

**CITY OF AUGUSTA, KENTUCKY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

<b>Independent Auditor’s Report</b> .....	<b>1-3</b>
<b>Management’s Discussion and Analysis</b> .....	<b>4-8</b>
<b>Basic Financial Statements</b>	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position.....	9
Statement of Activities.....	10
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds .....	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities.....	14
Statement of Net Position – Proprietary Funds.....	15
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	16
Statement of Cash Flows – Proprietary Funds.....	17
Notes to the Financial Statements .....	18-28
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund .....	30
Notes to Budgetary Comparison Schedules.....	31
<b>Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	<b>32-33</b>
<b>Management Letter</b> .....	<b>34</b>



## INDEPENDENT AUDITOR'S REPORT

Member of City Council  
City of Augusta, Kentucky  
Augusta, Kentucky

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the City of Augusta, Kentucky (City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, of the City, as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis of Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are condition or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

***Required Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City basic financial statements. The accompanying combining utility fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2025, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

**Maddox & Associates CPAs Inc.**

Fort Thomas, Kentucky  
February 23, 2025

As management of the City of Augusta, Kentucky (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements.

### **FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of the City were more than its liabilities and deferred outflows at the close of the most recent fiscal year by \$3,371,116 (net position). The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors, \$1,353,515. The City's total net position decreased by \$927,995.

At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$647,050 an increase of \$29,847 from the prior year. Of this amount, \$605,444 is available for spending at the City's discretion (unassigned fund balance).

At the close of the current fiscal year, the unassigned fund balance for the general fund is approximately 35% of total general fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements.

#### **Government-wide Financial Statements**

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

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, police, fire, public works, and parks and recreation.

The government-wide financial statements can be found on pages 9-10 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are governmental funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two governmental funds and four proprietary funds.

The City adopts an annual budget for its major funds. A budgetary comparison schedule has been provided for each major fund to demonstrate compliance with the budget.

The fund financial statements can be found on pages 11-17 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-28 of this report.

## **OTHER INFORMATION**

In addition to the basic financial statements and notes to the financial statements, this report also presents required supplementary information concerning the City's budgets. Required supplementary information can be found on pages 30-31 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**Net Position**

	June 30, 2024	June 30, 2023	Change
Current assets	\$ 2,722,249	\$ 3,425,432	\$ (703,183)
Non-current assets	3,052,275	3,301,530	(249,255)
<b>Total assets</b>	<b>5,774,524</b>	<b>6,726,962</b>	<b>(952,438)</b>
Current liabilities	1,405,996	1,294,267	111,729
Non-current liabilities	997,412	1,133,584	(136,172)
<b>Total liabilities</b>	<b>2,403,408</b>	<b>2,427,851</b>	<b>(24,443)</b>
Net investment in capital assets	1,975,995	2,189,878	(213,883)
Restricted	41,606	71,470	(29,864)
Unrestricted	1,353,515	2,037,763	(684,248)
<b>Total net position</b>	<b>\$ 3,371,116</b>	<b>\$ 4,299,111</b>	<b>\$ (927,995)</b>



**Governmental Funds Revenue and Expenditures**

	June 30, 2024	June 30, 2023	Change
<b>Revenues</b>			
Taxes	\$ 334,245	\$ 308,983	\$ 25,262
Licenses	847,308	840,470	6,838
Intergovernmental	89,623	333,305	(243,682)
Charges for services	453,450	495,743	(42,293)
Other revenue	108,858	60,436	48,422
<b>Total revenues</b>	<b>\$ 1,833,484</b>	<b>\$ 2,038,937</b>	<b>\$ (205,453)</b>
<b>Expenditures</b>			
General government	365,356	\$ 607,857	\$ (242,501)
Police	398,570	284,700	113,870
Fire	34,898	30,651	4,247
Sanitation	367,029	415,505	(48,476)
Public works	235,026	319,851	(84,825)
Tourism	82,554	85,949	(3,395)
Recreation	293,287	111,294	181,993
Capital outlay	-	11,290	(11,290)
Debt service principal	22,083	20,000	2,083
Debt service interest	4,834	5,383	(549)
<b>Total expenditures</b>	<b>\$ 1,803,637</b>	<b>\$ 1,892,480</b>	<b>\$ (88,843)</b>

