ASSETS (DEFICIT), JUNE 30, 2013</b>	<u>\$ 21,111</u>	<u>\$ 1,071,114</u>	<u>\$ 837,775</u>	<u>\$ 446,655</u>	<u>\$ 2,376,652</u>

**CITY OF AUGUSTA, KENTUCKY  
COMBINING STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Water Fund	Water Treatment Plant Fund	Gas Fund	Sewer Fund	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (6,425)	\$ (14,970)	\$167,573	\$ (41,471)	\$ 104,707
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and Amortization	3,336	105,230	17,566	35,394	161,525
Other Income	(718)	8,228	(2,958)	(3,937)	615
Transfers	-	-	(18,000)	-	(18,000)
Grants	-	-	-	-	-
(Increase) Decrease in Assets					
Accounts Receivable	(372)	(692)	2,708	449	2,092
Restricted Funds	-	-	-	-	-
Increase (Decrease) in Liabilities					
Account Payable	(2,001)	(5,757)	(19,282)	12,053	(14,988)
Other Liabilities	-	880	-	-	880
Due to Other Funds	7,600	(16,000)	(109,800)	7,288	(110,912)
Customer Deposits	1,000	-	400	-	1,400
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,420</b>	<b>76,919</b>	<b>38,207</b>	<b>9,776</b>	<b>127,319</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interest Income	-	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Loan Proceeds	-	-	-	-	-
Principal Paid	-	(28,900)	(11,568)	-	(40,468)
Interest Paid	-	(59,912)	(566)	-	(60,478)
Fixed Assets Acquired	-	(6,867)	(7,371)	(4,343)	(18,581)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>(95,679)</b>	<b>(19,505)</b>	<b>(4,343)</b>	<b>(119,527)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,420</b>	<b>(18,760)</b>	<b>18,702</b>	<b>5,433</b>	<b>7,792</b>
CASH AND CASH EQUIVALENTS JULY 1, 2012	15,876	55,537	213,994	16,722	302,130
<b>CASH AND CASH EQUIVALENTS JUNE 30, 2013</b>	<b>\$ 18,296</b>	<b>\$ 36,777</b>	<b>\$232,696</b>	<b>\$ 22,155</b>	<b>\$ 309,924</b>

**CITY OF AUGUSTA, KENTUCKY  
GENERAL FUND  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>TAXES</b>			
Property Taxes	\$ 120,598	\$ 156,536	\$ 35,938
Bank Shares Taxes	5,232	5,385	153
Motor Vehicle Taxes	18,800	20,157	1,357
Recreational Property Taxes	17,145	19,376	2,231
Payroll Taxes	139,000	153,718	14,718
	<u>300,775</u>	<u>355,172</u>	<u>54,397</u>
<b>LICENSES AND PERMITS</b>			
Occupational Licenses	13,000	11,599	(1,401)
Franchise Fees	62,549	44,045	(18,504)
Insurance Premium License Fees	70,000	77,768	7,768
Liquor Licenses	1,200	2,600	1,400
	<u>146,749</u>	<u>136,012</u>	<u>(10,737)</u>
<b>FINES AND FORFEITS</b>			
Arrest Fees	400	298	(102)
	<u>400</u>	<u>298</u>	<u>(102)</u>
<b>INTERGOVERNMENTAL REVENUES</b>			
Base Court Revenue	8,300	8,060	(240)
Police Incentive Pay	9,300	8,926	(374)
Municipal Road Aid	26,500	32,517	6,017
	<u>44,100</u>	<u>49,504</u>	<u>5,404</u>
<b>CHARGES FOR SERVICES</b>			
Sanitation Fees	350,717	348,688	(2,029)
Accident Reports	20	-	(20)
Pool and Marina Income	28,500	24,781	(3,719)
	<u>379,237</u>	<u>373,469</u>	<u>(5,768)</u>
<b>MISCELLANEOUS</b>			
Interest	38	19	(19)
Library Tax	17,145	19,376	2,231
Tourism	15,000	16,053	1,053
Ghostwalk	5,200	3,746	(1,454)
Riverfest Regatta	10,000	-	(10,000)
Turning Leaves Festival	600	420	(180)
Swingtime	4,600	2,644	(1,956)
Sternwheel Days	-	8,893	8,893
Blueberry Festival	1,500	-	(1,500)
Battle of Augusta	5,000	8,523	3,523
Telecommunications	5,700	5,139	(561)
Community Center	4,000	2,121	(1,879)
Contribution - Clopay Foundation	10,000	10,000	-
Grants - Local, State & Federal	-	501,987	501,987
Ball Park Revenue	12,000	5,515	(6,485)
Borrowed Money	13,733	-	(13,733)
Corridor Management	60,000	26,481	(33,519)
Restrooms Main Street	5,000	5,000	-
Transfer from Gas-Clopay	-	-	-
Miscellaneous	10,000	19,010	9,010
	<u>179,515</u>	<u>634,926</u>	<u>455,411</u>
<b>TOTAL REVENUE</b>	<u>\$ 1,050,776</u>	<u>\$ 1,549,381</u>	<u>\$ 498,605</u>

**CITY OF AUGUSTA, KENTUCKY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>GENERAL GOVERNMENT</b>			
Salaries & Fringe Benefits	\$ 62,988	\$ 45,755	\$ 17,233
Professional Services	15,995	13,799	2,196
Other Legal Costs	2,500	2,503	(3)
Telephone and Utilities	24,700	20,810	3,890
Office Supplies	6,100	6,826	(726)
Cemeteries	12,460	8,540	3,920
Library	17,145	19,372	(2,228)
Insurance	29,000	20,495	8,505
Training & Travel	3,000	2,345	655
Advertisement and Dues	3,200	3,650	(450)
Community Center	12,500	10,496	2,004
Reimburse for ?	50,399	-	50,399
Investigation	-	-	-
Credit Card Reimb	50,000	-	50,000
Economic Assistance Clipay	-	500,340	(500,340)
Comprehensive Training	5,033	-	5,033
Miscellaneous	14,000	47,789	(33,789)
	<u>309,020</u>	<u>702,721</u>	<u>(393,700)</u>
<b>POLICE</b>			
Salaries and Fringe Benefits	145,721	154,890	(9,169)
Vehicle Expense	7,500	12,317	(4,817)
Repairs and Maintenance	3,200	15,623	(12,423)
Telephone	800	786	14
Training and Travel	2,500	1,589	911
Insurance	3,701	-	3,701
	<u>163,422</u>	<u>185,205</u>	<u>(21,783)</u>
<b>FIRE DEPARTMENT</b>			
Operations	20,500	28,233	(7,733)
	<u>20,500</u>	<u>28,233</u>	<u>(7,733)</u>
<b>STREETS</b>			
Salaries - Litter Abatement	10,801	12,238	(1,437)
Electric	-	-	-
Repairs and Maintenance	9,569	38,138	(28,569)
	<u>20,370</u>	<u>50,376</u>	<u>(30,006)</u>
<b>SANITATION</b>			
Refuse Contract	263,000	374,164	(111,164)
<b>RECREATION AND PARK DEPARTMENTS</b>			
Salaries	25,500	39,109	(13,609)
Utilities	8,350	7,141	1,209
Sternwheel/Ghostwalk/Swingtime/Turning Leaves	25,500	28,705	(3,205)
Clipay	10,000	11,247	(1,247)
Operation and Maintenance	25,000	44,641	(19,641)
	<u>94,350</u>	<u>130,844</u>	<u>(36,494)</u>
<b>TOURISM</b>			
Salaries and Fringe Benefits	51,920	39,722	12,198
Corridor Management -ESRI Software	55,510	23,295	32,215
	<u>107,430</u>	<u>63,017</u>	<u>44,413</u>
<b>CAPITAL OUTLAY</b>			
	50,303	10,449	39,854
<b>DEBT SERVICE</b>			
	<u>22,381</u>	<u>14,794</u>	<u>7,586</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,050,776</u>	<u>\$ 1,559,802</u>	<u>\$ (509,026)</u>

**CITY OF AUGUSTA, KENTUCKY**  
**WATER TREATMENT PLANT COSTS**  
**For the Year Ended June 30, 2013**

Operating costs for the fiscal year 2013 that were incurred by the City were consistent with cost calculations by Public Service Commission of Commonwealth of Kentucky.

<u>OPERATING COSTS</u>	<u>2013</u>	(For Comparison) <u>2012</u>
Salaries and Benefits	\$ 159,023	\$164,303
Chemicals and Testing	93,436	88,578
Utilities	73,983	68,403
Insurance	11,865	8,955
Repairs and Supplies	30,004	35,652
Accounting & Legal	4,100	4,962
Office Expense	<u>2,510</u>	<u>4,228</u>
<b>TOTAL OPERATING COSTS</b>	<b><u>\$374,921</u></b>	<b><u>\$375,081</u></b>

**TREATED GALLONS OF WATER**

Bracken County Water	158,328,300	156,371,700
City of Augusta	<u>46,450,000</u>	<u>53,061,000</u>
<b>TOTAL GALLONS</b>	<b><u>204,778,300</u></b>	<b><u>209,432,700</u></b>

<b>Cost Per 1000 Gallons</b>	<b><u>\$1.83</u></b>	<b><u>\$1.79</u></b>
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The above-calculated costs do not include Capital Cost charged to the users each month:

	<u>Month</u>	<u>Annual</u>
Bracken County Water	\$6,090.00	\$ 73,080
City of Augusta	<u>2,030.00</u>	<u>24,360</u>
	<b><u>\$8,120.00</u></b>	<b><u>\$ 97,440</u></b>



**CITY OF AUGUSTA, KENTUCKY  
SCHEDULE OF DEBIT SERVICE REQUIREMENTS  
SERIES A WATER SYSTEM REVENUE BONDS  
June 30, 2013**

Payable to: Rural Development  
Purpose: Water Treatment Plant

<u>Fiscal Year</u>	<u>Rate of Interest</u>	<u>Interest Coupons Payable December 1</u>	<u>Interest Coupons Payable June 1</u>	<u>Bond Principle Payable December 1</u>	<u>Total Annual Requirement</u>
2013-2014	4.50%	20,869	20,363	22,500	63,732
2014-2015	4.50%	20,363	19,834	23,500	63,697
2015-2016	4.50%	19,834	19,283	24,500	63,617
2016-2017	4.50%	19,283	18,698	26,000	63,981
2017-2018	4.50%	18,698	18,090	27,000	63,788
2018-2019	4.50%	18,090	17,449	28,500	64,039
2019-2020	4.50%	17,449	16,774	30,000	64,223
2020-2021	4.50%	16,774	16,065	31,500	64,339
2021-2022	4.50%	16,065	15,323	33,000	64,388
2022-2023	4.50%	15,323	14,535	35,000	64,858
2023-2024	4.50%	14,535	13,714	36,500	64,749
2024-2025	4.50%	13,714	12,848	38,500	65,062
2025-2026	4.50%	12,848	11,948	40,000	64,796
2026-2027	4.50%	11,948	10,991	42,500	65,439
2027-2028	4.50%	10,991	10,001	44,000	64,992
2028-2029	4.50%	10,001	8,955	46,500	65,456
2029-2030	4.50%	8,955	7,853	49,000	65,808
2030-2031	4.50%	7,853	6,694	51,500	66,047
2031-2032	4.50%	6,694	5,479	54,000	66,173
2032-2033	4.50%	5,479	4,208	56,500	66,187
2033-2034	4.50%	4,208	2,869	59,500	66,577
2034-2035	4.50%	2,869	1,463	62,500	66,832
2035-2036	4.50%	1,463		65,000	66,463
<b>Totals</b>		<b>294,306</b>	<b>273,437</b>	<b>927,500</b>	<b>1,495,243</b>

**CITY OF AUGUSTA, KENTUCKY**  
**SCHEDULE OF DEBIT SERVICE REQUIREMENTS**  
**SERIES B WATER SYSTEM REVENUE BONDS**  
**June 30, 2013**

Payable to: Rural Development  
 Purpose: Water Treatment Plant

<u>Fiscal Year</u>	<u>Rate of Interest</u>	<u>Interest Coupons Payable December 1</u>	<u>Interest Coupons Payable June 1</u>	<u>Bond Principle Payable December 1</u>	<u>Total Annual Requirement</u>
2013-2014	4.50%	6,691	6,535	6,400	19,626
2014-2015	4.50%	6,535	6,369	6,800	19,704
2015-2016	4.50%	6,369	6,196	7,100	19,665
2016-2017	4.50%	6,196	6,013	7,500	19,709
2017-2018	4.50%	6,013	5,821	7,900	19,734
2018-2019	4.50%	5,821	5,618	8,300	19,739
2019-2020	4.50%	5,618	5,406	8,700	19,724
2020-2021	4.50%	5,406	5,182	9,200	19,788
2021-2022	4.50%	5,182	4,946	9,700	19,828
2022-2023	4.50%	4,946	4,697	10,200	19,843
2023-2024	4.50%	4,697	4,436	10,700	19,833
2024-2025	4.50%	4,436	4,161	11,300	19,897
2025-2026	4.50%	4,161	3,871	11,900	19,932
2026-2027	4.50%	3,871	3,566	12,500	19,937
2027-2028	4.50%	3,566	3,247	13,100	19,913
2028-2029	4.50%	3,247	2,908	13,900	20,055
2029-2030	4.50%	2,908	2,555	14,500	19,963
2030-2031	4.50%	2,555	2,179	15,400	20,134
2031-2032	4.50%	2,179	1,787	16,100	20,066
2032-2033	4.50%	1,787	1,372	17,000	20,159
2033-2034	4.50%	1,372	936	17,900	20,208
2034-2035	4.50%	936	478	18,800	20,214
2035-2036	4.50%	478		19,600	20,078
<b>Totals</b>		<b>94,970</b>	<b>88,279</b>	<b>274,500</b>	<b>457,749</b>

**CITY OF AUGUSTA, KENTUCKY**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS**  
**SERIES 2004 WATER SYSTEM REVENUE BONDS**  
**June 30, 2013**

Payable to: Rural Development  
 Purpose: Water Treatment Plant

<u>Fiscal Year</u>	<u>Rate of Interest</u>	<u>Interest Coupons Payable December 1</u>	<u>Interest Coupons Payable June 1</u>	<u>Bond Principle Payable December 1</u>	<u>Total Annual Requirement</u>
2013-2014	4.50%	2,066	2,065	1,400	5,531
2014-2015	4.50%	2,034	2,034	1,500	5,568
2015-2016	4.50%	2,001	2,000	1,500	5,501
2016-2017	4.50%	1,967	1,966	1,600	5,533
2017-2018	4.50%	1,931	1,930	1,700	5,561
2018-2019	4.50%	1,892	1,892	1,700	5,484
2019-2020	4.50%	1,854	1,854	1,800	5,508
2020-2021	4.50%	1,814	1,814	1,900	5,528
2021-2022	4.50%	1,771	1,771	2,000	5,542
2022-2023	4.50%	1,726	1,726	2,100	5,552
2023-2024	4.50%	1,679	1,679	2,200	5,558
2024-2025	4.50%	1,629	1,629	2,300	5,558
2025-2026	4.50%	1,577	1,577	2,400	5,554
2026-2027	4.50%	1,523	1,523	2,500	5,546
2027-2028	4.50%	1,467	1,467	2,600	5,534
2028-2029	4.50%	1,409	1,409	2,700	5,518
2029-2030	4.50%	1,348	1,348	2,900	5,596
2030-2031	4.50%	1,283	1,283	3,000	5,566
2031-2032	4.50%	1,215	1,215	3,100	5,530
2032-2033	4.50%	1,145	1,145	3,300	5,590
2033-2034	4.50%	1,071	1,071	3,400	5,542
2034-2035	4.50%	995	995	3,600	5,590
2035-2036	4.50%	914	914	3,800	5,628
2036-2037	4.50%	828	828	3,900	5,556
2037-2038	4.50%	740	740	4,100	5,580
2038-2039	4.50%	648	648	4,300	5,596
2039-2040	4.50%	551	551	4,500	5,602
2040-2041	4.50%	450	450	4,700	5,600
2041-2042	4.50%	344	344	4,900	5,588
2042-2043	4.50%	234	234	5,200	5,668
2043-2044	4.50%	117	117	5,200	5,434
<b>Totals</b>		<b>40,223</b>	<b>40,219</b>	<b>91,800</b>	<b>172,242</b>

**DONNA J. HENDRIX**  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER: K.S.C.P.A.  
A.I.C.P.A.

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**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 Mayor and City Council  
City of Augusta, Kentucky

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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Augusta, Kentucky as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Augusta, Kentucky, Kentucky's basic financial statements and have issued our report thereon dated December 13, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Augusta, Kentucky'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 City of Augusta, Kentucky, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Augusta, Kentucky, Kentucky'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. However, as discussed below, we did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Augusta, Kentucky'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*.

**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.

*Donna J. Hendrix, CPA*

Donna J. Hendrix, CPA, PSC

Morehead, Kentucky

December 13, 2013

**DONNA J. HENDRIX**  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER: K.S.C.P.A.  
A.I.C.P.A.

115 SOUTH MAIN CROSS  
FLEMINGSBURG, KY 41041  
(606) 846-5210

550 W. FIRST ST., PO BOX 449  
MOREHEAD, KY 40351  
(606) 784-4451  
(606) 784-8224 (FAX)

ACCOUNTANT'S REPORT ON  
MANAGEMENT POINTS

Mayor and City Council  
City of Augusta  
Augusta, Kentucky 41002

In planning and performing my audit of the basic financial statements of City of Augusta for the year ended June 30, 2013, I considered the City's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during my audit, I became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated December 13, 2013, on the financial statements of the City of Augusta.

I will review the status of these comments and suggestions with various City personnel, and I will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Donna J. Hendrix, CPA*

DONNA J. HENDRIX, CPA, PSC  
Morehead, Kentucky

December 13, 2013

CITY OF AUGUSTA, KENTUCKY  
MANAGEMENT POINTS, RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2013

Current year Management Points

2013-1 RESERVE ACCOUNTS

Condition: The Depreciation Reserve balance was short by \$11,729 and the Sinking fund balance was short by \$20,277

Recommendation: The City should catch up the funding balance for the Depreciation Fund and Sinking Fund.

Response: The City is diligently working on catching up these shortages by FY2014.

2013-2 APPROPRIATE NUMBER OF CHECK SIGNATURES PRESENT ON CHECKS

Condition: There are checks being distributed with only one signature present. The current requirement is for there to be two signatures on each check.

Recommendation: This requirement should be abided by. If this is creating undue hardship getting two signatures, the City should investigate a system to have one signature under a specified dollar amount and all checks over that specified amount would require two signatures.

Response: The City will correct this situation and investigate further the recommendation.

2013-3 Credit Card Approvals

Condition: During the test of disbursements it was discovered that the credit card statements are not being approved by a signature on each credit card statement.

Recommendation: The Mayor or a member of the City Council should review and approve each monthly credit card statement with a signature on each statement.

Response: The City will investigate a new procedure concerning the monthly credit card statements.

# EXHIBIT 3



Exhibit 3

**WATER PURCHASE CONTRACT MODIFICATION AGREEMENT  
OF 2008**

Whereas, the parties hereto previously entered into a Water Purchase Contract dated March 13<sup>th</sup>, 1993 (Contract), and an Addendum thereto dated April 4<sup>th</sup>, 1995 (Addendum), and

Whereas, the parties have recently reevaluated the water usage of the parties, and determined that a more accurate representation of Augusta's water use is twenty-five (25%) percent of the total, and Bracken County's water use is seventy-five (75%) percent of the total production, and

Whereas the parties have recently discussed the requirement of depreciation reserves and agreed to be jointly responsible to bring the depreciation reserve to its required level in a fair and reasonable manner, and

Whereas the parties agree that it would be helpful to establish a managerial Water Supply Board; and

Whereas the parties agree that said agreement on such issues should be reduced to writing to reflect the intentions of the parties, and to jointly bind the parties

Now, therefore, the parties agree to modify said Contract and Addendum as follows:

1. In consideration of the mutual benefits derived by the parties hereto, Paragraph 6 of the Water Purchase Contract is hereby modified as follows:

First Party (Augusta) will, at all times, operate and maintain in an efficient manner and will take such action as may be necessary to furnish to Second Party (Bracken County) the quantities of water required by it, however, not to exceed 75.00 percent (75.00%) of the 1,440,000 gallon per day design capacity of said New Plant or of the actual production capacity of said New Plant, whichever is less. First Party (Augusta) shall be entitled to the remainder of the production (25%) of said New Plant. This percentage allocated to the parties shall be known as the "Capacity Percentage". However, the water usage of the individual parties shall be reviewed by the Auditor from year to year and should the usage of either party vary more than five (5%) percent up or down, from the 75/25 proportion

(or any adjusted proportion hereunder) for said audit year, each party's "Capacity Percentage" under this Paragraph 6 shall be adjusted in writing to reflect the percentage each party used during the audit year and this "Capacity Percentage" shall remain the same until said percentage shall vary up or down five (5%) percent or more in a later year.

2. Paragraph 10 of the Water Purchase Contract and said Addendum is hereby modified to provide that beginning May 1<sup>st</sup>, 2008, Augusta shall pay the sum of \$1833.75 in capital costs charges per month and shall pay the sum of \$196.25 per month for 36 months into the Capital Cost depreciation account; and beginning May 1<sup>st</sup>, 2008, Bracken County shall pay the sum of \$5501.25 in capital charges per month and shall pay the sum of \$588.75 per month for 36 months into the Capital Cost depreciation account. Both the capital costs and capital costs depreciation shown here in this Paragraph 2. were calculated using the "Capacity Percentage" referred to in Paragraph 1. above. The water usage of the individual parties shall be reviewed by the Auditor from year to year and should the "Capacity Percentage" referred to in Paragraph 1. above be adjusted then the capital costs and capital costs depreciation figures shall be adjusted for each party accordingly.

The parties understand that should the depreciation reserve funds be used to any extent so that the reserve account is reduced to below \$94,200.00 that each party shall be required to continue or once again commence the payments of \$588.75 and \$196.25 (total of the two payments being \$785.00) and to continue to make the monthly payments until the reserve account is funded to its required level (\$94,200.00). The parties also understand that the percentage of the \$785.00 required to be paid in by each may change depending on the "Capacity Percentage" as calculated in Paragraph 1. above.

3. The parties agree that the Depreciation Reserve account as required by Augusta Ordinance No. 2004-15 and as referenced in the Water Purchase Contract is under-funded \$85,211.00 at this time (under-funded \$94,200.00 pursuant to the terms of the new bonds as of 2018) and shall be jointly funded by the parties until said account is in compliance with contract requirements as follows:

As per the Auditor used by both parties, for the last seven years (2001-2007) Bracken County has averaged Seventy-Five (75%) percent ("Capital Percentage") of the water usage of the Plant's water production, Bracken County shall pay the sum of \$1375.83 per month into said Depreciation Reserve Account for the next thirty-six months, and as Augusta has averaged Twenty-Five (25%) percent ("Capital Percentage") of the water usage of the Plant's water production, Augusta shall pay the sum of \$458.61 per month into said Depreciation Reserve Account for the next thirty-six months; and after said thirty-six month period, each party shall pay into said account such amounts as are necessary to maintain compliance with the Depreciation Reserve Account requirements, and in the same proportions ("Capital Percentage") (i.e., as are set as of the date of the execution herein as being 75/25) as are used for payment of the respective parties of the

capital cost payments.

The balance of the present under-funded amount of \$85,211.00 (future amount to be \$94,200.00) which is being jointly funded is being paid in by the parties during the last 24 months that the \$588.75 and \$196.25 is being paid in under Paragraph 2. above.

Provided, however, that should the Auditor determine that either parties average water production use for the prior seven year period the Plant was operable (1993-2000) differs more than 5% than the 75/25 average for the past seven year period, payment for the first eighteen (18) months shall be as provided above, and payment by the parties for the remaining eighteen months (18) shall be made by each party in proportion to such other water production use percentage.

The parties agree that the Depreciation Reserve Account shall be set up at U.S. Bank in Augusta, Kentucky. The signature card shall include both the name of the Mayor of Augusta and the Chairman of Bracken County Water District. No funds shall be withdrawn, nor any check written on this account, unless and until Rural Development shall have approved the expenditure in writing and the withdrawal or check is signed by both the Mayor of Augusta and the Chairman of Bracken County Water District.

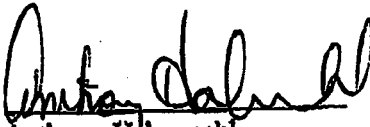
4. The yearly rate calculation performed by the Auditor shall continue to be calculated on actual usage of the parties and the method of rate calculation is not changed by this Water Purchase Modification Agreement but shall be as provided in the Water Purchase Contract and Order (dated February 14<sup>th</sup>, 2000) and Settlement Agreement (dated November 4<sup>th</sup>, 1999 and November 5<sup>th</sup>, 1999) entered in KY PSC Case No. 98-497.) The yearly water rate calculation shall be based on the actual percentage of water use by each party for the audit year and shall not be determined by the "Capital Percentage" reflected in Paragraph 1. herein.

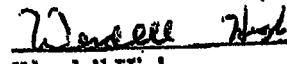
5. Paragraph 16 of the Water Purchase Contract provides for the establishment of a Water Supply Advisory Board, however, the parties wish to investigate the feasibility of increasing Bracken County's and Brooksville's involvement with the management of the Augusta Plant and also to increase general Plant efficiency through the possible future establishment of a Water Supply Management Board. This shall be further discussed by a joint committee established in May 2008 and comprised of a representative of Augusta, Bracken County and the City of Brooksville. It is the intent of the parties that the Advisory Board shall become more involved in the day to day operations of the Treatment Plant.

6. The Mayor of Augusta agrees to provide to the Bracken County Water District a copy of all monthly expenditures for the Treatment Plant by the 15th of the following month. (For example a copy of the expenditures for May of 2008 would be made available to the Water District by the 15th of June 2008.)

7. This Water Purchase Contract Modification Agreement is subject to such rules, regulations, or laws as may be applicable to similar agreements in the Commonwealth of Kentucky, and the parties hereto will collaborate in obtaining approval

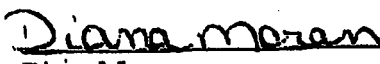
of the appropriate officers or employees of the USDA. All other provisions of the Water Purchase Contract and the Addendum shall remain in full force and effect, except as are otherwise specifically modified or amended herein.

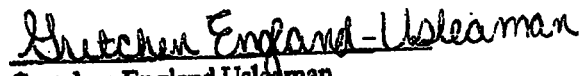
  
Anthony Hebermehl  
Chairman, Bracken County Water District

  
Wendell High  
Mayor, City of Augusta

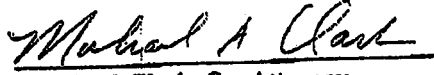
Attest:

Attest:

  
Diana Moran

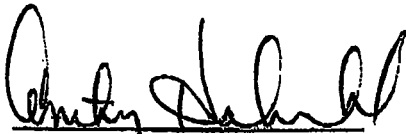
  
Gretchen England Usleman  
Augusta City Clerk

 5/15/08  
Cynthia Thompson, Attorney for City

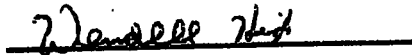
  
Michael Clark, Co. Attorney

The undersigned parties agree as follows:

1. As per the Auditor's calculations, the City of Augusta has underbilled the Bracken County Water District for water treatment plant expenses and for the cost of producing the water sold to it by the City of Augusta for fiscal years prior to and including the 2006-2007 fiscal year, as evidenced by transfers made from fiscal year 2005 to date by the Augusta City Clerk from other Augusta City Funds to the Water Treatment Plant Fund, said transfers being necessary to keep the plant running, and the amount of such undercharges and reimbursable costs and expenses properly apportioned to Bracken County Water District being \$84,750.00.
2. Such amount, (\$84,750.00) shall be payable by Bracken County/<sup>Water District</sup>to the City of Augusta, at the rate of \$2354.17 per month, with the first payment to be made on May 1<sup>st</sup>, 2008 and the first of each month thereafter, until such amount is paid in full.
3. In the future the City of Augusta will present any undercharges or over-charges for the prior year's water charges, to the Bracken County Water District, as soon as possible, after the annual water treatment plant audit is completed.



Anthony Habermehl  
Chairman, Bracken County Water District



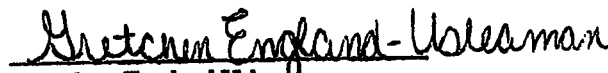
Wendell High  
Mayor, City of Augusta

Attest:



Diana Moran

Attest:



Gretchen England Usleaman  
Augusta City Clerk

# EXHIBIT 4

City of Augusta  
 Regional Water Treatment Plant  
 Fiscal Year 2014  
 Expense Register

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
07/01/13	Beginning Balance			34,450.26
07/03/13	Payroll		2,826.83	31,623.43
07/11/13	Payroll		2,524.32	29,099.11
07/15/13	BC Water High Service Pump	5,149.99		34,249.10
07/16/13	KLC Workers Comp		18,615.41	15,633.69
07/17/13	BCWD Payment	29,350.06		44,983.75
07/17/13	Windstream - Phone		178.04	44,805.71
07/19/13	Office Health Insurance		1,417.19	43,388.52
07/18/13	City of Augusta	9,459.48		52,848.00
07/18/13	Payroll		2,901.19	49,946.81
07/18/13	Bradford's - Supplies		90.36	49,856.45
07/18/13	KU - electric		6,010.37	43,846.08
07/18/13	USA Bluebook - Supplies		300.95	43,545.13
07/13/13	US Bank - Credit Card Gas		262.22	43,282.91
07/19/13	Health Insurance		1,619.10	41,663.81
07/25/13	Payroll		2,156.74	39,507.07
07/30/13	Ohio Casualty - Property Insurance		1,972.36	37,534.71
08/01/13	Payroll		2,778.12	34,756.59
08/08/13	Payroll		2,545.85	32,210.74
08/14/13	Augusta Utilities - Gas Bill		11.85	32,198.89
08/14/13	Grainger - Supplies		468.90	31,729.99
08/14/13	Appalachian St. Anal. - Testing		374.00	31,355.99
08/14/13	C I Thornburg - Chemicals		4,628.57	26,727.42
08/14/13	C I Thornburg - Materials		2,921.00	23,806.42
08/14/13	Electro Mech. Services - repairs		1,073.80	22,732.62
08/14/13	Electro Mech. Services - repairs		199.57	22,533.05
08/14/13	Electro Mech. Services - repairs		460.56	22,072.49
08/14/13	Jen's N Such - Clothing Allowance		46.20	22,026.29
08/14/13	Windstream - Phone		183.31	21,842.98
08/14/13	Lewis County Primary Care - John Olson		318.00	21,524.98
08/14/13	NKY Water District - Testing		30.00	21,494.98
08/15/13	Payroll		5,909.92	15,585.06
08/21/13	KU - electric		5,888.89	9,696.17
08/21/13	Reynolds Pharmacy - Supplies		1.66	9,694.51
08/21/13	US Bank - Credit Card Gas		115.52	9,578.99
08/21/13	Ohio Casualty - Property Insurance		986.18	8,592.81
08/21/13	Payroll		2,951.81	5,641.00
08/22/13	BCWD Payment	39,816.41		45,457.41
08/26/13	Amy's Blue Daisy - Uniforms		131.50	45,325.91
08/26/13	Amy's Blue Daisy - Uniforms		92.20	45,233.71
08/26/13	Amy's Blue Daisy - Uniforms		87.00	45,146.71
08/26/13	Payroll		2,971.02	42,175.69

City of Augusta  
Regional Water Treatment Plant  
Fiscal Year 2014  
Expense Register

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
09/05/13	Payroll		3,149.69	39,026.00
09/13/13	Payroll		2,700.88	36,325.12
09/17/13	Bradford's - Supplies		53.46	36,271.66
09/17/13	Augusta Utilities - Gas Bill		11.85	36,259.81
09/17/13	KU - electric		5,803.62	30,456.19
09/13/13	US Bank Service Charge		105.00	30,351.19
09/13/13	US Bank Service Charge		20.00	30,331.19
09/13/13	USA Bluebook - Supplies		322.72	30,008.47
09/17/13	Appalachian St. Anal. - Testing		544.50	29,463.97
09/17/13	CI Thornburg - Chemicals		4,660.77	24,803.20
09/17/13	Bracken co Health Dept. - John Olson		83.00	24,720.20
09/17/13	Windstream - Phone		181.78	24,538.42
09/17/13	US Bank - Credit Card Gas		93.00	24,445.42
09/17/13	US Bank - Credit Card Gas		22.07	24,423.35
09/17/13	Ohio Casualty - Property Insurance		1,127.07	23,296.28
09/18/13	Payroll		2,589.84	20,706.44
09/25/13	Payroll		2,797.97	17,908.47
09/30/13	BCWD Payment	31,872.70		49,781.17
10/02/13	Payroll		3,929.59	45,851.58
10/09/13	Bradford's - Supplies		69.74	45,781.84
10/09/13	K's IGA - Supplies		17.68	45,764.16
10/09/13	Cash Box - Clothing Reimb.		44.24	45,719.92
10/09/13	Cash Box - Training Reimb.		50.00	45,669.92
10/09/13	USA Bluebook - Supplies		20.16	45,649.76
10/09/13	CI Thornburg - Chemicals		4,554.97	41,094.79
10/09/13	CI Thornburg - Chemicals		1,063.90	40,030.89
10/09/13	CI Thornburg - Chemicals		815.00	39,215.89
10/09/13	CI Thornburg - Chemicals		1,342.11	37,873.78
10/09/13	Electro Mech. Services - repairs		255.00	37,618.78
10/09/13	Windstream - Phone		181.17	37,437.61
10/09/13	US Bank - Credit Card Gas		160.08	37,277.53
10/10/13	Payroll		3,072.70	34,204.83
10/17/13	Payroll		2,968.41	31,236.42
10/24/13	BCWD Payment	31,364.43		62,600.85
10/24/13	Payroll		2,823.53	59,777.32
10/25/13	KU - electric		6,930.22	52,847.10
10/25/13	KY Stat Treasurer - Shane Training		190.00	52,657.10
10/31/13	Payroll		2,830.38	49,826.72
10/01/13	Augusta Utilities - Gas Bill		11.85	49,814.87
11/01/13	Hach Company - Repairs		1,490.32	48,324.55
11/01/13	Hach Company - Repairs		50.25	48,274.30
11/01/13	Appalachian St. Anal. - Testing		106.50	48,167.80
11/01/13	CI Thornburg - Chemicals		3,923.12	44,244.68



City of Augusta  
Regional Water Treatment Plant  
Fiscal Year 2014  
Expense Register

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
11/01/13	C I Thornburg - Chemicals		2,000.00	42,244.68
11/01/13	Henry P. Thompson Co.		151.41	42,093.27
11/01/13	NKY Water District - Testing		105.00	41,988.27
11/01/13	Ohio Casualty - Property Insurance		1,127.13	40,861.14
11/07/13	Payroll		5,891.31	34,969.83
11/11/13	Shane Mains - Uniform Reimb.		169.52	34,800.31
11/13/13	BCWD Payment	32,721.70		67,522.01
11/13/13	Maysville Rental		340.00	67,182.01
11/13/13	C I Thornburg - Chemicals		1,250.00	65,932.01
11/13/13	C I Thornburg - Chemicals		1,327.50	64,604.51
11/13/13	Windstream - Phone		198.88	64,405.63
11/14/13	Payroll		2,876.11	61,529.52
11/20/13	Payroll		2,822.12	58,707.40
11/20/13	Augusta Utilities - Gas Bill		203.73	58,503.67
11/20/13	KU - electric		5,461.06	53,042.61
11/20/13	Hurst - Office Supplies		67.99	52,974.62
11/20/13	US Bank - Credit Card Gas		147.40	52,827.22
11/21/13	BCWD Payment	18,499.34		71,326.56
11/26/13	Payroll		3,261.18	68,065.38
12/03/13	Bond Reserve/Depr. Acct.		58,000.00	10,065.38
12/04/13	Bradford's - Supplies		132.64	9,932.74
12/04/13	K's IGA - Supplies		33.94	9,898.80
12/04/13	Miller Lumber Co - Supplies		9.00	9,889.80
12/04/13	Insurance		141.50	9,748.30
12/04/13	Hurst - Office Supplies		30.58	9,717.72
12/04/13	US Bank - Credit Card Gas		106.25	9,611.47
12/04/13	Liberty Mutual Ins. - Property Insurance		1,127.13	8,484.34
12/05/13	Payroll		3,415.58	5,068.76
12/11/13	City of Augusta	7,335.02		12,403.78
12/11/13	Shane Mains - Travel		91.53	12,312.25
12/12/13	Payroll		3,208.99	9,103.26
12/12/13	Payroll		3,015.94	6,087.32
12/12/13	City of Augusta	5,000.00		11,087.32
12/13/13	Bank Charge		15.00	11,072.32
12/18/13	Payroll		2,577.32	8,495.00
12/18/13	City of Augusta - Gas Bill		2,055.11	6,439.89
12/18/13	KU - electric		5,223.69	1,216.20
12/18/13	Cash Box - Uniform Reimb.		120.29	1,095.91
12/18/13	Appalachian St. Anal. - Testing		106.50	989.41
12/18/13	C I Thornburg - Chemicals		4,587.17	-3,597.76
12/18/13	Windstream - Phone		189.44	-3,787.20
12/18/13	Liberty Mutual Ins. - Property Insurance		1,127.13	-4,914.33
12/20/13	BCWD Payment	38,117.95		33,203.62

City of Augusta  
Regional Water Treatment Plant  
Fiscal Year 2014  
Expense Register

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
12/26/13	Payroll		2,583.36	30,620.26
01/02/14	Payroll		2,244.84	28,375.42
01/09/14	Payroll		3,784.20	24,591.22
01/14/14	Payroll		2,940.24	21,650.98
01/17/14	City of Augusta - Gas Bill		2,700.66	18,950.32
01/17/14	Grainger - Parts		1,650.00	17,300.32
01/17/14	USA Bluebook - Supplies		796.26	16,504.06
01/17/14	Appalachian St. Anal. - Testing		106.50	16,397.56
01/17/14	C I Thornburg - Chemicals		4,623.97	11,773.59
01/17/14	C I Thornburg - Chemicals		2,550.00	9,223.59
01/17/14	C I Thornburg - Chemicals		2,550.00	6,673.59
01/17/14	C I Thornburg - Chemicals		1,063.90	5,609.69
01/17/14	C I Thornburg - Chemicals		2,571.25	3,038.44
01/17/14	C I Thornburg - Chemicals		2,072.96	965.48
01/17/14	C I Thornburg - Chemicals		157.00	808.48
01/17/14	Overhead Doors - Repairs		364.00	444.48
01/17/14	Windstream - Phone		167.48	277.00
01/17/14	BCWD Payment	29,376.29		29,653.29
01/22/14	KU - electric		6,542.29	23,111.00
01/22/14	C I Thornburg - Chemicals		4,605.57	18,505.43
01/22/14	Electro Mech. Services - repairs		180.00	18,325.43
01/22/14	US Bank - Credit Card - Training		650.71	17,674.72
01/22/14	Liberty Mutual Ins. - Property Insurance		1,127.13	16,547.59
01/22/14	KLC - Refund on Insurance	786.60		17,334.19
01/23/14	City of Augusta Payment	2,329.02		19,663.21
01/23/14	Payroll		2,758.21	16,905.00
01/29/14	City of Augusta Payment	8,866.97		25,771.97
01/29/14	Bradford's - Supplies		12.99	25,758.98
01/29/14	Layne Christensen - Pump Repair		7,984.54	17,774.44
01/29/14	Amy's Blue Daisy - Uniforms		24.00	17,750.44
01/30/14	Payroll		5,513.90	12,236.54
02/05/14	Bradford's - Supplies		89.48	12,147.06
02/05/14	K's IGA - Supplies		66.11	12,080.95
02/05/14	K's IGA - Supplies		25.09	12,055.86
02/05/14	C I Thornburg - Chemicals		1,190.00	10,865.86
02/05/14	Windstream - Phone		185.70	10,680.16
02/05/14	US Bank - Credit Card - Fuel		186.42	10,493.74
02/05/14	Payroll		2,823.61	7,670.13
02/12/14	Payroll		2,666.74	5,003.39
02/14/14	BCWD Payment	39,554.98		44,558.37
02/14/14	US Bank Service Charge		108.00	44,450.37
02/14/14	US Bank Service Charge		10.00	44,440.37
02/18/14	John Olson - Reimb. For Work Boots		116.58	44,323.79

City of Augusta  
Regional Water Treatment Plant  
Fiscal Year 2014  
Expense Register

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
02/20/14	Augusta Utilities - Gas Bill		2,756.33	41,567.46
02/20/14	KU - electric		6,989.69	34,577.77
02/20/14	Appalachian St. Anal. - Testing		106.50	34,471.27
02/20/14	C I Thornburg - Chemicals		5,239.40	29,231.87
02/20/14	Shane Mains - Travel		10.08	29,221.79
02/20/14	Liberty Mutual Ins. - Property Insurance		1,127.13	28,094.66
02/20/14	Payroll		2,567.01	25,527.65
02/27/14	Payroll		2,822.24	22,705.41
03/05/14	Miller Lumber Co - Supplies		86.58	22,618.83
03/05/14	Electro Mech. Services - repairs		3,472.06	19,146.77
03/05/14	Hurst - Office Supplies		47.88	19,098.89
03/05/14	Hurst - Office Supplies		95.76	19,003.13
03/05/14	D & W Fire Safety - Fire Extinguishers		636.81	18,366.32
03/05/14	NKY Water District - Testing		105.00	18,261.32
03/06/14	Payroll		2,548.01	15,713.31
03/14/14	City of Augusta - Payment	5,000.00		20,713.31
03/12/14	Bradford's - Supplies		216.96	20,496.35
03/12/14	K's IGA - Supplies		34.74	20,461.61
03/12/14	Cash Box - Postage		17.62	20,443.99
03/12/14	Windstream - Phone		182.68	20,261.31
03/12/14	US Bank - Credit Card - Fuel		57.41	20,203.90
03/12/14	Payroll		5,491.38	14,712.52
03/19/14	Payroll		2,615.15	12,097.37
03/19/14	BCWD Payment	29,083.22		41,180.59
03/19/14	Augusta Utilities - Gas Bill		2,495.74	38,684.85
03/19/14	KU - electric		6,874.40	31,810.45
03/19/14	To Depr. Reserve		785.00	31,025.45
03/19/14	C I Thornburg - Chemicals		1,608.75	29,416.70
03/19/14	C I Thornburg - Chemicals		4,914.20	24,502.50
03/19/14	Labtronix		2,953.50	21,549.00
03/19/14	Toshiba - Copier		919.18	20,629.82
03/19/14	Liberty Mutual Ins. - Property Insurance		1,127.13	19,502.69
03/26/14	Payroll		2,488.40	17,014.29
04/02/14	Payroll		2,515.93	14,498.36
04/02/14	Payroll		3,010.94	11,487.42
04/02/14	Bradford's - Supplies		68.68	11,418.74
04/02/14	Appalachian St. Anal. - Testing		108.00	11,310.74
04/03/14	City of Augusta - Payment	4,538.95		15,849.69
04/09/14	Windstream - Phone		178.37	15,671.32
04/09/14	US Bank - Credit Card - Fuel		9.40	15,661.92
04/09/14	US Bank - Credit Card - Fuel		99.98	15,561.94
04/10/14	Payroll		2,524.91	13,037.03
04/15/14	Augusta Utilities - Gas Bill		2,513.51	10,523.52

City of Augusta  
 Regional Water Treatment Plant  
 Fiscal Year 2014  
 Expense Register

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
04/15/14	Hach Company - Repairs		1,216.39	9,307.13
04/15/14	KU - electric		6,429.95	2,877.18
05/14/15	Appalachian St. Anal. - Testing		377.00	2,500.18
04/15/14	C I Thornburg - Chemicals		4,426.17	-1,925.99
04/15/14	Electro Mech. Services - repairs		585.46	-2,511.45
04/15/14	Electro Mech. Services - repairs		1,211.19	-3,722.64
04/16/14	Payroll		2,469.92	-6,192.56
04/17/14	City of Augusta - Payment	8,457.54		2,264.98
04/21/14	BCWD Payment	29,280.37		31,545.35
04/23/14	C I Thornburg - Chemicals		1,561.25	29,984.10
04/23/14	Liberty Mutual Ins. - Property Insurance		1,127.13	28,856.97
04/23/14	Payroll		2,935.47	25,921.50
04/29/14	KLC - Refund on Insurance	31.72		25,953.22
04/29/14	Deposited to Wrong Acct. - Correction	201.48		26,154.70
05/01/14	Payroll		3,179.66	22,975.04
05/01/14	Payroll		3,005.94	19,969.10
05/05/14	KY Rural Water - Training		220.00	19,749.10
05/07/14	Overpayment Salex Tax - Correction		201.48	19,547.62
05/08/14	Payroll		3,616.50	15,931.12
05/14/14	Augusta Utilities - Gas Bill		1,238.99	14,692.13
05/14/14	Maysville Rental		340.00	14,352.13
05/14/14	Appalachian St. Anal. - Testing		293.00	14,059.13
05/14/14	C I Thornburg - Chemicals		1,063.90	12,995.23
05/14/14	C I Thornburg - Chemicals		1,035.16	11,960.07
05/14/14	Electro Mech. Services - repairs		1,169.17	10,790.90
05/14/14	Windstream - Phone		183.61	10,607.29
05/14/14	US Bank - Credit Card - Fuel		50.00	10,557.29
05/14/14	US Bank - Credit Card - Fuel		64.41	10,492.88
05/14/14	Payroll		2,703.99	7,788.89
05/21/14	Liberty Mutual Ins. - Property Insurance		1,127.13	6,661.76
05/22/14	Payroll		2,583.21	4,078.55
05/23/14	BCWD Payment	27,149.24		31,227.79
05/29/14	Payroll		2,764.66	28,463.13
06/05/14	Payroll		2,693.56	25,769.57
06/06/14	Retirement		600.00	25,169.57
06/06/14	Office Retirement		255.00	24,914.57
06/09/14	Electro Mech. Services - repairs		270.00	24,644.57
06/09/14	Windstream - Phone		183.66	24,460.91
06/09/14	Hurst - Office Supplies		42.83	24,418.08
06/11/14	Payroll		2,963.04	21,455.04
06/11/14	Clearing Account		5,400.12	16,054.92
06/19/14	Payroll		3,165.08	12,889.84
06/25/14	Payroll		2,941.53	9,948.31

City of Augusta  
Regional Water Treatment Plant  
Fiscal Year 2014  
Expense Register

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
06/26/14	BCWD Payment	30,468.91		40,417.22
06/30/14	Bradford's - Supplies		19.86	40,397.36
06/30/14	Augusta Utilities - Gas Bill		11.85	40,385.51
06/30/14	KU - electric		5,315.17	35,070.34
06/30/14	Cash Box - Reimbursement		23.29	35,047.05
06/30/14	Layne Christensen - Pump Repair		5,021.75	30,025.30
06/30/14	CI Thornburg - Chemicals		1,321.25	28,704.05
06/30/14	US Bank - Credit Card - Fuel		91.50	28,612.55
06/30/14	City of Augusta - Payment	8,616.62		37,229.17
06/30/14	City of Augusta - Payment	21,724.74		58,953.91
06/30/14	Layne Christensen - Pump Repair		6,369.60	52,584.31
06/30/14	CI Thornburg - Chemicals		4,633.17	47,951.14
06/30/14	Owed to Sewer Account		4,583.33	43,367.81
06/30/14	CI Thornburg - Chemicals		4,867.77	38,500.04
06/30/14	CI Thornburg - Chemicals		4,789.98	33,710.06
06/30/14	CI Thornburg - Chemicals		6,691.61	27,018.45
06/30/14	CI Thornburg - Chemicals		3,464.75	23,553.70
06/30/14	Appalachian St. Anal. - Testing		694.00	22,859.70
06/30/14	Susan Butts - Uniform Reimbursement		158.98	22,700.72
06/30/14	Windstream - Phone		183.91	22,516.81
06/30/14	John Olson - Uniform Reimbursement		74.16	22,442.65
06/30/14	Electro Mech. Services - repairs		1,193.98	21,248.67
06/30/14	Cash Box - Postage		47.69	21,200.98
06/30/14	K's Bestway Supplies		82.50	21,118.48
06/30/14	KU - electric		5,431.32	15,687.16
06/30/14	Reclassify as Capital Improv.			
		494,153.73	512,916.83	

## TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments	
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev Credit Cr-Rev
<b>A S S E T S</b>						
CASH IN BANK - WTP 81.102.000.000	20,967.81 34,450.26	60,810.27 494,153.73	61,227.80 508,053.71	20,550.28		
CASH - WTP BOND RESERVE 81.115.000.000	142.74 2,280.92	29,000.00 87,000.00	28,931.43 89,069.61	211.31		
CASH - WTP DEPRECIATION 81.116.000.000	785.87 45.87	.00 785.00	.00 45.00	785.87		
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	44,657.56 44,657.56	8,268.12 8,268.12	.00 .00	52,925.68		
WATER TREATMENT PLANT 81.150.000.000	3,788,640.51 3,788,640.51	16,004.14 16,004.14	.00 .00	3,804,644.65		
ACCUMULATED DEPRECIATION 81.151.000.000	-1,464,868.88 -1,464,868.88	.00 .00	106,261.43 106,261.43	-1,571,130.31		
* TOTAL ASSETS	2,390,325.61 2,405,206.24	114,082.53 606,210.99	196,420.66 703,429.75	2,307,987.48		
<b>L I A B I L I T I E S</b>						
ACCOUNTS PAYABLE 81.201.000.001	-10,005.74 4,288.57	43,209.47 284,665.28	55,417.29 282,578.79	2,202.08		
ACCRUED VACATION 81.205.000.000	880.00 880.00	.00 .00	.00 .00	880.00		
DUE TO/DUE FROM 81.209.000.000	29,137.99 29,137.99	9,455.51 9,455.51	29,000.00 29,000.00	48,682.48		
BONDS-1996 81.230.000.000	1,293,800.00 1,293,800.00	30,300.00 30,300.00	.00 .00	1,263,500.00		
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00		
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82		
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00		
FUND BALANCE 81.330.000.000	-369,314.14 -369,314.14	.00 .00	.00 .00	-369,314.14		

