

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

1. Provide in written verified form the direct testimony of each witness that Central City intends to rely on in this matter.

Response: Please see the attached direct testimony of David Rhoades and Michael McGhee

WITNESSES: David Rhoades; Michael McGhee

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

2. Provide the independent auditor's reports for Central City for the fiscal years ending in 2016, 2017, and 2018.

Response: Please see attached

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

2018 Audit

**CITY OF CENTRAL CITY
MUNICIPAL WATER & SEWER SYSTEM
214 NORTH FIRST STREET
CENTRAL CITY, KENTUCKY**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
FOR YEAR-ENDED JUNE 30, 2018
AND
INDEPENDENT AUDITOR'S REPORT**

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM

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INDEPENDENT AUDITOR'S REPORT

To the Water Board
City of Central City, Municipal Water & Sewer System
Central City, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the City of Central City, Kentucky, Municipal Water & Sewer System (the System), a component unit of the City of Central City, Kentucky as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the System'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.

Basis for Qualified Opinion

A substantial portion of the inventory of the System is at various locations. It was not practical to satisfy ourselves with respect to such inventory by physical count. Management has represented main supplies, sewer plant supplies, chemicals and office supplies by estimation.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the System, as of June 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 18-20 and the Pension and OPEB Schedules on pages 21-23 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 November 30, 2018, on our consideration of the System’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 solely 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 the effectiveness of the System’s 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 the System’s internal control over financial reporting and compliance.

Pate & Co. CPAs

Pate & Company, CPAs, Inc.

Central City, Kentucky

November 30, 2018

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,766,198
Receivables, net	414,317
Inventory	34,033
Prepaid insurance	24,861
Total current assets	<u>2,239,409</u>

Restricted Assets

Restricted cash and cash equivalents	1,386,642
Restricted investments	525,332
Total restricted assets	<u>1,911,974</u>

Noncurrent Assets

Property, plant & equipment, net	42,074,424
Less: Accumulated depreciation	<u>(15,085,525)</u>
Total noncurrent assets	<u>26,988,899</u>

Total Assets

31,140,282

DEFERRED OUTFLOWS OF RESOURCES

Prepaid interest expense	194,069
Difference between actual and expected earnings on pension plan	26,355
Changes in pension plan assumptions	393,176
Difference between expected and actual pension plan experience	2,643
Changes in pension plan proportion	62,968
Pension contributions subsequent to measurement date	131,577
OPEB contributions subsequent to measurement date	41,922
Changes in OPEB plan assumptions	159,236

Total Deferred Outflows of Resources

1,011,946

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2018

LIABILITIES

Current Liabilities

Accounts payable	119,998
Accrued payroll	20,349
Meter deposits	155,282
Total current liabilities	295,629

Current Liabilities Payable from Restricted Assets

Long term debt - current portion - loan	50,000
Long term debt - current portion - bonds	243,500
Total current liabilities payable from restricted assets	293,500

Noncurrent Liabilities

Net OPEB liability	731,805
Compensated absences payable	83,447
Net pension liability	2,130,721
Total noncurrent liabilities	2,945,973

Noncurrent Liabilities Payable from Restricted Assets

Long term debt - loan (less current portion)	5,947,912
Long term debt - bonds (less current portion)	15,282,000
Total noncurrent liabilities	21,229,912

Total Liabilities

24,765,014

DEFERRED INFLOWS OF RESOURCES

Deferred gain on debt refunding	61,136
Difference between actual and expected earnings on OPEB plan	34,585
Changes in OPEB plan proportion	1,697
Difference between expected and actual pension plan experience	54,087
Difference between expected and actual OPEB plan experience	2,033

Total Deferred Inflows of Resources

153,538

NET POSITION

Net investment in capital assets	5,758,987
Restricted	1,618,474
Unrestricted	(143,785)

Total Net Position

\$ 7,233,676

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Operating Revenues (Schedule I)

Charges for services	\$ 3,671,647
Miscellaneous revenues	<u>36,152</u>
Total operating revenues	<u>3,707,799</u>

Operating Expenses (Schedule I)

Water plant operation	844,935
Sewer plant operation	195,824
Water distribution	420,007
Sewer collection	38,857
General & administrative expenses - water	875,884
General & administrative expenses - sewer	<u>593,139</u>
Subtotal	2,968,646
Depreciation	<u>1,040,925</u>
Total operating expenses	<u>4,009,571</u>
Operating loss	<u>(301,772)</u>

Nonoperating Revenues (Expenses)

Interest revenue	10,999
Interest expense	(369,872)
Capital grant income	20,637
Bond issuance costs	<u>(41,639)</u>
Total nonoperating revenue (expenses)	<u>(379,875)</u>
Income before transfers	(681,647)

Transfers Out

	<u>(18,000)</u>
Decrease in net position	(699,647)
Total net position - beginning	<u>7,933,323</u>
Total net position - ending	<u>\$ 7,233,676</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash Flows From Operating Activities	
Receipts from customers	\$ 3,673,695
Payments to suppliers	(2,063,033)
Payments to and on behalf of employees	<u>(613,009)</u>
Net cash provided by operating activities	<u>997,653</u>
Cash Flows From Noncapital Financing Activities	
Local government support	<u>(18,000)</u>
Net cash used by noncapital financing activities	<u>(18,000)</u>
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	(769,000)
Interest paid on capital debt	(372,367)
Principal payments on long-term debt	(585,219)
Bond issuance costs	(41,639)
Capital grant income	<u>20,637</u>
Net cash used for capital and related financing activities	<u>(1,747,588)</u>
Cash Flows from Investing Activities	
Interest received	<u>10,999</u>
Net cash provided by investing activities	<u>10,999</u>
Net decrease in cash and cash equivalents	(756,936)
Balance-beginning of year	<u>4,435,108</u>
Balance-end of year	<u><u>\$ 3,678,172</u></u>
 <u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating loss	\$ (301,772)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,040,925
Change in assets and liabilities:	
Receivables, net	(34,104)
Inventories	16,898
Prepaid insurance	(24,831)
Payroll & pension liabilities	316,938
Other payables	5,320
Accounts payable	<u>(21,721)</u>
Net cash provided by operating activities	<u><u>\$ 997,653</u></u>
 <u>Summary of Cash and Cash Equivalents shown on Statement of Net Position</u>	
Cash and cash equivalents	\$ 1,766,198
Restricted cash and cash equivalents	1,386,642
Restricted investments	<u>525,332</u>
Total cash and cash equivalents per statement of net position	<u><u>\$ 3,678,172</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: DESCRIPTION OF ENTITY

The Municipal Water and Sewer System (System), a component unit of the City of Central City, Kentucky, is a proprietary (business-type) fund, which operates under the guidance of a five member commission appointed by the City Council. The System provides water and sewer services to residents of Central City, Kentucky. The System also provides water to local county water districts.

The System's management prepares separate financial statements from those of the City. Copies of these financial statements may be obtained by contacting the Municipal Water and Sewer System. Copies of the financial statements of the City of Central City, Kentucky may be obtained by contacting the City Administrator's office.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Accounting: The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

All activities of the System are accounted for within a single proprietary (business-type) fund. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

(b) Budgetary Accounting: The System adopts annual operating budgets as approved by the City Council prior to July 1 of each year. The current budget details the System's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. All unexpended amounts in the budget lapse at the end of the fiscal year. The City Council has authority to amend the budget during the year, if it becomes necessary.

(c) Cash Equivalents, Deposits and Investments: Cash and cash equivalents, for purposes of the statement of cash flows (page 5), include restricted and unrestricted cash on deposit and investments. The System can invest in the following so long as the term of the investment does not exceed five years: U.S. Government securities, savings accounts and interest bearing time deposits or certificates of deposit. If the funds are held in a bank, the bank must be FDIC insured and the amounts must remain collateralized at all times. The System's investments consist solely of Certificates of Deposit with a maturity of eighteen months or less. All of the investments are restricted as to use.

(d) Restricted Assets: Restricted assets represent cash and investments in certificates of deposit maintained in order to meet future obligations related to debt service and maintenance of the water and sewer plants.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Accounts Receivable: As of each fiscal year ending June 30, there is an amount of accounts receivable for water and sewer that is unbilled from the date of the meter reading until the end of the month. The amount on the Balance Sheet represents current accounts receivable of \$329,315 and unbilled accounts receivable arising from the above mentioned transaction of \$79,782.

(f) Accounts Payable: As of each fiscal year ending June 30, there are unpaid invoices for services or goods received prior to June 30, but not paid by the System until on or after July 1. The amount on the Balance Sheet represents current accounts payable of \$119,998. Included in this total is accrued sales tax of \$1,075, accrued payroll taxes and withholdings of \$11,296 and \$12,961 of accrued employer pension contributions.

(g) Inventories: Inventories of main supplies, sewer plant supplies, chemicals and office supplies were estimated by management using lower of cost or market. Inventory of grinder pumps was physically counted and priced at lower-of-cost or market by employees of the system.

(h) Capital Assets: Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. The following is a schedule of fixed assets and the range of useful lives used in computing depreciation at June 30, 2018:

<u>Description</u>	<u>Range of Lives</u>	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2018</u>
Land		\$ 37,656	\$ -	\$ -	\$ 37,656
Water Plant	40-50	24,048,351			24,048,351
Sewer plant	40-50	9,560,842	113,600		9,674,442
Administrative facilities	40-50	136,154			136,154
Transmission and distribution	40-50	1,505,565	589,168		2,094,733
Other structures and improvements	40-50	3,041,933			3,041,933
Automobiles	03-10	463,006	43,622		506,628
Administrative Equip., Furn., and Fixtures	03-10	1,689,691			1,689,691
Other general equipment	03-10	822,226	22,610		844,836
Total property, plant and equipment		41,305,424	769,000	-	42,074,424
Accumulated Depreciation		(14,044,600)	(1,040,925)	-	(15,085,525)
Net property, plant and equipment		\$ 27,260,824	\$ (271,925)	\$ -	\$ 26,988,899

Depreciation expense was \$1,040,925 for year ending June 30, 2018. Maintenance and repairs, which do not extend the value or life of property, plant and equipment, are expensed when incurred.

The System has capital improvement projects ongoing during the year ended June 30, 2018. During fiscal year 2018, the System expended \$702,768 on the projects. The projects will begin to be depreciated upon completion.

(i) Claims and judgments: These events and obligations are recorded on the accrual basis when the event occurs and the obligation arises.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenues and Rate Structure: Operating revenues consist of income from water and sewer services and are recognized on the accrual basis as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, debt service, reserves and debt service coverage. Non-operating income is defined in the bond ordinances and includes such items as sale of assets and insurance proceeds.

(k) Special and Extraordinary Items: Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses and changes in net position.

(l) Net Position: Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories. It is the System's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(m) Compensated Absences: Compensated absences reflected on the balance sheet represent the amount that the system expects to pay in wages within the next year for employee sick leave accrued and employee vacation leave.

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits consist of cash in checking or saving accounts and investments, which consists solely of Certificates of Deposit. All funds were held in a federally insured depository. The present method of pledging collateral consists of placing government securities in safekeeping with a corresponding bank, with the safekeeping receipt being issued in the name of the Municipal Water and Sewer System.

The following reconciles deposits and investments to cash and cash equivalents, and investments, as presented in the balance sheet:

Disclosures regarding deposits and investments

Cash on hand	\$ 292
Deposits	3,152,548
Certificates of deposit	525,332
Total	<u>\$ 3,678,172</u>

Balance sheet and cash flow statement amounts

Cash and cash equivalents:	
Unrestricted	\$ 1,911,974
Restricted	1,766,198
Total cash and cash equivalents	<u>\$ 3,678,172</u>

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2018, the reported amount of the System's deposits was \$3,677,882 and the bank balance was \$3,890,960. Of the bank balance \$1,000,000 was covered by federal depository insurance, \$2,790,844 was covered by governmental securities pledged as collateral by the pledging institution held in the System's name. The remaining balance of \$100,116 was unsecured and subject to custodial credit risk, which is the risk that in the event of bank failure, that the System's deposits are not returned.

NOTE 4: BONDS & NOTES PAYABLE

Bonds and notes payable activity for the year ended June 30, 2018 is as follows.

<u>Description</u>	<u>6/30/2017</u>			<u>6/30/2018</u>	
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due within One Year</u>
Revenue Bonds - 2012 A&B	\$ 13,852,000	\$ -	\$ 213,000	\$ 13,639,000	\$ 210,500
Revenue Bonds - 2014	1,918,500	-	32,000	1,886,500	33,000
Notes Payable - KRWFC	750,000	-	50,000	700,000	50,000
Interim Financing Loan - 2016A	5,595,000	-	5,595,000	-	-
Interim Financing Loan - 2018A	-	5,230,000	-	5,230,000	-
Bond Premiums - 2018A	-	116,420	48,508	67,912	-
Total Long-Term Obligations	<u>\$ 22,115,500</u>	<u>\$ 5,346,420</u>	<u>\$ 5,938,508</u>	<u>\$ 21,523,412</u>	<u>\$ 293,500</u>

Revenue Bonds

On March 29, 2013, the System issued \$14,450,000 United States Department of Agriculture Rural Development Water and Sewer Revenue Bonds, Series 2012A and 2012B for the purpose of funding expansion of the water treatment plant. Interest payments are based on the coupon rate of 2.5%. Principal and interest payments shall continue through maturity in 2052.

In June 2014, the System issued \$1,950,000 United States Department of Agriculture Rural Development Water and Sewer Revenue Bonds, Series 2014 for the purpose of funding construction of a water tank. Interest payments are based on the coupon rate of 2.5%. Principal and interest payments shall continue through maturity in 2054.

KRWFC Loan

In June 2013, the System borrowed \$895,000, payable over 16 years, from the Kentucky Rural Water Finance Corporation bearing an interest rate between 2.3% and 4.3%.

Construction Interim Financing Loan

In January 2018, the System renewed its construction interim financing agreement with the bank for \$5,230,000. Bond reissuance premium will be amortized through maturity as a component of interest expense. Interest is payable semiannually at 4.00%. The loan will mature on February 1, 2019. The System anticipates renewing the loan upon maturity, therefore the loan is classified as a long-term obligation.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4: BONDS & NOTES PAYABLE (Continued)

As of June 30, 2018, annual debt service requirements of the System to maturity are as follows:

Fiscal Year	Bonds		Loan	
	Principal	Interest	Principal	Interest
2019	\$ 243,500	\$ 388,138	\$ 50,000	\$ 27,525
2020	261,500	382,050	55,000	25,268
2021	269,500	375,512	55,000	22,903
2022	278,500	368,775	60,000	20,430
2023	287,500	361,813	60,000	17,850
2024-2028	1,585,500	1,696,387	345,000	47,163
2029-2033	1,863,000	1,484,800	75,000	1,237
2034-2038	2,188,000	1,236,188	-	-
2039-2043	2,581,000	944,162	-	-
2044-2048	3,021,000	599,750	-	-
2049-2053	2,868,000	196,550	-	-
2054	78,500	1,963	-	-
Totals	<u>\$ 15,525,500</u>	<u>\$ 8,036,088</u>	<u>\$ 700,000</u>	<u>\$ 162,375</u>

NOTE 5: RESTRICTED ASSETS

The System considers the following accounts and funds to be restricted for the purpose of funding construction on the water and sewer plants as well as servicing debt requirements.

(a) Revenue Fund: All cash revenues of the System are to be deposited in this fund as received, except those items of revenue deposited directly to the Depreciation Fund as noted in paragraph (d).

(b) Maintenance and Operation Fund: Necessary and reasonable costs of maintaining and operating the System will be paid from this fund. Monthly deposits shall be made to this fund from the Revenue Fund in sums equal to the anticipated expenses of maintaining and operating the System for the next ensuing month and to make up any deficit incurred in the preceding month.

(c) Bond Interest and Redemption Fund: Monies deposited in this fund shall be used, disbursed, and applied, and are irrevocably pledged, solely for the purpose of paying the principal and interest on outstanding bonds. Monthly transfers totaling \$835,236 were made from the Revenue Fund.

(d) Depreciation Fund: Transfers from the Revenue Fund to the Depreciation Fund totaled \$47,420 for 2018. This fund shall be used for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals, or replacements but only upon written recommendation of a consulting engineer. Other deposits to this fund shall consist of connection fees or charges as may be exacted from users of the System, the proceeds of all property damage insurance (except public liability) and the cash proceeds resulting from the sale of any worn out or obsolescent properties.

(e) Improvement Fund: Transfers from the Revenue Fund to the Improvement fund totaled \$47,420 for 2018. Such sums shall be available for the purpose of constructing additions, extensions and improvements (other than capital replacements to be made by recourse to the Depreciation Fund as heretofore provided), which, as certified by a consulting engineer, will enhance or increase the revenue-producing capacity of the System or provide a higher degree of service. Such sums may also be transferred to the Bond Interest and Redemption Fund, Maintenance and Operation Fund, or Depreciation Fund.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5: RESTRICTED ASSETS (Continued)

(f) Construction Fund: The System established the Construction Fund in order to properly account for the grant and loan income and related expenditures as they relate to the construction of the water and sewer plant. All cash maintained in the Construction Fund checking account are restricted for future construction on the system.

The restricted assets as of June 30, 2018 were as follows:

Summary of Restricted Assets

Depreciation Fund (Cash and cash equivalents)	\$ 330,976
Improvement Fund (Cash and cash equivalents)	377,991
Construction Fund (Cash and cash equivalents)	229,799
Construction Trust Account (Cash and cash equivalents)	69,464
Bond Sinking & Capitalized Interest Accounts (Cash & Cash Equivalents)	280,653
Bond Interest and Redemption Fund (Cash and cash equivalents)	<u>623,091</u>
Total Assets Restricted by Bond Ordinances	1,911,974
Less: Current Portion of Long-Term Debt	<u>(293,500)</u>
Total Restricted Net Position	<u>\$1,618,474</u>

NOTE 6: PENDING LITIGATION

As of June 30, 2018, there were no pending legal actions.

NOTE 7: CHANGE IN ACCOUNTING PRINCIPLES & RESTATEMENT OF BEGINNING BALANCES

Implementation of new accounting standard GASB Statement No. 75

As the result of implementing GASB Statements No. 75, the System has restated the beginning net position, effectively decreasing net position and increasing liabilities by recording the June 30, 2018 balances of net other post-employment benefits (OPEB) liability. In addition, there was an adjustment for the correction of an error. The restatement of net position is summarized below:

Net position at June 30, 2017, as previously reported	\$ 8,452,595
Restatement of beginning net position for June 30, 2018 for the correction of interim financing loan and trust accounts	12,026
Restatement of beginning net position for net OPEB liability – adoption of GASB Statement No. 75	<u>(531,298)</u>
Net position at June 30, 2018, as restated	<u>\$ 7,933,323</u>

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8: PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The System participates in the County Employee's Retirement System (CERS), a cost sharing multiple-employer, defined benefit pension and other postemployment benefit plan (OPEB) that covers substantially all regular, full-time members employed in both hazardous and non-hazardous duty position of each county and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members through its Pension Fund, as well as other postemployment benefits for hospital and medical insurance through its Insurance Fund. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost of living adjustments (COLA) are provided at the discretion of State legislature.

The Board of Trustees of the Kentucky Retirement Systems administers the CERS, as well as various other pension plans. As such, the Kentucky Retirement Systems issues its own financial reports for each of the pension plans it administers. A copy of the financial reports may be obtained at www.kyret.ky.gov or by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601. The latest financial reports available are for the year ending June 30, 2017.

Contributions

For the year ended June 30, 2018, grandfathered plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 were required to contribute 6% of wages for non-hazardous job classifications. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contributions rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the years ended June 30, 2018, participating employers contributed 19.18%, of each employee's wages, which is equal to the actuarially determined rate set by the Board. Of these rates, for 2018 the Pension Fund portion was 14.48% and the Insurance Fund portion was 4.70%. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

The System's payroll for employees covered under CERS for the year ended June 30, 2018, 2017 and 2016 was \$908,683, \$892,308 and \$835,863 respectively resulting in employer contributions to the Pension Fund of \$131,577, \$123,640 and \$103,816 respectively and to the Insurance Fund of \$42,708, \$41,922 and \$38,785 respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions and OPEB

At June 30, 2018, the System reported a liability of \$2,130,721 for its proportionate share of the net pension liability as well as a liability of \$731,805 for its proportionate share of the net OPEB liability. The liabilities were measured as of June 30, 2017, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities was determined by an actuarial valuation as of that date. The System's proportion of the net pension and OPEB liabilities were based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the System's proportion was .036402 percent, which was an increase of 0.001362 percent from its proportion measured as of June 30, 2016.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8: PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the year ended June 30, 2018, the System recognized pension expense of \$398,537.

At June 30, 2018, the System reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Pension</u>		<u>OPEB</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,643	\$ 54,087	\$ -	\$ 2,033
Changes of assumptions	393,176		159,236	
Changes in proportion	62,968			1,697
Contributions subsequent to the measurement date	131,577		41,922	
Net difference between projected and actual earnings on Plan investments	26,355			34,585
Total	<u>\$ 616,719</u>	<u>\$ 54,087</u>	<u>\$ 201,158</u>	<u>\$ 34,815</u>

The \$173,499 of deferred outflows of resources resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Of this total, \$131,577 represents the portion for the Pension Fund and \$41,922 represents the portion for the Insurance Fund. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Pension</u>	<u>OPEB</u>
2019	\$197,475	\$ 20,806
2020	178,059	20,806
2021	81,030	20,806
2022	(25,509)	20,805
2023		29,452
Thereafter		8,246

Actuarial Assumptions

The total pension and OPEB liabilities, net pension and OPEB liabilities and sensitivity information for the actuarial valuation as of June 30, 2017 was based on an actuarial valuation date of June 30, 2016. The total pension and OPEB liabilities were rolled forward from the valuation date to the Plan's fiscal year ended June 30, 2017 using generally accepted actuarial principles. An actuarial experience study was conducted for the five year period July 1, 2008 to June 30, 2013. Subsequent to the actuarial valuation date, but prior to the measurement date the KRS Board of Trustees reviewed investment trends, inflation and payroll growth historical trends.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8: PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Based on this review, the Board adopted the following updated actuarial assumptions, which were used in performing the actuarial valuation as of June 30, 2017:

Investment rate of return	6.25 percent, net of investment expense including inflation
Projected salary increases	2.00 percent, average, including inflation
Inflation	2.30 percent
Healthcare cost trend rates (OPEB)	Initial trend starting at 7.5% for pre-65 or 5.5% for post-65 and gradually decreasing to an ultimate trend rate of 5% over a period of 5 years for pre-65 or 2 years for post-65.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

Discount Rate – the discount rate used to measure the total pension liability was 6.25% and the discount rate used to measure the total OPEB liability was 5.84%.

Sensitivity of the System’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rates

The following presents the System’s proportionate share of the net pension and OPEB liabilities calculated using the appropriate discount rate, as well as what the System’s proportionate share of the liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount rate	System’s proportionate share of net pension liability	Discount rate	System’s proportionate share of net OPEB liability
1% decrease	5.25%	\$ 2,687,325	4.84%	\$ 931,181
Current discount rate	6.25%	\$ 2,130,721	5.84%	\$ 731,805
1% increase	7.25%	\$ 1,665,163	6.84%	\$ 565,892

Sensitivity of the System’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the System’s proportionate share of the net pension and OPEB liabilities calculated using the appropriate discount rate, as well as what the System’s proportionate share of the liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8: PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

	Healthcare Cost Trend Rate	System's proportionate share of net OPEB liability
1% decrease	6.5% Pre-65 or 5.5% Post-65 decreasing to 4%	\$ 953,410
Current healthcare cost trend rate	7.5% Pre-65 or 6.5% Post-65 decreasing to 5%	\$ 731,805
1% increase	8.5% Pre-65 or 7.5% Post-65 decreasing to 6%	\$ 561,332

Long Term Rate of Return – the long-term expected return on plan assets was determined by using a building block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. For the year ended June 30, 2017 actuarial calculation, the target allocation and best estimates of arithmetic nominal rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return
US equity	17.50	%	5.97 %
International equity	17.50		7.85
Global bonds	4.00		2.63
Global credit	2.00		3.63
High yield	7.00		5.75
Emerging market debt	5.00		5.50
Private credit	10.00		8.75
Real estate	5.00		7.63
Absolute return	10.00		5.63
Real return	10.00		6.13
Private equity	10.00		8.25
Cash equivalents	2.00		1.88
Total	100	%	

Payable to CERS

At June 30, 2018, the System reported payables of \$9,785 and \$3,176 for the outstanding amount of Pension Fund and Insurance Fund respectively for contributions due to CERS.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9: RISK MANAGEMENT

The Municipal Water and Sewer System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the System also carries commercial insurance for a variety of other risks of loss such as workers' compensation and employee health insurance. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

NOTE 10: TRANSFERS

Transfers between the funds are eliminated in the financial statements. The following transfers were made during the year:

Transfers In:

Depreciation Fund	\$ 47,420
Bond Interest and Redemption Fund	835,236
Maintenance & Operations Fund	500,000
Improvement Fund	<u>47,420</u>
Subtotal	<u>1,430,076</u>

Transfers Out:

Revenue Fund	<u>(1,448,076)</u>
Net Transfers	<u>\$ (18,000)</u>

NOTE 11: MAJOR CUSTOMERS

Revenues from the two largest customers represent approximately 54% of operating revenues for the current fiscal year. These two customers are water districts in Muhlenberg County providing water to a combined 8,013 individual customers. The Muhlenberg County Water District and the Muhlenberg County Water District #3 are contractually obligated to receive water services from the System until June 30, 2063.

NOTE 12: RELATED PARTY TRANSACTIONS

The System leases office space from the City of Central City, Kentucky for \$6,000 per month.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2018, the date which financial statements were available to be issued.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
SCHEDULE OF BUDGET AND ACTUAL OPERATING REVENUES AND EXPENSES
SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2018

	<u>BUDGETED AMOUNTS</u>			<u>ACTUAL AMOUNTS</u>	
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET TO GAAP DIFFERENCE</u>	<u>GAAP BASIS</u>
Operating Revenues					
Charges for Service					
Water					
Domestic	\$ 773,664	\$ 773,664	\$ 775,281	\$ 9,739	\$ 785,020
County District	1,189,578	1,189,578	1,299,385	-	1,299,385
County District #3	703,490	703,490	692,748	-	692,748
Penalties	16,822	16,822	15,523	-	15,523
Allowances	(11,605)	(11,605)	(10,100)	-	(10,100)
Services charges and sales	13,021	13,021	3,765	-	3,765
Total water sales	2,684,970	2,684,970	2,776,602	9,739	2,786,341
Sewer					
Metered sewer charges	827,125	827,125	839,029	12,199	851,228
Penalties	17,028	17,028	15,522	-	15,522
Allowances	(14,253)	(14,253)	(17,425)	-	(17,425)
Services charges and sales	1,403	1,403	1,761	-	1,761
Grinder pump principal	2,233	2,233	2,283	(2,283)	-
Grinder pump sales	40,000	40,000	29,220	5,000	34,220
Total sewer charges	873,536	873,536	870,390	14,916	885,306
Total Charges For Service	3,558,506	3,558,506	3,646,992	24,655	3,671,647
Miscellaneous Revenues					
Miscellaneous-Water	362	362	7,801	(42.00)	7,759
Miscellaneous-Sewer	-	-	28,000	-	28,000
Bad debts paid	80	80	393	-	393
Total Miscellaneous Revenues	442	442	36,194	(42.00)	36,152
Total Operating Revenues	3,558,948	3,558,948	3,683,186	24,613	3,707,799
Operating Expenses					
Water Plant Operation					
Labor	401,028	401,028	393,279	892	394,171
Supplies	70,000	70,000	72,782	1,533	74,315
Repair & maintenance	51,753	51,753	45,170	6,251	51,421
Chemicals	300,000	300,000	314,127	10,901	325,028
Total Water Plant Operation	822,781	822,781	825,358	19,577	844,935
Sewer Plant Operation					
Labor	144,164	144,164	138,560	353	138,913
Supplies	32,737	32,737	31,383	(2,036)	29,347
Repair & maintenance	35,000	35,000	29,327	(3,895)	25,432
Gas and Oil	1,280	1,280	2,132	-	2,132
Total Sewer Plant Operation	213,181	213,181	201,402	(5,578)	195,824
Water Distribution					
Labor - water lines	257,929	257,929	279,672	969	280,641
Repairs & maintenance	5,586	5,586	12,135	(262)	11,873
Equipment maintenance	8,381	8,381	1,500	(1,500)	-
Parts & supplies	95,808	95,808	116,434	(8,895)	107,539
Gas and Oil	17,810	17,810	17,431	539	17,970
Meters	900	900	1,182	-	1,182
Miscellaneous expense	810	810	817	(15)	802
Total Water Distribution	387,224	387,224	429,171	(9,164)	420,007
Sewer Collection					
Grinder pumps	28,815	28,815	33,303	5,554	38,857
Total Sewer Collection	28,815	28,815	33,303	5,554	38,857

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
SCHEDULE OF BUDGET AND ACTUAL OPERATING REVENUES AND EXPENSES
SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET TO GAAP DIFFERENCE</u>	<u>GAAP BASIS</u>
General & Administrative Expenses					
Water					
Office salaries	65,252	65,252	62,336	198	62,534
Office supplies	16,950	16,950	19,200	(321)	18,879
Office rent	43,200	43,200	43,200	-	43,200
Municipal insurance	58,430	58,430	70,151	(14,898)	55,253
Workman's Comp. insurance	28,617	28,617	28,538	-	28,538
Health Insurance	73,782	73,782	71,191	(23,733)	47,458
Dental Insurance	2,120	2,120	1,901	-	1,901
Payroll taxes	44,452	44,452	40,516	160	40,676
Commission salaries	7,200	7,200	7,200	-	7,200
Bad debts	-	-	1,790	-	1,790
Building maintenance	5,040	5,040	6,291	-	6,291
Legal & accounting	753	753	8,390	5,227	13,617
Bonuses	-	-	3,420	-	3,420
Utilities	213,608	213,608	224,881	(1,299)	223,582
Pension & OPEB expense	105,000	105,000	104,571	182,774	287,345
Uniforms	6,987	6,987	7,118	(205)	6,913
Audit expense	7,200	7,200	7,440	-	7,440
Bank Fees	6,103	6,103	6,805	6	6,811
Miscellaneous expense	8,668	8,668	13,191	(155)	13,036
Mortgage Payment	10,800	10,800	10,800	(10,800)	-
Total General & Administrative Expenses - Water	704,162	704,162	738,930	136,954	875,884
Sewer					
Office salaries	43,501	43,501	41,557	132	41,689
Office supplies	11,300	11,300	12,800	(214)	12,586
Office rent	28,800	28,800	28,800	-	28,800
Municipal insurance	38,954	38,954	46,768	(9,933)	36,835
Workman's Comp. insurance	19,078	19,078	19,026	-	19,026
Health Insurance	49,189	49,189	47,461	(15,822)	31,639
Dental Insurance	1,413	1,413	1,267	-	1,267
Payroll taxes	29,635	29,635	27,010	107	27,117
Commission salaries	4,800	4,800	4,800	-	4,800
Bad debts	-	-	3,461	-	3,461
Building maintenance	3,360	3,360	4,194	-	4,194
Legal & accounting	502	502	-	5,555	5,555
Bonuses	-	-	2,280	-	2,280
Utilities	142,404	142,404	149,922	(866)	149,056
Pension & OPEB expense	70,000	70,000	69,714	121,849	191,563
Grinder pump expense	3,544	3,544	10,653	(182)	10,471
Uniforms	4,658	4,658	4,745	(136)	4,609
Audit expense	4,800	4,800	4,960	-	4,960
Bank Fees	4,069	4,069	4,536	4	4,540
Mortgage Payment	7,200	7,200	7,200	(7,200)	-
Miscellaneous expense	5,779	5,779	8,794	(103)	8,691
Total General & Administrative Expenses - Sewer	472,986	472,986	499,948	93,191	593,139

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
SCHEDULE OF BUDGET AND ACTUAL OPERATING REVENUES AND EXPENSES
SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2018

	<u>BUDGETED AMOUNTS</u>			<u>ACTUAL AMOUNTS</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY</u>	<u>BUDGET</u>	
	<u>BUDGET</u>	<u>BUDGET</u>	<u>BASIS</u>	<u>TO GAAP</u>	<u>GAAP BASIS</u>
Depreciation	-	-	-	1,040,925	1,040,925
Total operating expenses	2,629,149	2,629,149	2,728,112	1,281,459	4,009,571
Total operating income (loss)	929,799	929,799	955,074	(1,256,846)	(301,772)
Nonoperating Revenues (Expenses)					
Interest income	277	277	9,633	1,366	10,999
Interest expense	-	-	-	(369,872)	(369,872)
Acquisition of equipment	-	-	(92,342)	92,342	-
Bond issuance costs	-	-	-	(41,639)	(41,639)
Capital grant income	-	-	-	20,637	20,637
Total nonoperating revenue (expenses)	277	277	(82,709)	(297,166)	(379,875)
Income (loss) before transfers	930,076	930,076	872,365	(1,554,012)	(681,647)
Transfers In	2,501,324	2,501,324	930,076	500,000	1,430,076
Transfers Out	(3,431,400)	(3,431,400)	(930,076)	(518,000)	(1,448,076)
Increase in Net assets	-	-	872,365	(1,572,012)	(699,647)
Total Net Position - Beginning	-	-	7,933,323	-	7,933,323
Total Net Position - Ending	\$ -	\$ -	8,805,688	\$ (1,572,012)	7,233,676

Explanation of differences:

(1) The Municipal Water and Sewer System budgets for income and expenses only to the extent that these are expected to be received or paid, rather than on the accrual basis.	\$ (418,108)
(2) The Municipal Water and Sewer System does not budget for depreciation expense.	(1,040,925)
(3) For budgetary purposes, the Municipal Water & Sewer System records capital expenditures as expenses and capital grants are not included in income.	<u>(112,979)</u>
Net Change in Net Assets	<u>\$ (1,572,012)</u>

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
PENSION RELATED REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE II
JUNE 30, 2018

Schedule of the System's Proportionate Share of the Net Pension Liability
CERS
Last 5 Fiscal Years

Year Ended June 30	System's proportion of the net pension liability	System's proportionate share of the net pension liability (asset)	System's covered employee payroll	System's share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.033256%	\$ 1,220,855	\$ 770,899	158.37%	66.80%
2015	0.033319%	\$ 1,081,145	\$ 783,926	137.91%	59.97%
2016	0.033917%	\$ 1,458,275	\$ 835,863	174.46%	55.50%
2017	0.035040%	\$ 1,725,240	\$ 892,308	193.35%	53.32%
2018	0.036402%	\$ 2,130,721	\$ 908,683	234.48%	—

Schedule of the System's Pension Contributions
CERS
Last 6 Fiscal Years

Year Ended June 30	Contractually required contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	System's covered employee payroll	Contributions as a percentage of covered-employee payroll
2013	\$ 89,332	\$ 89,332	\$ —	\$ 707,858	12.62%
2014	\$ 105,724	\$ 105,724	\$ —	\$ 770,899	13.71%
2015	\$ 100,190	\$ 100,190	\$ —	\$ 783,926	12.78%
2016	\$ 103,816	\$ 103,816	\$ —	\$ 835,863	12.42%
2017	\$ 123,640	\$ 123,640	\$ —	\$ 892,308	13.86%
2018	\$ 131,577	\$ 131,577	\$ —	\$ 908,683	14.48%

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
OPEB RELATED REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE III
JUNE 30, 2018

Schedule of the System's Proportionate Share of the Net OPEB Liability
CERS
Last 5 Fiscal Years

Year Ended June 30	System's proportion of the net pension liability	System's proportionate share of the net pension liability (asset)	System's covered employee payroll	System's share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.033256%	\$ 1,220,855	\$ 770,899	158.37%	66.80%
2015	0.033319%	\$ 1,081,145	\$ 783,926	137.91%	59.97%
2016	0.033917%	\$ 1,458,275	\$ 835,863	174.46%	55.50%
2017	0.035040%	\$ 1,725,240	\$ 892,308	193.35%	53.32%
2018	0.036402%	\$ 2,130,721	\$ 908,683	234.48%	—

Schedule of the System's OPEB Contributions
CERS
Last 6 Fiscal Years

Year Ended June 30	Contractually required contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	System's covered employee payroll	Contributions as a percentage of covered-employee payroll
2013	\$ 89,332	\$ 89,332	\$ —	\$ 707,858	12.62%
2014	\$ 105,724	\$ 105,724	\$ —	\$ 770,899	13.71%
2015	\$ 100,190	\$ 100,190	\$ —	\$ 783,926	12.78%
2016	\$ 103,816	\$ 103,816	\$ —	\$ 835,863	12.42%
2017	\$ 123,640	\$ 123,640	\$ —	\$ 892,308	13.86%
2018	\$ 131,577	\$ 131,577	\$ —	\$ 908,683	14.48%

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Changes of Benefit Terms – the plan had no changes in benefit terms since the previous valuation.

Changes in Assumptions – The plans rate of investment return was changed from 7.5% to 6.25%, the inflation rate changed from 3.25% to 2.3% and the projected salary increase rate changed from 4.00% to 2.00% in order to reflect future economic expectations.

Required supplementary information for contributions should be presented for a maximum of ten years. As of June 30, 2018, only five years of data concerning the System's proportionate share of net pension liability were readily available. In addition, only six years of data concerning the System's contributions were readily available.



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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 Water Board
City of Central City, Municipal Water & Sewer System
Central City, 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 business-type activities of the City of Central City, Municipal Water & Sewer System (the System), a component unit of the City of Central City, Kentucky, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated November 30, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Pate & Co. CPAs

Pate & Co. CPAs Inc.
Central City, Kentucky

November 30, 2018

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

2017 Audit

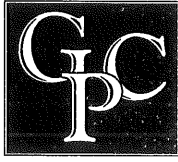
**CITY OF CENTRAL CITY
MUNICIPAL WATER & SEWER SYSTEM
214 NORTH FIRST STREET
CENTRAL CITY, KENTUCKY**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
FOR YEAR-ENDED JUNE 30, 2017
AND
INDEPENDENT AUDITOR'S REPORT**

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM

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GOLDSTON, PATE & COMPANY, CPAS, INC.

300 Harrison Avenue • Central City, Kentucky 42330

Phone: (270) 754-3313 • Fax: (270) 754-3314

INDEPENDENT AUDITOR'S REPORT

To the Water Board
City of Central City, Municipal Water & Sewer System
Central City, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the City of Central City, Municipal Water & Sewer System, a component unit of the City of Central City, Kentucky, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Central City, Municipal Water & Sewer System'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.

Basis for Qualified Opinion

A substantial portion of the inventory of the System is at various locations. It was not practical to satisfy ourselves with respect to such inventory by physical count. Management has represented main supplies, sewer plant supplies, chemicals and office supplies by estimation.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the City of Central City, Municipal Water & Sewer System, as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 17-19 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 November 30, 2017, on our consideration of the City of Central City, Municipal Water & Sewer System'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 the City of Central City, Municipal Water & Sewer System's internal control over financial reporting and compliance.


Goldston, Pate & Company, CPAs, Inc.

Central City, Kentucky
November 30, 2017

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

Current Assets	
Cash and cash equivalents (Note 2 and Note 3)	\$ 1,724,691
Receivables, net (Note 2)	380,213
Inventory (Note 2)	50,931
Prepaid insurance	30
Total current assets	<u>2,155,865</u>
Restricted Assets	
Restricted cash and cash equivalents (Note 2 and Note 6)	2,185,085
Restricted investments (Note 2 and Note 6)	525,332
Total restricted assets	<u>2,710,417</u>
Noncurrent Assets	
Property, plant & equipment, net (Note 2)	41,305,424
Less: Accumulated depreciation (Note 2)	<u>(14,044,600)</u>
Total noncurrent assets	<u>27,260,824</u>
Total Assets	<u><u>32,127,106</u></u>

DEFERRED OUTFLOWS OF RESOURCES

Prepaid interest expense	197,131
Difference between actual and expected earnings on pension plan (Note 8)	162,190
Changes in pension plan assumptions (Note 8)	91,394
Difference between expected and actual pension plan experience (Note 8)	7,532
Changes in pension plan proportion (Note 8)	39,354
Pension contributions subsequent to measurement date (Note 8)	123,640
Total Deferred Outflows of Resources	<u>621,241</u>

LIABILITIES

Current Liabilities	
Accounts payable (Note 2)	141,719
Compensated absences payable (Note 2)	78,832
Accrued payroll	17,806
Meter deposits	149,962
Total current liabilities	<u>388,319</u>
Current Liabilities Payable from Restricted Assets	
Long term debt - current portion - loan (Note 5)	50,000
Long term debt - current portion - bonds (Note 5)	245,000
Total current liabilities payable from restricted assets	<u>295,000</u>
Noncurrent Liabilities	
Net pension liability (Note 8)	<u>1,725,240</u>
Noncurrent Liabilities Payable from Restricted Assets	
Long term debt - loan (less current portion)(Note 5)	6,295,000
Long term debt - bonds (less current portion) (Note 5)	15,525,500
Total noncurrent liabilities	<u>21,820,500</u>
Total Liabilities	<u>24,229,059</u>

DEFERRED INFLOWS OF RESOURCES

Deferred gain on debt refunding	66,693
Total Deferred Inflows of Resources	<u>66,693</u>

NET POSITION

Net investment in capital assets	5,440,324
Restricted (Note 6)	2,415,417
Unrestricted	596,854
Total Net Position	<u><u>\$ 8,452,595</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

Operating Revenues (Schedule I)

Charges for services	\$ 3,555,326
Miscellaneous revenues	50,420
Total operating revenues	<u>3,605,746</u>

Operating Expenses (Schedule I)

Water plant operation	808,272
Sewer plant operation	199,017
Water distribution	409,875
Sewer collection	33,727
General & administrative expenses - water	722,047
General & administrative expenses - sewer	482,285
Subtotal	<u>2,655,223</u>
Depreciation	1,205,546
Total operating expenses	<u>3,860,769</u>
Operating loss	<u>(255,023)</u>

Nonoperating Revenues (Expenses)

Interest revenue	9,620
Interest expense	(426,217)
Capital grant income	55,491
Insurance proceeds	13,681
Total nonoperating revenue (expenses)	<u>(347,425)</u>
Income before transfers	(602,448)

Transfers Out (Note 9)

Decrease in net position	(620,448)
Total net position - beginning	9,073,043
Total net position - ending	<u>\$ 8,452,595</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

Cash Flows From Operating Activities

Receipts from customers	\$ 3,651,389
Payments to suppliers	(1,427,796)
Payments to and on behalf of employees	<u>(1,047,350)</u>
Net cash provided by operating activities	<u>1,176,243</u>

Cash Flows From Noncapital Financing Activities

Local government support	<u>(18,000)</u>
Net cash used by noncapital financing activities	<u>(18,000)</u>

Cash Flows From Capital and Related Financing Activities

Purchases of capital assets	(522,559)
Interest paid on capital debt	(417,690)
Principal payments on long-term debt	(304,117)
Insurance proceeds	13,681
Capital grant income	<u>55,491</u>
Net cash used for capital and related financing activities	<u>(1,175,194)</u>

Cash Flows from Investing Activities

Interest received	<u>9,620</u>
Net cash provided by investing activities	<u>9,620</u>

Net decrease in cash and cash equivalents

Balance-beginning of year	<u>4,442,439</u>
Balance-end of year	<u>\$ 4,435,108</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating loss	\$ (255,023)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,205,546
Change in assets and liabilities:	
Receivables, net	45,643
Inventories	(2,693)
Payroll & pension liabilities	149,352
Other payables	(543)
Accounts payable	<u>33,961</u>
Net cash provided by operating activities	<u>\$ 1,176,243</u>

Summary of Cash and Cash Equivalents shown on Statement of Net Position

Cash and cash equivalents	\$ 1,724,690
Restricted cash and cash equivalents	2,185,086
Restricted investments	<u>525,332</u>
Total cash and cash equivalents per statement of net position	<u>\$ 4,435,108</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: DESCRIPTION OF ENTITY

The Municipal Water and Sewer System (System), a component unit of the City of Central City, Kentucky, is an enterprise fund, which operates under the guidance of a five member commission appointed by the City Council. The System provides water and sewer services to residents of Central City, Kentucky. The System also provides water to local county water districts.