**Proprietary Funds Revenue and Expenses**

	June 30, 2024	June 30, 2023	Change
<b>Revenues</b>			
Sales	\$ 1,347,756	\$ 1,311,851	\$ 35,905
<b>Total revenues</b>	<b>\$ 1,347,756</b>	<b>\$ 1,311,851</b>	<b>\$ 35,905</b>
<b>Expenditures</b>			
Salaries and wages	\$ 404,759	\$ 398,432	\$ 6,327
Gas purchases	128,529	229,563	(101,034)
Chemicals and testing	54,239	64,714	(10,475)
Utilities and telephone	211,509	223,008	(11,499)
Professional fees	29,071	30,708	(1,637)
Insurance	16,872	19,278	(2,406)
Repairs	183,557	131,916	51,641
Transportation	12,730	17,127	(4,397)
Office	16,297	78,545	(62,248)
ARSA payments	717,074	-	717,074
Other expenses	140,436	-	140,436
Depreciation	160,340	162,701	(2,361)
<b>Total expenditures</b>	<b>\$ 2,075,413</b>	<b>\$ 1,355,992</b>	<b>\$ 719,421</b>

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of the fiscal year, the City had \$3,052,275 net investment in capital assets.

### **Long-Term Obligations**

At the end of the fiscal year, the City had \$997,412 in long-term liabilities.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City does not anticipate any significant events or transactions that will impact the upcoming fiscal year.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk at 219 Main Street, Augusta, KY 41002.

City of Augusta, Kentucky  
Statement of Net Position  
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 188,103	\$ 655,688	\$ 843,791
Restricted cash	41,606	-	41,606
Investments	430,465	100,000	530,465
Receivables	32,150	97,907	130,057
Due from other funds	23,000	1,153,330	1,176,330
Noncurrent assets			
Capital assets, net	1,626,085	1,426,190	3,052,275
<b>Total assets</b>	<b>2,341,409</b>	<b>3,433,115</b>	<b>5,774,524</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	12,480	38,343	50,823
Payroll liabilities	17,120	-	17,120
Unearned revenue	30,289	-	30,289
Accrued interest payable	-	328	328
Customer deposits	-	29,350	29,350
Due to other funds	8,385	1,167,944	1,176,329
Financed purchases	10,505	-	10,505
Notes payable	25,000	66,252	91,252
Noncurrent liabilities			
Compensated absences	10,430	12,459	22,889
Financed purchases	43,235	-	43,235
Notes payable	89,584	841,704	931,288
<b>Total liabilities</b>	<b>247,028</b>	<b>2,156,380</b>	<b>2,403,408</b>
<b>Net position</b>			
Net investment in capital assets	1,457,761	518,234	1,975,995
Restricted (deficit)	41,606	-	41,606
Unrestricted (deficit)	595,014	758,501	1,353,515
<b>Total net position (deficit)</b>	<b>\$ 2,094,381</b>	<b>\$ 1,276,735</b>	<b>\$ 3,371,116</b>

The notes to the financial statements are an integral part of this statement.

City of Augusta, Kentucky  
Statement of Activities  
Year Ended June 30, 2024

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contributions</u>	<u>Revenue over Expenses</u>
<b>Governmental Activities</b>					
General government	\$ 362,411	\$ -	\$ 10,750	\$ -	\$ (351,661)
Police	352,585	-	53,709	-	(298,876)
Fire	34,898	-	-	-	(34,898)
Public works	166,825	-	25,164	-	(141,661)
Sanitation	367,029	403,499	-	-	36,470
Recreation	252,199	49,951	-	-	(202,248)
Tourism	69,554	-	-	-	(69,554)
Capital outlay	-	-	-	-	-
Depreciation unallocated	149,239	-	-	-	(149,239)
Interest on long-term debt	5,741	-	-	-	(5,741)
<b>Total governmental activities</b>	<b>1,760,481</b>	<b>453,450</b>	<b>89,623</b>	<b>-</b>	<b>(1,217,408)</b>
<b>Business-Type Activities</b>					
Utilities	2,106,296	1,347,756	-	-	(758,540)
<b>Total business-type activities</b>	<b>2,106,296</b>	<b>1,347,756</b>	<b>-</b>	<b>-</b>	<b>(758,540)</b>
<b>Total city</b>	<b>\$ 3,866,777</b>	<b>\$ 1,801,206</b>	<b>\$ 89,623</b>	<b>\$ -</b>	<b>(1,975,948)</b>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Revenue over expenses</b>	<b>\$ (1,217,408)</b>	<b>\$ (758,540)</b>	<b>\$ (1,975,948)</b>
<b>General Revenues</b>			
Tax revenue	334,245	-	334,245
License revenue	847,308	-	847,308
Other revenue	90,676	-	90,676
Interest income	18,182	2,549	20,731
Loss on disposal	-	(245,007)	(245,007)
<b>Total general revenues</b>	<b>1,290,411</b>	<b>(242,458)</b>	<b>1,047,953</b>
Change in net position	73,003	(1,000,998)	(927,995)
Net position (deficit) - beginning of year	2,021,378	2,277,733	4,299,111
<b>Net position (deficit) - end of year</b>	<b>\$ 2,094,381</b>	<b>\$ 1,276,735</b>	<b>\$ 3,371,116</b>

The notes to the financial statements are an integral part of this statement.