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments	
					Debit	Dr-Rev Credit Cr-Rev
* TOTAL LIABILITIES	2,390,911.93 2,405,206.24	82,964.98 324,420.79	84,417.29 311,578.79	2,392,364.24		
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R E V E N U E S						
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BCWD 81.398.810.700	345,801.47 .00	.00 .00	38,737.03 384,538.50	384,538.50		
AUGUSTA 81.398.810.701	86,522.19 .00	.00 .00	26,341.36 112,863.55	112,863.55		
MISCELLANEOUS 81.398.810.702	1,019.80 .00	4,201.48 4,201.48	4,000.00 5,019.80	818.32		
WTP BOND RESERVE 81.398.810.703	58,000.00 .00	87,000.00 87,000.00	29,000.00 87,000.00	.00		
WTP DEPRECIATION 81.398.810.704	785.00 .00	785.00 785.00	.00 785.00	.00		
* TOTAL REVENUES	492,128.46 .00	91,986.48 91,986.48	98,078.39 590,206.85	498,220.37		
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E X P E N S E S						
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MAINTENANCE SALARIES 81.399.810.105	137,132.76 .00	9,459.30 146,592.06	.00 .00	146,592.06		
MAINTENANCE RETIREMENT 81.399.810.106	.00 .00	600.00 600.00	.00 .00	600.00		
MAINTENANCE HEALTH INSURANCE 81.399.810.107	1,619.10 .00	.00 1,619.10	.00 .00	1,619.10		
OFFICE SALARIES 81.399.810.110	36,605.68 .00	2,170.77 38,776.45	.00 .00	38,776.45		
OFFICE RETIREMENT 81.399.810.111	.00 .00	255.00 255.00	.00 .00	255.00		
OFFICE HEALTH INSURANCE 81.399.810.112	1,417.19 .00	.00 1,417.19	.00 .00	1,417.19		
COPIER 81.399.810.221	919.18 .00	.00 919.18	.00 .00	919.18		
BUILDING GAS 81.399.810.233	13,999.62 .00	11.85 14,011.47	.00 .00	14,011.47		

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
RESERVE FOR DEPRECIATION 81.399.810.498	.00 .00	106,261.43 106,261.43	.00 .00	106,261.43			
BOND RETIREMENT PRINCIPAL-A 81.399.810.611	22,500.00 .00	.00 22,500.00	22,500.00 22,500.00	.00			
BOND RETIREMENT P-B 81.399.810.612	6,400.00 .00	.00 6,400.00	6,400.00 6,400.00	.00			
BOND RETIREMENT INT.-A 81.399.810.613	20,868.75 .00	20,362.50 41,231.25	.00 .00	41,231.25			
BOND RETIREMENT INT-B 81.399.810.614	6,690.93 .00	6,534.93 13,225.86	.00 .00	13,225.86			
BOND RETIREMENT - PRIN C 81.399.810.618	1,400.00 .00	.00 1,400.00	1,400.00 1,400.00	.00			
BOND RETIREMENT - INT C 81.399.810.619	2,065.50 .00	2,034.00 4,099.50	.00 .00	4,099.50			
TESTING 81.399.810.802	2,362.50 .00	694.00 3,056.50	.00 .00	3,056.50			
REPAIRS 81.399.810.803	39,411.79 .00	13,423.33 52,835.12	26,167.81 26,167.81	26,667.31			
TRAVEL & TRAINING 81.399.810.804	1,262.32 .00	262.22 1,524.54	.00 .00	1,524.54			
ELECTRIC 81.399.810.805	56,143.81 .00	16,756.86 72,900.67	.00 .00	72,900.67			
PHONES 81.399.810.806	1,832.42 .00	545.61 2,378.03	.00 .00	2,378.03			
INSURANCE 81.399.810.807	13,244.15 .00	.00 13,244.15	.00 .00	13,244.15			
CHEMICALS 81.399.810.808	67,303.30 .00	25,768.53 93,071.83	.00 .00	93,071.83			
OFFICE SUPPLIES 81.399.810.809	291.30 .00	196.31 487.61	.00 .00	487.61			
WTP BOND RESERVE 81.399.810.811	58,000.00 .00	.00 58,000.00	58,000.00 58,000.00	.00			
WTP DEPRECIATION RESERVE 81.399.810.812	800.00 .00	.00 800.00	785.00 785.00	15.00			
CHARGEBACK ITEM 81.399.999.200	243.00 .00	.00 243.00	.00 .00	243.00			



TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
TRANSFERS	201.48	9,983.45	10,184.93	.00			
81.399.999.210	.00	10,184.93	10,184.93				
* TOTAL EXPENSES	492,714.78	215,320.09	125,437.74	582,597.13			
	.00	708,034.87	125,437.74				
*** GRAND TOTALS	.00	504,354.08	504,354.08	.00			
	.00	1,730,653.13	1,730,653.13				

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments	
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev Credit Cr-Rev
<b>A S S E T S</b>						
CASH IN BANK - WTP 81.102.000.000	18,659.38 34,450.26	27,149.24 433,343.46	24,840.81 446,825.91	20,967.81		
CASH - WTP BOND RESERVE 81.115.000.000	142.74 2,280.92	.00 58,000.00	.00 60,138.18	142.74		
CASH - WTP DEPRECIATION 81.116.000.000	785.87 45.87	.00 785.00	.00 45.00	785.87		
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	44,657.56 44,657.56	.00 .00	.00 .00	44,657.56		
WATER TREATMENT PLANT 81.150.000.000	3,788,640.51 3,788,640.51	.00 .00	.00 .00	3,788,640.51		
ACCUMULATED DEPRECIATION 81.151.000.000	-1,464,868.88 -1,464,868.88	.00 .00	.00 .00	-1,464,868.88		
* TOTAL ASSETS	2,388,017.18 2,405,206.24	27,149.24 492,128.46	24,840.81 507,009.09	2,390,325.61		
<b>L I A B I L I T I E S</b>						
ACCOUNTS PAYABLE 81.201.000.001	-10,005.74 4,288.57	6,986.85 241,455.81	6,986.85 227,161.50	-10,005.74		
ACCRUED VACATION 81.205.000.000	880.00 880.00	.00 .00	.00 .00	880.00		
DUE TO/DUE FROM 81.209.000.000	29,137.99 29,137.99	.00 .00	.00 .00	29,137.99		
BONDS-1996 81.230.000.000	1,293,800.00 1,293,800.00	.00 .00	.00 .00	1,293,800.00		
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00		
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82		
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00		
FUND BALANCE 81.330.000.000	-369,314.14 -369,314.14	.00 .00	.00 .00	-369,314.14		

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments	
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev Credit Cr-Rev
* TOTAL LIABILITIES	2,390,911.93	6,986.85	6,986.85	2,390,911.93		
	2,405,206.24	241,455.81	227,161.50			
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R E V E N U E S						
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BCWD	318,652.23	.00	27,149.24	345,801.47		
81.398.810.700	.00	.00	345,801.47			
AUGUSTA	86,522.19	.00	.00	86,522.19		
81.398.810.701	.00	.00	86,522.19			
MISCELLANEOUS	1,019.80	.00	.00	1,019.80		
81.398.810.702	.00	.00	1,019.80			
WTP BOND RESERVE	58,000.00	.00	.00	58,000.00		
81.398.810.703	.00	.00	58,000.00			
WTP DEPRECIATION	785.00	.00	.00	785.00		
81.398.810.704	.00	.00	785.00			
* TOTAL REVENUES	464,979.22	.00	27,149.24	492,128.46		
	.00	.00	492,128.46			
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E X P E N S E S						
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MAINTENANCE SALARIES	123,528.44	13,604.32	.00	137,132.76		
81.399.810.105	.00	137,132.76	.00			
MAINTENANCE HEALTH INSURANCE	1,619.10	.00	.00	1,619.10		
81.399.810.107	.00	1,619.10	.00			
OFFICE SALARIES	32,489.18	4,116.50	.00	36,605.68		
81.399.810.110	.00	36,605.68	.00			
OFFICE HEALTH INSURANCE	1,417.19	.00	.00	1,417.19		
81.399.810.112	.00	1,417.19	.00			
COPIER	919.18	.00	.00	919.18		
81.399.810.221	.00	919.18	.00			
BUILDING GAS	12,760.63	1,238.99	.00	13,999.62		
81.399.810.233	.00	13,999.62	.00			
BOND RETIREMENT PRINCIPAL-A	22,500.00	.00	.00	22,500.00		
81.399.810.611	.00	22,500.00	.00			
BOND RETIREMENT P-B	6,400.00	.00	.00	6,400.00		
81.399.810.612	.00	6,400.00	.00			

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments			
	Beg-Bal-Yr				Debit	Dr-Rev	Credit	Cr-Rev
BOND RETIREMENT INT.-A 81.399.810.613	20,868.75 .00	.00 20,868.75	.00 .00	20,868.75				
BOND RETIREMENT INT-B 81.399.810.614	6,690.93 .00	.00 6,690.93	.00 .00	6,690.93				
BOND RETIREMENT - PRIN C 81.399.810.618	1,400.00 .00	.00 1,400.00	.00 .00	1,400.00				
BOND RETIREMENT - INT C 81.399.810.619	2,065.50 .00	.00 2,065.50	.00 .00	2,065.50				
TESTING 81.399.810.802	2,069.50 .00	293.00 2,362.50	.00 .00	2,362.50				
REPAIRS 81.399.810.803	37,705.07 .00	1,706.72 39,411.79	.00 .00	39,411.79				
TRAVEL & TRAINING 81.399.810.804	992.32 .00	270.00 1,262.32	.00 .00	1,262.32				
ELECTRIC 81.399.810.805	56,143.81 .00	.00 56,143.81	.00 .00	56,143.81				
PHONES 81.399.810.806	1,648.81 .00	183.61 1,832.42	.00 .00	1,832.42				
INSURANCE 81.399.810.807	12,117.02 .00	1,127.13 13,244.15	.00 .00	13,244.15				
CHEMICALS 81.399.810.808	65,204.24 .00	2,099.06 67,303.30	.00 .00	67,303.30				
OFFICE SUPPLIES 81.399.810.809	291.30 .00	.00 291.30	.00 .00	291.30				
WTP BOND RESERVE 81.399.810.811	58,000.00 .00	.00 58,000.00	.00 .00	58,000.00				
WTP DEPRECIATION RESERVE 81.399.810.812	800.00 .00	.00 800.00	.00 .00	800.00				
CHARGEBACK ITEM 81.399.999.200	243.00 .00	.00 243.00	.00 .00	243.00				
TRANSFERS 81.399.999.210	.00 .00	201.48 201.48	.00 .00	201.48				
* TOTAL EXPENSES	467,873.97 .00	24,840.81 492,714.78	.00 .00	492,714.78				
*** GRAND TOTALS	.00 .00	58,976.90 1,226,299.05	58,976.90 1,226,299.05	.00				

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments		
					Debit	Dr-Rev	Credit Cr-Rev
<hr/> <b>A S S E T S</b> <hr/>							
CASH IN BANK - WTP 81.102.000.000	9,518.97 34,450.26	42,510.06 406,194.22	33,369.65 421,985.10	18,659.38			
CASH - WTP BOND RESERVE 81.115.000.000	142.74 2,280.92	.00 58,000.00	.00 60,138.18	142.74			
CASH - WTP DEPRECIATION 81.116.000.000	785.87 45.87	.00 785.00	.00 45.00	785.87			
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	44,657.56 44,657.56	.00 .00	.00 .00	44,657.56			
WATER TREATMENT PLANT 81.150.000.000	3,788,640.51 3,788,640.51	.00 .00	.00 .00	3,788,640.51			
ACCUMULATED DEPRECIATION 81.151.000.000	-1,464,868.88 -1,464,868.88	.00 .00	.00 .00	-1,464,868.88			
* TOTAL ASSETS	2,378,876.77 2,405,206.24	42,510.06 464,979.22	33,369.65 482,168.28	2,388,017.18			
<hr/> <b>L I A B I L I T I E S</b> <hr/>							
ACCOUNTS PAYABLE 81.201.000.001	-10,005.74 4,288.57	19,912.48 234,468.96	19,912.48 220,174.65	-10,005.74			
ACCRUED VACATION 81.205.000.000	880.00 880.00	.00 .00	.00 .00	880.00			
DUE TO/DUE FROM 81.209.000.000	29,137.99 29,137.99	.00 .00	.00 .00	29,137.99			
BONDS-1996 81.230.000.000	1,293,800.00 1,293,800.00	.00 .00	.00 .00	1,293,800.00			
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00			
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82			
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00			
FUND BALANCE 81.330.000.000	-369,314.14 -369,314.14	.00 .00	.00 .00	-369,314.14			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments	
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev Credit Cr-Rev
* TOTAL LIABILITIES	2,390,911.93	19,912.48	19,912.48	2,390,911.93		
	2,405,206.24	234,468.96	220,174.65			
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<b>R E V E N U E S</b>						
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BCWD	289,371.86	.00	29,280.37	318,652.23		
81.398.810.700	.00	.00	318,652.23			
AUGUSTA	73,525.70	.00	12,996.49	86,522.19		
81.398.810.701	.00	.00	86,522.19			
MISCELLANEOUS	786.60	.00	233.20	1,019.80		
81.398.810.702	.00	.00	1,019.80			
WTP BOND RESERVE	58,000.00	.00	.00	58,000.00		
81.398.810.703	.00	.00	58,000.00			
WTP DEPRECIATION	785.00	.00	.00	785.00		
81.398.810.704	.00	.00	785.00			
* TOTAL REVENUES	422,469.16	.00	42,510.06	464,979.22		
	.00	.00	464,979.22			
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<b>E X P E N S E S</b>						
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MAINTENANCE SALARIES	113,780.76	9,747.68	.00	123,528.44		
81.399.810.105	.00	123,528.44	.00			
MAINTENANCE HEALTH INSURANCE	1,619.10	.00	.00	1,619.10		
81.399.810.107	.00	1,619.10	.00			
OFFICE SALARIES	28,924.93	3,564.25	.00	32,489.18		
81.399.810.110	.00	32,489.18	.00			
OFFICE HEALTH INSURANCE	1,417.19	.00	.00	1,417.19		
81.399.810.112	.00	1,417.19	.00			
COPIER	919.18	.00	.00	919.18		
81.399.810.221	.00	919.18	.00			
BUILDING GAS	10,247.12	2,513.51	.00	12,760.63		
81.399.810.233	.00	12,760.63	.00			
BOND RETIREMENT PRINCIPAL-A	22,500.00	.00	.00	22,500.00		
81.399.810.611	.00	22,500.00	.00			
BOND RETIREMENT P-B	6,400.00	.00	.00	6,400.00		
81.399.810.612	.00	6,400.00	.00			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
BOND RETIREMENT INT.-A 81.399.810.613	20,868.75 .00	.00 20,868.75	.00 .00	20,868.75			
BOND RETIREMENT INT-B 81.399.810.614	6,690.93 .00	.00 6,690.93	.00 .00	6,690.93			
BOND RETIREMENT - PRIN C 81.399.810.618	1,400.00 .00	.00 1,400.00	.00 .00	1,400.00			
BOND RETIREMENT - INT C 81.399.810.619	2,065.50 .00	.00 2,065.50	.00 .00	2,065.50			
TESTING 81.399.810.802	1,584.50 .00	485.00 2,069.50	.00 .00	2,069.50			
REPAIRS 81.399.810.803	34,378.13 .00	3,326.94 37,705.07	.00 .00	37,705.07			
TRAVEL & TRAINING 81.399.810.804	992.32 .00	.00 992.32	.00 .00	992.32			
ELECTRIC 81.399.810.805	49,713.86 .00	6,429.95 56,143.81	.00 .00	56,143.81			
PHONES 81.399.810.806	1,470.44 .00	178.37 1,648.81	.00 .00	1,648.81			
INSURANCE 81.399.810.807	10,989.89 .00	1,127.13 12,117.02	.00 .00	12,117.02			
CHEMICALS 81.399.810.808	59,216.82 .00	5,987.42 65,204.24	.00 .00	65,204.24			
OFFICE SUPPLIES 81.399.810.809	281.90 .00	9.40 291.30	.00 .00	291.30			
WTP BOND RESERVE 81.399.810.811	58,000.00 .00	.00 58,000.00	.00 .00	58,000.00			
WTP DEPRECIATION RESERVE 81.399.810.812	800.00 .00	.00 800.00	.00 .00	800.00			
CHARGEBACK ITEM 81.399.999.200	243.00 .00	.00 243.00	.00 .00	243.00			
* TOTAL EXPENSES	434,504.32 .00	33,369.65 467,873.97	.00 .00	467,873.97			
*** GRAND TOTALS	.00 .00	95,792.19 1,167,322.15	95,792.19 1,167,322.15	.00			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit Cr-Rev
<b>A S S E T S</b>							
CASH IN BANK - WTP 81.102.000.000	15,210.09 34,450.26	34,083.22 363,684.16	39,774.34 388,615.45	9,518.97			
CASH - WTP BOND RESERVE 81.115.000.000	142.74 2,280.92	.00 58,000.00	.00 60,138.18	142.74			
CASH - WTP DEPRECIATION 81.116.000.000	.87 45.87	785.00 785.00	.00 45.00	785.87			
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	44,657.56 44,657.56	.00 .00	.00 .00	44,657.56			
WATER TREATMENT PLANT 81.150.000.000	3,788,640.51 3,788,640.51	.00 .00	.00 .00	3,788,640.51			
ACCUMULATED DEPRECIATION 81.151.000.000	-1,464,868.88 -1,464,868.88	.00 .00	.00 .00	-1,464,868.88			
* TOTAL ASSETS	2,383,782.89 2,405,206.24	34,868.22 422,469.16	39,774.34 448,798.63	2,378,876.77			
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE 81.201.000.001	-10,005.74 4,288.57	26,631.40 214,556.48	26,631.40 200,262.17	-10,005.74			
ACCRUED VACATION 81.205.000.000	880.00 880.00	.00 .00	.00 .00	880.00			
DUE TO/DUE FROM 81.209.000.000	29,137.99 29,137.99	.00 .00	.00 .00	29,137.99			
BONDS-1996 81.230.000.000	1,293,800.00 1,293,800.00	.00 .00	.00 .00	1,293,800.00			
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00			
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82			
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00			
FUND BALANCE 81.330.000.000	-369,314.14 -369,314.14	.00 .00	.00 .00	-369,314.14			



Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
* TOTAL LIABILITIES	2,390,911.93	26,631.40	26,631.40	2,390,911.93			
	2,405,206.24	214,556.48	200,262.17				
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<b>R E V E N U E S</b>							
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BCWD	260,288.64	.00	29,083.22	289,371.86			
81.398.810.700	.00	.00	289,371.86				
AUGUSTA	68,525.70	.00	5,000.00	73,525.70			
81.398.810.701	.00	.00	73,525.70				
MISCELLANEOUS	786.60	.00	.00	786.60			
81.398.810.702	.00	.00	786.60				
WTP BOND RESERVE	58,000.00	.00	.00	58,000.00			
81.398.810.703	.00	.00	58,000.00				
WTP DEPRECIATION	.00	.00	785.00	785.00			
81.398.810.704	.00	.00	785.00				
* TOTAL REVENUES	387,600.94	.00	34,868.22	422,469.16			
	.00	.00	422,469.16				
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<b>E X P E N S E S</b>							
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MAINTENANCE SALARIES	104,310.09	9,470.67	.00	113,780.76			
81.399.810.105	.00	113,780.76	.00				
MAINTENANCE HEALTH INSURANCE	1,619.10	.00	.00	1,619.10			
81.399.810.107	.00	1,619.10	.00				
OFFICE SALARIES	25,355.52	3,569.41	.00	28,924.93			
81.399.810.110	.00	28,924.93	.00				
OFFICE HEALTH INSURANCE	1,417.19	.00	.00	1,417.19			
81.399.810.112	.00	1,417.19	.00				
COPIER	.00	919.18	.00	919.18			
81.399.810.221	.00	919.18	.00				
BUILDING GAS	7,751.38	2,495.74	.00	10,247.12			
81.399.810.233	.00	10,247.12	.00				
BOND RETIREMENT PRINCIPAL-A	22,500.00	.00	.00	22,500.00			
81.399.810.611	.00	22,500.00	.00				
BOND RETIREMENT P-B	6,400.00	.00	.00	6,400.00			
81.399.810.612	.00	6,400.00	.00				

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
BOND RETIREMENT INT.-A 81.399.810.613	20,868.75 .00	.00 20,868.75	.00 .00	20,868.75			
BOND RETIREMENT INT-B 81.399.810.614	6,690.93 .00	.00 6,690.93	.00 .00	6,690.93			
BOND RETIREMENT - PRIN C 81.399.810.618	1,400.00 .00	.00 1,400.00	.00 .00	1,400.00			
BOND RETIREMENT - INT C 81.399.810.619	2,065.50 .00	.00 2,065.50	.00 .00	2,065.50			
TESTING 81.399.810.802	1,479.50 .00	105.00 1,584.50	.00 .00	1,584.50			
REPAIRS 81.399.810.803	26,817.21 .00	7,560.92 34,378.13	.00 .00	34,378.13			
TRAVEL & TRAINING 81.399.810.804	992.32 .00	.00 992.32	.00 .00	992.32			
ELECTRIC 81.399.810.805	42,839.46 .00	6,874.40 49,713.86	.00 .00	49,713.86			
PHONES 81.399.810.806	1,287.76 .00	182.68 1,470.44	.00 .00	1,470.44			
INSURANCE 81.399.810.807	9,862.76 .00	1,127.13 10,989.89	.00 .00	10,989.89			
CHEMICALS 81.399.810.808	52,693.87 .00	6,522.95 59,216.82	.00 .00	59,216.82			
OFFICE SUPPLIES 81.399.810.809	120.64 .00	161.26 281.90	.00 .00	281.90			
WTP BOND RESERVE 81.399.810.811	58,000.00 .00	.00 58,000.00	.00 .00	58,000.00			
WTP DEPRECIATION RESERVE 81.399.810.812	15.00 .00	785.00 800.00	.00 .00	800.00			
CHARGEBACK ITEM 81.399.999.200	243.00 .00	.00 243.00	.00 .00	243.00			
* TOTAL EXPENSES	394,729.98 .00	39,774.34 434,504.32	.00 .00	434,504.32			
*** GRAND TOTALS	.00 .00	101,273.96 1,071,529.96	101,273.96 1,071,529.96	.00			

TRIAL BALANCE - WTP FUND

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Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
<hr/> <b>A S S E T S</b> <hr/>							
CASH IN BANK - WTP	4,623.22	39,554.98	28,968.11	15,210.09			
81.102.000.000	34,450.26	329,600.94	348,841.11				
CASH - WTP BOND RESERVE	250.74	.00	108.00	142.74			
81.115.000.000	2,280.92	58,000.00	60,138.18				
CASH - WTP DEPRECIATION	10.87	.00	10.00	.87			
81.116.000.000	45.87	.00	45.00				
ACCOUNTS RECEIVABLE-BCWD	44,657.56	.00	.00	44,657.56			
81.123.003.000	44,657.56	.00	.00				
WATER TREATMENT PLANT	3,788,640.51	.00	.00	3,788,640.51			
81.150.000.000	3,788,640.51	.00	.00				
ACCUMULATED DEPRECIATION	-1,464,868.88	.00	.00	-1,464,868.88			
81.151.000.000	-1,464,868.88	.00	.00				
* TOTAL ASSETS	2,373,314.02	39,554.98	29,086.11	2,383,782.89			
	2,405,206.24	387,600.94	409,024.29				
<hr/> <b>L I A B I L I T I E S</b> <hr/>							
ACCOUNTS PAYABLE	-10,005.74	18,088.51	18,088.51	-10,005.74			
81.201.000.001	4,288.57	187,925.08	173,630.77				
ACCRUED VACATION	880.00	.00	.00	880.00			
81.205.000.000	880.00	.00	.00				
DUE TO/DUE FROM	29,137.99	.00	.00	29,137.99			
81.209.000.000	29,137.99	.00	.00				
BONDS-1996	1,293,800.00	.00	.00	1,293,800.00			
81.230.000.000	1,293,800.00	.00	.00				
ACCRUED INT. PAYABLE	5,986.00	.00	.00	5,986.00			
81.240.000.000	5,986.00	.00	.00				
CONTRIBUTED CAPITAL-CDBG	745,591.82	.00	.00	745,591.82			
81.285.000.000	745,591.82	.00	.00				
GRANT-REC	694,836.00	.00	.00	694,836.00			
81.287.000.000	694,836.00	.00	.00				
FUND BALANCE	-369,314.14	.00	.00	-369,314.14			
81.330.000.000	-369,314.14	.00	.00				

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
* TOTAL LIABILITIES	2,390,911.93	18,088.51	18,088.51	2,390,911.93			
	2,405,206.24	187,925.08	173,630.77				
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R E V E N U E S							
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BCWD	228,013.36	.00	32,275.28	260,288.64			
81.398.810.700	.00	.00	260,288.64				
AUGUSTA	61,246.00	.00	7,279.70	68,525.70			
81.398.810.701	.00	.00	68,525.70				
MISCELLANEOUS	786.60	.00	.00	786.60			
81.398.810.702	.00	.00	786.60				
WTP BOND RESERVE	58,000.00	.00	.00	58,000.00			
81.398.810.703	.00	.00	58,000.00				
* TOTAL REVENUES	348,045.96	.00	39,554.98	387,600.94			
	.00	.00	387,600.94				
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E X P E N S E S							
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MAINTENANCE SALARIES	95,746.63	8,563.46	.00	104,310.09			
81.399.810.105	.00	104,310.09	.00				
MAINTENANCE HEALTH INSURANCE	1,619.10	.00	.00	1,619.10			
81.399.810.107	.00	1,619.10	.00				
OFFICE SALARIES	23,184.60	2,170.92	.00	25,355.52			
81.399.810.110	.00	25,355.52	.00				
OFFICE HEALTH INSURANCE	1,417.19	.00	.00	1,417.19			
81.399.810.112	.00	1,417.19	.00				
BUILDING GAS	4,995.05	2,756.33	.00	7,751.38			
81.399.810.233	.00	7,751.38	.00				
BOND RETIREMENT PRINCIPAL-A	22,500.00	.00	.00	22,500.00			
81.399.810.611	.00	22,500.00	.00				
BOND RETIREMENT P-B	6,400.00	.00	.00	6,400.00			
81.399.810.612	.00	6,400.00	.00				
BOND RETIREMENT INT.-A	20,868.75	.00	.00	20,868.75			
81.399.810.613	.00	20,868.75	.00				
BOND RETIREMENT INT-B	6,690.93	.00	.00	6,690.93			
81.399.810.614	.00	6,690.93	.00				

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit Cr-Rev
BOND RETIREMENT - PRIN C 81.399.810.618	1,400.00 .00	.00 1,400.00	.00 .00	1,400.00			
BOND RETIREMENT - INT C 81.399.810.619	2,065.50 .00	.00 2,065.50	.00 .00	2,065.50			
TESTING 81.399.810.802	1,373.00 .00	106.50 1,479.50	.00 .00	1,479.50			
REPAIRS 81.399.810.803	26,188.31 .00	628.90 26,817.21	.00 .00	26,817.21			
TRAVEL & TRAINING 81.399.810.804	982.24 .00	10.08 992.32	.00 .00	992.32			
ELECTRIC 81.399.810.805	35,849.77 .00	6,989.69 42,839.46	.00 .00	42,839.46			
PHONES 81.399.810.806	1,102.06 .00	185.70 1,287.76	.00 .00	1,287.76			
INSURANCE 81.399.810.807	8,735.63 .00	1,127.13 9,862.76	.00 .00	9,862.76			
CHEMICALS 81.399.810.808	46,264.47 .00	6,429.40 52,693.87	.00 .00	52,693.87			
OFFICE SUPPLIES 81.399.810.809	120.64 .00	.00 120.64	.00 .00	120.64			
WTP BOND RESERVE 81.399.810.811	58,000.00 .00	.00 58,000.00	.00 .00	58,000.00			
WTP DEPRECIATION RESERVE 81.399.810.812	15.00 .00	.00 15.00	.00 .00	15.00			
CHARGEBACK ITEM 81.399.999.200	125.00 .00	118.00 243.00	.00 .00	243.00			
* TOTAL EXPENSES	365,643.87 .00	29,086.11 394,729.98	.00 .00	394,729.98			
*** GRAND TOTALS	.00 .00	86,729.60 970,256.00	86,729.60 970,256.00	.00			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments	
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev Credit Cr-Rev
<b>A S S E T S</b>						
CASH IN BANK - WTP 81.102.000.000	23,006.94 34,450.26	41,358.88 290,045.96	59,742.60 319,873.00	4,623.22		
CASH - WTP BOND RESERVE 81.115.000.000	250.74 2,280.92	.00 58,000.00	.00 60,030.18	250.74		
CASH - WTP DEPRECIATION 81.116.000.000	10.87 45.87	.00 .00	.00 35.00	10.87		
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	44,657.56 44,657.56	.00 .00	.00 .00	44,657.56		
WATER TREATMENT PLANT 81.150.000.000	3,788,640.51 3,788,640.51	.00 .00	.00 .00	3,788,640.51		
ACCUMULATED DEPRECIATION 81.151.000.000	-1,464,868.88 -1,464,868.88	.00 .00	.00 .00	-1,464,868.88		
* TOTAL ASSETS	2,391,697.74 2,405,206.24	41,358.88 348,045.96	59,742.60 379,938.18	2,373,314.02		
<b>L I A B I L I T I E S</b>						
ACCOUNTS PAYABLE 81.201.000.001	-10,005.74 4,288.57	42,501.21 169,836.57	42,501.21 155,542.26	-10,005.74		
ACCRUED VACATION 81.205.000.000	880.00 880.00	.00 .00	.00 .00	880.00		
DUE TO/DUE FROM 81.209.000.000	29,137.99 29,137.99	.00 .00	.00 .00	29,137.99		
BONDS-1996 81.230.000.000	1,293,800.00 1,293,800.00	.00 .00	.00 .00	1,293,800.00		
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00		
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82		
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00		
FUND BALANCE 81.330.000.000	-369,314.14 -369,314.14	.00 .00	.00 .00	-369,314.14		

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
* TOTAL LIABILITIES	2,390,911.93	42,501.21	42,501.21	2,390,911.93			
	2,405,206.24	169,836.57	155,542.26				
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R E V E N U E S							
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BCWD	198,637.07	.00	29,376.29	228,013.36			
81.398.810.700	.00	.00	228,013.36				
AUGUSTA	50,050.01	.00	11,195.99	61,246.00			
81.398.810.701	.00	.00	61,246.00				
MISCELLANEOUS	.00	.00	786.60	786.60			
81.398.810.702	.00	.00	786.60				
WTP BOND RESERVE	58,000.00	.00	.00	58,000.00			
81.398.810.703	.00	.00	58,000.00				
* TOTAL REVENUES	306,687.08	.00	41,358.88	348,045.96			
	.00	.00	348,045.96				
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MAINTENANCE SALARIES	82,798.21	12,948.42	.00	95,746.63			
81.399.810.105	.00	95,746.63	.00				
MAINTENANCE HEALTH INSURANCE	1,619.10	.00	.00	1,619.10			
81.399.810.107	.00	1,619.10	.00				
OFFICE SALARIES	19,030.82	4,153.78	.00	23,184.60			
81.399.810.110	.00	23,184.60	.00				
OFFICE HEALTH INSURANCE	1,417.19	.00	.00	1,417.19			
81.399.810.112	.00	1,417.19	.00				
BUILDING GAS	2,294.39	2,700.66	.00	4,995.05			
81.399.810.233	.00	4,995.05	.00				
BOND RETIREMENT PRINCIPAL-A	22,500.00	.00	.00	22,500.00			
81.399.810.611	.00	22,500.00	.00				
BOND RETIREMENT P-B	6,400.00	.00	.00	6,400.00			
81.399.810.612	.00	6,400.00	.00				
BOND RETIREMENT INT.-A	20,868.75	.00	.00	20,868.75			
81.399.810.613	.00	20,868.75	.00				
BOND RETIREMENT INT-B	6,690.93	.00	.00	6,690.93			
81.399.810.614	.00	6,690.93	.00				

## TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
BOND RETIREMENT - PRIN C 81.399.810.618	1,400.00 .00	.00 1,400.00	.00 .00	1,400.00			
BOND RETIREMENT - INT C 81.399.810.619	2,065.50 .00	.00 2,065.50	.00 .00	2,065.50			
TESTING 81.399.810.802	1,266.50 .00	106.50 1,373.00	.00 .00	1,373.00			
REPAIRS 81.399.810.803	13,973.43 .00	12,214.88 26,188.31	.00 .00	26,188.31			
TRAVEL & TRAINING 81.399.810.804	331.53 .00	650.71 982.24	.00 .00	982.24			
ELECTRIC 81.399.810.805	29,307.48 .00	6,542.29 35,849.77	.00 .00	35,849.77			
PHONES 81.399.810.806	934.58 .00	167.48 1,102.06	.00 .00	1,102.06			
INSURANCE 81.399.810.807	7,608.50 .00	1,127.13 8,735.63	.00 .00	8,735.63			
CHEMICALS 81.399.810.808	27,133.72 .00	19,130.75 46,264.47	.00 .00	46,264.47			
OFFICE SUPPLIES 81.399.810.809	120.64 .00	.00 120.64	.00 .00	120.64			
WTP BOND RESERVE 81.399.810.811	58,000.00 .00	.00 58,000.00	.00 .00	58,000.00			
WTP DEPRECIATION RESERVE 81.399.810.812	15.00 .00	.00 15.00	.00 .00	15.00			
CHARGEBACK ITEM 81.399.999.200	125.00 .00	.00 125.00	.00 .00	125.00			
* TOTAL EXPENSES	305,901.27 .00	59,742.60 365,643.87	.00 .00	365,643.87			
*** GRAND TOTALS	.00 .00	143,602.69 883,526.40	143,602.69 883,526.40	.00			



Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
<hr/> <b>A S S E T S</b> <hr/>							
CASH IN BANK - WTP 81.102.000.000	60,437.06 34,450.26	50,452.97 248,687.08	87,883.09 260,130.40	23,006.94			
CASH - WTP BOND RESERVE 81.115.000.000	2,175.92 2,280.92	58,000.00 58,000.00	59,925.18 60,030.18	250.74			
CASH - WTP DEPRECIATION 81.116.000.000	25.87 45.87	.00 .00	15.00 35.00	10.87			
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	44,657.56 44,657.56	.00 .00	.00 .00	44,657.56			
WATER TREATMENT PLANT 81.150.000.000	3,788,640.51 3,788,640.51	.00 .00	.00 .00	3,788,640.51			
ACCUMULATED DEPRECIATION 81.151.000.000	-1,464,868.88 -1,464,868.88	.00 .00	.00 .00	-1,464,868.88			
* TOTAL ASSETS	2,431,068.04 2,405,206.24	108,452.97 306,687.08	147,823.27 320,195.58	2,391,697.74			
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ACCOUNTS PAYABLE 81.201.000.001	-10,005.74 4,288.57	15,081.90 127,335.36	15,081.90 113,041.05	-10,005.74			
ACCRUED VACATION 81.205.000.000	880.00 880.00	.00 .00	.00 .00	880.00			
DUE TO/DUE FROM 81.209.000.000	29,137.99 29,137.99	.00 .00	.00 .00	29,137.99			
BONDS-1996 81.230.000.000	1,293,800.00 1,293,800.00	.00 .00	.00 .00	1,293,800.00			
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00			
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82			
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00			
FUND BALANCE 81.330.000.000	-369,314.14 -369,314.14	.00 .00	.00 .00	-369,314.14			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
* TOTAL LIABILITIES	2,390,911.93	15,081.90	15,081.90	2,390,911.93			
	2,405,206.24	127,335.36	113,041.05				
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R E V E N U E S							
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BCWD	160,519.12	.00	38,117.95	198,637.07			
81.398.810.700	.00	.00	198,637.07				
AUGUSTA	37,714.99	.00	12,335.02	50,050.01			
81.398.810.701	.00	.00	50,050.01				
WTP BOND RESERVE	.00	.00	58,000.00	58,000.00			
81.398.810.703	.00	.00	58,000.00				
* TOTAL REVENUES	198,234.11	.00	108,452.97	306,687.08			
	.00	.00	306,687.08				
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MAINTENANCE SALARIES	71,682.56	11,115.65	.00	82,798.21			
81.399.810.105	.00	82,798.21	.00				
MAINTENANCE HEALTH INSURANCE	1,619.10	.00	.00	1,619.10			
81.399.810.107	.00	1,619.10	.00				
OFFICE SALARIES	15,436.06	3,594.76	.00	19,030.82			
81.399.810.110	.00	19,030.82	.00				
OFFICE HEALTH INSURANCE	1,417.19	.00	.00	1,417.19			
81.399.810.112	.00	1,417.19	.00				
BUILDING GAS	239.28	2,055.11	.00	2,294.39			
81.399.810.233	.00	2,294.39	.00				
BOND RETIREMENT PRINCIPAL-A	.00	22,500.00	.00	22,500.00			
81.399.810.611	.00	22,500.00	.00				
BOND RETIREMENT P-B	.00	6,400.00	.00	6,400.00			
81.399.810.612	.00	6,400.00	.00				
BOND RETIREMENT INT.-A	.00	20,868.75	.00	20,868.75			
81.399.810.613	.00	20,868.75	.00				
BOND RETIREMENT INT-B	.00	6,690.93	.00	6,690.93			
81.399.810.614	.00	6,690.93	.00				
BOND RETIREMENT - PRIN C	.00	1,400.00	.00	1,400.00			
81.399.810.618	.00	1,400.00	.00				

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
BOND RETIREMENT - INT C 81.399.810.619	.00 .00	2,065.50 2,065.50	.00 .00	2,065.50			
TESTING 81.399.810.802	1,160.00 .00	106.50 1,266.50	.00 .00	1,266.50			
REPAIRS 81.399.810.803	13,480.53 .00	492.90 13,973.43	.00 .00	13,973.43			
TRAVEL & TRAINING 81.399.810.804	240.00 .00	91.53 331.53	.00 .00	331.53			
ELECTRIC 81.399.810.805	24,083.79 .00	5,223.69 29,307.48	.00 .00	29,307.48			
PHONES 81.399.810.806	745.14 .00	189.44 934.58	.00 .00	934.58			
INSURANCE 81.399.810.807	5,212.74 .00	2,395.76 7,608.50	.00 .00	7,608.50			
CHEMICALS 81.399.810.808	22,546.55 .00	4,587.17 27,133.72	.00 .00	27,133.72			
OFFICE SUPPLIES 81.399.810.809	90.06 .00	30.58 120.64	.00 .00	120.64			
WTP BOND RESERVE 81.399.810.811	.00 .00	58,000.00 58,000.00	.00 .00	58,000.00			
WTP DEPRECIATION RESERVE 81.399.810.812	.00 .00	15.00 15.00	.00 .00	15.00			
CHARGEBACK ITEM 81.399.999.200	125.00 .00	.00 125.00	.00 .00	125.00			
* TOTAL EXPENSES	158,078.00 .00	147,823.27 305,901.27	.00 .00	305,901.27			
*** GRAND TOTALS	.00 .00	271,358.14 739,923.71	271,358.14 739,923.71	.00			



Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
* TOTAL LIABILITIES	2,399,877.51	18,131.66	9,166.08	2,390,911.93			
	2,405,206.24	112,253.46	97,959.15				
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BCWD	127,797.42	.00	32,721.70	160,519.12			
81.398.810.700	.00	.00	160,519.12				
AUGUSTA	19,215.65	.00	18,499.34	37,714.99			
81.398.810.701	.00	.00	37,714.99				
* TOTAL REVENUES	147,013.07	.00	51,221.04	198,234.11			
	.00	.00	198,234.11				
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E X P E N S E S							
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MAINTENANCE SALARIES	60,645.79	11,036.77	.00	71,682.56			
81.399.810.105	.00	71,682.56	.00				
MAINTENANCE HEALTH INSURANCE	1,619.10	.00	.00	1,619.10			
81.399.810.107	.00	1,619.10	.00				
OFFICE SALARIES	11,752.22	3,683.84	.00	15,436.06			
81.399.810.110	.00	15,436.06	.00				
OFFICE HEALTH INSURANCE	1,417.19	.00	.00	1,417.19			
81.399.810.112	.00	1,417.19	.00				
BUILDING GAS	35.55	203.73	.00	239.28			
81.399.810.233	.00	239.28	.00				
TESTING	1,160.00	.00	.00	1,160.00			
81.399.810.802	.00	1,160.00	.00				
REPAIRS	12,693.50	787.03	.00	13,480.53			
81.399.810.803	.00	13,480.53	.00				
TRAVEL & TRAINING	240.00	.00	.00	240.00			
81.399.810.804	.00	240.00	.00				
ELECTRIC	18,622.73	5,461.06	.00	24,083.79			
81.399.810.805	.00	24,083.79	.00				
PHONES	546.26	198.88	.00	745.14			
81.399.810.806	.00	745.14	.00				
INSURANCE	5,212.74	.00	.00	5,212.74			
81.399.810.807	.00	5,212.74	.00				

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments			
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit	Cr-Rev
CHEMICALS	19,969.05	2,577.50	.00	22,546.55				
81.399.810.808	.00	22,546.55	.00					
OFFICE SUPPLIES	22.07	67.99	.00	90.06				
81.399.810.809	.00	90.06	.00					
CHARGEBACK ITEM	125.00	.00	.00	125.00				
81.399.999.200	.00	125.00	.00					
* TOTAL EXPENSES	134,061.20	24,016.80	.00	158,078.00				
	.00	158,078.00	.00					
*** GRAND TOTALS	.00	93,369.50	93,369.50	.00				
	.00	468,565.57	468,565.57					

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
<b>A S S E T S</b>							
CASH IN BANK - WTP	42,152.85	31,364.43	31,318.88	42,198.40			
81.102.000.000	34,450.26	147,013.07	139,264.93				
CASH - WTP BOND RESERVE	2,175.92	.00	.00	2,175.92			
81.115.000.000	2,280.92	.00	105.00				
CASH - WTP DEPRECIATION	25.87	.00	.00	25.87			
81.116.000.000	45.87	.00	20.00				
ACCOUNTS RECEIVABLE-BCWD	44,657.56	.00	.00	44,657.56			
81.123.003.000	44,657.56	.00	.00				
WATER TREATMENT PLANT	3,788,640.51	.00	.00	3,788,640.51			
81.150.000.000	3,788,640.51	.00	.00				
ACCUMULATED DEPRECIATION	-1,464,868.88	.00	.00	-1,464,868.88			
81.151.000.000	-1,464,868.88	.00	.00				
* TOTAL ASSETS	2,412,783.83	31,364.43	31,318.88	2,412,829.38			
	2,405,206.24	147,013.07	139,389.93				
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE	-10,005.74	15,694.27	24,659.85	-1,040.16			
81.201.000.001	4,288.57	94,121.80	88,793.07				
ACCRUED VACATION	880.00	.00	.00	880.00			
81.205.000.000	880.00	.00	.00				
DUE TO/DUE FROM	29,137.99	.00	.00	29,137.99			
81.209.000.000	29,137.99	.00	.00				
BONDS-1996	1,293,800.00	.00	.00	1,293,800.00			
81.230.000.000	1,293,800.00	.00	.00				
ACCRUED INT. PAYABLE	5,986.00	.00	.00	5,986.00			
81.240.000.000	5,986.00	.00	.00				
CONTRIBUTED CAPITAL-CDBG	745,591.82	.00	.00	745,591.82			
81.285.000.000	745,591.82	.00	.00				
GRANT-REC	694,836.00	.00	.00	694,836.00			
81.287.000.000	694,836.00	.00	.00				
FUND BALANCE	-369,314.14	.00	.00	-369,314.14			
81.330.000.000	-369,314.14	.00	.00				

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments		
					Debit	Dr-Rev	Credit Cr-Rev
* TOTAL LIABILITIES	2,390,911.93 2,405,206.24	15,694.27 94,121.80	24,659.85 88,793.07	2,399,877.51			
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R E V E N U E S							
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BCWD 81.398.810.700	96,432.99 .00	.00 .00	31,364.43 127,797.42	127,797.42			
AUGUSTA 81.398.810.701	19,215.65 .00	.00 .00	.00 19,215.65	19,215.65			
* TOTAL REVENUES	115,648.64 .00	.00 .00	31,364.43 147,013.07	147,013.07			
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MAINTENANCE SALARIES 81.399.810.105	48,534.50 .00	12,111.29 60,645.79	.00 .00	60,645.79			
MAINTENANCE HEALTH INSURANCE 81.399.810.107	1,619.10 .00	.00 1,619.10	.00 .00	1,619.10			
OFFICE SALARIES 81.399.810.110	8,414.40 .00	3,337.82 11,752.22	.00 .00	11,752.22			
OFFICE HEALTH INSURANCE 81.399.810.112	1,417.19 .00	.00 1,417.19	.00 .00	1,417.19			
BUILDING GAS 81.399.810.233	23.70 .00	11.85 35.55	.00 .00	35.55			
TESTING 81.399.810.802	948.50 .00	211.50 1,160.00	.00 .00	1,160.00			
REPAIRS 81.399.810.803	6,917.01 .00	5,776.49 12,693.50	.00 .00	12,693.50			
TRAVEL & TRAINING 81.399.810.804	.00 .00	240.00 240.00	.00 .00	240.00			
ELECTRIC 81.399.810.805	11,692.51 .00	6,930.22 18,622.73	.00 .00	18,622.73			
PHONES 81.399.810.806	365.09 .00	181.17 546.26	.00 .00	546.26			
INSURANCE 81.399.810.807	4,085.61 .00	1,127.13 5,212.74	.00 .00	5,212.74			



TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
CHEMICALS 81.399.810.808	9,612.06 .00	10,356.99 19,969.05	.00 .00	19,969.05			
OFFICE SUPPLIES 81.399.810.809	22.07 .00	.00 22.07	.00 .00	22.07			
CHARGEBACK ITEM 81.399.999.200	125.00 .00	.00 125.00	.00 .00	125.00			
* TOTAL EXPENSES	93,776.74 .00	40,284.46 134,061.20	.00 .00	134,061.20			
*** GRAND TOTALS	.00 .00	87,343.16 375,196.07	87,343.16 375,196.07	.00			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit Cr-Rev
<b>A S S E T S</b>							
CASH IN BANK - WTP 81.102.000.000	34,422.37 34,450.26	31,872.70 115,648.64	24,142.22 107,946.05	42,152.85			
CASH - WTP BOND RESERVE 81.115.000.000	2,280.92 2,280.92	.00 .00	105.00 105.00	2,175.92			
CASH - WTP DEPRECIATION 81.116.000.000	45.87 45.87	.00 .00	20.00 20.00	25.87			
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	44,657.56 44,657.56	.00 .00	.00 .00	44,657.56			
WATER TREATMENT PLANT 81.150.000.000	3,788,640.51 3,788,640.51	.00 .00	.00 .00	3,788,640.51			
ACCUMULATED DEPRECIATION 81.151.000.000	-1,464,868.88 -1,464,868.88	.00 .00	.00 .00	-1,464,868.88			
* TOTAL ASSETS	2,405,178.35 2,405,206.24	31,872.70 115,648.64	24,267.22 108,071.05	2,412,783.83			
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE 81.201.000.001	-10,005.74 4,288.57	12,903.84 78,427.53	12,903.84 64,133.22	-10,005.74			
ACCRUED VACATION 81.205.000.000	880.00 880.00	.00 .00	.00 .00	880.00			
DUE TO/DUE FROM 81.209.000.000	29,137.99 29,137.99	.00 .00	.00 .00	29,137.99			
BONDS-1996 81.230.000.000	1,293,800.00 1,293,800.00	.00 .00	.00 .00	1,293,800.00			
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00			
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82			
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00			
FUND BALANCE 81.330.000.000	-369,314.14 -369,314.14	.00 .00	.00 .00	-369,314.14			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit Cr-Rev
* TOTAL LIABILITIES	2,390,911.93	12,903.84	12,903.84	2,390,911.93			
	2,405,206.24	78,427.53	64,133.22				
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BCWD	64,560.29	.00	31,872.70	96,432.99			
81.398.810.700	.00	.00	96,432.99				
AUGUSTA	19,215.65	.00	.00	19,215.65			
81.398.810.701	.00	.00	19,215.65				
* TOTAL REVENUES	83,775.94	.00	31,872.70	115,648.64			
	.00	.00	115,648.64				
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MAINTENANCE SALARIES	39,656.37	8,878.13	.00	48,534.50			
81.399.810.105	.00	48,534.50	.00				
MAINTENANCE HEALTH INSURANCE	1,619.10	.00	.00	1,619.10			
81.399.810.107	.00	1,619.10	.00				
OFFICE SALARIES	6,220.55	2,193.85	.00	8,414.40			
81.399.810.110	.00	8,414.40	.00				
OFFICE HEALTH INSURANCE	1,417.19	.00	.00	1,417.19			
81.399.810.112	.00	1,417.19	.00				
BUILDING GAS	11.85	11.85	.00	23.70			
81.399.810.233	.00	23.70	.00				
TESTING	404.00	544.50	.00	948.50			
81.399.810.802	.00	948.50	.00				
REPAIRS	6,521.15	395.86	.00	6,917.01			
81.399.810.803	.00	6,917.01	.00				
ELECTRIC	5,888.89	5,803.62	.00	11,692.51			
81.399.810.805	.00	11,692.51	.00				
PHONES	183.31	181.78	.00	365.09			
81.399.810.806	.00	365.09	.00				
INSURANCE	2,958.54	1,127.07	.00	4,085.61			
81.399.810.807	.00	4,085.61	.00				
CHEMICALS	4,628.57	4,983.49	.00	9,612.06			
81.399.810.808	.00	9,612.06	.00				

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments		
					Debit	Dr-Rev	Credit Cr-Rev
OFFICE SUPPLIES 81.399.810.809	.00 .00	22.07 22.07	.00 .00	22.07			
CHARGEBACK ITEM 81.399.999.200	.00 .00	125.00 125.00	.00 .00	125.00			
* TOTAL EXPENSES	69,509.52 .00	24,267.22 93,776.74	.00 .00	93,776.74			
*** GRAND TOTALS	.00 .00	69,043.76 287,852.91	69,043.76 287,852.91	.00			