The System's management prepares separate financial statements from those of the City. Copies of these financial statements may be obtained by contacting the Municipal Water and Sewer System. Copies of the financial statements of the City of Central City, Kentucky may be obtained by contacting the City Administrator's office.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Accounting: The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

All activities of the System are accounted for within a single proprietary (enterprise) fund. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

(b) Budgetary Accounting: The System adopts annual operating budgets as approved by the City Council prior to July 1 of each year. The current budget details the System's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. All unexpended amounts in the budget lapse at the end of the fiscal year. The City Council has authority to amend the budget during the year, if it becomes necessary.

(c) Cash Equivalents, Deposits and Investments: Cash and cash equivalents, for purposes of the statement of cash flows (page 5), include restricted and unrestricted cash on deposit and investments. The System can invest in the following so long as the term of the investment does not exceed five years: U.S. Government securities, savings accounts and interest bearing time deposits or certificates of deposit. If the funds are held in a bank, the bank must be FDIC insured and the amounts must remain collateralized at all times. The System's investments consist solely of Certificates of Deposit with a maturity of eighteen months or less. All of the investments are restricted as to use.

(d) Restricted Assets: Restricted assets represent cash and investments in certificates of deposit maintained in order to meet future obligations related to debt service and maintenance of the water and sewer plants.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Accounts Receivable: As of each fiscal year ending June 30, there is an amount of accounts receivable for water and sewer that is unbilled from the date of the meter reading until the end of the month. The amount on the Balance Sheet represents current accounts receivable of \$322,369 and unbilled accounts receivable arising from the above mentioned transaction of \$57,843.

(f) Accounts Payable: As of each fiscal year ending June 30, there are unpaid invoices for services or goods received prior to June 30, but not paid by the System until on or after July 1. The amount on the Balance Sheet represents current accounts payable of \$112,995. Included in this total is accrued sales tax of \$1,474, accrued payroll taxes and withholdings of \$9,719 and \$11,461 of accrued employer pension contributions.

(g) Inventories: Inventories of main supplies, sewer plant supplies, chemicals and office supplies were estimated by management using lower of cost or market. Inventory of grinder pumps was physically counted and priced at lower-of-cost or market by employees of the system.

(h) Capital Assets: Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. The following is a schedule of fixed assets and the range of useful lives used in computing depreciation at June 30, 2017:

<u>Description</u>	<u>Range of Lives</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2017</u>
Land		\$ 37,656	\$ -	\$ -	\$ 37,656
Water Plant	40-50	24,048,351			24,048,351
Sewer plant	40-50	9,235,072	325,770		9,560,842
Administrative facilities	40-50	136,154			136,154
Transmission and distribution	40-50	1,450,074	55,491		1,505,565
Other structures and improvements	40-50	3,041,933			3,041,933
Automobiles	03-10	415,205	47,801		463,006
Administrative Equip., Furn., and Fixtures	03-10	1,689,691			1,689,691
Other general equipment	03-10	728,729	93,497		822,226
Total property, plant and equipment		40,782,865	522,559	-	41,305,424
Accumulated Depreciation		(12,839,054)	(1,205,546)	-	(14,044,600)
Net property, plant and equipment		\$ 27,943,811	\$ (682,987)	\$ -	\$ 27,260,824

Depreciation expense was \$1,205,546 for year ending June 30, 2017. Maintenance and repairs, which do not extend the value or life of property, plant and equipment, are expensed when incurred.

The System has a capital improvement project ongoing during the year ended June 30, 2017. During fiscal year 2017, the System expended \$325,770 on the project. The project will begin to be depreciated upon completion.

(i) Claims and judgments: These events and obligations are recorded on the accrual basis when the event occurs and the obligation arises.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenues and Rate Structure: Operating revenues consist of income from water and sewer services and are recognized on the accrual basis as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, debt service, reserves and debt service coverage. Non-operating income is defined in the bond ordinances and includes such items as sale of assets and insurance proceeds.

(k) Special and Extraordinary Items: Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses and changes in net position.

(l) Net Position: Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories. It is the System's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(m) Compensated Absences: Compensated absences reflected on the balance sheet represent the amount that the system expects to pay in wages within the next year for employee sick leave accrued and employee vacation leave.

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits consist of cash in checking or saving accounts and investments, which consists solely of Certificates of Deposit. All funds were held in a federally insured depository. The present method of pledging collateral consists of placing government securities in safekeeping with a corresponding bank, with the safekeeping receipt being issued in the name of the Municipal Water and Sewer System.

The following reconciles deposits and investments to cash and cash equivalents, and investments, as presented in the balance sheet:

Disclosures regarding deposits and investments

Cash on hand	\$ 292
Deposits	3,909,484
Certificates of deposit	<u>525,332</u>
Total	<u>\$ 4,435,108</u>

Balance sheet and cash flow statement amounts

Cash and cash equivalents:

Unrestricted	\$ 1,724,691
Restricted	<u>2,710,417</u>
Total cash and cash equivalents	<u>\$ 4,435,108</u>

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2017, the reported amount of the System's deposits was \$4,434,816 and the bank balance was \$4,660,799. Of the bank balance \$877,664 was covered by federal depository insurance, the remaining balance was covered by governmental securities pledged as collateral by the pledging institution held in the System's name.

NOTE 4: BONDS, NOTES & INTEREST PAYABLE

Revenue Bonds

On March 29, 2013, the System issued \$14,450,000 United States Department of Agriculture Rural Development Water and Sewer Revenue Bonds, Series 2012A and 2012B for the purpose of funding expansion of the water treatment plant. Interest payments are based on the coupon rate of 2.5%. Principal and interest payments shall continue through maturity in 2052. The outstanding balance as of June 30, 2017 was \$13,852,000.

In June 2014, the System issued \$1,950,000 United States Department of Agriculture Rural Development Water and Sewer Revenue Bonds, Series 2014 for the purpose of funding construction of a water tank. Interest payments are based on the coupon rate of 2.5%. Principal and interest payments shall continue through maturity in 2054. The outstanding balance as of June 30, 2017 was \$1,918,500.

Assuming no bonds are called prior to maturity, the minimum obligations of the System for each of the next five years, and subsequent years, for debt services (principal and interest) of the 2012A, 2012B and 2014 bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	245,000	394,263	639,263
2019	243,500	388,137	631,637
2020	261,500	382,050	643,550
2021	269,500	375,513	645,013
2022	278,500	368,775	647,275
2023-2027	1,535,000	1,734,762	3,269,762
2028-2032	1,804,000	1,529,900	3,333,900
2033-2037	2,119,000	1,289,163	3,408,163
2038-2042	2,489,000	1,006,387	3,495,387
2043-2047	2,935,000	673,125	3,608,125
2048-2052	3,436,000	282,450	3,718,450
2053-2054	154,500	5,825	160,325
Totals	<u>\$ 15,770,500</u>	<u>\$ 8,430,350</u>	<u>\$ 24,200,850</u>

KRWFC Loan

In June 2013, the System borrowed \$895,000, payable over 16 years, from the Kentucky Rural Water Finance Corporation bearing an interest rate between 2.3% and 4.3%. The principal balance on the loan as of June 30, 2017 was \$750,000.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5: BONDS, NOTES & INTEREST PAYABLE (Continued)

Assuming no early extinguishment of debt prior to maturity, the minimum obligations of the System for each of the next five years, and subsequent years, for debt service related to these loans are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	50,000	29,675	79,675
2019	50,000	27,525	77,525
2020	55,000	25,268	80,268
2021	55,000	22,902	77,902
2022	60,000	20,430	80,430
2023-2027	330,000	61,300	391,300
2028-2029	150,000	4,950	154,950
Totals	<u>\$ 750,000</u>	<u>\$ 192,050</u>	<u>\$ 942,050</u>

Construction Interim Financing Loan

In January 2016, the System renewed its construction interim financing agreement with the bank for \$5,595,000. Bond reissuance premium and discount will be amortized through maturity. Interest is payable semiannually at 1.25%. The loan will mature on February 1, 2018. The System anticipates renewing the loan upon maturity.

NOTE 6: RESTRICTED ASSETS

The System considers the following accounts and funds to be restricted for the purpose of funding construction on the water and sewer plants as well as servicing debt requirements.

(a) Revenue Fund: All cash revenues of the System are to be deposited in this fund as received, except those items of revenue deposited directly to the Depreciation Fund as noted in paragraph (d).

(b) Maintenance and Operation Fund: Necessary and reasonable costs of maintaining and operating the System will be paid from this fund. Monthly deposits shall be made to this fund from the Revenue Fund in sums equal to the anticipated expenses of maintaining and operating the System for the next ensuing month and to make up any deficit incurred in the preceding month.

(c) Bond Interest and Redemption Fund: Monies deposited in this fund shall be used, disbursed, and applied, and are irrevocably pledged, solely for the purpose of paying the principal and interest on outstanding bonds. Monthly transfers totaling \$808,900 were made from the Revenue Fund.

(d) Depreciation Fund: Transfers from the Revenue Fund to the Depreciation Fund totaled \$47,420 for 2017. This fund shall be used for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals, or replacements but only upon written recommendation of a consulting engineer. Other deposits to this fund shall consist of connection fees or charges as may be exacted from users of the System, the proceeds of all property damage insurance (except public liability) and the cash proceeds resulting from the sale of any worn out or obsolescent properties.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6: RESTRICTED ASSETS (Continued)

(e) Improvement Fund: Transfers from the Revenue Fund to the Improvement fund totaled \$47,420 for 2017. Such sums shall be available for the purpose of constructing additions, extensions and improvements (other than capital replacements to be made by recourse to the Depreciation Fund as heretofore provided), which, as certified by a consulting engineer, will enhance or increase the revenue-producing capacity of the System or provide a higher degree of service. Such sums may also be transferred to the Bond Interest and Redemption Fund, Maintenance and Operation Fund, or Depreciation Fund.

(f) Construction Fund: The System established the Construction Fund in order to properly account for the grant and loan income and related expenditures as they relate to the construction of the water and sewer plant. All cash maintained in the Construction Fund checking account are restricted for future construction on the system.

The restricted assets as of June 30, 2017 were as follows:

Summary of Restricted Assets

Depreciation Fund (Cash and cash equivalents)	\$ 330,707
Improvement Fund (Cash and cash equivalents)	328,858
Construction Fund (Cash and cash equivalents)	1,425,655
Construction Trust Account (Cash and cash equivalents)	58,605
Bond Interest and Redemption Fund (Cash and cash equivalents)	<u>566,592</u>
Total Assets Restricted by Bond Ordinances	2,710,417
Less: Current Portion of Long-Term Debt	<u>(295,000)</u>
Total Restricted Net Position	<u>\$2,415,417</u>

NOTE 7: PENDING LITIGATION

As of June 30, 2017, there were no pending legal actions.

NOTE 8: RESTATEMENT OF BEGINNING BALANCES

The beginning net position for the System has been restated to record a prior period adjustment to correct bond issuance costs and bond discounts.

Net position, as previously reported	\$9,129,135
Interim financing restatement	<u>(56,092)</u>
Net position as restated	<u>\$9,073,043</u>

NOTE 9: PENSION PLAN

Plan Description

The System participates in the County Employee's Retirement System (CERS), a cost sharing multiple-employer, defined benefit pension plan that covers substantially all regular, full-time members employed in both hazardous and non-hazardous duty position of each county and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost of living adjustments (COLA) are provided at the discretion of State legislature.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9: PENSION PLAN (Continued)

The Board of Trustees of the Kentucky Retirement Systems administers the CERS, as well as various other pension plans. As such, the Kentucky Retirement Systems issues its own financial reports for each of the pension plans it administers. A copy of the financial reports may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601. The latest financial reports available are for the year ending June 30, 2016.

Contributions

For the years ended June 30, 2017 and 2016, grandfathered plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 were required to contribute 6% of wages for non-hazardous job classifications. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contributions rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the years ended June 30, 2017 and 2016, participating employers contributed 18.68% and 17.06% respectively, of each employee's wages, which is equal to the actuarially determined rate set by the Board. Of these rates, for 2017 the pension plan portion was 13.95% and the insurance fund portion was 4.73%. For 2016, the pension plan portion was 12.42% and the insurance fund portion was 4.64%. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

The System's payroll for employees covered under CERS for the year ended June 30, 2017, 2016 and 2015 was \$892,308, \$835,863 and \$793,926 respectively resulting in employer contributions to the pension plan of \$165,562, \$142,601 and \$100,190.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the System reported a liability of \$1,725,240 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the System's proportion was .03504 percent, which was an increase of 0.001123 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the System recognized pension expense of \$299,870.

At June 30, 2017, the System reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on Plan investments	\$ 162,190
Differences between expected and actual results	7,532
Change in assumptions	91,394

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9: PENSION PLAN (Continued)

Changes in proportion and differences between employer contributions and proportionate share of contributions	39,354
System contributions subsequent to the measurement date	123,640
Total	\$ 424,110

The \$123,640 of deferred outflows of resources resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2018	\$183,318
2019	100,245
2020	36,584

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50 percent, net of investment expense including inflation
Projected salary increases	4.00 percent, average, including inflation
Inflation	3.25 percent

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

Discount Rate – the discount rate used to measure the total pension liability was 7.50%.

Projected Cash Flows – the projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 27 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 9: PENSION PLAN (Continued)

Long Term Rate of Return – the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2008 through 2013 is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Municipal Bond Rate – the discount rate determination does not use a municipal bond rate.

Periods of Projected Benefit Payments – projected future benefit payments for all current plan members were projected through 2117.

Assumed Asset Allocation – The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Combined equity	44 %	5.40 %
Combined fixed income	19	1.50
Real return (diversified inflation strategies)	10	3.50
Real estate	5	4.50
Absolute return (diversified hedge funds)	10	4.25
Private equity	10	8.50
Cash	2	(.25)
Total	<hr/> 100 %	

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9: PENSION PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<u>Discount rate</u>	<u>System's proportionate share of net pension liability</u>
1% decrease	6.50%	\$ 2,149,932
Current discount rate	7.50%	\$ 1,725,240
1% increase	8.50%	\$ 1,361,200

Payable to CERS

At June 30, 2017, the System reported a payable of \$12,962 for the outstanding amount of contributions due to CERS for the year.

NOTE 10: RISK MANAGEMENT

The Municipal Water and Sewer System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the System also carries commercial insurance for a variety of other risks of loss such as workers' compensation and employee health insurance. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

NOTE 11: TRANSFERS

Transfers between the funds are eliminated in the financial statements. The following transfers were made during the year:

Transfers In:

Depreciation Fund	\$ 47,420
Bond Interest and Redemption Fund	808,900
Improvement Fund	<u>47,420</u>
Subtotal	<u>903,740</u>

Transfers Out:

Revenue Fund	<u>(885,740)</u>
Net Transfers	<u>\$ (18,000)</u>

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12: MAJOR CUSTOMERS

Revenues from the two largest customers represent approximately 54% of operating revenues for the current fiscal year. These two customers are water districts in Muhlenberg County providing water to a combined 8,080 individual customers. The Muhlenberg County Water District and the Muhlenberg County Water District #3 are contractually obligated to receive water services from the System until June 30, 2063.

NOTE 13: RELATED PARTY TRANSACTIONS

The System leases office space from the City of Central City, Kentucky for \$6,000 per month.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2017, the date which financial statements were available to be issued.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
SCHEDULE OF BUDGET AND ACTUAL OPERATING REVENUES AND EXPENSES
SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS			ACTUAL AMOUNTS	
	ORIGINAL BUDGET	FINAL BUDGET	BUDGETARY BASIS	BUDGET TO GAAP DIFFERENCE	GAAP BASIS
Operating Revenues					
Charges for Service					
Water					
Domestic	\$ 754,000	\$ 754,000	\$ 775,908	\$ (16,721)	\$ 759,187
County District	1,166,000	1,166,000	1,219,730	-	1,219,730
County District #3	740,000	740,000	710,837	-	710,837
Penalties	14,000	14,000	16,275	-	16,275
Allowances	(7,000)	(7,000)	(9,884)	-	(9,884)
Services charges and sales	12,900	12,900	11,881	-	11,881
Total water sales	2,679,900	2,679,900	2,724,747	(16,721)	2,708,026
Sewer					
Metered sewer charges	660,000	660,000	830,437	(18,292)	812,145
Penalties	10,500	10,500	16,257	-	16,257
Allowances	(7,600)	(7,600)	(12,491)	-	(12,491)
Services charges and sales	2,050	2,050	1,889	-	1,889
Grinder pump principal	1,500	1,500	2,256	(2,256)	-
Grinder pump sales	55,000	55,000	27,500	2,000	29,500
Total sewer charges	721,450	721,450	865,848	(18,548)	847,300
Total Charges For Service	3,401,350	3,401,350	3,590,595	(35,269)	3,555,326
Miscellaneous Revenues					
Miscellaneous-Water	1,400	1,400	1,457	-	1,457
Miscellaneous-Sewer	-	-	48,895	-	48,895
Insurance proceeds	-	-	-	-	-
Bad debts paid	400	400	68	-	68
Total Miscellaneous Revenues	1,800	1,800	50,420	-	50,420
Total Operating Revenues	3,403,150	3,403,150	3,641,015	(35,269)	3,605,746
Operating Expenses					
Water Plant Operation					
Labor	374,000	374,000	390,387	1,532	391,919
Supplies	47,400	47,400	73,732	2,364	76,096
Repair & maintenance	41,050	41,050	55,819	(5,462)	50,357
Chemicals	329,560	329,560	300,781	(10,881)	289,900
Total Water Plant Operation	792,010	792,010	820,719	(12,447)	808,272
Sewer Plant Operation					
Labor	128,100	128,100	136,951	384	137,335
Supplies	70,000	70,000	32,408	1,902	34,310
Repair & maintenance	31,100	31,100	39,619	(13,658)	25,961
Gas and Oil	1,500	1,500	1,322	89	1,411
Total Sewer Plant Operation	230,700	230,700	210,300	(11,283)	199,017
Water Distribution					
Labor - water lines	231,000	231,000	253,686	10,958	264,644
Repairs & maintenance	19,000	19,000	6,847	166	7,013
Equipment maintenance	10,800	10,800	11,228	1,325	12,553
Parts & supplies	93,000	93,000	99,107	6,947	106,054
Gas and Oil	18,000	18,000	18,060	(1,204)	16,856
Meters	6,600	6,600	1,932	-	1,932
Miscellaneous expense	1,200	1,200	932	(109)	823
Total Water Distribution	379,600	379,600	391,792	18,083	409,875
Sewer Collection					
Repairs & maintenance			2,400	-	2,400
Parts & supplies			813	-	813
Grinder pumps	36,000	36,000	30,514	-	30,514
Total Sewer Collection	36,000	36,000	33,727	-	33,727

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
SCHEDULE OF BUDGET AND ACTUAL OPERATING REVENUES AND EXPENSES
SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET TO GAAP DIFFERENCE</u>	<u>GAAP BASIS</u>
General & Administrative Expenses					
Water					
Office salaries	61,200	61,200	63,188	(1,428)	61,760
Office supplies	18,000	18,000	15,513	2,105	17,618
Office rent	43,200	43,200	43,200	-	43,200
Municipal insurance	46,800	46,800	48,692	-	48,692
Workman's Comp. insurance	42,600	42,600	30,721	-	30,721
Health Insurance	46,200	46,200	71,806	(20,669)	51,137
Dental Insurance	1,500	1,500	1,926	-	1,926
Employee paid health & dental	15,000	15,000	-	-	-
Payroll taxes	36,000	36,000	42,397	(3,985)	38,412
Commission salaries	3,600	3,600	5,400	-	5,400
Bad debts	1,500	1,500	84	-	84
Building maintenance	7,500	7,500	5,460	-	5,460
Legal & accounting	240	240	4,457	-	4,457
Engineering expense	-	-	-	-	-
Utilities	199,020	199,020	198,440	7,638	206,078
Pension expense	96,000	96,000	98,243	81,679	179,922
Uniforms	9,000	9,000	6,469	176	6,645
Audit expense	8,880	8,880	6,840	-	6,840
Bank Fees	4,200	4,200	6,353	-	6,353
Miscellaneous expense	15,000	15,000	7,714	(372)	7,342
Paving	15,000	15,000	-	-	-
Mortgage Payment	10,800	10,800	10,800	(10,800)	-
Total General & Administrative Expenses - Water	681,240	681,240	667,703	54,344	722,047
Sewer					
Office salaries	40,800	40,800	42,125	(951)	41,174
Office supplies	12,000	12,000	10,342	1,403	11,745
Office rent	28,800	28,800	28,800	-	28,800
Municipal insurance	31,200	31,200	32,461	-	32,461
Workman's Comp. insurance	28,400	28,400	20,480	-	20,480
Health Insurance	30,800	30,800	47,871	(13,780)	34,091
Dental Insurance	1,000	1,000	1,284	-	1,284
Employee paid health & dental	10,000	10,000	-	-	-
Payroll taxes	24,000	24,000	28,265	(2,657)	25,608
Commission salaries	2,400	2,400	3,600	-	3,600
Bad debts	2,000	2,000	83	-	83
Building maintenance	5,000	5,000	3,640	-	3,640
Legal & accounting	160	160	-	-	-
Engineering expense	-	-	-	-	-
Utilities	132,680	132,680	132,293	5,092	137,385
Pension expense	64,000	64,000	65,495	54,453	119,948
Grinder pump expense	15,000	15,000	4,891	(793)	4,098
Uniforms	6,000	6,000	4,313	117	4,430
Audit expense	5,920	5,920	4,560	-	4,560
Bank Fees	2,800	2,800	4,002	-	4,002
Paving	10,000	10,000	-	-	-
Mortgage Payment	7,200	7,200	7,200	(7,200)	-
Miscellaneous expense	10,000	10,000	5,144	(248)	4,896
Total General & Administrative Expenses - Sewer	470,160	470,160	446,849	35,436	482,285

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
SCHEDULE OF BUDGET AND ACTUAL OPERATING REVENUES AND EXPENSES
SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>			<u>ACTUAL AMOUNTS</u>	
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET TO GAAP DIFFERENCE</u>	<u>GAAP BASIS</u>
Depreciation			-	1,205,546	1,205,546
Total operating expenses	2,589,710	2,589,710	2,571,090	1,289,679	3,860,769
Total operating income (loss)	813,440	813,440	1,069,925	(1,324,948)	(255,023)
Nonoperating Revenues (Expenses)					
Interest income	200	200	9,620	-	9,620
Interest expense			(426,217)	-	(426,217)
Acquisition of equipment			(36,726)	36,726	
Insurance proceeds			13,681	-	13,681
Capital grant income				55,491	55,491
Total nonoperating revenue (expenses)	200	200	(439,642)	92,217	(347,425)
Income (loss) before transfers	813,640	813,640	630,283	(1,232,731)	(602,448)
Transfers In	2,587,000	2,587,000	903,740	-	903,740
Transfers Out	(3,400,640)	(3,400,640)	(903,740)	(18,000)	(921,740)
Increase in Net assets	-	-	630,283	(1,250,731)	(620,448)
Total Net Position - Beginning	-	-	9,073,043	-	9,073,043
Total Net Position - Ending	\$ -	\$ -	9,703,326	\$ (1,250,731)	8,452,595

Explanation of differences:

(1) The Municipal Water and Sewer System budgets for income and expenses only to the extent that these are expected to be received or paid, rather than on the accrual basis.

\$ 47,032

(2) The Municipal Water and Sewer System does not budget for depreciation expense.

(1,205,546)

(3) For budgetary purposes, the Municipal Water & Sewer System records capital expenditures as expenses and capital grants are not included in income.

(92,217)

Net Change in Net Assets

\$ (1,250,731)

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
PENSION RELATED REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE II
JUNE 30, 2017

Schedule of the System's Proportionate Share of the Net Pension Liability
CERS
Last 4 Fiscal Years

Year Ended June 30	System's proportion of the net pension liability	System's proportionate share of the net pension liability (asset)	System's covered employee payroll	System's share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.033256%	\$ 1,220,855	\$ 770,899	158.37%	66.80%
2015	0.033319%	\$ 1,081,145	\$ 783,926	137.91%	59.97%
2016	0.033917%	\$ 1,458,275	\$ 835,863	174.46%	80.17%
2017	0.035040%	\$ 1,725,240	\$ 892,308	193.35%	—

Schedule of the System's Contributions
CERS
Last 5 Fiscal Years

Year Ended June 30	Contractually required contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	System's covered employee payroll	Contributions as a percentage of covered-employee payroll
2013	\$ 89,332	\$ 89,332	\$ —	\$ 707,858	12.62%
2014	\$ 105,724	\$ 105,724	\$ —	\$ 770,899	13.71%
2015	\$ 100,190	\$ 100,190	\$ —	\$ 783,926	12.78%
2016	\$ 103,816	\$ 103,816	\$ —	\$ 835,863	12.42%
2017	\$ 123,640	\$ 123,640	\$ —	\$ 892,308	13.86%

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
PENSION RELATED REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE II
JUNE 30, 2017

**Notes to Required Supplementary Information
for the Year Ended June 30, 2017**

Changes of Benefit Terms – the plan had no changes in benefit terms since the previous valuation.

Changes in Assumptions – The plans rate of investment return assumption, the inflation rate and the projected salary increase rate all remained the same as the previous year.

Required supplementary information for contributions should be presented for a maximum of ten years. As of June 30, 2017, only three years of data concerning the System's proportionate share of net pension liability were readily available. In addition, only four years of data concerning the System's contributions were readily available.



GOLDSTON, PATE & COMPANY, CPAS, INC.

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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 Water Board
City of Central City, Municipal Water & Sewer System
Central City, 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 business-type activities of the City of Central City, Municipal Water & Sewer System, a component unit of the City of Central City, Kentucky, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Central City, Municipal Water & Sewer System's basic financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.



Goldston, Pate & Company, CPAs, Inc.

Central City, Kentucky
November 30, 2017

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

2016 Audit

**CITY OF CENTRAL CITY
MUNICIPAL WATER & SEWER SYSTEM
214 NORTH FIRST STREET
CENTRAL CITY, KENTUCKY**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
FOR YEAR-ENDED JUNE 30, 2016
AND
INDEPENDENT AUDITOR'S REPORT**

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM

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GOLDSTON, PATE & COMPANY, CPAS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Water Board
City of Central City, Municipal Water & Sewer System
Central City, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the City of Central City, Municipal Water & Sewer System, a component unit of the City of Central City, Kentucky as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Central City, Municipal Water & Sewer System, 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.

Basis for Qualified Opinion

A substantial portion of the inventory of the System is at various locations. It was not practical to satisfy ourselves with respect to such inventory by physical count. Management has represented main supplies, sewer plant supplies, chemicals and office supplies by estimation.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the City of Central City, Municipal Water & Sewer System, as of June 30, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America also require that the budgetary comparison information and pension schedules on pages 16-18 and 19 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 October 21, 2016, on our consideration of the City of Central City, Municipal Water & Sewer System'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 the City of Central City, Municipal Water & Sewer System's internal control over financial reporting and compliance.



Goldston, Pate & Company, CPAs, Inc.

Central City, Kentucky

October 21, 2016

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS

Current Assets	
Cash and cash equivalents (Note 2 and Note 3)	\$ 1,545,152
Receivables, net (Note 2)	425,856
Inventory (Note 2)	48,238
Prepaid insurance	30
Total current assets	<u>2,019,276</u>
Restricted Assets	
Restricted cash and cash equivalents (Note 2 and Note 6)	2,371,955
Restricted investments (Note 2 and Note 6)	525,332
Total restricted assets	<u>2,897,287</u>
Noncurrent Assets	
Property, plant & equipment, net (Note 2)	40,782,865
Less: Accumulated depreciation (Note 2)	<u>(12,839,054)</u>
Total noncurrent assets	<u>27,943,811</u>
Total Assets	<u>32,860,374</u>

DEFERRED OUTFLOWS OF RESOURCES

Prepaid interest expense	200,100
Bond issuance costs	51,728
Bond discount	20,981
Difference between actual and expected earnings on pension plan (Note 8)	13,072
Changes in pension plan assumptions (Note 8)	147,051
Difference between expected and actual pension plan experience (Note 8)	12,119
Changes in pension plan proportion (Note 8)	15,395
Pension contributions subsequent to measurement date (Note 8)	<u>103,816</u>
Total Deferred Outflows of Resources	<u>564,262</u>

LIABILITIES

Current Liabilities	
Accounts payable (Note 2)	107,758
Compensated absences payable (Note 2)	72,907
Accrued payroll	14,188
Meter deposits	150,505
Total current liabilities	<u>345,358</u>
Current Liabilities Payable from Restricted Assets	
Long term debt - current portion - loan (Note 5)	50,000
Long term debt - current portion - bonds (Note 5)	237,500
Total current liabilities payable from restricted assets	<u>287,500</u>
Noncurrent Liabilities	
Net pension liability (Note 8)	<u>1,458,275</u>
Noncurrent Liabilities Payable from Restricted Assets	
Long term debt - loan (less current portion)(Note 5)	6,361,617
Long term debt - bonds (less current portion) (Note 5)	<u>15,770,500</u>
Total noncurrent liabilities	<u>22,132,117</u>
Total Liabilities	<u>24,223,250</u>

DEFERRED INFLOWS OF RESOURCES

Deferred gain on debt refunding	<u>72,251</u>
Total Deferred Inflows of Resources	<u>72,251</u>

NET POSITION

Net investment in capital assets	5,811,694
Restricted (Note 6)	2,609,787
Unrestricted	707,654
Total Net Position	<u>\$ 9,129,135</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

Operating Revenues (Schedule I)

Charges for services	\$ 3,464,242
Miscellaneous revenues	<u>39,036</u>
Total operating revenues	<u>3,503,278</u>

Operating Expenses (Schedule I)

Water plant operation	787,302
Sewer plant operation	229,331
Water distribution	390,059
Sewer collection	74,217
General & administrative expenses - water	669,278
General & administrative expenses - sewer	<u>453,926</u>
Subtotal	2,604,113
Depreciation	<u>1,130,488</u>
Total operating expenses	<u>3,734,601</u>
Operating loss	<u>(231,323)</u>

Nonoperating Revenues (Expenses)

Interest revenue	8,085
Interest expense	(432,255)
Capital grant income	1,015,856
Other governmental support	(64,000)
Insurance proceeds	<u>11,004</u>
Total nonoperating revenue (expenses)	<u>538,690</u>
Income before transfers	307,367

Transfers Out (Note 9)

Increase in net position	290,444
Total net position - beginning	8,838,691
Total net position - ending	<u>\$ 9,129,135</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

Cash Flows From Operating Activities	
Receipts from customers	\$ 3,467,784
Payments to suppliers	(1,844,653)
Payments to and on behalf of employees	(746,615)
Net cash provided by operating activities	<u>876,516</u>
Cash Flows From Noncapital Financing Activities	
Local government support	(16,923)
Net cash used by noncapital financing activities	<u>(16,923)</u>
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	(1,507,197)
Interest paid on capital debt	(434,749)
Proceeds from long-term debt	250,000
Bond discount and issuance costs	(72,709)
Principal payments on long-term debt	(274,055)
Insurance proceeds	11,004
Capital grant income	1,015,856
Net cash used for capital and related financing activities	<u>(1,011,850)</u>
Cash Flows from Investing Activities	
Interest received	8,085
Net cash provided by investing activities	<u>8,085</u>
Net decrease in cash and cash equivalents	(144,172)
Balance-beginning of year	4,586,611
Balance-end of year	<u>\$ 4,442,439</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating loss	\$ (231,323)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,130,488
Change in assets and liabilities:	
Receivables, net	(39,585)
Inventories	17,390
Payroll liabilities	94,405
Other payables	13,592
Accounts payable	(108,451)
Net cash provided by operating activities	<u>\$ 876,516</u>
<u>Summary of Cash and Cash Equivalents shown on Statement of Net Position</u>	
Cash and cash equivalents	\$ 1,545,152
Restricted cash and cash equivalents	2,371,955
Restricted investments	525,332
Total cash and cash equivalents per statement of net position	<u>\$ 4,442,439</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: DESCRIPTION OF ENTITY

The Municipal Water and Sewer System (System), a component unit of the City of Central City, Kentucky, is an enterprise fund, which operates under the guidance of a five member commission appointed by the City Council. The System provides water and sewer services to residents of Central City, Kentucky. The System also provides water to local county water districts.

The System's management prepares separate financial statements from those of the City. Copies of these financial statements may be obtained by contacting the Municipal Water and Sewer System. Copies of the financial statements of the City of Central City, Kentucky may be obtained by contacting the City Administrator's office.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Accounting: The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

All activities of the System are accounted for within a single proprietary (enterprise) fund. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

(b) Budgetary Accounting: The System adopts annual operating budgets as approved by the City Council prior to July 1 of each year. The current budget details the System's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. All unexpended amounts in the budget lapse at the end of the fiscal year. The City Council has authority to amend the budget during the year, if it becomes necessary.

(c) Cash Equivalents, Deposits and Investments: Cash and cash equivalents, for purposes of the statement of cash flows (page 5), include restricted and unrestricted cash on deposit and investments. The System can invest in the following so long as the term of the investment does not exceed five years: U.S. Government securities, savings accounts and interest bearing time deposits or certificates of deposit. If the funds are held in a bank, the bank must be FDIC insured and the amounts must remain collateralized at all times. The System's investments consist solely of Certificates of Deposit with a maturity of eighteen months or less. All of the investments are restricted as to use.

(d) Restricted Assets: Restricted assets represent cash and investments in certificates of deposit maintained in order to meet future obligations related to debt service and maintenance of the water and sewer plants.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Accounts Receivable: As of each fiscal year ending June 30, there is an amount of accounts receivable for water and sewer that is unbilled from the date of the meter reading until the end of the month. The amount on the Balance Sheet represents current accounts receivable of \$333,000 and unbilled accounts receivable arising from the above mentioned transaction of \$92,856.

(f) Accounts Payable: As of each fiscal year ending June 30, there are unpaid invoices for services or goods received prior to June 30, but not paid by the System until on or after July 1. The amount on the Balance Sheet represents current accounts payable of \$107,758. Included in this total is accrued sales tax of \$1,327, accrued payroll taxes and withholdings of \$9,719 and \$11,138 of accrued employer pension contributions.

(g) Inventories: Inventories of main supplies, sewer plant supplies, chemicals and office supplies were estimated by management using lower of cost or market. Inventory of grinder pumps was physically counted and priced at lower-of-cost or market by employees of the system.

(h) Capital Assets: Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. The following is a schedule of fixed assets and the range of useful lives used in computing depreciation at June 30, 2016:

<u>Description</u>	<u>Range of Lives</u>	<u>Balance</u>			<u>Balance June 30, 2016</u>
		<u>June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	
Land		\$ 37,656	\$ -	\$ -	\$ 37,656
Water Plant	40-50	24,048,351		-	24,048,351
Sewer plant	40-50	8,991,551	243,521		9,235,072
Administrative facilities	40-50	136,154			136,154
Transmission and distribution	40-50	613,495	900,579	64,000	1,450,074
Other structures and improvements	40-50	2,852,986	188,947		3,041,933
Automobiles	03-10	300,610	114,595		415,205
Administrative Equip., Furn., and Fixtures	03-10	1,684,785	4,906		1,689,691
Other general equipment	03-10	674,079	54,650	-	728,729
Total property, plant and equipment		39,339,667	1,507,198	64,000	40,782,865
Accumulated Depreciation		(11,708,566)	(1,130,488)	-	(12,839,054)
Net property, plant and equipment		\$ 27,631,101	\$ 376,710	\$ 64,000.00	\$ 27,943,811

Depreciation expense was \$1,130,488 for year ending June 30, 2016. Maintenance and repairs, which do not extend the value or life of property, plant and equipment, are expensed when incurred.

The System had several capital improvement projects ongoing during the year ended June 30, 2016. During fiscal year 2016, the System expended \$1,149,304 in total on the various sewer improvement and water distribution projects. These projects will begin to be depreciated upon completion.

(i) Claims and judgments: These events and obligations are recorded on the accrual basis when the event occurs and the obligation arises.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenues and Rate Structure: Operating revenues consist of income from water and sewer services and are recognized on the accrual basis as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, debt service, reserves and debt service coverage. Non-operating income is defined in the bond ordinances and includes such items as sale of assets and insurance proceeds.

(k) Special and Extraordinary Items: Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses and changes in net position.

(l) Net Position: Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories. It is the System's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(m) Compensated Absences: Compensated absences reflected on the balance sheet represent the amount that the system expects to pay in wages within the next year for employee sick leave accrued and employee vacation leave.

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits consist of cash in checking or saving accounts and investments, which consists solely of Certificates of Deposit. All funds were held in a federally insured depository. The present method of pledging collateral consists of placing government securities in safekeeping with a corresponding bank, with the safekeeping receipt being issued in the name of the Municipal Water and Sewer System.

The following reconciles deposits and investments to cash and cash equivalents, and investments, as presented in the balance sheet:

Disclosures regarding deposits and investments

Cash on hand	\$ 292
Deposits	3,916,815
Investments	525,332
Total	<u>\$ 4,442,439</u>

Balance sheet and cash flow statement amounts

Cash and cash equivalents:	
Unrestricted	\$ 1,545,152
Restricted	2,897,287
Total cash and cash equivalents	<u>\$ 4,442,439</u>

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2016, the reported amount of the System's deposits was \$4,442,147 and the bank balance was \$4,901,186. Of the bank balance \$628,395 was covered by federal depository insurance. Another \$4,091,306 was covered by governmental securities pledged as collateral by the pledging institution held in the System's name. The remaining \$181,485 was uninsured and uncollateralized as of June 30, 2016 subjecting it to custodial credit risk, which is the risk that in the event of a failure the System's deposits may not be returned to it.

NOTE 4: BONDS, NOTES & INTEREST PAYABLE

Revenue Bonds

On March 29, 2013, the System issued \$14,450,000 United States Department of Agriculture Rural Development Water and Sewer Revenue Bonds, Series 2012A and 2012B for the purpose of funding expansion of the water treatment plant. Interest payments are based on the coupon rate of 2.5%. Principal and interest payments shall continue through maturity in 2052. The outstanding balance as of June 30, 2016 was \$14,257,500.

In June 2014, the System issued \$1,950,000 United States Department of Agriculture Rural Development Water and Sewer Revenue Bonds, Series 2014 for the purpose of funding construction of a water tank. Bond principal repayment will not begin until 2017; however, interest payments began in 2015 at a coupon rate of 2.5%. Principal and interest payments shall continue through maturity in 2054.

Assuming no bonds are called prior to maturity, the minimum obligations of the System for each of the next five years, and subsequent years, for debt services (principal and interest) of the 2012A, 2012B and 2014 bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	237,500	400,200	637,700
2018	245,000	394,262	639,262
2019	243,500	388,138	631,638
2020	261,500	382,050	643,550
2021	269,500	375,512	645,012
2022-2026	1,486,500	1,771,925	3,258,425
2027-2031	1,746,500	1,573,563	3,320,063
2032-2036	2,052,000	1,340,462	3,392,462
2037-2041	2,410,000	1,066,638	3,476,638
2042-2046	2,842,500	744,187	3,586,687
2047-2051	3,328,500	365,663	3,694,163
2052-2054	885,000	27,950	912,950
Totals	<u>\$ 16,008,000</u>	<u>\$ 8,830,550</u>	<u>\$ 24,838,550</u>

KRWFC Loan

In June 2013, the System borrowed \$895,000, payable over 16 years, from the Kentucky Rural Water Finance Corporation bearing an interest rate between 2.3% and 4.3%. The principal balance on the loan as of June 30, 2016 was \$800,000.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5: BONDS, NOTES & INTEREST PAYABLE (Continued)

Assuming no early extinguishment of debt prior to maturity, the minimum obligations of the System for each of the next five years, and subsequent years, for debt service related to these loans are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	50,000	31,575	81,575
2018	50,000	29,675	79,675
2019	50,000	27,525	77,525
2020	55,000	25,268	80,268
2021	55,000	22,902	77,902
2022-2026	320,000	75,275	395,275
2027-2029	<u>220,000</u>	<u>11,405</u>	<u>231,405</u>
Totals	<u>\$ 800,000</u>	<u>\$ 223,625</u>	<u>\$ 1,023,625</u>

Construction Interim Financing Loan

In January 2016, the System renewed its construction interim financing agreement with the bank for \$5,595,000, net of reissuance premiums of \$16,617. Bond reissuance premium and discount will be amortized through maturity. Interest is payable semiannually at 1.25%. The loan will mature on February 1, 2018. The System anticipates renewing the loan upon maturity.

NOTE 6: RESTRICTED ASSETS

The System considers the following accounts and funds to be restricted for the purpose of funding construction on the water and sewer plants as well as servicing debt requirements.

(a) Revenue Fund: All cash revenues of the System are to be deposited in this fund as received, except those items of revenue deposited directly to the Depreciation Fund as noted in paragraph (d).

(b) Maintenance and Operation Fund: Necessary and reasonable costs of maintaining and operating the System will be paid from this fund. Monthly deposits shall be made to this fund from the Revenue Fund in sums equal to the anticipated expenses of maintaining and operating the System for the next ensuing month and to make up any deficit incurred in the preceding month.

(c) Bond Interest and Redemption Fund: Monies deposited in this fund shall be used, disbursed, and applied, and are irrevocably pledged, solely for the purpose of paying the principal and interest on outstanding bonds. Monthly transfers totaling \$665,000 were made from the Revenue Fund.

(d) Depreciation Fund: Transfers from the Revenue Fund to the Depreciation Fund totaled \$47,424 for 2016. This fund shall be used for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals, or replacements but only upon written recommendation of a consulting engineer. Other deposits to this fund shall consist of connection fees or charges as may be exacted from users of the System, the proceeds of all property damage insurance (except public liability) and the cash proceeds resulting from the sale of any worn out or obsolescent properties.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6: RESTRICTED ASSETS (Continued)

(e) Improvement Fund: Transfers from the Revenue Fund to the Improvement fund totaled \$47,424 for 2016. Such sums shall be available for the purpose of constructing additions, extensions and improvements (other than capital replacements to be made by recourse to the Depreciation Fund as heretofore provided), which, as certified by a consulting engineer, will enhance or increase the revenue-producing capacity of the System or provide a higher degree of service. Such sums may also be transferred to the Bond Interest and Redemption Fund, Maintenance and Operation Fund, or Depreciation Fund.

(f) Construction Fund: The System established the Construction Fund in order to properly account for the grant and loan income and related expenditures as they relate to the construction of the water and sewer plant. All cash maintained in the Construction Fund checking account are restricted for future construction on the system.

The restricted assets as of June 30, 2016 were as follows:

Summary of Restricted Assets

Depreciation Fund (Cash and cash equivalents)	\$ 339,004
Improvement Fund (Cash and cash equivalents)	279,520
Construction Fund (Cash and cash equivalents)	1,751,100
Construction Trust Account (Cash and cash equivalents)	58,481
Bond Interest and Redemption Fund (Cash and cash equivalents)	<u>469,182</u>
Total Assets Restricted by Bond Ordinances	2,897,287
Less: Current Portion of Long-Term Debt	<u>(287,500)</u>
Total Restricted Net Position	<u>\$2,609,787</u>

NOTE 7: PENDING LITIGATION

As of June 30, 2016, there were no pending legal actions.

NOTE 8: PENSION PLAN

Plan Description

The System participates in the County Employee's Retirement System (CERS), a cost sharing multiple-employer, defined benefit pension plan that covers substantially all regular, full-time members employed in both hazardous and non-hazardous duty position of each county and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost of living adjustments (COLA) are provided at the discretion of State legislature.

The Board of Trustees of the Kentucky Retirement Systems administers the CERS, as well as various other pension plans. As such, the Kentucky Retirement Systems issues its own financial reports for each of the pension plans it administers. A copy of the financial reports may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601. The latest financial reports available are for the year ending June 30, 2015.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8: PENSION PLAN (Continued)

Contributions

For the years ended June 30, 2016 and 2015, grandfathered plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 were required to contribute 6% of wages for non-hazardous job classifications. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contributions rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the years ended June 30, 2016 and 2015, participating employers contributed 17.06% and 17.67% respectively, of each employee's wages, which is equal to the actuarially determined rate set by the Board. Of these rates, for 2016 the pension plan portion was 12.42% and the insurance fund portion was 4.64%. For 2015 and 2016 the pension plan portion was 12.75% and the insurance fund portion was 4.92%. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

The System's payroll for employees covered under CERS for the year ended June 30, 2016, 2015 and 2014 was \$835,863, \$793,926, and \$770,899 respectively resulting in employer contributions to the pension plan of \$142,601, \$100,190, and \$105,724.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the System reported a liability of \$1,458,275 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the System's proportion was .033917 percent, which was an increase of 0.0006 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the System recognized pension expense of \$231,668.