City of Augusta, Kentucky  
Balance Sheet – Governmental Funds  
June 30, 2024

	General Fund	Recreation Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 188,103	\$ -	\$ 188,103
Restricted cash	41,606	-	41,606
Investments	430,465	-	430,465
Receivables	32,150	-	32,150
Due from other funds	-	23,000	23,000
<b>Total assets</b>	<b>\$ 692,324</b>	<b>\$ 23,000</b>	<b>\$ 715,324</b>
<b>Liabilities</b>			
Accounts payable	\$ 12,480	\$ -	\$ 12,480
Payroll liabilities	17,120	-	17,120
Unearned revenue	30,289	-	30,289
Due to other funds	8,385	-	8,385
<b>Total liabilities</b>	<b>68,274</b>	<b>-</b>	<b>68,274</b>
<b>Fund balances</b>			
Restricted	41,606	-	41,606
Unassigned	582,444	23,000	605,444
<b>Total fund balances</b>	<b>624,050</b>	<b>23,000</b>	<b>647,050</b>
<b>Total liabilities and fund balances</b>	<b>\$ 692,324</b>	<b>\$ 23,000</b>	<b>\$ 715,324</b>

The notes to the financial statements are an integral part of this statement.

City of Augusta, Kentucky  
 Reconciliation of the Balance Sheet – Governmental Funds  
 to the Statement of Net Position  
 June 30, 2024

<hr/>	
Total fund balances - governmental funds	\$ 647,050
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	1,626,085
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Financed purchases	(53,740)
Notes payable	(114,584)
Compensated absences	(10,430)
<hr/>	
<u>Net position of governmental activities</u>	<u>\$ 2,094,381</u>

The notes to the financial statements are an integral part of this statement.

City of Augusta, Kentucky  
Statement of Revenues, Expenditures and Changes in Fund  
Balances – Governmental Funds  
June 30, 2024

	General Fund	Recreation Fund	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 334,245	\$ -	\$ 334,245
Licenses and permits	847,308	-	847,308
Intergovernmental	89,623	-	89,623
Charges for services	453,450	-	453,450
Other revenue	90,676	-	90,676
Investment income	18,182	-	18,182
<b>Total revenues</b>	<b>1,833,484</b>	<b>-</b>	<b>1,833,484</b>
<b>Expenditures</b>			
General government	365,356	-	365,356
Police	398,570	-	398,570
Fire	34,898	-	34,898
Sanitation	367,029	-	367,029
Public works	235,026	-	235,026
Tourism	82,554	-	82,554
Recreation	293,287	-	293,287
Capital outlay	-	-	-
Debt service			
Principal	22,083	-	22,083
Interest	4,834	-	4,834
<b>Total expenditures</b>	<b>1,803,637</b>	<b>-</b>	<b>1,803,637</b>
Excess of revenues over (under) expenditures	29,847	-	29,847
Net change in fund balances	29,847	-	29,847
Fund balances - beginning	594,203	23,000	617,203
<b>Fund balances - end of year</b>	<b>\$ 624,050</b>	<b>\$ 23,000</b>	<b>\$ 647,050</b>

The notes to the financial statements are an integral part of this statement.

City of Augusta, Kentucky  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in  
 Fund Balances – Governmental Funds to the Statement of Activities  
 June 30, 2024

---

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those asset is allocated  
 over their estimated useful lives and reported as depreciation expense.

Capital outlay	166,922
Depreciation expense	(149,239)

Repayment of long-term debt are expenditures in the governmental  
 funds, but the repayment reduces long-term liabilities in the statement of net  
 position.

25,473

---

Change in net position of governmental activities	\$ 73,003
---	-----------

---

The notes to the financial statements are an integral part of this statement.