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments	
					Debit	Dr-Rev Credit Cr-Rev
<b>A S S E T S</b>						
CASH IN BANK - WTP 81.102.000.000	33,695.36 34,450.26	39,816.41 83,775.94	39,089.40 83,803.83	34,422.37		
CASH - WTP BOND RESERVE 81.115.000.000	2,280.92 2,280.92	.00 .00	.00 .00	2,280.92		
CASH - WTP DEPRECIATION 81.116.000.000	45.87 45.87	.00 .00	.00 .00	45.87		
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	44,657.56 44,657.56	.00 .00	.00 .00	44,657.56		
WATER TREATMENT PLANT 81.150.000.000	3,788,640.51 3,788,640.51	.00 .00	.00 .00	3,788,640.51		
ACCUMULATED DEPRECIATION 81.151.000.000	-1,464,868.88 -1,464,868.88	.00 .00	.00 .00	-1,464,868.88		
* TOTAL ASSETS	2,404,451.34 2,405,206.24	39,816.41 83,775.94	39,089.40 83,803.83	2,405,178.35		
<b>L I A B I L I T I E S</b>						
ACCOUNTS PAYABLE 81.201.000.001	-6,091.77 4,288.57	25,846.65 65,523.69	21,932.68 51,229.38	-10,005.74		
ACCRUED VACATION 81.205.000.000	880.00 880.00	.00 .00	.00 .00	880.00		
DUE TO/DUE FROM 81.209.000.000	29,137.99 29,137.99	.00 .00	.00 .00	29,137.99		
BONDS-1996 81.230.000.000	1,293,800.00 1,293,800.00	.00 .00	.00 .00	1,293,800.00		
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00		
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82		
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00		
FUND BALANCE 81.330.000.000	-369,314.14 -369,314.14	.00 .00	.00 .00	-369,314.14		

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments	
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev Credit Cr-Rev
* TOTAL LIABILITIES	2,394,825.90	25,846.65	21,932.68	2,390,911.93		
	2,405,206.24	65,523.69	51,229.38			
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BCWD	34,500.05	.00	30,060.24	64,560.29		
81.398.810.700	.00	.00	64,560.29			
AUGUSTA	9,459.48	.00	9,756.17	19,215.65		
81.398.810.701	.00	.00	19,215.65			
* TOTAL REVENUES	43,959.53	.00	39,816.41	83,775.94		
	.00	.00	83,775.94			
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MAINTENANCE SALARIES	26,788.49	12,867.88	.00	39,656.37		
81.399.810.105	.00	39,656.37	.00			
MAINTENANCE HEALTH INSURANCE	1,619.10	.00	.00	1,619.10		
81.399.810.107	.00	1,619.10	.00			
OFFICE SALARIES	2,093.84	4,126.71	.00	6,220.55		
81.399.810.110	.00	6,220.55	.00			
OFFICE HEALTH INSURANCE	1,417.19	.00	.00	1,417.19		
81.399.810.112	.00	1,417.19	.00			
BUILDING GAS	.00	11.85	.00	11.85		
81.399.810.233	.00	11.85	.00			
TESTING	.00	404.00	.00	404.00		
81.399.810.802	.00	404.00	.00			
REPAIRS	443.11	6,078.04	.00	6,521.15		
81.399.810.803	.00	6,521.15	.00			
ELECTRIC	.00	5,888.89	.00	5,888.89		
81.399.810.805	.00	5,888.89	.00			
PHONES	.00	183.31	.00	183.31		
81.399.810.806	.00	183.31	.00			
INSURANCE	1,972.36	986.18	.00	2,958.54		
81.399.810.807	.00	2,958.54	.00			
CHEMICALS	.00	4,628.57	.00	4,628.57		
81.399.810.808	.00	4,628.57	.00			

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments			
					Debit	Dr-Rev	Credit	Cr-Rev
* TOTAL EXPENSES	34,334.09 .00	35,175.43 69,509.52	.00 .00	69,509.52				
*** GRAND TOTALS	.00 .00	100,838.49 218,809.15	100,838.49 218,809.15	.00				

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
<b>A S S E T S</b>							
CASH IN BANK - WTP 81.102.000.000	34,450.26 34,450.26	43,959.53 43,959.53	44,714.43 44,714.43	33,695.36			
CASH - WTP BOND RESERVE 81.115.000.000	2,280.92 2,280.92	.00 .00	.00 .00	2,280.92			
CASH - WTP DEPRECIATION 81.116.000.000	45.87 45.87	.00 .00	.00 .00	45.87			
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	44,657.56 44,657.56	.00 .00	.00 .00	44,657.56			
WATER TREATMENT PLANT 81.150.000.000	3,788,640.51 3,788,640.51	.00 .00	.00 .00	3,788,640.51			
ACCUMULATED DEPRECIATION 81.151.000.000	-1,464,868.88 -1,464,868.88	.00 .00	.00 .00	-1,464,868.88			
* TOTAL ASSETS	2,405,206.24 2,405,206.24	43,959.53 43,959.53	44,714.43 44,714.43	2,404,451.34			
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE 81.201.000.001	4,288.57 4,288.57	39,677.04 39,677.04	29,296.70 29,296.70	-6,091.77			
ACCRUED VACATION 81.205.000.000	880.00 880.00	.00 .00	.00 .00	880.00			
DUE TO/DUE FROM 81.209.000.000	29,137.99 29,137.99	.00 .00	.00 .00	29,137.99			
BONDS-1996 81.230.000.000	1,293,800.00 1,293,800.00	.00 .00	.00 .00	1,293,800.00			
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00			
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82			
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00			
FUND BALANCE 81.330.000.000	-369,314.14 -369,314.14	.00 .00	.00 .00	-369,314.14			



Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit Cr-Rev
* TOTAL LIABILITIES	2,405,206.24	39,677.04	29,296.70	2,394,825.90			
	2,405,206.24	39,677.04	29,296.70				
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R E V E N U E S							
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BCWD	.00	.00	34,500.05	34,500.05			
81.398.810.700	.00	.00	34,500.05				
AUGUSTA	.00	.00	9,459.48	9,459.48			
81.398.810.701	.00	.00	9,459.48				
* TOTAL REVENUES	.00	.00	43,959.53	43,959.53			
	.00	.00	43,959.53				
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MAINTENANCE SALARIES	.00	26,788.49	.00	26,788.49			
81.399.810.105	.00	26,788.49	.00				
MAINTENANCE HEALTH INSURANCE	.00	1,619.10	.00	1,619.10			
81.399.810.107	.00	1,619.10	.00				
OFFICE SALARIES	.00	2,093.84	.00	2,093.84			
81.399.810.110	.00	2,093.84	.00				
OFFICE HEALTH INSURANCE	.00	1,417.19	.00	1,417.19			
81.399.810.112	.00	1,417.19	.00				
REPAIRS	.00	443.11	.00	443.11			
81.399.810.803	.00	443.11	.00				
INSURANCE	.00	1,972.36	.00	1,972.36			
81.399.810.807	.00	1,972.36	.00				
* TOTAL EXPENSES	.00	34,334.09	.00	34,334.09			
	.00	34,334.09	.00				
*** GRAND TOTALS	.00	117,970.66	117,970.66	.00			
	.00	117,970.66	117,970.66				

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments		
					Debit	Dr-Rev	Credit Cr-Rev
<b>A S S E T S</b>							
CASH IN BANK - WTP 81.102.000.000	34,450.26 34,450.26	.00 .00	.00 .00	34,450.26			
CASH - WTP BOND RESERVE 81.115.000.000	2,280.92 2,280.92	.00 .00	.00 .00	2,280.92			
CASH - WTP DEPRECIATION 81.116.000.000	45.87 45.87	.00 .00	.00 .00	45.87			
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	44,657.56 44,657.56	.00 .00	.00 .00	44,657.56			
WATER TREATMENT PLANT 81.150.000.000	3,788,640.51 3,788,640.51	.00 .00	.00 .00	3,788,640.51			
ACCUMULATED DEPRECIATION 81.151.000.000	-1,464,868.88 -1,464,868.88	.00 .00	.00 .00	-1,464,868.88			
* TOTAL ASSETS	2,405,206.24 2,405,206.24	.00 .00	.00 .00	2,405,206.24			
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE 81.201.000.001	4,288.57 4,288.57	.00 .00	.00 .00	4,288.57			
ACCRUED VACATION 81.205.000.000	880.00 880.00	.00 .00	.00 .00	880.00			
DUE TO/DUE FROM 81.209.000.000	29,137.99 29,137.99	.00 .00	.00 .00	29,137.99			
BONDS-1996 81.230.000.000	1,293,800.00 1,293,800.00	.00 .00	.00 .00	1,293,800.00			
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00			
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82			
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00			
FUND BALANCE 81.330.000.000	-369,314.14 -369,314.14	.00 .00	.00 .00	-369,314.14			

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments			
					Debit	Dr-Rev	Credit	Cr-Rev
* TOTAL LIABILITIES	2,405,206.24 2,405,206.24	.00 .00	.00 .00	2,405,206.24				

REVENUES

EXPENSES

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments		
					Debit	Dr-Rev	Credit Cr-Rev
<b>A S S E T S</b>							
CASH IN BANK - WTP 81.102.000.000	56,710.79 21,051.53	35,725.19 433,209.54	37,418.93 399,244.02	55,017.05			
CASH - WTP BOND RESERVE 81.115.000.000	1,906.10 31,092.97	.00 30,000.00	.00 59,186.87	1,906.10			
CASH - WTP DEPRECIATION 81.116.000.000	55.87 55.87	.00 .00	.00 .00	55.87			
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	43,966.30 43,966.30	.00 .00	.00 .00	43,966.30			
WATER TREATMENT PLANT 81.150.000.000	3,781,773.86 3,781,773.86	.00 .00	.00 .00	3,781,773.86			
ACCUMULATED DEPRECIATION 81.151.000.000	-1,359,648.68 -1,359,648.68	.00 .00	.00 .00	-1,359,648.68			
* TOTAL ASSETS	2,524,764.24 2,518,291.85	35,725.19 463,209.54	37,418.93 458,430.89	2,523,070.50			
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE 81.201.000.001	-10,668.97 6,699.98	18,129.43 244,251.25	18,129.43 226,882.30	-10,668.97			
DUE TO/DUE FROM 81.209.000.000	45,137.99 45,137.99	.00 .00	.00 .00	45,137.99			
BONDS-1996 81.230.000.000	1,322,700.00 1,322,700.00	.00 .00	.00 .00	1,322,700.00			
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00			
CONTRIBUTED CAPITAL-CDEG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82			
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00			
FUND BALANCE 81.330.000.000	-302,659.94 -302,659.94	.00 .00	.00 .00	-302,659.94			
* TOTAL LIABILITIES	2,500,922.90 2,518,291.85	18,129.43 244,251.25	18,129.43 226,882.30	2,500,922.90			
<b>R E V E N U E S</b>							

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments	
					Debit	Dr-Rev Credit Cr-Rev
BCWD 81.398.810.700	298,857.99 .00	.00 .00	28,640.01 327,498.00	327,498.00		
AUGUSTA 81.398.810.701	90,398.36 .00	.00 .00	7,085.18 97,483.54	97,483.54		
MISCELLANEOUS 81.398.810.702	8,228.00 .00	.00 .00	.00 8,228.00	8,228.00		
WTP BOND RESERVE 81.398.810.703	30,000.00 .00	.00 .00	.00 30,000.00	30,000.00		
* TOTAL REVENUES	427,484.35 .00	.00 .00	35,725.19 463,209.54	463,209.54		
<b>E X P E N S E S</b>						
MAINTENANCE SALARIES 81.399.810.105	92,888.40 .00	11,099.45 103,987.85	.00 .00	103,987.85		
MAINTENANCE HEALTH INSURANCE 81.399.810.107	1,334.04 .00	2,288.70 3,622.74	.00 .00	3,622.74		
OFFICE SALARIES 81.399.810.110	26,962.27 .00	3,615.35 30,577.62	.00 .00	30,577.62		
OFFICE HEALTH INSURANCE 81.399.810.112	4,488.74 .00	1,119.85 5,608.59	.00 .00	5,608.59		
AUDIT 81.399.810.211	1,700.00 .00	.00 1,700.00	.00 .00	1,700.00		
LEGAL CONTRACT 81.399.810.212	.00 .00	1,200.00 1,200.00	.00 .00	1,200.00		
COPIER 81.399.810.221	332.73 .00	521.84 854.57	.00 .00	854.57		
BUILDING GAS 81.399.810.233	11,733.68 .00	307.97 12,041.65	.00 .00	12,041.65		
BOND RETIREMENT PRINCIPAL-A 81.399.810.611	21,500.00 .00	.00 21,500.00	.00 .00	21,500.00		
BOND RETIREMENT P-B 81.399.810.612	6,100.00 .00	.00 6,100.00	.00 .00	6,100.00		
BOND RETIREMENT INT.-A 81.399.810.613	21,352.50 .00	.00 21,352.50	.00 .00	21,352.50		

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
BOND RETIREMENT INT-B 81.399.810.614	6,839.62 .00	.00 6,839.62	.00 .00	6,839.62			
BOND RETIREMENT - PRIN C 81.399.810.618	1,300.00 .00	.00 1,300.00	.00 .00	1,300.00			
BOND RETIREMENT - INT C 81.399.810.619	2,094.75 .00	.00 2,094.75	.00 .00	2,094.75			
TESTING 81.399.810.802	3,383.50 .00	291.50 3,675.00	.00 .00	3,675.00			
REPAIRS 81.399.810.803	30,578.10 .00	1,776.26 32,354.36	.00 .00	32,354.36			
TRAVEL & TRAINING 81.399.810.804	423.30 .00	.00 423.30	.00 .00	423.30			
ELECTRIC 81.399.810.805	44,015.65 .00	5,314.57 49,330.22	.00 .00	49,330.22			
PHONES 81.399.810.806	1,561.33 .00	171.81 1,733.14	.00 .00	1,733.14			
INSURANCE 81.399.810.807	10,879.31 .00	986.18 11,865.49	.00 .00	11,865.49			
CHEMICALS 81.399.810.808	68,928.63 .00	7,565.17 76,493.80	.00 .00	76,493.80			
OFFICE SUPPLIES 81.399.810.809	246.46 .00	133.33 379.79	.00 .00	379.79			
WTP BOND RESERVE 81.399.810.811	30,000.00 .00	.00 30,000.00	.00 .00	30,000.00			
CHARGEBACK ITEM 81.399.999.200	.00 .00	26.95 26.95	.00 .00	26.95			
TRANSFERS 81.399.999.210	15,000.00 .00	1,000.00 16,000.00	.00 .00	16,000.00			
* TOTAL EXPENSES	403,643.01 .00	37,418.93 441,061.94	.00 .00	441,061.94			
*** GRAND TOTALS	.00 .00	91,273.55 1,148,522.73	91,273.55 1,148,522.73	.00			

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments	
					Debit	Dr-Rev Credit Cr-Rev
<b>A S S E T S</b>						
CASH IN BANK - WTP 81.102.000.000	51,232.90 21,051.53	37,562.98 397,484.35	32,085.09 361,825.09	56,710.79		
CASH - WTP BOND RESERVE 81.115.000.000	1,906.10 31,092.97	.00 30,000.00	.00 59,186.87	1,906.10		
CASH - WTP DEPRECIATION 81.116.000.000	55.87 55.87	.00 .00	.00 .00	55.87		
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	43,966.30 43,966.30	.00 .00	.00 .00	43,966.30		
WATER TREATMENT PLANT 81.150.000.000	3,781,773.86 3,781,773.86	.00 .00	.00 .00	3,781,773.86		
ACCUMULATED DEPRECIATION 81.151.000.000	-1,359,648.68 -1,359,648.68	.00 .00	.00 .00	-1,359,648.68		
* TOTAL ASSETS	2,519,286.35 2,518,291.85	37,562.98 427,484.35	32,085.09 421,011.96	2,524,764.24		
<b>L I A B I L I T I E S</b>						
ACCOUNTS PAYABLE 81.201.000.001	-10,668.97 6,699.98	20,355.72 226,121.82	20,355.72 208,752.87	-10,668.97		
DUE TO/DUE FROM 81.209.000.000	45,137.99 45,137.99	.00 .00	.00 .00	45,137.99		
BONDS-1996 81.230.000.000	1,322,700.00 1,322,700.00	.00 .00	.00 .00	1,322,700.00		
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00		
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82		
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00		
FUND BALANCE 81.330.000.000	-302,659.94 -302,659.94	.00 .00	.00 .00	-302,659.94		
* TOTAL LIABILITIES	2,500,922.90 2,518,291.85	20,355.72 226,121.82	20,355.72 208,752.87	2,500,922.90		
<b>R E V E N U E S</b>						

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments	
					Debit	Dr-Rev Credit Cr-Rev
BCWD 81.398.810.700	269,482.69 .00	.00 .00	29,375.30 298,857.99	298,857.99		
AUGUSTA 81.398.810.701	82,210.68 .00	.00 .00	8,187.68 90,398.36	90,398.36		
MISCELLANEOUS 81.398.810.702	8,228.00 .00	.00 .00	.00 8,228.00	8,228.00		
WTP BOND RESERVE 81.398.810.703	30,000.00 .00	.00 .00	.00 30,000.00	30,000.00		
* TOTAL REVENUES	389,921.37 .00	.00 .00	37,562.98 427,484.35	427,484.35		
<hr/>						
E X P E N S E S						
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MAINTENANCE SALARIES 81.399.810.105	84,423.84 .00	8,464.56 92,888.40	.00 .00	92,888.40		
MAINTENANCE HEALTH INSURANCE 81.399.810.107	1,334.04 .00	.00 1,334.04	.00 .00	1,334.04		
OFFICE SALARIES 81.399.810.110	23,836.66 .00	3,125.61 26,962.27	.00 .00	26,962.27		
OFFICE HEALTH INSURANCE 81.399.810.112	4,488.74 .00	.00 4,488.74	.00 .00	4,488.74		
AUDIT 81.399.810.211	1,700.00 .00	.00 1,700.00	.00 .00	1,700.00		
COPIER 81.399.810.221	.00 .00	332.73 332.73	.00 .00	332.73		
BUILDING GAS 81.399.810.233	8,893.25 .00	2,840.43 11,733.68	.00 .00	11,733.68		
BOND RETIREMENT PRINCIPAL-A 81.399.810.611	21,500.00 .00	.00 21,500.00	.00 .00	21,500.00		
BOND RETIREMENT P-B 81.399.810.612	6,100.00 .00	.00 6,100.00	.00 .00	6,100.00		
BOND RETIREMENT INT.-A 81.399.810.613	21,352.50 .00	.00 21,352.50	.00 .00	21,352.50		
BOND RETIREMENT INT-B 81.399.810.614	6,839.62 .00	.00 6,839.62	.00 .00	6,839.62		



TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
BOND RETIREMENT - PRIN C 81.399.810.618	1,300.00 .00	.00 1,300.00	.00 .00	1,300.00			
BOND RETIREMENT - INT C 81.399.810.619	2,094.75 .00	.00 2,094.75	.00 .00	2,094.75			
TESTING 81.399.810.802	3,038.00 .00	345.50 3,383.50	.00 .00	3,383.50			
REPAIRS 81.399.810.803	29,321.27 .00	1,256.83 30,578.10	.00 .00	30,578.10			
TRAVEL & TRAINING 81.399.810.804	423.30 .00	.00 423.30	.00 .00	423.30			
ELECTRIC 81.399.810.805	39,182.00 .00	4,833.65 44,015.65	.00 .00	44,015.65			
PHONES 81.399.810.806	1,388.40 .00	172.93 1,561.33	.00 .00	1,561.33			
INSURANCE 81.399.810.807	9,893.13 .00	986.18 10,879.31	.00 .00	10,879.31			
CHEMICALS 81.399.810.808	61,201.96 .00	7,726.67 68,928.63	.00 .00	68,928.63			
OFFICE SUPPLIES 81.399.810.809	246.46 .00	.00 246.46	.00 .00	246.46			
WTP BOND RESERVE 81.399.810.811	30,000.00 .00	.00 30,000.00	.00 .00	30,000.00			
TRANSFERS 81.399.999.210	13,000.00 .00	2,000.00 15,000.00	.00 .00	15,000.00			
* TOTAL EXPENSES	371,557.92 .00	32,085.09 403,643.01	.00 .00	403,643.01			
*** GRAND TOTALS	.00 .00	90,003.79 1,057,249.18	90,003.79 1,057,249.18	.00			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
<b>A S S E T S</b>							
CASH IN BANK - WTP	61,586.85	44,828.21	55,182.16	51,232.90			
81.102.000.000	21,051.53	359,921.37	329,740.00				
CASH - WTP BOND RESERVE	1,906.10	.00	.00	1,906.10			
81.115.000.000	31,092.97	30,000.00	59,186.87				
CASH - WTP DEPRECIATION	55.87	.00	.00	55.87			
81.116.000.000	55.87	.00	.00				
ACCOUNTS RECEIVABLE-BCWD	43,966.30	.00	.00	43,966.30			
81.123.003.000	43,966.30	.00	.00				
WATER TREATMENT PLANT	3,781,773.86	.00	.00	3,781,773.86			
81.150.000.000	3,781,773.86	.00	.00				
ACCUMULATED DEPRECIATION	-1,359,648.68	.00	.00	-1,359,648.68			
81.151.000.000	-1,359,648.68	.00	.00				
* TOTAL ASSETS	2,529,640.30	44,828.21	55,182.16	2,519,286.35			
	2,518,291.85	389,921.37	388,926.87				
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE	-10,668.97	45,573.68	45,573.68	-10,668.97			
81.201.000.001	6,699.98	205,766.10	188,397.15				
DUE TO/DUE FROM	45,137.99	.00	.00	45,137.99			
81.209.000.000	45,137.99	.00	.00				
BONDS-1996	1,322,700.00	.00	.00	1,322,700.00			
81.230.000.000	1,322,700.00	.00	.00				
ACCRUED INT. PAYABLE	5,986.00	.00	.00	5,986.00			
81.240.000.000	5,986.00	.00	.00				
CONTRIBUTED CAPITAL-CDBG	745,591.82	.00	.00	745,591.82			
81.285.000.000	745,591.82	.00	.00				
GRANT-REC	694,836.00	.00	.00	694,836.00			
81.287.000.000	694,836.00	.00	.00				
FUND BALANCE	-302,659.94	.00	.00	-302,659.94			
81.330.000.000	-302,659.94	.00	.00				
* TOTAL LIABILITIES	2,500,922.90	45,573.68	45,573.68	2,500,922.90			
	2,518,291.85	205,766.10	188,397.15				
<b>R E V E N U E S</b>							

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments				
					Debit	Dr-Rev	Credit	Cr-Rev	
BCWD 81.398.810.700	240,991.30 .00	.00 .00	28,491.39 269,482.69	269,482.69					
AUGUSTA 81.398.810.701	65,873.86 .00	.00 .00	16,336.82 82,210.68	82,210.68					
MISCELLANEOUS 81.398.810.702	8,228.00 .00	.00 .00	.00 8,228.00	8,228.00					
WTP BOND RESERVE 81.398.810.703	30,000.00 .00	.00 .00	.00 30,000.00	30,000.00					
* TOTAL REVENUES	345,093.16 .00	.00 .00	44,828.21 389,921.37	389,921.37					
<b>E X P E N S E S</b>									
MAINTENANCE SALARIES 81.399.810.105	77,020.39 .00	7,403.45 84,423.84	.00 .00	84,423.84					
MAINTENANCE HEALTH INSURANCE 81.399.810.107	1,334.04 .00	.00 1,334.04	.00 .00	1,334.04					
OFFICE SALARIES 81.399.810.110	21,770.84 .00	2,065.82 23,836.66	.00 .00	23,836.66					
OFFICE HEALTH INSURANCE 81.399.810.112	4,488.74 .00	.00 4,488.74	.00 .00	4,488.74					
AUDIT 81.399.810.211	1,700.00 .00	.00 1,700.00	.00 .00	1,700.00					
BUILDING GAS 81.399.810.233	6,138.10 .00	2,755.15 8,893.25	.00 .00	8,893.25					
BOND RETIREMENT PRINCIPAL-A 81.399.810.611	21,500.00 .00	.00 21,500.00	.00 .00	21,500.00					
BOND RETIREMENT P-B 81.399.810.612	6,100.00 .00	.00 6,100.00	.00 .00	6,100.00					
BOND RETIREMENT INT.-A 81.399.810.613	21,352.50 .00	.00 21,352.50	.00 .00	21,352.50					
BOND RETIREMENT INT-B 81.399.810.614	6,839.62 .00	.00 6,839.62	.00 .00	6,839.62					
BOND RETIREMENT - PRIN C 81.399.810.618	1,300.00 .00	.00 1,300.00	.00 .00	1,300.00					

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
BOND RETIREMENT - INT C 81.399.810.619	2,094.75 .00	.00 2,094.75	.00 .00	2,094.75			
TESTING 81.399.810.802	2,931.50 .00	106.50 3,038.00	.00 .00	3,038.00			
REPAIRS 81.399.810.803	20,574.15 .00	8,747.12 29,321.27	.00 .00	29,321.27			
TRAVEL & TRAINING 81.399.810.804	423.30 .00	.00 423.30	.00 .00	423.30			
ELECTRIC 81.399.810.805	27,238.46 .00	11,943.54 39,182.00	.00 .00	39,182.00			
PHONES 81.399.810.806	1,218.77 .00	169.63 1,388.40	.00 .00	1,388.40			
INSURANCE 81.399.810.807	8,906.95 .00	986.18 9,893.13	.00 .00	9,893.13			
CHEMICALS 81.399.810.808	50,197.19 .00	11,004.77 61,201.96	.00 .00	61,201.96			
OFFICE SUPPLIES 81.399.810.809	246.46 .00	.00 246.46	.00 .00	246.46			
WTP BOND RESERVE 81.399.810.811	30,000.00 .00	.00 30,000.00	.00 .00	30,000.00			
TRANSFERS 81.399.999.210	3,000.00 .00	10,000.00 13,000.00	.00 .00	13,000.00			
* TOTAL EXPENSES	316,375.76 .00	55,182.16 371,557.92	.00 .00	371,557.92			
*** GRAND TOTALS	.00 .00	145,584.05 967,245.39	145,584.05 967,245.39	.00			

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
<b>A S S E T S</b>							
CASH IN BANK - WTP 81.102.000.000	52,632.66 21,051.53	39,400.66 315,093.16	30,446.47 274,557.84	61,586.85			
CASH - WTP BOND RESERVE 81.115.000.000	1,906.10 31,092.97	.00 30,000.00	.00 59,186.87	1,906.10			
CASH - WTP DEPRECIATION 81.116.000.000	55.87 55.87	.00 .00	.00 .00	55.87			
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	43,966.30 43,966.30	.00 .00	.00 .00	43,966.30			
WATER TREATMENT PLANT 81.150.000.000	3,781,773.86 3,781,773.86	.00 .00	.00 .00	3,781,773.86			
ACCUMULATED DEPRECIATION 81.151.000.000	-1,359,648.68 -1,359,648.68	.00 .00	.00 .00	-1,359,648.68			
* TOTAL ASSETS	2,520,686.11 2,518,291.85	39,400.66 345,093.16	30,446.47 333,744.71	2,529,640.30			
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE 81.201.000.001	-10,668.97 6,699.98	16,726.19 160,192.42	16,726.19 142,823.47	-10,668.97			
DUE TO/DUE FROM 81.209.000.000	45,137.99 45,137.99	.00 .00	.00 .00	45,137.99			
BONDS-1996 81.230.000.000	1,322,700.00 1,322,700.00	.00 .00	.00 .00	1,322,700.00			
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00			
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82			
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00			
FUND BALANCE 81.330.000.000	-302,659.94 -302,659.94	.00 .00	.00 .00	-302,659.94			
* TOTAL LIABILITIES	2,500,922.90 2,518,291.85	16,726.19 160,192.42	16,726.19 142,823.47	2,500,922.90			
<b>R E V E N U E S</b>							

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit Cr-Rev
BCWD 81.398.810.700	209,818.64 .00	.00 .00	31,172.66 240,991.30	240,991.30			
AUGUSTA 81.398.810.701	65,873.86 .00	.00 .00	.00 65,873.86	65,873.86			
MISCELLANEOUS 81.398.810.702	.00 .00	.00 .00	8,228.00 8,228.00	8,228.00			
WTP BOND RESERVE 81.398.810.703	30,000.00 .00	.00 .00	.00 30,000.00	30,000.00			
* TOTAL REVENUES	305,692.50 .00	.00 .00	39,400.66 345,093.16	345,093.16			
<hr/> <b>E X P E N S E S</b> <hr/>							
MAINTENANCE SALARIES 81.399.810.105	67,635.27 .00	9,385.12 77,020.39	.00 .00	77,020.39			
MAINTENANCE HEALTH INSURANCE 81.399.810.107	1,334.04 .00	.00 1,334.04	.00 .00	1,334.04			
OFFICE SALARIES 81.399.810.110	17,509.73 .00	4,261.11 21,770.84	.00 .00	21,770.84			
OFFICE HEALTH INSURANCE 81.399.810.112	4,488.74 .00	.00 4,488.74	.00 .00	4,488.74			
AUDIT 81.399.810.211	464.00 .00	1,236.00 1,700.00	.00 .00	1,700.00			
BUILDING GAS 81.399.810.233	4,082.99 .00	2,055.11 6,138.10	.00 .00	6,138.10			
BOND RETIREMENT PRINCIPAL-A 81.399.810.611	21,500.00 .00	.00 21,500.00	.00 .00	21,500.00			
BOND RETIREMENT P-B 81.399.810.612	6,100.00 .00	.00 6,100.00	.00 .00	6,100.00			
BOND RETIREMENT INT.-A 81.399.810.613	21,352.50 .00	.00 21,352.50	.00 .00	21,352.50			
BOND RETIREMENT INT-B 81.399.810.614	6,839.62 .00	.00 6,839.62	.00 .00	6,839.62			
BOND RETIREMENT - PRIN C 81.399.810.618	1,300.00 .00	.00 1,300.00	.00 .00	1,300.00			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
BOND RETIREMENT - INT C 81.399.810.619	2,094.75 .00	.00 2,094.75	.00 .00	2,094.75			
TESTING 81.399.810.802	2,755.00 .00	176.50 2,931.50	.00 .00	2,931.50			
REPAIRS 81.399.810.803	17,745.11 .00	2,829.04 20,574.15	.00 .00	20,574.15			
TRAVEL & TRAINING 81.399.810.804	423.30 .00	.00 423.30	.00 .00	423.30			
ELECTRIC 81.399.810.805	27,238.46 .00	.00 27,238.46	.00 .00	27,238.46			
PHONES 81.399.810.806	1,031.03 .00	187.74 1,218.77	.00 .00	1,218.77			
INSURANCE 81.399.810.807	7,920.77 .00	986.18 8,906.95	.00 .00	8,906.95			
CHEMICALS 81.399.810.808	43,966.12 .00	6,231.07 50,197.19	.00 .00	50,197.19			
OFFICE SUPPLIES 81.399.810.809	147.86 .00	98.60 246.46	.00 .00	246.46			
WTP BOND RESERVE 81.399.810.811	30,000.00 .00	.00 30,000.00	.00 .00	30,000.00			
TRANSFERS 81.399.999.210	.00 .00	3,000.00 3,000.00	.00 .00	3,000.00			
* TOTAL EXPENSES	285,929.29 .00	30,446.47 316,375.76	.00 .00	316,375.76			
*** GRAND TOTALS	.00 .00	86,573.32 821,661.34	86,573.32 821,661.34	.00			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
<b>A S S E T S</b>							
CASH IN BANK - WTP	42,553.29	47,325.66	37,246.29	52,632.66			
81.102.000.000	21,051.53	275,692.50	244,111.37				
CASH - WTP BOND RESERVE	1,906.10	.00	.00	1,906.10			
81.115.000.000	31,092.97	30,000.00	59,186.87				
CASH - WTP DEPRECIATION	55.87	.00	.00	55.87			
81.116.000.000	55.87	.00	.00				
ACCOUNTS RECEIVABLE-BCWD	43,966.30	.00	.00	43,966.30			
81.123.003.000	43,966.30	.00	.00				
WATER TREATMENT PLANT	3,781,773.86	.00	.00	3,781,773.86			
81.150.000.000	3,781,773.86	.00	.00				
ACCUMULATED DEPRECIATION	-1,359,648.68	.00	.00	-1,359,648.68			
81.151.000.000	-1,359,648.68	.00	.00				
* TOTAL ASSETS	2,510,606.74	47,325.66	37,246.29	2,520,686.11			
	2,518,291.85	305,692.50	303,298.24				
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE	-10,668.97	18,812.46	18,812.46	-10,668.97			
81.201.000.001	6,699.98	143,466.23	126,097.28				
DUE TO/DUE FROM	45,137.99	.00	.00	45,137.99			
81.209.000.000	45,137.99	.00	.00				
BONDS-1996	1,322,700.00	.00	.00	1,322,700.00			
81.230.000.000	1,322,700.00	.00	.00				
ACCRUED INT. PAYABLE	5,986.00	.00	.00	5,986.00			
81.240.000.000	5,986.00	.00	.00				
CONTRIBUTED CAPITAL-CDBG	745,591.82	.00	.00	745,591.82			
81.285.000.000	745,591.82	.00	.00				
GRANT-REC	694,836.00	.00	.00	694,836.00			
81.287.000.000	694,836.00	.00	.00				
FUND BALANCE	-302,659.94	.00	.00	-302,659.94			
81.330.000.000	-302,659.94	.00	.00				
* TOTAL LIABILITIES	2,500,922.90	18,812.46	18,812.46	2,500,922.90			
	2,518,291.85	143,466.23	126,097.28				
<b>R E V E N U E S</b>							



Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments		
					Debit	Dr-Rev Credit Cr-Rev	
BCWD 81.398.810.700	179,230.21 .00	.00 .00	30,588.43 209,818.64	209,818.64			
AUGUSTA 81.398.810.701	49,136.63 .00	.00 .00	16,737.23 65,873.86	65,873.86			
WTP BOND RESERVE 81.398.810.703	30,000.00 .00	.00 .00	.00 30,000.00	30,000.00			
* TOTAL REVENUES	258,366.84 .00	.00 .00	47,325.66 305,692.50	305,692.50			
<b>E X P E N S E S</b>							
MAINTENANCE SALARIES 81.399.810.105	52,909.45 .00	14,725.82 67,635.27	.00 .00	67,635.27			
MAINTENANCE HEALTH INSURANCE 81.399.810.107	1,334.04 .00	.00 1,334.04	.00 .00	1,334.04			
OFFICE SALARIES 81.399.810.110	13,885.03 .00	3,624.70 17,509.73	.00 .00	17,509.73			
OFFICE HEALTH INSURANCE 81.399.810.112	4,488.74 .00	.00 4,488.74	.00 .00	4,488.74			
AUDIT 81.399.810.211	464.00 .00	.00 464.00	.00 .00	464.00			
BUILDING GAS 81.399.810.233	894.31 .00	3,188.68 4,082.99	.00 .00	4,082.99			
BOND RETIREMENT PRINCIPAL-A 81.399.810.611	21,500.00 .00	.00 21,500.00	.00 .00	21,500.00			
BOND RETIREMENT P-B 81.399.810.612	6,100.00 .00	.00 6,100.00	.00 .00	6,100.00			
BOND RETIREMENT INT.-A 81.399.810.613	21,352.50 .00	.00 21,352.50	.00 .00	21,352.50			
BOND RETIREMENT INT-B 81.399.810.614	6,839.62 .00	.00 6,839.62	.00 .00	6,839.62			
BOND RETIREMENT - PRIN C 81.399.810.618	1,300.00 .00	.00 1,300.00	.00 .00	1,300.00			
BOND RETIREMENT - INT C 81.399.810.619	2,094.75 .00	.00 2,094.75	.00 .00	2,094.75			

CITY OF AUGUSTA  
 TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments	
					Debit	Dr-Rev Credit Cr-Rev
TESTING 81.399.810.802	2,262.00 .00	493.00 2,755.00	.00 .00	2,755.00		
REPAIRS 81.399.810.803	12,516.77 .00	5,228.34 17,745.11	.00 .00	17,745.11		
TRAVEL & TRAINING 81.399.810.804	233.30 .00	190.00 423.30	.00 .00	423.30		
ELECTRIC 81.399.810.805	27,238.46 .00	.00 27,238.46	.00 .00	27,238.46		
PHONES 81.399.810.806	857.16 .00	173.87 1,031.03	.00 .00	1,031.03		
INSURANCE 81.399.810.807	6,934.59 .00	986.18 7,920.77	.00 .00	7,920.77		
CHEMICALS 81.399.810.808	35,441.34 .00	8,524.78 43,966.12	.00 .00	43,966.12		
OFFICE SUPPLIES 81.399.810.809	36.94 .00	110.92 147.86	.00 .00	147.86		
WTP BOND RESERVE 81.399.810.811	30,000.00 .00	.00 30,000.00	.00 .00	30,000.00		
* TOTAL EXPENSES	248,683.00 .00	37,246.29 285,929.29	.00 .00	285,929.29		
*** GRAND TOTALS	.00 .00	103,384.41 735,088.02	103,384.41 735,088.02	.00		

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit Cr-Rev
<hr/> <b>A S S E T S</b> <hr/>							
CASH IN BANK - WTP 81.102.000.000	63,118.92 21,051.53	27,628.49 228,366.84	48,194.12 206,865.08	42,553.29			
CASH - WTP BOND RESERVE 81.115.000.000	31,092.97 31,092.97	30,000.00 30,000.00	59,186.87 59,186.87	1,906.10			
CASH - WTP DEPRECIATION 81.116.000.000	55.87 55.87	.00 .00	.00 .00	55.87			
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	43,966.30 43,966.30	.00 .00	.00 .00	43,966.30			
WATER TREATMENT PLANT 81.150.000.000	3,781,773.86 3,781,773.86	.00 .00	.00 .00	3,781,773.86			
ACCUMULATED DEPRECIATION 81.151.000.000	-1,359,648.68 -1,359,648.68	.00 .00	.00 .00	-1,359,648.68			
* TOTAL ASSETS	2,560,359.24 2,518,291.85	57,628.49 258,366.84	107,380.99 266,051.95	2,510,606.74			
<hr/> <b>L I A B I L I T I E S</b> <hr/>							
ACCOUNTS PAYABLE 81.201.000.001	-10,668.97 6,699.98	8,600.84 124,653.77	8,600.84 107,284.82	-10,668.97			
DUE TO/DUE FROM 81.209.000.000	45,137.99 45,137.99	.00 .00	.00 .00	45,137.99			
BONDS-1996 81.230.000.000	1,322,700.00 1,322,700.00	.00 .00	.00 .00	1,322,700.00			
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00			
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82			
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00			
FUND BALANCE 81.330.000.000	-302,659.94 -302,659.94	.00 .00	.00 .00	-302,659.94			
* TOTAL LIABILITIES	2,500,922.90 2,518,291.85	8,600.84 124,653.77	8,600.84 107,284.82	2,500,922.90			
<hr/> <b>R E V E N U E S</b> <hr/>							

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit Cr-Rev
BCWD 81.398.810.700	151,601.72 .00	.00 .00	27,628.49 179,230.21	179,230.21			
AUGUSTA 81.398.810.701	49,136.63 .00	.00 .00	.00 49,136.63	49,136.63			
WTP BOND RESERVE 81.398.810.703	.00 .00	.00 .00	30,000.00 30,000.00	30,000.00			
* TOTAL REVENUES	200,738.35 .00	.00 .00	57,628.49 258,366.84	258,366.84			
<b>E X P E N S E S</b>							
MAINTENANCE SALARIES 81.399.810.105	45,832.45 .00	7,077.00 52,909.45	.00 .00	52,909.45			
MAINTENANCE HEALTH INSURANCE 81.399.810.107	1,334.04 .00	.00 1,334.04	.00 .00	1,334.04			
OFFICE SALARIES 81.399.810.110	11,582.95 .00	2,302.08 13,885.03	.00 .00	13,885.03			
OFFICE HEALTH INSURANCE 81.399.810.112	4,488.74 .00	.00 4,488.74	.00 .00	4,488.74			
AUDIT 81.399.810.211	.00 .00	464.00 464.00	.00 .00	464.00			
BUILDING GAS 81.399.810.233	894.31 .00	.00 894.31	.00 .00	894.31			
BOND RETIREMENT PRINCIPAL-A 81.399.810.611	.00 .00	21,500.00 21,500.00	.00 .00	21,500.00			
BOND RETIREMENT P-B 81.399.810.612	.00 .00	6,100.00 6,100.00	.00 .00	6,100.00			
BOND RETIREMENT INT.-A 81.399.810.613	.00 .00	21,352.50 21,352.50	.00 .00	21,352.50			
BOND RETIREMENT INT-B 81.399.810.614	.00 .00	6,839.62 6,839.62	.00 .00	6,839.62			
BOND RETIREMENT - PRIN C 81.399.810.618	.00 .00	1,300.00 1,300.00	.00 .00	1,300.00			
BOND RETIREMENT - INT C 81.399.810.619	.00 .00	2,094.75 2,094.75	.00 .00	2,094.75			

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
TESTING 81.399.810.802	2,262.00 .00	.00 2,262.00	.00 .00	2,262.00			
REPAIRS 81.399.810.803	11,393.25 .00	1,123.52 12,516.77	.00 .00	12,516.77			
TRAVEL & TRAINING 81.399.810.804	233.30 .00	.00 233.30	.00 .00	233.30			
ELECTRIC 81.399.810.805	22,150.75 .00	5,087.71 27,238.46	.00 .00	27,238.46			
PHONES 81.399.810.806	689.71 .00	167.45 857.16	.00 .00	857.16			
INSURANCE 81.399.810.807	4,962.23 .00	1,972.36 6,934.59	.00 .00	6,934.59			
CHEMICALS 81.399.810.808	35,441.34 .00	.00 35,441.34	.00 .00	35,441.34			
OFFICE SUPPLIES 81.399.810.809	36.94 .00	.00 36.94	.00 .00	36.94			
WTP BOND RESERVE 81.399.810.811	.00 .00	30,000.00 30,000.00	.00 .00	30,000.00			
* TOTAL EXPENSES	141,302.01 .00	107,380.99 248,683.00	.00 .00	248,683.00			
*** GRAND TOTALS	.00 .00	173,610.32 631,703.61	173,610.32 631,703.61	.00			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
<b>A S S E T S</b>							
CASH IN BANK - WTP	53,716.85	38,273.01	28,870.94	63,118.92			
81.102.000.000	21,051.53	200,738.35	158,670.96				
CASH - WTP BOND RESERVE	31,092.97	.00	.00	31,092.97			
81.115.000.000	31,092.97	.00	.00				
CASH - WTP DEPRECIATION	55.87	.00	.00	55.87			
81.116.000.000	55.87	.00	.00				
ACCOUNTS RECEIVABLE-BCWD	43,966.30	.00	.00	43,966.30			
81.123.003.000	43,966.30	.00	.00				
WATER TREATMENT PLANT	3,781,773.86	.00	.00	3,781,773.86			
81.150.000.000	3,781,773.86	.00	.00				
ACCUMULATED DEPRECIATION	-1,359,648.68	.00	.00	-1,359,648.68			
81.151.000.000	-1,359,648.68	.00	.00				
* TOTAL ASSETS	2,550,957.17	38,273.01	28,870.94	2,560,359.24			
	2,518,291.85	200,738.35	158,670.96				
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE	-10,668.97	18,987.60	18,987.60	-10,668.97			
81.201.000.001	6,699.98	116,052.93	98,683.98				
DUE TO/DUE FROM	45,137.99	.00	.00	45,137.99			
81.209.000.000	45,137.99	.00	.00				
BONDS-1996	1,322,700.00	.00	.00	1,322,700.00			
81.230.000.000	1,322,700.00	.00	.00				
ACCRUED INT. PAYABLE	5,986.00	.00	.00	5,986.00			
81.240.000.000	5,986.00	.00	.00				
CONTRIBUTED CAPITAL-CDBG	745,591.82	.00	.00	745,591.82			
81.285.000.000	745,591.82	.00	.00				
GRANT-REC	694,836.00	.00	.00	694,836.00			
81.287.000.000	694,836.00	.00	.00				
FUND BALANCE	-302,659.94	.00	.00	-302,659.94			
81.330.000.000	-302,659.94	.00	.00				
* TOTAL LIABILITIES	2,500,922.90	18,987.60	18,987.60	2,500,922.90			
	2,518,291.85	116,052.93	98,683.98				
<b>R E V E N U E S</b>							

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
BCWD 81.398.810.700	123,844.44 .00	.00 .00	27,757.28 151,601.72	151,601.72			
AUGUSTA 81.398.810.701	38,620.90 .00	.00 .00	10,515.73 49,136.63	49,136.63			
* TOTAL REVENUES	162,465.34 .00	.00 .00	38,273.01 200,738.35	200,738.35			
<b>E X P E N S E S</b>							
MAINTENANCE SALARIES 81.399.810.105	39,245.78 .00	6,586.67 45,832.45	.00 .00	45,832.45			
MAINTENANCE HEALTH INSURANCE 81.399.810.107	1,334.04 .00	.00 1,334.04	.00 .00	1,334.04			
OFFICE SALARIES 81.399.810.110	8,583.78 .00	2,999.17 11,582.95	.00 .00	11,582.95			
OFFICE HEALTH INSURANCE 81.399.810.112	4,488.74 .00	.00 4,488.74	.00 .00	4,488.74			
BUILDING GAS 81.399.810.233	283.11 .00	611.20 894.31	.00 .00	894.31			
TESTING 81.399.810.802	1,980.50 .00	281.50 2,262.00	.00 .00	2,262.00			
REPAIRS 81.399.810.803	7,687.85 .00	3,705.40 11,393.25	.00 .00	11,393.25			
TRAVEL & TRAINING 81.399.810.804	233.30 .00	.00 233.30	.00 .00	233.30			
ELECTRIC 81.399.810.805	17,091.02 .00	5,059.73 22,150.75	.00 .00	22,150.75			
PHONES 81.399.810.806	520.04 .00	169.67 689.71	.00 .00	689.71			
INSURANCE 81.399.810.807	2,989.80 .00	1,972.43 4,962.23	.00 .00	4,962.23			
CHEMICALS 81.399.810.808	27,956.17 .00	7,485.17 35,441.34	.00 .00	35,441.34			
OFFICE SUPPLIES 81.399.810.809	36.94 .00	.00 36.94	.00 .00	36.94			

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
* TOTAL EXPENSES	112,431.07	28,870.94	.00	141,302.01			
	.00	141,302.01	.00				
*** GRAND TOTALS	.00	86,131.55	86,131.55	.00			
	.00	458,093.29	458,093.29				



Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments	
					Debit	Dr-Rev Credit Cr-Rev
<b>A S S E T S</b>						
CASH IN BANK - WTP 81.102.000.000	26,738.57 21,051.53	46,060.59 162,465.34	19,082.31 129,800.02	53,716.85		
CASH - WTP BOND RESERVE 81.115.000.000	31,092.97 31,092.97	.00 .00	.00 .00	31,092.97		
CASH - WTP DEPRECIATION 81.116.000.000	55.87 55.87	.00 .00	.00 .00	55.87		
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	43,966.30 43,966.30	.00 .00	.00 .00	43,966.30		
WATER TREATMENT PLANT 81.150.000.000	3,781,773.86 3,781,773.86	.00 .00	.00 .00	3,781,773.86		
ACCUMULATED DEPRECIATION 81.151.000.000	-1,359,648.68 -1,359,648.68	.00 .00	.00 .00	-1,359,648.68		
* TOTAL ASSETS	2,523,978.89 2,518,291.85	46,060.59 162,465.34	19,082.31 129,800.02	2,550,957.17		
<b>L I A B I L I T I E S</b>						
ACCOUNTS PAYABLE 81.201.000.001	-10,668.97 6,699.98	8,003.93 97,065.33	8,003.93 79,696.38	-10,668.97		
DUE TO/DUE FROM 81.209.000.000	45,137.99 45,137.99	.00 .00	.00 .00	45,137.99		
BONDS-1996 81.230.000.000	1,322,700.00 1,322,700.00	.00 .00	.00 .00	1,322,700.00		
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00		
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82		
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00		
FUND BALANCE 81.330.000.000	-302,659.94 -302,659.94	.00 .00	.00 .00	-302,659.94		
* TOTAL LIABILITIES	2,500,922.90 2,518,291.85	8,003.93 97,065.33	8,003.93 79,696.38	2,500,922.90		
<b>R E V E N U E S</b>						

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments	
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev Credit Cr-Rev
BCWD 81.398.810.700	97,048.16 .00	.00 .00	26,796.28 123,844.44	123,844.44		
AUGUSTA 81.398.810.701	19,356.59 .00	.00 .00	19,264.31 38,620.90	38,620.90		
* TOTAL REVENUES	116,404.75 .00	.00 .00	46,060.59 162,465.34	162,465.34		
<b>E X P E N S E S</b>						
MAINTENANCE SALARIES 81.399.810.105	33,266.94 .00	5,978.84 39,245.78	.00 .00	39,245.78		
MAINTENANCE HEALTH INSURANCE 81.399.810.107	672.52 .00	661.52 1,334.04	.00 .00	1,334.04		
OFFICE SALARIES 81.399.810.110	6,623.45 .00	1,960.33 8,583.78	.00 .00	8,583.78		
OFFICE HEALTH INSURANCE 81.399.810.112	2,249.05 .00	2,239.69 4,488.74	.00 .00	4,488.74		
BUILDING GAS 81.399.810.233	23.70 .00	259.41 283.11	.00 .00	283.11		
TESTING 81.399.810.802	1,734.00 .00	246.50 1,980.50	.00 .00	1,980.50		
REPAIRS 81.399.810.803	6,557.32 .00	1,130.53 7,687.85	.00 .00	7,687.85		
TRAVEL & TRAINING 81.399.810.804	233.30 .00	.00 233.30	.00 .00	233.30		
ELECTRIC 81.399.810.805	11,550.45 .00	5,540.57 17,091.02	.00 .00	17,091.02		
PHONES 81.399.810.806	352.02 .00	168.02 520.04	.00 .00	520.04		
INSURANCE 81.399.810.807	2,989.80 .00	.00 2,989.80	.00 .00	2,989.80		
CHEMICALS 81.399.810.808	27,059.27 .00	896.90 27,956.17	.00 .00	27,956.17		
OFFICE SUPPLIES 81.399.810.809	36.94 .00	.00 36.94	.00 .00	36.94		

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
* TOTAL EXPENSES	93,348.76	19,082.31	.00	112,431.07			
	.00	112,431.07	.00		_____	_____	_____
*** GRAND TOTALS	.00	73,146.83	73,146.83	.00			
	.00	371,961.74	371,961.74		_____	_____	_____