At June 30, 2016, the System reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on Plan investments	\$ 13,072
Differences between expected and actual results	12,119
Change in assumptions	147,051
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,395
System contributions subsequent to the measurement date	103,816
Total	<u>\$ 291,453</u>

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8: PENSION PLAN (Continued)

The \$100,190 of deferred outflows of resources resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2017	\$ 66,766
2018	66,766
2019	32,687
2020	21,418

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50 percent, net of investment expense including inflation
Projected salary increases	4.00 percent, average, including inflation
Inflation	3.25 percent

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

Discount Rate – the discount rate used to measure the total pension liability was 7.50%.

Projected Cash Flows – the projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

Long Term Rate of Return – the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2008 through 2013 is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8: PENSION PLAN (Continued)

consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Municipal Bond Rate – the discount rate determination does not use a municipal bond rate.

Periods of Projected Benefit Payments – projected future benefit payments for all current plan members were projected through 2117.

Assumed Asset Allocation – The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Combined equity	44 %	5.40 %
Combined fixed income	19	1.50
Real return (diversified inflation strategies)	10	3.50
Real estate	5	4.50
Absolute return (diversified hedge funds)	10	4.25
Private equity	10	8.50
Cash	2	(.25)
Total	<u>100 %</u>	

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	Discount rate	System's proportionate share of net pension liability
1% decrease	6.50%	\$ 1,861,672
Current discount rate	7.50%	\$ 1,458,275
1% increase	8.50%	\$ 1,112,806

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8: PENSION PLAN (Continued)

Payable to CERS

At June 30, 2016, the System reported a payable of \$11,138 for the outstanding amount of contributions due to CERS for the year.

NOTE 9: RISK MANAGEMENT

The Municipal Water and Sewer System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the System also carries commercial insurance for a variety of other risks of loss such as workers' compensation and employee health insurance. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

NOTE 10: TRANSFERS

Transfers between the funds are eliminated in the financial statements. The following transfers were made during the year:

Transfers In:

Depreciation Fund	\$ 47,424
Bond Interest and Redemption Fund	665,000
Improvement Fund	<u>47,424</u>
Subtotal	<u>759,848</u>

Transfers Out:

Revenue Fund	<u>(776,771)</u>
Net Transfers	<u>\$ (16,923)</u>

NOTE 11: MAJOR CUSTOMERS

Revenues from the two largest customers represent approximately 55% of operating revenues for the current fiscal year. These two customers are water districts in Muhlenberg County providing water to a combined 8,047 individual customers. The Muhlenberg County Water District and the Muhlenberg County Water District #3 are contractually obligated to receive water services from the System until June 30, 2063.

NOTE 13: RELATED PARTY TRANSACTIONS

The System leases office space from the City of Central City, Kentucky for \$6,000 per month.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 21, 2016, the date which financial statements were available to be issued.

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
SCHEDULE OF BUDGET AND ACTUAL OPERATING REVENUES AND EXPENSES
SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS		
	ORIGINAL	FINAL	BUDGETARY	BUDGET	GAAP BASIS
	BUDGET	BUDGET	BASIS	TO GAAP DIFFERENCE	
Operating Revenues					
Charges for Service					
Water					
Domestic	\$ 760,000	\$ 760,000	\$ 749,554	\$ 12,800	\$ 762,354
County District	1,270,000	1,270,000	1,180,411	-	1,180,411
County District #3	714,442	714,442	728,794	-	728,794
Penalties	14,100	14,100	12,875	-	12,875
Allowances	(7,300)	(7,300)	(5,620)	-	(5,620)
Services charges and sales	3,600	3,600	11,509	-	11,509
Total water sales	2,754,842	2,754,842	2,677,523	12,800	2,690,323
Sewer					
Metered sewer charges	600,000	600,000	687,475	22,841	710,316
Penalties	9,900	9,900	10,536	-	10,536
Allowances	(5,200)	(5,200)	(6,624)	-	(6,624)
Services charges and sales	1,600	1,600	2,191	-	2,191
Grinder pump principal	9,500	9,500	1,533	(1,533)	-
Grinder pump sales	10,000	10,000	55,500	2,000	57,500
Total sewer charges	625,800	625,800	750,611	23,308	773,919
Total Charges For Service	3,380,642	3,380,642	3,428,134	36,108	3,464,242
Miscellaneous Revenues					
Miscellaneous-Water	16,500	16,500	4,173	-	4,173
Miscellaneous-Sewer	-	-	34,016	-	34,016
Insurance proceeds	-	-	-	-	-
Bad debts paid	300	300	847	-	847
Total Miscellaneous Revenues	16,800	16,800	39,036	-	39,036
Total Operating Revenues	3,397,442	3,397,442	3,467,170	36,108	3,503,278
Operating Expenses					
Water Plant Operation					
Labor	306,000	306,000	379,679	-	379,679
Supplies	61,000	61,000	53,290	(50)	53,240
Repair & maintenance	14,500	14,500	37,873	(16,608)	21,265
Chemicals	450,000	450,000	324,707	8,411	333,118
Total Water Plant Operation	831,500	831,500	795,549	(8,247)	787,302
Sewer Plant Operation					
Labor	140,000	140,000	131,603	3,566	135,169
Supplies	35,000	35,000	62,496	(1,451)	61,045
Repair & maintenance	30,000	30,000	27,395	4,551	31,946
Gas and Oil	1,500	1,500	1,074	97	1,171
Total Sewer Plant Operation	206,500	206,500	222,568	6,763	229,331
Water Distribution					
Labor - water lines	245,000	245,000	236,107	983	237,090
Repairs & maintenance	8,000	8,000	16,091	(38)	16,053
Equipment maintenance	3,600	3,600	8,268	175	8,443
Parts & supplies	120,000	120,000	107,848	(3,630)	104,218
Gas and Oil	24,000	24,000	17,387	309	17,696
Meters	5,000	5,000	5,276	-	5,276
Miscellaneous expense	11,000	11,000	1,160	123	1,283
Total Water Distribution	416,600	416,600	392,137	(2,078)	390,059
Sewer Collection					
Repairs & maintenance	400	400	27,243	-	27,243
Grinder pumps	36,000	36,000	46,974	-	46,974
Total Sewer Collection	36,400	36,400	74,217	-	74,217

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
SCHEDULE OF BUDGET AND ACTUAL OPERATING REVENUES AND EXPENSES
SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>BUDGETARY BASIS</u>	<u>BUDGET TO GAAP DIFFERENCE</u>	<u>GAAP BASIS</u>
General & Administrative Expenses					
Water					
Office salaries	61,200	61,200	60,603	(1,003)	59,600
Office supplies	15,000	15,000	17,737	(840)	16,897
Office rent	43,200	43,200	43,200	-	43,200
Municipal insurance	66,000	66,000	43,661	(448)	43,213
Workman's Comp. insurance	27,000	27,000	33,637	-	33,637
Health Insurance	45,000	45,000	61,570	(14,395)	47,175
Dental Insurance	1,500	1,500	1,466	-	1,466
Employee paid health & dental	12,000	12,000	-	-	-
Payroll taxes	36,000	36,000	33,771	1,680	35,451
Commission salaries	3,600	3,600	3,600	-	3,600
Bad debts	1,500	1,500	2,291	-	2,291
Building maintenance	6,000	6,000	8,572	-	8,572
Legal & accounting	480	480	416	-	416
Engineering expense	-	-	900	-	900
Utilities	196,200	196,200	206,015	(2,698)	203,317
Pension expense	84,000	84,000	87,680	51,321	139,001
Uniforms	9,000	9,000	8,100	(242)	7,858
Audit expense	8,880	8,880	6,840	-	6,840
Bank Fees	2,880	2,880	4,908	-	4,908
Miscellaneous expense	15,000	15,000	11,674	(738)	10,936
Paving	15,000	15,000	-	-	-
Mortgage Payment	10,800	10,800	-	-	-
Total General & Administrative Expenses - Water	660,240	660,240	636,641	32,637	669,278
Sewer					
Office salaries	40,800	40,800	40,402	(669)	39,733
Office supplies	10,000	10,000	11,948	(560)	11,388
Office rent	28,800	28,800	28,800	-	28,800
Municipal insurance	44,000	44,000	29,107	(298)	28,809
Workman's Comp. insurance	18,000	18,000	22,425	-	22,425
Health Insurance	30,000	30,000	41,046	(9,596)	31,450
Dental Insurance	1,000	1,000	977	-	977
Employee paid health & dental	8,000	8,000	-	-	-
Payroll taxes	24,000	24,000	22,514	1,120	23,634
Commission salaries	2,400	2,400	2,400	-	2,400
Bad debts	2,000	2,000	3,579	-	3,579
Building maintenance	4,000	4,000	5,715	-	5,715
Legal & accounting	320	320	-	-	-
Engineering expense	-	-	600	-	600
Utilities	130,800	130,800	137,344	(1,802)	135,542
Pension expense	56,000	56,000	58,453	34,214	92,667
Grinder pump expense	2,500	2,500	12,299	(6,831)	5,468
Uniforms	6,000	6,000	5,400	(161)	5,239
Audit expense	5,920	5,920	4,560	-	4,560
Bank Fees	1,920	1,920	3,647	-	3,647
Paving	10,000	10,000	-	-	-
Mortgage Payment	7,200	7,200	16,923	(16,923)	-
Miscellaneous expense	10,000	10,000	7,783	(490)	7,293
Total General & Administrative Expenses - Sewer	443,660	443,660	455,922	(1,996)	453,926

CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
SCHEDULE OF BUDGET AND ACTUAL OPERATING REVENUES AND EXPENSES
SCHEDULE I
FOR THE YEAR ENDED JUNE 30, 2016

	<u>BUDGETED AMOUNTS</u>			<u>ACTUAL AMOUNTS</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY</u>	<u>BUDGET</u>	
	<u>BUDGET</u>	<u>BUDGET</u>	<u>BASIS</u>	<u>TO GAAP</u>	<u>GAAP BASIS</u>
Depreciation			-	1,130,488	1,130,488
Total operating expenses	2,594,900	2,594,900	2,577,034	1,157,567	3,734,601
Total operating income (loss)	802,542	802,542	890,136	(1,121,459)	(231,323)
Nonoperating Revenues (Expenses)					
Interest income	2,300	2,300	7,985	100	8,085
Interest expense			-	(432,255)	(432,255)
Acquisition of equipment	(45,000)	(45,000)	(420,237)	420,237	-
Insurance proceeds			11,004	-	11,004
National Guard expansion project cancellation			-	(64,000)	(64,000)
Capital grant income			-	1,015,856	1,015,856
Total nonoperating revenue (expenses)	(42,700)	(42,700)	(401,248)	939,938	538,690
Income (loss) before transfers	759,842	759,842	488,888	(181,521)	307,367
Transfers In	2,545,000	2,545,000	759,848	-	759,848
Transfers Out	(3,304,842)	(3,304,842)	(759,848)	(16,923)	(776,771)
Increase in Net assets	-	-	488,888	(198,444)	290,444
Total Net Position - Beginning	-	-	8,838,691	-	8,838,691
Total Net Position - Ending	\$ -	\$ -	9,327,579	\$ (198,444)	9,129,135

Explanation of differences:

(1) The Municipal Water and Sewer System budgets for income and expenses only to the extent that these are expected to be received or paid, rather than on the accrual basis.	\$ (7,794)
(2) The Municipal Water and Sewer System does not budget for depreciation expense.	(1,130,488)
(3) For budgetary purposes, the Municipal water & Sewer System records capital expenditures as expenses ; capital grants are not included in income; loss on disposal of assets are not included in expenses	1,372,093
(4) For budgetary purposes, the Municipal Water & Sewer System does not record loan payments as expenses	(432,255)
Net Change in Net Assets	\$ (198,444)

**CITY OF CENTRAL CITY, KENTUCKY
MUNICIPAL WATER AND SEWER SYSTEM
PENSION RELATED REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE II
JUNE 30, 2016**

**Schedule of the System's Proportionate Share of the Net Pension Liability
CERS
Last 3 Fiscal Years**

Year Ended June 30	System's proportion of the net pension liability	System's proportionate share of the net pension liability (asset)	System's covered employee payroll	System's share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.033256%	\$ 1,220,855	\$ 770,899	158.37%	66.80%
2015	0.033319%	\$ 1,081,145	\$ 783,926	137.91%	59.97%
2016	0.033917%	\$ 1,458,275	\$ 835,863	174.46%	—

**Schedule of the System's Contributions
CERS
Last 4 Fiscal Years**

Year Ended June 30	Contractually required contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	System's covered employee payroll	Contributions as a percentage of covered-employee payroll
2013	\$ 89,332	\$ 89,332	\$ —	\$ 707,858	12.62%
2014	\$ 105,724	\$ 105,724	\$ —	\$ 770,899	13.71%
2015	\$ 100,190	\$ 100,190	\$ —	\$ 783,926	12.78%
2016	\$ 103,816	\$ 103,816	\$ —	\$ 835,863	12.42%

**Notes to Required Supplementary Information
for the Year Ended June 30, 2016**

Changes of Benefit Terms – the plan had no changes in benefit terms since the previous valuation.

Changes in Assumptions – The plans rate of investment return assumption was changed from 7.75% to 7.5% since the previous valuation. In addition, the inflation rate decreased from 3.5% to 3.25% and the projected salary increase rate decreased from 4.5% to 4.0%.

Required supplementary information for contributions should be presented for a maximum of ten years. As of June 30, 2016, only three years of data concerning the System's proportionate share of net pension liability were readily available. In addition, only four years of data concerning the System's contributions were readily available.



GOLDSTON, PATE & COMPANY, CPAS, INC.

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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 Water Board
City of Central City, Municipal Water & Sewer System
Central City, 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 business-type activities of the City of Central City, Municipal Water & Sewer System, a component unit of the City of Central City, Kentucky, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Central City, Municipal Water & Sewer System's basic financial statements, and have issued our report thereon dated October 21, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.



Goldston, Pate & Company, CPAs, Inc.

Central City, Kentucky

October 21, 2016

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

3. Provide the 12-month test period upon which Central City bases its proposed rate adjustment and explain why this test period was chosen.

Response: Central City is basing its proposed rate increase on Rural Development's ("RD") requirement that Central City charge a minimum of \$3.31 per 1,000 gallons. If Central City cannot charge \$3.31 per 1,000 gallons to wholesale customers, Central City's ability to obtain advantageous financing for necessary projects will be impaired. This proposed rate is supported by various calculations. When Central City first applied for funding with RD, the most recent financial statements at that time were for fiscal year 2016. Consistent with prior practice and determination of rates by RD, the calculations provided by Central City to RD included a gross-up of expenses to anticipate what expenses would be in 2019, the year in which the project would likely begin. It also projected a loss in sales to one of the wholesale customers because it was anticipated that wholesale customer would have a reduction in sales to the City of Sacramento. As time has progressed, Central City can identify actual expenses that were incurred in FY 2019. Using the data from 2019, Central City could justify a rate higher than \$3.31 per 1,000 gallons, as shown in response to Item 22. To the extent that it is necessary to identify a test year for the reasonableness of rates, FY 2019 (July 2018-June 2019) should be used.

WITNESS: Michael McGhee; David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

4. Explain whether Central City is using a historical or forecasted test year.

a. If historical, provide Central City's general ledgers for the proposed test period and the most recently concluded fiscal year. These general ledgers shall include all check registers and spreadsheets used to record and track financial transactions. If available, provide a copy of the requested general ledgers in Excel spreadsheet format with all rows and columns unprotected and accessible.

b. If forecasted, provide Central City's general ledger for the most recently concluded fiscal year, all support documents for the base year and for assumptions and inputs used in the forecast. These support documents will include all check registers and spreadsheets used to record and track financial transactions. If available, provide a copy of the requested general ledger in Excel spreadsheet format with all rows and columns unprotected and accessible.

Response: As stated above, Central City is basing its proposed rate increase on RD's requirement that Central City charge a minimum of \$3.31 per 1,000 gallons. If Central City cannot charge \$3.31 per 1,000 gallons to wholesale customers, Central City's ability to obtain advantageous financing for necessary projects will be impaired. To the extent that it is necessary to identify a test year for the reasonableness of rates, FY 2019 (July 2018-June 2019) should be used. The general ledger is being filed in an Excel file.

WITNESS: Michael McGhee; David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

5. For each outstanding revenue bond issuance related to Central City's operations, provide:

- a. The bond ordinance or resolution authorizing its issuance;
- b. An amortization schedule;
- c. A detailed explanation of why the debt was incurred; and
- d. A calculation of the annual debt service payment, including all required

payments to debt service reserve accounts or funds, for each of the next three years.

Response: The requested documents are attached. Explanations of why the debt was incurred are contained in the ordinances.

WITNESS: David Rhoades; Michael McGhee

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Ordinance (1)

NOTICE OF ENACTMENT AND SUMMARY OF BOND ORDINANCE

ORDINANCE OF THE CITY OF CENTRAL CITY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$14,450,000 PRINCIPAL AMOUNT OF CITY OF CENTRAL CITY WATER AND SEWER REVENUE BONDS, SERIES 2012, CONSISTING OF \$8,000,000 OF SERIES A BONDS AND \$6,450,000 OF SERIES B BONDS, FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM OF SAID CITY; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

As required by KRS 83A.060(9), I hereby certify that an Ordinance bearing the above title was given first reading (by Summary) by the City Council of the City of Central City Kentucky, at a duly convened meeting of said City Council held on October 19, 2011, and was given second reading (by Summary) and enacted by said City Council at a duly convened meeting held on November 9, 2011, and that the following is a Summary of such Ordinance prepared by W. Randall Jones, an attorney licensed to practice law in the Commonwealth of Kentucky, of the firm of Rubin & Hays, Attorneys at Law, Louisville, Kentucky. (Signed W. Randall Jones)

SUMMARY OF ORDINANCE

Said Ordinance authorizes the issuance of \$14,450,000 of City of Central City Water and Sewer Revenue Bonds, Series 2012 (the "Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of the Project referred to in said title; authorizes interim financing to pay the costs of said Project pending the issuance of the Bonds; designates Engineers for the Project and the depository bank of the proceeds of the Bonds and of certain funds to be maintained in connection with the Bonds; provides for a Sinking Fund for the payment of principal and interest on the Bonds, an Operation and Maintenance Fund, and a Debt Reserve Fund; provides that said Bonds are secured by a pledge of the gross revenues of the System; establishes the method of payment of the principal of and interest on the Bonds, and the conditions and restrictions for the issuance of bonds ranking on a parity with the Bonds; provides certain covenants of the City for the further protection of the holders of the Bonds, including covenants as to compliance with the Internal Revenue Code; and prescribes terms and conditions upon which bids will be received for the purchase of the Bonds.

A copy of the full text of said Ordinance is available for public inspection during regular business hours, Monday through Friday. (Signed) David G. Rhoades, City Clerk, City of Central City, Kentucky 42330.

BOND ORDINANCE

CITY OF CENTRAL CITY, KENTUCKY

AUTHORIZING

CITY OF CENTRAL CITY WATER AND SEWER REVENUE BONDS, SERIES 2012

IN THE PRINCIPAL AMOUNT OF

\$14,450,000

CONSISTING OF

\$8,000,000 OF SERIES A BONDS

AND

\$6,450,000 OF SERIES B BONDS

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BOND ORDINANCE

ORDINANCE OF THE CITY OF CENTRAL CITY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$14,450,000 PRINCIPAL AMOUNT OF CITY OF CENTRAL CITY WATER AND SEWER REVENUE BONDS, SERIES 2012, CONSISTING OF \$8,000,000 OF SERIES A BONDS AND \$6,450,000 OF SERIES B BONDS, FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM OF SAID CITY; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the combined and consolidated water and sewer system (the "System") of the City of Central City (the "City") is owned and operated by said City pursuant to Chapters 58 and 82 of the Kentucky Revised Statutes (the "Act"), and

WHEREAS, the City presently has outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Ordinance (as hereinafter defined) of the City, authorizing the Prior Bonds, and

WHEREAS, it is the desire and intent of the City at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$14,450,000, consisting of \$8,000,000 of Series A Bonds and \$6,450,000 of Series B Bonds (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the City, in accordance with plans and specifications prepared by McGhee Engineering, Inc. and to prescribe the covenants of the City, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the City desires and intends that the Current Bonds be issued, subject to the vested rights and priorities in favor of the owners of the outstanding Prior Bonds, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$4,550,000, to provide the total cost of such construction,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF CENTRAL CITY, KENTUCKY, AS FOLLOWS:

**ARTICLE 1. DEFINITIONS; PURPOSE; AUTHORIZATION
OF BONDS; SECURITY.**

Section 101. Definitions. As used in this Ordinance, unless the context requires otherwise:

"Act" refers to Chapters 58 and 82 of the Kentucky Revised Statutes.

"Beginning Month" refers to the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

"Bond Counsel" refers to an attorney or firm of attorneys recognized nationally as experts in the field of municipal bond law and shall be deemed to refer to Rubin & Hays, Louisville, Kentucky, or their successors.

"Bondowner" or "Owner" refer to the registered Owners of the Bonds at the time issued and outstanding hereunder.

"Bonds" refers collectively to the outstanding Current Bonds, Prior Bonds and Parity Bonds.

"Bonds of 1989" or "Series 1989 Bonds" refer to the outstanding City of Central City Water and Sewer Revenue Bonds, Series of 1989, dated October 25, 1990, in the original authorized principal amount of \$1,526,000.

"Bonds of 1997" or "Series 1997 Bonds" refer to the outstanding City of Central City Water and Sewer Refunding Revenue Bonds, Series 1997, dated January 1, 1997, in the original authorized principal amount of \$1,070,000.

"Bond Ordinance of 1989" or "1989 Bond Ordinance" refer to the Ordinance authorizing the Bonds of 1989, duly enacted by the City Council of the City.

"Bond Ordinance of 1997" or "1997 Bond Ordinance" refer to the Ordinance authorizing the Bonds of 1997, duly enacted by the City Council of the City.

"City" refers to the City of Central City, Kentucky.

"City Clerk" refers to the appointed City Clerk of the City.

"Code" refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations relating thereto.

"Construction Account" refers to the City of Central City Water and Sewer Construction Account, created in Section 301(B) of this Current Bond Ordinance.

"Contractors" refers to the general contractors who have been employed by the City to construct the Project.

"Current Bond Ordinance" or "Ordinance" refer to this Ordinance authorizing the Current Bonds.

"Current Bonds" refers to the \$14,450,000 of City of Central City Water and Sewer Revenue Bonds, Series 2012, consisting of \$8,000,000 of Series A Bonds and \$6,450,000 of Series B Bonds authorized by this Ordinance, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the City of Central City Water and Sewer Sinking Fund of 2012, created in Section 401 of this Ordinance.

"Debt Reserve Fund" refers to the City of Central City Water and Sewer Debt Reserve Fund, described in Section 401 of this Ordinance.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is First National Bank, Central City, Kentucky, or its successor.

"Engineers" refers to the Engineers or any one of them, who prepared the plans and specifications for the construction of the Project and who will supervise the construction thereof and/or will furnish full time resident inspection of the construction of the Project, and shall be deemed to refer to McGhee Engineering, Inc., or a member of said firm, or their successors.

"Event of Default" refers to one or more of the Events of Default set forth in Section 701 of this Ordinance.

"FDIC" refers to the Federal Deposit Insurance Corporation, or its successors.

"Fiscal Year" refers to the annual accounting period of the City, beginning on July 1 and ending on June 30 of each year.

"Funds" refers to the Revenue Fund, the Prior Sinking Fund, the Current Sinking Fund, the Debt Reserve Fund, the Construction Account and the Operation and Maintenance Fund.

"Governing Body" refers to the City Council of the City, or such other body as shall be the governing body of said City under the laws of Kentucky at any given time.

"Government" refers to the United States of America, or any agency thereof, including RD.

"Grant Proceeds" refers to the proceeds of the RD Grant and the KIA Grant.

"Independent Consulting Engineer" refers to a consulting engineer or a firm of consulting engineers of recognized excellent reputation in the field of combined and consolidated water and sewer system engineering, and such definition includes the Engineers named above.

"Interim Lender" refers to Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, its successors or assigns; or any other financial institution or governmental agency approved by the City.

"KIA Grant" refers to the Kentucky Infrastructure Authority grant to the City in the amount of \$1,550,000.

"Local Counsel" refers to Russell L. Croley, Esq., Central City, Kentucky, or any other attorney or firm of attorneys designated by the City.

"Mayor" refers to the Mayor of the City.

"Multiple Advances" refers to the advance of loan funds from the RD as described in Section 302 of this Ordinance.

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the City evidencing the interim financing for the Project as prescribed in Section 302 of this Ordinance.

"Operation and Maintenance Fund" refers to the City of Central City Water and Sewer Operation and Maintenance Fund described in Section 401 of this Ordinance.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by the RD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

"Parity Bonds" refers to bonds which may be issued in the future which, pursuant to this Ordinance, rank on a basis of parity with the outstanding Current Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Current Bonds.

"Prior Bonds" refers collectively to the Series 1989 Bonds and the Series 1997 Bonds.

"Prior Bond Ordinance" refers collectively to the 1989 Bond Ordinance and the 1997 Bond Ordinance.

"*Prior Sinking Fund*" refers to the City of Central City Water and Sewer Bond Interest and Redemption Fund, described in Section 401 of this Ordinance.

"*Project*" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the City, which Project is being financed by the Current Bonds and by other funds.

"*Purchaser*" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"*RD*" refers to the Rural Development of the Department of Agriculture of the United States of America.

"*RD Grant*" refers to the RD grant described in Section 804 of this Ordinance.

"*Required Signatures*" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Mayor, (2) the Engineers and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"*Revenue Fund*" refers to the City of Central City Water and Sewer Revenue Fund, described in Section 401 of this Ordinance.

"*System*" refers to the existing combined and consolidated water and sewer system of the City, together with all extensions, additions and improvements to said System.

"*U.S. Obligations*" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Ordinance.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The City Council hereby declares the System of the City, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the City as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The City Council hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the City officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the City, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The City Council hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The City has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$19,000,000. Therefore, it is hereby determined to be necessary in order for the City to finance the cost (not otherwise provided) of the Project that the City issue a total of \$14,450,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$19,000,000
Less:		
	RD Grant	\$3,000,000
	KIA Grant	<u>1,550,000</u>
	Total Non-Bond Funds:	<u>(4,550,000)</u>
	Balance to be financed by Current Bonds	\$14,450,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$14,450,000 principal amount of City of Central City Water and Sewer Revenue Bonds, Series 2012, consisting of \$8,000,000 of Series A Bonds and \$6,450,000 of Series B Bonds.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on January 1 and July 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing January 1 or July 1, as the case may be. Principal of the Current

Bonds shall be payable on January 1 of each of the respective years until maturity, as set out in Section 201 hereof.

Section 106. Recognition of Prior Bonds. The City hereby expressly recognizes and acknowledges that the City has previously pledged, for the benefit and protection of the owners of the Prior Bonds, the gross revenues of the System, all as set forth in the Prior Bonds and in the Prior Bond Ordinance.

Section 107. Current Bonds Shall be Payable Out of Gross Revenues, Subject to the Prior Bonds. The Current Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions set forth hereinafter, shall be secured by and payable out of the gross revenues of the System, after providing only for the principal and interest requirements of the Prior Bonds.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts and on all other rights of the City pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in **Exhibit A** attached to this Ordinance and incorporated herein by reference.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale thereof shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in **Exhibit B** attached hereto and incorporated herein by reference, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201 above. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the City as prescribed herein, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), and payable as to principal and interest to the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the City by the manual or facsimile signature of the Mayor, with the Corporate Seal of the City affixed thereto and attested by the manual or facsimile signature of the City Clerk.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to January 1, 2022, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2022, shall be subject to prepayment by the City on any date falling on and after January 1, 2021, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or payments in a multiple of \$100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty. Notice of such prepayment shall be given by certified mail to the Bondowner or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Bondowner.

**ARTICLE 3. CONSTRUCTION ACCOUNT; INTERIM FINANCING;
APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.**

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The City Clerk, or such other City official as shall be designated by the City Council, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the City entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$681,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the City shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$681,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

A. Covenants Applicable if RD Purchases Current Bonds. It is acknowledged that all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures and the necessity of using RD forms (the "RD Forms"), shall apply only if the RD is the Purchaser of the Current Bonds and only so long as the RD holds the Current Bonds thereafter. In the event that the RD shall not be the Purchaser of the Current Bonds, or, after purchasing same, shall sell or transfer the Current Bonds to an Owner who shall not be the Government, all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures, and the necessity of using RD Forms, shall not be applicable.

B. Application of Proceeds of Current Bonds. The proceeds of the Current Bonds shall be applied as follows:

(1) Payment of Interim Financing, Costs of Project and Costs of Issuance. Simultaneously with the delivery of the Current Bonds, there shall immediately be paid to the Interim Lender (or the RD if Multiple Advances are made) an amount sufficient to pay principal of and interest on any temporary loans borrowed by the City in anticipation of the sale and delivery of the Current Bonds and/or of the receipt of Grant Proceeds. Also, at the time of delivery of the Current Bonds, there shall be paid all amounts then due and payable in connection with the costs of the Project and in connection with the issuance of the Current Bonds.

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "City of Central City Water and Sewer Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be deposited

in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the City at the time of receipt of Grant Proceeds.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the City of any moneys from the Construction Account, the City must obtain written approval from the RD as to such expenditures, if the RD is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Mayor, the City Clerk (or by such other official of the City as may be authorized by the City Council), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Ordinance, in payment for services and/or materials supplied in connection with the Project, as evidenced by (1) a Requisition Certificate and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Mayor (or by such other official of the City as may be authorized by the City Council), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated RD official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items.

During construction, the City shall disburse Construction Account funds in a manner consistent with RD Instruction 1780.

The City shall prepare and submit any and all RD Forms required by the RD. Periodic audits of the City's Construction Account records shall be made by RD as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account from time to time, as needed, an amount sufficient to provide for capitalized interest (initially estimated at \$175,000) during the construction of the Project, as approved by the Engineers and by the RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the City Council, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of the Project (as determined by the Engineers, the Mayor and the RD), provided that to the

extent that any amounts on deposit in said Depository Bank shall cause the total deposits of the City in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) **Statements of Contractors, Engineers and Attorneys as to Payment.** Prior to the delivery of the Current Bonds, if the RD is the Purchaser of the Current Bonds, the City will be required to provide the RD with statements from the Contractors, Engineers and attorneys for the City that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under RD Instruction 1780.

(7) **Disposition of Balance in Construction Account After Completion of Project.** When the Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the City and/or by the RD, any balance then remaining in the Construction Account may, with the consent of the RD, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Current Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Current Sinking Fund shall be used by the City immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$100 of the principal payment falling due in any year on the Current Bonds will be transferred to the Debt Reserve Fund.

Section 302. Interim Financing Authorization.

A. Interim Financing. The City shall use interim financing for the Project during construction of that portion of the cost of the Project financed by the Current Bonds, if available at reasonable rates and terms.

The borrowing of up to the aggregate sum of \$14,450,000 from the Interim Lender is hereby authorized; and the Mayor is hereby authorized to execute the Note in the name and on behalf of the

City. Each advance under the Note shall evidence a loan by the Interim Lender to the City for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

(1) At the direction of the City, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or

(2) At the direction of the City, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the City on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$14,450,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the City Clerk. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$14,450,000 shall be the maximum indebtedness which the City may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the City may reduce the amount owed by the City to the Interim Lender from time to time as and when funds are available to the City, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the City of additional proceeds from the Current Bonds and/or Grant Proceeds.

The City hereby covenants and agrees with the Interim Lender that upon the issuance and delivery of the Current Bonds and/or the receipt of said Grant Proceeds, the City will apply the proceeds thereof, to whatever extent may be necessary, in payment of the principal amount of the Note, together with accrued interest thereon to the date of such payment; and the proceeds of the Current Bonds and Grant Proceeds are hereby pledged therefor, and such pledge shall constitute a first and prior charge against said proceeds.

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the City at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the amount of the interim financing, after which, such interim financing may again be increased as theretofore. The

City further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

It is understood that the foregoing constitutes an alternative method of obtaining interim financing, and does not preclude the authorization and sale, by public advertisement or otherwise, of bond anticipation notes and/or grant anticipation notes to the most favorable bidder on the open market, by concurrent or subsequent proceedings of the City.

B. Multiple Advances by RD. In the event the Current Bonds are purchased by the RD, and in the event the City is unable to obtain a commitment for interim financing for the Project from any Interim Lender at reasonable rates and terms, the Mayor is authorized to request Multiple Advances of loan funds from the RD.

If the RD agrees to make Multiple Advances to the City pending the delivery of the Current Bonds, the Mayor is hereby authorized to execute in the name and on behalf of the City any number of Notes. Each such Note, evidencing an advance of funds by the RD to the City, shall be in the form prescribed by the RD.

Each request for an advance from the RD shall be accompanied by a Requisition Certificate. The City will also furnish to the RD, prior to the receipt of each Multiple Advance, whatever additional documentation shall be requested by the RD, including an updated supplemental title opinion of Local Counsel and an updated supplemental preliminary legal opinion of Bond Counsel.

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Project or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301 hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The proceeds of the Current Bonds are hereby pledged to the repayment of such Multiple Advances, and such pledge shall constitute a first and prior pledge against such proceeds. The City further pledges the revenues of the System to the repayment of said Multiple Advances, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

Section 303. Arbitrage Limitations on Investment of Proceeds. The City covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of enactment of this Ordinance, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The City covenants to the Owners of the Current Bonds that (1) the City will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds" and (2) the City will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute

"arbitrage bonds" and that the interest on the Current Bonds shall be excludable from gross income for Federal income tax purposes.

Prior to or at the time of delivery of the Current Bonds, the Mayor and/or the City Clerk (who are jointly and severally charged with the responsibility for the issuance of the Current Bonds) are authorized to execute such certifications as shall be required by Bond Counsel, setting out all known and contemplated facts concerning the anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by Section 148 of the Code in order to assure that interest on the Current Bonds shall be excludable from gross income for Federal income tax purposes and that the Current Bonds will not be treated as "arbitrage bonds".

ARTICLE 4. FLOW OF FUNDS.

Section 401. Funds. There was heretofore created in the Prior Bond Ordinance the following funds and accounts:

- (a) City of Central City Water and Sewer Revenue Fund
- (b) City of Central City Water and Sewer Bond Interest and Redemption Fund
- (c) City of Central City Water and Sewer Depreciation Fund
- (d) City of Central City Water and Sewer Operation and Maintenance Fund

There is hereby created and established in this Ordinance the following funds and accounts:

- (a) City of Central City Water and Sewer Sinking Fund of 2012
- (b) City of Central City Water and Sewer Debt Reserve Fund

All of the Funds shall be maintained with the Depository Bank so long as any Current Bonds remain outstanding, subject to the right of the City to designate a different depository bank.

Section 402. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Ordinance, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A. Revenue Fund. The City covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the City only for the purpose and in the manner and order of priorities specified in the Prior Bond Ordinance, as hereinafter modified by this Ordinance, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Prior Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on all Prior Bonds then outstanding, plus

- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Prior Bonds maturing on the next succeeding principal payment date.

Said Prior Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Prior Bonds.

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$175,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Current Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds maturing on the next succeeding principal payment date.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Current Bonds, but subject to the vested rights and priorities of the Prior Bonds.

D. Debt Reserve Fund. It is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall be transferred from the Revenue Fund the sum of at least \$5,675 each month which shall be deposited into the Debt Reserve Fund until there is accumulated in such Debt Reserve Fund the sum of at least \$681,000, which amount shall be maintained, and when necessary, restored to said sum of \$681,000, so long as any of the Current Bonds are outstanding and unpaid.

As further security for the Bondowners and for the benefit of the City, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Debt Reserve Fund, there shall be deposited into said Debt Reserve Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

Moneys in the Debt Reserve Fund may be withdrawn and used by the City, upon appropriate certification of the City Council, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

E. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the City's annual budget.

F. Monthly Principal and Interest Payments if Requested by the RD. So long as any of the Bonds are held or insured by the RD, the City shall, if requested by the RD, make the payments required by this Section 402, in monthly installments to the RD or to the insured Owners of the Bonds.

G. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Debt Reserve Fund for application in accordance with the terms of this Ordinance or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

H. Investment and Miscellaneous Provisions. All monies in the Sinking Fund and the Debt Reserve Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the City Council. All monies in the Sinking Fund and the Debt Reserve Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the City on deposit in the Depository Bank shall cause the total deposits of the City in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

Any such investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

All payments into the 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 Saturday, Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All monies held in any of the 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 surety bond or bonds or by a pledge of U.S. Obligations, having a market value equivalent to such deposit.

The City Clerk shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Bonds.

Section 403. Current Bonds are Subordinate to the Prior Bonds. It is hereby certified and declared that the Current Bonds shall be subordinate to the lien and pledge of the Prior Bonds on the gross revenues of the System.

ARTICLE 5. COVENANTS OF CITY.

Section 501. Rates and Charges. The City shall charge such rates and charges for all services and facilities rendered by the System, which rates and charges shall be reasonable, taking into account and consideration the cost and value of the System, the cost of maintaining, repairing and operating same and the amounts necessary for the payment of principal of and interest on Outstanding Bonds against the System. The City shall charge such rates and charges as shall be adequate to meet the requirements of Articles 4 and 5 hereof.

The City covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the City Clerk a certification of an Independent Consulting Engineer that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then Outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 603 hereof.

Section 502. Books and Accounts: Audit. The City shall maintain proper records and accounts relating to the operation of the System and the City's financial affairs; and the Bondowners, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than ninety (90) days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the RD without request, so long as the Government is the Owner of any of the Bonds, and to any Bondowner that may have made a written request for same.

Monthly operating reports shall be furnished to the RD and to any Bondowner requesting same, during the first two years of operation after completion of the Project, and whenever and so long as the City is delinquent in any of the covenants set out in the Prior Bond Ordinance or this Current Bond Ordinance. Thereafter, quarterly operating reports shall be furnished at all other times to the RD and to any Bondowner requesting the same.

Section 503. System to Continue to be Operated on Fiscal Year Basis: Annual Budget. While any of the Bonds are outstanding and unpaid, and to the extent permitted by law, the System shall continue to be operated and maintained on a Fiscal Year basis.

Not later than sixty (60) days before the end of each Fiscal Year, the City agrees to cause to be prepared a proposed annual budget of operating expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such

Proposed Budget and to the RD without request, if the Government is the Owner of any of the Bonds.

For the purpose of the Proposed Budget, operating expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the System, but shall exclude depreciation and debt service payments. The City covenants that the operating expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the City will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for operating expenses in the annual budget, except upon resolution by the City that such expenses are necessary to operate and maintain the System.

Not later than sixty (60) days before the end of each Fiscal Year, the City shall prepare an estimate of gross revenues to be derived from the operation of the System for said Fiscal Year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all Outstanding Bonds during the ensuing Fiscal Year, (b) to accumulate and maintain all required reserves enumerated herein and (c) to pay operating expenses, the City shall revise the rates and charges sufficiently to provide the funds so required.

If the Owners of at least 50% of the principal amount of the Outstanding Bonds, or the Government so long as it is the Owner of any of said Outstanding Bonds, so request, the City Council shall hold an open hearing not later than thirty (30) days before the beginning of the ensuing Fiscal Year, at which time any Bondowner may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least fifteen (15) days prior to the hearing to each registered Bondowner and to the Government.

The City covenants that annually before the first day of the Fiscal Year, the annual budget for the upcoming Fiscal Year will be adopted substantially in accordance with the Proposed Budget, and that no expenditures for operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such Fiscal Year unless directed by said City by a specific resolution duly adopted.

Section 504. General Covenants. The City, through its City Council, hereby covenants and agrees with the Owners of the Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Ordinance;

- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the City agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;
- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due, (ii) to pay the cost of operating and maintaining the System, and (iii) to provide for an adequate depreciation account;
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain combined and consolidated water and sewer systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the City shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures); and
- (7) It will, pursuant to Section 96.930-96.943 of the Kentucky Revised Statutes and other applicable legal provisions, cause rates and charges for sewer services provided by the System to be billed simultaneously with rates and charges for water service furnished to sewer customers by the System, and will provide that water service will be discontinued to any premises where there is a failure to pay any part of the aggregate charges so billed, including such penalties and fees for disconnection and/or reconnection as may be prescribed from time to time.

Section 505. Other Covenants Applicable So Long as RD Owns Any Bonds. So long as the RD shall own any of the Bonds, the City shall comply with such RD regulations, requirements and requests as shall be made by the RD, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the RD, the carrying of insurance of such types and in such amounts as the RD may specify, with insurance carriers acceptable to the RD and compliance with all of the terms and conditions of the Loan Resolution (RD Form 1780-27) adopted and executed by the City, which is hereby authorized, approved, ratified and confirmed.

Section 506. Insurance on Motors, Tanks and Structures. The City shall (a) immediately after the enactment of this Ordinance and (b) at the time of final acceptance of the Project, insure all electric motors, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the City has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS.

Section 601. Inferior Bonds. Except as hereinafter provided in this Article, the City shall not, so long as any Bonds are outstanding, issue any additional bonds payable from the revenues of the System unless the security and/or pledge of the revenues to secure such additional bonds are made inferior and subordinate in all respects to the security of the Bonds.

The City expressly reserves the right at any time to issue its bonds or other obligations payable from the revenues of the System and not ranking on a parity basis with the Current Bonds, without any proof of previous earnings or net revenues, provided that the consent of the RD must be obtained prior to the issuance of any inferior bonds so long as the RD owns any of the Bonds, and provided further that, after the initial completion of the Project, such inferior bonds may be issued only for the purpose of providing for future extensions, additions and improvements to the System, and only in express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds; provided further, that nothing in this Section is intended to restrict or shall be construed as a restriction upon, the ordinary refunding of all or a portion of the Outstanding Bonds.

Section 602. Parity Bonds to Complete the Project. The City hereby certifies, covenants and agrees that in the event that the cost of completion of the construction of the Project shall exceed the moneys available to the City from any and all sources, the City shall have the right, if necessary, to provide for such excess, and only such excess, through the issuance of Parity Bonds, provided the City has obtained a certification from the Engineers to the effect that it is necessary to issue the desired amount of Parity Bonds in order to enable the City to pay the cost (not otherwise provided) of the completion of the Project, and provided the City has complied with the provisions of Section 603 below or has obtained:

- (a) the consent of the RD if the Government is the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and
- (b) the consent of (1) the RD if the Government is the purchaser of the Current Bonds or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current Bonds have been issued, sold and delivered and are held by Owners other than the Government.

Section 603. Parity Bonds to Finance Future Improvements. The City has reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional Parity Bonds, but only under the conditions specified in this Current Bond Ordinance, which conditions are as follows:

The City further reserves the right to add new combined and consolidated water and sewer facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The City is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the City has obtained (1) the written consent of the RD for the issuance of such Parity Bonds, if the Government is the Owner of any Outstanding Bonds at the time of issuance of such Parity Bonds and (2) the written consent of the Owners of all of the then Outstanding Bonds, and no other prerequisite need be complied with by the City in order to issue Parity Bonds.

Section 604. Covenants to be Complied with at Time of Issuance of Parity Bonds. The City hereby covenants and agrees that in the event any Parity Bonds are issued, the City shall:

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the Parity Bonds;

(b) Adjust the minimum annual amount to be deposited monthly into the Debt Reserve Fund on the same basis as that prescribed in the provisions establishing such Debt Reserve Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System; and

(c) Make such Parity Bonds payable as to principal on January 1 of each year in which principal falls due and payable as to interest on January 1 and July 1 of each year until the final maturity of such Parity Bonds.

Section 605. Prepayment Provisions Applicable to Parity Bonds. If, in connection with any subsequently issued series of Parity Bonds, it is provided that excess revenues in the Revenue Fund shall be used to prepay Outstanding Bonds in advance of scheduled maturity, or if the City at its option undertakes to prepay Outstanding Bonds in advance of scheduled maturity, it is agreed and understood, for so long as the Government owns any of the Outstanding Bonds, that no such prepayment will be effected without the approval of the RD.

Section 606. Consent of the RD Regarding Future Bonds. Notwithstanding any other provisions of this Ordinance, the City agrees that so long as the Government owns any Outstanding Bonds against and/or payable from the revenues of the System, the City will not issue any future bonds, notes or other obligations against, secured by or payable from the revenues of the System without the written consent of the RD.