City of Augusta, Kentucky  
Statement of Net Position – Proprietary Funds  
June 30, 2024

	Water Fund	Sewer Fund	Gas Fund	Water Treatment Fund	Total
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 43,349	\$ 168,790	\$ 269,525	\$ 174,024	\$ 655,688
Investments	-	-	100,000	-	100,000
Accounts receivable	20,046	41,047	10,484	26,330	97,907
Due from other funds	-	-	1,145,838	7,492	1,153,330
<b>Total current assets</b>	<b>63,395</b>	<b>209,837</b>	<b>1,525,847</b>	<b>207,846</b>	<b>2,006,925</b>
<b>Noncurrent assets</b>					
Net OPEB asset - CERS	-	-	-	-	-
Capital assets, net	54,922	13,286	88,815	1,269,167	1,426,190
<b>Total noncurrent assets</b>	<b>54,922</b>	<b>13,286</b>	<b>88,815</b>	<b>1,269,167</b>	<b>1,426,190</b>
<b>Total assets</b>	<b>118,317</b>	<b>223,123</b>	<b>1,614,662</b>	<b>1,477,013</b>	<b>3,433,115</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	394	32,856	4,804	289	38,343
Customer deposits	12,750	-	16,600	-	29,350
Accrued interest payable	-	-	-	328	328
Due to other funds	579,988	587,956	-	-	1,167,944
Note payable	-	-	-	-	-
<b>Total current liabilities</b>	<b>593,132</b>	<b>620,812</b>	<b>21,404</b>	<b>617</b>	<b>1,235,965</b>
<b>Long-term liabilities</b>					
Compensated absences	2,349	1,566	3,915	4,629	12,459
Note payable	40,556	-	-	867,400	907,956
<b>Total long-term liabilities</b>	<b>42,905</b>	<b>1,566</b>	<b>3,915</b>	<b>872,029</b>	<b>920,415</b>
<b>Total liabilities</b>	<b>636,037</b>	<b>622,378</b>	<b>25,319</b>	<b>872,646</b>	<b>2,156,380</b>
<b>Net position</b>					
Net investment in capital assets	54,922	13,286	88,815	1,269,167	1,426,190
Unrestricted	(572,642)	(412,541)	1,500,528	(664,800)	(149,455)
<b>Total net position (deficit)</b>	<b>\$ (517,720)</b>	<b>\$ (399,255)</b>	<b>\$ 1,589,343</b>	<b>\$ 604,367</b>	<b>\$ 1,276,735</b>

The notes to the financial statements are an integral part of this statement.

City of Augusta, Kentucky  
Statement of Revenue, Expenses, and Change  
in Net Fund Position – Proprietary Funds  
Year Ended June 30, 2024

	Water Fund	Sewer Fund	Gas Fund	Water Treatment Fund	Interfund Eliminations	Total
<b>Operating revenues</b>						
Sales	\$ 236,865	\$ 293,415	\$ 399,836	\$ 520,503	\$ (102,863)	\$ 1,347,756
<b>Total operating revenues</b>	<b>236,865</b>	<b>293,415</b>	<b>399,836</b>	<b>520,503</b>	<b>(102,863)</b>	<b>1,347,756</b>
<b>Operating expenses</b>						
Salaries and wages	74,170	34,945	72,556	223,088		404,759
Gas purchases	-	-	128,529	-		128,529
Chemicals and testing	-	17,307	-	36,932		54,239
Utilities and telephone	27,621	72,498	24,658	86,732		211,509
Professional fees	9,174	3,333	9,891	6,673		29,071
Insurance	2,380	4,375	1,716	8,401		16,872
Repairs	45,886	88,663	22,887	26,121		183,557
Water treatment	102,863	-	-	-	(102,863)	-
Transportation	3,689	-	9,041	-		12,730
Office	4,754	1,296	7,834	2,413		16,297
ARSA payments	-	717,074	-	-		717,074
Other expenses	18,305	3,267	40,901	77,963		140,436
Depreciation	15,990	26,928	10,522	106,900		160,340
<b>Total operating expenses</b>	<b>304,832</b>	<b>969,686</b>	<b>328,535</b>	<b>575,223</b>	<b>(102,863)</b>	<b>2,075,413</b>
<b>Operating loss</b>	<b>(67,967)</b>	<b>(676,271)</b>	<b>71,301</b>	<b>(54,720)</b>	<b>-</b>	<b>(727,657)</b>
<b>Non operating revenues</b>						
Loss on disposal	-	(245,007)	-	-		(245,007)
Interest expense	(981)	-	-	(29,902)		(30,883)
Interest income	1	260	3	2,285		2,549
<b>Total other financing sources (uses)</b>	<b>(980)</b>	<b>(244,747)</b>	<b>3</b>	<b>(27,617)</b>	<b>-</b>	<b>(273,341)</b>
<b>Net change in fund balances</b>	<b>(68,947)</b>	<b>(921,018)</b>	<b>71,304</b>	<b>(82,337)</b>	<b>-</b>	<b>(1,000,998)</b>
Fund balances - beginning of year	(448,773)	521,763	1,518,039	686,704	-	2,277,733
<b>Fund balances - end of year</b>	<b>\$ (517,720)</b>	<b>\$ (399,255)</b>	<b>\$ 1,589,343</b>	<b>\$ 604,367</b>	<b>\$ -</b>	<b>\$ 1,276,735</b>

The notes to the financial statements are an integral part of this statement.