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
<b>A S S E T S</b>							
CASH IN BANK - WTP	16,131.65	40,869.85	30,262.93	26,738.57			
81.102.000.000	21,051.53	116,404.75	110,717.71				
CASH - WTP BOND RESERVE	31,092.97	.00	.00	31,092.97			
81.115.000.000	31,092.97	.00	.00				
CASH - WTP DEPRECIATION	55.87	.00	.00	55.87			
81.116.000.000	55.87	.00	.00				
ACCOUNTS RECEIVABLE-BCWD	43,966.30	.00	.00	43,966.30			
81.123.003.000	43,966.30	.00	.00				
WATER TREATMENT PLANT	3,781,773.86	.00	.00	3,781,773.86			
81.150.000.000	3,781,773.86	.00	.00				
ACCUMULATED DEPRECIATION	-1,359,648.68	.00	.00	-1,359,648.68			
81.151.000.000	-1,359,648.68	.00	.00				
* TOTAL ASSETS	2,513,371.97	40,869.85	30,262.93	2,523,978.89			
	2,518,291.85	116,404.75	110,717.71				
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE	-10,474.97	20,760.57	20,566.57	-10,668.97			
81.201.000.001	6,699.98	89,061.40	71,692.45				
DUE TO/DUE FROM	45,137.99	.00	.00	45,137.99			
81.209.000.000	45,137.99	.00	.00				
BONDS-1996	1,322,700.00	.00	.00	1,322,700.00			
81.230.000.000	1,322,700.00	.00	.00				
ACCRUED INT. PAYABLE	5,986.00	.00	.00	5,986.00			
81.240.000.000	5,986.00	.00	.00				
CONTRIBUTED CAPITAL-CDBG	745,591.82	.00	.00	745,591.82			
81.285.000.000	745,591.82	.00	.00				
GRANT-REC	694,836.00	.00	.00	694,836.00			
81.287.000.000	694,836.00	.00	.00				
FUND BALANCE	-302,659.94	.00	.00	-302,659.94			
81.330.000.000	-302,659.94	.00	.00				
* TOTAL LIABILITIES	2,501,116.90	20,760.57	20,566.57	2,500,922.90			
	2,518,291.85	89,061.40	71,692.45				
<b>R E V E N U E S</b>							

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments		
					Debit	Dr-Rev	Credit Cr-Rev
BCWD 81.398.810.700	65,859.99 .00	.00 .00	31,188.17 97,048.16	97,048.16			
AUGUSTA 81.398.810.701	9,674.91 .00	.00 .00	9,681.68 19,356.59	19,356.59			
* TOTAL REVENUES	75,534.90 .00	.00 .00	40,869.85 116,404.75	116,404.75			
<hr/>							
E X P E N S E S							
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MAINTENANCE SALARIES 81.399.810.105	27,232.92 .00	6,034.02 33,266.94	.00 .00	33,266.94			
MAINTENANCE HEALTH INSURANCE 81.399.810.107	330.76 .00	341.76 672.52	.00 .00	672.52			
OFFICE SALARIES 81.399.810.110	4,670.05 .00	1,953.40 6,623.45	.00 .00	6,623.45			
OFFICE HEALTH INSURANCE 81.399.810.112	1,119.85 .00	1,129.20 2,249.05	.00 .00	2,249.05			
BUILDING GAS 81.399.810.233	11.85 .00	11.85 23.70	.00 .00	23.70			
TESTING 81.399.810.802	246.50 .00	1,487.50 1,734.00	.00 .00	1,734.00			
REPAIRS 81.399.810.803	3,706.77 .00	2,850.55 6,557.32	.00 .00	6,557.32			
TRAVEL & TRAINING 81.399.810.804	63.31 .00	169.99 233.30	.00 .00	233.30			
ELECTRIC 81.399.810.805	6,386.39 .00	5,164.06 11,550.45	.00 .00	11,550.45			
PHONES 81.399.810.806	182.36 .00	169.66 352.02	.00 .00	352.02			
INSURANCE 81.399.810.807	2,989.80 .00	.00 2,989.80	.00 .00	2,989.80			
CHEMICALS 81.399.810.808	16,339.27 .00	10,720.00 27,059.27	.00 .00	27,059.27			
OFFICE SUPPLIES 81.399.810.809	.00 .00	36.94 36.94	.00 .00	36.94			

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
* TOTAL EXPENSES	63,279.83	30,068.93	.00	93,348.76			
	.00	93,348.76	.00				
*** GRAND TOTALS	.00	91,699.35	91,699.35	.00			
	.00	298,814.91	298,814.91				

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments	
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev Credit Cr-Rev
<b>A S S E T S</b>						
CASH IN BANK - WTP 81.102.000.000	13,620.47 21,051.53	32,298.80 75,534.90	29,787.62 80,454.78	16,131.65		
CASH - WTP BOND RESERVE 81.115.000.000	31,092.97 31,092.97	.00 .00	.00 .00	31,092.97		
CASH - WTP DEPRECIATION 81.116.000.000	55.87 55.87	.00 .00	.00 .00	55.87		
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	43,966.30 43,966.30	.00 .00	.00 .00	43,966.30		
WATER TREATMENT PLANT 81.150.000.000	3,781,773.86 3,781,773.86	.00 .00	.00 .00	3,781,773.86		
ACCUMULATED DEPRECIATION 81.151.000.000	-1,359,648.68 -1,359,648.68	.00 .00	.00 .00	-1,359,648.68		
* TOTAL ASSETS	2,510,860.79 2,518,291.85	32,298.80 75,534.90	29,787.62 80,454.78	2,513,371.97		
<b>L I A B I L I T I E S</b>						
ACCOUNTS PAYABLE 81.201.000.001	-10,474.97 6,699.98	16,800.95 68,300.83	16,800.95 51,125.88	-10,474.97		
DUE TO/DUE FROM 81.209.000.000	45,137.99 45,137.99	.00 .00	.00 .00	45,137.99		
BONDS-1996 81.230.000.000	1,322,700.00 1,322,700.00	.00 .00	.00 .00	1,322,700.00		
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00		
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82		
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00		
FUND BALANCE 81.330.000.000	-302,659.94 -302,659.94	.00 .00	.00 .00	-302,659.94		
* TOTAL LIABILITIES	2,501,116.90 2,518,291.85	16,800.95 68,300.83	16,800.95 51,125.88	2,501,116.90		
<b>R E V E N U E S</b>						

CITY OF AUGUSTA  
TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
BCWD 81.398.810.700	33,561.19 .00	.00 .00	32,298.80 65,859.99	65,859.99			
AUGUSTA 81.398.810.701	9,674.91 .00	.00 .00	.00 9,674.91	9,674.91			
* TOTAL REVENUES	43,236.10 .00	.00 .00	32,298.80 75,534.90	75,534.90			
<hr/>							
E X P E N S E S							
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MAINTENANCE SALARIES 81.399.810.105	18,308.96 .00	8,923.96 27,232.92	.00 .00	27,232.92			
MAINTENANCE HEALTH INSURANCE 81.399.810.107	.00 .00	330.76 330.76	.00 .00	330.76			
OFFICE SALARIES 81.399.810.110	1,945.95 .00	2,724.10 4,670.05	.00 .00	4,670.05			
OFFICE HEALTH INSURANCE 81.399.810.112	.00 .00	1,119.85 1,119.85	.00 .00	1,119.85			
BUILDING GAS 81.399.810.233	.00 .00	11.85 11.85	.00 .00	11.85			
TESTING 81.399.810.802	.00 .00	246.50 246.50	.00 .00	246.50			
REPAIRS 81.399.810.803	1,760.80 .00	1,945.97 3,706.77	.00 .00	3,706.77			
TRAVEL & TRAINING 81.399.810.804	.00 .00	63.31 63.31	.00 .00	63.31			
ELECTRIC 81.399.810.805	.00 .00	6,386.39 6,386.39	.00 .00	6,386.39			
PHONES 81.399.810.806	.00 .00	182.36 182.36	.00 .00	182.36			
INSURANCE 81.399.810.807	1,993.20 .00	996.60 2,989.80	.00 .00	2,989.80			
CHEMICALS 81.399.810.808	9,483.30 .00	6,855.97 16,339.27	.00 .00	16,339.27			
* TOTAL EXPENSES	33,492.21 .00	29,787.62 63,279.83	.00 .00	63,279.83			



TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit Cr-Rev
*** GRAND TOTALS	.00	78,887.37	78,887.37	.00			
	.00	207,115.56	207,115.56				

Account Title Number	Beg-Bal-Mo	Debits/MTD	Credits/MTD	Ending Balance	Adjustments		
	Beg-Bal-Yr	Debits/YTD	Credits/YTD		Debit	Dr-Rev	Credit
<b>A S S E T S</b>							
CASH IN BANK - WTP 81.102.000.000	21,051.53 21,051.53	43,236.10 43,236.10	50,667.16 50,667.16	13,620.47			
CASH - WTP BOND RESERVE 81.115.000.000	31,092.97 31,092.97	.00 .00	.00 .00	31,092.97			
CASH - WTP DEPRECIATION 81.116.000.000	55.87 55.87	.00 .00	.00 .00	55.87			
ACCOUNTS RECEIVABLE-BCWD 81.123.003.000	43,966.30 43,966.30	.00 .00	.00 .00	43,966.30			
WATER TREATMENT PLANT 81.150.000.000	3,781,773.86 3,781,773.86	.00 .00	.00 .00	3,781,773.86			
ACCUMULATED DEPRECIATION 81.151.000.000	-1,359,648.68 -1,359,648.68	.00 .00	.00 .00	-1,359,648.68			
* TOTAL ASSETS	2,518,291.85 2,518,291.85	43,236.10 43,236.10	50,667.16 50,667.16	2,510,860.79			
<b>L I A B I L I T I E S</b>							
ACCOUNTS PAYABLE 81.201.000.001	6,699.98 6,699.98	51,499.88 51,499.88	34,324.93 34,324.93	-10,474.97			
DUE TO/DUE FROM 81.209.000.000	45,137.99 45,137.99	.00 .00	.00 .00	45,137.99			
BONDS-1996 81.230.000.000	1,322,700.00 1,322,700.00	.00 .00	.00 .00	1,322,700.00			
ACCRUED INT. PAYABLE 81.240.000.000	5,986.00 5,986.00	.00 .00	.00 .00	5,986.00			
CONTRIBUTED CAPITAL-CDBG 81.285.000.000	745,591.82 745,591.82	.00 .00	.00 .00	745,591.82			
GRANT-REC 81.287.000.000	694,836.00 694,836.00	.00 .00	.00 .00	694,836.00			
FUND BALANCE 81.330.000.000	-302,659.94 -302,659.94	.00 .00	.00 .00	-302,659.94			
* TOTAL LIABILITIES	2,518,291.85 2,518,291.85	51,499.88 51,499.88	34,324.93 34,324.93	2,501,116.90			
<b>R E V E N U E S</b>							

TRIAL BALANCE - WTP FUND

Account Title Number	Beg-Bal-Mo Beg-Bal-Yr	Debits/MTD Debits/YTD	Credits/MTD Credits/YTD	Ending Balance	Adjustments		
					Debit	Dr-Rev	Credit Cr-Rev
BCWD	.00	.00	33,561.19	33,561.19			
81.398.810.700	.00	.00	33,561.19				
AUGUSTA	.00	.00	9,674.91	9,674.91			
81.398.810.701	.00	.00	9,674.91				
* TOTAL REVENUES	.00	.00	43,236.10	43,236.10			
	.00	.00	43,236.10				
<b>E X P E N S E S</b>							
MAINTENANCE SALARIES	.00	18,308.96	.00	18,308.96			
81.399.810.105	.00	18,308.96	.00				
OFFICE SALARIES	.00	1,945.95	.00	1,945.95			
81.399.810.110	.00	1,945.95	.00				
REPAIRS	.00	1,760.80	.00	1,760.80			
81.399.810.803	.00	1,760.80	.00				
INSURANCE	.00	1,993.20	.00	1,993.20			
81.399.810.807	.00	1,993.20	.00				
CHEMICALS	.00	9,483.30	.00	9,483.30			
81.399.810.808	.00	9,483.30	.00				
* TOTAL EXPENSES	.00	33,492.21	.00	33,492.21			
	.00	33,492.21	.00				
*** GRAND TOTALS	.00	128,228.19	128,228.19	.00			
	.00	128,228.19	128,228.19				

# EXHIBIT 5

ORDINANCE NO. 95-2

AN ORDINANCE OF THE CITY OF AUGUSTA, KENTUCKY, PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE CITY'S MUNICIPAL WATER SYSTEM; AUTHORIZING THE ISSUANCE OF THE CITY'S \$1,500,000 WATER SYSTEM REVENUE BONDS, 1995 SERIES A AND B, TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); MAKING PROVISIONS FOR THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE REVENUES OF SAID WATER SYSTEM, AND FOR THE ALLOCATION THEREOF TO VARIOUS SPECIAL FUNDS HEREIN CREATED, IN ORDER TO PROVIDE FOR THE ORDERLY PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS HEREIN AUTHORIZED; SETTING FORTH CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SAID REVENUES AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

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ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF AUGUSTA, KENTUCKY, PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE CITY'S MUNICIPAL WATER SYSTEM; AUTHORIZING THE ISSUANCE OF THE CITY'S \$1,500,000 WATER SYSTEM REVENUE BONDS, 1995 SERIES A AND B, TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); MAKING PROVISIONS FOR THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE REVENUES OF SAID WATER SYSTEM, AND FOR THE ALLOCATION THEREOF TO VARIOUS SPECIAL FUNDS HEREIN CREATED, IN ORDER TO PROVIDE FOR THE ORDERLY PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS HEREIN AUTHORIZED; SETTING FORTH CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SAID REVENUES AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

WHEREAS, the City of Augusta, Kentucky (the "City"), has long owned and operated its municipal water system (the "System") on a revenue-producing basis; and

WHEREAS, portions of the System are inadequate to serve the present and future needs of the City, and in that connection the City has received a certain offer from the United States Department of Agriculture ("USDA"), to make a loan to the City of \$1,500,000, to be supplemented by grant funds not to exceed \$1,481,000 and City funds in the amount of \$70,000, in order to aid in financing the construction and installation of major improvements and additions to the System, all pursuant to plans, specifications and designs prepared by Mayes, Sudderth & Etheredge, Inc., Lexington, Kentucky (the "Project"); and

WHEREAS, it is the opinion and determination of the Council and Mayor of the City that the public health, safety and general welfare of the citizens and inhabitants of the City and its environs will be further promoted and served by the immediate construction and installation of the Project, and in this connection the aforesaid plans, specifications and designs for the Project have been approved by the City and Kentucky State supervisory authorities having jurisdiction thereof, and construction bids have been duly solicited and received in the manner required by law; and

WHEREAS, it has been determined that it is feasible to undertake the construction and installation of the Project, and it is now appropriate for the City to provide for borrowing the aforesaid sum of \$1,500,000 (representing the amount of the USDA loan) by means of the issuance and sale of its Water System Revenue Bonds, 1995 Series A and B (the "Bonds"), according to authority of Sections 96.350 to 96.510, inclusive, of the Kentucky Revised Statutes ("KRS"); and the Bonds shall be payable as to both principal and interest solely (except as to capitalized interest) from the City's income and revenues derived from the operation of the System and shall not constitute an indebtedness of the City within the meaning of debt-limiting provisions of the Constitution of Kentucky;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF AUGUSTA, KENTUCKY, ACTING BY AND THROUGH ITS COUNCIL, AS FOLLOWS:

SECTION 1

AFFIRMATION OF PREAMBLE RECITALS:  
AUTHORIZATION OF THE PROJECT:  
DECLARATION OF NECESSITY

All statements and recitals set forth in the preamble of this Ordinance, including the terms defined therein, are hereby affirmed and adopted as a part of this Ordinance.

It is hereby further determined and declared to be necessary in the interests of the general welfare of the citizens and inhabitants of the City of Augusta, Kentucky (the "City"), that the City undertake at this time the construction and installation of major improvements and additions (the "Project") to the City's municipal water system, all substantially according to the plans, specifications and designs prepared for the City by Mayes, Sudderth & Etheredge, Inc., Lexington, Kentucky (the "Engineers"). Immediate undertaking of such construction and installation is hereby authorized.

SECTION 2

PROJECT AND SYSTEM TO BE MUNICIPALLY OWNED AND OPERATED

The construction and installation of the Project is undertaken by the City for public purposes and same shall constitute and be a part of the City's municipal water system (the "System," as expanded and improved by the Project), and so long as any of the Bonds hereinafter authorized, or bonds permitted to be issued on a parity therewith, shall remain outstanding and unpaid as to principal or interest, the System shall continue to be municipally owned, controlled, operated and maintained by the City for the security and source of payment of the Bonds hereinafter authorized to be issued and any such parity bonds which may be hereafter issued, subject, however, to the provisions of Section 3 hereinafter. The Project is to be constructed,



installed and acquired and the System is to be operated pursuant to the provisions of KRS 96.350 to 96.510, inclusive, and as a public project of the City.

SECTION 3

BOND ISSUE AUTHORIZED: CERTAIN TERMS AND DETAILS

For the purpose of providing funds to defray the costs of the Project (to the extent not otherwise provided to be paid), including all necessary and proper appurtenances, and expenses incident thereto and incident to the issuance of the Bonds hereinafter authorized, there are hereby authorized to be issued the City's Water System Revenue Bonds, 1995 Series A and B (the "Bonds"), in the aggregate principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000), with reservation of right on the part of the City to issue additional bonds in the future, payable from the income and revenues of the System, subject to the conditions and restrictions hereinafter prescribed and set forth. The Bonds hereby authorized shall be offered at public sale as provided in Section 4 hereof and shall be issuable in two Series, 1995 Series A in the principal amount of \$1,160,000 and 1995 Series B in the principal amount of \$340,000, in each case as a single fully registered bond as provided in Section 5 hereof.

The Bonds shall be dated as of the date of delivery to the original purchaser thereof, shall mature as to principal in installments on December 1 in each of the years 1998 to 2035, inclusive, as set forth in the schedules appearing below; and shall bear interest from their date until payment of principal, such interest to the respective maturity dates to be payable semiannually on June 1 and December 1 of each year, and such interest to be at such rates as may be established by a supplemental Resolution/Municipal Order or Ordinance upon the basis of competition among bidders upon the occasion of the advertised, public, competitive sale of the Bonds as hereinafter provided. The installments of principal of the Bonds, in fully registered form as aforesaid, shall be as set forth in the following schedules:

1995 Series A Maturity Schedule  
(\$1,160,000)

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
1998	\$ 11,000	2011	\$ 20,000	2024	\$ 38,500
1999	11,000	2012	21,500	2025	40,000
2000	12,000	2013	22,500	2026	42,500
2001	12,500	2014	23,500	2027	44,000
2002	13,000	2015	24,500	2028	46,500
2003	14,000	2016	26,000	2029	49,000
2004	14,500	2017	27,000	2030	51,500
2005	15,000	2018	28,500	2031	54,000
2006	16,000	2019	30,000	2032	56,500
2007	16,500	2020	31,500	2033	59,500
2008	17,500	2021	33,000	2034	62,500
2009	18,500	2022	35,000	2035	65,000
2010	19,500	2023	36,500		

1995 Series B Maturity Schedule  
(\$340,000)

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
1998	\$ 3,000	2011	\$ 5,800	2024	\$ 11,300
1999	3,100	2012	6,100	2025	11,900
2000	3,300	2013	6,400	2026	12,500
2001	3,500	2014	6,800	2027	13,100
2002	3,600	2015	7,100	2028	13,900
2003	3,900	2016	7,500	2029	14,500
2004	4,000	2017	7,900	2030	15,400
2005	4,300	2018	8,300	2031	16,100
2006	4,500	2019	8,700	2032	17,000
2007	4,700	2020	9,200	2033	17,900
2008	5,000	2021	9,700	2034	18,800
2009	5,200	2022	10,200	2035	19,600
2010	5,500	2023	10,700		

provided, however, that installments of principal of Bonds maturing on and after December 1, 2006, shall be subject to prepayment at the option of the City prior to maturity in whole or from time to time in part in inverse order of maturities (less than all of a single maturity to be selected by lot) on any interest payment date on and after December 1, 2005, upon terms of par plus accrued interest without any prepayment premium, upon thirty (30) days prior written notice mailed to the registered holder or holders of the Bonds; provided, that so long as USDA or any of its assigns is the owner of any of the Bonds, same may be prepaid in whole or in part at any time at par plus accrued interest, and without notice of prepayment or prepayment premium. The Bonds may be prepaid only in increments of \$100.

Both principal of and interest on the Bonds shall be payable, without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, to the registered holder at the address shown on the registration books of the City or, so long as USDA is the registered holder, at the office or address as may be designated by USDA from time to time.

If any City officer whose signature appears on any Bond shall cease to be such officer prior to delivery, such signature shall nevertheless be valid and binding for all purposes, the same as if such officer had continued in office until the time of delivery of such Bond. The Bonds, together with the interest thereon, and any bonds which may hereafter be issued on a basis of parity therewith, shall be payable only out of the Water System Revenue Bonds, Series of 1995 Bond and Interest Sinking Fund, as hereinafter more specifically provided, and shall be a valid claim of the holder thereof only against said Fund and the fixed portion or amount of the revenues of the System which the City has pledged to said Fund, subject to the terms hereof.

#### SECTION 4

##### PROVISIONS RELATING TO SALE OF BOND ISSUE

The Bonds authorized by this Ordinance shall be publicly offered for sale according to a Notice of Sale of Bonds conforming to the requirements of KRS Chapter 424 (and particularly KRS 424.140(3) and KRS 424.360), which shall be published one time, not less than seven (7) days nor more than twenty-one (21) days prior to the date therein specified (by and at the discretion of the Mayor of the City) for the opening and consideration of purchase bids, in each of the following: (a) the local legal newspaper which is qualified under KRS 424.120 to publish advertisements for the City; and (b) the Courier-Journal, Louisville, Kentucky, a legal newspaper having statewide circulation.

Said Notice shall state the name and amount of Bonds to be sold, the time of the sale and other details concerning the Bonds and the sale and shall inform prospective bidders that a copy of the Official Notice of Bond Sale, setting out the maturities, security of the Bonds, provisions as to redemption prior to maturity, and related information, may be obtained from the

City. Such Official Notice shall contain, inter alia, substantially the following bidding requirements:

(A) Bidders shall be limited to institutions or persons having knowledge and experience in financial and business matters who are capable of evaluating the merits and risks of the Bonds and who are not purchasing for more than one account and do not intend to redistribute the Bonds. The City will make available to any such qualified bidder, upon written request, financial and other material information regarding the City and the System in the City's possession. Bidders are required to bid a cash price of not less than par value for the Bonds.

(B) A single interest rate for each Series must be bid in a multiple of 1/8 or 1/10 of one percent.

(C) Bids will be considered only for both Series of Bonds, to be issued as a single fully executed Bond for each Series of Bonds.

(D) Bidders (except USDA) are required to deposit a good faith check by cashier's check or certified check in the minimum amount of 2% of the face amount of the Bonds, which good faith deposit may be applied as partial payment for the Bonds, or as liquidated damages in the event that such bidder, if successful, fails to comply with the terms of his bid.

(E) Preference in award will be given to the bid resulting in the lowest net interest cost to the City.

(F) The lowest net interest cost will be determined by deducting the total amount of any premium bid from the aggregate amount of interest upon the Bonds bid for, computed from the first day of the month following the date of sale of the Bonds (even though the Bonds will bear interest only from the date of delivery) to the final maturity specified in each respective bid.

(G) The City expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the Bonds at the office of the City Clerk within 45 days after the date of sale thereof. If the Bonds are not ready for delivery and payment within forty-five days from the aforesaid date of sale, the successful bidder shall be relieved of any liability to accept delivery of the Bonds, except that Bonds purchased by any agency of the Federal government will be delivered to it at a place and time designated by such agency in accordance with its established practices and procedures.

(H) The City reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.

(I) The City will furnish the Bonds, together with customary closing documents, including no-litigation certificate.

(J) The Bonds will be tendered within said 45-day period and the successful bidder will receive the approving legal opinion of Harper, Ferguson & Davis, Bond Counsel, Louisville,

Kentucky, as to the legality of and tax-exempt status of interest on the Bonds, without additional cost to the successful bidder.

In the event that there is no bid, or that all bids are rejected, the City may re-advertise the sale pursuant to this Ordinance.

Bond Counsel having submitted to the City Council forms of the Notice of Sale of Bonds and the Official Notice of Bond Sale, together with an Official Bid Form for use by all bidders except USDA, said documents are hereby approved and authorized for use in connection with the aforesaid sale of the Bonds.

### SECTION 5

#### BONDS TO BE ISSUED IN FULLY REGISTERED FORM: BOND FORM

Upon the sale of the Bonds, the City shall issue a single Bond numbered R-1 (hereinafter referred to as a "Fully Registered Bond") for each Series. Each Fully Registered Bond shall be in the aggregate principal amount of the Series it represents, maturing as to principal in installments as set out in Section 3 hereof. Each Fully Registered Bond shall be of type composition, on paper of sufficient weight and strength to prevent deterioration until the last day of maturity of any installment of principal as stated therein, and shall conform in size to standard practice. Each Fully Registered Bond shall, upon execution on behalf of the City (which execution shall be by manual signatures of the Mayor and City Clerk of the City, and actual impression of the corporate seal), constitute a part of the Bond issue herein authorized and referred to, shall be non-negotiable, without interest coupons, registered as to principal and interest, payable as directed by the payee, and be in substantially the form hereinafter set forth.

The City hereby directs that books for the registration and for the transfer of each Fully Registered Bond shall be kept by the Treasurer, who is hereby appointed as Bond Registrar in connection with such Bond. Each Fully Registered Bond shall be transferable only upon said Bond Registrar's books at the request of the registered holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Treasurer duly executed by the registered holder or his duly authorized attorney. Upon the transfer of the Fully Registered Bond, the City shall issue in the name of the transferee a new Fully Registered Bond of the same unpaid principal amount and maturities and otherwise identical to the surrendered Fully Registered Bond. The person in whose name the Fully Registered Bond shall be properly registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal thereof or interest thereon shall be made only to or upon the order of the registered holder thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Fully Registered Bond to the extent of the sum or sums so paid. The face amount of the Fully Registered Bond, portions of which mature on different dates, will be reduced upon the payment of each maturity, and the Treasurer shall

keep appropriate records of all payments (both principal and interest) with respect to each Fully Registered Bond.

Each Fully Registered Bond shall be in substantially the following form (with appropriate insertions):

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
CITY OF AUGUSTA  
WATER SYSTEM REVENUE BOND, 1995 SERIES \_\_\_\_\_

No. R-1 \$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS:

That the City of Augusta (the "City"), in the County of Bracken, and Commonwealth of Kentucky, for value received, hereby promises to pay to the registered holder hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of \_\_\_\_\_ (\$ \_\_\_\_\_)

on the first day of December in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
-------------	------------------	-------------	------------------	-------------	------------------

(Here the printer will print the principal maturities of the Series A and Series B Bonds, respectively)

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, without deduction for exchange or collection charges and in like coin or currency, at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum, semiannually on the first days of June and December in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable to the registered holder hereof at the address shown on the registration books of the City or, so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, at such office or address as may be designated by said Department of Agriculture from time to time.

This Bond is the Bond in fully registered form representing a total authorized series of Bonds in the original principal amount of \$ \_\_\_\_\_ issued by the City pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including among others Sections

96.350 to 96.510, inclusive, of the Kentucky Revised Statutes, and pursuant to a duly adopted ordinance of the City, for the purpose of paying the costs (to the extent not otherwise provided to be paid) of the construction and installation of major improvements and additions to the City's municipal water system (the "System"), together with appurtenant facilities, and incidental expenses.

This Bond and the series which it represents, together with such additional bonds ranking on a parity therewith as may hereafter be issued and outstanding from time to time under the conditions and restrictions set forth in the ordinance authorizing the issuance of this Bond, are payable from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the System, which fixed portion shall be sufficient to pay the principal of and interest on this Bond and the series which it represents, and any outstanding parity bonds, as and when the same shall become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "Water System Revenue Bonds, Series of 1995 Bond and Interest Sinking Fund." This Bond and the series it represents rank on a basis of parity and equality with certain identically styled bonds designated 1995 Series \_\_\_\_ and issued simultaneously herewith pursuant to said Bond-authorizing Ordinance.

A statutory mortgage lien which the City has recognized as being effective upon issuance and delivery of this Bond and the issue which it represents is created and granted by Section 96.400 of the Kentucky Revised Statutes for the benefit and protection of the holder of this Bond, and the same shall continue as a lien upon the System and appurtenant facilities, together with all future additions and improvements thereto, extensions thereof and the revenues derived from the operation thereof, until payment in full of the principal of and interest on this Bond.

This Bond does not in any manner constitute an indebtedness of the City within the meaning of the Statutes and Constitution of Kentucky, and the City is not and shall not be obligated to pay this Bond or the interest hereon except from said special fund. The City, acting by and through its Council, covenants that it will fix, and if necessary adjust from time to time, such rates and charges for use of the services and facilities of the System and will collect and account for the income and revenues therefrom sufficient to pay promptly the interest on and principal of this series of Bonds, and all other bonds ranking on a parity therewith as may be issued and outstanding from time to time in accordance with the conditions and restrictions prescribed in that connection, as well as to pay the costs of operation and maintenance of the System.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Treasurer of the City, as the Bond Registrar, with a written transfer duly acknowledged by the registered holder or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books of the City kept for that purpose.

The City, at its option, shall have the right to prepay, on any interest payment date on and after December 1, 2005, in the inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof in multiples of One Hundred Dollars (\$100) as the City may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by mail to the registered holder of this Bond or his assignee at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered holder of this Bond. Provided, however, that so long as the United States of America, Department of Agriculture, or any of its assigns, is the registered holder of this Bond, this Bond may be prepaid at any time in whole or in part, at par or face value and without notice or prepayment premium.

Upon default in the payment of any principal or interest payment on this Bond or upon failure by the City to comply with any other provisions of this Bond or with the provisions of the ordinance authorizing the issuance of this Bond, the registered holder hereof may, at his option, institute proceedings to enforce all rights and remedies provided by law or by said ordinance.

This Bond is exempt from ad valorem taxation in the Commonwealth of Kentucky.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, being the total authorized amount of Bonds of the series of which this Bond represents, together with all other obligations of the City, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky; and that a sufficient portion of the income and revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on all bonds which by their terms and by the provisions of the ordinance authorizing the issuance of this Bond are payable therefrom, in addition to proper provision for the costs of operation and maintenance of the System.

IN WITNESS WHEREOF, the City of Augusta, Kentucky, has caused this Bond to be executed by its Mayor, its corporate seal to be hereunto affixed, and attested by its City Clerk, on the date of this Bond, which is \_\_\_\_\_.

CITY OF AUGUSTA, KENTUCKY

ATTEST:

By \_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

(Seal of City)



**PROVISION FOR REGISTRATION**

This Bond shall be registered on the books of the City of Augusta, Kentucky, kept for that purpose by the Treasurer of said City, as Bond Registrar, upon presentation hereof to said Treasurer, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the registered holder or his attorney, such transfer to be made on said books and endorsed hereon.

**(FORM OF REGISTRATION)**

<u>Date of Registration</u>	<u>Name of Registered Holder</u>	<u>Signature of the City Treasurer as Bond Registrar</u>
	United States of America Department of Agriculture State Office 771 Corporate Dr., Suite 200 Lexington, Kentucky 40503*	

\*(To be inserted if USDA purchases the Bonds)

**SECTION 6**

**DISPOSITION OF BOND PROCEEDS: CONSTRUCTION FUND**

The Treasurer of the City shall be the custodian of all funds belonging to and associated with the System, as expanded and improved from time to time, and such funds shall be deposited in such bank or banks in Kentucky as the City Council may from time to time designate (hereinafter sometimes referred to, singularly and collectively, as the "Depository Bank"). All such deposited moneys in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC") shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The Treasurer shall execute a fidelity bond in an amount and with a surety company approved by USDA so long as it is the holder of any of the Bonds; and USDA and the City shall be named co-obligees in such surety bond, and the amount thereof shall not be reduced without the written consent of USDA. The proceeds of the Bonds shall be applied as follows:

Upon the issuance and delivery of the Bonds authorized by this Ordinance, the entire proceeds thereof shall be deposited in an account designated City of Augusta Water System Construction Fund of 1995" (the "Construction Fund") created by separate interim

financing Resolution/Municipal Order of the City adopted concurrently herewith. Said Bond proceeds shall constitute a part of the Construction Fund and shall be applied, to the extent necessary, in paying the costs incident to constructing, installing and acquiring the Project, including expenses incurred in the issuance of the Bonds and interest during construction, and paying interim financing obligations (both principal and interest) incurred in connection with the Project as authorized by said separate interim financing Resolution/Municipal Order; provided, however, any Bond proceeds so used to pay such interim financing obligations may be disbursed directly to the appropriate lending institution(s) without the requirement of being deposited in the Construction Fund. There shall also be deposited in the Construction Fund moneys from any and all sources received by the City for purposes of the Project.

A sum in the Construction Fund estimated to be equal to interest which will accrue on the Bonds (following delivery thereof) during construction and development of the Project shall be earmarked, used and applied to the payment of interest on the Bonds next becoming due.

Disbursements from the Construction Fund shall be made by checks signed by the City Treasurer, and such disbursements shall be authorized and approved in writing by the Mayor and, if USDA is the purchaser of the Bonds, by USDA. Reference is made in this connection to the provisions of the separate interim financing Resolution/Municipal Order.

Pending disbursement, the Bond proceeds shall be deposited, as aforesaid, in the Construction Fund, and to the extent that such deposit causes the aggregate deposits by the City in the Depository Bank to be in excess of the amount insured by FDIC, the same shall be secured by a surety bond or bonds furnished by a surety company or companies qualified to do business in Kentucky and approved by the City Council, or by a valid pledge of direct obligations of the United States Government, or obligations as to which the payment of principal and interest are guaranteed by the United States Government, having a market value at least equivalent to such deposit.

Where the moneys on deposit in the Construction Fund exceed the estimated disbursements on account of the Project for the next 30 days, the City shall direct the Depository Bank to invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, which shall mature not later than 2 months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. The earnings from any such investments shall be deposited in the Construction Fund by the City, unless otherwise authorized by USDA.

In the event any unexpected balance shall remain in the Construction Fund after completion of the Project, and payment of all of the costs thereof, as certified by the Engineers, such unexpended balance, subject to the terms and conditions of the aforesaid USDA loan, and to USDA approval, shall be transferred and deposited in the Sinking Fund and shall be used at the earliest practicable date for the retirement of Bonds by purchase thereof (or principal prepayment) in inverse numerical and maturity order.

In the event that the amount hereinabove provided to be set aside from Bond proceeds for payment for interest during the construction and development of the Project should prove to be insufficient for such purpose, additional moneys may, upon approval by USDA, be withdrawn from the Construction Fund and so applied, inasmuch as interest during such period is a proper part of the cost of the Project, to the extent authorized by USDA.

Pending disbursements for the authorized purposes, the proceeds of all Bonds at any time issued pursuant to this Ordinance shall be subject to a first and paramount lien and charge in favor of the holders of Bonds issued and outstanding hereunder and for their further security.

## SECTION 7

### OPERATION OF SYSTEM; FLOW OF FUNDS; ACCUMULATION OF REVENUES

From and after issuance and delivery of any Bonds herein authorized or permitted to be issued, and so long as any thereof remain outstanding and unpaid, the System shall be operated on a fiscal year basis, and on that basis the cash income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A separate and special fund or account of the City, distinct and apart from all other funds and accounts, is hereby created and is designated and identified as the "City of Augusta Water System Revenue Fund" (the "Revenue Fund"), which shall continue to be maintained with the Depository Bank; and the City covenants and agrees that it will continue to deposit therein, promptly as received from time to time, all cash income and revenues of the System (as expanded and improved from time to time) as hereinafter defined. The moneys in the Revenue Fund from time to time shall continue to be used and disbursed and applied by the City only for the purposes, and in the manner and order of priorities, specified in the succeeding subsections of this Section 7, all as permitted by applicable statutes, as follows:

(A) A separate and special fund or account of the City is hereby created, distinct and apart from all other funds and accounts of the City, and is designated and identified as the "City of Augusta Water System Revenue Bonds, Series of 1995 Bond and Interest Sinking Fund" (the "Sinking Fund"), which shall continue to be maintained so long as any of the Bonds herein authorized or parity bonds herein permitted to be issued are outstanding, in the Depository Bank, and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on bonds issued and outstanding from time to time pursuant to the authority of this Ordinance, including the Bonds herein authorized and additional parity bonds, if any are issued.

There shall be transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Sinking Fund, sums not less than:

- (i) beginning with and including the month in which interest shall last be payable from Bond proceeds, a sum equal to one-sixth (1/6) of the next succeeding interest installment to become due on all Bonds then outstanding; and
- (ii) beginning on December 20, 1997, a sum equal to one-twelfth (1/12) of the principal of all Bonds maturing on the next succeeding December 1.

In the event parity bonds are issued pursuant to the conditions and restrictions hereinafter prescribed in that connection, the monthly deposits to the Sinking Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

Moneys from time to time in the Sinking Fund may be held in cash, in which event the same shall, to the extent not insured by FDIC, be secured by a valid pledge of bonds, notes, or certificates of indebtedness of the United States Government having at all times an equal market value; or the same may, upon order of the City, through its duly authorized officials, be invested and reinvested in interest-bearing obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, maturing not later than five (5) years from the date the investment is made, or the final maturity date of Bonds issued pursuant to this Ordinance, whichever date is earlier. Income from any such investments shall be accumulated in the Sinking Fund and may be invested in the same manner.

(B) A separate and special fund or account of the City is hereby created, distinct and apart from all other funds and accounts of the City, and is designated and identified as the "City of Augusta Water System Depreciation Fund" (the "Depreciation Fund").

After observing the priority of deposits set forth in subsection (A) above, which are cumulative, there shall be set apart and paid into the Depreciation Fund each month not less than \$735 (or more, if fixed by resolution or ordinance of the City) from the remaining funds in the Revenue Fund, such monthly deposits to continue so long as (i) any Bonds remain outstanding and unpaid and (ii) the balance in the Depreciation Fund is less than \$88,200.

In addition to the above deposits from the Revenue Fund, there shall also be deposited in the Depreciation Fund, as received, the proceeds of all property damage insurance (except public liability) maintained in connection with the System, and the cash proceeds of any surplus, worn out or obsolescent properties of the System, if the same be sold upon order of the City. Any fees which may be levied and collected by the City for the privilege of connecting to the System (excluding initial deposits received in aid of the Project, if any), shall be paid, as received, into the Depreciation Fund. The term "cash revenues" of the System, as used in this Section 7, means all proceeds of water service rates and charges, and does not include any of the cash items enumerated in this paragraph.

The Depreciation Fund shall be available and may be withdrawn and used for the purpose of paying the cost of unusual or extraordinary maintenance, rep<sup>r</sup>

replacements, not included in the Annual Budget of Current Expenses, and the cost of constructing additions and improvements to the System which will either enhance its revenue-producing capacity or provide a high degree of service. Said Fund shall also be available for transfer to the Sinking Fund in order to avoid default in connection with any bonds payable from the Sinking Fund.

At any time when the accumulations in the Depreciation Fund shall exceed anticipated and foreseeable needs for authorized purposes, all or any portion of such-excess may be invested and reinvested upon order of the City, through its duly authorized officers, in interest-bearing obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, or bank certificates of deposit fully secured by such obligations, maturing or subject to redemption at the option of the holder not later than three (3) years from the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Depreciation Fund shall be carried to the credit of said Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

(C) A special and separate fund of the City is hereby created, distinct and apart from all other funds and accounts of the City, and is designated and identified as the "City of Augusta Water System Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), and the same is to be maintained for the benefit of the System and all bonds payable from the income and revenues of the System. So long as any bonds payable from the Sinking Fund remain outstanding and unpaid, there shall be deposited monthly in the Operation and Maintenance Fund, from moneys remaining in the Revenue Fund, after making the transfers required by subsections (A) and (B) of this Section 7 (which are cumulative), sufficient funds to meet the Current Expenses of operating and maintaining the System, pursuant to the Annual Budget, for which provision is hereafter made, and to accrue an operation and maintenance reserve equal to the anticipated requirements for a two-month period pursuant to the Annual Budget.

(D) Subject to the provisions of subsections (A), (B), and (C) of this Section 7, which are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred within sixty (60) days after the end of each fiscal year the balance of excess funds in the Revenue Fund on such date to the Sinking Fund to be used in redeeming outstanding Bonds payable from the Sinking Fund in direct numerical and maturity order or purchasing such outstanding Bonds at a price not to exceed the price at which such Bonds may be redeemed on the next succeeding redemption date; provided, however, that notwithstanding the provisions hereof, the City reserves the right to redeem Bonds which are redeemable without redemption premium prior to redeeming Bonds which are only redeemable upon the payment of redemption premium.

\* \* \* \* \*

All payments into the above special funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All moneys held in any of the above special funds shall be kept apart from all other City funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the City therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a security bond or bonds or by pledge of direct obligations or by guaranteed bonds or securities of the United States Government having a market value equivalent to such deposit.

### SECTION 8

#### COVENANTS TO BONDHOLDERS

The City hereby irrevocably covenants and agrees with the holder or holders of any and all Bonds and parity bonds at any time issued and outstanding pursuant to authority of this Ordinance that so long as the same or any part thereof or interest thereon remain outstanding and unpaid:

(A) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky, and by the terms and provisions of this Ordinance.

(B) It will at all times operate the System on a revenue-producing basis, and will permit no free services to be rendered or afforded thereby.

(C) It will maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided; and will make unusual or extraordinary repairs, renewals and replacements, as the same may be required, through application of revenues accumulated and set aside for such purposes.

(D) The City covenants and agrees that, so long as any of the Bonds are outstanding, it will not sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for in this Ordinance, it will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Bonds. Notwithstanding the foregoing, the City may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(i) it is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the System;

(ii) it will, in the event of sale, apply the proceeds to either (1) redemption of outstanding bonds in accordance with the provisions governing repayment of

bonds in advance of maturity, or (2) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the System as hereinbefore provided;

(iii) it certifies, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(iv) it certifies that the estimated net revenues of the remaining System facilities for the then next succeeding fiscal year plus the estimated net revenues of the facility, if any, to be added to the System satisfy the earnings test hereinafter provided in governing issuance of additional bonds.

(E) It will establish, enforce and collect rates and charges for water services rendered and facilities afforded by the System; and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all outstanding bonds as aforesaid and the accruing interest thereon, and the accumulation of reserves as herein provided; and such rates and charges shall be adequate to meet all such requirements as provided in this Ordinance, and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the completion of construction and inception of initial operation of the Project, the City will adopt a Budget of Current Expenses for the System for the remainder of the then current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any Bonds are outstanding, it will adopt an Annual Budget of Current Expenses for the ensuing fiscal year, and will file a copy of each such Budget, and of any amendments thereto, in the office of the City Clerk, and furnish copies thereof to the holder of any Bond upon request. Said Budget of Current Expenses shall reflect separately the costs of operating and maintaining the water facilities (excluding sewer facilities). The term "Current Expenses," as herein used, include all reasonable and necessary costs of operating, repairing, maintaining, and insuring the System, but shall exclude any allowance for depreciation, payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance. The City covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon resolution or ordinance duly adopted by the City Council determining that such expenses are necessary in order to operate and maintain the System. At the same time, and in like manner, the City agrees that it will prepare an estimate of cash income and revenues to be derived from operation of the System for each fiscal year, and to the extent that said cash income and revenues are insufficient to provide for all payments required to be made into the said sinking funds during such ensuing fiscal year, and to build up and maintain the reserves specified and referred to in Section 7 of this Ordinance, and to pay Current

Expenses, the City covenants and agrees that it will revise its rates and charges for water services rendered by the System, so that the same will be adequate to meet all of such requirements.

(F) It will not at any time make any reduction in any prevailing schedule of rates and charges for use of the services and facilities of the System without first obtaining the written determination of a Consulting Engineer of national reputation that the proposed reduction will not adversely affect the ability of the City to meet all the requirements set forth in this Ordinance.

(G) It will at all times segregate the revenues of the System from all other revenues, moneys, and funds of the City, and will promptly and regularly make application and distribution thereof into the special funds provided in this Ordinance, in the amount and with due regard for the priorities herein attributed thereto.

(H) It will keep proper books of record and account, separate and clearly distinguishable from all other municipal records of all transactions relating to the System, and the same shall be available and open to inspection by any Bondholder, and any agent or representative of a Bondholder.

(I) It will, within ninety (90) days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed accountant not in the employ of the City on a monthly salary basis, showing all receipts and disbursements, with comments of the auditor concerning whether the books and records are being kept in compliance with this Ordinance and in accordance with recognized accounting practices, and will promptly cause a copy of the Audit Report to be filed in the office of the City Clerk where it will be available for public inspection, and will promptly mail a copy thereof to the original purchaser or purchasers of Bonds issued hereunder. If requested to do so, the City will furnish to any Bondholder a condensed form of the Balance Sheet, and a condensed form of the Operating Report, in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided. Provided, so long as USDA holds any of the Bonds herein authorized, the City shall furnish operating and other financial statements in such form and substance and for such periods as may be requested by USDA.

(J) Any holder of Bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by said City and its officers and agents of all duties imposed or required by law or this Ordinance in connection with the operation of the System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(K) If there be any default in the payment of the principal of or interest on the Bonds, then upon the filing of suit by any holder of said Bonds, any court



jurisdiction of the action may appoint a receiver to administer the System on behalf of the City with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System, and for the payment of Current Expenses, and to apply the revenues in conformity with this Ordinance and the provisions of said statute laws of Kentucky aforesaid.

(L) The City will cause each municipal officer or other person (other than Depository Banks) having custody of any moneys administered under the provisions of this Ordinance to be bonded at all times in an amount at least equal to the maximum amount of such moneys in his custody at any time, each such bond to have surety given by a surety corporation and qualified to do business in Kentucky and approved by the City Council; and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from moneys available in the Operation and Maintenance Fund.

(M) It will procure, and at all times maintain in force, insurance of all insurable properties constituting parts of, or being appurtenant to, the System to the full insurable value thereof, against damage or destruction by fire, windstorm, and the hazards covered by the standard "extended coverage" policy endorsements or provisions, the premiums therefor to be paid from the Operation and Maintenance Fund; and will deposit all sums collected under the terms of such policies in the Depreciation Fund. Such insurance shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percentum (80%) of the full insurable value of the damaged facility.

(N) The City will procure and at all times maintain Public Liability Insurance relating to the operation of the System, with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the City from claims for bodily injury and/or death; and not less than \$100,000 from claims for damage to property of others which may arise from the City's operation of the System.

(O) If the City owns or operates a vehicle in the operation of the System, the City will procure and at all times maintain Vehicular Public Liability Insurance with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the City from claims for bodily injury and/or death, and not less than \$100,000 against claims for damage to property of others which may arise from the City's operation of vehicles. Provided, notwithstanding (M), (N) and (O) above, so long as USDA holds any Bonds herein authorized, the City will procure and maintain insurance of such types and in such amounts as USDA may specify with insurance carriers acceptable to USDA.

(P) So long as USDA is the holder of any bonds of the City, the City shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of such bonds held by USDA without immediately prepaying all of such bonds held by USDA.

SECTION 9

PARITY BONDS PERMITTED: TERMS

The Bonds authorized to be issued hereunder and from time to time outstanding shall not be entitled to priority one over the other in the application of the revenues herein pledged, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Bonds authorized to be issued under the provisions of this Ordinance, regardless of the fact that they may actually be issued and delivered at different times. No other bonds or other obligations shall be issued by the City and made payable from the income and revenues of the System unless the pledge of revenues for the same is expressly made subordinate and inferior to the lien and pledge herein created; provided, however, the City hereby reserves the right and privilege of issuing additional bonds, from time to time, payable from the revenues of the System, ranking on a basis of equality and parity as to security and source of payment with the Bonds herein authorized, for the following purposes and subject to the following conditions and restrictions:

(A) The City covenants and agrees that in the event the cost of constructing the Project, together with incidental expenses, shall exceed the cost upon which the dollar amount of Bonds herein authorized has been computed, it shall pay the amount of such excess out of funds available to it for such purpose. The City may provide such excess (but only such excess) through the issuance of parity bonds, provided that it has obtained (i) the consent of USDA, and (ii) if any Bonds are owned by persons other than USDA, the consent of the holders of two-thirds in principal amount of the outstanding Bonds so held.

(B) The City shall have the right to add new System facilities and related auxiliary facilities by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenues and any other security pledged to the Bonds, provided in each instance that:

- (i) the facility or facilities to be built from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Bonds and parity bonds, if any;
- (ii) the City is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the income and revenues of the System or any part thereof;
- (iii) the net revenues (defined as gross revenues less essential operation and maintenance expenses) of the System for the fiscal year next preceding the issuance of additional parity bonds are certified by an independent certified public accountant to have been equal to at least one and twenty hundredths

(1.20) times the average annual requirements for principal and interest on all Bonds and parity bonds, if any, then outstanding; and

- (iv) the estimated average annual net revenues of the facility or facilities to be constructed or acquired in whole or in part with the proceeds of such additional bonds (and any other funds pledged as security), when added to the estimated future average annual net revenues of the then existing System, shall be at least one and twenty-hundredths (1.20) times the average annual debt service requirements for principal and interest on all outstanding Bonds and parity bonds, if any, and on the additional bonds then to be issued. Future net revenue estimates shall be furnished by a recognized independent consulting engineer or firm of consulting engineers and shall be forecast over a period not exceeding five (5) years from the expected date of completion of the facility or facilities to be constructed or acquired in whole or in part with the proceeds of such additional bonds. Provided, however, the foregoing conditions and limitations prescribed in this subparagraph (iii) immediately above and this subparagraph (iv) may be waived or modified by the written consent of the holders of at least seventy-five percent (75%) in principal amount of the then outstanding Bonds and any parity bonds, if any.

(C) The City hereby covenants and agrees that in the event additional series of parity bonds are issued, it shall:

- (i) adjust the monthly deposits into the Sinking Fund on the same basis as that prescribed in Section 7(A) hereof to reflect the annual debt service on the additional bonds;
- (ii) adjust and increase appropriately the monthly amount to be deposited into the Depreciation Fund in accord with controlling Ordinances to give recognition to the facilities and equipment to be constructed or acquired with the proceeds of such additional bonds; and
- (iii) make such additional bonds payable as to principal on December 1 of each year in which principal falls due and payable as to interest on June 1 and December 1 of each year.