Section 607. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities. The City covenants and agrees that so long as any of the Bonds are outstanding, the City will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the City 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 Outstanding Bonds. Notwithstanding the foregoing, the City may at any time permanently abandon the use of, or sell at fair market value, any part of the facilities of the System, provided that:

- (a) The City is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;
- (b) The City will, in the event of any such 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;

- (c) The City certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and
- (d) The City certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year, plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

Notwithstanding any other provisions hereof, so long as any Bonds are held by the Government, the City shall not dispose of its title to the System or to any part thereof, without first obtaining the written consent of the RD.

ARTICLE 7. DEFAULT AND CONSEQUENCES.

Section 701. Events of Default. The following items shall constitute an Event of Default on the part of the City:

- (a) The failure to pay principal of the Bonds as and when same shall become due and payable, either at maturity or by proceedings for redemption.
- (b) The failure to pay any installment of interest on the Bonds when the same shall become due and payable or, if any or all of the Outstanding Bonds are owned by the RD, within 30 days thereafter.
- (c) The default by the City in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, the Prior Bond Ordinance or in this Ordinance.
- (d) The failure to promptly repair, replace or reconstruct facilities of the System that have been damaged and/or destroyed.
- (e) The entering of any order or decree with the consent or the acquiescence of the City, appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree shall be entered without the acquiescence or consent of the City, its failure to have the order vacated, discharged or stayed on appeal within 60 days after entry.

Section 702. Consequences of Event of Default. Any Owner of the Current Bonds may enforce and compel the performance of all duties and obligations of the City set forth herein. Upon the occurrence of an Event of Default, then upon the filing of a suit by any Owner of the Current Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the City with power to charge and collect rates sufficient to provide for the payment of operating and maintenance expenses and for the payment of principal of and interest on the Outstanding Bonds and to provide and apply the income and revenues in conformity with this Ordinance and with the laws of the Commonwealth of Kentucky.

The City hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the City's obligations, all contracts, and other rights of the City pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Outstanding Bonds may require the governing body of the City by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Ordinance.

**ARTICLE 8. CONTRACTUAL PROVISIONS; GRANT APPROVAL;
MISCELLANEOUS PROVISIONS.**

Section 801. Ordinance Contractual with Bondowners. The provisions of this Ordinance constitute a contract between the City and its City Council and the Owners of the Current Bonds as may be outstanding from time to time; and after the issuance of any of said Current Bonds, no change, alteration or variation of any kind of the provisions of this Ordinance shall be made in any manner which will affect an Owner's rights except as herein provided or except with the written consent of all Bondowners until such time as all of the Current Bonds and the interest thereon have been paid in full or fully provided for; provided that the City Council may adopt any resolution for any purpose not inconsistent with the terms of this Ordinance and which shall not impair the security of the Owners of the Current Bonds and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any resolution or other proceedings pertaining hereto.

It is further agreed that the Owners of 75% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Ordinance, subject to the conditions that (a) this Ordinance shall not be so modified in any manner that may adversely affect the rights of the Owners of any of the Prior Bonds, nor in any manner that may adversely affect the rights of any certain Owners of the Outstanding Bonds without similarly affecting the rights of all Owners of such Outstanding Bonds, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the RD so long as the RD owns any of the Outstanding Bonds.

Section 802. All Current Bonds are Equal. The Current Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System, or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among any of the Current Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 803. City Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the City is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible commercial or private credit sources, or to sell bonds of the City in the open market, at reasonable rates and terms, the City will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the City shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating

the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the City in the amount of \$3,000,000 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the City to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Mayor and the City Clerk are authorized to execute said RD Grant Agreement on behalf of the City. The Mayor and City Clerk are also authorized on behalf of the City to accept any and all other RD Grants offered to the City in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Use of City Streets. The use of all City streets, highways, alleys and public ways for the construction and maintenance of the Project is hereby authorized, without the necessity of further permits, licenses or other certifications from the City.

Section 806. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The City Council hereby authorizes, approves, ratifies and confirms the previous action of the officers of the City in approving and executing various documents related to the financing of the Project, including the following:

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.
- (c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).
- (d) Loan Resolution (RD Form 1780-27).
- (e) Agreement for Engineering Services with the Engineers.

Section 807. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any combined and consolidated water and sewer facility of the Project shall not be obtained through negotiation within 10 days after the date of enactment of this Ordinance and in the event that (1) such combined and consolidated water and sewer lines cannot be located within the right-of-way of the State and/or County road involved, and/or (2) such combined and consolidated water and sewer facilities cannot be located on a site already owned by the City, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without

further authorization or direction from the City or the City Council. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least 10 days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The City further approves the payment from the funds available therefor allocated to the costs of the Project to pay any judgment award, or compromise, determined by Local Counsel with the acquiescence of the City Council, toward the costs of such easements, rights-of-way and/or sites; provided, in each instance, that the payment of such funds to satisfy any judgment, award or compromise must first be approved by the RD; and the City Council further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Ordinance, shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the City is unable to obtain the approval of the RD for any such payment, the City Council shall take all reasonably necessary actions, within the powers and authority of the City Council, to make such additional amount available from all other available City resources.

Section 808. Authorization to File Required Financing Statements. In the event that it is determined by Bond Counsel or Local Counsel that the City is required to file any financing statements under the Kentucky Uniform Commercial Code in order to perfect the pledge of the gross revenues of the City's System as security for the Current Bonds, Bond Counsel and/or Local Counsel are hereby authorized to prepare and file with the appropriate officials such financing statements as they deem necessary.

ARTICLE 9. SALE OF CURRENT BONDS.

Section 901. Sale of Current Bonds. The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the City Council shall designate.

A suggested form of "Notice of Bond Sale", a suggested form of "Official Notice of Sale of Bonds" and a suggested form of "Bid Form", having been prepared in advance by Bond Counsel, and all of such documents having been found to be in satisfactory form, a copy of each is hereby ordered to be filed in the records of the City Clerk with the Minutes of the meeting at which this Ordinance is enacted. The Notice of Bond Sale shall be signed by the City Clerk and may be used for the purpose of publishing notice of the sale of the Current Bonds. Copies of such documents shall be furnished to any interested parties who may request same.

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

Section 902. Adjustment in Maturities, Prepayment Provisions and Other Dates if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason and the City, with the consent of the Purchaser of the Current Bonds, determines it is in the City's best interest to change the maturities, the applicable prepayment date or any other dates, the City may adjust the same by an Order of the City Council approving the adjustments.

ARTICLE 10. CONCLUDING PROVISIONS.

Section 1001. Covenant of City to Take All Necessary Action To Assure Compliance with the Code. In order to assure the Owners of the Current Bonds that such Current Bonds shall continue to be legal and that interest thereon will continue to be excludable from gross income for Federal income tax purposes and exempt from all Kentucky income taxation, the City covenants to and with the Owners of the Current Bonds to take the following action:

(a) The City will (1) take all actions necessary to comply with the provisions of the Code necessary to assure that interest on the Current Bonds will be excludable from gross income for Federal income tax purposes, (2) will take no actions which will violate any of the provisions of the Code, and (3) not use the proceeds of the Current Bonds for any purpose which will cause interest on the Current Bonds or on interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof to become includable in gross income for Federal income tax purposes.

(b) The City further certifies that the Current Bonds and any and all interim financing obligations of the City are not "private activity bonds" within the meaning of the Code.

(c) The City covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the City, upon the advice of Bond Counsel, that the Construction Account, or any other fund established hereunder, is subject to said rebate requirements and does in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income attributable to such excess, the City covenants and agrees to rebate to the United States of America any such excess generated from such investments and remit such excess to the United States of America on or before five years from the date of issuance of the Current Bonds, and once every five years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with any escrow agent. The City further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the City as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

Section 1002. 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, which shall continue in full force and effect.

Section 1003. All Provisions in Conflict Repealed. All motions, resolutions and orders, or parts thereof, in conflict with the provisions of this Ordinance, are to the extent of such conflict


hereby repealed. It is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds of the City payable or secured in any manner by all or any part of the income and revenues of said System or any part thereof, and which have not been heretofore sold, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered. The City covenants to correct by appropriate proceedings any required procedure previously taken invalidly.

Section 1004. Effective Date. This Ordinance shall take effect upon its enactment and publication by title and summary, as provided by law.

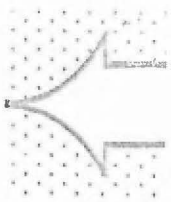
Introduced and given first reading on October 19, 2011.

Given second reading and enacted on November 9, 2011.

City of Central City, Kentucky

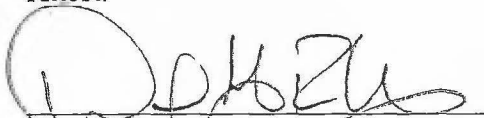


Mayor



(Seal of City)

Attest:



City Clerk

CERTIFICATION

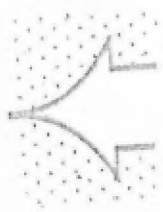
I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Central City, Kentucky, and that the foregoing Ordinance is a true copy of an Ordinance duly enacted by the City Council of said City, signed by the Mayor of said City and attested under Seal by me as City Clerk, at a properly convened meeting of said City Council held on November 9, 2011, as shown by the official records of said City in my custody and under my control.

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Ordinance has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as City Clerk and the official Seal of the City this November 9, 2011.



City Clerk



(Seal of City)

EXHIBIT A-1

Schedule of Principal Payments on Series A Bonds

<u>Payment Due</u> <u>January 1, ..</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1, ..</u>	<u>Principal</u> <u>Payment</u>
2014	\$106,500	2033	\$200,500
2015	110,500	2034	207,500
2016	114,000	2035	214,500
2017	118,000	2036	221,500
2018	122,000	2037	229,000
2019	126,000	2038	236,500
2020	130,000	2039	244,500
2021	134,500	2040	253,000
2022	139,000	2041	261,500
2023	144,000	2042	270,500
2024	148,500	2043	279,500
2025	153,500	2044	289,000
2026	159,000	2045	298,500
2027	164,500	2046	308,500
2028	170,000	2047	319,000
2029	175,500	2048	330,000
2030	181,500	2049	341,000
2031	187,500	2050	352,500
2032	194,000	2051	364,500

EXHIBIT A-2

Schedule of Principal Payments on Series B Bonds

<u>Payment Due</u> <u>January 1.</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1.</u>	<u>Principal</u> <u>Payment</u>
2014	\$86,000	2033	\$161,500
2015	89,000	2034	167,000
2016	92,000	2035	173,000
2017	95,000	2036	178,500
2018	98,500	2037	184,500
2019	101,500	2038	191,000
2020	105,000	2039	197,500
2021	108,500	2040	204,000
2022	112,000	2041	211,000
2023	116,000	2042	218,000
2024	120,000	2043	225,500
2025	124,000	2044	233,000
2026	128,000	2045	241,000
2027	132,500	2046	249,000
2028	137,000	2047	257,500
2029	141,500	2048	266,000
2030	146,500	2049	275,000
2031	151,500	2050	284,500
2032	156,500	2051	291,500

EXHIBIT B

(BOND FORM)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CITY OF CENTRAL CITY WATER AND SEWER REVENUE BONDS, SERIES 2012

No. R- _____ Interest Rate: _____ % \$ _____

KNOW ALL PERSONS BY THESE PRESENTS:

That the City of Central City (the "City"), acting by and through its City Council (the "City Council"), a fourth class city in Muhlenberg, Kentucky for value received, hereby promises to pay to

the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

_____ DOLLARS (\$ _____),

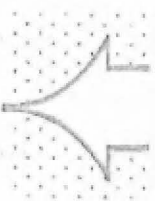
on the first day of January, in years and installments as follows:

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

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, 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, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the City.

This Bond is issued by the City as part of an issue in the aggregate principal amount of \$14,450,000, consisting of \$8,000,000 of Series A Bonds and \$6,450,000 of Series B Bonds under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 82 of the Kentucky Revised Statutes (collectively the "Act"), and



pursuant to a duly enacted Bond Ordinance of the City authorizing same (the "Current Bond Ordinance"), to which Current Bond Ordinance reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the City, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing combined and consolidated water and sewer system of the City (said existing combined and consolidated water and sewer system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued subject to the vested rights and priorities in favor of the owners of the outstanding (i) City of Central City Water and Sewer Revenue Bonds, Series of 1989, dated October 25, 1990 (the "Bonds of 1989"), authorized by an Ordinance enacted by the City Council of the City (the "1989 Bond Ordinance"); and (ii) City of Central City Water and Sewer Refunding Revenue Bonds, Series 1997, dated January 1, 1997 (the "Bonds of 1997"), authorized by an Ordinance enacted by the City Council of the City (the "1997 Bond Ordinance") [hereinafter the Bonds of 1989 and the Bonds of 1997 shall be collectively referred to as the "Prior Bonds", and the 1989 Bond Ordinance and the 1997 Bond Ordinance shall be collectively referred to as the "Prior Bond Ordinance"]. Accordingly, this Bond, together with any bonds ranking on a parity herewith, is payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds and the requirements of the Prior Bond Ordinance.

This Bond has been issued in full compliance with the Current Bond Ordinance and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Ordinance, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "City of Central City Water and Sewer Sinking Fund of 2012", created in the Current Bond Ordinance.

This Bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Ordinance, the City covenants that so long as any of the Current Bonds are outstanding, the System will be continuously owned and operated by the City as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Current Bonds and that the City will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the Current Bonds and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The City has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond, if necessary in order to complete the aforesaid extensions, additions and improvements to the System and to finance future extensions, additions and improvements to the System, provided the City has met the requirements of the Current Bond Ordinance.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the City Clerk of the City as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration book 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 January 1, 2021, in 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 a multiple 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 certified mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

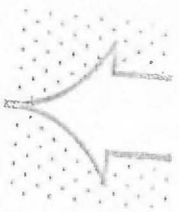
Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the City to comply with any other provision of this Bond or with any provision of the Current Bond Ordinance, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Ordinance.

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, together with all other obligations of the City, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

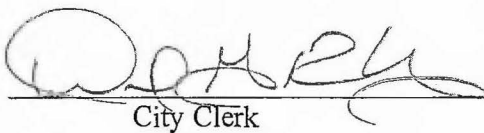
IN WITNESS WHEREOF said City of Central City, by its City Council, has caused this Bond to be executed by its Mayor, its corporate seal to be hereunto affixed, and attested by its City Clerk, on the date of this Bond, which is

CITY OF CENTRAL CITY, KENTUCKY

By 
Mayor



Attest:


City Clerk

(Seal of City)

PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the City kept for that purpose by the City Clerk, 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 owner or its attorney, such transfer to be made on said book and endorsed hereon.

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

For value received, this Bond is hereby assigned, without recourse and subject to all of its terms and conditions, unto _____, this ____ day of _____, _____.

By: _____

Barry Shaver

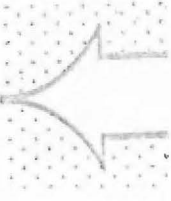


EXHIBIT C

REQUISITION CERTIFICATE

Re: City of Central City Water and Sewer Revenue Bonds, Series 2012, in the principal amount of \$14,450,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Ordinance enacted by the City of Central City, Kentucky (the "City").
2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$ _____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto.
3. That upon said amount being lent to said City and/or obtained by said City from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts on deposit in the "City of Central City Water and Sewer Construction Account".
4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the City and the parties requesting payment.

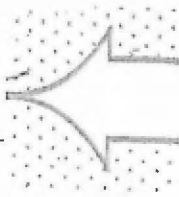
IN TESTIMONY WHEREOF, witness the signatures of the undersigned, this _____, 20____.

City of Central City, Kentucky

McGhee Engineering, Inc.

By *Barry A. Hoover*
Mayor

By _____
Registered Professional Engineer
State of Kentucky No. _____



Approved on _____

Approved on _____

USDA, Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Total _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Ordinance (2)

NOTICE OF ENACTMENT AND SUMMARY OF BOND ORDINANCE

ORDINANCE OF THE CITY OF CENTRAL CITY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$1,950,000 PRINCIPAL AMOUNT OF CITY OF CENTRAL CITY WATER SYSTEM REVENUE BONDS, SERIES 2014 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE WATER SYSTEM OF SAID CITY; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATER SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

As required by KRS 83A.060(9), I hereby certify that an Ordinance bearing the above title was given first reading (by Title and Summary) by the City Council of the City of Central City Kentucky, at a duly convened meeting of said City Council held on April 9, 2014, and was given second reading (by Title and Summary) and enacted by said City Council at a duly convened meeting held on April 30, 2014, and that the following is a Summary of such Ordinance prepared by W. Randall Jones, of the firm of Rubin & Hays, Attorneys at Law, Louisville, Kentucky. (Signed W. Randall Jones)

SUMMARY OF ORDINANCE

Said Ordinance authorizes the issuance of \$1,950,000 of City of Central City Water System Revenue Bonds, Series 2014 (the "Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of the Project referred to in said title; authorizes interim financing to pay the costs of said Project pending the issuance of the Bonds; designates Engineers for the Project and the depository bank of the proceeds of the Bonds and of certain funds to be maintained in connection with the Bonds; provides for a Sinking Fund for the payment of principal and interest on the Bonds, an Operation and Maintenance Fund, and a Depreciation Fund; provides that said Bonds are secured by a pledge of the gross revenues of the System; establishes the method of payment of the principal of and interest on the Bonds, and the conditions and restrictions for the issuance of bonds ranking on a parity with the Bonds; provides certain covenants of the City for the further protection of the holders of the Bonds, including covenants as to compliance with the Internal Revenue Code; and prescribes terms and conditions upon which bids will be received for the purchase of the Bonds.

A copy of the full text of said Ordinance is available for public inspection during regular business hours, Monday through Friday. (Signed) David G. Rhoades, City Clerk, City of Central City, Kentucky 42330.

Adopted on April 30, 2014.

CITY OF CENTRAL CITY, KENTUCKY

By Barry Shaver
Mayor

Attest:

By [Signature]
City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Central City, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of said City at a meeting duly held on April 30, 2014; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this April 30, 2014.

[Signature]
City Clerk

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Ordinance (3)

2013-03

20130

RESOLUTION

RESOLUTION OF THE CITY OF CENTRAL CITY,
KENTUCKY APPROVING AND AUTHORIZING AN
ASSISTANCE AGREEMENT WITH THE KENTUCKY
RURAL WATER FINANCE CORPORATION FOR THE
PURPOSE OF REFINANCING AND CURRENTLY
REFUNDING CERTAIN OBLIGATIONS OF THE CITY.

WHEREAS, the City Council of the City of Central City, Kentucky (the "City") has previously determined that it is in the public interest to refinance and currently refund its outstanding City of Central City Water and Sewer System Revenue Bonds, Series 1989, dated October 25, 1990, in the original principal amount of \$1,526,000 (the "Prior Bonds"), in order for the City to obtain substantial interest cost savings, which Prior Bonds were issued by the City to make improvements and extensions to the City's sewer system (the "System"); and

WHEREAS, the City desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to refinance and currently refund the outstanding Prior Bonds and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such monies, the City is required to enter into an Assistance Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Central City, Kentucky as follows:

1. **Authorization of Assistance Agreement and the Obligations Thereunder.** For the purpose of paying the costs, not otherwise provided, of the refinancing and current refunding of the Prior Bonds, the City hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$970,000 (subject to adjustment plus or minus ten percent (10%) [the "Obligations"], which amount as adjusted shall be the maximum amount of such Obligations to be outstanding at any one time under the Assistance Agreement, issued as fully registered Obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Obligations shall bear interest at such rates and shall be payable in such amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the City and the Corporation.

2. **Approval and Authorization of Execution of Assistance Agreement.** The Assistance Agreement by and between the City and the Corporation in such form as may be approved by the Mayor, is hereby approved, such approval to be conclusively evidenced by the execution of said Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Mayor, or any other officer of the City, is hereby authorized to execute and acknowledge same for and on behalf of the City; and the City Clerk is authorized to attest same and to affix thereto the corporate seal of the City. The Assistance Agreement is hereby ordered to be filed in the office of the City Clerk with this Resolution in the official records of the City.

3. **Disbursement of Proceeds of Obligations.** The City's officers, employees and agents are authorized to carry out the procedures specified in the Assistance Agreement for the refinancing and current refunding of the Prior Bonds and for the payment from time to time of the costs and related expenses associated therewith.

4. **Revenues of the System.** The revenues of the System are determined to be sufficient to pay the principal of and interest on the Obligations, as the same become due and payable; and said revenues, pursuant to the terms of the Assistance Agreement, are hereby pledged to secure all such payments, and in addition, for such other purposes as are more fully specified in the Assistance Agreement.

5. **Mayor and Other City Officials to Take Any Other Necessary Action.** Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Mayor, the Treasurer, the City Clerk and all other appropriate officials of the City are hereby authorized and directed to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Obligations and the Assistance Agreement.

6. **Severability Clause.** If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

7. **Captions of Clauses.** The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

8. **Provisions in Conflict Repealed.** All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed.

9. **Effective Date of Resolution.** This Resolution shall take effect from and after its adoption and approval.

[Signature Page Follows]

Adopted on April 10, 2013.

CITY OF CENTRAL CITY, KENTUCKY

By Barry Shaver
Mayor

Attest:

By Paul H. [Signature]
City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Central City; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Council of the City of Central City at a meeting duly held on April 10, 2013; that said official action appears as a matter of public record in the official records or Journal of the City Council; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this April 10, 2013.

Paul H. [Signature]
City Clerk

Preliminary

\$970,000

Potential Refunding through the
Kentucky Rural Water Finance Corporation
Central City

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Trustee	Net New D/S
06/30/2013	-	-	-	-	-	-
06/30/2014	-	-	18,927.50	18,927.50	450.00	19,377.50
06/30/2015	50,000.00	2.100%	29,625.00	79,625.00	450.00	80,075.00
06/30/2016	55,000.00	2.250%	28,481.25	83,481.25	450.00	83,931.25
06/30/2017	55,000.00	2.350%	27,216.25	82,216.25	450.00	82,666.25
06/30/2018	55,000.00	2.400%	25,910.00	80,910.00	450.00	81,360.00
06/30/2019	60,000.00	2.450%	24,515.00	84,515.00	450.00	84,965.00
06/30/2020	60,000.00	2.650%	22,985.00	82,985.00	450.00	83,435.00
06/30/2021	60,000.00	3.400%	21,170.00	81,170.00	450.00	81,620.00
06/30/2022	65,000.00	3.400%	19,045.00	84,045.00	450.00	84,495.00
06/30/2023	65,000.00	3.450%	16,818.75	81,818.75	450.00	82,268.75
06/30/2024	70,000.00	3.450%	14,490.00	84,490.00	450.00	84,940.00
06/30/2025	70,000.00	3.450%	12,075.00	82,075.00	450.00	82,525.00
06/30/2026	75,000.00	3.500%	9,555.00	84,555.00	450.00	85,005.00
06/30/2027	75,000.00	3.550%	6,911.25	81,911.25	450.00	82,361.25
06/30/2028	75,000.00	3.600%	4,230.00	79,230.00	450.00	79,680.00
06/30/2029	80,000.00	3.600%	1,440.00	81,440.00	450.00	81,890.00
Total	\$970,000.00	-	\$283,395.00	\$1,253,395.00	\$7,200.00	\$1,260,595.00

Raymond James

Public Finance

Preliminary

\$970,000

Potential Refunding through the
Kentucky Rural Water Finance Corporation
Central City

Debt Service Comparison

Date	Total P+i	Trustee	Net New D/S	Old Net D/S	Savings
06/30/2013	-	-	-	-	-
06/30/2014	18,927.50	450.00	19,377.50	89,075.00	69,697.50
06/30/2015	79,625.00	450.00	80,075.00	88,975.00	8,900.00
06/30/2016	83,481.25	450.00	83,931.25	89,750.00	5,818.75
06/30/2017	82,216.25	450.00	82,666.25	89,400.00	6,733.75
06/30/2018	80,910.00	450.00	81,360.00	88,950.00	7,590.00
06/30/2019	84,515.00	450.00	84,965.00	89,375.00	4,410.00
06/30/2020	82,985.00	450.00	83,435.00	89,650.00	6,215.00
06/30/2021	81,170.00	450.00	81,620.00	89,775.00	8,155.00
06/30/2022	84,045.00	450.00	84,495.00	88,775.00	4,280.00
06/30/2023	81,818.75	450.00	82,268.75	88,650.00	6,381.25
06/30/2024	84,490.00	450.00	84,940.00	89,350.00	4,410.00
06/30/2025	82,075.00	450.00	82,525.00	88,875.00	6,350.00
06/30/2026	84,555.00	450.00	85,005.00	89,225.00	4,220.00
06/30/2027	81,911.25	450.00	82,361.25	88,400.00	6,038.75
06/30/2028	79,230.00	450.00	79,680.00	88,400.00	8,720.00
06/30/2029	81,440.00	450.00	81,890.00	89,175.00	7,285.00
Total	\$1,253,395.00	\$7,200.00	\$1,260,595.00	\$1,425,800.00	\$165,205.00

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	165,205.00
Gross PV Debt Service Savings	137,033.52
Effects of changes in Expenses	(5,340.88)
Net PV Cashflow Savings @ 3.354%(Bond Yield)	131,692.64
Transfers from Prior Issue Debt Service Fund	(40,652.34)
Contingency or Rounding Amount	3,040.79
Net Present Value Benefit	\$94,081.09
Net PV Benefit / \$982,000 Refunded Principal	9.581%
Net Future Value Benefit	\$127,593.45
Net PV Benefit / \$970,000 Refunding Principal	9.699%
Average Annual Cash Flow Savings	9,717.94

Refunding Bond Information

Refunding Dated Date	6/15/2013
Refunding Delivery Date	6/15/2013

Raymond James

Final

\$895,000

Central City
Kentucky Rural Water Finance Corporation
Public Projects Refunding Revenue Bonds, Series 2013 D

Sources & Uses

Dated 06/05/2013 | Delivered 06/05/2013

Sources Of Funds

Par Amount of Bonds	\$895,000.00
Reoffering Premium	88,924.45
Transfers from Prior Issue Debt Service Funds	43,025.00

Total Sources **\$1,026,949.45**

Uses Of Funds

Total Underwriter's Discount (1.192%)	10,668.40
Costs of Issuance	17,900.00
Deposit to Current Refunding Fund	995,294.92
Rounding Amount	3,086.13

Total Uses **\$1,026,949.45**

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Ordinance (4)

NOTICE OF ENACTMENT AND SUMMARY OF BOND ORDINANCE

ORDINANCE OF THE CITY OF CENTRAL CITY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$14,420,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF CENTRAL CITY WATER AND SEWER REVENUE BONDS, SERIES 2019, CONSISTING OF \$10,400,000 OF SERIES A BONDS AND \$4,020,000 OF SERIES B BONDS, FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM OF SAID CITY; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATER SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

As required by KRS 83A.060(9), I hereby certify that an Ordinance bearing the above title was given first reading (by Title and Summary) by the City Council of the City of Central City Kentucky, at a duly convened meeting of said City Council held on February 27, 2019, and was given second reading (by Title and Summary) and enacted by said City Council at a duly convened meeting held on March 13, 2019, and that the following is a Summary of such Ordinance prepared by W. Randall Jones, an attorney licensed to practice law in the Commonwealth of Kentucky, of the firm of Rubin & Hays, Attorneys at Law, Louisville, Kentucky. (/s/ W. Randall Jones)

SUMMARY OF ORDINANCE

Said Ordinance authorizes the issuance of \$14,420,000 of City of Central City Water and Sewer Revenue Bonds, Series 2019 (the "Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of the Project referred to in said title; authorizes interim financing to pay the costs of said Project pending the issuance of the Bonds; designates Engineers for the Project and the depository bank of the proceeds of the Bonds and of certain funds to be maintained in connection with the Bonds; provides for a Sinking Fund for the payment of principal and interest on the Bonds, an Operation and Maintenance Fund, and a Debt Reserve Fund; provides that said Bonds are secured by a pledge of the gross revenues of the System; establishes the method of payment of the principal of and interest on the Bonds, and the conditions and restrictions for the issuance of bonds ranking on a parity with the Bonds; provides certain covenants of the City for the further protection of the holders of the Bonds, including covenants as to compliance with the Internal Revenue Code; and prescribes terms and conditions upon which bids will be received for the purchase of the Bonds.

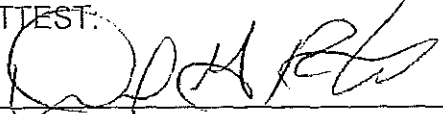
A copy of the full text of said Ordinance is available for public inspection during regular business hours, Monday through Friday. (Signed) David G. Rhoades, City Clerk, City of Central City, Kentucky 42330.

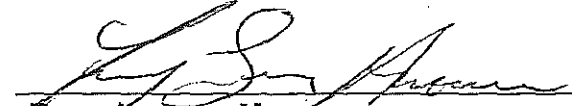
NOTICE OF BOND SALE

Sealed bids will be received by the City of Central City at the city hall in Central City, Kentucky, until 5:00 P.M., C.T., on March 13, 2019, for the purchase of \$14,420,000 of City of Central City Water System Revenue Bonds, Series 2019, to be dated as of the date of delivery and bearing interest from that date, payable semiannually, maturing on January 1, 2020 through 2059. Minimum bid, par value. USDA, Rural Development will submit a bid for the purchase of the Bonds. In the event that a bid(s) from non-governmental bidder(s) shall be received, the rate and terms of which are determined by RD to be reasonable, then such RD bid will be withdrawn. Good faith check 2%. Approving legal opinion by Rubin & Hays, Louisville, Kentucky. The Bonds will be issued on a tax-exempt basis, subject to certain qualifications set out in detail in the Official Notice of Sale of Bonds. Bid Forms, Official Notice and other information may be obtained from the undersigned. (Signed) David G. Rhoades, City Administrator, Central City, Kentucky.

DATED: This the 13th day of March, 2019.

ATTEST:


David G. Rhoades, City Clerk


Tony Armour, Mayor

FIRST READING: February 27th, 2019

ROLL CALL

	<u>YES</u>	<u>NO</u>
CHRISTMAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COOMBS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CUNNINGHAM	absent	<input type="checkbox"/>
HEARLD	absent	<input type="checkbox"/>
HIGGS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
JENKINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LANCASTER	absent	<input type="checkbox"/>
MILLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
TOTAL:	<u>5</u>	<u>0</u>

**CENTRAL CITY, KENTUCKY
MARCH 13, 2019
5:00 P.M.**

The Board of Council for the City of Central City, Kentucky met in session with Mayor Tony L. Armour. City Attorney Dennis Winters was present.

PRAYER: Shannon Coombs

COUNCIL MEMBERS PRESENT: Mae Christmas, Shannon Coombs, David Higgs, Mike Jenkins, and Richard Miller

COUNCIL MEMBERS ABSENT: Otis Cunningham, Janet Hearld, and Ellanee Lancaster

MINUTES:

February 27, 2019 Regular Meeting Minutes

A motion to accept the regular meeting minutes was made by Shannon Coombs and seconded by Mae Christmas. Unanimous “aye”, motion carried.

CORRESPONDENCE:

City Administrator David Rhoades presented the Council with a draft of the 2019 Muhlenberg County Comprehensive Plan.

FINANCIAL REPORT:

A motion to accept the February 2019 Financial Report was made by David Higgs and seconded by Richard Miller. Unanimous “aye”, motion carried.

MARCH 2019 BILLS TO BE PAID:

A motion to accept the March 2019 Bills was made by Richard Miller and seconded by Mae Christmas. Unanimous “aye”, motion carried.

ADDITIONS / DELETIONS: None

AGENDA:

A motion to adopt the agenda was made by David Higgs and seconded by Mike Jenkins. Unanimous “aye”, motion carried.

COMMITTEE REPORT:

1) **Building Inspector** – 1 permit issued with \$50.00 rebate to the City.

OLD BUSINESS:

1) **Second Reading Of Ordinance Bill #2019-01, An Ordinance Annexing Territory Into The City Of Central City, Kentucky, To Be Known As “The 2019 Scott Bunch And Jenny Bunch Annexation”**

City Attorney Dennis Winters read the second reading of Ordinance Bill #2019-01. David Higgs made a motion to accept Ordinance Bill #2019-01 and seconded by Richard Miller with a roll call vote. **Roll Call:** Mae Christmas – yes, Shannon Coombs – yes, Otis Cunningham – absent, Janet Hearld – absent, David Higgs – yes, Mike Jenkins – yes, Ellanee Lancaster – absent, and Richard Miller – yes. Motion carried.

2) **Second Reading Of Ordinance Bill #2019-02, An Ordinance Amending The Annual Budget And Appropriations For The City Of Central City, Kentucky, For The Fiscal Year July 1, 2017 Through June 30, 2018**

City Attorney Dennis Winters read the second reading of Ordinance Bill #2019-02. Richard Miller made a motion to accept Ordinance Bill #2019-02 and seconded by Mike Jenkins with a roll call vote. **Roll Call:** Mae Christmas – yes, Shannon Coombs – yes, Otis Cunningham – absent, Janet Hearld – absent,

David Higgs – yes, Mike Jenkins – yes, Ellanee Lancaster – absent, and Richard Miller – yes. Motion carried.

3) Second Reading Of Ordinance Bill #2019-03, Bond Ordinance

City Attorney Dennis Winters read the second reading of Ordinance Bill #2019-03. David Higgs made a motion to accept Ordinance Bill #2019-03 and seconded by Richard Miller with a roll call vote. **Roll Call: Mae Christmas – yes, Shannon Coombs – yes, Otis Cunningham – absent, Janet Hearld – absent, David Higgs – yes, Mike Jenkins – yes, Ellanee Lancaster – absent, and Richard Miller – yes.** Motion carried.

NEW BUSINESS:

1) Resolution #2019-04, Land And Water Conservation Fund 2019 Grant Application

City Attorney Dennis Winters read Resolution #2019-04. Shannon Coombs made a motion to accept Resolution #2019-04 and seconded by Mike Jenkins. Majority ruled, motion carried.

2) Resolution #2019-05, Recreational Trails Program 2019 Grant Application

City Attorney Dennis Winters read Resolution #2019-05. Richard Miller made a motion to accept Resolution #2019-05 and seconded by Mike Jenkins. Majority ruled, motion carried.

3) First Reading Of Ordinance Bill #2019-04, An Ordinance Amending Ordinance KOC #920.14 Article VII Entitled: “Signs And Outdoor Advertising Displays”

City Attorney Dennis Winters read the first reading of Ordinance Bill #2019-04. There was no action taken.

Mike Jenkins made a motion to adjourn. Richard Miller seconded the motion. Unanimous “aye”, motion carried.

Tony L. Armour, **Mayor**

David G. Rhoades, **City Clerk**

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Amortization Schedule and Debt Service (1)

City of Central City, Kentucky
Water and Sewer Revenue Bonds
Series 2012A and 2012B

14,450,000

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
07/01/2013	-	-	92,319.44	92,319.44
01/01/2014	-	-	180,625.00	180,625.00
07/01/2014	-	-	180,625.00	180,625.00
01/01/2015	192,500.00	2.500%	180,625.00	373,125.00
07/01/2015	-	-	178,218.75	178,218.75
01/01/2016	199,500.00	2.500%	178,218.75	377,718.75
07/01/2016	-	-	175,725.00	175,725.00
01/01/2017	206,000.00	2.500%	175,725.00	381,725.00
07/01/2017	-	-	173,150.00	173,150.00
01/01/2018	213,000.00	2.500%	173,150.00	386,150.00
07/01/2018	-	-	170,487.50	170,487.50
01/01/2019	210,500.00	2.500%	170,487.50	380,987.50
07/01/2019	-	-	167,856.25	167,856.25
01/01/2020	227,500.00	2.500%	167,856.25	395,356.25
07/01/2020	-	-	165,012.50	165,012.50
01/01/2021	235,000.00	2.500%	165,012.50	400,012.50
07/01/2021	-	-	162,075.00	162,075.00
01/01/2022	243,000.00	2.500%	162,075.00	405,075.00
07/01/2022	-	-	159,037.50	159,037.50
01/01/2023	251,000.00	2.500%	159,037.50	410,037.50
07/01/2023	-	-	155,900.00	155,900.00
01/01/2024	260,000.00	2.500%	155,900.00	415,900.00
07/01/2024	-	-	152,650.00	152,650.00
01/01/2025	268,500.00	2.500%	152,650.00	421,150.00
07/01/2025	-	-	149,293.75	149,293.75
01/01/2026	277,500.00	2.500%	149,293.75	426,793.75
07/01/2026	-	-	145,825.00	145,825.00
01/01/2027	287,000.00	2.500%	145,825.00	432,825.00
07/01/2027	-	-	142,237.50	142,237.50
01/01/2028	297,000.00	2.500%	142,237.50	439,237.50
07/01/2028	-	-	138,525.00	138,525.00
01/01/2029	307,000.00	2.500%	138,525.00	445,525.00
07/01/2029	-	-	134,687.50	134,687.50
01/01/2030	317,000.00	2.500%	134,687.50	451,687.50
07/01/2030	-	-	130,725.00	130,725.00
01/01/2031	328,000.00	2.500%	130,725.00	458,725.00
07/01/2031	-	-	126,625.00	126,625.00
01/01/2032	339,000.00	2.500%	126,625.00	465,625.00
07/01/2032	-	-	122,387.50	122,387.50
01/01/2033	350,500.00	2.500%	122,387.50	472,887.50
07/01/2033	-	-	118,006.25	118,006.25
01/01/2034	362,000.00	2.500%	118,006.25	480,006.25
07/01/2034	-	-	113,481.25	113,481.25
01/01/2035	374,500.00	2.500%	113,481.25	487,981.25

City of Central City, Kentucky

Water and Sewer Revenue Bonds

Series 2012A and 2012B

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
07/01/2035	-	-	108,800.00	108,800.00
01/01/2036	387,500.00	2.500%	108,800.00	496,300.00
07/01/2036	-	-	103,956.25	103,956.25
01/01/2037	400,000.00	2.500%	103,956.25	503,956.25
07/01/2037	-	-	98,956.25	98,956.25
01/01/2038	413,500.00	2.500%	98,956.25	512,456.25
07/01/2038	-	-	93,787.50	93,787.50
01/01/2039	427,500.00	2.500%	93,787.50	521,287.50
07/01/2039	-	-	88,443.75	88,443.75
01/01/2040	442,000.00	2.500%	88,443.75	530,443.75
07/01/2040	-	-	82,918.75	82,918.75
01/01/2041	457,000.00	2.500%	82,918.75	539,918.75
07/01/2041	-	-	77,206.25	77,206.25
01/01/2042	472,500.00	2.500%	77,206.25	549,706.25
07/01/2042	-	-	71,300.00	71,300.00
01/01/2043	498,500.00	2.500%	71,300.00	569,800.00
07/01/2043	-	-	65,068.75	65,068.75
01/01/2044	505,000.00	2.500%	65,068.75	570,068.75
07/01/2044	-	-	58,756.25	58,756.25
01/01/2045	522,000.00	2.500%	58,756.25	580,756.25
07/01/2045	-	-	52,231.25	52,231.25
01/01/2046	539,500.00	2.500%	52,231.25	591,731.25
07/01/2046	-	-	45,487.50	45,487.50
01/01/2047	557,500.00	2.500%	45,487.50	602,987.50
07/01/2047	-	-	38,518.75	38,518.75
01/01/2048	576,500.00	2.500%	38,518.75	615,018.75
07/01/2048	-	-	31,312.50	31,312.50
01/01/2049	596,000.00	2.500%	31,312.50	627,312.50
07/01/2049	-	-	23,862.50	23,862.50
01/01/2050	616,000.00	2.500%	23,862.50	639,862.50
07/01/2050	-	-	16,162.50	16,162.50
01/01/2051	637,000.00	2.500%	16,162.50	653,162.50
07/01/2051	-	-	8,200.00	8,200.00
01/01/2052	656,000.00	2.500%	8,200.00	664,200.00
Total	\$14,450,000.00	-	\$8,727,944.44	\$23,177,944.44

City of Central City, Kentucky
 Water and Sewer Revenue Bonds
 Series 2012A and 2012B

Debt Service Schedule

Part 3 of 3

Yield Statistics

Bond Year Dollars	\$349,117.78
Average Life	24.160 Years
Average Coupon	2.5000000%
Net Interest Cost (NIC)	2.5000000%
True Interest Cost (TIC)	2.5021325%
Bond Yield for Arbitrage Purposes	2.5021325%
All Inclusive Cost (AIC)	2.5021325%

IRS Form 8038

Net Interest Cost	2.5000000%
Weighted Average Maturity	24.160 Years

City of Central City, Kentucky

Water and Sewer Revenue Bonds

Series 2012A and 2012B

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
01/01/2014	-	-	272,944.44	272,944.44	272,944.44
01/01/2015	192,500.00	2.500%	361,250.00	553,750.00	553,750.00
01/01/2016	199,500.00	2.500%	356,437.50	555,937.50	555,937.50
01/01/2017	206,000.00	2.500%	351,450.00	557,450.00	557,450.00
01/01/2018	213,000.00	2.500%	346,300.00	559,300.00	559,300.00
01/01/2019	210,500.00	2.500%	340,975.00	551,475.00	551,475.00
01/01/2020	227,500.00	2.500%	335,712.50	563,212.50	563,212.50
01/01/2021	235,000.00	2.500%	330,025.00	565,025.00	565,025.00
01/01/2022	243,000.00	2.500%	324,150.00	567,150.00	567,150.00
01/01/2023	251,000.00	2.500%	318,075.00	569,075.00	569,075.00
01/01/2024	260,000.00	2.500%	311,800.00	571,800.00	571,800.00
01/01/2025	268,500.00	2.500%	305,300.00	573,800.00	573,800.00
01/01/2026	277,500.00	2.500%	298,587.50	576,087.50	576,087.50
01/01/2027	287,000.00	2.500%	291,650.00	578,650.00	578,650.00
01/01/2028	297,000.00	2.500%	284,475.00	581,475.00	581,475.00
01/01/2029	307,000.00	2.500%	277,050.00	584,050.00	584,050.00
01/01/2030	317,000.00	2.500%	269,375.00	586,375.00	586,375.00
01/01/2031	328,000.00	2.500%	261,450.00	589,450.00	589,450.00
01/01/2032	339,000.00	2.500%	253,250.00	592,250.00	592,250.00
01/01/2033	350,500.00	2.500%	244,775.00	595,275.00	595,275.00
01/01/2034	362,000.00	2.500%	236,012.50	598,012.50	598,012.50
01/01/2035	374,500.00	2.500%	226,962.50	601,462.50	601,462.50
01/01/2036	387,500.00	2.500%	217,600.00	605,100.00	605,100.00
01/01/2037	400,000.00	2.500%	207,912.50	607,912.50	607,912.50
01/01/2038	413,500.00	2.500%	197,912.50	611,412.50	611,412.50
01/01/2039	427,500.00	2.500%	187,575.00	615,075.00	615,075.00
01/01/2040	442,000.00	2.500%	176,887.50	618,887.50	618,887.50
01/01/2041	457,000.00	2.500%	165,837.50	622,837.50	622,837.50
01/01/2042	472,500.00	2.500%	154,412.50	626,912.50	626,912.50
01/01/2043	498,500.00	2.500%	142,600.00	641,100.00	641,100.00
01/01/2044	505,000.00	2.500%	130,137.50	635,137.50	635,137.50
01/01/2045	522,000.00	2.500%	117,512.50	639,512.50	639,512.50
01/01/2046	539,500.00	2.500%	104,462.50	643,962.50	643,962.50
01/01/2047	557,500.00	2.500%	90,975.00	648,475.00	648,475.00
01/01/2048	576,500.00	2.500%	77,037.50	653,537.50	653,537.50
01/01/2049	596,000.00	2.500%	62,625.00	658,625.00	658,625.00
01/01/2050	616,000.00	2.500%	47,725.00	663,725.00	663,725.00
01/01/2051	637,000.00	2.500%	32,325.00	669,325.00	669,325.00
01/01/2052	656,000.00	2.500%	16,400.00	672,400.00	672,400.00
Total	\$14,450,000.00	-	\$8,727,944.44	\$23,177,944.44	\$23,177,944.44

City of Central City, Kentucky
Water and Sewer Revenue Bonds
Series 2012A and 2012B