City of Augusta, Kentucky  
Statement of Cash Flows – Proprietary Funds  
June 30, 2024

	Utility Fund
<b>Cash flows from operating activities</b>	
Cash received:	
From utility sales	\$ 1,356,193
Cash paid:	
To employees	(403,802)
To suppliers	(128,529)
For operating expenses	(1,182,036)
<b>Net cash used in operating activities</b>	<b>(358,174)</b>
<b>Cash flows from capital financing activities</b>	
Repayment of principal	(97,912)
<b>Net cash provided by capital financing activities</b>	<b>(97,912)</b>
<b>Cash flows from investing activities</b>	
Purchases of equipment	(81,279)
Purchases of investments	(100,000)
Interest on investments	2,549
<b>Net cash provided by investing activities</b>	<b>(178,730)</b>
<b>Net change in cash</b>	<b>(634,816)</b>
<b>Cash - beginning of year</b>	<b>1,290,504</b>
<b>Cash - end of year</b>	<b>\$ 655,688</b>
<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (727,657)
Adjustments to reconcile operating loss to net cash in operating activities	
Depreciation	160,340
Changes in:	
Receivables	11,777
Payables	32,457
Due to / due from	167,292
Customer deposits	(3,340)
Other liabilities	957
<b>Net cash used in operating activities</b>	<b>\$ (358,174)</b>

The notes to the financial statements are an integral part of this statement.

**NOTE 1: ACCOUNTING POLICIES**

Kentucky Revised Statutes and Ordinances of the City Council of the City of Augusta, Kentucky (City) designate the purpose, function, and restrictions of the various funds.

**Reporting Entity**

The City operates under a City Council government comprised of the Mayor and six council members. The financial statements of the City include all of the funds for which the Mayor and City Council are financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards was determined on the basis of the City's ability to significantly influence operations, select the governing authority, participate in fiscal management, and the scope of public services. The City has no component units or entities for which the government is considered to be financially accountable.

**Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements**

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to determine legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are presented in a single column.

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**Governmental Fund Types**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows, liabilities, and deferred inflows is reported as fund balance. The following are the City's major governmental funds:

*General Fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Kentucky. This is a major fund of the city.

*Recreation Fund* – The recreation fund is a special revenue fund that accounts recreation activities. The city has elected to treat this as a major fund.

**Proprietary Fund Types**

*Water Fund* – The water fund accounts for water services provided to customers of the City. The operations are funded by user charges. This is a major fund of the city.

*Water Treatment Plant Fund* – The water treatment plant fund accounts for water treatment operations and the sale of water to the Bracken County Water District. This is a major fund of the city.

*Gas Fund* – The gas fund accounts for gas services provided to customers of the City. The operations are funded by user charges. This is a major fund of the city.

*Sewer Fund* - The sewer fund accounts for sewer services provided to customers of the City. The operations are funded by user charges. This is a major fund of the city.

**Measurement Focus and Basis of Accounting**

***Government-wide Financial Statements***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

***Fund Financial Statements***

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within sixty days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures as well as expenditures related to long-term compensated absences and postemployment benefits are recorded only when payment is due.

**Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance**

***Cash and Cash Equivalents***

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date of ninety days or less.

The City is authorized by state statute to invest in the following subject to additional requirements of KRS 66.480:

- Obligations of the United States and of its Agencies and instrumentalities
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Bonds and Securities of other State and Local Governments
- Mutual Funds, Exchange Traded Funds, Individual Equity Securities and High-quality Corporate bonds managed by a professional investment manager

***Investments***

Investments with a maturity of less than one year are stated at cost. Investments with a maturity greater than one year are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

***Receivables***

*Property taxes* are levied as of January 1 on property values assessed as of the same date. The taxes are billed on approximately October 1. If paid by October 31, a two-percent (2%) discount is applied. The face amount is due December 31. A 5% penalty is applied January 1.

*Accounts receivables* are presented, when necessary, net of an allowance for doubtful accounts. No allowance has been recorded for the current fiscal year.