(D) The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds payable from the revenues of the System on a basis of equality and parity with the Bonds herein specifically authorized, and shall not be deemed to include other bonds or obligations, the security and source of payment of which are subordinate and subject to the priority of the Bonds and parity bonds herein authorized or permitted to be issued. The City expressly reserves the right to issue its bonds or other obligations payable from the revenues herein pledged, and not ranking on a basis of equality and parity with the Bonds and parity

bonds herein otherwise referred to, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for additions or extensions or improvements of the System, and only if the same are issued in express recognition of the priorities, liens and rights created and existing for the security, source of payment, and protection of the Bonds and parity bonds herein authorized and permitted to be issued. Provided, however, that nothing in this Section is intended or shall be construed as a restriction upon the ordinary refunding of the initially authorized Bonds, and/or of any bonds which may have been issued and are outstanding under any of the provisions of this Ordinance, if such refunding does not operate to increase, in any year until the final maturity of the refunding bonds, the aggregate of the principal and interest requirements of the bonds to remain outstanding and the bonds proposed to be refunded.

#### SECTION 10

#### PROVISIONS OF ORDINANCE CONSTITUTE CONTRACT

The provisions of this Ordinance shall constitute a contract between the City and the holders of the Bonds herein authorized and any parity bonds herein permitted to be issued, and after the issuance of any of the Bonds, no change, variation, or alteration of any kind of the provisions of this Ordinance shall be made in any manner except as herein provided until such time as all of the Bonds and parity bonds issued hereunder, and the interest thereon, have been paid in full.

#### SECTION 11

#### TAX COVENANTS

The City covenants and agrees that the Project will be constructed expeditiously and the expenditure of the portion of the proceeds of the Bonds deposited in the Construction Fund for the payment of the costs of the Project will be made promptly in order that the Project will be completed and in operation at the earliest possible date. The City further certifies and covenants with the holders of the Bonds that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be invested or used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any lawful regulations promulgated or proposed thereunder, including the applicable Income Tax Regulations, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Mayor and /or City Clerk, as the officers of the City charged with the responsibility for issuing the Bonds, are authorized and directed, for and on behalf of the City, to execute all papers, documents, certificates and other instruments that may be required for evidencing compliance with federal "arbitrage bond" regulations, and any representations and certifications contained in such papers, documents, certificates and other

instruments so executed shall be deemed to constitute representations and certifications of the City.

The City further represents, warrants, agrees and covenants as follows:

(A) Within the meaning of Section 141 of the Code, (i) less than 10% of the proceeds of the Bonds, if any, will be applied for any private business use, and the payment of principal of or interest on less than 10% of the amount of the Bonds, if any, will be secured directly or indirectly by any interest in property used for a private business use, or payments in respect of such property, or will be derived from payments in respect of such property; (ii) at least 90% of the proceeds of the Bonds will be applied for a public and governmental use of the City; (iii) any private business use of the Project will be related to such public and governmental use of the City and will not be unrelated or disproportionate; and (iv) none of the proceeds of the Bonds will be used, directly or indirectly, to make or finance loans to private persons.

(B) Within the meaning of Section 148(f) of the Code, the City is a governmental unit with general taxing powers, none of the Bonds is a private activity bond, 95% or more of the net proceeds of the Bonds will be used for local public and governmental activities of the City, and the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City and all of its subordinate entities during the calendar year 1994 is not reasonably expected to exceed \$5,000,000. Further, it is reasonably expected all Bond proceeds will be expended within six months from the date of issue of the Bonds. If for any reason the arbitrage rebate requirements of Section 148(f) of the Code should be deemed to apply to the Bonds, the City will take all action necessary to comply therewith.

(C) The Bonds are not federally guaranteed within the meaning of Section 149(b) of the Code.

(D) The City will comply with the information reporting requirements of Section 149(e) of the Code.

## SECTION 12

### STATUTORY MORTGAGE LIEN ACKNOWLEDGED

A statutory mortgage lien upon the System, together with all appurtenances and additions thereto and extensions thereof, and including the revenues thereof, is granted and created by Section 96.400 of the Kentucky Revised Statutes for the benefit and protection of the holders of the Bonds issued and parity bonds permitted to be issued under authority of this Ordinance; and said statutory mortgage lien is hereby recognized and shall be effective upon delivery of any of the Bonds and shall continue in full force and effect so long as there shall remain unpaid any part of the principal of or interest on the Bonds and any parity bonds.

SECTION 13

SEVERABILITY CLAUSE

If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 14

REPEAL OF INCONSISTENT PROVISIONS

All ordinances and resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

SECTION 15

WHEN ORDINANCE EFFECTIVE

This Ordinance shall be in full force and effect from and after its adoption, approval, attestation and publication in summary form as provided by law. The summary of this Ordinance read at the meetings described below, prepared by a licensed attorney at law and including the title of this Ordinance, is hereby specifically approved and adopted for purposes of first and second readings and for the purpose of publication in summary form according to law.

ADOPTED BY THE COUNCIL OF THE CITY OF AUGUSTA, KENTUCKY,  
upon second reading at a meeting held on the 6<sup>th</sup> day of July, 1995, following first reading on June 21, 1995; and upon such adoption signed by the Mayor in open session as evidence of his approval, attested under seal by the City Clerk, ordered to be published in summary form according to law, and declared to be in full force and effect upon such publication.

(SEAL)

ATTEST:

Mitcher England  
City Clerk

APPROVED:

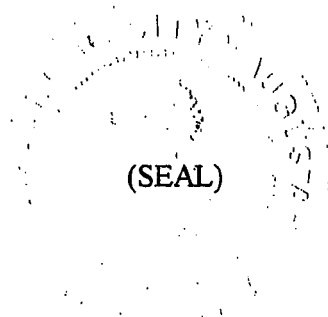
James F. [Signature]  
Mayor  
City of Augusta, Kentucky

CERTIFICATION

I, the undersigned, City Clerk of the City of Augusta, Kentucky, hereby certify that the foregoing is a true, complete and correct copy of an Ordinance finally adopted upon second reading by the Council of said City, signed by the Mayor thereof, and attested under seal by me as City Clerk upon the occasion of a properly convened meeting of the Council of said City held on the 6<sup>th</sup> day of July, 1995, as shown by the official records in my custody and under my control. I further certify that I have delivered an authorized summary of said Ordinance to the legal newspaper published in Bracken County, Kentucky, qualified under KRS Chapter 424 to publish legal documents on behalf of said City, with directions that the same be published in the earliest possible issue thereof.

WITNESS my hand and the seal of said City this 6<sup>th</sup> day of July, 1995.

Hetchen England  
Hetchen England  
City Clerk  
City of Augusta, Kentucky



ORDINANCE NO. 2004 - 15

AN ORDINANCE OF THE CITY OF AUGUSTA, KENTUCKY, PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE CITY'S MUNICIPAL WATER SYSTEM; AUTHORIZING THE ISSUANCE OF THE CITY'S \$100,000 WATER SYSTEM REVENUE BONDS, SERIES 2004, TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); CONFIRMING, RATIFYING AND CONTINUING PRE-EXISTING PROVISIONS RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE REVENUES OF THE WATER SYSTEM AND THE ALLOCATION THEREOF TO VARIOUS SPECIAL FUNDS; CONFIRMING, RATIFYING AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SAID REVENUES AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS OUTSTANDING; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; PROVIDING FOR AN ADVERTISED PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.



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ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF AUGUSTA, KENTUCKY, PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE CITY'S MUNICIPAL WATER SYSTEM; AUTHORIZING THE ISSUANCE OF THE CITY'S \$100,000 WATER SYSTEM REVENUE BONDS, SERIES 2004, TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); CONFIRMING, RATIFYING AND CONTINUING PRE-EXISTING PROVISIONS RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE REVENUES OF THE WATER SYSTEM AND THE ALLOCATION THEREOF TO VARIOUS SPECIAL FUNDS; CONFIRMING, RATIFYING AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SAID REVENUES AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS OUTSTANDING; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; PROVIDING FOR AN ADVERTISED PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

WHEREAS, the City of Augusta, Kentucky (the "City"), has long owned and operated its municipal water system (the "System") on a revenue-producing basis, and in this connection the City currently has outstanding \$1,424,000 principal amount of its Water System Revenue Bonds, 1995 Series A and B (the "1995 Bonds"), maturing serially in various amounts on December 1 of each of the years 2003 - 2035, as authorized by an Ordinance of the City adopted on July 6, 1995 (the "1995 Ordinance"), originally issued in the aggregate principal amount of \$1,500,000; and

WHEREAS, portions of the System are inadequate to serve the present and future needs of the City, and in that connection the City has received a certain offer from the United States Department of Agriculture, Rural Development ("USDA"), to make a loan to the City of \$100,000, to be supplemented by grant funds not to exceed \$100,000 and a Kentucky Infrastructure Authority 2020 Grant in the amount of \$200,000, in order to aid in financing the construction and installation of major improvements and additions to the System, consisting of water treatment plant lagoon expansions, a lagoon effluent forcemain and related facilities, all pursuant to plans, specifications and designs prepared by Nesbitt Engineering, Inc., Lexington, Kentucky (the "Project"); and

WHEREAS, it is the opinion and determination of the Council and Mayor of the City that the public health, safety and general welfare of the citizens and inhabitants of the City and its environs will be further promoted and served by the immediate construction and installation of the Project, and in this connection the plans, specifications and designs for the Project have been approved by the City and Kentucky State supervisory authorities having jurisdiction thereof, and construction bids have been duly solicited and received in the manner required by law; and

WHEREAS, pursuant to the parity bond provisions of the 1995 Ordinance, the necessary waiver and consent of USDA, as the holder of the 1995 Bonds, has been obtained so that the Water System Revenue Bonds, Series 2004, herein authorized may now be authorized and issued on a basis of parity with the 1995 Bonds; and

WHEREAS, it has been determined that it is feasible to undertake the construction and installation of the Project, and it is now appropriate for the City to provide for borrowing the aforesaid sum of \$100,000 (representing the amount of the USDA loan) by means of the issuance and sale of its Water System Revenue Bonds, Series 2004 (the "Bonds"), according to authority of Sections 96.350 to 96.510, inclusive, of the Kentucky Revised Statutes ("KRS"); and the Bonds shall be payable as to both principal and interest solely (except as to capitalized interest) from the City's income and revenues derived from the operation of the System and shall not constitute an indebtedness of the City within the meaning of debt-limiting provisions of the Constitution of Kentucky;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF AUGUSTA, KENTUCKY,  
ACTING BY AND THROUGH ITS COUNCIL, AS FOLLOWS:

SECTION 1

AFFIRMATION OF PREAMBLE RECITALS;  
AUTHORIZATION OF THE PROJECT;  
DECLARATION OF NECESSITY

All statements and recitals set forth in the preamble of this Ordinance, including the terms defined therein, are hereby affirmed and adopted as a part of this Ordinance.

It is hereby further determined and declared to be necessary in the interests of the general welfare of the citizens and inhabitants of the City of Augusta, Kentucky (the "City"), that the City undertake at this time the construction and installation of major improvements and additions (the "Project") to the City's municipal water system, all substantially according to the plans, specifications and designs prepared for the City by Nesbitt Engineering, Inc., Lexington, Kentucky (the "Engineers"). Immediate undertaking of such construction and installation is hereby authorized.

SECTION 2

PROJECT AND SYSTEM TO BE MUNICIPALLY  
OWNED AND OPERATED

The construction and installation of the Project are undertaken by the City for public purposes and same shall constitute and be a part of the City's municipal water system (the "System," as expanded and improved by the Project), and so long as any of the Bonds hereinafter authorized, or bonds permitted to be issued on a parity therewith, shall remain outstanding and unpaid as to principal or interest, the System shall continue to be municipally owned, controlled, operated and maintained by the City for the security and source of payment of the Bonds hereinafter authorized

to be issued and any such parity bonds which may be hereafter issued, subject, however, to the provisions of Section 3 hereinafter. The Project is to be constructed, installed and acquired and the System is to be operated pursuant to the provisions of KRS 96.350 to 96.510, inclusive, and as a public project of the City.

SECTION 3

BOND ISSUE AUTHORIZED: CERTAIN TERMS AND DETAILS

For the purpose of providing funds to defray the costs of the Project (to the extent not otherwise provided to be paid), including all necessary and proper appurtenances, and expenses incident thereto and incident to the issuance of the Bonds hereinafter authorized, there are hereby authorized to be issued the City's Water System Revenue Bonds, Series 2004 (the "Bonds"), in the principal amount of One Hundred Thousand Dollars (\$100,000), with reservation of right on the part of the City to issue additional bonds in the future, payable from the income and revenues of the System, subject to the conditions and restrictions hereinafter prescribed and set forth. The Bonds hereby authorized shall be offered at public sale as provided in Section 4 hereof and shall be issued in the principal amount of \$100,000 , in the form of a single fully registered bond as provided in Section 5 hereof.

The Bonds shall be dated as of the date of delivery to the original purchaser thereof; shall mature as to principal in installments on December 1 in each of the years 2006 to 2043, inclusive, as set forth in the schedule appearing below; and shall bear interest from their date until payment of principal, such interest to the respective maturity dates to be payable semiannually on June 1 and December 1 of each year, and such interest to be at such rate as may be established by a supplemental Resolution/Municipal Order upon the basis of competition among bidders upon the occasion of the advertised, public, competitive sale of the Bonds as hereinafter provided. The installments of principal of the Bonds, in fully registered form as aforesaid, shall be as set forth in the following schedule:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2006	\$ 1,000	2019	\$ 1,800	2032	\$ 3,300
2007	1,100	2020	1,900	2033	3,400
2008	1,100	2021	2,000	2034	3,600
2009	1,200	2022	2,100	2035	3,800
2010	1,200	2023	2,200	2036	3,900
2011	1,300	2024	2,300	2037	4,100
2012	1,300	2025	2,400	2038	4,300
2013	1,400	2026	2,500	2039	4,500
2014	1,500	2027	2,600	2040	4,700
2015	1,500	2028	2,700	2041	4,900
2016	1,600	2029	2,900	2042	5,200
2017	1,700	2030	3,000	2043	5,200
2018	1,700	2031	3,100		

provided, however, that installments of principal of Bonds maturing on and after December 1, 2014, shall be subject to prepayment at the option of the City prior to maturity in whole or from time to time in part in inverse order of maturities (less than all of a single maturity to be selected by lot) on any interest payment date on and after December 1, 2013, upon terms of par plus accrued interest without any prepayment premium, upon thirty (30) days prior written notice mailed to the registered holder or holders of the Bonds; provided, that so long as USDA or any of its assigns is the owner of any of the Bonds, same may be prepaid in whole or in part at any time at par plus accrued interest, and without notice of prepayment or prepayment premium. The Bonds may be prepaid only in increments of \$100.

Both principal of and interest on the Bonds shall be payable, without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, to the registered holder at the address shown on the registration books of the City or, so long as USDA is the registered holder, at the office or address as may be designated by USDA from time to time.

If any City officer whose signature appears on any Bond shall cease to be such officer prior to delivery, such signature shall nevertheless be valid and binding for all purposes, the same as if such officer had continued in office until the time of delivery of such Bond. The Bonds, together with the interest thereon, and any bonds which may hereafter be issued on a basis of parity therewith, shall be payable only out of the Water System Revenue Bonds, Series of 1995 Bond and Interest Sinking Fund, as hereinafter more specifically provided, and shall be a valid claim of the holder thereof only against said Fund and the fixed portion or amount of the revenues of the System which the City has pledged to said Fund, subject to the terms hereof.

The City finds and declares that the Bonds herein authorized to be issued shall rank on a basis of parity and equality as to security and source of payment with the 1995 Bonds, inasmuch as the City is in compliance with all covenants and undertakings in connection with the 1995 Bonds and has obtained the consent of USDA to the issuance of the parity Bonds herein authorized.

#### SECTION 4

##### PROVISIONS RELATING TO SALE OF BOND ISSUE

The Bonds authorized by this Ordinance shall be publicly offered for sale according to a Notice of Sale of Bonds conforming to the requirements of KRS Chapter 424 (and particularly KRS 424.140(3) and KRS 424.360), which shall be published one time, not less than seven (7) days nor more than twenty-one (21) days prior to the date therein specified (by and at the discretion of the Mayor of the City) for the opening and consideration of purchase bids, in each of the following: (a) the local legal newspaper which is qualified under KRS 424.120 to publish advertisements for the City; and (b) the Courier-Journal, Louisville, Kentucky, a legal newspaper having statewide circulation.

Said Notice shall state the name and amount of Bonds to be sold, the time of the sale and other details concerning the Bonds and the sale and shall inform prospective bidders that a copy of

the Official Notice of Bond Sale, setting out the maturities, security of the Bonds, provisions as to redemption prior to maturity, and related information, may be obtained from the City. Such Official Notice shall contain, *inter alia*, substantially the following bidding requirements:

(A) Bidders shall be limited to institutions or persons having knowledge and experience in financial and business matters who are capable of evaluating the merits and risks of the Bonds and who are not purchasing for more than one account and do not intend to redistribute the Bonds. The City will make available to any such qualified bidder, upon written request, financial and other material information regarding the City and the System in the City's possession. Bidders are required to bid a cash price of not less than par value for the Bonds.

(B) The single interest rate must be bid in a multiple of 1/8 or 1/10 of one percent.

(C) Bids will be considered only for the entire Bond issue.

(D) Bidders (except USDA) are required to deposit a good faith check by cashier's check or certified check in the minimum amount of 2% of the face amount of the Bonds, which good faith deposit may be applied as partial payment for the Bonds, or as liquidated damages in the event that such bidder, if successful, fails to comply with the terms of his bid.

(E) Preference in award will be given to the bid resulting in the lowest net interest cost to the City.

(F) The lowest net interest cost will be determined by deducting the total amount of any premium bid from the aggregate amount of interest upon the Bonds bid for, computed from the first day of the month following the date of sale of the Bonds (even though the Bonds will bear interest only from the date of delivery) to the final maturity specified in each respective bid.

(G) The City expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the Bonds at the office of the City Clerk within 45 days after the date of sale thereof. If the Bonds are not ready for delivery and payment within forty-five days from the aforesaid date of sale, the successful bidder shall be relieved of any liability to accept delivery of the Bonds, except that Bonds purchased by any agency of the Federal government will be delivered to it at a place and time designated by such agency in accordance with its established practices and procedures.

(H) The City reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.

(I) The City will furnish the Bonds, together with customary closing documents, including no-litigation certificate.

(J) The successful bidder will receive the approving legal opinion of Harper, Ferguson & Davis, division of Ogden Newell & Welch PLLC, Bond Counsel, Louisville, Kentucky, as to the

legality of and tax-exempt status of interest on the Bonds, without additional cost to the successful bidder.

In the event that there is no bid, or that all bids are rejected, the City may re-advertise the sale pursuant to this Ordinance.

Bond Counsel having submitted to the City Council forms of the Notice of Sale of Bonds and the Official Notice of Bond Sale, together with an Official Bid Form for use by all bidders except USDA, said documents are hereby approved and authorized for use in connection with the aforesaid sale of the Bonds.

#### SECTION 5

#### BONDS TO BE ISSUED IN FULLY REGISTERED FORM: BOND FORM

Upon the sale of the Bonds, the City shall issue a single fully registered Bond numbered R-1 (hereinafter referred to as the "Fully Registered Bond"). The Fully Registered Bond shall be in the aggregate principal amount of the Bond it represents, maturing as to principal in installments as set out in Section 3 hereof. The Fully Registered Bond shall be of type composition, on paper of sufficient weight and strength to prevent deterioration until the last day of maturity of any installment of principal as stated therein, and shall conform in size to standard practice. The Fully Registered Bond shall, upon execution on behalf of the City (which execution shall be by manual signatures of the Mayor and City Clerk of the City, and actual impression of the corporate seal), constitute the Bond issue herein authorized and referred to, shall be non-negotiable, without interest coupons, registered as to principal and interest, payable as directed by the payee, and be in substantially the form hereinafter set forth.

The City hereby directs that books for the registration and for the transfer of the Fully Registered Bond shall be kept by the City Clerk, who is hereby appointed as Bond Registrar in connection with such Bond. The Fully Registered Bond shall be transferable only upon said Bond Registrar's books at the request of the registered holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the City Clerk duly executed by the registered holder or his duly authorized attorney. Upon such transfer of the Fully Registered Bond, the Bond Registrar shall complete (with the name and address of the transferee), date and execute the registration schedule appearing on the Fully Registered Bond and deliver the Fully Registered Bond to such transferee. The person in whose name the Fully Registered Bond shall be properly registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal thereof or interest thereon shall be made only to or upon the order of the registered holder thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Fully Registered Bond to the extent of the sum or sums so paid. The face amount of the Fully Registered Bond, portions of which mature on different dates, will be reduced upon the payment of each maturity, and the City Clerk shall keep

appropriate records of all payments (both principal and interest) with respect to the Fully Registered Bond.

The Fully Registered Bond shall be in substantially the following form (with appropriate insertions):

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
CITY OF AUGUSTA  
WATER SYSTEM REVENUE BOND, SERIES 2004

No. R-1

\$100,000

KNOW ALL MEN BY THESE PRESENTS:

That the City of Augusta (the "City"), in the County of Bracken, and Commonwealth of Kentucky, for value received, hereby promises to pay to the registered holder hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000) on the first day of December in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
-------------	------------------	-------------	------------------	-------------	------------------

(Here the printer will print the principal maturities of the Bonds)

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, without deduction for exchange or collection charges and in like coin or currency, at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum, semiannually on the first days of June and December in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable to the registered holder hereof at the address shown on the registration books of the City or, so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, at such office or address as may be designated by said Department of Agriculture from time to time.

This Bond is the Bond in fully registered form representing a total authorized issue of Bonds in the original principal amount of \$100,000 issued by the City pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including among others Sections 96.350 to 96.510, inclusive, of the Kentucky Revised Statutes, and pursuant to a duly adopted ordinance of the City, for the purpose of paying the costs (to the extent not otherwise provided to be paid) of the



construction and installation of major improvements and additions to the City's municipal water system (the "System"), together with appurtenant facilities, and incidental expenses.

This Bond and the issue which it represents, together with such additional bonds ranking on a parity therewith that have previously been issued and are outstanding and that may hereafter be issued and outstanding from time to time under the conditions and restrictions set forth in the Ordinance authorizing the issuance of this Bond, are payable from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the System, which fixed portion shall be sufficient to pay the principal of and interest on this Bond and the issue which it represents, and any outstanding parity bonds, as and when the same shall become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "Water System Revenue Bonds, Series 2004 Bond and Interest Sinking Fund."

A statutory mortgage lien which the City has recognized as being effective upon issuance and delivery of this Bond and the issue which it represents is created and granted by Section 96.400 of the Kentucky Revised Statutes for the benefit and protection of the holder of this Bond, and the same shall continue as a lien upon the System and appurtenant facilities, together with all future additions and improvements thereto, extensions thereof and the revenues derived from the operation thereof, until payment in full of the principal of and interest on this Bond.

This Bond does not in any manner constitute an indebtedness of the City within the meaning of the Statutes and Constitution of Kentucky, and the City is not and shall not be obligated to pay this Bond or the interest hereon except from said special fund. The City, acting by and through its Council, covenants that it will fix, and if necessary adjust from time to time, such rates and charges for use of the services and facilities of the System and will collect and account for the income and revenues therefrom sufficient to pay promptly the interest on and principal of this issue of Bonds and all other bonds ranking on a parity therewith that may be issued and outstanding from time to time in accordance with the conditions and restrictions prescribed in that connection, as well as to pay the costs of operation and maintenance of the System.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Treasurer of the City, as the Bond Registrar, with a written transfer duly acknowledged by the registered holder or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books of the City kept for that purpose.

The City, at its option, shall have the right to prepay, on any interest payment date on and after December 1, 2013, in the inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof in multiples of One Hundred Dollars (\$100) as the City may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by mail to the registered holder of this Bond or his assignee at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered holder of this Bond. Provided, however, that so long as the United States of America, Department

of Agriculture, or any of its assigns, is the registered holder of this Bond, this Bond may be prepaid at any time in whole or in part, at par or face value and without notice or prepayment premium.

Upon default in the payment of any principal or interest payment on this Bond or upon failure by the City to comply with any other provisions of this Bond or with the provisions of the ordinance authorizing the issuance of this Bond, the registered holder hereof may, at his option, institute proceedings to enforce all rights and remedies provided by law or by said ordinance.

This Bond is exempt from *ad valorem* taxation in the Commonwealth of Kentucky.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, being the total authorized amount of Bonds of the issue of which this Bond represents, together with all other obligations of the City, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky; and that a sufficient portion of the income and revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on all bonds which by their terms and by the provisions of the ordinance authorizing the issuance of this Bond are payable therefrom, in addition to proper provision for the costs of operation and maintenance of the System.

IN WITNESS WHEREOF, the City of Augusta, Kentucky, has caused this Bond to be executed by its Mayor, its corporate seal to be hereunto affixed, and attested by its City Clerk, on the date of this Bond, which is \_\_\_\_\_.

CITY OF AUGUSTA, KENTUCKY

Attest:

By \_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

(Seal of City)

PROVISION FOR REGISTRATION

This Bond shall be registered on the books of the City of Augusta, Kentucky, kept for that purpose by the City Clerk of said City, as Bond Registrar, upon presentation hereof to said City Clerk, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the registered holder or his attorney, such transfer to be made on said books and endorsed hereon.

(FORM OF REGISTRATION)

<u>Date of Registration</u>	<u>Name of Registered Holder</u>	<u>Signature of the City Clerk as Bond Registrar</u>
	United States of America Department of Agriculture State Office 771 Corporate Dr., Suite 200 Lexington, Kentucky 40503*	

\*(To be inserted if USDA purchases the Bonds)

SECTION 6

DISPOSITION OF BOND PROCEEDS: CONSTRUCTION FUND

The Treasurer of the City shall be the custodian of all funds belonging to and associated with the System, as expanded and improved from time to time, and such funds shall be deposited in such bank or banks in Kentucky as the City Council may from time to time designate (hereinafter sometimes referred to, singularly and collectively, as the "Depository Bank"). All such deposited moneys in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC") shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The Treasurer shall execute a fidelity bond in an amount and with a surety company approved by USDA so long as it is the holder of any of the Bonds; and USDA and the City shall be named co-obligees in such surety bond, and the amount thereof shall not be reduced without the written consent of USDA. The proceeds of the Bonds shall be applied as follows:

Upon the issuance and delivery of the Bonds authorized by this Ordinance, the entire proceeds thereof shall be deposited in an account designated City of Augusta Water System Construction Fund of 2004" (the "Construction Fund"), which is hereby created. The Bond proceeds shall constitute a part of the Construction Fund and shall be applied, to the extent necessary, in paying the costs incident to constructing, installing and acquiring the Project, including expenses incurred in the issuance of the Bonds and interest during construction, and paying any interim financing obligations (both principal and interest) incurred in connection with the Project; provided, however, any Bond proceeds so used to pay such interim financing obligations may be disbursed directly to the appropriate lending institution(s) without the requirement of being deposited in the Construction Fund. There shall also be deposited in the Construction Fund moneys from any and all sources received by the City for purposes of the Project.

A sum in the Construction Fund estimated to be equal to interest which will accrue on the Bonds (following delivery thereof) during construction and development of the Project shall be earmarked, used and applied to the payment of interest on the Bonds next becoming due.

Disbursements from the Construction Fund shall be made by checks signed by the City Treasurer, and such disbursements shall be authorized and approved in writing by the Mayor and, if USDA is the purchaser of the Bonds, by USDA.

Pending disbursement, the Bond proceeds shall be deposited, as aforesaid, in the Construction Fund, and to the extent that such deposit causes the aggregate deposits by the City in the Depository Bank to be in excess of the amount insured by FDIC, the same shall be secured by a surety bond or bonds furnished by a surety company or companies qualified to do business in Kentucky and approved by the City Council, or by a valid pledge of direct obligations of the United States Government, or obligations as to which the payment of principal and interest are guaranteed by the United States Government, having a market value at least equivalent to such deposit.

Where the moneys on deposit in the Construction Fund exceed the estimated disbursements on account of the Project for the next 30 days, the City shall direct the Depository Bank to invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, which shall mature not later than 2 months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. The earnings from any such investments shall be deposited in the Construction Fund by the City, unless otherwise authorized by USDA.

In the event any unexpected balance shall remain in the Construction Fund after completion of the Project, and payment of all of the costs thereof, as certified by the Engineers, such unexpended balance, subject to the terms and conditions of the aforesaid USDA loan, and to USDA approval, shall be transferred and deposited in the Sinking Fund and shall be used at the earliest practicable date for the retirement of Bonds by purchase thereof (or principal prepayment) in inverse numerical and maturity order.

In the event that the amount hereinabove provided to be set aside from Bond proceeds for payment for interest during the construction and development of the Project should prove to be insufficient for such purpose, additional moneys may, upon approval by USDA, be withdrawn from the Construction Fund and so applied, inasmuch as interest during such period is a proper part of the cost of the Project, to the extent authorized by USDA.

Pending disbursements for the authorized purposes, the proceeds of all Bonds at any time issued pursuant to this Ordinance shall be subject to a first and paramount lien and charge in favor of the holders of Bonds issued and outstanding hereunder and for their further security.

#### SECTION 7

#### OPERATION OF SYSTEM; FLOW OF FUNDS; ACCUMULATION OF REVENUES

From and after issuance and delivery of any Bonds herein authorized or permitted to be issued, and so long as any thereof remain outstanding and unpaid, the System shall continue to be operated on

a fiscal year basis, and on that basis the cash income and revenues of the System shall continue to be collected, segregated, accounted for and distributed as follows:

A separate and special fund or account of the City, distinct and apart from all other funds and accounts, was created in and by the 1995 Ordinance and is designated and identified as the "City of Augusta Water System Revenue Fund" (the "Revenue Fund"), which shall continue to be maintained with the Depository Bank; and the City covenants and agrees that it will continue to deposit therein, promptly as received from time to time, all cash income and revenues of the System (as expanded and improved from time to time) as hereinafter defined. The moneys in the Revenue Fund from time to time shall continue to be used and disbursed and applied by the City only for the purposes, and in the manner and order of priorities, specified in the succeeding subsections of this Section 7, all as permitted by applicable statutes, as follows:

(A) A separate and special fund or account of the City was created in and by the 1995 Ordinance, distinct and apart from all other funds and accounts of the City, and is designated and identified as the "City of Augusta Water System Revenue Bonds, Series of 1995 Bond and Interest Sinking Fund" (the "Sinking Fund"), which shall continue to be maintained so long as any of the Bonds or parity bonds are outstanding in the Depository Bank, and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on bonds issued and outstanding from time to time pursuant to the authority of this Ordinance, including the 1995 Bonds, the Bonds herein authorized and additional parity bonds, if any are issued.

There shall be transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Sinking Fund on account of the 1995 Bonds and the Bonds, sums not less than:

- (i) a sum which together with other funds available in the Sinking Fund for such purpose will be equal to one-sixth (1/6) of the next succeeding interest installment to become due on all 1995 Bonds and Bonds then outstanding; and
- (ii) a sum which together with other funds available in the Sinking Fund for such purpose will be equal to one-twelfth (1/12) of the principal of all 1995 Bonds and Bonds maturing on the next succeeding December 1.

In the event parity bonds are issued pursuant to the conditions and restrictions hereinafter prescribed in that connection, the monthly deposits to the Sinking Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

Moneys from time to time in the Sinking Fund may be held in cash, in which event the same shall, to the extent not insured by FDIC, be secured by a valid pledge of bonds, notes, or certificates of indebtedness of the United States Government having at all times an equal market value; or the same may, upon order of the City, through its duly authorized officials, be invested and reinvested in interest-bearing obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, maturing not later than five (5) years from the date

the investment is made, or the final maturity date of Bonds issued pursuant to this Ordinance, whichever date is earlier. Income from any such investments shall be accumulated in the Sinking Fund and may be invested in the same manner.

(B) A separate and special fund or account of the City was created in and by the 1995 Ordinance, distinct and apart from all other funds and accounts of the City, and is designated and identified as the "City of Augusta Water System Depreciation Fund" (the "Depreciation Fund"), which is hereby continued

After observing the priority of deposits set forth in subsection (A) above, which are cumulative, there shall be set apart and paid into the Depreciation Fund each month not less than \$785 (or more, if fixed by resolution or ordinance of the City) from the remaining funds in the Revenue Fund, such monthly deposits to continue so long as (i) any Bonds remain outstanding and unpaid and (ii) the balance in the Depreciation Fund is less than \$94,200.

In addition to the above deposits from the Revenue Fund, there shall also be deposited in the Depreciation Fund, as received, the proceeds of all property damage insurance (except public liability) maintained in connection with the System, and the cash proceeds of any surplus, worn out or obsolescent properties of the System, if the same be sold upon order of the City. The term "cash revenues" of the System, as used in this Section 7, means all proceeds of water service rates and charges, and does not include any of the cash items enumerated in this paragraph.

The Depreciation Fund shall be available and may be withdrawn and used by the City, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals or replacements, not included in the Annual Budget of Current Expenses, and the cost of constructing additions and improvements to the System which will either enhance its revenue-producing capacity or provide a high degree of service. The Depreciation Fund shall also be available for transfer to the Sinking Fund in order to avoid default in connection with any bonds payable from the Sinking Fund.

At any time when the accumulations in the Depreciation Fund shall exceed anticipated and foreseeable needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the City, through its duly authorized officers, in interest-bearing obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, or bank certificates of deposit fully secured by such obligations, maturing or subject to redemption at the option of the holder not later than three (3) years from the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Depreciation Fund shall be carried to the credit of said Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

(C) A special and separate fund of the City was created in and by the 1995 Ordinance, distinct and apart from all other funds and accounts of the City, and is designated and identified as

the "City of Augusta Water System Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), and the same shall continue to be maintained for the benefit of the System and all bonds payable from the income and revenues of the System. So long as any bonds payable from the Sinking Fund remain outstanding and unpaid, there shall be deposited monthly in the Operation and Maintenance Fund, from moneys remaining in the Revenue Fund, after making the transfers required by subsections (A) and (B) of this Section 7 (which are cumulative), sufficient funds to meet the Current Expenses of operating and maintaining the System, pursuant to the Annual Budget, for which provision is hereafter made, and to accrue an operation and maintenance reserve equal to the anticipated requirements for a two-month period pursuant to the Annual Budget.

(D) Subject to the provisions of subsections (A), (B), and (C) of this Section 7, which are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred within sixty (60) days after the end of each fiscal year the balance of excess funds in the Revenue Fund on such date to the Sinking Fund to be used in redeeming outstanding bonds payable from the Sinking Fund in direct numerical and maturity order or purchasing such outstanding bonds at a price not to exceed the price at which such bonds may be redeemed on the next succeeding redemption date; provided, however, that notwithstanding the provisions hereof, the City reserves the right to redeem bonds which are redeemable without redemption premium prior to redeeming bonds which are only redeemable upon the payment of redemption premium.

\* \* \* \* \*

All payments into the above special funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All moneys held in any of the above special funds shall be kept apart from all other City funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the City therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a security bond or bonds or by pledge of direct obligations or by guaranteed bonds or securities of the United States Government having a market value equivalent to such deposit.

## SECTION 8

### COVENANTS TO BONDHOLDERS

The City hereby irrevocably covenants and agrees with the holder or holders of any and all Bonds and parity bonds at any time outstanding that so long as the same or any part thereof or interest thereon remain outstanding and unpaid:

(A) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky, and by the terms and provisions of this Ordinance.

(B) It will at all times operate the System on a revenue-producing basis, and will permit no free services to be rendered or afforded thereby.

(C) It will maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided; and will make unusual or extraordinary repairs, renewals and replacements, as the same may be required, through application of revenues accumulated and set aside for such purposes.

(D) The City covenants and agrees that, so long as any of the Bonds are outstanding, it will not sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for in this Ordinance, it will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Bonds. Notwithstanding the foregoing, the City may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(i) it is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the System;

(ii) it will, in the event of sale, apply the proceeds to either (1) redemption of outstanding bonds in accordance with the provisions governing prepayment of bonds in advance of maturity, or (2) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the System as hereinbefore provided;

(iii) it certifies, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(iv) it certifies that the estimated net revenues of the remaining System facilities for the then next succeeding fiscal year plus the estimated net revenues of the facility, if any, to be added to the System satisfy the earnings test hereinafter provided in governing issuance of additional bonds.

(E) It will establish, enforce and collect rates and charges for water services rendered and facilities afforded by the System; and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all outstanding bonds as aforesaid and the accruing interest thereon, and the accumulation of reserves as herein provided; and such rates and charges shall be adequate to meet all such requirements as provided in this Ordinance, and shall, if necessary, be adjusted from time to time in order to comply herewith.



On or before the completion of construction and inception of initial operation of the Project, the City will adopt a Budget of Current Expenses for the System for the remainder of the then current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any Bonds are outstanding, it will adopt an Annual Budget of Current Expenses for the ensuing fiscal year, and will file a copy of each such Budget, and of any amendments thereto, in the office of the City Clerk, and furnish copies thereof to the holder of any Bond upon request. Said Budget of Current Expenses shall reflect separately the costs of operating and maintaining the water facilities (excluding sewer facilities). The term "Current Expenses," as herein used, includes all reasonable and necessary costs of operating, repairing, maintaining, and insuring the System, but shall exclude any allowance for depreciation, payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance. The City covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon municipal order, resolution or ordinance duly adopted by the City Council determining that such expenses are necessary in order to operate and maintain the System. At the same time, and in like manner, the City agrees that it will prepare an estimate of cash income and revenues to be derived from operation of the System for each fiscal year, and to the extent that said cash income and revenues are insufficient to provide for all payments required to be made into the said sinking funds during such ensuing fiscal year, and to build up and maintain the reserves specified and referred to in Section 7 of this Ordinance, and to pay Current Expenses, the City covenants and agrees that it will revise its rates and charges for water services rendered by the System, so that the same will be adequate to meet all of such requirements.

(F) It will not at any time make any reduction in any prevailing schedule of rates and charges for use of the services and facilities of the System without first obtaining the written determination of a Consulting Engineer of national reputation that the proposed reduction will not adversely affect the ability of the City to meet all the requirements set forth in this Ordinance.

(G) It will at all times segregate the revenues of the System from all other revenues, moneys, and funds of the City, and will promptly and regularly make application and distribution thereof into the special funds provided in this Ordinance, in the amount and with due regard for the priorities herein attributed thereto.

(H) It will keep proper books of record and account, separate and clearly distinguishable from all other municipal records of all transactions relating to the System, and the same shall be available and open to inspection by any Bondholder, and any agent or representative of a Bondholder.

(I) It will, within ninety (90) days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed accountant not in the employ of the City on a monthly salary basis, showing all receipts and disbursements, with comments of the auditor concerning whether the books and

records are being kept in compliance with this Ordinance and in accordance with recognized accounting practices, and will promptly cause a copy of the Audit Report to be filed in the office of the City Clerk where it will be available for public inspection, and will promptly mail a copy thereof to the original purchaser or purchasers of Bonds issued hereunder. If requested to do so, the City will furnish to any Bondholder a condensed form of the Balance Sheet, and a condensed form of the Operating Report, in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided. Provided, so long as USDA holds any of the Bonds herein authorized, the City shall furnish operating and other financial statements in such form and substance and for such periods as may be requested by USDA.

(J) Any holder of Bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by said City and its officers and agents of all duties imposed or required by law or this Ordinance in connection with the operation of the System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(K) If there be any default in the payment of the principal of or interest on any of the Bonds, then upon the filing of suit by any holder of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the City with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System, and for the payment of Current Expenses, and to apply the revenues in conformity with this Ordinance and the provisions of said statute laws of Kentucky aforesaid.

(L) The City will cause each municipal officer or other person (other than Depository Banks) having custody of any moneys administered under the provisions of this Ordinance to be bonded at all times in an amount at least equal to the maximum amount of such moneys in his custody at any time, each such bond to have surety given by a surety corporation and qualified to do business in Kentucky and approved by the City Council; and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from moneys available in the Operation and Maintenance Fund.

(M) It will procure, and at all times maintain in force, insurance of all insurable properties constituting parts of, or being appurtenant to, the System to the full insurable value thereof, against damage or destruction by fire, windstorm, and the hazards covered by the standard "extended coverage" policy endorsements or provisions, the premiums therefor to be paid from the Operation and Maintenance Fund; and will deposit all sums collected under the terms of such policies in the Depreciation Fund. Such insurance shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percentum (80%) of the full insurable value of the damaged facility.

(N) The City will procure and at all times maintain Public Liability Insurance relating to the operation of the System, with limits of not less than \$200,000 for one person

and \$500,000 for more than one person involved in one accident to protect the City from claims for bodily injury and/or death; and not less than \$100,000 from claims for damage to property of others which may arise from the City's operation of the System.

(O) If the City owns or operates a vehicle in the operation of the System, the City will procure and at all times maintain Vehicular Public Liability Insurance with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the City from claims for bodily injury and/or death, and not less than \$100,000 against claims for damage to property of others which may arise from the City's operation of vehicles. Provided, notwithstanding (M), (N) and (O) above, so long as USDA holds any Bonds herein authorized, the City will procure and maintain insurance of such types and in such amounts as USDA may specify with insurance carriers acceptable to USDA.

(P) So long as USDA is the holder of any bonds of the City, the City shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of such bonds held by USDA without immediately prepaying all of such bonds held by USDA.

## SECTION 9

### PARITY BONDS PERMITTED; TERMS

The Bonds authorized to be issued hereunder and from time to time outstanding shall not be entitled to priority one over the other in the application of the revenues herein pledged, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Bonds authorized to be issued under the provisions of this Ordinance, regardless of the fact that they may actually be issued and delivered at different times. No other bonds or other obligations shall be issued by the City and made payable from the income and revenues of the System unless the pledge of revenues for the same is expressly made subordinate and inferior to the lien and pledge herein created; provided, however, the City hereby reserves the right and privilege of issuing additional bonds, from time to time, payable from the revenues of the System, ranking on a basis of equality and parity as to security and source of payment with the Bonds herein authorized, and any outstanding parity bonds, for the following purposes and subject to the following conditions and restrictions:

(A) The City covenants and agrees that in the event the cost of constructing the Project, together with incidental expenses, shall exceed the cost upon which the dollar amount of Bonds herein authorized has been computed, it shall pay the amount of such excess out of funds available to it for such purpose. The City may provide such excess (but only such excess) through the issuance of parity bonds, provided that it has obtained (i) the consent of USDA, and (ii) if any Bonds or parity bonds are owned by persons other than USDA, the consent of the holders of two-thirds in principal amount of such outstanding bonds so held.

(B) The City shall have the right to add new System facilities and related auxiliary facilities by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenues and any other security pledged to the Bonds, provided in each instance that:

- (i) the facility or facilities to be built from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Bonds and parity bonds;
- (ii) the City is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the income and revenues of the System or any part thereof;
- (iii) the net revenues (defined as gross revenues less essential operation and maintenance expenses) of the System for the fiscal year next preceding the issuance of additional parity bonds are certified by an independent certified public accountant to have been equal to at least one and twenty hundredths (1.20) times the average annual requirements for principal and interest on all Bonds and parity bonds then outstanding; and
- (iv) the estimated average annual net revenues of the facility or facilities to be constructed or acquired in whole or in part with the proceeds of such additional bonds (and any other funds pledged as security), when added to the estimated future average annual net revenues of the then existing System, shall be at least one and twenty-hundredths (1.20) times the average annual debt service requirements for principal and interest on all outstanding Bonds and parity bonds and on the additional bonds then to be issued. Future net revenue estimates shall be furnished by a recognized independent consulting engineer or firm of consulting engineers and shall be forecast over a period not exceeding five (5) years from the expected date of completion of the facility or facilities to be constructed or acquired in whole or in part with the proceeds of such additional bonds. Provided, however, the foregoing conditions and limitations prescribed in this subparagraph (iii) immediately above and this subparagraph (iv) may be waived or modified by the written consent of the holders of at least seventy-five percent (75%) in principal amount of the then outstanding Bonds and parity bonds.

(C) The City hereby covenants and agrees that in the event additional series of parity bonds are issued, it shall:

- (i) adjust the monthly deposits into the Sinking Fund on the same basis as that prescribed in Section 7(A) hereof to reflect the annual debt service on the additional bonds;

- (ii) adjust and increase appropriately the monthly amount to be deposited into the Depreciation Fund in accord with controlling ordinances to give recognition to the facilities and equipment to be constructed or acquired with the proceeds of such additional bonds; and
- (iii) make such additional bonds payable as to principal on December 1 of each year in which principal falls due and payable as to interest on June 1 and December 1 of each year.

(D) The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds payable from the revenues of the System on a basis of equality and parity with the Bonds herein specifically authorized, and shall not be deemed to include other bonds or obligations, the security and source of payment of which are subordinate and subject to the priority of the Bonds and parity bonds herein authorized or permitted to be issued. The City expressly reserves the right to issue its bonds or other obligations payable from the revenues herein pledged, and not ranking on a basis of equality and parity with the Bonds and parity bonds herein otherwise referred to, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for additions or extensions or improvements of the System, and only if the same are issued in express recognition of the priorities, liens and rights created and existing for the security, source of payment, and protection of the Bonds and parity bonds herein authorized and permitted to be issued. Provided, however, that nothing in this Section is intended or shall be construed as a restriction upon the ordinary refunding of the initially authorized Bonds, and/or of any bonds which may have been issued and are outstanding under any of the provisions of this Ordinance, if such refunding does not operate to increase, in any year until the final maturity of the refunding bonds, the aggregate of the principal and interest requirements of the bonds to remain outstanding and the bonds proposed to be refunded.

#### SECTION 10

#### PROVISIONS OF ORDINANCE CONSTITUTE CONTRACT

The provisions of this Ordinance shall constitute a contract between the City and the holders of the Bonds herein authorized and any parity bonds herein permitted to be issued, and after the issuance of any of the Bonds, no change, variation or alteration of any kind of the provisions of this Ordinance shall be made in any manner except as herein provided until such time as all of the Bonds and parity bonds issued hereunder, and the interest thereon, have been paid in full.

#### SECTION 11

#### TAX COVENANTS

The City covenants and agrees that the Project will be constructed expeditiously and the expenditure of the portion of the proceeds of the Bonds deposited in the Construction Fund for

the payment of the costs of the Project will be made promptly in order that the Project will be completed and in operation at the earliest possible date. The City further certifies and covenants with the holders of the Bonds that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be invested or used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any lawful regulations promulgated or proposed thereunder, including the applicable Income Tax Regulations, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Mayor, Treasurer and /or City Clerk, as the officers of the City charged with the responsibility for issuing the Bonds, are authorized and directed, for and on behalf of the City, to execute all papers, documents, certificates and other instruments that may be required for evidencing compliance with federal "arbitrage bond" regulations, and any representations and certifications contained in such papers, documents, certificates and other instruments so executed shall be deemed to constitute representations and certifications of the City.

The City further represents, warrants, agrees and covenants as follows:

(A) Within the meaning of Section 141 of the Code and the Income Tax Regulations issued thereunder, over the terms of the Bonds (i) less than 10% of the proceeds of the Bonds, if any, will be applied for any private business use, and the payment of principal of or interest on less than 10% of the amount of the Bonds, if any, will be secured directly or indirectly by any interest in property used for a private business use, or payments in respect of such property, or will be derived directly or indirectly from payments (whether or not to the City) in respect of such property; (ii) at least 90% of the proceeds of the Bonds will be applied for a governmental use of the City; (iii) any private business use of the Project will be related to such governmental use of the City and will not be unrelated or disproportionate; and (iv) none of the proceeds of the Bonds will be used, directly or indirectly, to make or finance loans to private persons. It is reasonably expected that over the term of the Bonds (a) the Project will be available for general public use, in that it will be reasonably available for use by natural persons not engaged in a trade or business on the same basis as any other person or entity, (b) no nongovernmental person will have any special legal entitlement to use the Project, and (c) there will be no direct or indirect payments made with respect to the Project or the security of the Bonds by any persons or entities other than payments by the general public as described in clause (a) above.

(B) Within the meaning of Section 148(f) of the Code, the City is a governmental unit with general taxing powers, none of the Bonds is a private activity bond, 95% or more of the net proceeds of the Bonds will be used for local public and governmental activities of the City, and the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City and all of its subordinate entities during the calendar year 2004 is not reasonably expected to exceed \$5,000,000. Further, it is reasonably expected all Bond proceeds will be expended within six months from the date of issue of the Bonds. If for any reason the arbitrage rebate requirements of Section 148(f) of the Code should be deemed to apply to the Bonds, the City will take all action necessary to comply therewith.

(C) The Bonds are not federally guaranteed within the meaning of Section 149(b) of the Code.

(D) The City will comply with the information reporting requirements of Section 149(e) of the Code.

(E) It is reasonably expected that during the term of the Bonds the Project will not be disposed of, provided, however, should there be any disposition of any personal property constituting a part of the Project because it is no longer suitable for its governmental purpose, it is reasonably expected that the fair market value of such personal property will not exceed 25% of its cost.

(F) The weighted average maturity of the Bonds does not exceed 120% of the weighted average useful life of the facilities comprising the Project.

(G) The City has not heretofore expended any sums on the Project which are to be reimbursed from the proceeds of the Bonds, other than (a) certain preliminary expenditures such as engineering and planning costs not exceeding 20% of the Bond proceeds, (b) expenditures made within 60 days prior to the date of adoption of this Ordinance, and (c) expenditures prior to which the City had adopted an official intent resolution regarding reimbursement from tax-exempt bond proceeds.

(H) The City will not use or permit the use of any of the funds provided by the Bonds in such manner as to, or take or omit to take any action which would, impair the exclusion from gross income for federal income tax purposes of interest on the Bonds. The City shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the City on the Bonds shall, for the purposes of federal income taxation, be excludable from gross income.

(I) This Ordinance is intended to and does constitute, in part, a declaration of official intent under applicable Income Tax Regulations.

## SECTION 12

### STATUTORY MORTGAGE LIEN ACKNOWLEDGED

A statutory mortgage lien upon the System, together with all appurtenances and additions thereto and extensions thereof, and including the revenues thereof, is granted and created by Section 96.400 of the Kentucky Revised Statutes for the benefit and protection of the holders of the Bonds and parity bonds; and said statutory mortgage lien is hereby recognized and shall be effective upon delivery of any of the Bonds and shall continue in full force and effect so long as there shall remain unpaid any part of the principal of or interest on the Bonds and any parity bonds.