Bond Balance Report

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Bond Balance
07/01/2013	-	-	92,319.44	92,319.44	14,450,000.00
01/01/2014	-	-	180,625.00	180,625.00	14,450,000.00
07/01/2014	-	-	180,625.00	180,625.00	14,450,000.00
01/01/2015	192,500.00	2.500%	180,625.00	373,125.00	14,257,500.00
07/01/2015	-	-	178,218.75	178,218.75	14,257,500.00
01/01/2016	199,500.00	2.500%	178,218.75	377,718.75	14,058,000.00
07/01/2016	-	-	175,725.00	175,725.00	14,058,000.00
01/01/2017	206,000.00	2.500%	175,725.00	381,725.00	13,852,000.00
07/01/2017	-	-	173,150.00	173,150.00	13,852,000.00
01/01/2018	213,000.00	2.500%	173,150.00	386,150.00	13,639,000.00
07/01/2018	-	-	170,487.50	170,487.50	13,639,000.00
01/01/2019	210,500.00	2.500%	170,487.50	380,987.50	13,428,500.00
07/01/2019	-	-	167,856.25	167,856.25	13,428,500.00
01/01/2020	227,500.00	2.500%	167,856.25	395,356.25	13,201,000.00
07/01/2020	-	-	165,012.50	165,012.50	13,201,000.00
01/01/2021	235,000.00	2.500%	165,012.50	400,012.50	12,966,000.00
07/01/2021	-	-	162,075.00	162,075.00	12,966,000.00
01/01/2022	243,000.00	2.500%	162,075.00	405,075.00	12,723,000.00
07/01/2022	-	-	159,037.50	159,037.50	12,723,000.00
01/01/2023	251,000.00	2.500%	159,037.50	410,037.50	12,472,000.00
07/01/2023	-	-	155,900.00	155,900.00	12,472,000.00
01/01/2024	260,000.00	2.500%	155,900.00	415,900.00	12,212,000.00
07/01/2024	-	-	152,650.00	152,650.00	12,212,000.00
01/01/2025	268,500.00	2.500%	152,650.00	421,150.00	11,943,500.00
07/01/2025	-	-	149,293.75	149,293.75	11,943,500.00
01/01/2026	277,500.00	2.500%	149,293.75	426,793.75	11,666,000.00
07/01/2026	-	-	145,825.00	145,825.00	11,666,000.00
01/01/2027	287,000.00	2.500%	145,825.00	432,825.00	11,379,000.00
07/01/2027	-	-	142,237.50	142,237.50	11,379,000.00
01/01/2028	297,000.00	2.500%	142,237.50	439,237.50	11,082,000.00
07/01/2028	-	-	138,525.00	138,525.00	11,082,000.00
01/01/2029	307,000.00	2.500%	138,525.00	445,525.00	10,775,000.00
07/01/2029	-	-	134,687.50	134,687.50	10,775,000.00
01/01/2030	317,000.00	2.500%	134,687.50	451,687.50	10,458,000.00
07/01/2030	-	-	130,725.00	130,725.00	10,458,000.00
01/01/2031	328,000.00	2.500%	130,725.00	458,725.00	10,130,000.00
07/01/2031	-	-	126,625.00	126,625.00	10,130,000.00
01/01/2032	339,000.00	2.500%	126,625.00	465,625.00	9,791,000.00
07/01/2032	-	-	122,387.50	122,387.50	9,791,000.00
01/01/2033	350,500.00	2.500%	122,387.50	472,887.50	9,440,500.00
07/01/2033	-	-	118,006.25	118,006.25	9,440,500.00
01/01/2034	362,000.00	2.500%	118,006.25	480,006.25	9,078,500.00
07/01/2034	-	-	113,481.25	113,481.25	9,078,500.00

City of Central City, Kentucky
 Water and Sewer Revenue Bonds
 Series 2012A and 2012B

Bond Balance Report

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Bond Balance
01/01/2035	374,500.00	2.500%	113,481.25	487,981.25	8,704,000.00
07/01/2035	-	-	108,800.00	108,800.00	8,704,000.00
01/01/2036	387,500.00	2.500%	108,800.00	496,300.00	8,316,500.00
07/01/2036	-	-	103,956.25	103,956.25	8,316,500.00
01/01/2037	400,000.00	2.500%	103,956.25	503,956.25	7,916,500.00
07/01/2037	-	-	98,956.25	98,956.25	7,916,500.00
01/01/2038	413,500.00	2.500%	98,956.25	512,456.25	7,503,000.00
07/01/2038	-	-	93,787.50	93,787.50	7,503,000.00
01/01/2039	427,500.00	2.500%	93,787.50	521,287.50	7,075,500.00
07/01/2039	-	-	88,443.75	88,443.75	7,075,500.00
01/01/2040	442,000.00	2.500%	88,443.75	530,443.75	6,633,500.00
07/01/2040	-	-	82,918.75	82,918.75	6,633,500.00
01/01/2041	457,000.00	2.500%	82,918.75	539,918.75	6,176,500.00
07/01/2041	-	-	77,206.25	77,206.25	6,176,500.00
01/01/2042	472,500.00	2.500%	77,206.25	549,706.25	5,704,000.00
07/01/2042	-	-	71,300.00	71,300.00	5,704,000.00
01/01/2043	498,500.00	2.500%	71,300.00	569,800.00	5,205,500.00
07/01/2043	-	-	65,068.75	65,068.75	5,205,500.00
01/01/2044	505,000.00	2.500%	65,068.75	570,068.75	4,700,500.00
07/01/2044	-	-	58,756.25	58,756.25	4,700,500.00
01/01/2045	522,000.00	2.500%	58,756.25	580,756.25	4,178,500.00
07/01/2045	-	-	52,231.25	52,231.25	4,178,500.00
01/01/2046	539,500.00	2.500%	52,231.25	591,731.25	3,639,000.00
07/01/2046	-	-	45,487.50	45,487.50	3,639,000.00
01/01/2047	557,500.00	2.500%	45,487.50	602,987.50	3,081,500.00
07/01/2047	-	-	38,518.75	38,518.75	3,081,500.00
01/01/2048	576,500.00	2.500%	38,518.75	615,018.75	2,505,000.00
07/01/2048	-	-	31,312.50	31,312.50	2,505,000.00
01/01/2049	596,000.00	2.500%	31,312.50	627,312.50	1,909,000.00
07/01/2049	-	-	23,862.50	23,862.50	1,909,000.00
01/01/2050	616,000.00	2.500%	23,862.50	639,862.50	1,293,000.00
07/01/2050	-	-	16,162.50	16,162.50	1,293,000.00
01/01/2051	637,000.00	2.500%	16,162.50	653,162.50	656,000.00
07/01/2051	-	-	8,200.00	8,200.00	656,000.00
01/01/2052	656,000.00	2.500%	8,200.00	664,200.00	-
Total	\$14,450,000.00	-	\$8,727,944.44	\$23,177,944.44	-

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Amortization Schedule and Debt Service (2)

City of Central City, Kentucky

Water System Revenue Bonds

Series 2014

21,950

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
07/01/2014	-	-	1,760.42	1,760.42
01/01/2015	-	-	24,375.00	24,375.00
07/01/2015	-	-	24,375.00	24,375.00
01/01/2016	-	-	24,375.00	24,375.00
07/01/2016	-	-	24,375.00	24,375.00
01/01/2017	31,500.00	2.500%	24,375.00	55,875.00
07/01/2017	-	-	23,981.25	23,981.25
01/01/2018	32,000.00	2.500%	23,981.25	55,981.25
07/01/2018	-	-	23,581.25	23,581.25
01/01/2019	33,000.00	2.500%	23,581.25	56,581.25
07/01/2019	-	-	23,168.75	23,168.75
01/01/2020	34,000.00	2.500%	23,168.75	57,168.75
07/01/2020	-	-	22,743.75	22,743.75
01/01/2021	34,500.00	2.500%	22,743.75	57,243.75
07/01/2021	-	-	22,312.50	22,312.50
01/01/2022	35,500.00	2.500%	22,312.50	57,812.50
07/01/2022	-	-	21,868.75	21,868.75
01/01/2023	36,500.00	2.500%	21,868.75	58,368.75
07/01/2023	-	-	21,412.50	21,412.50
01/01/2024	37,500.00	2.500%	21,412.50	58,912.50
07/01/2024	-	-	20,943.75	20,943.75
01/01/2025	38,000.00	2.500%	20,943.75	58,943.75
07/01/2025	-	-	20,468.75	20,468.75
01/01/2026	39,000.00	2.500%	20,468.75	59,468.75
07/01/2026	-	-	19,981.25	19,981.25
01/01/2027	40,000.00	2.500%	19,981.25	59,981.25
07/01/2027	-	-	19,481.25	19,481.25
01/01/2028	41,000.00	2.500%	19,481.25	60,481.25
07/01/2028	-	-	18,968.75	18,968.75
01/01/2029	42,000.00	2.500%	18,968.75	60,968.75
07/01/2029	-	-	18,443.75	18,443.75
01/01/2030	43,000.00	2.500%	18,443.75	61,443.75
07/01/2030	-	-	17,906.25	17,906.25
01/01/2031	44,500.00	2.500%	17,906.25	62,406.25
07/01/2031	-	-	17,350.00	17,350.00
01/01/2032	45,500.00	2.500%	17,350.00	62,850.00
07/01/2032	-	-	16,781.25	16,781.25
01/01/2033	46,500.00	2.500%	16,781.25	63,281.25
07/01/2033	-	-	16,200.00	16,200.00
01/01/2034	47,500.00	2.500%	16,200.00	63,700.00
07/01/2034	-	-	15,606.25	15,606.25
01/01/2035	49,000.00	2.500%	15,606.25	64,606.25
07/01/2035	-	-	14,993.75	14,993.75
01/01/2036	50,000.00	2.500%	14,993.75	64,993.75

City of Central City, Kentucky

Water System Revenue Bonds

Series 2014

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
07/01/2036	-	-	14,368.75	14,368.75
01/01/2037	51,500.00	2.500%	14,368.75	65,868.75
07/01/2037	-	-	13,725.00	13,725.00
01/01/2038	52,500.00	2.500%	13,725.00	66,225.00
07/01/2038	-	-	13,068.75	13,068.75
01/01/2039	54,000.00	2.500%	13,068.75	67,068.75
07/01/2039	-	-	12,393.75	12,393.75
01/01/2040	55,500.00	2.500%	12,393.75	67,893.75
07/01/2040	-	-	11,700.00	11,700.00
01/01/2041	56,500.00	2.500%	11,700.00	68,200.00
07/01/2041	-	-	10,993.75	10,993.75
01/01/2042	58,000.00	2.500%	10,993.75	68,993.75
07/01/2042	-	-	10,268.75	10,268.75
01/01/2043	59,500.00	2.500%	10,268.75	69,768.75
07/01/2043	-	-	9,525.00	9,525.00
01/01/2044	61,000.00	2.500%	9,525.00	70,525.00
07/01/2044	-	-	8,762.50	8,762.50
01/01/2045	62,500.00	2.500%	8,762.50	71,262.50
07/01/2045	-	-	7,981.25	7,981.25
01/01/2046	64,000.00	2.500%	7,981.25	71,981.25
07/01/2046	-	-	7,181.25	7,181.25
01/01/2047	65,500.00	2.500%	7,181.25	72,681.25
07/01/2047	-	-	6,362.50	6,362.50
01/01/2048	67,500.00	2.500%	6,362.50	73,862.50
07/01/2048	-	-	5,518.75	5,518.75
01/01/2049	69,000.00	2.500%	5,518.75	74,518.75
07/01/2049	-	-	4,656.25	4,656.25
01/01/2050	71,000.00	2.500%	4,656.25	75,656.25
07/01/2050	-	-	3,768.75	3,768.75
01/01/2051	72,500.00	2.500%	3,768.75	76,268.75
07/01/2051	-	-	2,862.50	2,862.50
01/01/2052	74,500.00	2.500%	2,862.50	77,362.50
07/01/2052	-	-	1,931.25	1,931.25
01/01/2053	76,000.00	2.500%	1,931.25	77,931.25
07/01/2053	-	-	981.25	981.25
01/01/2054	78,500.00	2.500%	981.25	79,481.25
Total	\$1,950,000.00	-	\$1,168,122.92	\$3,118,122.92

City of Central City, Kentucky

Water System Revenue Bonds

Series 2014

Debt Service Schedule

Part 3 of 3

Yield Statistics

Bond Year Dollars	\$46,724.92
Average Life	23.961 Years
Average Coupon	2.5000000%
Net Interest Cost (NIC)	2.5000000%
True Interest Cost (TIC)	2.4398379%
Bond Yield for Arbitrage Purposes	2.4398379%
All Inclusive Cost (AIC)	2.4398379%

IRS Form 8038

Net Interest Cost	2.5000000%
Weighted Average Maturity	23.961 Years

City of Central City, Kentucky

Water System Revenue Bonds

Series 2014

Proof Of Bond Yield @ 2.4398379%

Part 1 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
06/18/2014	-	1.0000000x	-	-
07/01/2014	1,760.42	0.9887992x	1,740.70	1,740.70
01/01/2015	24,375.00	0.9769517x	23,813.20	25,553.90
07/01/2015	24,375.00	0.9651085x	23,524.52	49,078.42
01/01/2016	24,375.00	0.9535400x	23,242.54	72,320.96
07/01/2016	24,375.00	0.9419854x	22,960.89	95,281.85
01/01/2017	55,875.00	0.9306988x	52,002.80	147,284.65
07/01/2017	23,981.25	0.9194163x	22,048.75	169,333.40
01/01/2018	55,981.25	0.9084001x	50,853.38	220,186.77
07/01/2018	23,581.25	0.8973879x	21,161.53	241,348.30
01/01/2019	56,581.25	0.8866357x	50,166.96	291,515.26
07/01/2019	23,168.75	0.8758873x	20,293.21	311,808.48
01/01/2020	57,168.75	0.8653883x	49,473.17	361,281.65
07/01/2020	22,743.75	0.8549019x	19,443.67	380,725.32
01/01/2021	57,243.75	0.8446587x	48,351.43	429,076.75
07/01/2021	22,312.50	0.8344192x	18,617.98	447,694.73
01/01/2022	57,812.50	0.8244215x	47,661.87	495,356.60
07/01/2022	21,868.75	0.8144273x	17,810.51	513,167.11
01/01/2023	58,368.75	0.8046691x	46,967.53	560,134.64
07/01/2023	21,412.50	0.7949144x	17,021.10	577,155.75
01/01/2024	58,912.50	0.7853860x	46,269.05	623,424.80
07/01/2024	20,943.75	0.7758690x	16,249.61	639,674.41
01/01/2025	58,943.75	0.7665728x	45,184.68	684,859.08
07/01/2025	20,468.75	0.7572799x	15,500.57	700,359.65
01/01/2026	59,468.75	0.7482064x	44,494.90	744,854.55
07/01/2026	19,981.25	0.7391362x	14,768.86	759,623.42
01/01/2027	59,981.25	0.7302801x	43,803.11	803,426.53
07/01/2027	19,481.25	0.7214272x	14,054.30	817,480.84
01/01/2028	60,481.25	0.7127796x	43,109.80	860,590.64
07/01/2028	18,968.75	0.7041424x	13,356.70	873,947.34
01/01/2029	60,968.75	0.6957056x	42,416.30	916,363.64
07/01/2029	18,443.75	0.6872718x	12,675.87	929,039.51
01/01/2030	61,443.75	0.6790372x	41,722.59	970,762.10
07/01/2030	17,906.25	0.6708054x	12,011.61	982,773.71
01/01/2031	62,406.25	0.6627681x	41,360.87	1,024,134.58
07/01/2031	17,350.00	0.6547336x	11,359.63	1,035,494.21
01/01/2032	62,850.00	0.6468855x	40,656.75	1,076,150.96
07/01/2032	16,781.25	0.6390468x	10,724.00	1,086,874.97
01/01/2033	63,281.25	0.6313899x	39,955.14	1,126,830.11
07/01/2033	16,200.00	0.6237358x	10,104.52	1,136,934.63
01/01/2034	63,700.00	0.6162624x	39,255.91	1,176,190.54
07/01/2034	15,606.25	0.6087917x	9,500.95	1,185,691.50
01/01/2035	64,606.25	0.6014973x	38,860.49	1,224,551.99

City of Central City, Kentucky

Water System Revenue Bonds

Series 2014

Proof Of Bond Yield @ 2.4398379%

Part 2 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
07/01/2035	14,993.75	0.5942056x	8,909.37	1,233,461.36
01/01/2036	64,993.75	0.5870830x	38,156.73	1,271,618.08
07/01/2036	14,368.75	0.5799690x	8,333.43	1,279,951.51
01/01/2037	65,868.75	0.5730200x	37,744.11	1,317,695.62
07/01/2037	13,725.00	0.5660734x	7,769.36	1,325,464.98
01/01/2038	66,225.00	0.5592909x	37,039.04	1,362,504.02
07/01/2038	13,068.75	0.5525109x	7,220.63	1,369,724.65
01/01/2039	67,068.75	0.5458909x	36,612.22	1,406,336.86
07/01/2039	12,393.75	0.5392732x	6,683.62	1,413,020.48
01/01/2040	67,893.75	0.5328091x	36,174.41	1,449,194.89
07/01/2040	11,700.00	0.5263527x	6,158.33	1,455,353.22
01/01/2041	68,200.00	0.5200461x	35,467.15	1,490,820.36
07/01/2041	10,993.75	0.5137418x	5,647.95	1,496,468.31
01/01/2042	68,993.75	0.5075863x	35,020.28	1,531,488.60
07/01/2042	10,268.75	0.5014330x	5,149.09	1,536,637.69
01/01/2043	69,768.75	0.4954250x	34,565.18	1,571,202.87
07/01/2043	9,525.00	0.4894192x	4,661.72	1,575,864.59
01/01/2044	70,525.00	0.4835526x	34,102.55	1,609,967.14
07/01/2044	8,762.50	0.4776931x	4,185.79	1,614,152.92
01/01/2045	71,262.50	0.4719696x	33,633.73	1,647,786.66
07/01/2045	7,981.25	0.4662480x	3,721.24	1,651,507.90
01/01/2046	71,981.25	0.4606616x	33,159.00	1,684,666.90
07/01/2046	7,181.25	0.4550772x	3,268.02	1,687,934.92
01/01/2047	72,681.25	0.4496246x	32,679.28	1,720,614.20
07/01/2047	6,362.50	0.4441739x	2,826.06	1,723,440.25
01/01/2048	73,862.50	0.4388498x	32,414.54	1,755,854.79
07/01/2048	5,518.75	0.4335320x	2,392.55	1,758,247.35
01/01/2049	74,518.75	0.4283375x	31,919.18	1,790,166.53
07/01/2049	4,656.25	0.4231449x	1,970.27	1,792,136.79
01/01/2050	75,656.25	0.4180749x	31,629.98	1,823,766.78
07/01/2050	3,768.75	0.4130068x	1,556.52	1,825,323.30
01/01/2051	76,268.75	0.4080583x	31,122.09	1,856,445.39
07/01/2051	2,862.50	0.4031115x	1,153.91	1,857,599.30
01/01/2052	77,362.50	0.3982795x	30,811.90	1,888,411.20
07/01/2052	1,931.25	0.3934533x	759.86	1,889,171.05
01/01/2053	77,931.25	0.3887391x	30,294.92	1,919,465.98
07/01/2053	981.25	0.3840266x	376.83	1,919,842.80
01/01/2054	79,481.25	0.3794253x	30,157.20	1,950,000.00
Total	\$3,118,122.92	-	\$1,950,000.00	-

Derivation Of Target Amount

Par Amount of Bonds	\$1,950,000.00
Original Issue Proceeds	\$1,950,000.00

Series 2014 Water | SINGLE PURPOSE | 9/25/2014 | 3:08 PM

City of Central City, Kentucky

Water System Revenue Bonds

Series 2014

Derivation Of Form 8038 Yield Statistics

Part 1 of 2

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
06/18/2014	-	-	-	-	-
01/01/2017	31,500.00	100.000%	31,500.00	2.5361111x	79,887.50
01/01/2018	32,000.00	100.000%	32,000.00	3.5361111x	113,155.56
01/01/2019	33,000.00	100.000%	33,000.00	4.5361111x	149,691.67
01/01/2020	34,000.00	100.000%	34,000.00	5.5361111x	188,227.78
01/01/2021	34,500.00	100.000%	34,500.00	6.5361111x	225,495.83
01/01/2022	35,500.00	100.000%	35,500.00	7.5361111x	267,531.94
01/01/2023	36,500.00	100.000%	36,500.00	8.5361111x	311,568.06
01/01/2024	37,500.00	100.000%	37,500.00	9.5361111x	357,604.17
01/01/2025	38,000.00	100.000%	38,000.00	10.5361111x	400,372.22
01/01/2026	39,000.00	100.000%	39,000.00	11.5361111x	449,908.33
01/01/2027	40,000.00	100.000%	40,000.00	12.5361111x	501,444.44
01/01/2028	41,000.00	100.000%	41,000.00	13.5361111x	554,980.56
01/01/2029	42,000.00	100.000%	42,000.00	14.5361111x	610,516.67
01/01/2030	43,000.00	100.000%	43,000.00	15.5361111x	668,052.78
01/01/2031	44,500.00	100.000%	44,500.00	16.5361111x	735,856.94
01/01/2032	45,500.00	100.000%	45,500.00	17.5361111x	797,893.06
01/01/2033	46,500.00	100.000%	46,500.00	18.5361111x	861,929.17
01/01/2034	47,500.00	100.000%	47,500.00	19.5361111x	927,965.28
01/01/2035	49,000.00	100.000%	49,000.00	20.5361111x	1,006,269.44
01/01/2036	50,000.00	100.000%	50,000.00	21.5361111x	1,076,805.56
01/01/2037	51,500.00	100.000%	51,500.00	22.5361111x	1,160,609.72
01/01/2038	52,500.00	100.000%	52,500.00	23.5361111x	1,235,645.83
01/01/2039	54,000.00	100.000%	54,000.00	24.5361111x	1,324,950.00
01/01/2040	55,500.00	100.000%	55,500.00	25.5361111x	1,417,254.17
01/01/2041	56,500.00	100.000%	56,500.00	26.5361111x	1,499,290.28
01/01/2042	58,000.00	100.000%	58,000.00	27.5361111x	1,597,094.44
01/01/2043	59,500.00	100.000%	59,500.00	28.5361111x	1,697,898.61
01/01/2044	61,000.00	100.000%	61,000.00	29.5361111x	1,801,702.78
01/01/2045	62,500.00	100.000%	62,500.00	30.5361111x	1,908,506.94
01/01/2046	64,000.00	100.000%	64,000.00	31.5361111x	2,018,311.11
01/01/2047	65,500.00	100.000%	65,500.00	32.5361111x	2,131,115.28
01/01/2048	67,500.00	100.000%	67,500.00	33.5361111x	2,263,687.50
01/01/2049	69,000.00	100.000%	69,000.00	34.5361111x	2,382,991.67
01/01/2050	71,000.00	100.000%	71,000.00	35.5361111x	2,523,063.89
01/01/2051	72,500.00	100.000%	72,500.00	36.5361111x	2,648,868.06
01/01/2052	74,500.00	100.000%	74,500.00	37.5361111x	2,796,440.28
01/01/2053	76,000.00	100.000%	76,000.00	38.5361111x	2,928,744.44
01/01/2054	78,500.00	100.000%	78,500.00	39.5361111x	3,103,584.72
Total	\$1,950,000.00	-	\$1,950,000.00	-	\$46,724,916.67

Derivation Of Form 8038 Yield Statistics

Part 2 of 2

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	23.961 Years
Total Interest from Debt Service	1,168,122.92
Total Interest	1,168,122.92
NIC = Interest / (Issue Price * Average Maturity)	2.5000000%
Bond Yield for Arbitrage Purposes	2.4398379%

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Amortization Schedule and Debt Service (3)

Final
\$ 895,000

Preliminary

\$970,000

Central City
Kentucky Rural Water Finance Corporation
Public Projects Refunding Revenue Bonds, Series 2013 D

Proof of Prior Debt Service Fund Transfers

Issue	Maturity	Coupon	Principal	Months of Interest	Interest Accrued	Months of Principal	Principal Accrued
31,262.50							
Central City 1990	09/01/2013	5.000%	41,000.00	3/6 Months	512.50	9/12 Months	30,750.00
537.50							
Central City 1990	09/01/2014	5.000%	43,000.00	3/6 Months	537.50		-
575.00							
Central City 1990	09/01/2015	5.000%	46,000.00	3/6 Months	575.00		-
600.00							
Central City 1990	09/01/2016	5.000%	48,000.00	3/6 Months	600.00		-
625.00							
Central City 1990	09/01/2017	5.000%	50,000.00	3/6 Months	625.00		-
662.50							
Central City 1990	09/01/2018	5.000%	53,000.00	3/6 Months	662.50		-
700.00							
Central City 1990	09/01/2019	5.000%	56,000.00	3/6 Months	700.00		-
737.50							
Central City 1990	09/01/2020	5.000%	59,000.00	3/6 Months	737.50		-
762.50							
Central City 1990	09/01/2021	5.000%	61,000.00	3/6 Months	762.50		-
800.00							
Central City 1990	09/01/2022	5.000%	64,000.00	3/6 Months	800.00		-
850.00							
Central City 1990	09/01/2023	5.000%	68,000.00	3/6 Months	850.00		-
887.50							
Central City 1990	09/01/2024	5.000%	71,000.00	3/6 Months	887.50		-
937.50							
Central City 1990	09/01/2025	5.000%	75,000.00	3/6 Months	937.50		-
975.00							
Central City 1990	09/01/2026	5.000%	78,000.00	3/6 Months	975.00		-
1,025.00							
Central City 1990	09/01/2027	5.000%	82,000.00	3/6 Months	1,025.00		-
1,087.50							
Central City 1990	09/01/2028	5.000%	87,000.00	3/6 Months	1,087.50		-
\$43,025.00							
Subtotal	-	-	\$982,000.00		\$12,275.00		\$30,750.00
Total	-	-	\$982,000.00		\$12,275.00		\$30,750.00

Raymond James

Preliminary

\$970,000

Central City

Kentucky Rural Water Finance Corporation

Public Projects Refunding Revenue Bonds, Series 2013 D

Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
06/30/2013	-	-	-	-	-
06/30/2014	19,199.61	350.00	19,549.61	89,075.00	69,525.39
06/30/2015	79,267.50	350.00	79,617.50	88,975.00	9,357.50
06/30/2016	83,137.50	350.00	83,487.50	89,750.00	6,262.50
06/30/2017	81,845.00	350.00	82,195.00	89,400.00	7,205.00
06/30/2018	80,470.00	350.00	80,820.00	88,950.00	8,130.00
06/30/2019	83,972.50	350.00	84,322.50	89,375.00	5,052.50
06/30/2020	82,127.50	350.00	82,477.50	89,650.00	7,172.50
06/30/2021	80,072.50	350.00	80,422.50	89,775.00	9,352.50
06/30/2022	82,963.75	350.00	83,313.75	88,775.00	5,461.25
06/30/2023	80,802.50	350.00	81,152.50	88,650.00	7,497.50
06/30/2024	83,592.50	350.00	83,942.50	89,350.00	5,407.50
06/30/2025	81,317.50	350.00	81,667.50	88,875.00	7,207.50
06/30/2026	83,942.50	350.00	84,292.50	89,225.00	4,932.50
06/30/2027	81,448.75	350.00	81,798.75	88,400.00	6,601.25
06/30/2028	78,936.25	350.00	79,286.25	88,400.00	9,113.75
06/30/2029	81,340.00	350.00	81,690.00	89,175.00	7,485.00
Total	\$1,244,435.86	\$5,600.00	\$1,250,035.86	\$1,425,800.00	\$175,764.14

PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	175,764.14
Gross PV Debt Service Savings	150,691.94
Effects of changes in Expenses	(4,351.82)
Net PV Cashflow Savings @ 3.495%(AIC)	146,340.12
Transfers from Prior Issue Debt Service Fund	(43,025.00)
Contingency or Rounding Amount	3,444.69
Net Present Value Benefit	\$106,759.81
Net PV Benefit / \$982,000 Refunded Principal	10.872%
Net Future Value Benefit	\$136,183.83
Net PV Benefit / \$970,000 Refunding Principal	11.006%
Average Annual Cash Flow Savings	10,339.07

Refunding Bond Information

Refunding Dated Date	6/09/2013
Refunding Delivery Date	6/09/2013

Raymond James

Public Finance

**KRWFC Flexible Term Program Series 2013 D
Sinking Fund Payment Schedule**

Borrower: Central City
Closing Date: 06/05/13

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
8/13-1/14	3,750.00	3,778.73	7,528.73
2/14-8/14 <i>7/14</i>	3,750.00	2,882.08	6,632.08
8/14-1/15	4,166.67	2,795.83	6,962.50
2/15-7/15	4,166.67	2,795.83	6,962.50
8/15-1/16	4,166.67	2,700.00	6,866.67
2/16-7/16	4,166.67	2,700.00	6,866.67
8/16-1/17	4,166.67	2,562.50	6,729.17
2/17-7/17	4,166.67	2,562.50	6,729.17
8/17-1/18	4,166.67	2,383.33	6,550.00
2/18-7/18	4,166.67	2,383.33	6,550.00
8/18-1/19	4,583.33	2,204.17	6,787.50
2/19-7/19	4,583.33	2,204.17	6,787.50
8/19-1-20	4,583.33	2,007.08	6,590.42
2/20-7/20	4,583.33	2,007.08	6,590.42
8/20-1/21	5,000.00	1,810.00	6,810.00
2/21-7/21	5,000.00	1,810.00	6,810.00
8/21-1/22	5,000.00	1,595.00	6,595.00
2/22-7/22	5,000.00	1,595.00	6,595.00
8/22-1/23	5,416.67	1,380.00	6,796.67
2/23-7/23	5,416.67	1,380.00	6,796.67
8/23-1/24	5,416.67	1,147.08	6,563.75
2/24-7/24	5,416.67	1,147.08	6,563.75
8/24-1/25	5,833.33	914.17	6,747.50
2/25-7/25	5,833.33	914.17	6,747.50
8/25-1/26	5,833.33	663.33	6,496.67
2/26-7/26	5,833.33	663.33	6,496.67
8/26-1/27	6,250.00	412.50	6,662.50
2/27-7/27	6,250.00	412.50	6,662.50
8/27-1/28	6,250.00	206.25	6,456.25
2/28-7/28	6,250.00	206.25	6,456.25
8/28-1/29	-	-	-
	<u>895,000.00</u>	<u>313,339.89</u>	<u>1,208,339.89</u>

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2013 D

Borrower: Central City
 Closing Date: 06/05/13

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
01/01/13						
07/01/13						
01/01/14			22,672.39	350.00	23,022.39	
07/01/14	45,000.00	2.300%	17,292.50		62,292.50	85,314.89
01/01/15			16,775.00	350.00	17,125.00	
07/01/15	50,000.00	2.300%	16,775.00		66,775.00	83,900.00
01/01/16			16,200.00	350.00	16,550.00	
07/01/16	50,000.00	3.300%	16,200.00		66,200.00	82,750.00
01/01/17			15,375.00	350.00	15,725.00	
07/01/17	50,000.00	4.300%	15,375.00		65,375.00	81,100.00
01/01/18			14,300.00	350.00	14,650.00	
07/01/18	50,000.00	4.300%	14,300.00		64,300.00	78,950.00
01/01/19			13,225.00	350.00	13,575.00	
07/01/19	55,000.00	4.300%	13,225.00		68,225.00	81,800.00
01/01/20			12,042.50	350.00	12,392.50	
07/01/20	55,000.00	4.300%	12,042.50		67,042.50	79,435.00
01/01/21			10,860.00	350.00	11,210.00	
07/01/21	60,000.00	4.300%	10,860.00		70,860.00	82,070.00
01/01/22			9,570.00	350.00	9,920.00	
07/01/22	60,000.00	4.300%	9,570.00		69,570.00	79,490.00
01/01/23			8,280.00	350.00	8,630.00	
07/01/23	65,000.00	4.300%	8,280.00		73,280.00	81,910.00
01/01/24			6,882.50	350.00	7,232.50	
07/01/24	65,000.00	4.300%	6,882.50		71,882.50	79,115.00
01/01/25			5,485.00	350.00	5,835.00	
07/01/25	70,000.00	4.300%	5,485.00		75,485.00	81,320.00
01/01/26			3,980.00	350.00	4,330.00	
07/01/26	70,000.00	4.300%	3,980.00		73,980.00	78,310.00
01/01/27			2,475.00	350.00	2,825.00	
07/01/27	75,000.00	3.300%	2,475.00		77,475.00	80,300.00
01/01/28			1,237.50	350.00	1,587.50	
07/01/28	75,000.00	3.300%	1,237.50		76,237.50	77,825.00
01/01/29						
Totals	895,000.00		313,339.89	5,250.00	1,213,589.89	1,213,589.89

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

6. List all persons on Central City's payroll during the proposed test period. For each employee, state their job duties, total wages paid during the fiscal year, current salary or wage rate, and the percentage of work hours spent performing duties for each city division (e.g., water, sewer, police department, public works) during the fiscal year. If Central City's records do not permit the allocation of an employee's work hours among city divisions, provide an estimate for each employee and explain how Central City derived the estimate.

Response: See attached Excel file. Regarding the percentage of work hours spent performing duties for the water operations during the test year, the supervisor and operators of the water treatment plant spend 100% of their working time dedicated to the water operations. With respect to the other positions listed, their duties can vary depending on pending projects at any given time. Overall, David Rhoades estimates that these positions are consistent with the 60/40 allocation, whereby these employees spend on average 60 percent of their time for the department working on water operations and 40 percent of their time working on sewer operations.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

7. For each employee listed in Item 6 above, describe how Central City allocated their payroll and payroll overhead charges to each city division for the proposed test period. This response shall include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health insurance premiums, pension costs, and any other employee benefit costs.

Response: Please see attached Excel file, which is being under a Motion for Confidential Treatment.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

8. a. List all joint or shared costs that Central City incurred during the proposed test period. For each cost, list the vendor, total expense amount, amounts allocated per division, and the basis for allocation.
- b. Describe the procedures to allocate joint and shared costs among divisions for the proposed test period.
- c. Provide all internal memorandums, policy statements, correspondence, and documents related to the allocation of joint and shared costs.

Response:

WITNESS: The only joint or shared costs that Central City incurred are the joint or shared costs between its water and sewer operations, such as employee expenses for administration and distribution. The City of Central City uses a 60/40 allocation factor of shared or joint costs of its water and sewer operations. In other words, if a cost that is attributable to both water and sewer operations is incurred, 60 percent of the total cost is allocated to the water operations and 40 percent of the cost is allocated to the sewer operations. This allocation method has been used for years, and the City has not located any documentation that originally established this methodology. The 60/40 methodology appears to be appropriate because for a variety of reasons, and maybe under allocating expenses to the water operations based on certain factors. The water-to-sewer revenue ratio is approximately 3.5 to 1, and the water-to-sewer expense ratio is approximately 3.8 to 1. The water treatment plant has significantly more capacity (7.0 MGD) as compared to the wastewater treatment plant's capacity (1.2 MGD). We have estimated that City employees that jointly work on water and sewer operations spend approximately 60

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

percent of their time on water operations. And there are more retail water customers than sewer customers. Accordingly, we believe that the 60/40 allocation factor is appropriate.

The City of Central City does not have memorandums, policy statements, correspondence, or documents addressing how Central City allocates shared or joint costs between city departments or operations.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

9. Provide depreciation schedules for the water divisions. A separate schedule shall be provided for each division.

Response: Please see the attached Excel file that is the most recent depreciation schedule for Central City's Water and Sewer department. Assets with depreciation expense have been highlighted with color coding. Assets highlighted in blue are part of the water operation; assets highlighted in yellow are part of the sewer operation; and assets highlighted in green are shared between the water and sewer operations.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

10. Provide an adjusted trial balance and audit adjustments for the proposed test year and the most recently completed fiscal year. The trial balance shall be traced and referenced directly to the general ledgers requested in Item 4.a and 4.b.

Response: The trial balance for Fiscal Year 2019 is attached as an Excel file.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

11. Provide the “Enterprise Funds Uniform Financial Information Report” that Central City submitted to the Kentucky Department of Local Government for the fiscal years ending in 2016, 2017, and 2018.

Response: Please see attached.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

UFIR 2018



City
Uniform Financial
Information Report
Fiscal Year 2017 - 2018

Part I - Reporting Information	
City Name	CITY OF CENTRAL CITY KENTUCKY
Address	214 N. FIRST STREET
City, State, Zip	CENTRAL CITY, KY 42330
County	MUHLENBERG
City Classification	4TH
<small>(Please correct any error in name, address, and ZIP Code)</small>	

NOTE: Cities must submit UFIRS to DLG ELECTRONICALLY.



Please save the worksheet to your hard drive. Once completed, attach the worksheet to an email and forward to DLG-CSD@ky.gov.

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
DANIEL PATE		270-754-3313
Title		Date
CPA		04/19/19
Company (if not city)	Reporting Format (accounting basis)	Telephone
PATE & COMPANY, CPAS	MODIFIED ACCRUAL	270-754-3313

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
MUNICIPAL WATER & SEWER SYSTEM	DAVID RHOADES	270-754-5097
CENTRAL CITY TOURIST COMMISSION	DAVID RICHEY	270-754-5097
CENTRAL CITY CIVIC AND CONVENTION CENTER	DAVID RHOADES	270-754-5097

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
	CITY ADMINISTRATOR	04/19/19
Printed Name of Official		Telephone
DAVID RHOADES		270-754-5097



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, 2017 through June 30, 2018.	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 2017.
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.	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
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.	Please be sure to reconcile subtotals and totals to the city's annual financial statements.
Information in this report may not match financial information in the city's annual audited financial statements prepared in accordance with KRS 91A.020	DLG has an electronic version of the UFIR. Please access this document on the DLG website: http://www.kydlgweb.ky.gov/ . For more information contact DLG-CSD@ky.gov or 800-346-5606.

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.

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 emailed to the Department of Local Government by May 1, 2019 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

FORM F-65(KY-3)O - 9/2018

A. Property Tax Rates	Compensating (a)	4% Increase (b)	Adopted Rate (c)
1. Real			.265
2. Personal			.317
3. Motor vehicle/watercraft			.205
B. Other Rates			
1. Occupational license fee (payroll tax)			
2. Net profits			
3. Gross receipt tax			
4. Insurance premium tax		.080000	
5. Bank deposits		.002500	
6. Restaurant tax		.030000	
7. Motel tax			

Part V - TAX AND OTHER REVENUES

Please list all tax revenues received for the reporting period. Intergovernmental revenues should be listed under the source from which you received them, i.e. State, Federal, or from a City, County or a Special District. This may include revenues received from services you provide to another government.

A. Property Tax	
1. Real	\$548,712
2. Personal	
3. Motor vehicle/watercraft	\$54,471
4. Bank deposits franchise tax	\$42,607
5. Delinquent (all years)	\$7,794
SUBTOTAL Property Taxes	\$653,584
B. License and Permit Fees	
1. City vehicle licensing (auto stickers)	
2. Right of way/street cut permits	
3. Alcoholic beverage licenses	\$252,444
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.	\$1,088
SUBTOTAL License & Permit Fees	\$253,532

Please continue on next page

Part V – TAX AND OTHER REVENUES – Continued

FORM F-65(KY-3)O - 9/2018

C. Occupation and Business Fees			
1. Occupational license fees			
(a) Payroll			
(b) Net profits			
(c) Gross receipts			
2. Fixed rate business license	\$32,513		
SUBTOTAL for Occupation and Business Fees	\$32,513		
D. Other Taxes/Fees			
1. Franchise fees			
(a) Electric	\$191,699		
(b) Natural gas	\$10,067		
(c) Water/wastewater			
(d) Other franchise fees	\$26,101		
2. Motel tax	\$115,226		
3. Restaurant tax	\$478,610		
4. Insurance premium tax	\$648,362		
SUBTOTAL for Other Taxes/Fees	\$1,470,065		
Function activity	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
E. Intergovernmental Revenues			
1. General Support	\$193,154		\$20,637
2. Government payments in lieu of taxes	\$15,200		
3. Public Safety			
(a) Police		\$51,370	
(b) Fire/EMS		\$38,294	
(c) Corrections			
4. Public Services			
(a) Streets and roads		\$171,720	
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 - 9/2018

	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
E. Intergovernmental Revenues - Continued			
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.)		\$16,979	
SUBTOTAL for Intergovernment Revenues	\$208,354	\$278,363	\$20,637
F. Other Revenues/Charges			
1. Airport revenue			
2. Utility sales			
(a) Water		\$2,786,341	
(b) Sewerage		\$885,306	
(c) Electric			
(d) Natural gas			
(e) Telecommunications/cable			
3. Parking (lots, meters, garages, etc)			
4. Parks and recreation receipts		\$21,000	
5. River ports, locks, etc.			
6. Special assessments			
7. Sale of real or surplus property		\$400,675	
8. Investment/interest earnings (Exclude construction and pensions)		\$23,118	
9. Fines and forfeits (including parking violations)			
10. Transit authority			
11. Penalties and interest		\$9,915	
12. Donations		\$82,368	
13. Rents			
Please continue on next page			

Part V - TAX AND OTHER REVENUES - Continued

FORM F-65(KY-3)O - 9/2018	
14. Solid waste collection and disposal	\$556,448
15. Other miscellaneous revenues (Include: recoveries, impounded vehicles, ambulance runs, fire protection, police arrest fees, etc)	\$829,215
16. Bond proceeds	
SUBTOTAL Other Revenues/Charges	\$5,594,386
TOTAL Municipal Revenues	\$8,511,434

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)
A. Intergovernmental Expenditures --- (all payments to other governments for services, programs, or reimbursements)			
1. General government			
2. Public safety			
3. Public services			
4. Community services			
5. Utilities			
SUBTOTAL for Intergovernmental Expenditures	\$0	\$0	\$0

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. Direct Expenditures by the City				
1. General government (Administrative, legal, overhead, public buildings)	\$563,912	\$1,391,249	\$275,521	
2. General government: Financial Administration				
3. Public Safety				
(a) Police	\$634,860	\$63,775		
(b) Fire/EMS/Ambulance	\$249,981	\$58,549		
(c) Code enforcement/inspection				
(d) Corrections				
(e) Other costs (e.g., dispatch)				
SUBTOTAL Direct Expenditures by City	\$1,448,753	\$1,513,573	\$275,521	\$0

Please continue on next page

Part VI – EXPENDITURES - Continued

FORM F-65(KY-3)O - 9/2018

Function activity	Salaries and wages (a)	Other operations (b)	Capital Outlay	
			Equipment, land and existing structures (c)	Construction (d)
4. Public services				
(a) Streets and roads	\$112,330	\$96,967		
(b) Sanitation/solid waste	\$156,955	\$151,259		
(c) Natural resources				
(d) Riverport facilities				
(e) Parking facilities				
(f) Cemeteries				
SUBTOTAL for Public Services	\$269,285	\$248,226	\$0	\$0
5. Community services				
(a) Parks and recreation		\$1,655		
(b) Public health				
(c) Public welfare				
(d) Housing and community development				
(e) Transit/bus system				
(f) Educational support				
SUBTOTAL for Community Services	\$0	\$1,655	\$0	\$0
6. Utilities				
(a) Water systems	\$737,346	\$1,691,331		
(b) Sewerage systems	\$178,509	\$841,212		
(c) Electric power systems				
(d) Natural gas systems				
(e) Cable/telecommunications				
SUBTOTAL for Utilities	\$915,855	\$2,532,543	\$0	\$0
7. Debt payments (include all principal and interest)				
(a) General Government		\$1,043,348		
(b) Public safety				
(c) Public services				
(d) Community services				
(e) Utilities		\$955,091		
SUBTOTAL for Debt Payments		\$1,998,439		
8. Bond insurance costs		\$41,639		
9. Miscellaneous expenditures				
SUBTOTAL Bond Ins & Misc Expenditures	\$0	\$41,639	\$0	\$0
SUBTOTAL Direct Expenditures by City	\$2,633,893	\$6,336,075	\$275,521	\$0

Please continue on next page

Part VII - PENSION AND BENEFIT COSTS

FORM F-65(KY-3)O - 9/2018

Personnel Expenditures

1. CERS non-hazardous	\$737,262
2. CERS hazardous	
3. City pensions	
4. Health insurance	\$222,176
5. All other employee benefits	\$8,628
SUBTOTAL Pension & Benefits	\$968,066

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	\$665,702	\$17,247	\$57,062	\$625,887		
2. Business type funds (water, sewer, gas, electric)	\$24,989,882		\$797,757	\$24,192,125		
3. Private activity bonds (industrial revenue, non profits...)				\$0		
4. Short-term debt (All government funds)						
(a) Beginning of fiscal year			\$629,268			
(b) End of fiscal year			\$0			
5. Interest paid on						
(a) Water debt			\$369,872			
(b) Electric debt						
(c) Gas debt						
(d) Transit debt						
(b) All other debt			\$56,517			
TOTAL Interest Paid				\$426,389		
TOTAL Municipal Expenditures Sum totals of Parts VI and VII				\$10,213,555		

Part IX - CASH AND INVESTMENTS

1. Beginning of fiscal year	\$7,311,770
2. End of fiscal year	
(a) Sinking funds	
(b) Bond proceeds	
(c) Other reserved funds	\$1,911,974
(d) All non-reserved cash and investments	\$3,214,753

Finished

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

UFIR 2017



City
Uniform Financial
Information Report
Fiscal Year 2016 - 2017

Part I - Reporting Information	
City Name	CITY OF CENTRAL CITY, KENTUCKY
Address	214 N. FIRST STREET
City, State, Zip	CENTRAL CITY, KY 42330
County	MUHLENBERG
City Classification	4TH
(Please correct any error in name, address, and ZIP Code)	
	Please save the worksheet to your hard drive. Once completed, 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, 2018.**

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
DANIEL PATE		270-754-3313
Title		Date
CPA		04/23/18
Company (if not city)	Reporting Format (accounting basis)	Telephone
PATE & COMPANY, CPAS	MODIFIED ACCRUAL	270-754-3313
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
MUNICIPAL WATER & SEWER SYSTEM	DAVID RHOADES	270-754-5097
CENTRAL CITY TOURIST COMMISSION	DAVID RICHEY	270-754-5097
CENTRAL CITY CIVIC AND CONVENTION CENTER	DAVID RHOADES	270-754-5097

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
	CITY ADMINISTRATOR	04/23/18
Printed Name of Official		Telephone
DAVID RHOADES		270-754-5097



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, 2016 through June 30, 2017.	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 2016.
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.	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
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.	Please be sure to reconcile subtotals and totals to the city's annual financial statements.
Information in this report should match financial information in the city's annual audited financial statements prepared in accordance with KRS 91A.020	DLG has developed an electronic version of the UFIR. You can access this document on the DLG website: http://www.kydlgweb.ky.gov/ . For more information contact DLG-CSD@ky.gov or 800-346-5606.
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, 2018 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

FORM F-65(KY-3)O - 9/2017

A. Property Tax Rates	Compensating (a)	4% Increase (b)	Adopted Rate (c)
1. Real			.265
2. Personal			.317
3. Motor vehicle/watercraft			.205
B. Other Rates			
1. Occupational license fee (payroll tax)			
2. Net profits			
3. Gross receipt tax			
4. Insurance premium tax		.080000	
5. Bank deposits		.002500	
6. Restaurant tax		.030000	
7. Motel tax			

Part V - TAX AND OTHER REVENUES

Please list all tax revenues received for the reporting period. Intergovernmental revenues should be listed under the source from which you received them, i.e. State, Federal, or from a City, County or a Special District. This may include revenues received from services you provide to another government.