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

***Capital Assets***

General capital and leased assets are those assets that generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$2,500. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	25-50 years
Improvements	20 years
Utility system	40 years
Vehicles	5-10 years
Equipment	7 years
Other	10 years

***Payables and Accrued Liabilities***

All payables and accrued liabilities are reported on the government-wide financial statements and fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, contractually required pension and OPEB contributions that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations are recognized as a liability on the governmental fund financial statements when due.

***Compensated Absences***

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation. Vested or accumulated vacation leave that has matured and is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated sick leave lapses when employees leave employment of the City and, upon separation from service, no monetary obligation exists.

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

***Long-Term Obligations***

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt consists of bonds, notes, and lease liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as an other financing source and payment of principal and interest are reported as expenditures.

***Deferred Inflows***

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, are therefore, deferred until that time. The City recognized deferred inflows of resources related to pension and other postemployment benefits on the government-wide financial statements. In the governmental funds, certain revenue transactions have been reported as unavailable revenue. Revenue that is earned but not available is reported as a deferred inflow of resources until such time as the revenue becomes available.

***Net Position***

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

*Restricted* net position consists of restricted net assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use by external parties or by law through enabling legislation.

*Unrestricted* net position is the amount of net amount of assets, deferred outflows, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable.* Amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted.* Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.



**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

*Committed.* Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance.

*Assigned.* Amounts that are designated for a specific purpose but are not spendable until a budget ordinance is passed or a there is majority passed vote by City Council.

*Unassigned.* All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance, and then to committed, assigned, and unassigned fund balances in that order.

**Revenues and Expenditures/Expenses**

***Revenues***

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Expenses/Expenditures***

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

**Interfund Activity**

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

**Interfund Balances**

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

## **NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

### **Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

### **Budgetary Process**

An annual budget is adopted for each governmental fund by ordinance prior to July 1. The budget can be amended by a subsequent ordinance. Expenditures may not legally exceed budgeted appropriations at the function level.

### **Subsequent Events**

The City evaluated subsequent events for potential recognition and disclosure through February 23, 2025, the date the financial statements were available to be issued.

## **NOTE 2: CASH AND INVESTMENTS**

### **Deposits**

*Custodial credit risk.* This is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. At year end, the City's carrying amount was \$885,397. The bank balance is covered by FDIC insurance and collateralized securities held by the financial institution, but not in the name of the City. However, the collateralized amount is not enough to cover the carrying amount.

### **Investments**

*Custodial credit risk.* This is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City maintains an investment account with a brokerage institution which holds investment's in the City's name.

*Interest rate risk.* This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate risk.

*Credit risk.* This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. At year end, the City held US Treasury notes and certificates of deposit at insured banks.

**NOTE 2: CASH AND INVESTMENTS - CONTINUED**

**Investments - Continued**

At year end, the City had the following investments:

Investment	Fair Value	Investment Maturities		Fair Value Measurement	
		Less Than 1 Year	1 - 5 Years	Level 1 Inputs	Level 2 - 3 Inputs
Certificates of deposit	\$ 12,292	10,000	2,292	\$ 12,292	\$ -
KLOC Money Market fund	500,000	500,000	-	500,000	-
KLPOC Equity S&P 500 Index Fund	18,173	18,173	-	18,173	-
<b>Total investments at fair value</b>	<b>\$ 530,465</b>	<b>\$ 528,173</b>	<b>\$ 2,292</b>	<b>\$ 530,465</b>	<b>\$ -</b>

**NOTE 3: CAPITAL ASSETS**

Capital assets activity for the year is summarized below:

<b>Government Activities</b>	Balance 7/1/2023	Additions	Deletions	Balance 6/30/2024
Capital assets				
Land	\$ 72,000	\$ -	\$ -	\$ 72,000
Park, pool, and shelter	533,005	-	-	533,005
Buildings and improvements	1,052,824	-	-	1,052,824
Streets	800,517	77,312	-	877,829
Lighting and dock	865,825	-	-	865,825
Vehicles	248,433	44,530	-	292,963
Other equipment	329,993	102,210	(9,016)	423,187
<b>Total capital assets</b>	<b>3,902,597</b>	<b>224,052</b>	<b>(9,016)</b>	<b>4,117,633</b>
<b>Total accumulated depreciation</b>	<b>2,351,325</b>	<b>149,239</b>	<b>(9,016)</b>	<b>2,491,548</b>
<b>Capital assets - net</b>	<b>\$ 1,551,272</b>	<b>\$ 74,813</b>	<b>\$ -</b>	<b>\$ 1,626,085</b>

Depreciation was not charged to any government functions and is reported as unallocated in the statement of activities.