SECTION 13

SEVERABILITY CLAUSE

If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 14

REPEAL OF INCONSISTENT PROVISIONS

All ordinances and resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

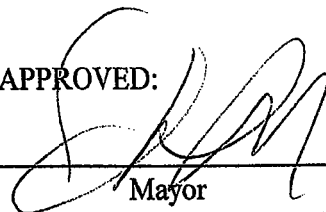
SECTION 15

WHEN ORDINANCE EFFECTIVE

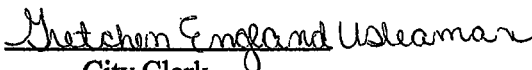
This Ordinance shall be in full force and effect from and after its adoption, approval, attestation and publication in summary form as provided by law. The summary of this Ordinance read at the meetings described below, prepared by a licensed attorney at law and including the title of this Ordinance, is hereby specifically approved and adopted for purposes of first and second readings and for the purpose of publication in summary form according to law.

ADOPTED BY THE COUNCIL OF THE CITY OF AUGUSTA, KENTUCKY, upon second reading at a meeting held on the 21<sup>st</sup> day of January, 2004, following first reading on December 17, 2003; and upon such adoption signed by the Mayor, attested by the City Clerk, ordered to be published in summary form according to law, and declared to be in full force and effect upon such publication.

APPROVED:

  
\_\_\_\_\_  
Mayor  
City of Augusta, Kentucky

Attest:

  
\_\_\_\_\_  
City Clerk

CERTIFICATION

I, the undersigned, City Clerk of the City of Augusta, Kentucky, hereby certify that the foregoing is a true, complete and correct copy of an Ordinance finally adopted upon second reading by the City Council, signed by the Mayor and attested by me as City Clerk upon the occasion of



a properly convened meeting of the City Council held on the 21<sup>st</sup> day of January, 2004, as shown by the official records in my custody and under my control. I further certify that I have delivered an authorized summary of the Ordinance to the legal newspaper published in Bracken County, Kentucky, qualified under KRS Chapter 424 to publish legal documents on behalf of said City, with directions that the same be published in the earliest possible issue thereof.

WITNESS my hand this 30<sup>th</sup> day of January, 2004.

Metchen England Uoleman  
City Clerk  
City of Augusta, Kentucky

**HARPER, FERGUSON & DAVIS**

**ATTORNEYS AT LAW**  
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 462 SOUTH FOURTH AVENUE  
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28 WEST FIFTH STREET  
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June 26, 1996

COVINGTON OFFICE  
 (606) 491-0712  
 TELECOPIER (606) 491-0187

United States of America  
 Department of Agriculture  
 Rural Utilities Service  
 c/o State Director  
 771 Corporate Drive, Suite 200  
 Lexington, Kentucky 40503-5477

Re: \$1,500,000 City of Augusta, Kentucky, Water System  
 Revenue Bonds, 1995 Series A and B

Ladies and Gentlemen:

We have examined executed, certified or otherwise authenticated copies of pertinent proceedings of the City of Augusta, Kentucky (the "City"), precedent to and in connection with the authorization and issuance of its Water System Revenue Bonds, 1995 Series A and B, in the aggregate principal amount of \$1,500,000, which bonds are being issued only in the form of a single fully registered bond for each series, in the principal amounts shown in the following schedules (the "Bonds"), dated this date bearing interest at 4.50% per annum on the 1995 Series A Bonds and 4.875% on the 1995 Series B Bonds, such interest to be payable on June 1 and December 1 of each year, and maturing as to principal on December 1 of each year as shown in the following schedules:

1995 Series A Maturity Schedule - (\$1,160,000)

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
1998	\$ 11,000	2011	\$ 20,000	2024	\$ 38,500
1999	11,000	2012	21,500	2025	40,000
2000	12,000	2013	22,500	2026	42,500
2001	12,500	2014	23,500	2027	44,000
2002	13,000	2015	24,500	2028	46,500
2003	14,000	2016	26,000	2029	49,000
2004	14,500	2017	27,000	2030	51,500
2005	15,000	2018	28,500	2031	54,000
2006	16,000	2019	30,000	2032	56,500
2007	16,500	2020	31,500	2033	59,500
2008	17,500	2021	33,000	2034	62,500
2009	18,500	2022	35,000	2035	65,000
2010	19,500	2023	36,500		

**HARPER, FERGUSON & DAVIS**

Page -2-

Re: \$1,500,000 City of Augusta, Kentucky, Water System  
Revenue Bonds, 1995 Series A and B

1995 Series B Maturity Schedule - (\$340,000)

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
1998	\$ 3,000	2011	\$ 5,800	2024	\$ 11,300
1999	3,100	2012	6,100	2025	11,900
2000	3,300	2013	6,400	2026	12,500
2001	3,500	2014	6,800	2027	13,100
2002	3,600	2015	7,100	2028	13,900
2003	3,900	2016	7,500	2029	14,500
2004	4,000	2017	7,900	2030	15,400
2005	4,300	2018	8,300	2031	16,100
2006	4,500	2019	8,700	2032	17,000
2007	4,700	2020	9,200	2033	17,900
2008	5,000	2021	9,700	2034	18,800
2009	5,200	2022	10,200	2035	19,600
2010	5,500	2023	10,700		

provided, however, that so long as the United States of America, Department of Agriculture ("USDA"), is the registered holder of the Bonds, principal installments of the Bonds are subject to prepayment at par at the option of the City, as set forth in the Ordinance of the City authorizing the Bonds.

Based on our examination of said proceedings and applicable laws, it is our opinion that (a) the Bonds have been authorized and issued in conformity with the Constitution and applicable laws of the Commonwealth of Kentucky, particular reference being made to Sections 96.350 through 96.510 of the Kentucky Revised Statutes, (b) the Bonds are valid and legally binding upon the City according to the import thereof, and (c) the Bonds, together with bonds ranking on a parity therewith which may hereafter be issued and outstanding from time to time under the restrictions and conditions set forth in said proceedings, will be payable only from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the City's municipal water system, which fixed portion, according to the terms of said Bond-authorizing Ordinance, shall be sufficient to pay the maturing principal of and interest on the Bonds.

It is further our opinion that the Bonds are exempt from all present Kentucky ad valorem taxes, and under existing laws the interest thereon will be excluded from gross income for Federal and Kentucky income tax purposes; provided, however, if the Bonds or any portion thereof

**HARPER, FERGUSON & DAVIS**

Page -3-

Re: \$1,500,000 City of Augusta, Kentucky, Water System  
Revenue Bonds, 1995 Series A and B

are acquired by the Federal government, or any agency thereof, and sold on an insured basis from the Agricultural Credit Insurance Fund or the Rural Development Insurance Fund, as provided in the last sentence of Section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) and in Section 309A(h) of said Act (7 U.S.C. 1929a(h)), respectively, then in such event no opinion is expressed as to the exclusion of interest on the Bonds from gross income for Federal and Kentucky income tax purposes.

The opinions set forth in the immediately preceding paragraph are subject to the accuracy of the City's representations and the continuing compliance by the City with the covenants regarding Federal tax law contained in the Bond-authorizing Ordinance. The inaccuracy of any such representations or the failure to comply with any of such covenants could cause interest on the Bonds to be so included in gross income retroactive to the date of issue of the Bonds. The accrual or receipt of interest on the Bonds may otherwise affect the Federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

With respect to the opinions expressed herein, the rights and obligations under the Bonds and the Bond-authorizing Ordinance are subject to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

As Bond Counsel, we are passing on only those matters set forth in this opinion and we are not passing on the accuracy or completeness of any statements made in connection with any sale of the Bonds.

Respectfully submitted,

HARPER, FERGUSON & DAVIS

By

  
William W. Davis

WWD:pf

**HARPER, FERGUSON & DAVIS**  
Division of Ogden Newell & Welch PLLC

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**WILLIAM W. DAVIS**

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wdavis@ogdenlaw.com

January 30, 2004

United States Department of Agriculture, Rural Development  
c/o State Director  
771 Corporate Drive, Suite 200  
Lexington, Kentucky 40503-5477

Re: \$100,000 City of Augusta, Kentucky, Water System  
Revenue Bonds, Series 2004

Ladies and Gentlemen:

We have examined executed, certified or otherwise authenticated copies of pertinent proceedings of the City of Augusta, Kentucky (the "City"), precedent to and in connection with the authorization, sale and issuance of its Water System Revenue Bonds, Series 2004, in the principal amount of \$100,000, which bonds are being issued only in the form of a single fully registered bond (the "Bond"), dated this date, bearing interest at 4.50% per annum, payable on June 1 and December 1 of each year, and maturing as to principal on December 1 of each year as shown in the following schedule:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2006	\$ 1,000	2019	\$ 1,800	2032	\$ 3,300
2007	1,100	2020	1,900	2033	3,400
2008	1,100	2021	2,000	2034	3,600
2009	1,200	2022	2,100	2035	3,800
2010	1,200	2023	2,200	2036	3,900
2011	1,300	2024	2,300	2037	4,100
2012	1,300	2025	2,400	2038	4,300
2013	1,400	2026	2,500	2039	4,500
2014	1,500	2027	2,600	2040	4,700
2015	1,500	2028	2,700	2041	4,900
2016	1,600	2029	2,900	2042	5,200
2017	1,700	2030	3,000	2043	5,200
2018	1,700	2031	3,100		

Page -2-

Re: \$100,000 City of August, Kentucky, Water System  
Revenue Bonds, Series 2004

provided, however, that so long as the U. S. Department of Agriculture, Rural Development ("USDA"), is the registered holder of the Bond, principal installments of the Bond are subject to prepayment at the option of the City as set forth in the Ordinance of the City authorizing the Bond (the "Bond Ordinance").

Based on our examination of the described proceedings and applicable laws, it is our opinion that (a) the Bond has been authorized and issued in conformity with the Constitution and applicable laws of the Commonwealth of Kentucky, particular reference being made to Sections 96.350 through 96.510 of the Kentucky Revised Statutes, (b) the Bond is valid and legally binding upon the City according to the import thereof, and (c) the Bond, together with bonds ranking on a parity therewith that have previously been issued and are outstanding and that may subsequently be issued and outstanding from time to time under the restrictions and conditions set forth in the Bond Ordinance, will be payable only from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the City's municipal water system, which fixed portion, according to the terms of the Bond Ordinance, shall be sufficient to pay the maturing principal of and interest on the Bond and such outstanding parity bonds.

It is further our opinion that the Bond is exempt from all present Kentucky *ad valorem* taxes, and under existing laws the interest thereon will be excluded from gross income for Federal and Kentucky income tax purposes; provided, however, if the Bond or any portion thereof is acquired by the Federal government, or any agency thereof, and sold on an insured basis from the Agricultural Credit Insurance Fund or the Rural Development Insurance Fund, as provided in the last sentence of Section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) and in Section 309A(h) of said Act (7 U.S.C. 1929a(h)), respectively, then in such event no opinion is expressed as to the exclusion of interest on the Bond from gross income for Federal and Kentucky income tax purposes.

The opinions set forth in the immediately preceding paragraph are subject to the accuracy of the City's representations and the continuing compliance by the City with the covenants regarding Federal tax law contained in the Bond-authorizing Ordinance. The inaccuracy of any such representations or the failure to comply with any of such covenants could cause interest on the Bond to be so included in gross income retroactive to the date of issue of the Bond. The accrual or receipt of interest on the Bond may otherwise affect the Federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

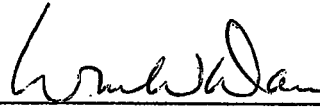
Page -3-  
Re: \$100,000 City of August, Kentucky, Water System  
Revenue Bonds, Series 2004

With respect to the opinions expressed herein, the rights and obligations under the Bond and the Bond-authorizing Ordinance are subject to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

As Bond Counsel, we are passing on only those matters set forth in this opinion and we are not passing on the accuracy or completeness of any statements made in connection with any sale of the Bond or the status of title to any properties.

Respectfully submitted,

HARPER, FERGUSON & DAVIS  
(Division of Ogden Newell & Welch PLLC)

By   
William W. Davis

WWD:pf

CITY OF AUGUSTA, KENTUCKY

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

Year ended June 30, 2014

**NOTE F. LONG-TERM DEBT**

Long-Term Debt of the City consists of Revenue Bonds payable from the Proprietary Funds and Notes Payable by the Governmental and Proprietary Funds. A detail of Long-Term Debt at June 30, 2014 is as follows.

**A. Revenue Bonds – Proprietary Funds**

Sewer Utility Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water Utility Fund:			
1995 Series A, due to USDA Rural Development at interest rate of 4.5% Per annum with final payment Due in 2036	905,000	526,511	1,431,511
1995 Series B, due to USDA Rural Development at interest rate of 4.875% Per annum with final payment due in 2036	268,100	170,023	438,123
2004 Series, due USDA Rural Development at interest rate of 4.50% per annum with final payment due in 2044	90,400	76,311	166,711
	<u>\$1,263,500</u>	<u>\$ 772,845</u>	<u>\$2,036,345</u>

The annual requirements to amortize all revenue bonds payable outstanding as of June 30, 2014, are as follows:

YEAR ENDING	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
<u>JUNE 30</u>			
2015	31,800	57,169	88,969
2016	33,100	55,683	88,783
2017	35,100	54,123	89,223
2018	36,600	52,483	89,083
2019	38,500	50,762	89,262
2020-2024	224,500	224,761	449,261
2025-2029	286,700	166,489	453,189
2030-2034	367,100	92,046	459,146
2035-2039	185,600	15,937	201,537
2040-2044	24,500	3,392	27,892
TOTAL	<u>\$1,263,500</u>	<u>\$ 772,845</u>	<u>\$2,036,345</u>



# EXHIBIT 6

**Average Weekly Water Treatment Plant Duties for City Office Employees**  
**34 Hours/Week**

POSITION	HOURLY RATE	HOURS	TOTAL
City Clerk – 14 Hours	\$20.89	14	\$292.46
1. Billing/Invoicing			
• Purchase orders			
• Reconcile purchase orders with invoices			
• Print checks			
• Sign checks			
• Deposit checks			
• Pay bills			
• Computer data entry			
2. Payroll			
• Calculate hours worked			
• Print payroll checks			
• Sign payroll checks			
• Calculate Vacation/Sick/Holiday pay			
3. Personnel			
• Benefits			
• Insurance			
4. Budgeting/Financials			
• Bookkeeping			
• Reconcile statements			
• Assist Auditor for Rate Calculations			
• Financial statements			
• City council financial reports			
Assistant City Clerk – 14 hours	\$14.54	14	\$203.56
1. Assisting City Clerk in above listed duties			
2. Ordering supplies			
3. Mail/Postage collection and distribution			
4. Document filing			
5. Copying			
6. Answering telephone			
Maintenance Department – 4 hours	\$17.92	4	\$71.68
1. Repairs and maintenance at Water Treatment Plant			
2. Building maintenance at Water Treatment Plant			
3. Grounds keeping, mowing, snow removal, road repairs, etc.			
Computer and Technical Assistance – 2 hours	\$16.57	2	\$33.14
1. Maintain and repair computer systems.			
2. Assist with electronic document filings			
3. Assist with necessary Federal and State applications.			
<b>WEEKLY TOTAL</b>			<b>\$600.84</b>

Personal or sensitive information was discovered in this filing. At the filer's request pages: 311 - 322 have been removed. A redacted version of the removed pages has been filed 1/13/2016. They are located at: [http://psc.ky.gov/pscecf/2015-00039/tosterloh@sturgillturner.com/01132016053128/Documents\\_in\\_Augusta\\_Response\\_PSC\\_DR\\_1\\_Exhibit\\_6\\_-\\_REDACTED\\_\(00643598xA9D25\).pdf](http://psc.ky.gov/pscecf/2015-00039/tosterloh@sturgillturner.com/01132016053128/Documents_in_Augusta_Response_PSC_DR_1_Exhibit_6_-_REDACTED_(00643598xA9D25).pdf)

ldm 1/15/2016

CITY OF AUGUSTA  
POSITION DESCRIPTION

Class Title: Water Plant Superintendent

Department: Regional Water Plant

Supervisor: Mayor

Supervises: Supervises all Employees Assigned to Water Plant

Class Characteristics: Responsible for the water plant, including the overall operation, maintenance and cleanliness of the plant; responsible for monitoring special projects related to the water plant; serves as plant operator; performs related work as required.

Distinguishing Features of the Class: The work in this class involves responsibility for exercising leadership in the water plant and pump stations while assisting with required duties. The work requires discretion and judgment in planning, coordinating and directing activities in the department within the framework of established policy and applicable laws and ordinances. Administrative direction is received from the Mayor, who reviews work performance through evaluation of reports and results, analysis of complaints, and personal preference. Employees in this class must possess a Class IIIA Water Plant Operators License at the time of appointment to the class, and must maintain the Class IIIA Water Plant Operators License as a condition of continued employment in the class.

General Duties and Responsibilities (Illustrative Only):

Essential:

1. Plans, organizes, directs, coordinates and evaluates all activities and programs of the water plant and pump stations, including operation, maintenance and cleanliness, insuring that plant operation is in compliance with established procedures and standards and federal, state and local laws and administrative regulations.
2. Assists with formulation of operating policies and procedures; administers and maintains approved operating policies and procedures.
3. Insures compliance with established procedures and standards, and federal, state and local laws and administrative regulations.
4. Implements and insures compliance with safety procedures and regulations.
5. Makes routine inspections of plant, grounds, and pump stations.
6. Supervises employees assigned to plant; recommends disciplinary actions; prepares work schedules; approves assignments, training, and time off; approves time cards.
7. Implements preventive maintenance programs for plant and pump stations; assists in performing minor repairs; orders or requests contracts for major repairs.
8. Assists with budget preparation; administers approved budget.
9. Assists with preparation of cost estimates for projects and purchases; administers special projects.
10. Performs duties of Water Plant Operator.

2. Ability to detect mechanical flaws and assist with minor repairs on plant and equipment.
3. Ability to insure compliance with preventive maintenance and servicing programs.
4. Ability to prepare and/or insure the preparation of records and reports on a timely basis, and to insure that reports are forwarded as required.
5. Ability to establish and maintain effective working relationships with officers, other employees and the general public.
6. Physical ability to perform heavy labor for extended periods of time, often under adverse weather conditions.

#### ADDITIONAL REQUIREMENTS

Instructions: Instructions are very general; must use own judgment most of the time.

Processes: Must frequently refine existing work methods and develop new techniques, concepts, or programs within established limits or policies.

Review of Work: Completed work is generally not reviewed; supervisor assists with solutions when requested.

Analytical Requirements: Assignments frequently involve decisions based on a wide knowledge of many factors where application of advanced or technical concepts are required.

Tools, Equipment and Vehicles Used: Mechanical tools and equipment (hand tools, power tools, etc.), laboratory equipment, normal office equipment (phone, computer, calculator, etc.), safety equipment, vehicles.

Physical Demands: Work requires sitting at desk with intermittent standing, walking, stooping; must lift objects over 25 pounds; some work is performed outdoors regardless of weather conditions; must operate vehicle and equipment; required to be in high places, confined spaces, and using stairs and ladders; exposed to fumes, chemicals and toxic substances.

Contacts: Public and internal contacts are a requirement of the job.

Confidential Information: Little use of confidential information.

Mental Effort: Moderate.

Interruptions: Frequent.

Availability: Must be able to work irregular hours. Must be able to respond to emergency situations at all hours.

Additional Requirements: Must meet job-related physical and psychological requirements in effect at the time of appointment, and must pass any job-related mental,

CITY OF AUGUSTA  
POSITION DESCRIPTION

Class Title: Water Plant Operator Trainee, I, II, III

Department: Regional Water Plant

Supervisor: Water Plant Superintendent

Supervises: May be Responsible for the Water Plant and/or Supervise Lower Class Water Plant Operators in the Absence of the Water Plant Superintendent

Class Characteristics: Under general direction, assists in the daily operation and maintenance of the water plant; may be responsible for the plant and/or supervise plant operators in lower classes in the absence of higher authority; performs related work as required.

Distinguishing Features of the Class: The work in this class series includes the operation, maintenance and cleanliness of the plant, grounds, and pump stations. Much of the work is physically demanding. Employees enter the class as Plant Operator Trainee and are promoted to Plant Operator I, II, and III after obtaining the license at each level. Employees are required to obtain license at each level within twelve months after meeting the experience requirements at each level as a condition of continued employment in the class.

General Duties and Responsibilities (Illustrative Only):

Essential:

1. Assists in the daily operation, maintenance and cleanliness of the of the water plant, including start-up and/or shut-down of plant and equipment, involving the collection and processing of water in compliance with established procedures and standards and federal and state laws and administrative regulations.
2. May supervise water plant operators in lower classes in absence of higher authority.
3. Checks pump stations as scheduled.
4. Inspects and/or monitors pumps, charts, gauges and meters daily.
5. Adds chemicals in accordance with prescribed standards; collects water samples and performs lab tests; insures proper adjustment of feeder equipment; adjusts chemicals as necessary.
6. Collects and forwards water samples to other agencies/firms as required.
7. Prepares and maintains accurate reports/records; forwards reports as required.
8. Performs servicing and assists with preventive maintenance programs on plant and equipment; makes minor repairs and/or adjustments on plant and equipment; forwards requests for major repairs to superiors.
9. Assists with maintaining adequate inventory of spare parts, chemicals, equipment and tools.
10. Cleans plant and grounds; mows grass.

**Processes:** Work initially varies slightly; however, after proper training, must occasionally consider different courses of action, or deviate from standard operating procedures, to get the job done.

**Review of Work:** Completed work is spot checked.

**Analytical Requirements:** Assignments frequently involve decisions based on a wide knowledge of many factors where application of advanced or technical concepts are required.

**Tools, Equipment and Vehicles Used:** Mechanical tools and equipment (hand tools, power tools, etc.), laboratory equipment, normal office equipment (phone, computer, calculator, etc.), safety equipment, vehicles.

**Physical Demands:** Work requires sitting at desk with intermittent standing, walking, stooping; must lift objects over 25 pounds; some work is performed outdoors regardless of weather conditions; must operate vehicle and equipment; required to be in high places, confined spaces, and using stairs and ladders; exposed to fumes, chemicals and toxic substances.

**Contacts:** Occasional public and internal contacts requiring tact and diplomacy are requirements of the job.

**Confidential Information:** Little or no use of confidential information.

**Mental Effort:** Moderate.

**Interruptions:** Few.

**Availability:** Must be able to work irregular hours; must be able to respond to calls in emergency situations at all hours.

**Additional Requirements:** Must meet job-related physical and psychological requirements in effect at the time of appointment, and must pass any job-related mental, psychological and/or physical qualifying examination that may be prescribed.

**Drug and Alcohol Testing:** Employees in this class are subject to the city's drug and alcohol testing program.

**Overtime Provision:** Non-exempt.

CITY OF AUGUSTA  
POSITION DESCRIPTION

Class Title: Assistant City Clerk/Treasurer

Department: Administration / City Clerk/Treasurer's Office

Supervisor: City Clerk/Treasurer

Supervises: None

Class Characteristics: Under general supervision, assists in compiling, proofing, mailing, collecting and recording of utility bills, property taxes, and other licenses and fees for the city; assists with floodplain program; performs related work as required.

Distinguishing Features of the Class: Work in this class involves responsibility for the accounts receivable duties for utility bills, taxes, licenses, fees, and other revenues, including the preparation and forwarding of notices for utility bills, taxes, licenses, fees, etc; collecting utility bills, taxes and revenues for licensing, fees etc; assists other employees assigned to the office as needed. Employees in this class assists with the floodplain program. Employees in this class works under the direction of the City Clerk/Treasurer.

General Duties and Responsibilities (Illustrative Only):

Essential:

1. Enters meter readings; checks meter reading reports for accuracy; orders rereads as necessary.
2. Prepares, prints, checks for accuracy, and forwards utility bills.
3. Prepares, proofs and/or mails notices for taxes, licenses, fees, etc.
4. Accepts payments from walk-in customers or received by mail; issues or mails receipts; matches payments and stubs; posts to customer accounts; balances cash drawer at end of day.
5. Adjusts incorrect utility bills.
6. Prepares and forwards notices for delinquent bills; prepares disconnect lists for nonpayment.
7. Assists customers with completing paperwork for new services and/or tap fees; accepts deposits or payment; processes new accounts; prepares work orders.
8. Issues permits and/or licenses after receipt of payment.
9. Balances cash daily; enters payments by fund; makes daily deposits.
10. Assists with the preparation, distribution, and recording of required records and reports.
11. Greets visitors in person and/or by telephone; accepts payments; assists with signing up for services and/or taxes/licenses/fees; accepts inquiries, complaints and/or problems from customers and provides information, handles complaint/problem, or forwards to a higher authority.
12. Assists with floodplain program.
13. Opens and sorts mail.
14. Assists with preparing call-in and cut-off list for utility bills.



## ADDITIONAL INFORMATION

**Instructions:** Somewhat general; many aspects of work are covered specifically, but must use own judgment some of the time

**Processes:** Occasionally considers different courses of action or deviate from standard operating procedures to get the job done.

**Review of Work:** Completed work is spot-checked.

**Analytical Requirements:** Problems require analysis based on precedent.

**Tools, Equipment and Vehicles Used:** Computer hardware and software; general office equipment (telephone, radio, printer, copier, calculator, fax machine, postage meter, etc.)

**Physical Demands:** Work is typically performed indoors at a desk, table or counter with intermittent standing, sitting, stooping, etc.; must lift light objects (less than 25 pounds) as a requirement of the job.

**Contacts:** Public and internal contacts requiring tact and diplomacy are requirements of the job.

**Confidential Information:** Regular use of confidential information is a job requirement.

**Mental Effort:** Moderate.

**Interruptions:** Frequent.

**Availability:** No requirements of availability except for normal office hours.

**Additional Requirements:** Must be bondable. Must meet job-related physical and psychological requirements in effect at the time of appointment, and must pass any job-related mental, psychological and/or physical qualifying examination that may be prescribed.

**Drug and Alcohol Testing:** Employees in this class are subject to the city's drug and alcohol testing program.

**Overtime Provision:** Non-exempt.

Regional Water Treatment Plant  
Employee Benefits  
FY 2014

NAME	HEALTH INSURANCE	LIFE INSURANCE
Angie Schweitzer	16,721.88	132.00
Susan Butts	6,368.40	-
Shane Mains	6,368.40	132.00
John Olson	6,368.40	-

EXHIBIT 3 (b) (c)

EMPLOYEE	GROSS	JOB/POSITION TITLE	PORTION OF SALARY CHARGED TO WTP OPERATING COST
SUSAN BUTTS	\$ 51,881.19	WTP SUPERINTENDENT OPERATOR IV	100% - WTP SALARY
SHANE MAINS	\$ 33,514.36	WTP OPERATOR III	100% - WTP SALARY
JOHN OLSON	\$ 32,916.82	WTP OPERATOR III	100% - WTP SALARY
ANGIE SCHWEITZER	\$ 42,475.54	ASST. CITY CLERK	THIS IS 85% WHICH IS CHARGED TO WTP/THE OTHER 15% IS GENERAL FUND SALARY
JEFFREY MOFORD	\$ 276.00	WTP OPERATOR III	100% - WTP SALARY
ALEXANDRIA THOMPSON	\$ 526.36	YOUTH SUMMER PROGRAM	100% - WTP SALARY
CINDY BLEVINS	\$ 949.04	YOUTH SUMMER PROGRAM	100% - WTP SALARY
MATTHEW WELTE	\$ 435.00	YOUTH SUMMER PROGRAM	100% - WTP SALARY
MADISON CANTRELL	\$ 285.65	YOUTH SUMMER PROGRAM	100% - WTP SALARY
LEANN TUCKER	\$ 239.98	YOUTH SUMMER PROGRAM	100% - WTP SALARY
SHELBY NICKERSON	\$ 395.86	YOUTH SUMMER PROGRAM	100% - WTP SALARY
GABRIEL THOMAS	\$ 2,780.99	OPERATOR TRAINEE	100% - WTP SALARY

\* 1 HOUR PER DAY FOR ONE EMPLOYEE TO COLLECT WATER DISTRIBUTION SAMPLES. THIS EMPLOYEE VARIES.

# EXHIBIT 10

Water Treatment Plant  
 Depreciation Schedule

Date	Description	Quantity	Cost	Life (Years)	Rate	Accumulated Depreciation	Book Value
12/01/96	Water Treatment Plant	38	2,882,702.04				
06/30/98	Additions	38	89,511.62				
06/30/02	Engineering	38	32,000.00				
05/25/05	Lagoon	38	487,854.72				
04/30/06	Well Recharge	38	209,847.39				
06/28/06	Air Compressor	10	7,824.69				
04/02/10	Radios	15	14,115.00				
03/15/11	Pump	10	1,668.86				
03/01/12	Pump and motor	10	56,249.00				
01/30/13	Motor	10	6,866.65				
Total: WTP			3,804,544.11				
Total Water Utility			4,164,919.28				
- Additions			1,676,777.13				
			1,085,555.76				
			1,785,332.89				
			109,983.01				
			1,895,315.90				
			2,289,603.38				

1 C

1 D

# EXHIBIT 11

Entered Period	Oper Prog	P.O. Invoice	Check Vendor	Transaction Descr Vendor Name	Debits Reference	Credits	New Balance
<b>A S S E T S</b>							
Account	81.102.000.000			CASH IN BANK - WTP	Beg-Bal	21,051.53	
07/05/12	BUC		2250	PAYROLL		2,019.37	19,032.16
07/12	A11100						
07/06/12	BUC		2252	LEE BERRY		450.00	18,582.16
07/12	A11100						
07/11/12	BUC				33,561.19		52,143.35
07/12	A11100						
07/11/12	BUC	*19496	13551			53.92	52,089.43
07/12	A20290	19496	17	BRADFORD'S HOME MART*			
07/11/12	BUC	*19642	13551			48.84	52,040.59
07/12	A20290	19642	17	BRADFORD'S HOME MART*			
07/11/12	BUC	*19628	13553	WTP		11.85	52,028.74
07/12	A20290	19628	22	AUGUSTA UTILITY DEPARTMENT*			
07/11/12	BUC	19539	13560	WTP		4,759.85	47,268.89
07/12	A20290	S1564886.1	275	C.I. THORNBURG CO., INC.*			
07/11/12	BUC	*19589	13560	WTP		1,349.53	45,919.36
07/12	A20290	S1565562.2	275	C.I. THORNBURG CO., INC.*			
07/11/12	BUC	*19605	13569	COPIER		304.64	45,614.72
07/12	A20290	206063042	1059	TOSHIBA FINANCIAL SERVICES*			
07/11/12	BUC	*19651	13570	WTP		171.35	45,443.37
07/12	A20290	19651	1165	WINDSTREAM*			
07/12/12	BUC		2253	PAYROLL		2,571.22	42,872.15
07/12	A11100						
07/13/12	BUC		2255	LEE BERRY		200.00	42,672.15
07/12	A11100						
07/19/12	BUC		2256	PAYROLL		1,953.67	40,718.48
07/12	A11100						
07/25/12	BUC		13575			5,500.50	35,217.98
07/12	A20280	19663	34	KENTUCKY UTILITIES*			
07/25/12	BUC		13579			24.26	35,193.72
07/12	A20280	19677	33	K'S IGA, INC.*			
07/25/12	BUC		13585			441.50	34,752.22
07/12	A20280	045509	188	APPALACHIAN STATES ANALYTICAL*			
07/25/12	BUC	*19489	13586	WTP		238.50	34,513.72
07/12	A20280	2520	225	TOM'S MOBILE LOCKSMITH*			
07/25/12	BUC		13587			3,268.50	31,245.22
07/12	A20280	S1566664.1	275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC	19356	13587	WTP		5,078.40	26,166.82
07/12	A20280	S1559610.1	275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC	*19504	13587	WTP		3,038.00	23,128.82
07/12	A20280	S1562601.1	275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC		13591			873.84	22,254.98
07/12	A20280	1580	1020	ELECTRO MECH SERVICES*			
07/25/12	BUC	19477	13591	WTP		636.08	21,618.90
07/12	A20280	1550	1020	ELECTRO MECH SERVICES*			
07/25/12	BUC		13594			366.37	21,252.53
07/12	A20280	19673	1614	US BANK*			
07/26/12	BUC		2258	PAYROLL		2,447.99	18,804.54
07/12	A11100						
07/27/12	BUC				9,674.91		28,479.45
07/12	A11100						

Entered Period	Oper Prog	P.O. Invoice	Check Vendor	Transaction Descr Vendor Name	Debits Reference	Credits	New Balance
Account	81.102.000.000			CASH IN BANK - WTP	Beg-Bal	21,051.53	
07/27/12	BUC	*19699	13609	WTP		1,080.00	27,399.45
07/12	A20280	S1568081.1	275	C.I. THORNBURG CO., INC.*			
07/27/12	BUC	*19698	13609			286.90	27,112.55
07/12	A20280	S1567089.1	275	C.I. THORNBURG CO., INC.*			
07/27/12	BUC	*19732	13614	WORKER'S COMPENSATION		11,498.88	15,613.67
07/12	A20280	9284	818	KLC INSURANCE AGENCY*			
07/27/12	BUC	*19700	13624	WTP		1,993.20	13,620.47
07/12	A20280	19700	1584	WESTFIELD INSURANCE*			
07/12				*** Period Totals ***	43,236.10	50,667.16	-7,431.06
				***** Account Totals *****	43,236.10	50,667.16	-7,431.06
Account	81.115.000.000			CASH - WTP BOND RESERVE	Beg-Bal	31,092.97	
				*** Period Totals ***	.00	.00	.00
				***** Account Totals *****	.00	.00	.00
Account	81.116.000.000			CASH - WTP DEPRECIATION	Beg-Bal	55.87	
				*** Period Totals ***	.00	.00	.00
				***** Account Totals *****	.00	.00	.00
Account	81.123.003.000			ACCOUNTS RECEIVABLE-BCWD	Beg-Bal	43,966.30	
				*** Period Totals ***	.00	.00	.00
				***** Account Totals *****	.00	.00	.00
Account	81.150.000.000			WATER TREATMENT PLANT	Beg-Bal	3,781,773.86	
				*** Period Totals ***	.00	.00	.00
				***** Account Totals *****	.00	.00	.00
Account	81.151.000.000			ACCUMULATED DEPRECIATION	Beg-Bal	-1,359,648.68	
				*** Period Totals ***	.00	.00	.00
				***** Account Totals *****	.00	.00	.00
				* TOTAL ASSETS	43,236.10	50,667.16	2,510,860.79

LIABILITIES

Account	81.201.000.001			ACCOUNTS PAYABLE	Beg-Bal	6,699.98	
07/11/12	BUC	*19496	13551		53.92		6,646.06
07/12	A20290	19496	17	BRADFORD'S HOME MART*			
07/11/12	BUC	*19642	13551		48.84		6,597.22
07/12	A20290	19642	17	BRADFORD'S HOME MART*			
07/11/12	BUC	*19628	13553	WTP	11.85		6,585.37
07/12	A20290	19628	22	AUGUSTA UTILITY DEPARTMENT*			
07/11/12	BUC	19539	13560	WTP	4,759.85		1,825.52
07/12	A20290	S1564886.1	275	C.I. THORNBURG CO., INC.*			



Entered Period	Oper Prog	P.O. Invoice	Check Vendor	Transaction Descr Vendor Name	Debits Reference	Credits	New Balance
Account	81.201.000.001			ACCOUNTS PAYABLE	Beg-Bal	6,699.98	
07/11/12	BUC	*19589	13560	WTP	1,349.53		475.99
07/12	A20290	S1565562.2	275	C.I. THORNBURG CO., INC.*			
07/11/12	BUC	*19605	13569	COPIER	304.64		171.35
07/12	A20290	206063042	1059	TOSHIBA FINANCIAL SERVICES*			
07/11/12	BUC	*19651	13570	WTP	171.35		.00
07/12	A20290	19651	1165	WINDSTREAM*			
07/25/12	BUC				5,500.50		-5,500.50
07/12	A20200	19663	34	KENTUCKY UTILITIES*		5,500.50	.00
07/25/12	BUC						
07/12	A20200	19663	34	KENTUCKY UTILITIES*			
07/25/12	BUC				-5,500.50		5,500.50
07/12	A20200	19663	34	KENTUCKY UTILITIES*			
07/25/12	BUC					-5,500.50	.00
07/12	A20200	19663	34	KENTUCKY UTILITIES*			
07/25/12	BUC				5,500.50		-5,500.50
07/12	A20200	19663	34	KENTUCKY UTILITIES*		5,500.50	.00
07/25/12	BUC						
07/12	A20200	19663	34	KENTUCKY UTILITIES*			
07/25/12	BUC		13575		5,500.50		-5,500.50
07/12	A20280	19663	34	KENTUCKY UTILITIES*			
07/25/12	BUC				873.84		-6,374.34
07/12	A20200	1580	1020	ELECTRO MECH SERVICES*			
07/25/12	BUC					873.84	-5,500.50
07/12	A20200	1580	1020	ELECTRO MECH SERVICES*			
07/25/12	BUC				24.26		-5,524.76
07/12	A20200	19677	33	K'S IGA, INC.*			
07/25/12	BUC					24.26	-5,500.50
07/12	A20200	19677	33	K'S IGA, INC.*			
07/25/12	BUC				366.37		-5,866.87
07/12	A20200	19673	1614	US BANK*			
07/25/12	BUC					366.37	-5,500.50
07/12	A20200	19673	1614	US BANK*			
07/25/12	BUC				441.50		-5,942.00
07/12	A20200	045509	188	APPALACHIAN STATES ANALYTICAL*			
07/25/12	BUC					441.50	-5,500.50
07/12	A20200	045509	188	APPALACHIAN STATES ANALYTICAL*			
07/25/12	BUC				3,268.50		-8,769.00
07/12	A20200	S1566664.1	275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC					3,268.50	-5,500.50
07/12	A20200	S1566664.1	275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC	19356	13587	WTP		5,078.40	-422.10
07/12	A20200	S1559610.1	275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC	*19504	13587	WTP		3,038.00	2,615.90
07/12	A20200	S1562601.1	275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC	*19489	13586	WTP		238.50	2,854.40
07/12	A20200	2520	225	TOM'S MOBILE LOCKSMITH*			
07/25/12	BUC	19477	13591	WTP		636.08	3,490.48
07/12	A20200	1550	1020	ELECTRO MECH SERVICES*			
07/25/12	BUC		13579		24.26		3,466.22
07/12	A20280	19677	33	K'S IGA, INC.*			
07/25/12	BUC		13585		441.50		3,024.72
07/12	A20280	045509	188	APPALACHIAN STATES ANALYTICAL*			

TRIAL BALANCE - WTP FUND

Entered Period	Oper Prog	P.O. Invoice	Check Vendor	Transaction Descr Vendor Name	Debits Reference	Credits	New Balance
Account	81.201.000.001			ACCOUNTS PAYABLE	Beg-Bal	6,699.98	
07/25/12	BUC	*19489	13586	WTP	238.50		2,786.22
07/12	A20280	2520	225	TOM'S MOBILE LOCKSMITH*			
07/25/12	BUC		13587		3,268.50		-482.28
07/12	A20280	S1566664.1	275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC	19356	13587	WTP	5,078.40		-5,560.68
07/12	A20280	S1559610.1	275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC	*19504	13587	WTP	3,038.00		-8,598.68
07/12	A20280	S1562601.1	275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC		13591		873.84		-9,472.52
07/12	A20280	1580	1020	ELECTRO MECH SERVICES*			
07/25/12	BUC	19477	13591	WTP	636.08		-10,108.60
07/12	A20280	1550	1020	ELECTRO MECH SERVICES*			
07/25/12	BUC		13594		366.37		-10,474.97
07/12	A20280	19673	1614	US BANK*			
07/27/12	BUC	*19732	13614	WORKER'S COMPENSATION		11,498.88	1,023.91
07/12	A20200	9284	818	KLC INSURANCE AGENCY*			
07/27/12	BUC	*19700	13624	WTP		1,993.20	3,017.11
07/12	A20200	19700	1584	WESTFIELD INSURANCE*			
07/27/12	BUC	*19699	13609	WTP		1,080.00	4,097.11
07/12	A20200	S1568081.1	275	C.I. THORNBURG CO., INC.*			
07/27/12	BUC	*19698	13609			286.90	4,384.01
07/12	A20200	S1567089.1	275	C.I. THORNBURG CO., INC.*			
07/27/12	BUC	*19699	13609	WTP	1,080.00		3,304.01
07/12	A20280	S1568081.1	275	C.I. THORNBURG CO., INC.*			
07/27/12	BUC	*19698	13609		286.90		3,017.11
07/12	A20280	S1567089.1	275	C.I. THORNBURG CO., INC.*			
07/27/12	BUC	*19732	13614	WORKER'S COMPENSATION	11,498.88		-8,481.77
07/12	A20280	9284	818	KLC INSURANCE AGENCY*			
07/27/12	BUC	*19700	13624	WTP	1,993.20		-10,474.97
07/12	A20280	19700	1584	WESTFIELD INSURANCE*			
07/12				*** Period Totals ***	51,499.88	34,324.93	-17,174.95
				***** Account Totals *****	51,499.88	34,324.93	-17,174.95
Account	81.209.000.000			DUE TO/DUE FROM	Beg-Bal	45,137.99	
				*** Period Totals ***	.00	.00	.00
				***** Account Totals *****	.00	.00	.00
Account	81.230.000.000			BONDS-1996	Beg-Bal	1,322,700.00	
				*** Period Totals ***	.00	.00	.00
				***** Account Totals *****	.00	.00	.00
Account	81.240.000.000			ACCRUED INT. PAYABLE	Beg-Bal	5,986.00	
				*** Period Totals ***	.00	.00	.00
				***** Account Totals *****	.00	.00	.00
Account	81.285.000.000			CONTRIBUTED CAPITAL-CDBG	Beg-Bal	745,591.82	
				*** Period Totals ***	.00	.00	.00
				***** Account Totals *****	.00	.00	.00

TRIAL BALANCE - WTP FUND

Entered Period	Oper Prog	P.O. Invoice	Check Vendor	Transaction Descr Vendor Name	Debits Reference	Credits	New Balance
Account	81.287.000.000			GRANT-REC	Beg-Bal	694,836.00	
				*** Period Totals ***	.00	.00	.00
				**** Account Totals ****	.00	.00	.00
Account	81.330.000.000			FUND BALANCE	Beg-Bal	-302,659.94	
				*** Period Totals ***	.00	.00	.00
				**** Account Totals ****	.00	.00	.00
				* TOTAL LIABILITIES	51,499.88	34,324.93	2,501,116.90

REVENUES

Account	81.398.810.700			BCWD	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13		381,383.12	.00
07/12	A11100					33,561.19	33,561.19
07/11/12	BUC						
07/12	A11100						
07/12				*** Period Totals ***	.00	414,944.31	414,944.31
				**** Account Totals ****	.00	33,561.19	33,561.19
Account	81.398.810.701			AUGUSTA	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13		129,652.34	.00
07/12	A11100					9,674.91	9,674.91
07/27/12	BUC						
07/12	A11100						
07/12				*** Period Totals ***	.00	139,327.25	139,327.25
				**** Account Totals ****	.00	9,674.91	9,674.91
				* TOTAL REVENUES	.00	43,236.10	43,236.10

EXPENSES

Account	81.399.810.105			MAINTENANCE SALARIES	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	109,896.41		.00
07/12	A11100						
07/05/12	BUC		2250	PAYROLL	1,485.94		1,485.94
07/12	A11100						
07/12/12	BUC		2253	PAYROLL	2,021.64		3,507.58
07/12	A11100						
07/19/12	BUC		2256	PAYROLL	1,404.09		4,911.67
07/12	A11100						
07/26/12	BUC		2258	PAYROLL	1,898.41		6,810.08
07/12	A11100						
07/27/12	BUC	*19732	13614	WORKER'S COMPENSATION	11,498.88		18,308.96
07/12	A20200	9284	818	KLC INSURANCE AGENCY*			

Entered Period	Oper Prog	P.O. Invoice	Check Vendor	Transaction Descr Vendor Name	Debits Reference	Credits	New Balance
07/12				*** Period Totals ***	128,205.37	.00	128,205.37
				***** Account Totals *****	18,308.96	.00	18,308.96
Account	81.399.810.106			MAINTENANCE RETIREMENT	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	900.00		.00
07/12	A11100			*** Period Totals ***	900.00	.00	900.00
07/12				***** Account Totals *****	.00	.00	.00
Account	81.399.810.107			MAINTENANCE HEALTH INSURANCE	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	18,841.70		.00
07/12	A11100			*** Period Totals ***	18,841.70	.00	18,841.70
07/12				***** Account Totals *****	.00	.00	.00
Account	81.399.810.110			OFFICE SALARIES	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	26,203.11		.00
07/12	A11100						
07/05/12	BUC		2250	PAYROLL	475.71		475.71
07/12	A11100						
07/12/12	BUC		2253	PAYROLL	490.08		965.79
07/12	A11100						
07/19/12	BUC		2256	PAYROLL	490.08		1,455.87
07/12	A11100						
07/26/12	BUC		2258	PAYROLL	490.08		1,945.95
07/12	A11100						
07/12				*** Period Totals ***	28,149.06	.00	28,149.06
				***** Account Totals *****	1,945.95	.00	1,945.95
Account	81.399.810.111			OFFICE RETIREMENT	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	255.00		.00
07/12	A11100			*** Period Totals ***	255.00	.00	255.00
07/12				***** Account Totals *****	.00	.00	.00
Account	81.399.810.112			OFFICE HEALTH INSURANCE	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	21,202.09		.00
07/12	A11100			*** Period Totals ***	21,202.09	.00	21,202.09
07/12				***** Account Totals *****	.00	.00	.00
Account	81.399.810.211			AUDIT	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	1,700.00		.00
07/12	A11100			*** Period Totals ***	1,700.00	.00	1,700.00
07/12				***** Account Totals *****	.00	.00	.00

CITY OF AUGUSTA  
 TRIAL BALANCE - WTP FUND

Entered Period	Oper Prog	P.O. Invoice	Check Vendor	Transaction Descr Vendor Name	Debits Reference	Credits	New Balance
Account	81.399.810.212			LEGAL CONTRACT	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	4,093.20		.00
07/12	A11100						
07/12				*** Period Totals ***	4,093.20	.00	4,093.20
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.220			SOFTWARE CONTRACT	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	713.00		.00
07/12	A11100						
07/12				*** Period Totals ***	713.00	.00	713.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.221			COPIER	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	1,400.00		.00
07/12	A11100						
07/12				*** Period Totals ***	1,400.00	.00	1,400.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.233			BUILDING GAS	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	10,000.00		.00
07/12	A11100						
07/12				*** Period Totals ***	10,000.00	.00	10,000.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.611			BOND RETIREMENT PRINCIPAL-A	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	22,500.00		.00
07/12	A11100						
07/12				*** Period Totals ***	22,500.00	.00	22,500.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.612			BOND RETIREMENT P-B	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	6,400.00		.00
07/12	A11100						
07/12				*** Period Totals ***	6,400.00	.00	6,400.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.613			BOND RETIREMENT INT.-A	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	41,692.50		.00
07/12	A11100						
07/12				*** Period Totals ***	41,692.50	.00	41,692.50
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.614			BOND RETIREMENT INT-B	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	13,381.88		.00
07/12	A11100						

Entered Period	Oper Prog	P.O. Invoice	Check Vendor	Transaction Descr Vendor Name	Debits Reference	Credits	New Balance
07/12				*** Period Totals ***	13,381.88	.00	13,381.88
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.618			BOND RETIREMENT - PRIN C	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	1,400.00		.00
07/12	A11100						
07/12				*** Period Totals ***	1,400.00	.00	1,400.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.619			BOND RETIREMENT - INT C	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	4,131.00		.00
07/12	A11100						
07/12				*** Period Totals ***	4,131.00	.00	4,131.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.802			TESTING	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	3,700.00		.00
07/12	A11100						
07/12				*** Period Totals ***	3,700.00	.00	3,700.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.803			REPAIRS	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	45,436.57		.00
07/12	A11100						
07/05/12	BUC		2250	PAYROLL	57.72		57.72
07/12	A11100						
07/06/12	BUC		2252	LEE BERRY	450.00		507.72
07/12	A11100						
07/12/12	BUC		2253	PAYROLL	59.50		567.22
07/12	A11100						
07/13/12	BUC		2255	LEE BERRY	200.00		767.22
07/12	A11100						
07/19/12	BUC		2256	PAYROLL	59.50		826.72
07/12	A11100						
07/19/12	BUC	*19489		Encumbrance Year End Close Ent	238.50		826.72
07/12	A10510		225	TOM'S MOBILE LOCKSMITH*			
07/19/12	BUC	19477		Encumbrance Year End Close Ent	636.08		826.72
07/12	A10510		1020	ELECTRO MECH SERVICES*			
07/25/12	BUC	*19489	13586	WTP	238.50		1,065.22
07/12	A20200	2520		225 TOM'S MOBILE LOCKSMITH*			
07/25/12	BUC	19477	13591	WTP	636.08		1,701.30
07/12	A20200	1550		1020 ELECTRO MECH SERVICES*			
07/26/12	BUC		2258	PAYROLL	59.50		1,760.80
07/12	A11100						
07/12				*** Period Totals ***	48,071.95	.00	48,071.95
				***** Account Totals *****	1,760.80	.00	1,760.80
Account	81.399.810.804			TRAVEL & TRAINING	Beg-Bal	.00	

Entered Period	Oper Prog	P.O. Invoice	Check Vendor	Transaction Descr Vendor Name	Debits Reference	Credits	New Balance
Account	81.399.810.804			TRAVEL & TRAINING	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	1,000.00		.00
07/12	A11100						
07/12				*** Period Totals ***	1,000.00	.00	1,000.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.805			ELECTRIC	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	62,000.00		.00
07/12	A11100						
07/12				*** Period Totals ***	62,000.00	.00	62,000.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.806			PHONES	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	2,000.00		.00
07/12	A11100						
07/12				*** Period Totals ***	2,000.00	.00	2,000.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.810.807			INSURANCE	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	16,000.00		.00
07/12	A11100						
07/27/12	BUC *19700		13624	WTP	1,993.20		1,993.20
07/12	A20200 19700		1584	WESTFIELD INSURANCE*			
07/12				*** Period Totals ***	17,993.20	.00	17,993.20
				***** Account Totals *****	1,993.20	.00	1,993.20
Account	81.399.810.808			CHEMICALS	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	95,589.00		.00
07/12	A11100						
07/19/12	BUC *19504			Encumbrance Year End Close Ent	3,038.00		.00
07/12	A10510		275	C.I. THORNBURG CO., INC.*			
07/19/12	BUC 19356			Encumbrance Year End Close Ent	5,078.40		.00
07/12	A10510		275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC 19356		13587	WTP	5,078.40		5,078.40
07/12	A20200 S1559610.1		275	C.I. THORNBURG CO., INC.*			
07/25/12	BUC *19504		13587	WTP	3,038.00		8,116.40
07/12	A20200 S1562601.1		275	C.I. THORNBURG CO., INC.*			
07/27/12	BUC *19699		13609	WTP	1,080.00		9,196.40
07/12	A20200 S1568081.1		275	C.I. THORNBURG CO., INC.*			
07/27/12	BUC *19698		13609		286.90		9,483.30
07/12	A20200 S1567089.1		275	C.I. THORNBURG CO., INC.*			
07/12				*** Period Totals ***	113,188.70	.00	113,188.70
				***** Account Totals *****	9,483.30	.00	9,483.30
Account	81.399.810.809			OFFICE SUPPLIES	Beg-Bal	.00	
07/01/12	BUC			BUDGET 12-13	600.00		.00
07/12	A11100						

Entered Period	Oper Prog	P.O. Invoice	Check Vendor	Transaction Descr Vendor Name	Debits Reference	Credits	New Balance
07/12				*** Period Totals ***	600.00	.00	600.00
				***** Account Totals *****	.00	.00	.00
Account	81.399.999.210			TRANSFERS	Beg-Bal	.00	
07/19/12	BUC	*19190		Encumbrance Year End Close Ent	19,583.33		.00
07/12	A10510		999	CITY OF AUGUSTA - SEWER FUND*			
07/12				*** Period Totals ***	19,583.33	.00	19,583.33
				***** Account Totals *****	.00	.00	.00
				* TOTAL EXPENSES	33,492.21	.00	33,492.21
				*** GRAND TOTALS	128,228.19	128,228.19	.00



# EXHIBIT 12

*Exhibit 12*



**City  
Uniform Financial  
Information Report  
Fiscal Year 2011-2012**

**Part I - Reporting Information**

City Name Augusta

Address PO Box 85

City, State, Zip Augusta, KY 41002

County \_\_\_\_\_

City Classification \_\_\_\_\_  
(Please correct any error in name, address, and ZIP Code)



Please save the worksheet to your hard drive. Once completed you can attach the worksheet to an email and forward to [glenn.oldham@ky.gov](mailto:glenn.oldham@ky.gov).