A. Property Tax	
1. Real	\$503,790
2. Personal	
3. Motor vehicle/watercraft	\$52,705
4. Bank deposits franchise tax	\$42,563
5. Delinquent (all years)	\$8,138
SUBTOTAL Property Taxes	\$607,196
B. License and Permit Fees	
1. City vehicle licensing (auto stickers)	
2. Right of way/street cut permits	
3. Alcoholic beverage licenses	\$266,590
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.	\$1,975
SUBTOTAL License & Permit Fees	\$268,565

Please continue on next page

Part V – TAX AND OTHER REVENUES – Continued

FORM F-65(KY-3)O - 9/2017

C. Occupation and Business Fees			
1. Occupational license fees			
(a) Payroll			
(b) Net profits			
(c) Gross receipts			
2. Fixed rate business license	\$36,393		
SUBTOTAL for Occupation and Business Fees	\$36,393		
D. Other Taxes/Fees			
1. Franchise fees			
(a) Electric	\$184,107		
(b) Natural gas	\$527		
(c) Water/wastewater			
(d) Other franchise fees	\$26,081		
2. Motel tax	\$111,096		
3. Restaurant tax	\$484,079		
4. Insurance premium tax	\$618,195		
SUBTOTAL for Other Taxes/Fees	\$1,424,085		
Function activity	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
E. Intergovernmental Revenues			
1. General Support	\$170,240		\$55,491
2. Government payments in lieu of taxes	\$15,840		
3. Public Safety			
(a) Police		\$54,811	
(b) Fire/EMS		\$39,309	
(c) Corrections			
4. Public Services			
(a) Streets and roads		\$188,961	
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 - 9/2017

	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
E. Intergovernmental Revenues - Continued			
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.)		\$16,662	
SUBTOTAL for Intergovernment Revenues	\$186,080	\$299,743	\$55,491
F. Other Revenues/Charges			
1. Airport revenue			
2. Utility sales			
(a) Water		\$2,708,026	
(b) Sewerage		\$847,300	
(c) Electric			
(d) Natural gas			
(e) Telecommunications/cable			
3. Parking (lots, meters, garages, etc)			
4. Parks and recreation receipts			
5. River ports, locks, etc.			
6. Special assessments			
7. Sale of real or surplus property		\$36,119	
8. Investment/interest earnings (Exclude construction and pensions)		\$22,895	
9. Fines and forfeits (including parking violations)			
10. Transit authority			
11. Penalties and interest		\$13,400	
12. Donations		\$218,781	
13. Rents			
Please continue on next page			

Part V - TAX AND OTHER REVENUES - Continued

FORM F-65(KY-3)O - 9/2017	
14. Solid waste collection and disposal	\$545,934
15. Other miscellaneous revenues (Include: recoveries, impounded vehicles, ambulance runs, fire protection, police arrest fees, etc)	\$1,429,377
16. Bond proceeds	
SUBTOTAL Other Revenues/Charges	\$5,821,832
TOTAL Municipal Revenues	\$8,699,385

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)
A. Intergovernmental Expenditures --- (all payments to other governments for services, programs, or reimbursements)			
1. General government			
2. Public safety			
3. Public services			
4. Community services			
5. Utilities			
SUBTOTAL for Intergovernmental Expenditures	\$0	\$0	\$0

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. Direct Expenditures by the City				
1. General government (Administrative, legal, overhead, public buildings)	\$529,586	\$1,169,168	\$227,220	\$1,082,392
2. General government: Financial Administration				
3. Public Safety				
(a) Police	\$612,887	\$56,405		
(b) Fire/EMS/Ambulance	\$241,094	\$74,131		
(c) Code enforcement/inspection				
(d) Corrections				
(e) Other costs (e.g., dispatch)				
SUBTOTAL Direct Expenditures by City	\$1,383,567	\$1,299,704	\$227,220	\$1,082,392

Please continue on next page

Part VI – EXPENDITURES - Continued

FORM F-65(KY-3)O - 9/2017

Function activity	Salaries and wages (a)	Other operations (b)	Capital Outlay	
			Equipment, land and existing structures (c)	Construction (d)
4. Public services				
(a) Streets and roads	\$149,743	\$119,292		
(b) Sanitation/solid waste	\$158,247	\$159,080		
(c) Natural resources				
(d) Riverport facilities				
(e) Parking facilities				
(f) Cemeteries				
SUBTOTAL for Public Services	\$307,990	\$278,372	\$0	\$0
5. Community services				
(a) Parks and recreation		\$1,559		
(b) Public health				
(c) Public welfare				
(d) Housing and community development				
(e) Transit/bus system				
(f) Educational support				
SUBTOTAL for Community Services	\$0	\$1,559	\$0	\$0
6. Utilities				
(a) Water systems	\$718,323	\$1,712,214		
(b) Sewerage systems	\$178,509	\$863,415		
(c) Electric power systems				
(d) Natural gas systems				
(e) Cable/telecommunications				
SUBTOTAL for Utilities	\$896,832	\$2,575,629	\$0	\$0
7. Debt payments (include all principal and interest)				
(a) General Government		\$384,610		
(b) Public safety				
(c) Public services				
(d) Community services				
(e) Utilities		\$730,334		
SUBTOTAL for Debt Payments		\$1,114,944		
8. Bond insurance costs				
9. Miscellaneous expenditures				
SUBTOTAL Bond Ins & Misc Expenditures	\$0	\$0	\$0	\$0
SUBTOTAL Direct Expenditures by City	\$2,588,389	\$5,270,208	\$227,220	\$1,082,392

Please continue on next page

Part VII - PENSION AND BENEFIT COSTS

FORM F-65(KY-3)O - 9/2017

Personnel Expenditures

1. CERS non-hazardous	\$551,205
2. CERS hazardous	
3. City pensions	
4. Health insurance	\$228,307
5. All other employee benefits	\$8,670
SUBTOTAL Pension & Benefits	\$788,182

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	\$109,295	\$582,753	\$26,346	\$665,702		
2. Business type funds (water, sewer, gas, electric)	\$25,593,097	\$0	\$603,215	\$24,989,882		
3. Private activity bonds (industrial revenue, non profits...)				\$0		
4. Short-term debt (All government funds)						
(a) Beginning of fiscal year				\$650,934		
(b) End of fiscal year				\$629,268		
5. Interest paid on						
(a) Water debt				\$426,217		
(b) Electric debt						
(c) Gas debt						
(d) Transit debt						
(b) All other debt				\$124,655		
TOTAL Interest Paid				\$550,872		
TOTAL Municipal Expenditures Sum totals of Parts VI and VII				\$9,956,391		

Part IX - CASH AND INVESTMENTS

1. Beginning of fiscal year	\$6,506,355
2. End of fiscal year	
(a) Sinking funds	
(b) Bond proceeds	
(c) Other reserved funds	\$3,710,417
(d) All non-reserved cash and investments	\$3,601,353

Finished

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

UFIR 2016



City
Uniform Financial
Information Report
Fiscal Year 2015 - 2016

Part I - Reporting Information	
City Name	CITY OF CENTRAL CITY, KENTUCKY
Address	214 N. FIRST STREET
City, State, Zip	CENTRAL CITY, KY 42330
County	MUHLENBERG
City Classification	4TH

(Please correct any error in name, address, and ZIP Code)



Please save the worksheet to your hard drive. Once completed, 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, 2017.**

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
DANIEL PATE		270-754-3313
Title		Date
CPA		04/26/17
Company (if not city)	Reporting Format (accounting basis)	Telephone
GOLDSTON, PATE & CO. CPAs INC.	MODIFIED ACCRUAL	270-754-3313
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
MUNICIPAL WATER & SEWER SYSTEM	DAVID RHOADES	270-754-5097
CENTRAL CITY TOURIST COMMISSION	DAVID RICHEY	270-754-5097
CENTRAL CITY CIVIC AND CONVENTION CENTER	DAVID RHOADES	270-754-5097

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
	CITY ADMINISTRATOR	04/26/17
Printed Name of Official		Telephone
DAVID RHOADES		270-754-5097



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, 2015 through June 30, 2016.	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 2014 - 2015.
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.	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
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.	Please be sure to reconcile subtotals and totals to the city's annual financial statements.
Information in this report should match financial information in the city's annual audited financial statements prepared in accordance with KRS 91A.020	DLG has developed an electronic version of the UFIR. You can access this document on the DLG website: http://www.kydlgweb.ky.gov/ . For more information contact DLG-CSD@ky.gov or 800-346-5606.
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, 2017 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

FORM F-65(KY-3)O - 8/2016

A. Property Tax Rates	Compensating (a)	4% Increase (b)	Adopted Rate (c)
1. Real			.265
2. Personal			.317
3. Motor vehicle/watercraft			.205
B. Other Rates			
1. Occupational license fee (payroll tax)			
2. Net profits			
3. Gross receipt tax			
4. Insurance premium tax		.080000	
5. Bank deposits		.002500	
6. Restaurant tax		.030000	
7. Motel tax			

Part V - TAX AND OTHER REVENUES

Please list all tax revenues received for the reporting period. Intergovernmental revenues should be listed under the source from which you received them, i.e. State, Federal, or from a City, County or a Special District. This may include revenues received from services you provide to another government.

A. Property Tax	
1. Real	\$509,290
2. Personal	
3. Motor vehicle/watercraft	\$51,642
4. Bank deposits franchise tax	\$38,626
5. Delinquent (all years)	\$7,553
SUBTOTAL Property Taxes	\$607,111
B. License and Permit Fees	
1. City vehicle licensing (auto stickers)	
2. Right of way/street cut permits	
3. Alcoholic beverage licenses	\$321,180
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.	\$1,803
SUBTOTAL License & Permit Fees	\$322,983

Please continue on next page

Part V – TAX AND OTHER REVENUES – Continued

FORM F-65(KY-3)O - 8/2016

C. Occupation and Business Fees			
1. Occupational license fees			
(a) Payroll			
(b) Net profits			
(c) Gross receipts			
2. Fixed rate business license	\$39,301		
SUBTOTAL for Occupation and Business Fees	\$39,301		
D. Other Taxes/Fees			
1. Franchise fees			
(a) Electric	\$183,783		
(b) Natural gas	\$530		
(c) Water/wastewater			
(d) Other franchise fees	\$26,083		
2. Motel tax	\$118,770		
3. Restaurant tax	\$489,497		
4. Insurance premium tax	\$553,014		
SUBTOTAL for Other Taxes/Fees	\$1,371,677		
Function activity	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
E. Intergovernmental Revenues			
1. General Support	\$206,527		\$1,015,856
2. Government payments in lieu of taxes	\$13,046		
3. Public Safety			
(a) Police		\$41,708	
(b) Fire/EMS		\$30,325	
(c) Corrections			
4. Public Services			
(a) Streets and roads		\$177,049	
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 - 8/2016

	From cities, counties, or special districts (a)	From State (b)	From Federal (c)
E. Intergovernmental Revenues - Continued			
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.)		\$13,419	
SUBTOTAL for Intergovernment Revenues	\$219,573	\$262,501	\$1,015,856
F. Other Revenues/Charges			
1. Airport revenue			
2. Utility sales			
(a) Water		\$2,690,323	
(b) Sewerage		\$773,919	
(c) Electric			
(d) Natural gas			
(e) Telecommunications/cable			
3. Parking (lots, meters, garages, etc)			
4. Parks and recreation receipts			
5. River ports, locks, etc.			
6. Special assessments			
7. Sale of real or surplus property		\$22,400	
8. Investment/interest earnings (Exclude construction and pensions)		\$21,140	
9. Fines and forfeits (including parking violations)			
10. Transit authority			
11. Penalties and interest		\$9,032	
12. Donations		\$271,451	
13. Rents			
Please continue on next page			

Part V - TAX AND OTHER REVENUES - Continued

FORM F-65(KY-3)O - 8/2016	
14. Solid waste collection and disposal	\$533,562
15. Other miscellaneous revenues (Include: recoveries, impounded vehicles, ambulance runs, fire protection, police arrest fees, etc)	\$777,768
16. Bond proceeds	
SUBTOTAL Other Revenues/Charges	\$5,099,595
TOTAL Municipal Revenues	\$8,938,597

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)
A. Intergovernmental Expenditures --- (all payments to other governments for services, programs, or reimbursements)			
1. General government			
2. Public safety			
3. Public services			
4. Community services			
5. Utilities			
SUBTOTAL for Intergovernmental Expenditures	\$0	\$0	\$0

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. Direct Expenditures by the City				
1. General government (Administrative, legal, overhead, public buildings)	\$468,752	\$1,063,132	\$504,657	
2. General government: Financial Administration				
3. Public Safety				
(a) Police	\$602,090	\$55,740		
(b) Fire/EMS/Ambulance	\$231,836	\$47,700		
(c) Code enforcement/inspection				
(d) Corrections				
(e) Other costs (e.g., dispatch)				
SUBTOTAL Direct Expenditures by City	\$1,302,678	\$1,166,572	\$504,657	\$0

Please continue on next page

Part VI – EXPENDITURES - Continued

FORM F-65(KY-3)O - 8/2016

Function activity	Salaries and wages (a)	Other operations (b)	Capital Outlay	
			Equipment, land and existing structures (c)	Construction (d)
4. Public services				
(a) Streets and roads	\$146,358	\$121,703		
(b) Sanitation/solid waste	\$145,560	\$131,497		
(c) Natural resources				
(d) Riverport facilities				
(e) Parking facilities				
(f) Cemeteries				
SUBTOTAL for Public Services	\$291,918	\$253,200	\$0	\$0
5. Community services				
(a) Parks and recreation		\$1,508		
(b) Public health				
(c) Public welfare				
(d) Housing and community development				
(e) Transit/bus system				
(f) Educational support				
SUBTOTAL for Community Services	\$0	\$1,508	\$0	\$0
6. Utilities				
(a) Water systems	\$676,369	\$1,724,921		
(b) Sewerage systems	\$174,902	\$909,673		
(c) Electric power systems				
(d) Natural gas systems				
(e) Cable/telecommunications				
SUBTOTAL for Utilities	\$851,271	\$2,634,594	\$0	\$0
7. Debt payments (include all principal and interest)				
(a) General Government		\$358,187		
(b) Public safety				
(c) Public services				
(d) Community services				
(e) Utilities		\$681,755		
SUBTOTAL for Debt Payments		\$1,039,942		
8. Bond insurance costs				
9. Miscellaneous expenditures				
SUBTOTAL Bond Ins & Misc Expenditures	\$0	\$0	\$0	\$0
SUBTOTAL Direct Expenditures by City	\$2,445,867	\$5,095,816	\$504,657	\$0

Please continue on next page

Part VII - PENSION AND BENEFIT COSTS

FORM F-65(KY-3)O - 8/2016

Personnel Expenditures

1. CERS non-hazardous	\$455,828
2. CERS hazardous	
3. City pensions	
4. Health insurance	\$226,382
5. All other employee benefits	\$13,424
SUBTOTAL Pension & Benefits	\$695,634

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	\$135,000		\$25,705	\$109,295		
2. Business type funds (water, sewer, gas, electric)	\$25,809,536	\$225,445	\$441,884	\$25,593,097		
3. Private activity bonds (industrial revenue, non profits...)				\$0		
4. Short-term debt (All government funds)						
(a) Beginning of fiscal year			\$650,874			
(b) End of fiscal year			\$650,934			
5. Interest paid on						
(a) Water debt			\$432,255			
(b) Electric debt						
(c) Gas debt						
(d) Transit debt						
(b) All other debt			\$140,098			
TOTAL Interest Paid				\$572,353		
TOTAL Municipal Expenditures Sum totals of Parts VI and VII				\$8,741,974		

Part IX - CASH AND INVESTMENTS

1. Beginning of fiscal year	\$6,385,506
2. End of fiscal year	
(a) Sinking funds	
(b) Bond proceeds	
(c) Other reserved funds	\$2,897,287
(d) All non-reserved cash and investments	\$3,609,068

Finished

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

12. a. Identify all persons or entities to which Central City provides wholesale water service.

b. For each customer listed above, provide for each of the previous 24 months the customer's monthly water usage and the amount that Central City charged the customer for service.

Response: Central City provides wholesale water service to Muhlenberg County Water District and Muhlenberg County Water District No. 3. Please see the attached documentation showing monthly water usage and the amount that Central City charged the customer for service.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Monthly Usage and Charges

Central City Mun. Wtr. & Swr. Customer History Report

Service Type WT Water
AR Code All
Beginning Date 07/01/2017
Ending Date 06/30/2019

Use Reading Factor
Start Balance With Zero
Print Breakdown By Transaction Service Taxes Totals Only
Print Transaction in Descending Order

History For Account 0009-80400-001 Muhl. Co. Water District # 1

Tran Date	Post Date	Code	Description	Service Desc	Service Usage	Service Local Tax	Surcharge1 State Tax	Surcharge2 Penalty	Unapplied	Balance
07/03/17	07/03/17	WTB	Water Billing CI Water		33	\$39,239.34	\$0.00	\$0.00		
	Gossett				14,919,900	\$0.00	\$0.00	\$0.00	\$0.00	\$39,239.34
07/17/17	07/17/17	CHK	Check Pay - Pz Water		33	(\$39,239.34)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44493			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
07/31/17	07/31/17	WTB	Water Billing CI Water		33	\$40,930.69	\$0.00	\$0.00		
	Gossett				15,563,000	\$0.00	\$0.00	\$0.00	\$0.00	\$40,930.69
08/09/17	08/10/17	CHK	Check Pay - Pz Water		33	(\$40,930.69)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44574			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/01/17	09/01/17	WTB	Water Billing CI Water		33	\$38,952.93	\$0.00	\$0.00		
	Gossett				14,811,000	\$0.00	\$0.00	\$0.00	\$0.00	\$38,952.93
09/12/17	09/14/17	CHK	Check Pay - Pz Water		33	(\$38,952.93)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett				0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/29/17	09/29/17	WTB	Water Billing CI Water		33	\$37,561.40	\$0.00	\$0.00		
	Gossett				14,281,900	\$0.00	\$0.00	\$0.00	\$0.00	\$37,561.40
10/17/17	10/17/17	CHK	Check Pay - Pz Water		33	(\$37,561.40)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44716			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/01/17	11/01/17	WTB	Water Billing CI Water		33	\$39,908.15	\$0.00	\$0.00		
	Gossett				15,174,200	\$0.00	\$0.00	\$0.00	\$0.00	\$39,908.15
11/13/17	11/13/17	CHK	Check Pay - Pz Water		33	(\$39,908.15)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44774			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/17	11/30/17	WTB	Water Billing CI Water		33	\$38,808.28	\$0.00	\$0.00		
	Gossett				14,756,000	\$0.00	\$0.00	\$0.00	\$0.00	\$38,808.28
12/19/17	12/19/17	CHK	Check Pay - Pz Water		33	(\$38,808.28)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44878			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/02/18	01/02/18	WTB	Water Billing CI Water		33	\$39,440.01	\$0.00	\$0.00		
	Gossett				14,996,200	\$0.00	\$0.00	\$0.00	\$0.00	\$39,440.01
01/12/18	01/12/18	CHK	Check Pay - Pz Water		33	(\$39,440.01)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44942			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/18	01/31/18	WTB	Water Billing CI Water		33	\$41,214.47	\$0.00	\$0.00		
	Gossett				15,670,900	\$0.00	\$0.00	\$0.00	\$0.00	\$41,214.47
02/13/18	02/14/18	CHK	Check Pay - Pz Water		33	(\$41,214.47)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45012			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/01/18	03/01/18	WTB	Water Billing CI Water		33	\$36,144.88	\$0.00	\$0.00		
	Gossett				13,743,300	\$0.00	\$0.00	\$0.00	\$0.00	\$36,144.88
03/09/18	03/09/18	CHK	Check Pay - Pz Water		33	(\$36,144.88)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45089			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/30/18	03/30/18	WTB	Water Billing CI Water		33	\$34,783.59	\$0.00	\$0.00		
	Gossett				13,225,700	\$0.00	\$0.00	\$0.00	\$0.00	\$34,783.59

Tran Date	Post Date	Code	Description	Service Desc	Service	Surcharge1	Surcharge2	Unapplied	Balance
Void	Posted	By	Check#	Usage	Local Tax	State Tax	Penalty		
04/12/18	04/13/18	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$34,783.59)	\$0.00	\$0.00		
	Gossett	45151		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
04/30/18	05/01/18		WTB Water Billing CI Water	33	\$35,525.51	\$0.00	\$0.00		
	Gossett			13,507,800	\$0.00	\$0.00	\$0.00	\$0.00	\$35,525.51
05/11/18	05/11/18	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$35,525.51)	\$0.00	\$0.00		
	Gossett	45227		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
05/31/18	05/31/18		WTB Water Billing CI Water	33	\$41,217.10	\$0.00	\$0.00		
	Gossett			15,671,900	\$0.00	\$0.00	\$0.00	\$0.00	\$41,217.10
06/18/18	06/18/18	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$41,217.10)	\$0.00	\$0.00		
	Gossett	45296		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
06/29/18	06/29/18		WTB Water Billing CI Water	33	\$38,281.23	\$0.00	\$0.00		
	Gossett			14,555,600	\$0.00	\$0.00	\$0.00	\$0.00	\$38,281.23
07/17/18	07/17/18	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$38,281.23)	\$0.00	\$0.00		
	Gossett	45363		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
07/31/18	07/31/18		WTB Water Billing CI Water	33	\$46,250.65	\$0.00	\$0.00		
	Gossett			17,585,800	\$0.00	\$0.00	\$0.00	\$0.00	\$46,250.65
08/13/18	08/14/18	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$46,250.65)	\$0.00	\$0.00		
	Gossett	45430		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/04/18	09/04/18		WTB Water Billing CI Water	33	\$38,073.98	\$0.00	\$0.00		
	Gossett			14,476,800	\$0.00	\$0.00	\$0.00	\$0.00	\$38,073.98
09/18/18	09/18/18	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$38,073.98)	\$0.00	\$0.00		
	Gossett	45494		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/28/18	09/28/18		WTB Water Billing CI Water	33	\$33,802.08	\$0.00	\$0.00		
	Gossett			12,852,500	\$0.00	\$0.00	\$0.00	\$0.00	\$33,802.08
10/11/18	10/12/18	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$33,802.08)	\$0.00	\$0.00		
	Gossett	45554		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10/31/18	10/31/18		WTB Water Billing CI Water	33	\$36,896.53	\$0.00	\$0.00		
	Gossett			14,029,100	\$0.00	\$0.00	\$0.00	\$0.00	\$36,896.53
11/14/18	11/14/18	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$36,896.53)	\$0.00	\$0.00		
	Gossett	45639		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/18	11/30/18		WTB Water Billing CI Water	33	\$34,838.30	\$0.00	\$0.00		
	Gossett			13,246,500	\$0.00	\$0.00	\$0.00	\$0.00	\$34,838.30
12/12/18	12/12/18	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$34,838.30)	\$0.00	\$0.00		
	Gossett	45739		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/02/19	01/02/19		WTB Water Billing CI Water	33	\$35,755.64	\$0.00	\$0.00		
	Gossett			13,595,300	\$0.00	\$0.00	\$0.00	\$0.00	\$35,755.64
01/16/19	01/16/19	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$35,755.64)	\$0.00	\$0.00		
	Gossett	45781		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/19	02/01/19		WTB Water Billing CI Water	33	\$36,108.32	\$0.00	\$0.00		
	Gossett			13,729,400	\$0.00	\$0.00	\$0.00	\$0.00	\$36,108.32
02/13/19	02/14/19	<input type="checkbox"/>	CHK Check Pay - P2 Water	33	(\$36,108.32)	\$0.00	\$0.00		
	Gossett	45857		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02/28/19	03/01/19		WTB Water Billing CI Water	33	\$34,061.92	\$0.00	\$0.00		
	Gossett			12,951,300	\$0.00	\$0.00	\$0.00	\$0.00	\$34,061.92

History For Account 0009-80400-001 Muhl. Co. Water District #1

Tran Date	Post Date	Code	Description	Service Desc	Service	Surcharge1	Surcharge2		
Void	Posted	By	Check#	Usage	Local Tax	State Tax	Penalty	Unapplied	Balance
03/14/19	03/15/19	<input type="checkbox"/>	Gossett	CHK Check Pay - P2 Water	33	(\$34,061.92)	\$0.00	\$0.00	
				45927	0	\$0.00	\$0.00	\$0.00	\$0.00
03/29/19	03/29/19		Gossett	WTB Water Billing CI Water	33	\$32,792.16	\$0.00	\$0.00	
					12,468,500	\$0.00	\$0.00	\$0.00	\$32,792.16
04/15/19	04/17/19	<input type="checkbox"/>	Gossett	CHK Check Pay - P2 Water	33	(\$32,792.16)	\$0.00	\$0.00	
				45986	0	\$0.00	\$0.00	\$0.00	\$0.00
04/30/19	04/30/19		Gossett	WTB Water Billing CI Water	33	\$35,799.82	\$0.00	\$0.00	
					13,612,100	\$0.00	\$0.00	\$0.00	\$35,799.82
05/14/19	05/15/19	<input type="checkbox"/>	Gossett	CHK Check Pay - P2 Water	33	(\$35,799.82)	\$0.00	\$0.00	
				046056	0	\$0.00	\$0.00	\$0.00	\$0.00
05/31/19	05/31/19		Gossett	WTB Water Billing CI Water	33	\$37,158.48	\$0.00	\$0.00	
					14,128,700	\$0.00	\$0.00	\$0.00	\$37,158.48
06/13/19	06/17/19	<input type="checkbox"/>	Gossett	CHK Check Pay - P2 Water	33	(\$37,158.48)	\$0.00	\$0.00	
				46136	0	\$0.00	\$0.00	\$0.00	\$0.00
06/28/19	06/28/19		Gossett	WTB Water Billing CI Water	33	\$31,696.23	\$0.00	\$0.00	
					12,051,800	\$0.00	\$0.00	\$0.00	\$31,696.23
Total For Selection						\$31,696.23	\$0.00	\$0.00	
						\$0.00	\$0.00	\$0.00	\$31,696.23
Ending Balance						\$38,190.23	\$0.00	\$0.00	
						\$0.00	\$0.00	\$0.00	\$38,190.23

Central City Mun. Wtr. & Swr. Customer History Report

Service Type All
 AR Code All
 Beginning Date 07/01/2017
 Ending Date 06/30/2019

Use Reading Factor
 Start Balance With Zero
 Print Transaction in Descending Order
 Print Breakdown By Transaction Service Taxes Totals Only

History For Account 0009-80500-001 Muhl. Co. Water District # 1

Tran Date	Post Date	Code	Description	Service Desc	Service Usage	Service Local Tax	Surcharge1 State Tax	Surcharge2 Penalty	Unapplied	Balance
07/03/17	07/03/17	WTB	Water Billing CI Water		33	\$3,128.91	\$0.00	\$0.00		
	Gossett				1,189,700	\$0.00	\$0.00	\$0.00	\$0.00	\$3,128.91
07/17/17	07/17/17	CHK	Check Pay - P2 Water		33	(\$3,128.91)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44493			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
07/31/17	07/31/17	WTB	Water Billing CI Water		33	\$3,369.29	\$0.00	\$0.00		
	Gossett				1,281,100	\$0.00	\$0.00	\$0.00	\$0.00	\$3,369.29
08/09/17	08/10/17	CHK	Check Pay - P2 Water		33	(\$3,369.29)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44574			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/01/17	09/01/17	WTB	Water Billing CI Water		33	\$4,267.96	\$0.00	\$0.00		
	Gossett				1,622,800	\$0.00	\$0.00	\$0.00	\$0.00	\$4,267.96
09/12/17	09/14/17	CHK	Check Pay - P2 Water		33	(\$4,267.96)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44639			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/29/17	09/29/17	WTB	Water Billing CI Water		33	\$3,006.88	\$0.00	\$0.00		
	Gossett				1,143,300	\$0.00	\$0.00	\$0.00	\$0.00	\$3,006.88
10/17/17	10/17/17	CHK	Check Pay - P2 Water		33	(\$3,006.88)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44716			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/01/17	11/01/17	WTB	Water Billing CI Water		33	\$3,807.98	\$0.00	\$0.00		
	Gossett				1,447,900	\$0.00	\$0.00	\$0.00	\$0.00	\$3,807.98
11/13/17	11/13/17	CHK	Check Pay - P2 Water		33	(\$3,807.98)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44774			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/17	11/30/17	WTB	Water Billing CI Water		33	\$3,284.08	\$0.00	\$0.00		
	Gossett				1,248,700	\$0.00	\$0.00	\$0.00	\$0.00	\$3,284.08
12/19/17	12/19/17	CHK	Check Pay - P2 Water		33	(\$3,284.08)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44878			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/02/18	01/02/18	WTB	Water Billing CI Water		33	\$3,527.62	\$0.00	\$0.00		
	Gossett				1,341,300	\$0.00	\$0.00	\$0.00	\$0.00	\$3,527.62
01/12/18	01/12/18	CHK	Check Pay - P2 Water		33	(\$3,527.62)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44942			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/18	01/31/18	WTB	Water Billing CI Water		33	\$3,169.15	\$0.00	\$0.00		
	Gossett				1,205,000	\$0.00	\$0.00	\$0.00	\$0.00	\$3,169.15
02/13/18	02/14/18	CHK	Check Pay - P2 Water		33	(\$3,169.15)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45012			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/01/18	03/01/18	WTB	Water Billing CI Water		33	\$2,663.40	\$0.00	\$0.00		
	Gossett				1,012,700	\$0.00	\$0.00	\$0.00	\$0.00	\$2,663.40
03/09/18	03/09/18	CHK	Check Pay - P2 Water		33	(\$2,663.40)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45089			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/30/18	03/30/18	WTB	Water Billing CI Water		33	\$2,712.06	\$0.00	\$0.00		
	Gossett				1,031,200	\$0.00	\$0.00	\$0.00	\$0.00	\$2,712.06

History For Account 0009-80500-001 Muhl. Co. Water District

Tran Date	Post Date	Code	Description	Service Desc	Service	Surcharge1	Surcharge2		
Void	Posted	By	Check#	Usage	Local Tax	State Tax	Penalty	Unapplied	Balance
04/12/18	04/13/18	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$2,712.06)	\$0.00	\$0.00	
				45151	0	\$0.00	\$0.00	\$0.00	\$0.00
04/30/18	05/01/18		Gossett	WTB Water Billing CI Water	33	\$3,266.99	\$0.00	\$0.00	
					1,242,200	\$0.00	\$0.00	\$0.00	\$3,266.99
05/11/18	05/11/18	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$3,266.99)	\$0.00	\$0.00	
				45227	0	\$0.00	\$0.00	\$0.00	\$0.00
05/31/18	05/31/18		Gossett	WTB Water Billing CI Water	33	\$3,936.06	\$0.00	\$0.00	
					1,496,600	\$0.00	\$0.00	\$0.00	\$3,936.06
06/18/18	06/18/18	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$3,936.06)	\$0.00	\$0.00	
				45296	0	\$0.00	\$0.00	\$0.00	\$0.00
06/29/18	06/29/18		Gossett	WTB Water Billing CI Water	33	\$2,807.53	\$0.00	\$0.00	
					1,067,500	\$0.00	\$0.00	\$0.00	\$2,807.53
07/17/18	07/17/18	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$2,807.53)	\$0.00	\$0.00	
				45363	0	\$0.00	\$0.00	\$0.00	\$0.00
07/31/18	07/31/18		Gossett	WTB Water Billing CI Water	33	\$4,472.58	\$0.00	\$0.00	
					1,700,600	\$0.00	\$0.00	\$0.00	\$4,472.58
08/13/18	08/14/18	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$4,472.58)	\$0.00	\$0.00	
				45430	0	\$0.00	\$0.00	\$0.00	\$0.00
09/04/18	09/04/18		Gossett	WTB Water Billing CI Water	33	\$2,844.08	\$0.00	\$0.00	
					1,081,400	\$0.00	\$0.00	\$0.00	\$2,844.08
09/18/18	09/18/18	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$2,844.08)	\$0.00	\$0.00	
				45494	0	\$0.00	\$0.00	\$0.00	\$0.00
09/28/18	09/28/18		Gossett	WTB Water Billing CI Water	33	\$2,909.31	\$0.00	\$0.00	
					1,106,200	\$0.00	\$0.00	\$0.00	\$2,909.31
10/11/18	10/12/18	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$2,909.31)	\$0.00	\$0.00	
				45554	0	\$0.00	\$0.00	\$0.00	\$0.00
10/31/18	10/31/18		Gossett	WTB Water Billing CI Water	33	\$3,075.00	\$0.00	\$0.00	
					1,169,200	\$0.00	\$0.00	\$0.00	\$3,075.00
11/14/18	11/14/18	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$3,075.00)	\$0.00	\$0.00	
				45639	0	\$0.00	\$0.00	\$0.00	\$0.00
11/30/18	11/30/18		Gossett	WTB Water Billing CI Water	33	\$3,964.20	\$0.00	\$0.00	
					1,507,300	\$0.00	\$0.00	\$0.00	\$3,964.20
12/12/18	12/12/18	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$3,964.20)	\$0.00	\$0.00	
				45739	0	\$0.00	\$0.00	\$0.00	\$0.00
01/02/19	01/02/19		Gossett	WTB Water Billing CI Water	33	\$3,319.06	\$0.00	\$0.00	
					1,262,000	\$0.00	\$0.00	\$0.00	\$3,319.06
01/16/19	01/16/19	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$3,319.06)	\$0.00	\$0.00	
				45781	0	\$0.00	\$0.00	\$0.00	\$0.00
01/31/19	02/01/19		Gossett	WTB Water Billing CI Water	33	\$3,000.83	\$0.00	\$0.00	
					1,141,000	\$0.00	\$0.00	\$0.00	\$3,000.83
02/13/19	02/14/19	<input type="checkbox"/>	Gossett	CHK Check Pay - Pz Water	33	(\$3,000.83)	\$0.00	\$0.00	
				45857	0	\$0.00	\$0.00	\$0.00	\$0.00
02/28/19	03/01/19		Gossett	WTB Water Billing CI Water	33	\$2,906.94	\$0.00	\$0.00	
					1,105,300	\$0.00	\$0.00	\$0.00	\$2,906.94

History For Account 0009-80500-001 Muhl. Co. Water District #1

Tran Date	Post Date	Code	Description	Service Desc	Service Usage	Service Local Tax	Surcharge1 State Tax	Surcharge2 Penalty	Unapplied	Balance
03/14/19	03/15/19	CHK	Check Pay - P ₂ Water	33		(\$2,906.94)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45927		0		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/29/19	03/29/19	WTB	Water Billing CI Water	33		\$2,521.38	\$0.00	\$0.00		
	Gossett			958,700		\$0.00	\$0.00	\$0.00	\$0.00	\$2,521.38
04/15/19	04/17/19	CHK	Check Pay - P ₂ Water	33		(\$2,521.38)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett			0		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
04/30/19	04/30/19	WTB	Water Billing CI Water	33		\$3,224.12	\$0.00	\$0.00		
	Gossett			1,225,900		\$0.00	\$0.00	\$0.00	\$0.00	\$3,224.12
05/14/19	05/15/19	CHK	Check Pay - P ₂ Water	33		(\$3,224.12)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	046056		0		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
05/31/19	05/31/19	WTB	Water Billing CI Water	33		\$2,792.27	\$0.00	\$0.00		
	Gossett			1,061,700		\$0.00	\$0.00	\$0.00	\$0.00	\$2,792.27
06/13/19	06/17/19	CHK	Check Pay - P ₂ Water	33		(\$2,792.27)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	46136		0		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
06/28/19	06/28/19	WTB	Water Billing CI Water	33		\$3,051.33	\$0.00	\$0.00		
	Gossett			1,160,200		\$0.00	\$0.00	\$0.00	\$0.00	\$3,051.33
Total For Selection						\$3,051.33	\$0.00	\$0.00		
						\$0.00	\$0.00	\$0.00	\$0.00	\$3,051.33
Ending Balance						\$3,043.44	\$0.00	\$0.00		
						\$0.00	\$0.00	\$0.00	\$0.00	\$3,043.44

**Central City Mun. Wtr. & Swr.
Customer History Report**

Service Type All
AR Code All
Beginning Date 07/01/2017
Ending Date 06/30/2019

Use Reading Factor
Start Balance With Zero
Print Transaction in Descending Order
Print Breakdown By Transaction Service Taxes Totals Only

History For Account 0009-80600-001 Muhl. Co. Water District # 1

Tran Date	Post Date	Code	Description	Service Desc	Service Usage	Service Local Tax	Surcharge1 State Tax	Surcharge2 Penalty	Unapplied	Balance
07/03/17	07/03/17	WTB	Water Billing CI Water		33	\$67,700.15	\$0.00	\$0.00		
	Gossett				25,741,500	\$0.00	\$0.00	\$0.00	\$0.00	\$67,700.15
07/17/17	07/17/17	CHK	Check Pay - P2 Water		33	(\$67,700.15)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44493			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
07/31/17	07/31/17	WTB	Water Billing CI Water		33	\$71,417.12	\$0.00	\$0.00		
	Gossett				27,154,800	\$0.00	\$0.00	\$0.00	\$0.00	\$71,417.12
08/09/17	08/10/17	CHK	Check Pay - P2 Water		33	(\$71,417.12)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44574			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/01/17	09/01/17	WTB	Water Billing CI Water		33	\$67,025.81	\$0.00	\$0.00		
	Gossett				25,485,100	\$0.00	\$0.00	\$0.00	\$0.00	\$67,025.81
09/12/17	09/14/17	CHK	Check Pay - P2 Water		33	(\$67,025.81)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44639			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/29/17	09/29/17	WTB	Water Billing CI Water		33	\$64,243.80	\$0.00	\$0.00		
	Gossett				24,427,300	\$0.00	\$0.00	\$0.00	\$0.00	\$64,243.80
10/17/17	10/17/17	CHK	Check Pay - P2 Water		33	(\$64,243.80)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44716			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/01/17	11/01/17	WTB	Water Billing CI Water		33	\$69,286.82	\$0.00	\$0.00		
	Gossett				26,344,800	\$0.00	\$0.00	\$0.00	\$0.00	\$69,286.82
11/13/17	11/13/17	CHK	Check Pay - P2 Water		33	(\$69,286.82)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44774			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/17	11/30/17	WTB	Water Billing CI Water		33	\$67,988.92	\$0.00	\$0.00		
	Gossett				25,851,300	\$0.00	\$0.00	\$0.00	\$0.00	\$67,988.92
12/19/17	12/19/17	CHK	Check Pay - P2 Water		33	(\$67,988.92)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44878			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/02/18	01/02/18	WTB	Water Billing CI Water		33	\$69,753.91	\$0.00	\$0.00		
	Gossett				26,522,400	\$0.00	\$0.00	\$0.00	\$0.00	\$69,753.91
01/12/18	01/12/18	CHK	Check Pay - P2 Water		33	(\$69,753.91)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	44942			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/18	01/31/18	WTB	Water Billing CI Water		33	\$74,245.43	\$0.00	\$0.00		
	Gossett				28,230,200	\$0.00	\$0.00	\$0.00	\$0.00	\$74,245.43
02/13/18	02/14/18	CHK	Check Pay - P2 Water		33	(\$74,245.43)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45012			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/01/18	03/01/18	WTB	Water Billing CI Water		33	\$61,507.02	\$0.00	\$0.00		
	Gossett				23,386,700	\$0.00	\$0.00	\$0.00	\$0.00	\$61,507.02
03/09/18	03/09/18	CHK	Check Pay - P2 Water		33	(\$61,507.02)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45089			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/30/18	03/30/18	WTB	Water Billing CI Water		33	\$59,282.04	\$0.00	\$0.00		
	Gossett				22,540,700	\$0.00	\$0.00	\$0.00	\$0.00	\$59,282.04