**NOTE 3: CAPITAL ASSETS - CONTINUED**

<b>Business-Type Activities</b>	Balance 7/1/2023	Additions	Deletions	Balance 6/30/2024
Capital assets				
Land	\$ 9,714	\$ -	\$ -	\$ 9,714
Water utility	4,355,945	69,454	-	4,425,399
Gas utility	869,056	9,213	-	878,269
Sewer utility	1,257,590	2,613	(1,228,142)	32,061
<b>Total capital assets</b>	<b>6,492,305</b>	<b>81,280</b>	<b>(1,228,142)</b>	<b>5,345,443</b>
Accumulated depreciation				
Water utility	2,978,421	122,890	-	3,101,311
Gas utility	779,567	10,523	-	790,090
Sewer utility	984,059	26,928	(983,135)	27,852
<b>Total accumulated depreciation</b>	<b>4,742,047</b>	<b>160,341</b>	<b>(983,135)</b>	<b>3,919,253</b>
<b>Capital assets - net</b>	<b>\$ 1,750,258</b>	<b>\$ (79,061)</b>	<b>\$ (245,007)</b>	<b>\$ 1,426,190</b>

**NOTE 4: LONG-TERM LIABILITIES**

Long-term liability activity for the year is summarized below:

<b>Governmental Activities</b>	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amount Due Within One Year	Long- Term
Compensated absences	\$ 10,430	\$ -	\$ -	\$ 10,430	\$ -	\$ 10,430
Series 2019A bonds	136,667	-	22,083	114,584	25,000	89,584
Kubota	-	57,130	3,390	53,740	10,505	43,235
<b>Total governmental</b>	<b>\$ 147,097</b>	<b>\$ 57,130</b>	<b>\$ 25,473</b>	<b>\$ 178,754</b>	<b>\$ 35,505</b>	<b>143,249</b>

<b>Business-type Activities</b>	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amount Due Within One Year	Long- Term
Compensated absences	\$ 11,502	\$ 957	\$ -	\$ 12,459	\$ -	\$ 12,459
Series 2016C bonds	850,000	-	55,000	795,000	55,000	740,000
Series 2004 bonds	74,600	-	2,200	72,400	2,200	70,200
BTADD	50,385	-	9,829	40,556	9,052	31,504
<b>Total business-type</b>	<b>\$ 986,487</b>	<b>\$ 957</b>	<b>\$ 67,029</b>	<b>\$ 920,415</b>	<b>\$ 66,252</b>	<b>854,163</b>

**NOTE 4: LONG-TERM LIABILITIES - CONTINUED**

Obligations outstanding at year end are as follows:

<b>Governmental</b>					Amount	Long-
Issue	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year	Term Amount
Series 2019A	\$ 136,667	\$ 0	\$ 22,083	\$ 114,584	\$ 25,000	\$ 89,584
<b>Total governmental</b>	<b>\$ 136,667</b>	<b>\$ 0</b>	<b>\$ 22,083</b>	<b>\$ 114,584</b>	<b>\$ 25,000</b>	<b>\$ 89,584</b>

  

<b>Business-Type</b>					Amount	Amount
Issue	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year	Due Within One Year
Series 2016C	\$ 850,000	\$ -	\$ 55,000	\$ 795,000	\$ 55,000	\$ 740,000
Series 2004	74,600	-	2,200	72,400	2,200	70,200
BTADD	50,385	-	9,829	40,556	9,052	31,504
<b>Total business-type</b>	<b>\$ 974,985</b>	<b>\$ -</b>	<b>\$ 67,029</b>	<b>\$ 907,956</b>	<b>\$ 66,252</b>	<b>\$ 841,704</b>

Debt service requirements for the City are as follows:

<b>Governmental</b>			
June 30	Principal	Interest	Total
2025	\$ 25,000	\$ 4,174	\$ 29,174
2026	25,000	3,361	28,361
2027	25,000	2,549	27,549
2028	25,000	1,731	26,731
2029	14,584	630	15,214
<b>Total</b>	<b>\$ 114,584</b>	<b>\$ 12,445</b>	<b>\$ 127,029</b>

<b>Business-Type</b>			
June 30	Principal	Interest	Total
2025	\$ 66,535	\$ 28,843	\$ 95,378
2026	71,821	26,713	98,534
2027	72,111	24,495	96,606
2028	75,666	22,283	97,949
2029	67,700	19,980	87,680
2030-2034	360,700	65,887	426,587
2035-2039	169,700	13,238	182,938
2040-2044	24,500	3,392	27,892
<b>Total</b>	<b>\$ 908,733</b>	<b>\$ 204,831</b>	<b>\$ 1,113,564</b>

**NOTE 4: LONG-TERM LIABILITIES - CONTINUED**

**Compensated absences**

City employees earn vacation time based on length of service. Employees cannot opt for cash in lieu of time off. Employees also earn sick days based on length of service. Sick days are not paid out at retirement or termination and, therefore, are not accrued. Accrued compensated absences for vacation time at year end are \$27,889.

**NOTE 5: OPERATING LEASES**

The City has no operating leases requiring disclosure as right of use assets.

**NOTE 6: CONTINGENCIES**

*Grants.* The City receives funding from federal and state agencies in the form of grants. These funds are to be used for designated purposes only. If the federal or state grantor finds that funds have not been used for the intended purposes, the grantor may request a refund of monies advanced or refuse to reimburse the City for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the City's grant programs is contingent upon the grantors satisfaction that the funds provided are being spent as intended and the grantors intent to continue their programs.

*Litigation.* The City is party to various legal proceedings which normally occur in governmental operations. It is neither possible to determine the outcome of these proceedings nor possible to estimate the effects adverse decisions may have on the future expenditures or revenue sources of the City. In the opinion of City management and its legal counsel these legal proceedings are not likely to have a material adverse impact on the accompanying financial statements. Therefore, no provision for any liability that may result upon adjudication of any cases has been made in the accompanying financial statements.

**NOTE 7: RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through a commercial insurance company. In addition, the City has effectively managed risk through various employee education and prevention programs. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonably estimated.

Management estimates that the amount of actual or potential claims against the City as of June 30, 2024, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

City of Augusta, Kentucky  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
<b>Revenues</b>				
Taxes	\$ 313,600	\$ 313,600	\$ 334,245	\$ 20,645
Licenses and permits	747,000	747,000	847,308	100,308
Intergovernmental	149,037	149,037	89,623	(59,414)
Charges for services	467,700	467,700	453,450	(14,250)
Other revenue	559,105	559,105	90,676	(468,429)
Investment income	-	-	18,182	18,182
<b>Total revenues</b>	<b>2,236,442</b>	<b>2,236,442</b>	<b>1,833,484</b>	<b>(402,958)</b>
<b>Expenditures</b>				
General government and tourism	902,022	902,022	447,910	454,112
Police	463,746	463,746	398,570	65,176
Fire	36,334	36,334	34,898	1,436
Public works and sanitation	433,000	433,000	628,972	(195,972)
Parks and recreation	401,340	401,340	293,287	108,053
<b>Total expenditures</b>	<b>2,236,442</b>	<b>2,236,442</b>	<b>1,803,637</b>	<b>432,805</b>
Net change in fund balances	-	-	29,847	29,847
Fund balances - beginning of year	617,203	617,203	617,203	-
<b>Fund balances - end of year</b>	<b>\$ 617,203</b>	<b>\$ 617,203</b>	<b>\$ 647,050</b>	<b>\$ 29,847</b>



**NOTE 1: BUDGETS AND BUDGETARY PROCESS**

The City follows the procedures established pursuant to KRS 91A.030 in establishing the budgetary data included in the required supplementary information. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**NOTE 2: EXPENDITURES IN EXCESS OF BUDGET**

Expenditures exceeded budgeted amounts in the public works and sanitation function.

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*

---



Honorable Mayor  
and Members of City Council  
City of Augusta, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Augusta, Kentucky (City) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the City basic financial statements and have issued our report thereon dated February 23, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's District's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the City in a separate letter dated February 23, 2025.

### **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

**Maddox & Associates CPAs Inc.**

Fort Thomas, Kentucky

February 23, 2025

**2024-01 Bank Collateral.** Bank collateral is not sufficient to cover the City's deposits. We recommend that the City work with the bank to obtain adequate collateral coverage. See Note 2 to the financial statements. This is a repeat from the prior year.

**2024-02 Insurance Tax Receipts.** Insurance tax receipts are inherently difficult to safeguard because cities have no way of knowing who is going to pay, when to expect payment, and how much they are going to pay. We recommend using a bank lockbox to receive insurance tax receipts. The bank will automatically deposit the receipts and provide the City with a report of activity. This is a repeat from the prior year.

**2024-03 Bank Reconciliations.** There are several dated outstanding items on the bank reconciliation. We recommend utilizing the accounting software to prepare the bank reconciliations and to research and clean up the outstanding reconciling items. This is a repeat from the prior year.

**City Response.** City management has reviewed these recommendations and will consider implementation where practical.