**Return to:**  
Department for Local Government  
Cities and Special Districts Branch  
1024 Capital Center Drive, Suite 340  
Frankfort, KY 40601

**SEND ONE ORIGINAL AND TWO COPIES OF THE COMPLETED FORM to the Department for Local Government BY MAY 1, 2013.**

Note - Data supplied by your city in this report will be used by State and Federal Agencies and public interest groups in Kentucky. By filing this report, you will not receive local government finance reporting forms from the U.S. Census Bureau.

**Part II - Contact Information**

<b>Name of person who completed form</b>		<b>Telephone</b>
Donna Hendrix		606-784-4451
<b>Title</b>		<b>Date</b>
Auditor- Certified Public Accountant		01/14/13
<b>Company (if not city)</b>	<b>Reporting Format (accounting basis)</b>	<b>Telephone</b>
Donna J. Hendrix PSC CPA	accrual	606-784-4451

**RELATED ORGANIZATIONS** – Please list related organizations such as Boards, Commissions, or Utilities, whose Board members are appointed by the City's Mayor or legislative body, or who receive a major portion of their funding from city resources.

Organization/Address	Chief Executive	Telephone

**Part III - Certification - Completed report must be signed prior to filing**

This is to certify that the data contained in this report is accurate to the best of my knowledge and belief.

<b>Signature of Official</b>	<b>Title</b>	<b>Date completed</b>
	Mayor	01/14/13
<b>Printed Name of Official</b>		<b>Telephone</b>
John Laycock		606-756-2183



F-65(ky-3)O  
City UFIR

**General Instructions**

Before filling out this form, please read carefully each part and all related definitions and instructions.

All information should be provided on a basis consistent with generally accepted accounting principles for the fiscal year July 1, 2011 through June 30, 2012.

Combine all items that are not entered in specific categories provided and enter the total in the "other" line item. Amounts classified as "Other" should not exceed 5% of the corresponding category total.

ROUND TO THE NEAREST DOLLAR. DO NOT SHOW CENTS FOR REVENUES OR EXPENDITURES

THE ACTUAL TAX RATE LEVIED, COLUMN (c), PART IV MUST BE COMPLETED EVEN IF THERE WAS NOT A CHANGE IN THE TAX RATE FROM FISCAL YEAR 2010 - 2011.

Tax rates should be reported as decimal amounts. For instance a rate of 22 and 7/10 cents per \$100 assessed value should be reported as .227

PLEASE BE SURE THAT AN OFFICIAL SIGNS THE CERTIFICATION. FORMS WILL NOT BE ACCEPTED WITHOUT SIGNATURE.

Part IV - City Revenue requests the fee, rate or amount charged per unit of service. If any line-item has a multiple rate schedule, please provide a copy of the rate schedule. The schedule is only required in years when the rates have been revised or implemented.

Please be sure to reconcile subtotals and totals to the city's annual financial statements.

Report only new debt or lease agreements. DO NOT COMPLETE THESE SECTIONS AGAIN IF THEY WERE REPORTED LAST YEAR AND THERE WERE NO CHANGES IN THE DEBT OR LEASE AGREEMENT.

DLG has developed an electronic version of the UFIR. You can access this document on the DLG website: [www.dlg.ky.gov](http://www.dlg.ky.gov). For more information contact Glenn Oldham at [glenn.oldham@ky.gov](mailto:glenn.oldham@ky.gov) or 800-346-5606.

Information in this report should match financial information in the city's annual audited financial statements prepared in accordance with KRS 91A.020

**Note Especially**

Please report amounts covering all funds and accounts of your city except for employee-retirement funds administered by your city. Include bond redemption and interest funds, and construction or development funds as well as current funds. Exclude refunds and transfers between funds.

Please use black or blue ball point pen.

Since this form applies to cities of different sizes and complexity, some items may not apply to your city. However, read the definitions carefully for each item in the report.

Do not change any categories. Call for clarification.

This report must be returned to the Department of Local Government by May 1, 2013 per requirements of KRS 65.905.

Financial information for all utilities connected with the city must be reported on this form.

Please note your basis of accounting (cash, modified accrual or accrual) in this report.

Depreciation - to be shown as a part of "Other Operations".

**General Definitions**

The following general definitions will apply to grouping of expenditure categories:

**General Government** - includes all general functions of your city including finance, administration, elected officials, public buildings and general insurance coverage if not assigned to individual operating departments.

**Public Safety** - includes all police, fire, ambulance, correctional, inspection and code enforcement activities, and any other activity that promotes the protection of life and property.

**Public Services** - includes maintenance and construction of basic infrastructure and solid waste activities. Streets and roads, leaf and brush collection, solid waste collection and recycling, operation of public parking, riverports, and stormwater and natural resource management.

**Community Service** - includes parks and recreation, public health, public welfare and assistance activities, housing and community development, mass transit programs, and educational support programs.

**Utilities** - include water sewerage, natural gas, electric and telecommunications systems. Please report stormwater utility costs within Public Services even if a fee is charged to support the program as a utility.

**Part IV - TAX RATES**

Please list tax rates your city currently levies as of the end of the reporting period. If the city levies more than one rate on different insurance lines, please list each and the applicable line on a separate sheet.

<b>A. Property Tax Rates</b>	<b>Compensating (a)</b>	<b>4% Increase (b)</b>	<b>Adopted Rate (c)</b>
1. Real			.284
2. Personal			.647
3. Motor vehicle/watercraft			.647
<b>B. Other Rates</b>			
1. Occupational license fee (payroll tax)			
2. Net profits			
3. Gross receipt tax			
4. Insurance premium tax			
5. Bank deposits		local deposits franchise tax .025	
6. Restaurant tax			
7. Motel tax			

**Part V - TAX AND OTHER REVENUES**

Please list all tax revenues received for the reporting period. Intergovernmental revenues should be listed from the source from which you received them, i.e. State, Federal, or from another City or Special District. This may include revenues received from services you provide to another government.

<b>A. Property Tax</b>	
1. Real	\$133,503
2. Personal	include with real
3. Motor vehicle/watercraft	\$18,442
4. Bank deposits franchise tax	
5. Delinquent (all years)	
<b>SUBTOTAL Property Taxes</b>	<b>\$151,945</b>
<b>B. License and Permit Fees</b>	
1. City vehicle licensing (auto stickers)	
2. Right of way/street cut permits	
3. Alcoholic beverage licenses	\$2,900
4. Planning, zoning, development fees	
5. Other licensing and permit fees including: Animal control; building, electrical, and plumbing permits; Electrical contractors' licenses, development impact fees, unloading fees, building, electrical, plumbing and natural gas inspections.)	
<b>SUBTOTAL License &amp; Permit Fees</b>	<b>\$2,900</b>

Please continue on next page

**Part V – TAX AND OTHER REVENUES – Continued**

If varying rates or fees are charged based upon classification, volume, value, or other criteria, the local government shall submit a fee or chart with the form.

<b>C. Occupation and Business Fees</b>			
1. Occupational license fees			
(a) Payroll		\$146,346	
(b) Net profits		\$12,897	
(c) Gross receipts			
2. Fixed rate business license			
<b>SUBTOTAL for Occupation and Business Fees</b>		<b>\$159,243</b>	
<b>D. Other Taxes/Fees</b>			
1. Franchise fees			
(a) Electric			
(b) Natural gas			
(c) Water/wastewater			
(d) Other franchise fees		\$54,910	
2. Motel tax			
3. Restaurant tax			
4. Insurance premium tax			
<b>SUBTOTAL for Other Taxes/Fees</b>		<b>\$123,657</b>	
Function activity	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
<b>E. Intergovernmental Revenues</b>			
1. General Support			
2. Government payments in lieu of taxes			
3. Public Safety			
(a) Police	\$18,161		
(b) Fire/EMS			
(c) Corrections		\$27,913	
4. Public Services			
(a) Streets and roads			
5. Community Services			
(a) Parks and recreation			
(b) Public welfare			
(c) Public health			
(d) Housing and community development			
(e) Transit/bus systems			
(f) Educational support			

Please continue on next page

**Part V - Tax and Other Revenues - Continued**

Function activity	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
<b>E. Intergovernmental Revenues - Continued</b>			
<b>6. Utilities</b>			
(a) Water supply			
(b) Sewerage systems			
(c) Electric power systems			
(d) Natural gas systems			
(e) Telecommunications			
7. Other intergovernmental revenues (Include: Local government economic assistance: area development fund grant; other from local, state or federal governments.)			
<b>SUBTOTAL for Intergovernment Revenues</b>	<b>\$18,161</b>	<b>\$27,913</b>	<b>\$0</b>
<b>F. Other Revenues/Charges</b>			
<b>1. Airport revenue</b>			
<b>2. Utility sales</b>			
(a) Water			
(b) Sewerage			
(c) Electric			
(d) Natural gas			
(e) Telecommunications/cable			
<b>3. Parking (lots, meters, garages, etc)</b>			
<b>4. Parks and recreation receipts</b>			
		\$28,482	
<b>5. River ports, locks, etc.</b>			
<b>6. Special assessments</b>			
<b>7. Sale of real or surplus property</b>			
<b>8. Investment/interest earnings (Exclude construction and pensions)</b>			
		\$49	
<b>9. Fines and forfeits (including parking violations)</b>			
		\$165	
<b>10. Transit authority</b>			
<b>11. Penalties and interest</b>			
<b>12. Donations</b>			
<b>13. Rents</b>			

Please continue on next page

**Part V - TAX AND OTHER REVENUES - Continued**

<b>F. Other Revenues/Charges - Continued</b>	
14. Solid waste collection and disposal	\$331,081
15. Other miscellaneous revenues (Include: recoveries, impounded vehicles, ambulance runs, fire protection, police arrest fees, etc)	\$111,045
16. Bond proceeds	
<b>SUBTOTAL Other Revenues/Charges</b>	<b>\$470,822</b>
<b>TOTAL Municipal Revenues</b>	<b>\$954,641</b>

**Part VI - EXPENDITURES**

List all city spending both as direct expenditures and costs associated with services provided by other governments. An example might be spending for sewerage treatment by another city, or police or fire services provided by the county government. Include costs your city incurs for services provided by other non-profit agencies such as social services, public health, and public welfare.

Function activity	To other cities, counties, or special districts (a)	To State (b)	To Federal (c)
<b>A. Intergovernmental Expenditures --(all payments to other governments for services, programs, or reimbursements)</b>			
1. General government			
2. Public safety			
3. Public services			
4. Community services			
5. Utilities			
<b>SUBTOTAL for Intergovernmental Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Provide spending directly attributed to the city's operations by salaries and wages, other operations, and capital outlay. Salaries and wages should only include direct salary costs including any overtime and differential pay. Do not include fringe benefits or other costs such as unemployment insurance. Operations include all other costs including materials, supplies, contractual services and other miscellaneous costs. Capital outlay is normally defined as items costing at least \$1,000 and having a useful life of more than three years.

Function activity	Salaries and wages (a)	Other operations (b)	Capital Outlay	
			Equipment, land and existing structures (c)	Construction (d)
<b>B. Direct Expenditures by the City</b>				
1. General government (Administrative, legal, overhead, public buildings)	\$59,551	\$340,524	\$89,843	
2. General government: Financial Administration				
3. Public Safety				
(a) Police	\$134,801	\$13,239		
(b) Fire/EMS/Ambulance		\$12,121		
(c) Code enforcement/inspection				
(d) Corrections				
(e) Other costs (ie dispatch)				
<b>SUBTOTAL Direct Expenditures by City</b>	<b>\$194,352</b>	<b>\$365,884</b>	<b>\$89,843</b>	<b>\$0</b>

Please continue on next page

## Part VI - EXPENDITURES - Continued

Function activity	Salaries and wages (a)	Other operations (b)	Capital Outlay	
			Equipment, land and existing structures (c)	Construction (d)
<b>4. Public services</b>				
(a) Streets and roads	\$14,882	\$50,437		
(b) Sanitation/solid waste		\$265,814		
(c) Natural resources				
(d) Riverport facilities				
(e) Parking facilities				
(f) Cemeteries				
<b>SUBTOTAL for Public Services</b>	<b>\$14,882</b>	<b>\$316,251</b>	<b>\$0</b>	<b>\$0</b>
<b>5. Community services</b>				
(a) Parks and recreation	\$28,200	\$78,039		
(b) Public health				
(c) Public welfare				
(d) Housing and community development	\$50,697	\$4,490		
(e) Transit/bus system				
(f) Educational support				
<b>SUBTOTAL for Community Services</b>	<b>\$78,897</b>	<b>\$82,529</b>	<b>\$0</b>	<b>\$0</b>
<b>6. Utilities</b>				
(a) Water systems				
(b) Sewerage systems				
(c) Electric power systems				
(d) Natural gas systems				
(e) Cable/telecommunications				
<b>SUBTOTAL for Utilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>7. Debt payments (include all principal and interest)</b>				
(a) General Government				
(b) Public safety				
(c) Public services				
(d) Community services		\$26,603		
(e) Utilities				
<b>SUBTOTAL for Debt Payments</b>		<b>\$26,603</b>		
<b>8. Bond insurance costs</b>				
<b>9. Miscellaneous expenditures</b>				
<b>SUBTOTAL Bond Ins &amp; Misc Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL Direct Expenditures by City</b>	<b>\$288,131</b>	<b>\$791,267</b>	<b>\$89,843</b>	<b>\$0</b>

Please continue on next page



**Part VII - PENSION AND BENEFIT COSTS**

List all pension and benefit costs for city employees. Health insurance costs include both city paid premiums and other reimbursements or supplements provided by the city. Other benefits include life, dental and deferred compensation payments to employees as well as unemployment insurance.

<b>Personnel Expenditures</b>	
1. CERS non-hazardous	
2. CERS hazardous	
3. City pensions	
4. Health insurance	
5. All other employee benefits	
<b>SUBTOTAL Pension &amp; Benefits</b>	<b>\$0</b>

**Part VIII - INDEBTEDNESS**



List a summary of total city debt outstanding at the beginning and end of the fiscal year. Include new debt incurred during the reporting period. Segregate the total debt by revenue and general obligation bonds.


Activity	Outstanding beginning FY (a)	Issued (b)	Retired (c)	Outstanding ending FY (d)	General obligation (e)	Revenue bonds (f)
1. General governmental funds	\$36,786		\$21,486	\$15,300		
2. Business type funds (water, sewer, gas, electric)	\$1,359,743		\$6,557	\$1,353,186		
3. Private activity bonds (industrial revenue, non profits...)				\$0		
4. Short-term debt (All government funds)						
(a) Beginning of fiscal year						
(b) End of fiscal year						
5. Interest paid on						
(a) Water debt						
(b) Electric debt						
(c) Gas debt						
(d) Transit debt						
(b) All other debt				\$62,488		
<b>TOTAL Interest Paid</b>				<b>\$62,488</b>		
<b>TOTAL Municipal Expenditures</b>						
<b>Sum totals of Parts VI and VII</b>				<b>\$1,169,241</b>		

**Part IX - CASH AND INVESTMENTS**

1. Beginning of fiscal year	\$109,716
2. End of fiscal year	
(a) Sinking funds	
(b) Bond proceeds	
(c) Other reserved funds	
(d) All non-reserved cash and investments	\$97,923

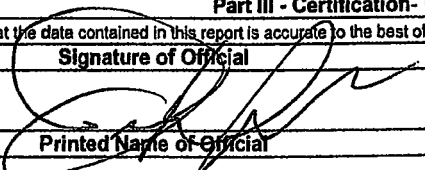
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<p>FORM F-65(KY-3)O 10/1/2013</p>  <p><b>City</b> <b>Uniform Financial</b> <b>Information Report</b> <b>Fiscal Year 2012-2013</b></p>	<b>Part I - Reporting Information</b>	
	City Name	Augusta
	Address	PO Box 85
	City, State, Zip	Augusta, KY 41002
	County	
	City Classification	
<small>(Please correct any error in name, address, and ZIP Code)</small>		
		 <p>Please save the worksheet to your hard drive. Once completed you can attach the worksheet to an email and forward to DLG-GSD.ky.gov</p>

<p><b>Return to:</b>           Department for Local Government          Cities and Special Districts Branch          1024 Capital Center Drive, Suite 340          Frankfort, KY 40601</p>	<p><b>SEND ONE ORIGINAL AND TWO COPIES OF THE COMPLETED FORM to the Department for Local Government BY MAY 1, 2014.</b></p>
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Note - Data supplied by your city in this report will be used by State and Federal Agencies and public interest groups in Kentucky. By filing this report, you will not receive local government finance reporting forms from the U.S. Census Bureau.

Part II - Contact Information		
<b>Name of person who completed form</b>		<b>Telephone</b>
Donna Hendrix		606-784-4451
<b>Title</b>		<b>Date</b>
Auditor-Certified Public Accountant		12/17/13
<b>Company (if not city)</b>	<b>Reporting Format (accounting basis)</b>	<b>Telephone</b>
Donna J. Hendrix, CPA, PSC	accrual	606-784-4451
<p><b>RELATED ORGANIZATIONS</b> – Please list related organizations such as Boards, Commissions, or Utilities, whose Board members are appointed by the City's Mayor or legislative body, or who receive a major portion of their funding from city resources.</p>		
<b>Organization/Address</b>	<b>Chief Executive</b>	<b>Telephone</b>

Part III - Certification- Completed report must be signed prior to filing		
This is to certify that the data contained in this report is accurate to the best of my knowledge and belief.		
<b>Signature of Official</b>	<b>Title</b>	<b>Date completed</b>
	Mayor	12/17/13
<b>Printed Name of Official</b>		<b>Telephone</b>
John Laycock		606-756-2183

 <b>F-65(ky-3)O 10/2013</b> <b>City UFIR</b>	
Before filling out this form, please read carefully each part and all related definitions and instructions.	
All information should be provided on a basis consistent with generally accepted accounting principles for the fiscal year July 1, 2012 through June 30, 2013.	Combine all items that are not entered in specific categories provided and enter the total in the "Other" line item. Amounts classified as "Other" should not exceed 5% of the corresponding category total.
ROUND TO THE NEAREST DOLLAR. DO NOT SHOW CENTS FOR REVENUES OR EXPENDITURES	THE ACTUAL TAX RATE LEVIED, COLUMN (c), PART IV MUST BE COMPLETED EVEN IF THERE WAS NOT A CHANGE IN THE TAX RATE FROM FISCAL YEAR 2011-2012.
Tax rates should be reported as decimal amounts. For instance a rate of 22 and 7/10 cents per \$100 assessed value should be reported as .227	PLEASE BE SURE THAT AN OFFICIAL SIGNS THE CERTIFICATION. FORMS WILL NOT BE ACCEPTED WITHOUT SIGNATURE.
Part IV - City Revenue requests the fee, rate or amount charged per unit of service. If any line-item has a multiple rate schedule, please provide a copy of the rate schedule. The schedule is only required in years when the rates have been revised or implemented.	Please be sure to reconcile subtotals and totals to the city's annual financial statements.
Report only new debt or lease agreements. DO NOT COMPLETE THESE SECTIONS AGAIN IF THEY WERE REPORTED LAST YEAR AND THERE WERE NO CHANGES IN THE DEBT OR LEASE AGREEMENT.	DLG has developed an electronic version of the UFIR. You can access this document on the DLG website: <a href="http://www.dlg.ky.gov.org">www.dlg.ky.gov.org</a> . For more information contact DLG-CSD@ky.gov or 800-346-5806.
Information in this report should match financial information in the city's annual audited financial statements prepared in accordance with KRS 91A.020	
<b>Note Especially</b>	
Please report amounts covering all funds and accounts of your city except for employee-retirement funds administered by your city. Include bond redemption and interest funds, and construction or development funds as well as current funds. Exclude refunds and transfers between funds.	Please use black or blue ball point pen.
Since this form applies to cities of different sizes and complexity, some items may not apply to your city. However, read the definitions carefully for each item in the report.	Do not change any categories. Call for clarification.
This report must be returned to the Department of Local Government by May 1, 2014 per requirements of KRS 65.905.	Financial information for all utilities connected with the city must be reported on this form.
Please note your basis of accounting (cash, modified accrual or accrual) in this report.	Depreciation - to be shown as a part of "Other Operations".
<b>General Definitions</b>	
The following general definitions will apply to grouping of expenditure categories:	
<b>General Government-</b> Includes all general functions of your city including finance, administration, elected officials, public buildings and general insurance coverage if not assigned to individual operating departments.	
<b>Public Safety-</b> Includes all police, fire, ambulance, correctional, inspection and code enforcement activities, and any other activity that promotes the protection of life and property.	
<b>Public Services-</b> Includes maintenance and construction of basic infrastructure and solid waste activities. Streets and roads, leaf and brush collection, solid waste collection and recycling, operation of public parking, riverports, and stormwater and natural resource management.	
<b>Community Service-</b> Includes parks and recreation, public health, public welfare and assistance activities, housing and community development, mass transit programs, and educational support programs.	
<b>Utilities-</b> Include water sewerage, natural gas, electric and telecommunications systems. Please report stormwater utility costs within Public Services even if a fee is charged to support the program as a utility.	

**Part IV - TAX RATES**

FORM F-65(KY-3)O - 10/2013

A. Property Tax Rates	Compensating (a)	4% Increase (b)	Adopted Rate (c)
1. Real			.300
2. Personal			.618
3. Motor vehicle/watercraft			.618
<b>B. Other Rates</b>			
1. Occupational license fee (payroll tax)			
2. Net profits			
3. Gross receipt tax			
4. Insurance premium tax			
5. Bank deposits		local deposits franchise tax .025	
6. Restaurant tax			
7. Motel tax			

**Part V - TAX AND OTHER REVENUES**

Please list all tax revenues received for the reporting period. Intergovernmental revenues should be listed from the source from which you received them, i.e. State, Federal, or from another City or Special District. This may include revenues received from services you provide to another government.

<b>A. Property Tax</b>	
1. Real	\$175,912
2. Personal	Include with real
3. Motor vehicle/watercraft	\$20,157
4. Bank deposits franchise tax	
5. Delinquent (all years)	
<b>SUBTOTAL Property Taxes</b>	<b>\$196,069</b>
<b>B. License and Permit Fees</b>	
1. City vehicle licensing (auto stickers)	
2. Right of way/street cut permits	
3. Alcoholic beverage licenses	\$2,600
4. Planning, zoning, development fees	
5. Other licensing and permit fees including: Animal control; building, electrical, and plumbing permits; Electrical contractors' licenses, development impact fees, unloading fees, building, electrical, plumbing and natural gas inspections.)	
<b>SUBTOTAL License &amp; Permit Fees</b>	<b>\$2,600</b>

Please continue on next page

**Part V – TAX AND OTHER REVENUES – Continued**

FORM F-65(KY-3)O - 10/2013

<b>C. Occupation and Business Fees</b>			
1. Occupational license fees			
(a) Payroll		\$153,718	
(b) Net profits		\$11,599	
(c) Gross receipts			
2. Fixed rate business license			
<b>SUBTOTAL for Occupation and Business Fees</b>		<b>\$165,316</b>	
<b>D. Other Taxes/Fees</b>			
1. Franchise fees			
(a) Electric			
(b) Natural gas			
(c) Water/wastewater			
(d) Other franchise fees		\$49,430	
2. Motel tax			
3. Restaurant tax			
4. Insurance premium tax			
<b>SUBTOTAL for Other Taxes/Fees</b>		<b>\$127,198</b>	
Function activity	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
<b>E. Intergovernmental Revenues</b>			
1. General Support			
2. Government payments in lieu of taxes			
3. Public Safety			
(a) Police	\$16,987		
(b) Fire/EMS			
(c) Corrections		\$32,517	
4. Public Services			
(a) Streets and roads			
5. Community Services			
(a) Parks and recreation			
(b) Public welfare			
(c) Public health			
(d) Housing and community development			
(e) Transit/bus systems			
(f) Educational support			

Please continue on next page

**Part V - Tax and Other Revenues - Continued**

FORM F-65(KY-3)O - 10/2013

	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
<b>E. Intergovernmental Revenues -Continued</b>			
6. Utilities			
(a) Water supply			
(b) Sewerage systems			
(c) Electric power systems			
(d) Natural gas systems			
(e) Telecommunications			
7. Other intergovernmental revenues (Include: Local government economic assistance: area development fund grant; other from local, state or federal governments.)		\$501,987	
<b>SUBTOTAL for Intergovernment Revenues</b>	<b>\$16,987</b>	<b>\$534,504</b>	<b>\$0</b>
<b>F. Other Revenues/Charges</b>			
1. Airport revenue			
2. Utility sales			
(a) Water			
(b) Sewerage			
(c) Electric			
(d) Natural gas			
(e) Telecommunications/cable			
3. Parking (lots, meters, garages,etc)			
4. Parks and recreation receipts		\$24,781	
5. River ports, locks, etc.			
6. Special assessments			
7. Sale of real or surplus property			
8. Investment/interest earnings (Exclude construction and pensions)		\$19	
9. Fines and forfeits (including parking violations)		\$298	
10. Transit authority			
11. Penalties and interest			
12. Donations			
13. Rents			

Please continue on next page

**Part V - TAX AND OTHER REVENUES - Continued**

FORM F-65(KY-3)O - 10/2013	
14. Solid waste collection and disposal	\$347,760
15. Other miscellaneous revenues (Include: recoveries, impounded vehicles, ambulance runs, fire protection, police arrest fees, etc)	\$133,849
16. Bond proceeds	
<b>SUBTOTAL Other Revenues/Charges</b>	<b>\$506,707</b>
<b>TOTAL Municipal Revenues</b>	<b>\$1,549,381</b>

**Part VI - EXPENDITURES**

List all city spending both as direct expenditures and costs associated with services provided by other governments. An example might be spending for sewerage treatment by another city, or police or fire services provided by the county government. Include costs your city incurs for services provided by other non-profit agencies such as social services, public health, and public welfare.

Function activity	To other cities, counties, or special districts (a)	To State (b)	To Federal (c)
<b>A. Intergovernmental Expenditures</b> --(all payments to other governments for services, programs, or reimbursements)			
1. General government			
2. Public safety			
3. Public services			
4. Community services			
5. Utilities			
<b>SUBTOTAL for Intergovernmental Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Provide spending directly attributed to the city's operations by salaries and wages, other operations, and capital outlay. Salaries and wages should only include direct salary costs including any overtime and differential pay. Do not include fringe benefits or other costs such as unemployment insurance. Operations include all other costs including materials, supplies, contractual services and other miscellaneous costs. Capital outlay is normally defined as items costing at least \$1,000 and having a useful life of more than three years.

Function activity	Salaries and wages (a)	Other operations (b)	Capital Outlay	
			Equipment, land and existing structures (c)	Construction (d)
<b>B. Direct Expenditures by the City</b>				
1. General government (Administrative, legal, overhead, public buildings)	\$45,755	\$637,594	\$10,449	
2. General government: Financial Administration				
3. Public Safety				
(a) Police	\$154,890	\$30,305		
(b) Fire/EMS/Ambulance		\$28,233		
(c) Code enforcement/inspection				
(d) Corrections				
(e) Other costs (ie dispatch)				
<b>SUBTOTAL Direct Expenditures by City</b>	<b>\$200,645</b>	<b>\$696,132</b>	<b>\$10,449</b>	<b>\$0</b>

Please continue on next page

**Part VI – EXPENDITURES - Continued**

FORM F-65(KY-3)O - 10/2013  Function activity	Salaries and wages (a)	Other operations (b)	Capital Outlay	
			Equipment, land and existing structures	Construction (d)
<b>4. Public services</b>				
(a) Streets and roads	\$12,238	\$23,138		
(b) Sanitation/solid waste		\$374,164		
(c) Natural resources				
(d) Riverport facilities				
(e) Parking facilities				
(f) Cemeteries				
<b>SUBTOTAL for Public Services</b>	<b>\$12,238</b>	<b>\$397,302</b>	<b>\$0</b>	<b>\$0</b>
<b>5. Community services</b>				
(a) Parks and recreation	\$39,109	\$91,735		
(b) Public health				
(c) Public welfare				
(d) Housing and community development	\$39,722	\$23,295		
(e) Transit/bus system				
(f) Educational support				
<b>SUBTOTAL for Community Services</b>	<b>\$78,831</b>	<b>\$115,030</b>	<b>\$0</b>	<b>\$0</b>
<b>6. Utilities</b>				
(a) Water systems				
(b) Sewerage systems				
(c) Electric power systems				
(d) Natural gas systems				
(e) Cable/telecommunications				
<b>SUBTOTAL for Utilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>7. Debt payments (include all principal and interest)</b>				
(a) General Government				
(b) Public safety				
(c) Public services				
(d) Community services		\$14,794		
(e) Utilities				
<b>SUBTOTAL for Debt Payments</b>		<b>\$14,794</b>		
<b>8. Bond insurance costs</b>				
<b>9. Miscellaneous expenditures</b>		\$15,009		
<b>SUBTOTAL Bond Ins &amp; Misc Expenditures</b>	<b>\$0</b>	<b>\$15,009</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL Direct Expenditures by City</b>	<b>\$291,714</b>	<b>\$1,238,267</b>	<b>\$10,449</b>	<b>\$0</b>

Please continue on next page



**Part VII - PENSION AND BENEFIT COSTS**

FORM F-65(KY-3)O - 10/2013

<b>Personnel Expenditures</b>	
1. CERS non-hazardous	\$0
2. CERS hazardous	\$0
3. City pensions	
4. Health insurance	
5. All other employee benefits	
<b>SUBTOTAL Pension &amp; Benefits</b>	<b>\$0</b>

**Part VIII - INDEBTEDNESS**

List a summary of total city debt outstanding at the beginning and end of the fiscal year. Include new debt incurred during the reporting period. Segregate the total debt by revenue and general obligation bonds.

Activity	Outstanding beginning FY (a)	Issued (b)	Retired (c)	Outstanding ending FY (d)	General obligation (e)	Revenue bonds (f)
1. General governmental funds	\$15,300		\$2,043	\$13,257		
2. Business type funds (water, sewer, gas, electric)	\$1,353,186		\$40,468	\$1,312,718		
3. Private activity bonds (Industrial revenue, non profits...)				\$0		
4. Short-term debt (All government funds)						
(a) Beginning of fiscal year						
(b) End of fiscal year						
5. Interest paid on						
(a) Water debt						
(b) Electric debt						
(c) Gas debt						
(d) Transit debt						
(b) All other debt				\$60,478		
<b>TOTAL Interest Paid</b>				<b>\$60,478</b>		
<b>TOTAL Municipal Expenditures</b>						
<b>Sum totals of Parts VI and VII</b>				<b>\$1,540,430</b>		

**Part IX - CASH AND INVESTMENTS**

1. Beginning of fiscal year	\$97,923
2. End of fiscal year	
(a) Sinking funds	
(b) Bond proceeds	
(c) Other reserved funds	
(d) All non-reserved cash and investments	\$163,118

Finished

FORM F-66(KY-3)O  
9/1/2014



**City**  
**Uniform Financial**  
**Information Report**  
**Fiscal Year 2013-2014**

Part I - Reporting Information	
City Name	Augusta
Address	PO Box 85
City, State, Zip	Augusta, KY 41002
County	
City Classification	
(Please correct any error in name, address, and ZIP Code)	
	Please save the worksheet to your hard drive. Once completed you can attach the worksheet to an email and forward to DLG-CSD@ky.gov


**Return to:**  
 Department for Local Government  
 Cities and Special Districts Branch  
 1024 Capital Center Drive, Suite 340  
 Frankfort, KY 40601

**SEND ONE ORIGINAL AND TWO COPIES OF THE COMPLETED FORM to the Department for Local Government BY MAY 1, 2015.**

Note - Data supplied by your city in this report will be used by State and Federal Agencies and public interest groups in Kentucky. By filing this report, you will not receive local government finance reporting forms from the U.S. Census Bureau.

Part II - Contact Information		
Name of person who completed form		Telephone
Donna Hendrix		606-784-4451
Title		Date
Auditor-Certified Public Accountant		12/15/14
Company (if not city)	Reporting Format (accounting basis)	Telephone
Donna J. Hendrix, CPA, PSC	accrual	606-784-4451
<b>RELATED ORGANIZATIONS</b> - Please list related organizations such as Boards, Commissions, or Utilities, whose Board members are appointed by the City's Mayor or legislative body, or who receive a major portion of their funding from city resources.		
Organization/Address	Chief Executive	Telephone

Part III - Certification- Completed report must be signed prior to filing		
This is to certify that the data contained in this report is accurate to the best of my knowledge and belief.		
Signature of Official	Title	Date completed
	Mayor	12/15/14
Printed Name of Official		Telephone
John Laycock		606-756-2183

 <b>Kentucky</b> UNBRIDLED SPIRIT F-65(ky-3)O 9/2014 <b>City UFIR</b>	
Before filling out this form, please read carefully each part and all related definitions and instructions.	
All information should be provided on a basis consistent with generally accepted accounting principles for the fiscal year July 1, 2013 through June 30, 2014.	Combine all items that are not entered in specific categories provided and enter the total in the "Other" line item. Amounts classified as "Other" should not exceed 5% of the corresponding category total.
ROUND TO THE NEAREST DOLLAR. DO NOT SHOW CENTS FOR REVENUES OR EXPENDITURES	THE ACTUAL TAX RATE LEVIED, COLUMN (c), PART IV MUST BE COMPLETED EVEN IF THERE WAS NOT A CHANGE IN THE TAX RATE FROM FISCAL YEAR 2012-2013.
Tax rates should be reported as decimal amounts. For instance a rate of 22 and 7/10 cents per \$100 assessed value should be reported as .227	PLEASE BE SURE THAT AN OFFICIAL SIGNS THE CERTIFICATION FORMS WILL NOT BE ACCEPTED WITHOUT SIGNATURE.
Part IV - City Revenue requests the fee, rate or amount charged per unit of service. If any line-item has a multiple rate schedule, please provide a copy of the rate schedule. The schedule is only required in years when the rates have been revised or implemented.	Please be sure to reconcile subtotals and totals to the city's annual financial statements.
Report only new debt or lease agreements. DO NOT COMPLETE THESE SECTIONS AGAIN IF THEY WERE REPORTED LAST YEAR AND THERE WERE NO CHANGES IN THE DEBT OR LEASE AGREEMENT.	DLG has developed an electronic version of the UFIR. You can access this document on the DLG website: <a href="http://www.dlg.ky.gov.org">www.dlg.ky.gov.org</a> . For more information contact DLG-CSD@ky.gov or 800-346-6608.
Information in this report should match financial information in the city's annual audited financial statements prepared in accordance with KRS 91A.020	
Note Especially	
Please report amounts covering all funds and accounts of your city except for employee-retirement funds administered by your city. Include bond redemption and interest funds, and construction or development funds as well as current funds. Exclude refunds and transfers between funds.	Please use black or blue ball point pen.
Since this form applies to cities of different sizes and complexity, some items may not apply to your city. However, read the definitions carefully for each item in the report.	Do not change any categories. Call for clarification.
This report must be returned to the Department of Local Government by May 1, 2015 per requirements of KRS 65.905.	Financial information for all utilities connected with the city must be reported on this form.
Please note your basis of accounting (cash, modified accrual or accrual) in this report.	Depreciation - to be shown as a part of "Other Operations".
General Definitions	
The following general definitions will apply to grouping of expenditure categories:	
<b>General Government</b> - includes all general functions of your city including finance, administration, elected officials, public outings and general insurance coverage if not assigned to individual operating departments.	
<b>Public Safety</b> - includes all police, fire, ambulance, correctional, inspection and code enforcement activities, and any other activity that promotes the protection of life and property.	
<b>Public Services</b> - includes maintenance and construction of basic infrastructure and solid waste activities. Streets and roads, leaf and brush collection, solid waste collection and recycling, operation of public parking, riverports, and stormwater and natural resource management.	
<b>Community Service</b> - includes parks and recreation, public health, public welfare and assistance activities, housing and community development, mass transit programs, and educational support programs.	
<b>Utilities</b> - include water sewerage, natural gas, electric and telecommunications systems. Please report stormwater utility costs within Public Services even if a fee is charged to support the program as a utility.	

**Part IV - TAX RATES**

FORM F-65(KY-3)O - 9/2014

A. Property Tax Rates	Compensating (a)	4% Increase (b)	Adopted Rate (c)
1. Real			.306
2. Personal			.589
3. Motor vehicle/watercraft			.185
<b>B. Other Rates</b>			
1. Occupational license fee (payroll tax)			
2. Net profits			
3. Gross receipt tax			
4. Insurance premium tax			
5. Bank deposits		local deposits franchise tax .025	
6. Restaurant tax			
7. Motel tax			

**Part V - TAX AND OTHER REVENUES**

Please list all tax revenues received for the reporting period. Intergovernmental revenues should be listed from the source from which you received them, i.e. State, Federal, or from another City or Special District. This may include revenues received from services you provide to another government.

A. Property Tax	
1. Real	\$131,451
2. Personal	include with real
3. Motor vehicle/watercraft	\$25,828
4. Bank deposits franchise tax	
5. Delinquent (all years)	
<b>SUBTOTAL Property Taxes</b>	<b>\$157,279</b>
B. License and Permit Fees	
1. City vehicle licensing (auto stickers)	
2. Right of way/street cut permits	
3. Alcoholic beverage licenses	\$200
4. Planning, zoning, development fees	
5. Other licensing and permit fees including: Animal control; building, electrical, and plumbing permits; Electrical contractors' licenses, development impact fees, unloading fees, building, electrical, plumbing and natural gas inspections.)	
<b>SUBTOTAL License &amp; Permit Fees</b>	<b>\$200</b>

Please continue on next page

**Part V – TAX AND OTHER REVENUES – Continued**

FORM F-65(KY-3)O - 9/2013

<b>C. Occupation and Business Fees</b>		
1. Occupational license fees		
(a) Payroll		\$140,053
(b) Net profits		\$10,567
(c) Gross receipts		
2. Fixed rate business license		
<b>SUBTOTAL for Occupation and Business Fees</b>		<b>\$150,620</b>

<b>D. Other Taxes/Fees</b>		
1. Franchise fees		
(a) Electric		
(b) Natural gas		
(c) Water/wastewater		
(d) Other franchise fees		\$63,066
2. Motel tax		
3. Restaurant tax		
4. Insurance premium tax		\$98,495
<b>SUBTOTAL for Other Taxes/Fees</b>		<b>\$161,561</b>

Function activity	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
-------------------	---	----------------	------------------

<b>E. Intergovernmental Revenues</b>			
1. General Support			
2. Government payments in lieu of taxes			
3. Public Safety			
(a) Police	\$13,850		
(b) Fire/EMS			
(c) Corrections		\$48,181	
4. Public Services			
(a) Streets and roads			
5. Community Services			
(a) Parks and recreation			
(b) Public welfare			
(c) Public health			
(d) Housing and community development			
(e) Transit/bus systems			
(f) Educational support			

Please continue on next page

**Part V - Tax and Other Revenues - Continued**

FORM F-65(KY-3)O - 9/2014

	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
<b>E. Intergovernmental Revenues -Continued</b>			
6. Utilities			
(a) Water supply			
(b) Sewerage systems			
(c) Electric power systems			
(d) Natural gas systems			
(e) Telecommunications			
7. Other intergovernmental revenues (Include: Local government economic assistance; area development fund grant; other from local, state or federal governments.)		\$0	
<b>SUBTOTAL for Intergovernment Revenues</b>	<b>\$13,856</b>	<b>\$48,181</b>	<b>\$0</b>
<b>F. Other Revenues/Charges</b>			
1. Airport revenue			
2. Utility sales			
(a) Water			
(b) Sewerage			
(c) Electric			
(d) Natural gas			
(e) Telecommunications/cable			
3. Parking (lots, meters, garages, etc)			
4. Parks and recreation receipts		\$22,631	
5. River ports, locks, etc.			
6. Special assessments			
7. Sale of real or surplus property			
8. Investment/interest earnings (Exclude construction and pensions)		\$25	
9. Fines and forfeits (including parking violations)		\$312	
10. Transit authority			
11. Penalties and interest			
12. Donations			
13. Rents			

Please continue on next page

**Part V - TAX AND OTHER REVENUES - Continued**

FORM F-65(KY-3)D - 9/2014	
14. Solid waste collection and disposal	\$389,008
15. Other miscellaneous revenues (Include: recoveries, impounded vehicles, ambulance runs, fire protection, police arrest fees, etc)	\$87,193
16. Bond proceeds	
<b>SUBTOTAL Other Revenues/Charges</b>	<b>\$499,169</b>
<b>TOTAL Municipal Revenues</b>	<b>\$1,030,866</b>

**Part VI - EXPENDITURES**

List all city spending both as direct expenditures and costs associated with services provided by other governments. An example might be spending for sewerage treatment by another city, or police or fire services provided by the county government. Include costs your city incurs for services provided by other non-profit agencies such as social services, public health, and public welfare.

Function activity	To other cities, counties, or special districts (a)	To State (b)	To Federal (c)
<b>A. Intergovernmental Expenditures</b> --(all payments to other governments for services, programs, or reimbursements)			
1. General government			
2. Public safety			
3. Public services			
4. Community services			
5. Utilities			
<b>SUBTOTAL for Intergovernmental Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Provide spending directly attributed to the city's operations by salaries and wages, other operations, and capital outlay. Salaries and wages should only include direct salary costs including any overtime and differential pay. Do not include fringe benefits or other costs such as unemployment insurance. Operations include all other costs including materials, supplies, contractual services and other miscellaneous costs. Capital outlay is normally defined as items costing at least \$1,000 and having a useful life of more than three years.

Function activity	Salaries and wages (a)	Other operations (b)	Capital Outlay	
			Equipment, land and existing structures (c)	Construction (d)
<b>B. Direct Expenditures by the City</b>				
1. General government (Administrative, legal, overhead, public buildings)	\$86,531	\$282,851		
2. General government: Financial Administration				
3. Public Safety				
(a) Police	\$156,779	\$39,524		
(b) Fire/EMS/Ambulance		\$14,746		
(c) Code enforcement/inspection				
(d) Corrections				
(e) Other costs (ie dispatch)				
<b>SUBTOTAL Direct Expenditures by City</b>	<b>\$243,310</b>	<b>\$337,121</b>	<b>\$0</b>	<b>\$0</b>

Please continue on next page

## Part VI - EXPENDITURES - Continued

FORM F-65(KY-3)O - 9/2014 Function activity	Salaries and wages (a)	Other operations (b)	Capital Outlay	
			Equipment, land and existing structures	Construction (d)
<b>4. Public services</b>				
(a) Streets and roads	\$15,692	\$36,499		
(b) Sanitation/solid waste		\$371,964		
(c) Natural resources				
(d) Riverport facilities				
(e) Parking facilities				
(f) Cemeteries				
<b>SUBTOTAL for Public Services</b>	<b>\$15,692</b>	<b>\$408,463</b>	<b>\$0</b>	<b>\$0</b>
<b>5. Community services</b>				
(a) Parks and recreation	\$34,558	\$76,694		
(b) Public health				
(c) Public welfare				
(d) Housing and community development	\$36,327	\$33,457		
(e) Transit/bus system				
(f) Educational support				
<b>SUBTOTAL for Community Services</b>	<b>\$70,885</b>	<b>\$110,151</b>	<b>\$0</b>	<b>\$0</b>
<b>6. Utilities</b>				
(a) Water systems				
(b) Sewerage systems				
(c) Electric power systems				
(d) Natural gas systems				
(e) Cable/telecommunications				
<b>SUBTOTAL for Utilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>7. Debt payments (include all principal and interest)</b>				
(a) General Government				
(b) Public safety				
(c) Public services				
(d) Community services		\$8,253		
(e) Utilities				
<b>SUBTOTAL for Debt Payments</b>		<b>\$8,253</b>		
<b>8. Bond insurance costs</b>				
<b>9. Miscellaneous expenditures</b>		\$12,715		
<b>SUBTOTAL Bond Ins &amp; Misc Expenditures</b>	<b>\$0</b>	<b>\$12,715</b>	<b>\$0</b>	<b>\$0</b>
<b>SUBTOTAL Direct Expenditures by City</b>	<b>\$329,887</b>	<b>\$876,703</b>	<b>\$0</b>	<b>\$0</b>

Please continue on next page



**Part VII - PENSION AND BENEFIT COSTS**

FORM F-65(KY-3)O - 09/2014

<b>Personnel Expenditures</b>	
1. CERS non-hazardous	\$0
2. CERS hazardous	\$0
3. City pensions	
4. Health insurance	
5. All other employee benefits	
<b>SUBTOTAL Pension &amp; Benefits</b>	<b>\$0</b>

**Part VIII - INDEBTEDNESS**

List a summary of total city debt outstanding at the beginning and end of the fiscal year. Include new debt incurred during the reporting period. Segregate the total debt by revenue and general obligation bonds.