Tran Date	Post Date	Code	Description	Service Desc	Service Usage	Service Local Tax	Surcharge1 State Tax	Surcharge2 Penalty	Unapplied	Balance
04/12/18	04/13/18	CHK	Check Pay - P ₂ Water		33	(\$59,282.04)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45151			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
04/30/18	05/01/18	WTB	Water Billing CI Water		33	\$60,346.14	\$0.00	\$0.00		
	Gossett				22,945,300	\$0.00	\$0.00	\$0.00	\$0.00	\$60,346.14
05/11/18	05/11/18	CHK	Check Pay - P ₂ Water		33	(\$60,346.14)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45227			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
05/31/18	05/31/18	WTB	Water Billing CI Water		33	\$68,670.88	\$0.00	\$0.00		
	Gossett				26,110,600	\$0.00	\$0.00	\$0.00	\$0.00	\$68,670.88
06/18/18	06/18/18	CHK	Check Pay - P ₂ Water		33	(\$68,670.88)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45296			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
06/29/18	06/29/18	WTB	Water Billing CI Water		33	\$63,030.32	\$0.00	\$0.00		
	Gossett				23,965,900	\$0.00	\$0.00	\$0.00	\$0.00	\$63,030.32
07/17/18	07/17/18	CHK	Check Pay - P ₂ Water		33	(\$63,030.32)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45363			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
07/31/18	07/31/18	WTB	Water Billing CI Water		33	\$79,384.97	\$0.00	\$0.00		
	Gossett				30,184,400	\$0.00	\$0.00	\$0.00	\$0.00	\$79,384.97
08/13/18	08/14/18	CHK	Check Pay - P ₂ Water		33	(\$79,384.97)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45430			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/04/18	09/04/18	WTB	Water Billing CI Water		33	\$66,343.07	\$0.00	\$0.00		
	Gossett				25,225,500	\$0.00	\$0.00	\$0.00	\$0.00	\$66,343.07
09/18/18	09/18/18	CHK	Check Pay - P ₂ Water		33	(\$66,343.07)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45494			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/28/18	09/28/18	WTB	Water Billing CI Water		33	\$59,797.26	\$0.00	\$0.00		
	Gossett				22,736,600	\$0.00	\$0.00	\$0.00	\$0.00	\$59,797.26
10/11/18	10/12/18	CHK	Check Pay - P ₂ Water		33	(\$59,797.26)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45554			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10/31/18	10/31/18	WTB	Water Billing CI Water		33	\$66,111.36	\$0.00	\$0.00		
	Gossett				25,137,400	\$0.00	\$0.00	\$0.00	\$0.00	\$66,111.36
11/14/18	11/14/18	CHK	Check Pay - P ₂ Water		33	(\$66,111.36)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45639			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/18	11/30/18	WTB	Water Billing CI Water		33	\$62,886.46	\$0.00	\$0.00		
	Gossett				23,911,200	\$0.00	\$0.00	\$0.00	\$0.00	\$62,886.46
12/12/18	12/12/18	CHK	Check Pay - P ₂ Water		33	(\$62,886.46)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45739			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/02/19	01/02/19	WTB	Water Billing CI Water		33	\$63,195.74	\$0.00	\$0.00		
	Gossett				24,028,800	\$0.00	\$0.00	\$0.00	\$0.00	\$63,195.74
01/16/19	01/16/19	CHK	Check Pay - P ₂ Water		33	(\$63,195.74)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	45781			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/19	02/01/19	WTB	Water Billing CI Water		33	\$70,371.17	\$0.00	\$0.00		
	Gossett				26,757,100	\$0.00	\$0.00	\$0.00	\$0.00	\$70,371.17
02/13/19	02/14/19	CHK	Check Pay - P ₂ Water		33	(\$70,371.17)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett				0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02/28/19	03/01/19	WTB	Water Billing CI Water		33	\$50,578.85	\$0.00	\$0.00		
	Gossett				19,231,500	\$0.00	\$0.00	\$0.00	\$0.00	\$50,578.85

History For Account 0009-80600-001 Muhl. Co. Water District #1

Tran Date	Post Date	Code	Description	Service Desc	Service	Surchage1	Surchage2		
Void	Posted	By	Check#	Usage	Local Tax	State Tax	Penalty	Unapplied	Balance
03/14/19	03/15/19	<input type="checkbox"/>	Gossett	CHK Check Pay - P ₂ Water	33	(\$50,578.85)	\$0.00	\$0.00	
			45927		0	\$0.00	\$0.00	\$0.00	\$0.00
03/29/19	03/29/19		Gossett	WTB Water Billing CI Water	33	\$55,161.36	\$0.00	\$0.00	
					20,973,900	\$0.00	\$0.00	\$0.00	\$55,161.36
04/15/19	04/17/19	<input type="checkbox"/>	Gossett	CHK Check Pay - P ₂ Water	33	(\$55,161.36)	\$0.00	\$0.00	
					0	\$0.00	\$0.00	\$0.00	\$0.00
04/30/19	04/30/19		Gossett	WTB Water Billing CI Water	33	\$61,041.77	\$0.00	\$0.00	
					23,209,800	\$0.00	\$0.00	\$0.00	\$61,041.77
05/14/19	05/15/19	<input type="checkbox"/>	Gossett	CHK Check Pay - P ₂ Water	33	(\$61,041.77)	\$0.00	\$0.00	
			046056		0	\$0.00	\$0.00	\$0.00	\$0.00
05/31/19	05/31/19		Gossett	WTB Water Billing CI Water	33	\$62,031.18	\$0.00	\$0.00	
					23,586,000	\$0.00	\$0.00	\$0.00	\$62,031.18
06/13/19	06/17/19	<input type="checkbox"/>	Gossett	CHK Check Pay - P ₂ Water	33	(\$62,031.18)	\$0.00	\$0.00	
			46136		0	\$0.00	\$0.00	\$0.00	\$0.00
06/28/19	06/28/19		Gossett	WTB Water Billing CI Water	33	\$52,696.26	\$0.00	\$0.00	
					20,036,600	\$0.00	\$0.00	\$0.00	\$52,696.26
Total For Selection						\$52,696.26	\$0.00	\$0.00	
						\$0.00	\$0.00	\$0.00	\$52,696.26
Ending Balance						\$62,827.02	\$0.00	\$0.00	
						\$0.00	\$0.00	\$0.00	\$62,827.02

**Central City Mun. Wtr. & Swr.
Customer History Report**

Service Type All
AR Code All
Beginning Date 07/01/2017
Ending Date 06/30/2019

Use Reading Factor
Start Balance With Zero
Print Transaction in Descending Order
Print Breakdown By Transaction Service Taxes Totals Only

History For Account 0009-80700-001 Muhl. Co. Water Dist. #3

Tran Date	Post Date	Code	Description	Service Desc	Service Usage	Service Local Tax	Surcharge1 State Tax	Surcharge2 Penalty	Unapplied	Balance
07/03/17	07/03/17	WTB	Water Billing CI Water		33	\$59,639.20	\$0.00	\$0.00		
	Gossett				22,676,500	\$0.00	\$0.00	\$0.00	\$0.00	\$59,639.20
07/11/17	07/11/17	CHK	Check Pay - P2 Water		33	(\$59,639.20)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	24906			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
07/31/17	07/31/17	WTB	Water Billing CI Water		33	\$64,619.36	\$0.00	\$0.00		
	Gossett				24,570,100	\$0.00	\$0.00	\$0.00	\$0.00	\$64,619.36
08/14/17	08/14/17	CHK	Check Pay - P2 Water		33	(\$64,619.36)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	24968			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/01/17	09/01/17	WTB	Water Billing CI Water		33	\$59,430.11	\$0.00	\$0.00		
	Gossett				22,597,000	\$0.00	\$0.00	\$0.00	\$0.00	\$59,430.11
09/11/17	09/11/17	CHK	Check Pay - P2 Water		33	(\$59,430.11)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	25011			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/29/17	09/29/17	WTB	Water Billing CI Water		33	\$58,865.98	\$0.00	\$0.00		
	Gossett				22,382,500	\$0.00	\$0.00	\$0.00	\$0.00	\$58,865.98
10/09/17	10/09/17	CHK	Check Pay - P2 Water		33	(\$58,865.98)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	25062			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/01/17	11/01/17	WTB	Water Billing CI Water		33	\$57,132.28	\$0.00	\$0.00		
	Gossett				21,723,300	\$0.00	\$0.00	\$0.00	\$0.00	\$57,132.28
11/14/17	11/14/17	CHK	Check Pay - P2 Water		33	(\$57,132.28)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	25130			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/17	11/30/17	WTB	Water Billing CI Water		33	\$56,525.01	\$0.00	\$0.00		
	Gossett				21,492,400	\$0.00	\$0.00	\$0.00	\$0.00	\$56,525.01
12/12/17	12/12/17	CHK	Check Pay - P2 Water		33	(\$56,525.01)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	25178			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/02/18	01/02/18	WTB	Water Billing CI Water		33	\$62,765.21	\$0.00	\$0.00		
	Gossett				23,865,100	\$0.00	\$0.00	\$0.00	\$0.00	\$62,765.21
01/10/18	01/11/18	CHK	Check Pay - P2 Water		33	(\$62,765.21)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	25224			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/18	01/31/18	WTB	Water Billing CI Water		33	\$61,974.90	\$0.00	\$0.00		
	Gossett				23,564,600	\$0.00	\$0.00	\$0.00	\$0.00	\$61,974.90
02/12/18	02/13/18	CHK	Check Pay - P2 Water		33	(\$61,974.90)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	25276			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/01/18	03/01/18	WTB	Water Billing CI Water		33	\$50,585.16	\$0.00	\$0.00		
	Gossett				19,233,900	\$0.00	\$0.00	\$0.00	\$0.00	\$50,585.16
03/12/18	03/13/18	CHK	Check Pay - P2 Water		33	(\$50,585.16)	\$0.00	\$0.00		
	<input type="checkbox"/> Gossett	25326			0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/30/18	03/30/18	WTB	Water Billing CI Water		33	\$53,230.41	\$0.00	\$0.00		
	Gossett				20,239,700	\$0.00	\$0.00	\$0.00	\$0.00	\$53,230.41

History For Account 0009-80700-001 Muhl. Co. Water Dist. #3

Tran Date	Post Date	Code	Description	Service Desc	Service	Surcharge1	Surcharge2	Unapplied	Balance
Void	Posted By	Check#		Usage	Local Tax	State Tax	Penalty		
04/09/18	04/09/18	CHK	Check Pay - P _e Water	33	(\$53,230.41)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25369		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
04/30/18	05/01/18	WTB	Water Billing CI Water	33	\$53,550.22	\$0.00	\$0.00		
	Gossett			20,361,300	\$0.00	\$0.00	\$0.00	\$0.00	\$53,550.22
05/15/18	05/15/18	CHK	Check Pay - P _e Water	33	(\$53,550.22)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25421		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
05/31/18	05/31/18	WTB	Water Billing CI Water	33	\$64,333.75	\$0.00	\$0.00		
	Gossett			24,461,500	\$0.00	\$0.00	\$0.00	\$0.00	\$64,333.75
06/12/18	06/12/18	CHK	Check Pay - P _e Water	33	(\$64,333.75)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25466		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
06/29/18	06/29/18	WTB	Water Billing CI Water	33	\$49,735.67	\$0.00	\$0.00		
	Gossett			18,910,900	\$0.00	\$0.00	\$0.00	\$0.00	\$49,735.67
07/10/18	07/10/18	CHK	Check Pay - P _e Water	33	(\$49,735.67)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25507		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
07/31/18	07/31/18	WTB	Water Billing CI Water	33	\$51,064.08	\$0.00	\$0.00		
	Gossett			19,416,000	\$0.00	\$0.00	\$0.00	\$0.00	\$51,064.08
08/13/18	08/13/18	CHK	Check Pay - P _e Water	33	(\$51,064.08)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25553		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/04/18	09/04/18	WTB	Water Billing CI Water	33	\$52,602.89	\$0.00	\$0.00		
	Gossett			20,001,100	\$0.00	\$0.00	\$0.00	\$0.00	\$52,602.89
09/11/18	09/11/18	CHK	Check Pay - P _e Water	33	(\$52,602.89)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25597		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
09/28/18	09/28/18	WTB	Water Billing CI Water	33	\$42,226.49	\$0.00	\$0.00		
	Gossett			16,055,700	\$0.00	\$0.00	\$0.00	\$0.00	\$42,226.49
10/08/18	10/08/18	CHK	Check Pay - P _e Water	33	(\$42,226.49)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25640		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10/31/18	10/31/18	WTB	Water Billing CI Water	33	\$48,596.88	\$0.00	\$0.00		
	Gossett			18,477,900	\$0.00	\$0.00	\$0.00	\$0.00	\$48,596.88
11/13/18	11/13/18	CHK	Check Pay - P _e Water	33	(\$48,596.88)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25692		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11/30/18	11/30/18	WTB	Water Billing CI Water	33	\$46,904.47	\$0.00	\$0.00		
	Gossett			17,834,400	\$0.00	\$0.00	\$0.00	\$0.00	\$46,904.47
12/11/18	12/11/18	CHK	Check Pay - P _e Water	33	(\$46,904.47)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25730		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/02/19	01/02/19	WTB	Water Billing CI Water	33	\$48,173.71	\$0.00	\$0.00		
	Gossett			18,317,000	\$0.00	\$0.00	\$0.00	\$0.00	\$48,173.71
01/14/19	01/14/19	CHK	Check Pay - P _e Water	33	(\$48,173.71)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25786		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01/31/19	02/01/19	WTB	Water Billing CI Water	33	\$55,512.46	\$0.00	\$0.00		
	Gossett			21,107,400	\$0.00	\$0.00	\$0.00	\$0.00	\$55,512.46
02/11/19	02/11/19	CHK	Check Pay - P _e Water	33	(\$55,512.46)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25829		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02/28/19	03/01/19	WTB	Water Billing CI Water	33	\$47,379.19	\$0.00	\$0.00		
	Gossett			18,014,900	\$0.00	\$0.00	\$0.00	\$0.00	\$47,379.19

History For Account 0009-80700-001 Muhl. Co. Water Dist. #3

Tran Date	Post Date	Code	Description	Service Desc	Service	Surcharge1	Surcharge2	Unapplied	Balance
Void	Posted By	Check#		Usage	Local Tax	State Tax	Penalty		
03/11/19	03/11/19	CHK	Check Pay - P _e Water	33	(\$47,379.19)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25869		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03/29/19	03/29/19	WTB	Water Billing CI Water	33	\$45,489.53	\$0.00	\$0.00		
	Gossett			17,296,400	\$0.00	\$0.00	\$0.00	\$0.00	\$45,489.53
04/11/19	04/11/19	CHK	Check Pay - P _e Water	33	(\$45,489.53)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	25908		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
04/30/19	04/30/19	WTB	Water Billing CI Water	33	\$44,993.78	\$0.00	\$0.00		
	Gossett			17,107,900	\$0.00	\$0.00	\$0.00	\$0.00	\$44,993.78
05/15/19	05/16/19	CHK	Check Pay - P _e Water	33	(\$44,993.78)	\$0.00	\$0.00		
<input type="checkbox"/>	Gossett	025960		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
05/31/19	05/31/19	WTB	Water Billing CI Water	33	\$47,145.12	\$0.00	\$0.00		
	Gossett			17,925,900	\$0.00	\$0.00	\$0.00	\$0.00	\$47,145.12
06/12/19	06/13/19	CHK	Check Pay - P _e Water	33	(\$47,145.12)	\$0.00	\$0.00		
<input type="checkbox"/>	Ashley	026013		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
06/28/19	06/28/19	WTB	Water Billing CI Water	33	\$39,853.97	\$0.00	\$0.00		
	Gossett			15,153,600	\$0.00	\$0.00	\$0.00	\$0.00	\$39,853.97
Total For Selection					\$39,853.97	\$0.00	\$0.00		
					\$0.00	\$0.00	\$0.00	\$0.00	\$39,853.97
Ending Balance					\$51,224.25	\$0.00	\$0.00		
					\$0.00	\$0.00	\$0.00	\$0.00	\$51,224.25

Case No. 2019-00260
City of Central City
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13. a. Complete the table below:

Water Main Size	Total Miles of Line	Miles of Line Used by Central City to Serve Its Wholesale Customers
16"		
14"		
12"		
10"		
8"		
6"		
4"		
2"		

b. Explain who pays for the water main(s) that Central City uses to deliver water to Central City's wholesale customer(s).

Response: Please see the attached table. To produce this table, Central City used the Pennyrile Area Development District's map of the Central City Water System. We have a hydraulic model of the water system based on this map and input from the system operators, but the map is not perfect. There have been incidents of digging up lines for repair only to find that is a different size than the map shows, in a different location, or interconnected differently. Accordingly, the tabulation is the best information that Central City has, but it is only as good as the information we have to derive it from.

Central City also has a 20-inch raw water main from the intake to the water treatment plant that is approximately 3,500 feet long. It is required to serve all customers.

WITNESS: Michael McGhee

Case No. 2019-00260
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Inch-Mile Table

Central City Water Distribution System

8/10/2019

Tabulation of Lines Serving Water Districts

Water Main Size (IN)	Length (FT)	Length (MI)	Inch-Miles	Length (FT) Serving Districts	Length (MI) Serving Districts	Inch-Miles Serving Districts
16	16,900	3.20	51.21	16,900.00	3.20	51.21
12	45,735	8.66	103.94	45,735.00	8.66	103.94
10	994	0.19	1.88	994.00	0.19	1.88
8	13,150	2.49	19.92	12,700.00	2.41	19.24
6	94,350	17.87	107.22	71,350.00	13.51	81.08
4	600	0.11	0.45	600.00	0.11	0.45
3	2,175	0.41	1.24	0.00	0.00	0.00
2	15,632	2.96	5.92	0.00	0.00	0.00
1.5	1,553	0.29	0.44	0.00	0.00	0.00
1.25	809	0.15	0.19	0.00	0.00	0.00
1	14,273	2.70	2.70	0.00	0.00	0.00
0.75	4,326	0.82	0.61	0.00	0.00	0.00
TOTAL	210,497	39.87	295.74	148,279.00	28.08	257.81

Notes:

1. Lengths of line 4" and larger are taken from McGhee Engineering KYPIPE hydraulic model of the Central City water distribution system.
2. 3" and smaller line lengths are taken from Pennyrile ADD system map.
3. KYPIPE model does not include lines 3" and smaller.
4. To determine which lines served the Districts, the KYPIPE model was run using only District demands and no Central City demands. If the pipe had flow, it was considered to serve the Districts.
5. 3" and smaller lines are assumed to not serve the districts.

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14. a. Provide the maximum capacity of Central City's water treatment plant.
- b. For each of the customers listed in response to Item 12{a), state:
- (1) The amount of Central City's total water treatment plant capacity currently reserved for that customer; and
- (2) The minimum and maximum quantity of water (in gallons) that the customer may purchase in a month under the terms of its present water purchase contract with Central City.
- c. Describe the changes, if any, that Central City expects within the next three years in the level of water treatment capacity reserved for each of the customers listed in Item 12(a), and state the reason(s) for Central City's expectations.

Response:

- a. The maximum capacity of Central City's water treatment plant is 7,000,000 gallons per day.
- b. The contract with Muhlenberg County Water District states that the District shall purchase all of its water supply requirements from Central City until the District has purchased at least 44,500,000 gallons per month. The contract with Muhlenberg County Water District No. 3 states that District No. 3 shall purchase all of its water supply requirements from Central City until the District No. 3 has purchased at least 22,670,000 gallons per month.
- c. Central City does not expect any change within the next three years of the level of water treatment capacity reserved for the wholesale customers.

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WITNESS: Legal; Michael McGhee

Case No. 2019-00260
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15. a. State who owns the master meter(s) through which Central City provides water to the customers listed in Item 12(a).
- b. How many master meters does Central City use to provide water service to each of the customers listed in Item 12(a)?
- c. State who is responsible for maintaining these master meters.

Response:

- a. The water districts own the master meters.
- b. There are three master meters serving MCWD, and two serving MCWD No. 3.
- c. The water districts maintain the master meters.

WITNESS: Michael McGhee

Case No. 2019-00260
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16. Provide a system map showing all Central City's facilities that are used to serve the customers listed in Item 12(a). This map shall show, at a minimum, all master meters, pumping stations, storage tanks, water transmission mains, and water distribution mains used to serve the customers listed in Item 12(a). The size of all mains shall be clearly indicated on this map.

Response: The best system map that Central City can produce in response to this request in one concise document is the system map produced by the Pennyrile Area Development District. Please see attached.

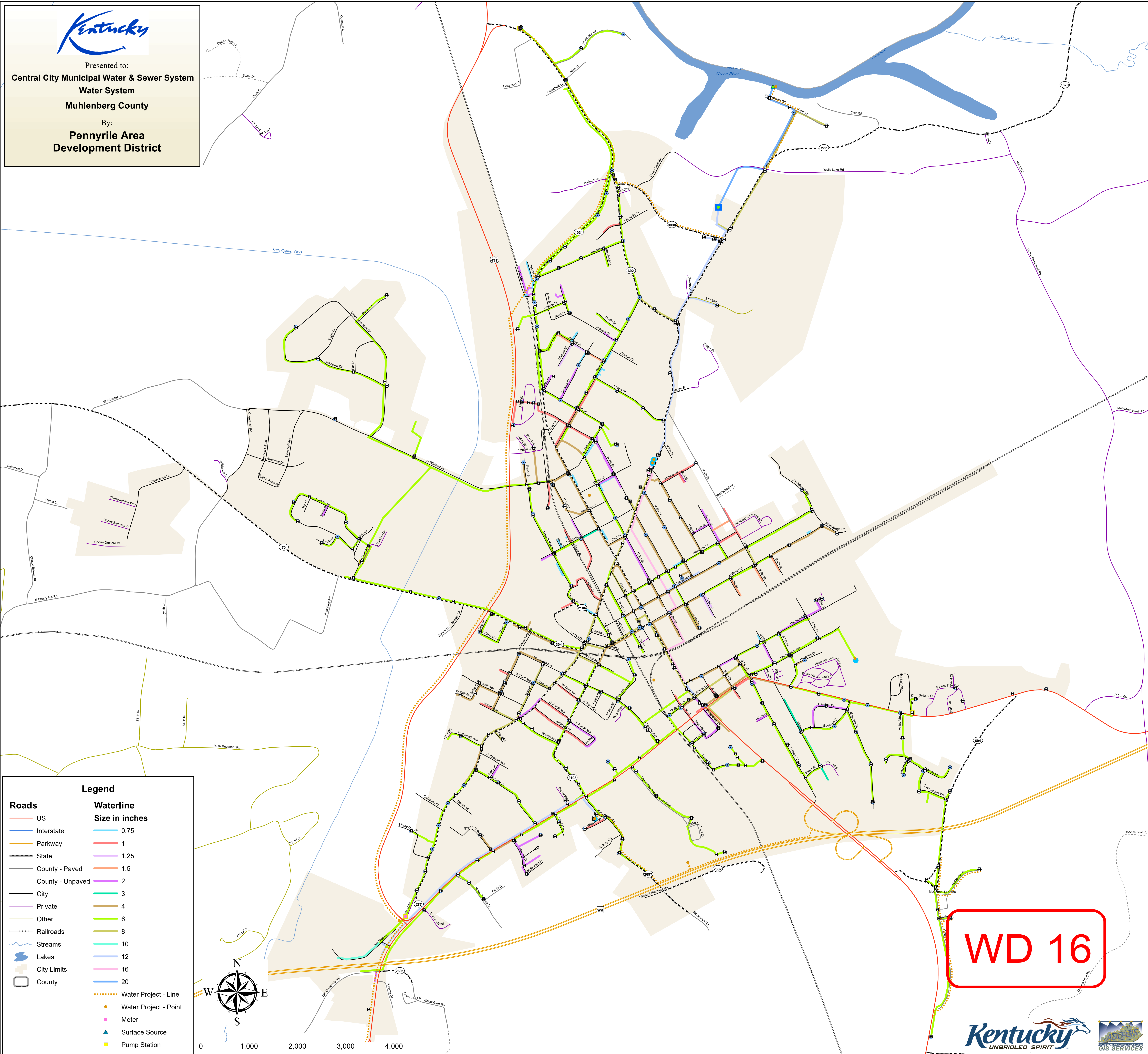
WITNESS: Michael McGhee

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

System Map



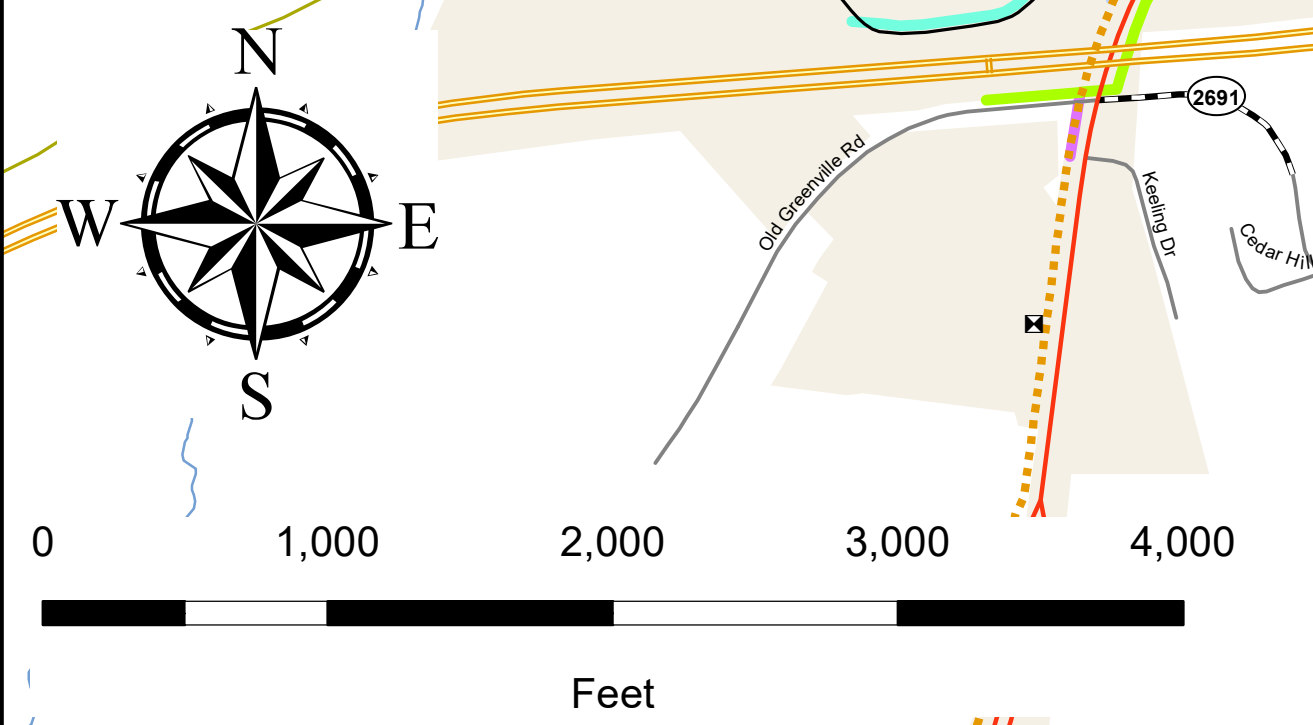
Presented to:
Central City Municipal Water & Sewer System
Water System
Muhlenberg County
 By:
Pennyriple Area
Development District



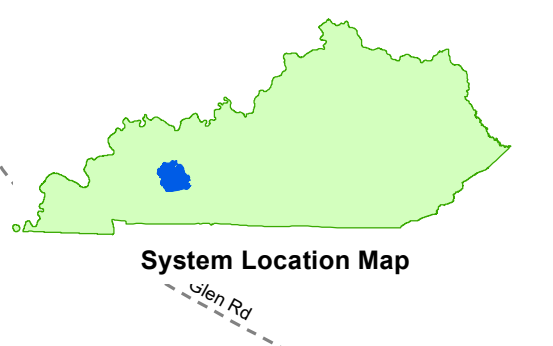
WD 16

Legend

Roads	Waterline
— US	Size in inches
— Interstate	0.75
— Parkway	1
— State	1.25
— County - Paved	1.5
— County - Unpaved	2
— City	3
— Private	4
— Other	6
— Railroads	8
— Streams	10
— Lakes	12
— City Limits	16
— County	20
— Water Project - Line	
● Water Project - Point	
● Meter	
▲ Surface Source	
■ Pump Station	
■ Purchase Source	
■ Water Treatment Plant	
■ Public Well Source	
● Water Tank	
● Water Pump	
■ WaterValve	
● Hydrant	



NADCON 1983 Datum based on Kentucky State Plane Coordinate System, Single Zone 1600.
 Road Centerlines collected using GPS technology and KYTC (Kentucky Transportation Cabinet) standards.



To the best of my knowledge, this planning map and associated reports are an accurate and current representation of the Central City Municipal Water & Sewer System.

Authorized Representative _____ Date _____
 System Name: Central City Municipal Water & Sewer System

Limitation of Liability: The information contained on this map is to be used for planning purposes only. The Pennyriple Area Development District provides no warranties of any kind for the accuracy or use of this information outside the context of use for planning purposes.

Date: June 2017
 Illustrated by: GIS Department
 Sheet Number: 1
 Project: Kentucky Infrastructure Authority (KIA)

PADD a regional planning and development agency

GIS Department
 300 Hammond Drive
 Hopkinsville, Kentucky 42240

Fax: 270-886-3211
 Phone: 270-886-9484
 www.peadd.org

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

17. Provide the portion, if any, of Central City's water main(s) that serve the customers listed in Item 12(a) and are gravity fed.

Response: None of Central City's water mains are "gravity fed." Potable water is pumped from the treatment plant into the distribution system, including into storage tanks. The system is pressurized.

WITNESS: Michael McGhee

Case No. 2019-00260
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18. a. List Central City's water sales (in gallons) for each month of the previous 36 months for each of its wholesale customers and for its retail customers.
- b. List the total amount billed by Central City for water service for each month of the previous 36 months to each of its wholesale customers and to its retail customers.

Response: Please see attached Excel file.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
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19. Provide Central City's current rate schedule for its retail customers and each of its wholesale customers.

Response: Attached is the most recent version of the rate schedule that has been produced. Please note that the ordinance attached to Item 25 below amends these rates.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Rate Schedule

Prior to new ordinance

Municipal Water and Sewer System

208 North 1st Street • P.O. Box 430 • Central City, KY 42330 • Phone (270) 754-3066 • Fax (270) 754-9711

WATER & SEWER RATE SCHEDULE

WATER RATE - In town users - effective April 1, 2013

First 1,000 gallons	\$11.00	Minimum Bill
All usage	\$3.06	per 1,000 gallons

WATER RATE - Outside city limits - effective Sept. 20, 2008

First 2,000 gallons	\$18.76	Minimum bill
All over 2,000 gallons	\$6.08	per 1,000 gallons

WATER RATES - CO UTILITY DISTRICTS - effective March 17, 2013

\$2.63 per 1,000 gallons

SEWER RATES - In town users - effective Feb. 1, 2016

First 1,000 gallons	\$9.56	\$9.56	per 1,000 gallons
Up to 3,000 gallons	\$19.54	\$4.99	per 1,000 gallons
Up to 4,000 gallons	\$24.53	\$4.99	
Up to 5,000 gallons	\$29.52	\$4.99	
Up to 6,000 gallons	\$34.51	\$4.99	
Up to 8,000 gallons	\$44.35	\$4.92	
Up to 10,000 gallons	\$53.93	\$4.79	
Up to 20,000 gallons	\$101.13	\$4.72	
Over 20,000 gallons		\$4.72	per 1,00 gallons additional usage

SEWER RATES - Outside city limits - effective Feb. 1, 2013

Service Charge (all usages, including no usage)	\$10.00	per month
Usage	\$7.00	per 1,000 gallons

\$4,500 for tap & grinder pump; \$4000 if paid in full; \$2,000 down to finance for 36 months

RATE SCHEDULES ARE APPLICABLE FOR BOTH RESIDENTIAL & COMMERCIAL

RECONNECTION FEE FOR INTOWN USERS	\$25.00
RECONNECTION FEE FOR OUTSIDE USERS	\$65.00

DEPOSITS FOR NON-COMMERCIAL USER	\$100.00
COMMERCIAL	\$150.00

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20. Complete the table below:

Central City	Gallons for Test Period	Gallons for Fiscal Year Ending June 30, 2018
Plant Use		
Line Loss (Unaccounted for)		
Sales to Retail		
Sales to Muhlenberg District		
Sales to Muhlenberg District #3		
Sales to Other Wholesale Customers		
Total Produced and Purchased		
Total Sold		

Response: Please see the attached chart.

WITNESS: Michael McGhee

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Consumption Data

Central City Water Production and Usage Summary

8/10/2019

		Central City		MCWD		MCWD#3		Non-Revenue		Production
		Gallons	% Prod	Gallons	% Prod	Gallons	% Total	Gallons	% Total	Gallons
2018	Jul	16,548,100	18%	49,481,300	53%	19,428,300	21%	8,631,300	9%	94,089,000
	Aug	12,716,900	15%	40,793,800	47%	20,013,600	23%	13,356,700	15%	86,881,000
	Sept	14,201,800	17%	36,705,700	45%	16,069,900	20%	15,116,600	18%	82,094,000
	Oct.	11,269,500	14%	40,344,200	49%	18,490,100	23%	11,886,200	14%	81,990,000
	Nov.	16,825,700	21%	38,677,800	47%	17,852,400	22%	8,110,100	10%	81,466,000
	Dec	10,726,200	13%	38,895,800	46%	18,327,800	22%	15,843,200	19%	83,793,000
2019	Jan	12,810,200	15%	41,639,000	49%	21,121,100	25%	9,511,700	11%	85,082,000
	Feb	12,337,700	16%	33,297,800	42%	18,026,500	23%	14,787,000	19%	78,449,000
	Mar	11,352,400	14%	34,409,700	43%	17,311,600	21%	17,888,300	22%	80,962,000
	Apr	10,542,700	14%	38,785,600	50%	17,938,400	23%	9,729,300	13%	76,996,000
	May	21,408,800	25%	33,260,800	39%	15,170,700	18%	15,999,700	19%	85,840,000
	Jun	9,258,100	12%	38,785,600	49%	17,938,400	22%	13,984,900	17%	79,967,000
TOTAL		159,998,100	16%	465,077,100	47%	217,688,800	22%	154,845,000	16%	997,609,000

Predicted (RD Summary & Addendum)

GAL **464,149,700** **254,041,140**

Note: Water produced in a given month is generally billed in a subsequent month.

Case No. 2019-00260
City of Central City
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21. a. State whether Central City provides unmetered water service to any entities (e.g., service to municipal buildings, fire departments, or protection services).

b. If unmetered service is provided, then for each type of service, estimate the percentage of the total unmetered amount.

Response: Yes. Of the amount of non-revenue water identified in the chart provided in Item 20 above, Central City estimates that municipal buildings account for 5%, fire protection accounts for 2%, and swimming pools account for 3%.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
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22. Provide a copy of the cost-of-service study (COSS), if any, upon which the proposed rate is based in Excel spreadsheet format with all columns and rows accessible and all formulas unhidden.

Response: As stated above, Central City is basing its proposed rate increase on RD's requirement that Central City charge a minimum of \$3.31 per 1,000 gallons. If Central City cannot charge \$3.31 per 1,000 gallons to wholesale customers, Central City's ability to obtain advantageous financing for necessary projects will be impaired. RD completed its own internal review to determine what the proposed rate should be.

McGhee Engineering supplied cost analysis to support the proposed rate. In 2017, Michael McGhee provided calculations to RD that are consistent with the methodology typically used when submitting information to RD. He utilized the most recent fiscal year's financials (then FY 2016) and adjusted them to include reasonable updates when the project was anticipated to be started (2019). His calculation resulted in a 3.31-per-1,000-gallon rate on which RD ultimately concurred.

As a part of this rate case, McGhee completed additional analysis that is based on actual expenses incurred in FY 2019. When using actual FY 2019 expenses that were incurred and the inclusion of the RD project, McGhee calculated that the wholesale rate should be \$3.34 per 1,000 gallons, which is slightly higher than what Central City proposed. This demonstrates two key points: that the proposed rate is reasonable and that the methodology used in 2017 to supply information to RD produces accurate results.

Case No. 2019-00260
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A copy of this rate analysis is provided as an Excel file.

WITNESS: Michael McGhee

Case No. 2019-00260
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23. a. Identify the person who prepared the COSS, if any, upon which the proposed rate is based,
- b. Provide the preparer's *curriculum vitae*.
- c. List all cases before the Commission in which the preparer has submitted a COSS.
- d. List all utilities (municipal or public) for which the preparer has prepared a COSS. For each utility, identify the type of utility service (water or sewer) for which the report was prepared.

Response:

- a. Michael McGhee prepared the rate analysis.
- b. See attached.
- c. Mr. McGhee has not previously submitted a full cost-of-service study to the Public Service Commission of Kentucky, but he has prepared dozens of rate analyses for PSC-jurisdictional and non-jurisdictional utilities. Many of these analyses were used as the basis to support federal funding and were approved by this Commission in accordance with KRS 278.023. A list of publicly financed projects on which Mr. McGhee has worked on is attached hereto.
- d. See part c above.

WITNESS: Michael McGhee

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Michael McGee CV

Michael W. McGhee, PE

Project Assignment

Current Position 1995 – Present **MCGHEE ENGINEERING, INC.** Guthrie, KY

President

- Founder and President of a Civil Engineering firm serving western Kentucky. Specialized expertise in water system engineering, wastewater system engineering, transportation, grading and drainage, project management, and project financing.

Education

University of Kentucky, Lexington, Kentucky, 1980

Bachelor of Science in Civil Engineering

- Broad Civil Engineering curriculum, concentration in structures.

University of Houston, Houston, Texas, 1984

Master of Business Administration

- Concentration in Finance.

Previous Professional Experience

1990-1995 **Haworth, Meyer & Boleyn, Inc.** Nashville, TN

Nashville Division Manager

- Responsible for the management of a consulting engineering firm branch office in Nashville providing transportation, water and wastewater design.

1987-1990 **Espey, Huston & Assoc., Inc.** Dallas, TX

Municipal & Environmental Engineering Manager

- Responsible for the management of all municipal and environmental engineering services for a ENR top 200 regional consulting engineering firm branch office in Dallas.

1985-1987 **Espey, Huston & Assoc., Inc.** Houston, TX

Engineering Project Manager

- Responsible for the management of Civil Engineering projects including water and wastewater design, highway and street design, drainage design, and construction administration services.

1983-1985 **Ray Young Engineers, Inc.** Houston, TX

Municipal & Environmental Engineering Manager

- Designed water and wastewater plants and distribution/collection systems.

1981-1983 **Fluor Engineers, Inc.** Houston, TX

Associate Structural Engineer

- Design of foundations and supporting structures for petrochemical plants.

Professional & Community Activities

Licensed Engineer in Kentucky, Tennessee and Pennsylvania. Member of the National Society of Professional Engineers, Kentucky Rural Water Association, American Water Works Association, Elkton Rotary Club, Southern Pennyrile Chamber Alliance.

WD 1

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Michael McGhee

Publicly Financed Projects

List of Publicly Financed Projects

8/12/2019

Job #	Year	Utility	Project	Cost (Est.)	Funding
1	1995	East Logan Water District	1995 System Extension Project	\$1,300,000	USDA
45	1997	South Logan Water Association	1997 System Improvement Project	\$612,000	USDA
51	1997	City of White Plains	Sanitary Sewer System Project	\$2,433,000	KIA, USDA, CDBG
64	1998	City of Lewisburg	Water Tank Addition & Rehab	\$286,000	USDA
73	1998	City of Elkton	US 68/80 Water Tank Addition	\$780,000	EDA, KIA
75	1998	City of Guthrie	Natural Gas System	\$750,000	KADD Loan
85	1998	Logan Todd Regional Water Commission	Regional Water System	\$77,500,000	USDA, CDBG, KIA, Bonds, Fed Budget, State Budget
114	1999	North Logan Water District	Tank Addition & Line Upgrade	\$800,000	USDA
173	2000	East Logan Water District	2001 System Extension Project	\$1,187,409	USDA, KIA, Local
216	2001	City of Lewisburg	US 431/Green Ridge-Spa Line Extension	\$316,000	USDA
232	2002	Christian County Water District	Phase VI - Apex Area Upgrade	\$2,000,000	USDA, KIA Grant
252	2002	Christian County Water District	Phase VII - Water Line Extensions	\$2,960,500	USDA, KIA Grant
253	2002	South Logan Water Association	2003 System Extension Project	\$1,650,000	USDA, KIA Grant
278	2002	City of Nortonville	Regional Wastewater WWTP	\$5,288,000	USDA, KIA Grant, CDBG
280	2003	City of Elkton	WWTP Expansion Project	\$2,631,100	USDA, EPA, Delta Reg.
302	2003	Todd County Water District	Clifty Tank & System Extension	\$1,800,000	USDA
327	2004	City of White Plains	Nortonville/White Plains Water Improvements	\$668,044	KIA Grant
369	2005	East Logan Water District	Phase 2 System Upgrade Project	\$3,045,000	USDA, KIA Grant, Local
388	2005	City of St. Charles	Sanitary Sewer System Project (Design only)	\$250,000	KIA Grant
398	2005	City of Guthrie	US Highway 79/KY 346 Water Loop	\$425,000	KIA Grant
499	2007	City of White Plains	Water Plant Rehab Project	\$385,000	KIA Fund B
529	2008	City of Central City	WTP Expansion & System Upgrade Project	\$21,150,000	USDA, CDBG, KIA Grant
566	2009	Logan Todd Regional Water Commission	Clearwell Addition & Plant Improvements	\$1,525,000	KIA Grant
583	2009	City of Auburn	Water System Upgrade Project	\$875,000	USDA
586	2009	City of Guthrie	Tiny Town Sewer Extension Project	\$1,125,000	USDA
591	2009	Todd County Water District	Coal Bank Tank Replacement/Addition	\$1,802,000	USDA, Local
625	2010	South Logan Water Association	Water System Upgrade Project	\$1,725,000	USDA, Local, KYTC
634	2010	Logan Todd Regional Water Commission	South Union Waterline Extension	\$1,600,000	KIA Grant, Local
635	2010	City of Nortonville	Nortonville Water System Improvements	\$2,000,000	USDA
648	2011	City of White Plains	New Water Treatment Plant	\$1,355,000	KIA Grant, KRWA Flex
702	2013	City of Central City	WWTP Expansion & System Upgrade Project	\$20,500,000	CDBG, KYTC, USDA, Local
722	2014	Logan Todd Regional Water Commission	Springfield, TN Water Supply Project	\$26,500,000	RD
725	2014	Christian County Water District	Phase VIII - System Upgrade Project	\$3,447,000	USDA, CDBG
744	2014	City of Auburn	Champion Petfoods Sewer Extension	\$1,000,000	USDA
772	2016	East Logan Water District	System Wide SCADA System Upgrade	\$550,000	USDA
812	2018	Todd County Water District	Novelis Waterline Extension & Tank	\$3,600,000	USDA
813	2018	City of Guthrie	Novelis Sanitary Sewer Extension	\$750,000	USDA, Delta Reg.
823	2018	City of Elkton	Water System Upgrade Project	\$170,000	KIA
839	2018	City of Auburn	WWTP Expansion Project	\$11,750,000	KIA Loan, EDA, CDBG
				TOTAL	\$203,080,053

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24. If the proposed rate is not based upon a COSS, describe how Central City determined the proposed wholesale rate, state who participated in the determination, and provide all supporting documentation for the proposed rate.

Response: See Item 22 and 23 above, as well as the testimony of Michael McGhee.

WITNESS: Michael McGhee

Case No. 2019-00260
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25. Provide the ordinance or resolution of the city council or similar governing body in which the proposed rate adjustment was approved.

Response: Please see attached ordinance.

WITNESS: David Rhoades

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Ordinance

CITY OF CENTRAL CITY, KENTUCKY
ORDINANCE BILL #2019- 10

AN ORDINANCE AMENDING SECTION 9(A); SECTION 9(C); AND SECTION 9(D) OF ORDINANCE KOC #610.02, WHICH IS ENTITLED:

AN ORDINANCE OF THE CITY OF CENTRAL CITY RELATING TO THE COMBINED AND CONSOLIDATED WATER AND SEWER SYSTEM AND THE COMMISSION ESTABLISHED TO OPERATE AND MANAGE SAID SYSTEM: PROHIBITING UNAUTHORIZED DISPOSAL OF SEWAGE: DETERMINING THAT IT IS NECESSARY TO INCREASE THE RATES AND CHARGES FOR WATER SERVICE AND FOR SEWER SERVICE PROVIDED THROUGH THE FACILITIES OF SAID SYSTEM: PRESCRIBING RATES AND CHARGES FOR SUCH SERVICES, AND THE EFFECTIVE DATES THEREOF: PRESCRIBING TIMES FOR METER READING, RENDITION OF BILLS, PAYMENT OF BILLS, PENALTIES FOR LATE PAYMENT, AND DISCONTINUANCE OF SERVICE TO DELINQUENTS: AND ESTABLISHING OTHER CHARGES

BE IT ORDAINED BY THE CITY OF CENTRAL CITY AS FOLLOWS:

FIRST:

Section 9(A) of Ordinance KOC #610.02 is hereby amended as follows:

SECTION 9. SERVICE, RATES AND CHARGES. Rates and charges for the use of the services and facilities of the System are hereby established and prescribed, effective in the manner and upon the respectable dates hereinafter set forth as follows:

WATER RATES SHALL BE:

A. In-town users:

Monthly user charge		\$11.00
Usage over 2,000 gallons	@3.06	per 1,000 gallons
Usage over 10,000 gallons	@\$3.85	per 1,000 gallons

SECOND:

Section 9(C) of Ordinance KOC #610.02 is amended as follows:

SECTION 9. SERVICE, RATES AND CHARGES. Rates and charges for the use of the services and facilities of the System are hereby established

and prescribed, effective in the manner and upon the respectable dates hereinafter set forth, as follows:

METERED WATER SERVICE

C. Resale:

Muhlenberg County Water District - \$3.31 per 1,000 gallons
and Muhlenberg County Water District #3 - \$3.31 per 1,000 gallons.

THIRD:

Section 9(D) of Ordinance KOC # 610.02 is hereby amended as follows:

D. Retail Users of water outside the city limits with or without sewer service:

First 1,000 gallons @ \$18.76 Minimum Bill

All over 2,000 gallons @ \$7.66 per 1,000 gallons

FOURTH:

All other provisions of City of Central City Ordinance KOC #0610.02, except as amended herein, shall remain in full force and effect, including, without limitation, the provisions of Section 10(II) of such ordinance, which is quoted below:

(II) EXISTING RATES: It is hereinabove provided that the prescribed rates and charges for water service and for sewer service are to become effective as applied to bills rendered on and after specified dates. It is the intention that the rates and charges herein prescribed shall supersede any rates and charges presently in force under existing Ordinances, Resolutions, Rules and Regulations but it is not intended that the rates and charges presently in force under existing Ordinances, Resolutions, Rules and Regulations; be rescinded unless and until effectively replaced or superseded; nor that there shall ever be a period of time when no lawful rate or charge for water service or sewer service prevails. Subject to the provisions of this Ordinance, it is ordained that presently prevailing rates, charges, rules and regulations continue in force until lawfully superseded.

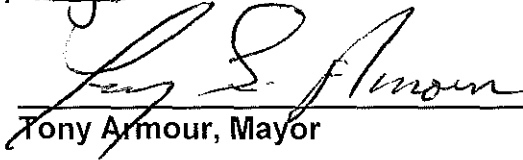
FIFTH:

The provisions of this ordinance are severable, and any valid declaration of unenforceability by a court or other tribunal of competent jurisdiction of any provision hereof shall not invalidate the remaining provisions of this ordinance.

SIXTH:

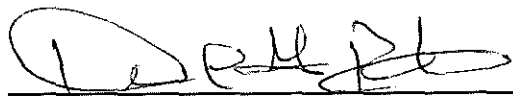
This Ordinance shall take effect upon its passage, approval and publication according to law. "Approval" shall include, without limitation, any approval required by law by any agency, department, or cabinet of the Commonwealth of Kentucky, including, without limitation, the Kentucky Public Service Commission.

This the 14th day of August, 2019.



Tony Armour, Mayor

ATTEST:



David G. Rhoades, City Clerk

Date of First Reading: July 17th, 2019

ROLL CALL

	<u>YES</u>	<u>NO</u>
CHRISTMAS	<u>✓</u>	_____
COOMBS	<u>✓</u>	_____
CUNNINGHAM	<u>✓</u>	_____
HEARLD	<u>✓</u>	_____
HIGGS	<u>✓</u>	_____
JENKINS	<u>✓</u>	_____
LANCASTER	<u>✓</u>	_____
MILLER	<u>✓</u>	_____
TOTAL:	<u>8</u>	_____

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

26. Provide the minutes of each city council meeting in 2018 and 2019 in which a proposed rate adjustment to Central City's wholesale customers was discussed.

Response: Please see attached minutes.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Council Minutes

CENTRAL CITY, KENTUCKY
AUGUST 14, 2019
5:00 P.M.

The Board of Council for the City of Central City, Kentucky met in session with Mayor Tony Armour. City Attorney Dennis Winters was present.

PRAYER: Otis Cunningham

COUNCIL MEMBERS PRESENT: Mae Christmas, Shannon Coombs, Otis Cunningham, Janet Hearld, David Higgs, Mike Jenkins, Ellanee Lancaster, and Richard Miller

COUNCIL MEMBERS ABSENT: None

MINUTES:

July 17, 2019 Regular Meeting Minutes

A motion to accept the regular meeting minutes was made by Ellanee Lancaster and seconded by Richard Miller. Unanimous "aye", motion carried.

CORRESPONDENCE: None

FINANCIAL REPORT:

A motion to accept the July 2019 Financial Report was made by David Higgs and seconded by Mike Jenkins. Unanimous "aye", motion carried.

AUGUST 2019 BILLS TO BE PAID:

A motion to accept the August 2019 Bills was made by Mae Christmas and seconded by Janet Hearld. Unanimous "aye", motion carried.

ADDITIONS / DELETIONS:

Josh Payton was added as item #1A to the agenda under new business.

AGENDA:

A motion to adopt the agenda as amended was made by David Higgs and seconded by Richard Miller. Unanimous "aye", motion carried.

COMMITTEE REPORT:

1) **Building Inspector** – 2 permits issued with \$50.00 rebate to the City.

2) **Fire Department Update:**

Jimmy Moore gave a Fire Department update. He stated that the Fire Department has been on approximately 800 emergency runs this year.

3) **Convention Center Update:**

Tammy Piper gave a Convention Center update. She stated that there are 4,649 members and 724 Silver Sneakers. Upcoming Events: Police Memorial 5K Run will be held on August 24, 2019 and Humane Society Dog Plunge will be held on August 26, 2019.

4) **Street/Sanitation Update:**

Kevin Tucker gave a Street/Sanitation update. He stated that both departments have been very busy picking up debris and other miscellaneous items trying to keep the City clean.

5) **Police Department Update:**

Jimmy Beadnell gave a Police Department update. He stated that the generated report from Central Dispatch showed approximately 1400 calls were received this month.

OLD BUSINESS:

1. Second Reading Of Ordinance Bill #2019-10, An Ordinance Amending Section 9(A); Section 9(C); And Section 9(D) Of Ordinance KOC #610.02, Which Is Entitled: An Ordinance Of The City Of Central City

Relating To The Combined And Consolidated Water And Sewer System And The Commission Established To Operate And Manage Said System: Prohibiting Unauthorized Disposal Of Sewage: Determining That It Is Necessary To Increase The Rates And Changes For The Water Service And For Sewer Service Provided Through The Facilities Of Said System: Prescribing Rates And Charges For Such Services, And The Effective Dates Thereof: Prescribing Times For Meter Reading, Rendition Of Bills, Payment Of Bills, Penalties For Late Payment, And Continuance Of Service To Delinquents: And Establishing Other Charges

City Attorney Dennis Winters read the second reading of Ordinance Bill #2019-10. Richard Miller made a motion to accept Ordinance Bill #2019-10 and seconded by Mae Christmas with a roll call vote. **Roll Call: Mae Christmas – yes, Shannon Coombs – yes, Otis Cunningham – yes, Janet Hearld – yes, David Higgs – yes, Mike Jenkins – yes, Ellanee Lancaster – yes, and Richard Miller – yes.** Motion carried.

NEW BUSINESS:

1. Municipal Order #2019-16, A Municipal Order Declaring Certain Real Property Owned By The City Of Central City As Surplus And Authorizing Its Disposal

City Attorney Dennis Winters read Municipal Order #2019-16. Shannon Coombs made a motion to accept Municipal Order #2019-16 and seconded by Ellanee Lancaster. Unanimous “aye”, motion carried.

1A. Josh Payton

Josh Payton addressed the council about why parking signs were put up on Third Street. Mayor Armour stated that there has been many complaints regarding parking issues so the signs were put up for safety precautions.

2. First Reading of Ordinance Bill #2019-11, An Ordinance Setting The Tax Rate For The City Of Central City For The Tax Year 2019 And For Motor Vehicles For Assessments As Of January 1, 2020

City Attorney Dennis Winters read the first reading of Ordinance Bill #2019-11. There was no action taken.

3. First Reading Of Ordinance Bill #2019-12, An Ordinance Amending Ordinance KOC #220.45, Entitled: “Occupational License And Tax”

City Attorney Dennis Winters read the first reading of Ordinance Bill #2019-12. There was no action taken.

4. First Reading Of Ordinance Bill #2019-13, An Ordinance Amending The Annual Budget And Appropriations For The City Of Central City, Kentucky, For Fiscal Year July 1, 2018 Through June 30, 2019

City Attorney Dennis Winters read the first reading of Ordinance Bill #2019-13. There was no action taken.

5. Closed Session (Personnel)

Janet Hearld made a motion to go into closed session pursuant to KRS 61.810. David Higgs seconded the motion. Unanimous “aye”, motion carried.

Shannon Coombs made a motion to go into open session. David Higgs seconded the motion. Unanimous “aye”, motion carried.

6. Executive Order #2019-10, An Executive Order #2019-10, An Executive Order Appointing The Fire Chief

Mayor Tony Armour appointed Kevin Tucker as Fire Chief.

7. Municipal Order #2019-17, A Municipal Order Approving Appointment Of Fire Chief

City Attorney Dennis Winters read Municipal Order #2019-17. Richard Miller made a motion to accept Municipal Order #2019-17 and seconded by Mae Christmas. Unanimous “aye”, motion carried.

Shannon Coombs made a motion to adjourn. David Higgs seconded the motion. Unanimous “aye”, motion carried.

Tony L. Armour, Mayor

David G. Rhoades, City Clerk

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

27. Provide a copy of all correspondence, electronic mail messages, or other written communications between Central City and its wholesale customers since January 1, 2018, regarding revisions to Central City's wholesale rate.

Response: All relevant communications have been filed in the record of this case.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

28. Provide all contracts, if any, for water service between Central City, Muhlenberg District, or Muhlenberg District #3 that have not been filed with the Commission.

Response: N/A

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

29. a. State the annual effect of the proposed rate adjustment on Central City's revenues from wholesale water service to each of its wholesale water service customers.

b. Show all calculations made and state all assumptions used to derive the response to Item 29(a). Provide this in Excel spreadsheet format with all rows and columns accessible and formulas unhidden.

Response: Please see the attached Excel file.

WITNESS: Michael McGhee

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

30. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:

- (1) Accounting;
- (2) Engineering;
- (3) Legal;
- (4) Consultants; and
- (5) Other Expenses (Identify separately).

b. For each category, the schedule should include the date of each transaction, check number or other document references, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this case. Identify any costs incurred for this case that occurred during the base period.

c. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

d. In the manner requested in (a) above, provide the monthly updates of the actual costs incurred in conjunction with this rate case.

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Response:

a. Please see the chart below for the itemized information requested. Copies of the vendor's invoices are attached. McGhee Engineering has kept track of time, but has not yet submitted an invoice for its work related to this rate case.

b. See response to 30(a) above.

c. Central City's proposed rate case expense surcharge is an estimate based actual rate case expenses identified in municipal wholesale rate cases over the last 10 years before this Commission, including City of Lebanon (\$162,695), City of Augusta (\$69,535), City of Danville (\$57,190), Hopkinsville Water and Environment Authority (\$153,416), and Frankfort Electric and Water Plant Board (\$78,405). The chart below has been produced in response to this information request.

d. Central City will submit updates monthly.

WITNESS: David Rhoades

Case No. 2019-00260
City of Central City
Responses to Commission Initial Request For Information

Date	Invoice #	Vendor Name	Hours	Rate/Hr	Total Amount	Description
7/3/2019	120339	Sturgill Turner	6	\$225	\$763.30	Legal Services
8/5/2019	121064	Sturgill Turner	6.5	\$225	\$ 1,462.50	Legal Services
		Total Legal	12.5		\$ 2,225.80	
		Total Engineering/Consulting			\$ -	
		Total RC Expense to date			\$ 2,225.80	

PSC 2-34(b)						
	Total Estimate	Expense to date	Remainder of estimate	Hourly rate	Estimated additional hours	
Legal Services	\$65,000	\$ 2,225.80	\$62,774.20	\$ 225	275	
Rate Consultant	\$25,000	\$ -	\$25,000.00	\$ 145	175	
Totals	\$90,000	\$ 2,225.80	\$87,774.20			

Rate Case Expense Invoices



Sturgill, Turner, Barker & Moloney, PLLC
 333 West Vine Street, Suite 1500
 Lexington, KY 40507
 p: 859.255.8581 f: 859.231.0851
 www.sturgillturner.com

David Rhoades
 City of Central City
 City Administrator
 214 N. 1st St
 Central City, KY 42330

STATEMENT OF SERVICES

Employer I.D. No. [REDACTED]

Statement Date: 08/05/2019
 Account No: 65624.0001 M
 Statement No: 121064

Central City Rate Case

					Hours	
07/19/2019	MTO	L110	A108	Communicate (other external) - phone call with WD attorney Damon Talley regarding objections; draft emails to David Rhoades and Mike McGhee regarding same.	0.50	
07/23/2019	MTO	L120	A104	Review WDs letter of protest and draft email communications to client regarding same.	0.60	
07/30/2019	MTO	L120	A106	Communicate (with client) with D. Rhoades and Mayor Armour regarding PSC Order issued today	0.30	
	MTO	L120	A104	Review PSC Order issued today	0.20	
	MTO	L120	A103	Draft/revise outline of some responses to PSC 1st data request	0.50	
07/31/2019	MTO	L120	A106	Communicate (with client) with Mike McGhee regarding rate case and data requests from PSC	0.60	
	MTO	L120	A107	Communicate (other outside counsel) with Damon Talley regarding rate case.	0.20	
	MTO	L250	A103	Draft/revise request for electronic filing procedures, as ordered by PSC	0.30	
	MTO	L320	A103	Draft/revise - outline of issues that may arise; communicate with client regarding same; continued work on responses to data requests; outline issues to address how the PSC distinguished the Harlan case.	3.30	
For Current Services Rendered					6.50	1,462.50

Recapitulation

<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
M. Todd Osterloh	Member	6.50	\$225.00	\$1,462.50

Total Current Work 1,462.50

City of Central City

Central City Rate Case

Page. 2
08/05/2019
Account No. 65624-0001M
Invoice No. 121064

	Previous Balance	\$763.30
07/16/2019	Thank you for your payment.	-763.30
	Balance Due	<u>\$1,462.50</u>

Task Code Summary

		<u>Fees</u>	<u>Expenses</u>
L110	Fact Investigation/Development	112.50	0.00
L120	Analysis/Strategy	540.00	0.00
L100	Do not Use-See L110-L190 Case Assessment,Development &Admin	652.50	0.00
L250	Other Written Motions and Submissions	67.50	0.00
L200	Do Not Use-See L210-L260 Pre-Trial Pleadings & Motions	67.50	0.00
L320	Document Production	742.50	0.00
L300	Do Not Use - See L310-L390 Discovery	742.50	0.00

PAYMENT DUE UPON RECEIPT
To ensure proper credit to your account
Please write Account 65624.0001 on your check
Thank you



Sturgill, Turner, Barker & Moloney, PLLC
 333 West Vine Street, Suite 1500
 Lexington, KY 40507
 p: 859.255.8581 f: 859.231.0851
 www.sturgillturner.com

David Rhoades
 City of Central City
 City Administrator
 214 N. 1st St
 Central City, KY 42330

STATEMENT OF SERVICES

Employer I.D. No. [REDACTED]

Statement Date: 07/03/2019
 Account No: 65624.0001 M
 Statement No: 120339

Central City Rate Case

					Hours	
04/09/2018	MTO	C300	A104	Review and respond to email from Mike McGhee regarding next step after Letter of Conditions; review contract with water districts and regulatory requirements for filing case with PSC under KRS 278.023	1.90	N/C
05/11/2018	MTO	L120	A106	Communicate (with client) - conference call with City and McGhee regarding strategy for rate increase	0.30	N/C
05/24/2018	MTO	C300	A103	Draft/revise - draft email with strategy moving forward on increasing wholesale water rates.	0.40	N/C
07/09/2018	MTO	L120	A106	Communicate (with client) - draft email asking about status of progress	0.10	N/C
06/11/2019	MTO	C300	A108	Communicate (other external) - phone call with Mike McGhee regarding wholesale water increase.	0.20	
	MTO	C300	A104	Review RD's letter of conditions; draft questions on certain future dates related to project to Mike McGhee (to provide advice to City on options).	0.50	
06/17/2019	MTO	L120	A106	Communicate (with client) - phone call with David Rhodes to discuss rate case filing	0.20	
06/19/2019	MTO	L210	A106	Communicate (with client) with David Rhoades regarding effective date of new rates	0.20	
	MTO	L210	A103	Draft/revise documents to initiate proposed rate increase to water districts, including customer notice, letters to districts, and proposed tariffs.	2.00	
06/20/2019	MTO	L120	A106	Communicate (with client) with David Rhoades regarding filing of documents with PSC.	0.20	
					<u>3.30</u>	<u>742.50</u>
For Current Services Rendered					3.30	
Total Non-Billable Hours					2.70	

City of Central City

Central City Rate Case

07/03/2019

Account No. 65624-0001M

Invoice No. 120339

Recapitulation

<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
M. Todd Osterloh	Member	3.30	\$225.00	\$742.50

Costs

06/24/2019	L110	E101	46 Document Reproduction	4.60
06/24/2019	L110	E101	162 Document Reproduction	16.20
			E101 (653) Document Reproduction	20.80
			Total Costs Thru 06/30/2019	20.80
			Total Current Work	763.30
			Balance Due	<u>\$763.30</u>

Task Code Summary

	<u>Fees</u>	<u>Expenses</u>
C300 Analysis and Advice	157.50	0.00
C300 Analysis and Advice	157.50	0.00
L110 Fact Investigation/Development	0.00	20.80
L120 Analysis/Strategy	90.00	0.00
L100 Do not Use-See L110-L190 Case Assessment,Development &Admin	90.00	20.80
L210 Pleadings	495.00	0.00
L200 Do Not Use-See L210-L260 Pre-Trial Pleadings & Motions	495.00	0.00

PAYMENT DUE UPON RECEIPT
 To ensure proper credit to your account
 Please write Account 65624.0001 on your check
 Thank you

31. Refer to the protest letters of Muhlenberg District and Muhlenberg District #3 (protest letters), Item 1. Also, refer to the Water Purchase Contracts, paragraph 13. Explain how the proposed rate modification complies with paragraph 13 of the Water Purchase Contracts.

Response: Paragraph 13 of the contracts states that Central City “shall utilize a methodology that is generally recognized and accepted in the water industry and by the Public Service Commission (the ‘PSC’) to determine the proposed wholesale rate.” Without question, reliance on the RD’s calculation of minimum rates in the letter of conditions is generally recognized and accepted in the water industry. Since January 1, 2017, at least 23 cases have been presented to the Commission in which a utility sought an increase in water or sewer rates based on KRS 278.023 and the minimum rates identified in an RD Letter of Conditions. Moreover, in the only other case filed by a municipality based on the RD’s required minimum rates for approval of funding, the Commission approved the proposed rate identified in RD’s Letter of Conditions, finding that its decision “complies with the policy of the General Assembly as expressed” in KRS 278.023. This methodology is undoubtedly generally recognized and accepted in the water industry.

WITNESS: Legal; David Rhoades

32. Refer to the protest letters, Item 2. Also, refer to the Water Purchase Contracts, paragraph 14. Explain whether Central City has complied with paragraph 14 of the Water Purchase Contracts.

Response: Paragraph 14 of the contracts states that Central City “shall notify the Purchaser in writing of any proposed rate adjustment or modification to the wholesale rate within five (5) business days after the Central City Municipal Water and Sewer Board recommends a wholesale rate adjustment.” There is no requirement that the Central City Municipal Water and Sewer Board recommend a wholesale rate. In this instance, no recommendation was made by the Board, nor was it necessary, because RD was requiring certain minimum rates for Central City to obtain favorable funding. Because the Board did not make a specific recommendation, nor was it required to make a recommendation, Central City did not have an obligation to inform the Districts of a recommendation.

Paragraph 14 of the contracts also states that Central City shall notify the Districts “at least 30 days before it is to be adopted as the actual wholesale rate. This will enable the Purchaser to review and comment on the proposed wholesale rate before it is actually adopted by the Seller.” It also states, “At the expiration of the 30-day review period, the Seller may proceed to establish and adopt the new wholesale rate. The Seller shall immediately notify, in writing, the Purchaser of the new wholesale rate.” The intent of this 30-day window is clear from the language of the contract—it provides opportunity to the Districts to “review and comment on the proposed wholesale rate.”

The Districts had a 30-day period in which to review and comment on the

proposed wholesale rate. Written notice was provided to the Districts on June 24, 2019. The proposed effective date was not until July 31, 2019. In other words, the Districts had 37 days to review and comment on the proposed wholesale rate.

WITNESS: Legal; David Rhoades

33. Refer to the protest letters, Item 3. Also, refer to the Water Purchase Contracts, paragraph 15. Explain how the proposed effective date complies with paragraph 15 of the Water Purchase Contracts.

Response: Paragraph 15 states that “[t]he effective date of the new wholesale rate shall be at least 30 days after the Seller adopts the new rate. This will enable the Seller to file a revised tariff with the PSC and obtain PSC approval of the new rate.” The purpose of this provision is likewise clearly expressed in its terms. The 30-day window enables Central City to file the proposed rates with the Commission, as required by KRS 278.180. Central City provided the Commission with more time than the 30-day requirement mandates. The purpose of the provisions in paragraph 15 of the contracts is met because there was sufficient time for Central City to file the proposed rates with the Commission.

To the extent that the contract could be interpreted to require two consecutive 30-day periods (an initial 30-day period for the Districts to review and comment on the proposed rates and a second 30-day period for the City to provide statutory notice to the Commission), this 60-day window expired on August 23, 2019. Accordingly, any Commission order approving Central City’s proposed rates will now be after any contemplated date in the contracts.

WITNESS: Legal; David Rhoades

34. Refer to the protest letters, Item 4. Also, refer to the Water Purchase Contract, paragraph 16. Explain whether the Joint Planning Committee (Committee) established by paragraph 16 of the Water Purchase Contracts is still active. If so, explain why the Committee has not met in over 18 months.

Response: Paragraph 16 indicates that Central City and the Districts will establish a “Muhlenberg Joint City-County Water Production Planning Committee with one representative from each of the three public entities.” Nothing in the contract, however, places any contingencies related to this Committee on Central City’s wholesale rate. In addition, although the Committee has not held a meeting for a period of time, the Districts hold a majority of seats (2 of 3) on the Committee and have not requested a meeting over that time.

WITNESS: Legal; David Rhoades

35. Refer to the protest letters, Item 6. Provide a description of the construction project the RD funds will be used to construct and explain in detail how the project is related to Central City's ability to provide wholesale water service.

Response: Please see attached summary from McGhee Engineering.

WITNESS: Michael McGhee

Project Summary

Central City has applied for funding from USDA Rural Development (RD) for a water system improvements project. The preliminary budget for the project is \$1,000,000. RD issued a letter of conditions for project financing on March 23, 2018 (Attachment 1). The following is a description of each of the major work items to be included in the project, the preliminary budget for the work, and the improvement's purpose, specifically as it relates to Muhlenberg County Water District and Muhlenberg County Water District No. 3 (the Districts).

1. Refurbish and Repaint Reservoir Hill Tank No. 2 - \$300,000

Reservoir Hill tank No. 2 is one of five tanks in the Central City water distribution system. Three or four of those tanks are in service depending on the season and system demand. The fifth tank is not in service (see Stringtown tank demolition item below). The Reservoir Hill No. 2 tank is one of the three tanks in the system that is generally always in service. These tanks provide storage for treated water and serve to mitigate pressure fluctuations in the system resulting from varying demands. Having this storage volume available is one of the factors that allows the Districts to take water on their schedule.

The Reservoir Hill No. 2 tank is in serviceable condition, but the interior and exterior coatings are deteriorated and in need of refurbishing. The 2012 water plant expansion project had funds set up in the original budget to refurbish and repair both Reservoir Hill No. 1 and No. 2 tanks. Cost overruns on the project, primarily in the distribution SCADA, limited the funds available for tank rehabilitation such that only Reservoir Hill No. 1 tank could be refurbished. Renovation of the Reservoir Hill No. 2 tank benefits all system customers.

2. Install Tank Mixing Systems in Reservoir Hill 1 & 2 and Rose Hill Tanks - \$100,000

The addition of mixing systems in three of the four primary tanks in the Central City system is intended to balance out effective water age in the tanks. (The new Community College tank was built with a mixing system.) Doing this helps lessen the formation of disinfection byproducts (DBP) and assists with compliance with regulatory limits on trihalomethane and haloacetic acid concentrations in the finished water. Formation of these compounds is a function of temperature and time. The mixing systems keep the tank contents more uniform and decrease the risk of pockets of older (and more DBP laden) water being held in the tanks. Since time is a factor in DBP, the concentrations tend to be highest in the farthest periphery of the distribution systems. For this reason, the addition of tank mixing systems primarily benefits the Districts.

3. Replace Intake Sluice Gates - \$135,000

The Central City raw water intake on the Green River was constructed as part of the original plant project, and refurbished by the addition of new pumps, piping and valves, and electrical components in the 2012 plant renovation. The intake is equipped with three submerged intake levels, each controlled by a sluice gate operated from the pump level of the intake structure. In its present setting, water is drawn from the river through only the highest opening. During the intake renovation, the operators attempted to change this configuration by closing the upper level intake sluice gate and opening the lower gates. All three gates were found to be inoperable.

Because these gates are submerged in river water within the intake structure, they are inaccessible for maintenance and repairs by plant personnel. Central City hires divers on an annual basis to clean out the accumulated debris in the wet well. During recent wet well cleanings, the divers have attempted to break the gates loose to allow them to operate but have not been successful in doing so. Although the river level has not dropped below the level of the highest gate in recent years, the risk exists that an extended drought could lower the river level to a point that water could not flow into the intake. This would jeopardize water availability to all customers supplied by the Central City plant, including the Districts.

4. Clean and Replenish Filter Media at the Water Treatment Plant - \$30,000

Granular filter media requires periodic cleaning and replenishment. Some of the older filters need this work. Filtration is central to the water treatment process and affects all system users.

5. Renovate Laboratory at the Water Treatment Plant

The laboratory at the water treatment plant is original to the plant. The cabinetry and plumbing are deteriorated and largely unrepairable due to obsolescence. This work would replace the cabinetry, plumbing and non-functional or obsolete equipment. The laboratory is integral to the treatment process by providing needed plant performance and compliance data, and benefits all users.

6. Valve Replacement at Reservoir Hill Tanks

Some of the buried valves used to direct flow between, and isolate tanks are non-functional and require replacement. Work on these tanks benefits all customers as described in (1) above.

7. Demolish Stringtown Tank

The Stringtown Road elevated water storage tank was an integral part of the Central City water distribution system. In 2014, the tank was inspected to determine the extent of needed repairs and refurbishment. In that inspection, the tank was found to be badly deteriorated and to have a non-compliant interior coating system. Because of the high estimated cost of the repairs, and the reduction in necessary system storage brought on by lessened system demand, the Central City Water Board elected to remove the tank from service. The demolition of the tank is intended to remove a non-functioning asset that will pose an increasingly significant liability risk as the deterioration continues. Doing so benefits all system customers.

8. Equipment Storage Building at Water Treatment Plant

There is minimal storage space for equipment, spare parts and supplies at the existing water treatment plant, causing some items to have to be stored outside. There is also limited workshop space for performing equipment repairs and maintenance. This affects the expected life of the equipment, and makes it more difficult to access and use, particularly during inclement weather. The intent is to provide a garage-like structure to house equipment and a work area. This will improve the service life of the equipment and supplies, and improve and enhance maintenance of the plant, which will benefit all customers.

9. Replace Bulk Doors at Building 75 at the Water Treatment Plant

Building 75 was formerly the gas chlorine storage facility. It has now been converted to liquid storage for chemicals used in the treatment process. It is equipped with two large, heavy steel doors that are badly deteriorated and obsolete. The intent is to remove the deteriorated doors, fill in most of the opening with masonry to match the building, and provide smaller personnel doors in their place. The work enhances safety and functionality of the plant and benefits all users.

10. SCADA Enclosures at Reservoir and Rose Hill Tanks.

As part of the 2012 water plant renovation and expansion, new SCADA equipment was installed at the Central City tanks to monitor flow in and out of the tanks, and tank water level. This new equipment replaced and enhanced obsolete equipment. The equipment was installed in weatherproof cabinets, but if maintenance or adjustment of the equipment is required during rains, the equipment in the cabinets can be damaged. The intent is to provide a small canopy over the cabinets to protect them from rain. This will enhance operability of the distribution storage system and will benefit all customers.

11. Non-Construction Costs and Contingency

The preliminary project budget also includes non-construction costs totaling \$158,500 and contingency funds of \$76,500. The current budget is attached (Attachment 2).

Should contingency funds remain after the project is completed, those funds will be used toward other minor plant enhancements.



Rural Development

March 23, 2018

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

SUBJECT: City of Central City
Letter of Conditions

TO: Area Director
Madisonville, Kentucky

The applicant's proposed project has received favorable review action for RUS financial assistance. This is not to be considered as loan or grant approval or as representation as to the availability of funds.

We are enclosing the original and 5 copies of the Letter of Conditions. You should contact the applicant at the earliest opportunity to obtain a date and time for holding a meeting for the purpose of delivering and reading the Letter of Conditions and planning further processing of the application.

If the applicant chooses to proceed with the loan and grant, the following documents should be completed and forwarded to the State Office at the earliest opportunity:

1. Form RD 1942-46, "Letter of Intent to Meet Conditions," ONE signed copy
2. Form RD 1940-1, "Request for Obligation of Funds," TWO signed originals
3. Form RD 442-7, "Initial Operating Budget," adopted by the applicant ONE signed copy.
4. Copy of Notice of Public Meeting and copy of Public Meeting minutes.
5. Copy of "Certification of Conflict of Interest Policy and Disclosure letter"


HILDA GAY LEGG
State Director

Enclosures

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.



March 23, 2018

Honorable Barry Shaver, Mayor
City of Central City
214 North First Street
Central City, KY 42330

SUBJECT: Recipient Name: City of Central City
Project Name: Water System Improvements

Dear Mayor Shaver:

This letter establishes conditions that must be understood and agreed to by you before further consideration may be given to the application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$850,000 and a RUS grant not to exceed \$150,000. No applicant cash contribution will be required.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 210 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application. In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

Rural Development • Kentucky State Office
771 Corporate Drive, Suite 200, Lexington, Kentucky 40502
Voice (859) 224-7300 • Fax (855) 661-8335 • TTY (859) 224-7422

USDA is an equal opportunity provider, employer and lender.

1. Number of Users and Their Contribution:

There shall be 2,117 water users, of which all are existing users. The Area Director will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids.

2. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

3. Drug-Free Work Place:

Prior to grant closing, the City will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

4. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Bond. Principal payment will not be deferred. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the City to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

5. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the City to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

6. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The City will be required to deposit \$290 per month into a "Funded Debt Reserve Account" until the account reaches \$34,800. The deposits are to be resumed any time the account falls below the \$34,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the City's prior bond ordinances.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The City also needs to fund an account for short-lived assets by depositing a sum of \$6,598 monthly into the account. The funds in the short-lived asset account may be used by the City as needed to replace or add short-lived assets in the City's utility systems.

7. Security Requirements:

A combined pledge of gross water and sewer revenue(s) will be provided in the Bond Ordinance. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the City will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

Additional security requirements are contained in [RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," and RUS Bulletin 1780-28, "Loan Resolution Security Agreement," which also serves as an assignment of income.] A draft of all security instruments must be reviewed and concurred in by the Agency prior to advertising for bids. The Loan Resolution must be duly adopted and executed prior to loan closing. The Grant Agreement must be fully executed prior to the first disbursement of grant funds.

8. Land Rights and Real Property:

The City will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users.

The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

9. Organization:

The City will be legally organized under applicable KRS, which will permit them to perform this service, borrow, or repay money.

The City must maintain a current registration of their Dun and Bradstreet Data Universal Numbering System (DUNS) number in SAM.gov (System for Award Management) in order to receive federal loan and/or grant financial assistance. This registration must be updated/renewed at least annually.

10. Business Operations:

The City will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the City after review by Rural Development. At no later than loan pre-closing, the City will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

11. Conflict of Interest Policy:

Prior to obligation of funds, you will certify in writing that your organization has in place an up-to-date written policy on conflict of interest. The policy will include, at a minimum: (1) a requirement for those with a conflict/potential conflict to disclose the conflict/potential conflict, (2) a prohibition of interested members of the applicant's governing body from voting on any matter in which there is a conflict, and (3) a description of the specific process by which the governing body will manage identified or potential conflicts.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Sample conflict of interest policies may be found at the National Council of Nonprofits website, <https://www.councilofnonprofits.org/tools-resources/conflict-of-interest>, or in Internal Revenue Service Form 1023, Appendix A, "Sample Conflict of Interest Policy," at <http://www.irs.gov/pub/irs-pdf/i1023.pdf>. Though these examples reference non-profit corporations, the requirement applies to all types of Agency borrowers.

Disclosure must be in the form of a written letter signed and dated by the applicant's official. A negative disclosure of the same format is required if no conflicts are anticipated. Assistance in developing a conflict of interest policy is available through Agency-contracted technical assistance providers if desired.

12. Accounts, Records and Audits:

The City will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits)/statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780.

The City shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

13. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The type of financial information that must be submitted is specified below:

Audits – An annual audit under the Single Audit Act is required if you expend \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures.

All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. Further guidance on preparing an acceptable audit can be obtained from the Agency. It is not intended that audits required by this part be separate and apart from audits performed in accordance with State and local laws. To the extent feasible, the audit work should be done in conjunction with those audits. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law, and must be submitted within 9 months of your fiscal year end.

14. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the City. The City should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The City will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The City will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$800,000.
- D. Real Property Insurance - The City will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the City from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The City will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

15. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "28" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 240 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project must be constructed by the design/bid/build method of construction. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 - 3. Legal Service Agreements.
 - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the City will obtain advance clearance from Bond Counsel and/or Local Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

16. Bid Tabulation:

Immediately after bid opening, you must provide the Agency with the bid tabulation and your engineer's evaluation of bids and recommendations for contract awards. If the Agency agrees that the construction bids received are acceptable, adequate funds are available to cover the total project costs, and all the requirements of this letter have been satisfied, the Agency will authorize you to issue the Notice of Award.

- A. Cost Overruns – If bids are higher than expected, or if unexpected construction problems are encountered, you must utilize all options to reduce cost overruns. Negotiations, redesign, use of bidding alternatives, rebidding or other means will be considered prior to commitment of subsequent funding by the Agency. Any requests for subsequent funding to cover cost overruns will be contingent on the availability of funds.

Cost overruns exceeding 20% of the development cost at time of loan or grant approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date.

- B. Excess Funds – If bids are lower than anticipated at time of obligation, excess funds must be de-obligate prior to start of construction except in the cases addressed in this paragraph. In cases where the original PER for the project included items that were not bid, or were bid as an alternate, the State Office official may modify the project to fully utilize obligated funds for those items. Amendments to the PER, ER, and letter of conditions may be needed for any work not included in the original project scope. In all cases, prior to start of construction, excess funds will be de-obligated, with grant funds being de-obligated first. Excess funds do not include contingency funds as described in this letter.

17. Contract Documents, Final Plans, and Specifications:

- A. The contract documents must consist of the EJCDC construction contract documents as indicated in RUS Bulletin 1780-26 or other Agency-approved forms of agreement.
- B. The contract documents, final plans, and specifications must comply with RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Constructing and Inspections, and must be submitted to the Agency for concurrence prior to advertising for bids along with an updated cost estimate. The Agency may require another updated cost estimate if a significant amount of time elapses between the original submission and advertising for bids.

- C. The use of any procurement method other than competitive sealed bids must be requested in writing and approved by the Agency.

18. Contract Review:

Your attorney will certify that the executed contract documents, including performance and payment, if required, are adequate and that the persons executing these documents have been properly authorized to do so in accordance with RUS Instruction 1780.61 (b).

19. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews.

Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 *et seq.*) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 *et seq.*) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

E. Limited English Proficiency (LEP) under Executive Order 13166:

LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. You must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information your organization provides.

These protections are pursuant to Executive Order 13166 entitled, "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005, "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA."

Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. You must display posters (provided by the Agency) informing users of these requirements, and the Agency will monitor your compliance with these requirements during compliance reviews.

20. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the City.

21. Compliance with Special Laws and Regulations:

The City will be required to conform to any and all state and local laws and regulations affecting this type project.

22. Treatment Plant and System Operator:

The City is reminded that the water treatment plant and water system operator must have an Operator's Certificate issued by the State.

23. Prior to Pre-Closing the Loan, the City Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."

- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

24. Refinancing and Graduation Requirements:

The City is reminded that if at any time it shall appear to the Government that the City is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the City will apply for and accept such loan in sufficient amount to repay the Government.

25. Commercial Interim Financing:

The City will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the City will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

26. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the City prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$250,000 at any time, the financial institution will secure the amount in excess of \$250,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

Agency funds will be disbursed into the construction account through an electronic transfer system. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

Monthly audits of the City's construction account records shall be made by Rural Development.

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment.

Any applicant contribution will be the first funds expended, followed by other funding sources. Interim financing or Agency loan funds will be expended after all other funding sources unless an agreement is reached with all other funding sources on how funds are to be disbursed prior to start of construction or loan closing, whichever occurs first. Interim financing funds or Agency loan funds must be used prior to the use of Agency grant funds. The Grant funds must not be disbursed prior to loan funds except as specified in RUS Instruction 1780.45 (d). In the unlikely event the Agency mistakenly disburses funds, the funds will be remitted back to the Agency electronically.

During construction, the City shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the City, the City Council shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the City.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the City and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

27. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the City.

Grant funds are to be deposited in an interest bearing account in accordance with 2 CFR part 200 and interest in excess of \$500 per year remitted to the Agency.

The funds should be disbursed by the recipient immediately upon receipt and there should be little interest accrual on the Federal funds. Recipients shall maintain advances of Federal funds in interest-bearing account, unless:

- a. The recipient receives less than \$120,000 in Federal awards per year.
- b. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
- c. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
- d. A foreign government or banking system prohibits or precludes interest-bearing accounts.

28. Project Budget:

Estimated expenditures are as follows:

Project Costs:

Development	\$ 765,000
Legal and Administrative	15,500
Engineering Fees	118,000
Interest	19,890
PER & EA	25,000
Contingencies	<u>56,610</u>
TOTAL PROJECT COST	\$1,000,000

Project Funding:

RUS Loan	\$ 850,000
RUS Grant	<u>150,000</u>
TOTAL FUNDING	\$1,000,000

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. If actual project costs exceed the project cost estimates, an additional contribution by the Owner may be necessary. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and approval of other funding sources. This evidence should include a copy of the commitment letter. Agency funds will not be used to pre-finance funds committed to the project from other sources.

Obligated loan or grant funds not needed to complete the proposed project will be de-obligated prior to start of construction. Any reduction will be applied to grant funds first. An amended letter of conditions will be issued for any changes to the total project budget.

29. Construction Completion Timeframe:

All projects are required to be completed and all funds disbursed within five years of obligation. If funds are not disbursed within five years of obligation, you must submit a written waiver request with adequate justification of extenuating circumstances beyond your control for an extension of time. Any additional requests for waivers beyond the initial extension will be submitted through the State Office to the Assistant Administrator for concurrence decision.

30. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS grant funds. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

31. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

32. Rates and Charges:

Rates and charges for facilities and services rendered by the City must be at least adequate to meet cost of maintaining, repairing and operating the * system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

Inside City:

First 0 gallons @ \$11.00 - Minimum Bill.
All Over 0 gallons @ \$ 3.86 – per 1,000 gallons.

Outside City:

First 2,000 gallons @ \$18.76 - Minimum Bill.
All Over 2,000 gallons @ \$ 6.08 – per 1,000 gallons.

County Water Districts:

All usage - \$3.31 per 1,000 gallons.

33. Water Purchase Contract:

The City will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

34. Vulnerability Assessment/Emergency Response Plan (VA/ERP):

The Agency requires all financed water and wastewater systems to have a VA/ERP in place. Borrowers with existing systems must provide a certification that a VA/ERP has been completed prior to advertising for bids. The documents are not submitted to the Agency for VA/ERP requirements throughout the life of the loan.

35. Floodplain Construction:

The City will be required to pass and adopt a Resolution or amend its By-Laws whereby the City will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain.

If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the City and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

36. Water Withdrawal Permit:

The City will be required to obtain satisfactory evidence that a revised water withdrawal permit has been secured from the Division of Water. The permit must be obtained prior to the commencement of construction on the water project.

37. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated November 3, 2017, from Ms. Lee Nalley.
- B. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- C. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted until RD can consult with the State Historical Preservation Officer and issue further directions.
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- E. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

38. System for Award Management:

You will be required to maintain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and maintain an active registration in the System for Award Management (SAM) database. Renewal can be done on-line at: <http://sam.gov>.

This registration must be renewed and revalidated every twelve (12) months for as long as there are Agency funds to be expended.

To ensure the information is current, accurate and complete, and to prevent the SAM account expiration, the review and updates must be performed within 365 days of the activation date, commonly referred to as the expiration date. The registration process may take up to 10 business days. (See 2 CFR Part 25 and the "Help" section at <http://sam.gov>).

39. Prepayment and Extra Payments:

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower, with no penalty.

Security instruments, including bonding documents, must contain the following language regarding extra payments, unless prohibited by State statute:

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Agency debt, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of borrower to pay the remaining installments as scheduled in your security instruments.

40. Security/Operational Inspections:

The Agency will inspect the facility and conduct a review of your operations and records management system and conflict of interest policy every three years for the life of the loan. You must participate in these inspections and provide the required information.

41. American Iron & Steel:

Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) applies a new American Iron and Steel requirement:

- (1) No Federal funds made available for this fiscal year for the rural water, waste water, waste disposal, and solid waste management programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 et seq.) shall be used for a project for the construction, alteration, maintenance, or repair of a public water or wastewater system unless all of the iron and steel products used in the project are produced in the United States.
- (2) The term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.
- (3) The requirement shall not apply in any case or category of cases in which the Secretary of Agriculture (in this section referred to as the "Secretary") or the designee of the Secretary finds that— a. applying the requirement would be inconsistent with the public interest; b. iron and steel products are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or c. inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent. .

42. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,



HILDA GAY LEGG
State Director

Enclosures

cc: Area Director – Madisonville, Kentucky
Pennyrile ADD – Hopkinsville, Kentucky
McGhee Engineering – Guthrie, Kentucky
Dennis Winters – Central City, Kentucky
Rubin & Hays – Louisville, Kentucky

Preliminary Project Budget

Item	Total
Construction	
Refurbish and Paint Reservoir Hill Tank No. 2	\$ 300,000
Install Tank Mixing Systems in Res 1 & 2, Rose Hill	\$ 100,000
Replace Intake Sluice Gates	\$ 135,000
Clean and Replenish Filter Media at Water Treatment Plant	\$ 30,000
Renovate Laboratory at Water Treatment Plant	\$ 40,000
Valve Replacement and Repair at Reservoir Hill Tanks	\$ 15,000
Demolish Stringtown Road Tank	\$ 70,000
Equipment Storage Building at Water Treatment Plant	\$ 50,000
Replace Bulk Doors at Building 75 at Water Treatment Plant	\$ 10,000
SCADA Enclosures at Reservoir Hill and Rose Hill Tanks	\$ 15,000
SUBTOTAL - Construction	\$ 765,000
Non-Construction Items	
Administrative	\$ 5,000
Legal Costs	\$ 10,500
Preliminary Engineering	\$ 25,000
Design Engineering	\$ 50,000
Construction Phase Engineering Services	\$ 21,000
Construction Inspection	\$ 47,000
SUBTOTAL - Non-Construction	\$ 158,500
Contingency	\$ 76,500
TOTAL ESTIMATED PROJECT COST	\$ 1,000,000

Funding Sources	
USDA Rural Development Loan	\$ 850,000
USDA Rural Development Grant	\$ 150,000
TOTAL ESTIMATED PROJECT COST	\$ 1,000,000

36. Refer to the protest letters, Item 7. Explain whether Central City is actively pursuing the proposed RD project.

Response: Central City is pursuing the proposed RD project. These projects are needed for the City to provide safe, reliable water service. In order to complete the projects, Central City must get funding. And in order to get funding, RD requires that the City have minimum rates, including at least \$3.31 per 1,000 gallons for wholesale customers.

WITNESS: David Rhoades

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF CENTRAL CITY) Case No. 2019-00260
MUNICIPAL WATER & SEWER)

**CERTIFICATION OF RESPONSES TO THE
COMMISSION'S FIRST REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of the City of Central City's responses to the requests for information contained in the Commission's First Request for Information, and that the responses are true and accurate to the best of my knowledge, information, and belief after reasonable inquiry.

Date: 8/27/19



David Rhoades
City Administrator