Activity	Outstanding beginning FY (a)	Issued (b)	Retired (c)	Outstanding ending FY (d)	General obligation (e)	Revenue bonds (f)
1. General governmental funds	\$13,257		\$3,377	\$9,880		
2. Business type funds (water, sewer, gas, electric)	\$1,312,718		\$43,078	\$1,269,640		
3. Private activity bonds (industrial revenue, non profits...)				\$0		
4. Short-term debt (All government funds)						
(a) Beginning of fiscal year						
(b) End of fiscal year						
5. Interest paid on						
(a) Water debt						
(b) Electric debt						
(c) Gas debt						
(d) Transit debt						
(b) All other debt			\$58,990			
<b>TOTAL Interest Paid</b>			<b>\$58,990</b>			
<b>TOTAL Municipal Expenditures</b>						
<b>Sum totals of Parts VI and VII</b>				<b>\$1,206,590</b>		

**Part IX - CASH AND INVESTMENTS**

1. Beginning of fiscal year	\$163,118
2. End of fiscal year	
(a) Sinking funds	
(b) Bond proceeds	
(c) Other reserved funds	
(d) All non-reserved cash and investments	\$44,637

**Finished**

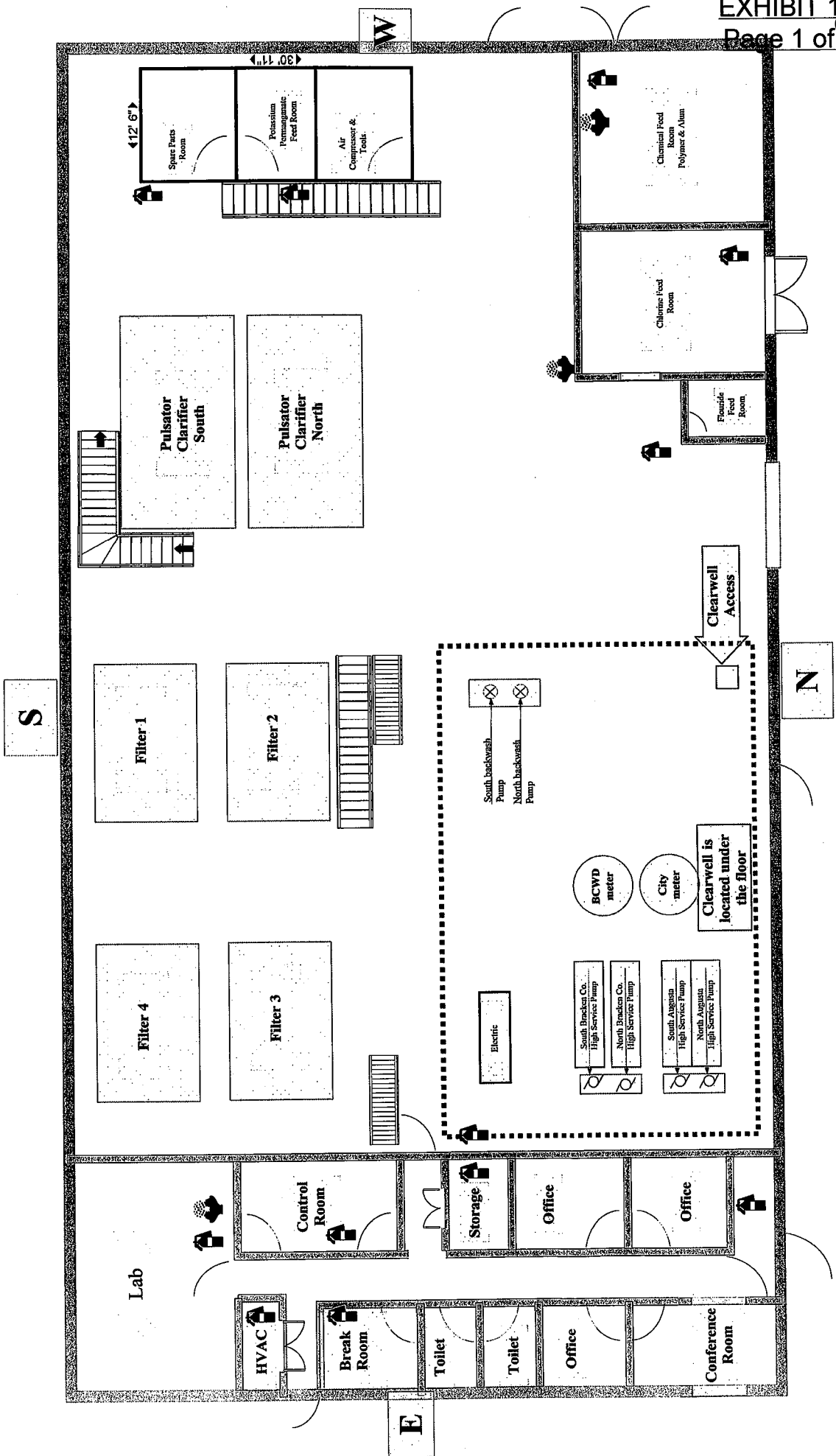
# EXHIBIT 13

AUGUSTA REGIONAL WATER TREATMENT PLANT  
 WATAER USAGE AND BILLING

YEAR	MONTH	WTP USAGE	BCWD USAGE	RATE/ GALLON	Bill	AUGUSTA USAGE	RATE/ GALLON	Bill	TOTAL GALLONS
2011	JULY	435,200	14,098,500	1.56	21,993.66	5,560,000	1.56	8,673.60	20,093,700
2011	AUGUST	271,900	14,342,100	1.56	22,373.68	5,618,000	1.56	8,764.08	20,232,000
2011	SEPTEMBER	332,700	14,027,700	1.56	21,883.21	5,277,000	1.56	8,232.12	19,637,400
2011	OCTOBER	318,600	12,281,800	1.56	19,159.61	4,411,000	1.56	6,881.16	17,011,400
2011	NOVEMBER	348,600	12,027,900	1.56	18,763.52	4,078,000	1.56	6,361.68	16,454,500
2011	DECEMBER	776,000	12,204,900	1.56	19,039.64	3,741,000	1.56	5,835.96	16,721,900
2012	JANUARY	708,800	10,617,100	1.56	16,562.68	3,498,000	1.56	5,456.88	14,823,900
2012	JANUARY		2,268,200	1.78	4,037.40	669,000	1.78	1,190.82	2,937,200
2012	FEBRUARY	538,000	12,958,800	1.78	23,066.66	4,506,000	1.78	8,020.68	18,002,800
2012	MARCH	763,700	11,862,400	1.78	21,115.07	3,794,000	1.78	6,753.32	16,420,100
2012	APRIL	260,800	12,071,500	1.78	21,487.27	3,994,000	1.78	7,109.32	16,326,300
2012	MAY	301,400	11,542,800	1.78	20,546.18	3,890,000	1.78	6,924.20	15,734,200
2012	JUNE	270,800	14,605,600	1.78	25,997.97	5,087,000	1.78	9,054.86	19,963,400
2012	JULY	252,400	15,560,900	1.78	27,698.40	4,498,000	1.78	8,006.44	20,311,300
2012	AUGUST	243,000	14,865,500	1.78	26,460.59	4,488,000	1.78	7,988.64	19,596,500
2012	SEPTEMBER	204,000	14,248,600	1.78	25,362.51	4,536,000	1.78	8,074.08	18,988,600
2012	OCTOBER	215,900	11,810,500	1.78	21,022.69	4,341,000	1.78	7,726.98	16,367,400
2012	NOVEMBER	198,300	12,139,700	1.78	21,608.67	3,916,000	1.78	6,970.48	16,254,000
2012	DECEMBER	207,100	12,282,300	1.78	21,862.49	3,416,000	1.78	6,080.48	15,905,400
2013	JANUARY	210,500	13,060,100	1.78	23,246.98	3,712,000	1.78	6,607.36	16,982,600
2013	FEBRUARY	252,600	8,236,700	1.78	14,661.33	2,078,000	1.78	3,698.84	10,567,300
2013	FEBRUARY		5,993,500	1.79	10,728.37	1,658,000	1.79	2,967.82	7,651,500
2013	MARCH	274,600	12,654,200	1.79	22,651.02	3,481,000	1.79	6,230.99	16,409,800
2013	APRIL	274,500	13,131,500	1.79	23,505.39	3,646,000	1.79	6,526.34	17,052,000
2013	MAY	237,000	12,720,800	1.79	22,770.23	3,030,000	1.79	5,423.70	15,987,800
2013	JUNE	296,600	14,084,000	1.79	25,210.36	3,775,000	1.79	6,757.25	18,155,600
2013	JULY	307,600	13,100,900	1.79	23,450.61	4,373,000	1.79	7,827.67	17,781,500
2013	AUGUST	431,000	13,489,400	1.79	24,146.03	4,547,000	1.79	8,139.13	18,467,400
2013	SEPTEMBER	300,400	14,409,400	1.79	25,792.83	9,524,000	1.79	17,047.96	24,233,800
2013	OCTOBER	310,200	14,223,400	1.79	25,459.89	3,189,000	1.79	5,708.31	17,722,600
2013	NOVEMBER	308,600	14,974,300	1.79	26,804.00	3,193,000	1.79	5,715.47	18,475,900
2013	DECEMBER	289,600	14,452,100	1.79	25,869.26	3,013,000	1.79	5,393.27	17,754,700
2014	JANUARY	321,400	13,120,800	1.79	23,486.23	3,150,000	1.79	5,638.50	16,592,200
2014	FEBRUARY	147,200	14,716,500	1.79	26,342.54	4,436,000	1.79	7,940.44	19,299,700
2014	MARCH	137,000	11,581,800	1.79	20,731.42	3,230,000	1.79	5,781.70	14,948,800
2014	MARCH		1,449,400	1.83	2,652.40	389,000	1.83	711.87	1,838,400
2014	APRIL	130,000	12,891,300	1.83	23,591.08	3,702,000	1.83	6,774.66	16,723,300
2014	MAY	153,900	11,732,000	1.83	21,469.56	3,461,000	1.83	6,333.63	15,346,900
2014	JUNE	164,500	13,528,100	1.83	24,756.42	4,219,000	1.83	7,720.77	17,911,600

# EXHIBIT 17

Exhibit 17



# EXHIBIT 20

FOR BRACKEN COUNTY, KENTUCKY

PSC KY NO. 1

CITY OF AUGUSTA  
(NAME OF UTILITY)

CANCELLING PSC KY NO. \_\_\_\_\_

STAMPED: \_\_\_\_\_

RATES & CHARGES

MONTHLY WHOLESALE WATER RATE:

RATE FOR BRACKEN COUNTY WATER DISTRICT:

WATER USAGE	\$1.83 PER 1,000 GALLONS
CAPITAL COST CHARGE	\$6,090 PER MONTH

DATE OF ISSUE 01/20/2014 MONTH / DATE / YEAR  
DATE EFFECTIVE 02/26/14 MONTH / DATE / YEAR  
ISSUED BY [Signature] SIGNATURE OF OFFICER  
TITLE MAYOR  
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <u>Brent Kirtley</u>
EFFECTIVE <b>2/26/2014</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR BRACKEN COUNTY, KENTUCKY

PSC KY NO. 1

CITY OF AUGUSTA  
(NAME OF UTILITY)

CANCELLING PSC KY NO. \_\_\_\_\_

STAMPED: \_\_\_\_\_

**RATES & CHARGES**

MONTHLY WHOLESALE WATER RATE:

RATE FOR BRACKEN COUNTY WATER DISTRICT:

WATER USAGE	\$1.79 PER 1,000 GALLONS
CAPITAL COST CHARGE	\$6,090 PER MONTH

DATE OF ISSUE 12/11/12 MONTH / DATE / YEAR  
DATE EFFECTIVE 01/19/13 MONTH / DATE / YEAR  
ISSUED BY \_\_\_\_\_ SIGNATURE OF OFFICER  
TITLE MAYOR  
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH <i>Brent Kinley</i> EFFECTIVE
<b>1/19/2013</b> PURSUANT TO 807 KAR 5.011 SECTION 9 (1)



FOR BRACKEN COUNTY, KENTUCKY

PSC KY NO. 10

CITY OF AUGUSTA  
(NAME OF UTILITY)

CANCELLING PSC KY NO. 9

STAMPED: \_\_\_\_\_

RATES & CHARGES

MONTHLY WHOLESALE WATER RATE:

RATE FOR BRACKEN COUNTY WATER DISTRICT:

WATER USAGE	\$1.78 PER 1,000 GALLONS
CAPITAL COST CHARGE	\$6,090 PER MONTH

DATE OF ISSUE 11/18/11  
MONTH / DATE / YEAR

DATE EFFECTIVE 12/27/11  
MONTH / DATE / YEAR

ISSUED BY \_\_\_\_\_  
SIGNATURE OF OFFICER

TITLE MAYOR

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN</b> EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>Brent Kinley</i> EFFECTIVE
<b>12/27/2011</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Bracken County, Kentucky  
Community, Town or City

P.S.C. KY. NO. 9

City of Augusta  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 8

STAMPED: October 30, 2008

**RATES & CHARGES**

**MONTHLY WHOLESALE WATER RATE:**

**Rate for Bracken County Water District:**

Water Usage	\$1.560 Per 1,000 Gallons
Capital Cost Charge	\$6,090 Per Month

DATE OF ISSUE December 1, 2009  
Month / Date / Year

DATE EFFECTIVE January 8, 2010  
Month / Date / Year

ISSUED BY [Signature]  
(Signature of Officer)

TITLE Mayor

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. N/A DATED N/A

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
1/8/2010  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

FOR Bracken County, Kentucky  
Community, Town or City

P.S.C. KY. NO. 8

City of Augusta  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 7

STAMPED: February 16, 2008

RATES & CHARGES

MONTHLY WHOLESALE WATER RATE:

Rate for Bracken County Water District:

Water Usage	\$1.500 Per 1,000 Gallons
Capital Cost Charge	\$6,090 Per Month

DATE OF ISSUE September 23, 2008  
Month / Date / Year

DATE EFFECTIVE October 30, 2008  
Month / Date / Year

ISSUED BY W. Daniel Hill  
(Signature of Officer)

TITLE Mayor

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. N/A DATED N/A

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
10/30/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By Stephanie R. ...  
Executive Director

# EXHIBIT 25

**CITY OF AUGUSTA, KENTUCKY  
WATER TREATMENT PLANT COSTS  
For the Year Ended June 30, 2014**

Operating costs for the fiscal year 2014 that were incurred by the City were consistent with cost calculations by Public Service Commission of Commonwealth of Kentucky.

<u>OPERATING COSTS</u>	<u>2014</u>	<u>2013</u>
Salaries and Benefits	\$ 189,260	\$159,023
Chemicals and Testing	96,128	93,436
Utilities	89,290	73,983
Insurance	13,244	11,865
Repairs and Supplies	26,667	30,004
Accounting & Legal	-0-	4,100
Office Expense	3,189	2,510
<b>TOTAL OPERATING COSTS</b>	<b><u>\$417,778</u></b>	<b><u>\$374,921</u></b>

(For Comparison)

TREATED GALLONS OF WATER

Bracken County Water	164,134,700	158,328,300
City of Augusta	<u>50,026,000</u>	<u>46,450,000</u>
<b>TOTAL GALLONS</b>	<b><u>214,160,700</u></b>	<b><u>204,778,300</u></b>

<b>Cost Per 1000 Gallons</b>	<b><u>\$1.95</u></b>	<b><u>\$1.83</u></b>
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The above-calculated costs do not include Capital Cost charged to the users each month:

	<u>Month</u>	<u>Annual</u>
Bracken County Water	\$6,090.00	\$ 73,080
City of Augusta	<u>2,030.00</u>	<u>24,360</u>
	<b><u>\$8,120.00</u></b>	<b><u>\$ 97,440</u></b>

# EXHIBIT 28

Augusta City Council – Regular Meeting  
Wednesday – December 17, 2014  
6:30 p.m. – City Office

Mayor Laycock called the meeting to order and then opened with the pledge of allegiance and prayer.

Roll Call:	Jim Thornsbury	present
	Jacob Hay	present
	Mary Zeigler	present
	Matt McCane	absent
	Greg Whiteman	absent
	Mike Taylor	present

MINUTE APPROVAL – 11/19/14

Motion to approve the minutes from November 19, 2014 by Jim Thornsbury, second by Mike Taylor.

Roll Call:	Jim Thornsbury	yes
	Jacob Hay	yes
	Mary Zeigler	yes
	Mike Taylor	yes

AUGUSTA REGIONAL SEWER AUTHORITY – RESOLUTION

Motion to approve a resolution accepting attached release and acknowledgement and transfer and assignment of rights from the City of Augusta to the Augusta Regional Sewer Authority by Jacob Hay, second by Mary Zeigler.

Roll Call:	Jim Thornsbury	yes
	Jacob Hay	yes
	Mary Zeigler	yes
	Mike Taylor	yes

STAFF REPORTS

Maintenance  
City Office  
Water Treatment Plant  
Police  
Tourism

AUDIT 2013-2014 - DONNA HENDRIX

Motion to approve the audit for the fiscal year 2013-2014 by Mike Taylor, second by Mary Zeigler.

Roll Call:	Jim Thornsbury	abstain
	Jacob Hay	yes
	Mary Zeigler	yes
	Mike Taylor	yes

LANDSCAPING AND BEAUTIFICATION PROJECT – RESOLUTION

Motion to approve a resolution increasing the federal funding for the Landscaping and Beautification project by \$14,000 for a new total award of \$54,100 by Mary Zeigler, second by Mike Taylor.

Roll Call:	Jim Thornsbury	abstain
	Jacob Hay	yes
	Mary Zeigler	yes
	Mike Taylor	yes

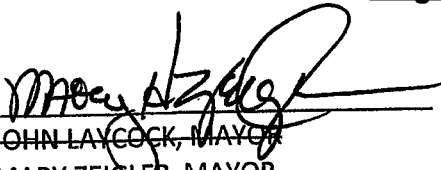
ADJOURN

Motion to adjourn by Mike Taylor, second by Mary Zeigler.

All in favor.



DATE: 1-22-15

  
\_\_\_\_\_  
JOHN LAYCOCK, MAYOR  
MARY ZEIGLER, MAYOR

ATTEST: Gretchen Usleaman  
\_\_\_\_\_  
GRETCHEN USLEAMAN, CITY CLERK/TREASURER

# EXHIBIT 30



"HISTORY on the river...AUGUSTA, my old Kentucky home."

January 5, 2015

Bracken County Water District #1  
P.O. Box 201  
Brooksville, KY 41004

To Whom It May Concern:

Effective February 11, 2015 the water rate will increase to \$1.95 per thousand, the water rate was decided by the Public Service Commission.

If you have any questions please call.

Sincerely,

Gretchen England-Usleaman  
City Clerk/Treasurer

City Clerk/Treasurer  
**GRETCHEN  
ENGLAND-USLEAMAN**

	<i>phone</i>	<i>fax</i>
219 MAIN STREET P.O. BOX 85 AUGUSTA, KY 41002	606-756-2183	606-756-2185

*email*  
gengland@augustaky.com  
*Equal Opportunity  
Employer & Provider*

**CITY OF AUGUSTA, KENTUCKY  
 WATER TREATMENT PLANT COSTS  
 For the Year Ended June 30, 2014**

Operating costs for the fiscal year 2014 that were incurred by the City were consistent with cost calculations by Public Service Commission of Commonwealth of Kentucky.

<u>OPERATING COSTS</u>	<u>2014</u>	(For Comparison) <u>2013</u>
Salaries and Benefits	\$ 189,260	\$159,023
Chemicals and Testing	96,128	93,436
Utilities	89,290	73,983
Insurance	13,244	11,865
Repairs and Supplies	26,667	30,004
Accounting & Legal	0-	4,100
Office Expense	<u>3,189</u>	<u>2,510</u>
<b>TOTAL OPERATING COSTS</b>	<b><u>\$417,778</u></b>	<b><u>\$374,921</u></b>

TREATED GALLONS OF WATER

Bracken County Water	164,134,700	158,328,300
City of Augusta	<u>50,026,000</u>	<u>46,450,000</u>
<b>TOTAL GALLONS</b>	<b><u>214,160,700</u></b>	<b><u>204,778,300</u></b>

<b>Cost Per 1000 Gallons</b>	<b><u>\$1.95</u></b>	<b><u>\$1.83</u></b>
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The above-calculated costs do not include Capital Cost charged to the users each month:

	<u>Month</u>	<u>Annual</u>
Bracken County Water	\$6,090.00	\$ 73,080
City of Augusta	<u>2,030.00</u>	<u>24,360</u>
	<b><u>\$8,120.00</u></b>	<b><u>\$ 97,440</u></b>

# EXHIBIT 31

**WATER PURCHASE CONTRACT MODIFICATION AGREEMENT  
OF 2008**

Whereas, the parties hereto previously entered into a Water Purchase Contract dated March 13<sup>th</sup>, 1993 (Contract), and an Addendum thereto dated April 4<sup>th</sup>, 1995 (Addendum), and

Whereas, the parties have recently reevaluated the water usage of the parties, and determined that a more accurate representation of Augusta's water use is twenty-five (25%) percent of the total, and Bracken County's water use is seventy-five (75%) percent of the total production, and

Whereas the parties have recently discussed the requirement of depreciation reserves and agreed to be jointly responsible to bring the depreciation reserve to its required level in a fair and reasonable manner, and

Whereas the parties agree that it would be helpful to establish a managerial Water Supply Board; and

Whereas the parties agree that said agreement on such issues should be reduced to writing to reflect the intentions of the parties, and to jointly bind the parties

Now, therefore, the parties agree to modify said Contract and Addendum as follows:

1. In consideration of the mutual benefits derived by the parties hereto, Paragraph 6 of the Water Purchase Contract is hereby modified as follows:

First Party (Augusta) will, at all times, operate and maintain in an efficient manner and will take such action as may be necessary to furnish to Second Party (Bracken County) the quantities of water required by it, however, not to exceed 75.00 percent (75.00%) of the 1,440,000 gallon per day design capacity of said New Plant or of the actual production capacity of said New Plant, whichever is less. First Party (Augusta) shall be entitled to the remainder of the production (25%) of said New Plant. This percentage allocated to the parties shall be known as the "Capacity Percentage". However, the water usage of the individual parties shall be reviewed by the Auditor from year to year and should the usage of either party vary more than five (5%) percent up or down, from the 75/25 proportion

(or any adjusted proportion hereunder) for said audit year, each party's "Capacity Percentage" under this Paragraph 6 shall be adjusted in writing to reflect the percentage each party used during the audit year and this "Capacity Percentage" shall remain the same until said percentage shall vary up or down five (5%) percent or more in a later year.

2. Paragraph 10 of the Water Purchase Contract and said Addendum is hereby modified to provide that beginning May 1<sup>st</sup>, 2008, Augusta shall pay the sum of \$1833.75 in capital costs charges per month and shall pay the sum of \$196.25 per month for 36 months into the Capital Cost depreciation account; and beginning May 1<sup>st</sup>, 2008, Bracken County shall pay the sum of \$5501.25 in capital charges per month and shall pay the sum of \$588.75 per month for 36 months into the Capital Cost depreciation account. Both the capital costs and capital costs depreciation shown here in this Paragraph 2. were calculated using the "Capacity Percentage" referred to in Paragraph 1. above. The water usage of the individual parties shall be reviewed by the Auditor from year to year and should the "Capacity Percentage" referred to in Paragraph 1. above be adjusted then the capital costs and capital costs depreciation figures shall be adjusted for each party accordingly.

The parties understand that should the depreciation reserve funds be used to any extent so that the reserve account is reduced to below \$94,200.00 that each party shall be required to continue or once again commence the payments of \$588.75 and \$196.25 (total of the two payments being \$785.00) and to continue to make the monthly payments until the reserve account is funded to its required level (\$94,200.00). The parties also understand that the percentage of the \$785.00 required to be paid in by each may change depending on the "Capacity Percentage" as calculated in Paragraph 1. above.

3. The parties agree that the Depreciation Reserve account as required by Augusta Ordinance No. 2004-15 and as referenced in the Water Purchase Contract is under-funded \$85,211.00 at this time (under-funded \$94,200.00 pursuant to the terms of the new bonds as of 2018) and shall be jointly funded by the parties until said account is in compliance with contract requirements as follows:

As per the Auditor used by both parties, for the last seven years (2001-2007) Bracken County has averaged Seventy-Five (75%) percent ("Capital Percentage") of the water usage of the Plant's water production, Bracken County shall pay the sum of \$1375.83 per month into said Depreciation Reserve Account for the next thirty-six months, and as Augusta has averaged Twenty-Five (25%) percent ("Capital Percentage") of the water usage of the Plant's water production, Augusta shall pay the sum of \$458.61 per month into said Depreciation Reserve Account for the next thirty-six months; and after said thirty-six month period, each party shall pay into said account such amounts as are necessary to maintain compliance with the Depreciation Reserve Account requirements, and in the same proportions ("Capital Percentage") (i.e., as are set as of the date of the execution herein as being 75/25) as are used for payment of the respective parties of the

capital cost payments.

The balance of the present under-funded amount of \$85,211.00 (future amount to be \$94,200.00) which is being jointly funded is being paid in by the parties during the last 24 months that the \$588.75 and \$196.25 is being paid in under Paragraph 2. above.

Provided, however, that should the Auditor determine that either parties average water production use for the prior seven year period the Plant was operable (1993-2000) differs more than 5% than the 75/25 average for the past seven year period, payment for the first eighteen (18) months shall be as provided above, and payment by the parties for the remaining eighteen months (18) shall be made by each party in proportion to such other water production use percentage.

The parties agree that the Depreciation Reserve Account shall be set up at U.S. Bank in Augusta, Kentucky. The signature card shall include both the name of the Mayor of Augusta and the Chairman of Bracken County Water District. No funds shall be withdrawn, nor any check written on this account, unless and until Rural Development shall have approved the expenditure in writing and the withdrawal or check is signed by both the Mayor of Augusta and the Chairman of Bracken County Water District.

4. The yearly rate calculation performed by the Auditor shall continue to be calculated on actual usage of the parties and the method of rate calculation is not changed by this Water Purchase Modification Agreement but shall be as provided in the Water Purchase Contract and Order (dated February 14<sup>th</sup>, 2000) and Settlement Agreement (dated November 4<sup>th</sup>, 1999 and November 5<sup>th</sup>, 1999) entered in KY PSC Case No. 98-497.). The yearly water rate calculation shall be based on the actual percentage of water use by each party for the audit year and shall not be determined by the "Capital Percentage" reflected in Paragraph 1. herein.

5. Paragraph 16 of the Water Purchase Contract provides for the establishment of a Water Supply Advisory Board, however, the parties wish to investigate the feasibility of increasing Bracken County's and Brooksville's involvement with the management of the Augusta Plant and also to increase general Plant efficiency through the possible future establishment of a Water Supply Management Board. This shall be further discussed by a joint committee established in May 2008 and comprised of a representative of Augusta, Bracken County and the City of Brooksville. It is the intent of the parties that the Advisory Board shall become more involved in the day to day operations of the Treatment Plant.

6. The Mayor of Augusta agrees to provide to the Bracken County Water District a copy of all monthly expenditures for the Treatment Plant by the 15th of the following month. (For example a copy of the expenditures for May of 2008 would be made available to the Water District by the 15th of June 2008.)

7. This Water Purchase Contract Modification Agreement is subject to such rules, regulations, or laws as may be applicable to similar agreements in the Commonwealth of Kentucky, and the parties hereto will collaborate in obtaining approval



of the appropriate officers or employees of the USDA. All other provisions of the Water Purchase Contract and the Addendum shall remain in full force and effect, except as are otherwise specifically modified or amended herein.

Anthony Habermehl  
Anthony Habermehl  
Chairman, Bracken County Water District

Wendell High  
Wendell High  
Mayor, City of Augusta

Attest:

Attest:

Diana Moran  
Diana Moran

Gretchen England-Usleaman  
Gretchen England Usleaman  
Augusta City Clerk

Cynthia Thompson 5/15/08  
Cynthia Thompson, Attorney for City

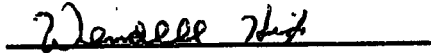
Michael A Clark  
Michael Clark, Co. Attorney

The undersigned parties agree as follows:

1. As per the Auditor's calculations, the City of Augusta has underbilled the Bracken County Water District for water treatment plant expenses and for the cost of producing the water sold to it by the City of Augusta for fiscal years prior to and including the 2006-2007 fiscal year, as evidenced by transfers made from fiscal year 2005 to date by the Augusta City Clerk from other Augusta City Funds to the Water Treatment Plant Fund, said transfers being necessary to keep the plant running, and the amount of such undercharges and reimbursable costs and expenses properly apportioned to Bracken County Water District being \$84,750.00.
2. Such amount, (\$84,750.00) shall be payable by Bracken County/<sup>Water District</sup>to the City of Augusta, at the rate of \$2354.17 per month, with the first payment to be made on May 1<sup>st</sup>, 2008 and the first of each month thereafter, until such amount is paid in full.
3. In the future the City of Augusta will present any undercharges or over-charges for the prior year's water charges, to the Bracken County Water District, as soon as possible, after the annual water treatment plant audit is completed.



Anthony Habermehl  
Chairman, Bracken County Water District



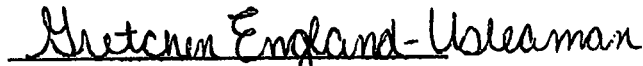
Wendell High  
Mayor, City of Augusta

Attest:

Attest:



Diana Moran



Gretchen England Usleaman  
Augusta City Clerk

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUL 27 1996

WATER PURCHASE CONTRACT  
ADDENDUM #1

PURSUANT TO 807 KAR 5011,  
SECTION 9 (1)

BY: Jonathan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION

Whereas, the parties hereto previously entered into a water purchase contract dated March 13, 1993, and,

Whereas, said contract called for payment by Bracken County Water District #1 of \$3,648.00 in capital cost each month, and,

Whereas, the bids received will cause the capital outlay to be increased by a total of \$4,407.38, which funds are to be added to the FMHA loan and will require additional capital outlay to reduce the loan.

Now, therefore, the parties hereto agree that paragraph 10 of said Water Purchase Contract is hereby amended to reflect that Bracken County Water District #1 shall pay the sum of \$4,407.38 per month.

Further, the terms and conditions of this contract are subject to approval by all necessary governmental regulatory agencies.

All other terms and conditions of said contract not specifically changed hereby are ratified hereby and incorporated herein by reference.

4/26/95  
DATE

James Haberman  
MAYOR, CITY OF AUGUSTA, KY

4/26/95  
DATE

Michael A. Brown  
CHAIRMAN, BRACKEN COUNTY  
WATER DISTRICT #1



RECEIVED  
JUN 24 1996

R.E.C.  
WATER PURCHASE CONTRACT

WATER PURCHASE CONTRACT

This Contract for the sale and purchase of water is entered into as of the 4th day of March, 1993, by and between The City of Augusta, Kentucky, hereinafter referred to as "First Party," and Bracken County Water District #1, Brooksville, Kentucky, hereinafter referred to as "Second Party,"

WITNESSETH: Whereas, The City of Augusta, Kentucky, is a duly incorporated City in the Commonwealth of Kentucky, and

Whereas Second Party, Bracken County Water District #1, is a duly organized Water District, pursuant to provisions of Chapter 74, Kentucky Revised Statutes, for the purpose of constructing and operating a water supply distribution system, serving water users within the area described in plans now on file in the office of the Commonwealth of Kentucky Utility Regulation Commission, and

Whereas, First Party now furnishes its own water via certain wells and

Whereas, Second Party in addition to operating its present water purification and treatment plant (hereinafter referred to as "plant"), also furnishes its own water via certain wells and supplies purified water to its own water customers and users, and to the City of Brooksville, Kentucky and Western Bracken County Water District, and

Whereas, all parties hereto agree that the present water supply and purification systems owned and operated by the parties is inadequate to supply present and future needs of the parties hereto, and

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
OFFICE OF THE CHIEF CLERK

JUL 27 1996

Whereas, First Party intends to construct a water treatment and purification Plant (hereinafter referred to as "New Plant") to be financed by a loan made or insured by, and for the United States of America, acting through the Administration of The United States Department of Agriculture, for the purpose of supplying adequate amounts of purified water for use by the customers of the parties hereto, and

PURSUANT TO 807 KAR 80.11,  
SECTION 10(1)(b)  
FOR THE PUBLIC SERVICE COMMISSION

Whereas, it is the desire and intention of the parties to enter into a relationship as Seller and Purchaser and to share in the costs of constructing and operating said New Plant, and

Whereas, this can best be accomplished by the parties entering into this new Contract which shall supersede all previous contracts and agreements between the parties hereto;

Now, therefore, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the parties hereto do hereby contract and agree as follows:

1.) First Party shall, subject to obtaining financing satisfactory to First Party, construct, own and operate said New Plant, the lines appurtenant thereto and the source of the water. Said New Plant, lines and water source shall be constructed pursuant to plans and specifications prepared by Mayes, Sudderath and Etherege Consulting Engineers, Inc., for First Party.

2.) First Party shall furnish to Second Party, at its existing clear well on the Augusta-Berlin Road, during the term of this Contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the PUBLIC SERVICE COMMISSION OF KENTUCKY Department of Health in such quantity as may be required by Second Party, not, however, to exceed the quota specified in Paragraph No. 6 hereof.

3.) First Party shall establish an accounting system, pursuant to generally accepted accounting procedures, which shall facilitate the identification of costs actually incurred in calculating the costs per One Thousand (1,000) gallons of producing and delivering water to Second Party and First Party shall be responsible for operation of said New Plant in accordance with all applicable laws and regulations and this contract.

4.) Second Party shall continue to own and operate, at said points of delivery, the necessary metering equipment, including meter houses or pits, and required devices of standard type for properly measuring the quantity of water furnished by First Party to Second Party. Said meters shall be checked and calibrated at the expenses of the owner of said meters, by a qualified agent, satisfactory to all parties hereto, at least once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test results shall be deemed to be accurate. The previous reading of any meter disclosed by the test to be inaccurate shall be corrected for the six (6) months previous to such test in accordance with the percentage of inaccuracy

JUL 24 1996  
PURSUANT TO 807 KAR 5011,  
SECTION 11  
BY: Richard C. Inal  
FOR THE PUBLIC SERVICE COMMISSION

found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount delivered in the corresponding period immediately prior to the failure, unless First Party and the owner of said meter shall agree upon a different amount. The metering equipment shall be read by First Party and the Second Party on or about the 15th day of each month.

5.) First Party shall furnish to Second Party not later than the 5th day of each month an itemized statement of the amount of water furnished during the preceding month. Second Party shall pay First Party, not later than the 15th day of each month for water delivered by First Party during the preceding month. The rate at which Second Party shall pay First Party for said water is to be determined pursuant to the Variable Rate Schedule, attached hereto and made a part hereof.

6.) First Party will, at all times, operate and maintain in an efficient manner and will take such action as may be necessary to furnish to Second Party the quantities of water required by it, not, however, to exceed 61.45 percent (61.45%) of the 1,440,000 gallon per day design capacity of said New Plant or of the actual production capacity of said New Plant, whichever is less.

First Party shall be entitled to the remainder of the production of said New Plant.

Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of raw water available to said New Plant is diminished over an extended period of time or in the event that production capacity of said New Plant is substantially diminished or reduced over an extended period of time resulting in inability of said New Plant to produce the quantity of purified water required by the parties hereto, the supply of water to each party hereto shall be reduced or diminished in that same ratio or proportion as set out in this item, above. In the event said New Plant is operating at normal capacity and a sufficient supply of raw water is available to operate said New Plant at normal capacity, no party hereto shall exceed its allocated capacity or quota if such excess shall result in a reduction of supply of the actual

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
JUL 24 1996  
PURSUANT TO 807 KAR 5011,  
SECTION 6(1)  
BY: *Jordan C. Neal*  
FOR THE PUBLIC SERVICE COMMISSION

amount of purified water set aside, above for the other party and at the time required by the other party hereto. Failure of pressure to the main supply, line breaks, power failure, flood, fire, earthquake, or other catastrophes shall excuse First Party from complying with those terms of this Agreement for supply of water or pressure until such time as the cause of the reduction of pressure or supply or water has been removed or remedied; provided, however, that such purified water, if any, as is produced and/or available for distribution during such emergencies or catastrophes shall be made available to each party hereto in the same percentage or proportion as water is normally supplied to each party. In the event that the customers of any party hereto require unusually large quantities of water for a period of time not to exceed Twenty-four (24) hours, for the purpose of extinguishing unusual and extreme fires, First Party shall have the right, but not the obligation, to supply said water to the party whose customers so require said water, even though the same may result in diminished or terminated service of water to all parties hereto.

7.) This Contract and Agreement shall become effective upon the date of delivery of the bonds financing the New Plant to the purchaser of said bonds, and shall continue for a term of Forty (40) years from said date or for the life of the New Plant, whichever is longer, and, thereafter, may be renewed or extended for such term or terms as may be agreed upon by the parties hereto.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUL 2 - 1996

8.) This Contract and Agreement is subject to such rules, regulations, or laws, as may be or become applicable to similar agreements in the Commonwealth of Kentucky, and the parties will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

PURSUANT TO 807 KAR 50.11  
SECTION 11.11.1  
BY: *James S. Fife*  
FOR THE PUBLIC SERVICE COMMISSION

9.) The construction of the New Plant by First Party is being financed by a loan made or insured by, and/or a grant from The United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and this Contract and Agreement shall not be legally binding upon any party hereto until approved, in writing, by the appropriate officers or employees of the said Farmers Home Administration.



10.) Beginning on the effective date of this Contract, Bracken County Water District #1, shall pay to First Party monthly capital costs of Three Thousand Six Hundred and Forty Eight per month, to be adjusted based on actual sale of the bonds of the New Plant and subsequently adjusted to reflect the retirement of the bonds, in addition to the "cash operation and maintenance expense", "the capital costs of replacement factor," and the "meter and billing charge," specified in the Variable Rate Schedule attached hereto and made a part hereof. Said monthly payments, as the same may be modified pursuant to the terms of the Variable Rate Schedule, shall continue throughout the term of this Contract.

11.) The "wholesale billing year rate" charges, included in the Variable Rate Schedule provides for variable charges based on demonstrable costs to First Party for providing purified treated water to Second Party, during First Party's "operating year," which should provide sufficient time to obtain the annual audit of First Party's financial records by a Certified Public Accountant. The "wholesale billing year rate" charges to Second Party will remain fixed during each "wholesale billing year" and until modified pursuant to the Variable Rate Schedule attached hereto.

12.) Any successor to any party hereto shall succeed to the obligations, rights and duties of its predecessor as set forth in this Contract or any amendments.

13.) In the event that any party hereto shall increase its requirements for purified water to the extent that its water requirements exceed its quotas established herein, or in the event that any party hereto requires or desires additional capacity for production of purified water, the party hereto requiring or desiring said additional capacity shall have the right to:

- A) Pay all costs of expansion of the capacity of said New Plant, in which case the party paying said expansion costs shall be entitled to the benefit of all increased production capacity resulting from said expansion; and/or
- B) Continue to purchase water under this Contract to its allocated capacity and obtain additional purified water from other sources.

14.) A.) In the event that said New Plant shall become inadequate

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to serve the needs of the parties hereto due to government regulations, technological or physical obsolescence, or because all parties hereto require purified water in excess of their allotted capacities established in Paragraph No. 6 hereof, the parties hereto agree that said Plant shall be improved, expanded or replaced, and that all parties hereto shall participate in the cost thereof and that this Contract shall then be renegotiated, so that all parties shall share in the capital costs involved in said improvement, expansion, or replacement in addition to continuing to pay their proportional parts of the capital costs of the said New Plant until the bonds sold to finance the same are paid in full.

B.) If any water quality problem is identified within any utility system purchasing from the plant and the Kentucky Division of Water determines that adjustments at the water plant are required to remedy the particular problem, then first party agrees to comply as required by the Kentucky Division of Water.

15.) Each party acknowledges that it currently owns and operates its own wells, with First Party having 2 such wells and Second Party having 5 such wells.

In addition, Second Party owns and operates a certain water main from its existing wells to the clear well on the Berlin Road.

First Party may lease from Second Party, for the term hereof, its wells and main supply line and shall fully and completely maintain said wells and main line.

Additionally, those wells now owned by First Party may be connected to the New Plant and used exclusively for the production of water for the New Plant.

16.) First Party agrees that all books and records and bank accounts regarding the New Plant will be kept separate and apart from other business of First Party and further, that First Party will appoint a Water Supply Advisory Board (hereinafter referred to as Board) which Board shall consist of 1 person from the City of Augusta, one person from the City of Brooksville, and one person from the area now served by Bracken County Water District #1, each member shall be appointed from a list submitted by the governing body of the applicable utility served.

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Said Board shall have full access to the records of the New Plant and shall recommend to the Mayor and City Council of First Party such changes as may, from time to time, be needed or required.

Said Board shall also submit a list of candidates for the Auditing Firm for the annual audit and personnel necessary to operate the New Plant, from which list said employees and/or auditors shall be selected except for good cause shown.

Terms of the members of the Board will be 3 years beginning July 1, 1993.

The first appointees will be appointed for staggered terms of 1 to 3 years as determined by lot so that all members of the Board are not reappointed at once.

Board members will not be paid a salary but will be reimbursed for reasonable expenses directly related to the operation of the New Plant.

Board members will be strongly encouraged to attend Division of Water training sessions regarding compliance with the Safe Drinking Water Act.

17.) In the event of the termination or revocation of this agreement due to any circumstances, equity in the New Plant shall be determined in the same percentage that debt service was paid, that is, if First Party has paid 37.5 percent of debt service, then First Party will be entitled to 37.5 percent of equity, etc. etc.

18.) The parties agree that Second Party will execute a contract for the sale of water to the City of Brooksville and said contract once executed, will guarantee the City a percentage of Second Party's allocation of production and of Second Party's equitable interest.

A copy of the executed contracts will be appended hereto and incorporated herein by reference as shall each and every amendment to said contract.

The parties hereto understand and agree that this contract will be pledged as security to Farmer's Home Administration for the repayment of the above mentioned loan.

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SECTION 9  
BY: Anderson, C. R.  
FOR THE PUBLIC SERVICE COMMISSION

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in ten (10) counterparts, each of which shall constitute an original.

CITY OF AUGUSTA, KENTUCKY  
FIRST PARTY

BY: *Louis Habermehl, Jr.*  
LOUIS HABERMEHL, JR., MAYOR

ATTEST:

*Judy Bonar*  
JUDY BONAR  
CITY CLERK

BRACKEN COUNTY WATER DISTRICT  
SECOND PARTY

BY: *Michael H. Bunn*  
Chairman

ATTEST:

*Doris Cunningham*

This contract is approved on behalf of the Farmers Home Administration, this 20th day of JUNE, 1993.

BY: *Jimmy H. Hall*  
TITLE: COMMUNITY AND BUSINESS DEVELOPMENT SPECIALIST

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BY: *Jordan C. Neal*  
FOR THE PUBLIC SERVICE COMMISSION

VARIABLE RATE SCHEDULE

SECTION 1: GENERAL

This variable rate schedule attachment is a part of and incorporated into the Water Purchase Contract made and entered into as of the 4th day of March, 1993, by and between the City of Augusta, Kentucky as First Party and Bracken County Water District #1, as Second Party.

SECTION 2: DEFINITIONS

Unless the context specifically indicates otherwise, the meaning of terms used in this rate schedule attachment (Section 4 (b)) shall be as follows:

- (a) "Seller" shall mean the City of Augusta.
- (b) "Purchaser" shall mean Bracken County Water District #1.
- (c) "Seller's operating year" shall mean the twelve months from July 1, through June 30.
- (d) "Wholesale billing rate year" shall mean a twelve month period commencing January 1 and ending the following December 31.
- (e) "Cash operation and maintenance expense" shall mean all operating expenses, excluding depreciation expenses, excluding capital costs of improvements, betterments, replacements, etc. and excluding debt service costs (principal and interest, paying agent's fees, sinking fund reserves, etc.) for the Seller's operating year as identified and recognized in the annual examination of the Seller's financial records, by the firm of Certified Public Accountants conducting the examination of the Seller's financial records for the most recent fiscal year. The rate shall be based on demonstrable costs to the Seller for providing treated water. The rate will be computed on the basis of the Seller's costs for the Seller's most recent fiscal year. The rate may vary from year to year depending upon demonstrable costs and an adjustment to the previous year's billings shall be made by the Seller to reflect actual costs within thirty (30) days of the receipt of the Audit report of the Seller's financial records.

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SUBSEQUENT TO 1997 KRS 501.1,  
SECTION 9(1)  
BY: Jordan C. Neel  
FOR THE PUBLIC SERVICE COMMISSION

- (f) "Monthly payment date" shall mean a date established by the Seller whereby the Purchaser agrees to pay not later than the established date the charges for water furnished during the preceding month.
- (g) "Capital cost replacement factor shall mean the actual cost of replacements, additions and betterments paid by the Seller for the portions of the water plant set forth in the rate schedule attachments (Section 4 (b)).
- (h) "Capital cost" shall mean the portion of the actual average annual principal and interest payments of the Seller as specified in the rate schedule attachment as well as the debt service payments specified in the rate schedule attachment (Section 4 (b)).
- (i) "Cost review formula for revising wholesale rate charges" shall mean the formula, which appears in Section 4 of this rate schedule attachment.
- (j) "Total billed gallons" shall mean the total billed water consumption for all users serviced by the Seller the Seller's most recent fiscal year.

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**SECTION 3:**

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**INITIAL WHOLESAL BILLING RATE FOR THE PURCHASERS. PURSUANT TO 807 KAR 5.011,**

- (a) The initial calendar year billing rate or wholesale rate to Bracken County Water District #1, for treated water be \$3648.00 per month in capital costs, plus 65 cents per 1,000 gallons.
- (b) It is agreed by and between the parties hereto that after the close of the initial calendar year, the actual rate to be charged by the Seller to the Purchaser for water purchased by the Purchaser during the initial calendar year shall be determined pursuant to the terms of this Variable Rate Schedule and any differences between said actual rate and the initial calendar year billing rate shall be rebated by the Seller to the Purchaser or paid to the Seller by the Purchaser, as the case may be, without interest, within sixty (60) days of said determination.

BY: *Jordan G. Hill*  
FOR THE PUBLIC SERVICE COMMISSION

**SECTION 4:**

**MODIFICATION OF CONTRACT.**

The provisions of this contract pertaining to the schedule of

rates to be paid by the Second Party for water delivered are subject to modification at the end of every 1 year period. any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

**SECTION 5:**

**COST REVIEW FORMULA FOR REVISING FISCAL YEAR WHOLESALE RATE CHARGES.**

(a) Each wholesale billing rate year commencing on and after January 1, 19\_\_ the Seller shall prior to October 1 of the prior year determine the rate or charges for wholesale water purchases for the next wholesale billing rate year based upon a calculation of the following demonstrable costs. Such costs shall be taken from the annual financial report of the Seller for the preceding operating year which has been examined by a firm of Certified Public Accountants.

(b) **COST REVIEW FORMULA FOR REVISING FISCAL YEAR WHOLESALE RATE CHARGES:**

1.) Cash operation and maintenance expense:

$$\frac{\text{Amount} \times \text{Percent} + \text{Total Billed Gals.}}{\text{(In thousands)}} = \text{Rate per 1,000 Gals.}$$

Water Utility operating exp. \$ \_\_\_\_\_ x \_\_\_\_\_ % + \_\_\_\_\_ = \$ \_\_\_\_\_  
 PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

General & adm. expense \$ \_\_\_\_\_ x \_\_\_\_\_ % + \_\_\_\_\_ = \$ \_\_\_\_\_  
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Total rate per 1,000 gallons to Bracken #1 & Augusta \$ \_\_\_\_\_  
 PURSUANT TO 807 KAR 5011, SECTION 9(1)

\*To be adjusted pursuant to annual audits

BY: Jordan C. Neal  
 FOR THE PUBLIC SERVICE COMMISSION

Plus,

2.) <u>Capital cost:</u>	<u>Bracken #1</u>	<u>Augusta</u>
Fixed capital charge per mon.*	\$ _____	\$ _____
Debt service reserve:		
Bond and Interest Account		
per month for _____ mos.	\$ _____	\$ _____
Depreciation Account		
per month for _____ mos.	\$ _____	\$ _____
<b>TOTAL MONTHLY CHARGE</b>	<b>\$ _____</b>	<b>\$ _____</b>

\*To be adjusted based upon actual sale of the bonds.

Plus,

3.) Capital cost replacement factor: Bracken #1

Percent of actual expenditure by Augusta for capital asset replacements to the Raw Water Intake, Water Treatment Plant, Any Altitude Value Vault, Any Storage Reservoir, Raw Water Transmission Main or the Sludge Line to Sewage Treatment Plant, assuming funds for said expenditures are not available in the Depreciation Account.

Augusta  
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BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION

SECTION 6:

PROVISION TO MODIFY FORMULA FOR DETERMINING WHOLESALE WATER RATE CHARGE.

- (a) At the end of every five (5) year period either party to this Agreement may request that a special study be conducted by a firm of consulting engineers, certified public accountants, or other independent utility rate consultants to review the continuing applicability and equity of fiscal year charges determined on the basis of the formula outlined in Section 5, above. Provided, that all parties shall agree upon a consultant for this purpose.
- (b) The cost of such special study authorized in Section 6 (a) above will be borne by the party requesting such study or as may be agreed to by all parties.

SECTION 7:

BILLING PERIOD, MONTHLY PAYMENT DATE AND NOTIFICATION OF CHANGE IN WHOLESALE BILLING RATE.

- (a) The billing period and monthly payment date shall be as established by the Seller in accordance with any applicable laws, rules, regulations or procedures governing normal service and billing charges.
- (b) The wholesale user shall be notified at least sixty (60) days in advance of the revised wholesale billing rate for each next succeeding fiscal year. The notification shall include a copy of the computation and cost review formula used for revising the fiscal year wholesale rate charges.



SECTION 8:

**RIGHT TO INSPECT OR OTHERWISE REVIEW SELLER'S FINANCIAL REPORTS AND RECORDS.**

- (a) Upon request the Purchaser shall have the right to inspect or review the books and records of the Seller.
- (b) If desired, the Purchaser may request an independent audit of the books of the Seller as they pertain to the cost of treating and supplying water, and the parties shall agree upon a Certified Public Accountant for this purpose. The cost of such audit shall be borne by the Purchaser.

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PURSUANT TO 807 KAR 5011,  
SECTION 9(1)

BY: James P. Neal  
FOR THE PUBLIC SERVICE COMMISSION

RESOLUTION OF BRACKEN  
COUNTY WATER DISTRICT #1

A RESOLUTION APPROVING  
WATER PURCHASE AND EQUITY  
PURCHASE CONTRACT WITH THE  
CITY OF AUGUSTA, KY.  
RELATING TO THE WATER TREATMENT  
PLANT PROJECT; TO SECURE  
FMHA FINANCING

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PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)

BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION

WHEREAS, on February 2, 1993, FMHA issued a letter of condition regarding a loan of \$1,160,000, an FMHA grant of \$680,000 and a community development block grant of \$750,000; and

WHEREAS, in order to comply therewith, it is necessary to approve a Water Purchase and Equity Purchase Contract with The City of Augusta; and

WHEREAS, the Board of Bracken County Water District #1 has reviewed the attached Water Purchase Contract with the City of Augusta and finds same acceptable; and

WHEREAS, said Water Purchase and Equity Purchase Contract with the City of Augusta is believed to be in a form acceptable to FMHA;

NOW THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF BRACKEN COUNTY WATER DISTRICT #1 as follows:

The Water Purchase and Equity Purchase Contract with the City of Augusta, Kentucky, attached hereto and incorporated herein by reference is hereby approved and the Chairman of the Board of Bracken County Water District #1 is authorized to execute originals of same on behalf of Bracken County Water District #1 and same shall be forwarded to FMHA, Division of Water and The Public Service Commission, together with a certified copy of this ORDER.

Bracken County Water District Board

Michael H. Branam  
Michael Branam

Jacob Bauer, Jr.  
Jacob Bauer, Jr.

E. B. Kern  
E.B. Kern

DATED: 3/4/93

MUNICIPAL ORDER  
493- 5

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

AN ORDER APPROVING  
WATER PURCHASE CONTRACT  
WITH BRACKEN COUNTY WATER DISTRICT #1  
RELATING TO THE WATER TREATMENT  
PLANT PROJECT; TO SECURE  
FmHA FINANCING.

JUL 2 - 1996

PURSUANT TO 807 KAR 5:011,  
SECTION 9(1)

BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION

WHEREAS, on February 2, 1993, FmHA issued a letter of condition regarding a loan of \$1,160,000, an FmHA grant of \$680,000 and a community development block grant of \$750,000; and

WHEREAS, in order to comply therewith, it is necessary to approve the Water Purchase Contract with Bracken County Water District #1; and

WHEREAS, the City Council has reviewed the attached Water Purchase Contract with Bracken County Water District #1 and finds same acceptable; and

WHEREAS, said Water Purchase Contract with Bracken County Water District #1 is believed to be in a form acceptable to FmHA;

NOW THEREFORE; IT IS HEREBY ORDERED BY THE CITY COUNCIL OF THE CITY OF AUGUSTA, KY as follows:

The Water Purchase Contract with Bracken County Water District #1 attached hereto and incorporated herein by reference is hereby approved and the Mayor is authorized to execute originals of same on behalf of the City of Augusta and same shall be forwarded to FmHA together with a certified copy of this order.

3/4/93  
DATE

James H. Hill  
MAYOR, CITY OF AUGUSTA, KY.

Passed by Council Feb 17, 1993

Attest: Mary J. Burns  
City Clerk/Treasurer

ATTEST:

Michael A. Bean  
Secretary

Dora Cunningham  
Clerk

Michael A. Clark  
ATTORNEY

DATED:

3-7-83

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JUL 24 1996

PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)

BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION