



**EXAMINATION OF
ADMINISTRATIVE POLICIES AND
SELECTED AREAS OF EXPENDITURES OF THE
CITY OF PROVIDENCE**

**For The Period Of
July 1, 1995 Through August 31, 1998,
Unless Otherwise Noted**

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.STATE.KY.US/AGENCIES/APA**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

CONTENTS

	<u>PAGE</u>
<u>TRANSMITTAL LETTER</u>	1
<u>COMMENTS AND RECOMMENDATIONS</u>	3
<u>CITY OF PROVIDENCE RESPONSE</u>	8
<u>AUDITOR'S REPLY</u>	11
<u>REVIEW PROCEDURES AND CITIZEN CONCERNS</u>	13
<u>EXHIBITS</u>	14

January 26, 1999

Honorable Jerry R. Fritz, Mayor
Members of the Providence City Council
City of Providence
P.O. Box 128
Providence, Kentucky 42450

RE: Examination of Administrative Policies and Selected Areas of Expenditures

Ladies and Gentlemen:

Our office received a complaint regarding certain financial practices of the City of Providence (City). We initiated an examination and identified approximately \$56,426 in questionable expenditures and accounting practices. Also, approximately \$1.9 million was transferred from Municipal Utilities System funds to the City's General Fund to be used for operating expenditures.

Our examination was directed by the following objectives:

- to identify administrative policies in selected areas,
- to determine whether those policies were followed, and
- to suggest new policies which would improve the City's operations.

To achieve these objectives, we applied the procedures discussed below to specific records of the City for the period beginning July 1, 1995, through August 31, 1998. We also interviewed the current Mayor and a number of City employees. The results of our examination are included in the comments and recommendations section of this report.

Honorable Jerry R. Fritz, Mayor
Members of the Providence City Council
January 26, 1999
Page 2

We obtained expenditure documents for the purchases of gasoline by the former Mayor and examined the documents for proper support, adherence with City policy, and reasonableness.

We analyzed the City's recent audited financial statements, accounting ledgers, and disbursement records for transfers of Municipal Utilities System funds to the General Fund account. We reviewed this documentation for general compliance with City policies and state statutes.

We obtained the City's policies and procedures governing municipal utility pipe and materials sales. We reviewed selected sale documents to determine general compliance with City policy and reviewed selected City Council minutes for proper authority and approval.

We examined selected expenditure documentation for purchases of fruit baskets, hams, and flowers for proper support, adherence with City policy, and reasonableness.

We examined selected expenditure documentation for purchases of employee meals for proper support, adherence with City policy, and reasonableness.

We examined the sale of selected surplus items for proper supporting documentation and adherence with City policy.

All comments and recommendations contained in this review are intended to improve the administration and operations of the City. This review was not an audit, and we do not express an opinion on the financial statements of the City.

We wish to commend Mayor Fritz, Sara Stevens, and all the staff of the City who assisted in this examination. They exhibited exemplary attitudes of cooperation and helpfulness.

Very truly yours,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

EBHJr:kct

COMMENTS AND RECOMMENDATIONS

COMMENTS AND RECOMMENDATIONS

1) The City Should Cancel Gasoline Charge Accounts And Pay Travel Expenses Through A Reimbursement Process

The City allowed the current Mayor, Jerry Fritz, and the former Mayor, Chris Villines, to purchase gasoline using charge cards to fuel their personal vehicles for official business. The practice of using charge cards instead of employing a reimbursement payment method was in effect from July 1997 through June 1998. In addition, records were not available to document the number of business miles incurred by the current and former mayors. No written policy existed for elected officials or City's employees to govern the City's purchase of gasoline to be used in personal vehicles. The lack of a policy resulted in certain control weaknesses noted during our examination:

- Records were not available to document the business mileage incurred by the former mayor. The former mayor stopped using gasoline from the City garage in his personal vehicle, and began to charge gasoline from two different local vendors in July 1997. From July 1997 through June 1998, local gasoline purchases made by the former and current mayors totaled approximately \$674. (See Exhibit 2) City procedures required employees to record the number of gallons of City gasoline used to fuel a vehicle. The former mayor did not record his City gasoline usage.
- It was not clear who was authorized to charge gasoline or other similar purchases from local vendors. City employees, other than the former or current mayors, could also charge gasoline purchases to the City. There were no written restrictions to limit the extent of the mayor's or City employees' purchasing authority.

However, the City's Personnel Policies and Procedures enacted under the authority of City ordinance #88-2 and effective May 4, 1987 states "[a]ny City employee who uses his personal vehicle for authorized travel on official City business shall, upon presentation of satisfactory proof of mileage traveled, be reimbursed at a maximum rate of \$.20 per mile." (See Exhibit 1)

Recommendation

We recommend no charge account authority for local travel expenses be issued. The use of local charge accounts creates an obligation of public funds to occur before the approval and documentation process. More appropriately, the reimbursement of expenditures allows the City to deny purchases that were unauthorized or not properly documented. We recommend the mayor and City employees be reimbursed for travel expenses incurred.

2) A Policy Should Be Established To Govern Selling City Materials And Supplies To The Public

The City did not have an ordinance or policy governing the City's retail sale of utility materials and supplies. The City adopted the practice of selling tangible property to the public at the cost to the City. However, the public was allowed to purchase utility materials and supplies from private vendors and donated complete utility lines to the municipal utility system.

Individuals wishing to extend City water lines to their business could purchase the materials from the City as long as the water lines were donated to the City. An area poultry grower, for example, purchased approximately \$5,776 in water pipe and materials from the City during September 1997 through February 1998. (See Exhibit 3) The area poultry grower then donated the water line to the City and the City Council adopted the line into the municipal water system during an April 6, 1998 meeting.

The City sold approximately \$49,041 in various utility pipe and materials to the public from October 1995 to June 1998 without imposing sales tax. Utility materials were sold numerous times throughout the period under review to private citizens, businesses, and churches.

Recommendation

We recommend the City adopt an ordinance that outlines the conditions under which retail sales of materials and supplies can be made to the public. Retail sales should be made on a limited basis, only after the requesting party demonstrates that the materials and supplies could not be purchased from local area vendors.

The matter of the City's failure to impose a sales tax for materials and supplies sold for public use was referred to the Kentucky Revenue Cabinet. We also recommend the City apply the 6% sales tax in accordance with any Kentucky Revenue Cabinet ruling.

3) The City Of Providence Funds Should Only Be Used For Official Purposes

We examined selected expenditures totaling \$5,538 for which there was insufficient supporting documentation. (See Exhibit 4) This resulted in an inability to determine if those expenditures were necessary, reasonable in amount, beneficial to the public, and not predominately personal in nature. *Funk v. Milliken*, Ky., 317 S.W.2d 499 (1958). (See Exhibit 5) Because the City did not have a formal policy governing official expenditures, management had no criteria to determine whether expenditures were appropriate. The City's records examined did not contain an explanation of the purpose for the expenditures and many were for inappropriate purposes.

3) The City Of Providence Funds Should Only Be Used For Official Purposes (Continued)

We noted the following expenditures that were not supported by sufficient documentation, or were for inappropriate purposes:

<u>EXPENDITURES</u>	<u>AMOUNTS</u>
Fruit Baskets & Hams	\$ 4,125
Florist	896
Meals	<u>517</u>
Total	<u>\$ 5,538</u>

The following information was provided for the expenditures listed above:

- The fruit baskets and hams were purchased from local area stores on December 23, 1996 and December 23, 1997. These purchases were for a total of 58 fruit baskets and 1,143 pounds of ham.
- Floral arrangements were purchased on a number of occasions during the period under our examination. The mayor said floral arrangements were purchased for funerals.
- The mayor said the City on occasion purchased meals for employees when they were working “straight through” on-site or during emergencies. The meal purchases were a spontaneous decision by management.

Recommendation

We recommend the City develop a written policy to define allowable official expenditures. The policy should require that expenditures be necessary, reasonable in amount, beneficial to the public, and not predominately personal in nature. The City may use the following examples as an example of nonallowable expenditures: gifts, entertainment or meals unrelated to official business, refreshments regularly provided for employees, and expenditures without proper and accurate documentation.

We recommend the City disallow any expenditure for which the supporting documentation does not demonstrate a direct and proper relationship to the City. We further recommend that any such disallowed expenditure be reimbursed to the City.

4) The Disposal Of Surplus Personal Property Should Follow Written Policy And The City Should Pursue Reimbursement For A Certain Surplus Property Sale

The former mayor authorized the sale of seven ballfield lights in April 1997 without officially declaring the lights to be surplus property. A former City employee gave the City a \$1,050 check dated April 4, 1997, for the purchase of the seven ballfield lights. (See Exhibit 6) Four of these ballfield lights were subsequently installed at a local automobile dealership and the three remaining lights were stored in a City warehouse. The former mayor was later informed that procedures were not properly followed to declare the ballfield lights surplus property. The former mayor then requested the return of the four lights and sent the original \$1,050 check back to the buyer. The automobile dealer refused to return the lights. Therefore, four of the seven ballfield lights were not returned to the City nor did the City receive payment for the lights. The three remaining lights continued to be stored in a City warehouse.

Recommendation

We recommend the City adopt KRS 45A.425 governing the disposition of surplus property for local agencies. (See Exhibit 7) We further recommend the City be compensated for the four surplus ballfield lights sold in 1997.

5) The City Should Discontinue Subsidizing General Fund Operations With Transfers From The Municipal Utility Fund Resources

The City transferred approximately \$1.9 million of City municipal utility funds to the City's general fund for fiscal year 1995 through 1998. This is an average transfer of \$485,541 annually. Municipal utility funds were transferred to support general fund operations of the City. More specifically, during fiscal year 1997 the City budgeted a municipal utility fund transfer of \$479,260. However, the City actually transferred approximately \$634,000 from the municipal utility fund to the general fund during fiscal year 1997. Actual general fund expenditures for fiscal year 1997 were approximately \$1,279,000. Thus, about half of the City's general fund expenditures were funded with municipal utility funds. The transfers to the general fund were made despite the City having the third highest real estate property tax rate in Kentucky for calendar year 1997. General fund operations included expenditures for general government administration, public safety, public works, streets and sanitation, and community, cultural, parks and cemetery services. Utility funds were transferred in order to avoid overdrawing the general fund's bank account.

General fund assistance from municipal utility funds was planned by the City since municipal utility fund transfers were approved by the City Council as part of the City's budget. Moreover, the transfers did not adversely effect the municipal utility's ability to fund operations as evidenced by an increase in utility fund retained earnings of \$201,000 for fiscal year 1997. Transfers from the municipal utility fund to the City's general fund of \$634,000 in fiscal year 1997, combined with the \$201,000 increase in

5) The City Should Discontinue Subsidizing General Fund Operations With Transfers From The Municipal Utility Fund Resources (Continued)

retained earnings, totaled \$835,000. This constituted approximately 24% of municipal utility fund revenues for fiscal year 1997. Therefore, revenues were generated in excess of the reasonable costs associated with providing public utility services.

KRS 91A.520 states, “User fees shall not generate revenues or profits in excess of the reasonable costs associated with providing a public service.” According to KRS 91A.510, “ ‘User fee’ means the fee or charge imposed by a local government on the user of a public service for the use of any particular service not also available from a nongovernmental provider.”

The City appears to rely too heavily upon utility user fees to supplement an already relatively high property tax rate in order to fund City services. The transfers described above burden utility customers because utility fees are higher than they would otherwise be in order to provide the City with general fund revenue.

Recommendation

We recommend the City discontinue the practice of funding City general fund activities with municipal utility funds.

**CITY OF PROVIDENCE RESPONSE,
MAYOR JERRY R. FRITZ AND CITY ATTORNEY JAMES G. WOMACK**

City of Providence

WILLOW STREET
PROVIDENCE, KENTUCKY 42450
Phones: 502-667-2170 - 502-667-5463
FAX: 502-667-5125

January 5, 1999

Edward B. Hatchett, Jr.
Auditor of Public Accounts
Attn: Ryan Stone
144 Capitol Annex
Frankfort, Kentucky 40601

RE: **EXAMINATION OF SELECTED EXPENDITURES
OF THE CITY OF PROVIDENCE**

Dear Mr. Hatchett:

The City of Providence has been provided a draft regarding your department's examination of the administrative policies and selected areas of expenditures of the City of Providence for the period beginning July 1, 1995 through August 31, 1998. The purpose of this letter is to respond and reply to the comments and recommendations of your department as they relate to the particular areas of inquiry and investigation.

The City recognizes the Comments and Recommendations of your department numbered 1 through 4. Providence and its administration has no other purpose but to improve the administration and the operation of the City and, thus, intend to give every consideration to the recommendations by the Auditor of Public Accounts relating to (1) reimbursement for travel expenses incurred; (2) the adoption of an ordinance outlining the conditions under which retail sales of materials and supplies can be made to the public; (3) a written policy defining allowable official expenditures; and (4) adoption of a policy similar to KRS 45A.425 governing the disposition of surplus property.

The City of Providence opposes Recommendation 5 which concludes the City should discontinue subsidizing general fund operations with transfers from municipal utility fund resources. It is the position of the City that neither KRS 91A.520 nor KRS 91A.510 apply to municipally owned utilities and that the position of the Auditor cannot be reconciled with other applicable provisions of the Kentucky Revised Statutes and reported case law.

KRS 91A.520 states that "user fees shall not generate revenues or profits in excess of the reasonable costs associated with providing a public service." (Emphasis ours) A user fee is defined by KRS 91A.510 as a "fee or charge imposed by a local government on the user of a public service for the use of any particular service not also available from a non-governmental provider." (Emphasis ours) These statutes do not include or contemplate a public utility. The statutes or case law offer no definition of a public service. At the same time, however, the definition of a public utility does not include public service. These provisions are inapplicable to the transfer of municipal utility funds to general fund operations.

Edward B. Hatchett, Jr.
January 5, 1999
Page 2

The Auditor initially took the position the transfer of utility funds creates a burden on those utility customers which live outside the city limits and do not benefit from subsidized city services. The definition of a user fee set forth in KRS 91A.510 specifically provides that such a fee applies to a particular public service that is not also available from a non-governmental provider. It does not define or include a public utility. The Auditor's position is directly contrary to the current law which specifically allows a municipal corporation to extend utility services beyond its corporate limits within certain parameters. KRS 96.150. Likewise, the law is well established that a City may charge higher rates for those recipients who live outside the city limits than it does to those who live within the city limits for obvious reasons. McClellan v. Louisville Water Company, Ky., 351 S.W.2d 197 (1961); OAG 77-410; OAG 78-818; OAG 78-656.

KRS 91A.520 has no application to public utility service and does not apply to the extent that a public service is being provided in an area where such service is also available from a non-governmental provider. The customers which live outside the city limits of Providence receive utility service from the City and, even so, are clearly within an area where such services are available from a non-governmental provider. Hence, KRS 91A.520 is not triggered. What should be recognized is that in providing utility services beyond corporate limits, the City of Providence is acting in a proprietary capacity as opposed to a governmental capacity. By acting in such capacity the publicly owned utility is entitled to a fair return on its investment. See, City of Covington v. Public Service Commission, Ky., 313 S.W.2d 391 (1958); OAG 78-656.

The Auditor has alternatively argued utility fund transfers for the limited fiscal year of 1997 revealed revenues generated in excess of the reasonable costs associated with providing public utility services. Once again, KRS 91A.520 applies to public services and not utility services. The Auditor has offered no legal authority that the proprietary operation of a municipally owned utility is controlled by KRS 91A.520. Regardless, the Auditor completely overlooks KRS 96.200 which statutorily requires the City to use surplus earnings for general purposes of the government since it does not have an ordinance indicating otherwise. The statute, in its entirety, states as follows:

Except as otherwise provided in KRS 96.550 to 96.900 the legislative body of any city of the third through sixth class inclusive may, by ordinance, provide in what manner and for what purpose any profits, earnings or surplus funds arising from the operation of any public utility owned or operated by the City may be used and expended. The ordinance may be amended or repealed from time to time. Until such an ordinance is enacted any surplus earnings shall be paid into the city treasury, to be expended for the general purposes of government in the City. KRS 96.200 (Emphasis ours)

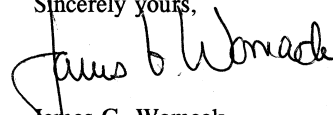
Edward B. Hatchett, Jr.
January 5, 1999
Page 3

Both the Kentucky Attorney General and the Kentucky Supreme Court have considered the statutory authority of the City to transfer utility funds. Specifically, the Attorney General opined profits or excess earnings connected with the operation of a public utility by a City are not prohibited and, in fact, the General Assembly intended that any profits are to be used to supplement the City's general fund. OAG 78-656; OAG 72-449. In addition, the highest court of Kentucky has ruled that a fourth class city should use utility profits to supplement the general fund of the City so long as sufficient funds have been set aside to cover operating and maintenance expenses and/or any debt. Electric Plant Board v. City of Mayfield, Ky., 185 S.W.2d 411 (1945). The Auditor admits the utility fund transfers did not adversely affect the utilities ability to fund its operations.

The Auditor's statement that the utility fund transfers made in 1997 were made despite the City having the third highest real estate property tax rate in Kentucky for the calendar year 1997 is political rhetoric which only obfuscates to the issue. As with its prior conclusions, the Auditor fails to recognize the law and the facts. Firstly, the City of Providence has maintained the same ad valorem tax rate for at least the last fifteen (15) years. Secondly, the tax rate for the City of Providence is calculated according to KRS 132.027 which limits taxation to the compensating tax rate. The compensating tax rate is the rate that, when applied to the current years assessment of property, excluding new property and personal property, produces an amount of revenue approximately equal to that produced in the proceeding year from real property. KRS 132.010 (6). In other words, the tax rate for the City of Providence has been calculated pursuant to the wisdom of the General Assembly and has remained the same for the last fifteen (15) years.

In short, the transfer of utility funds to the general fund is specifically authorized by statute and the City of Providence is operating clearly within the letter of the law. The tax rate of the City has not increased for over fifteen (15) years and is calculated according to statute. Whether or not the City has the third highest real estate property tax in the state is an issue for political conjecture and not one of law. Simply stated, the Auditor cannot reconcile its current position on the City's inability to transfer utility funds to the general fund with the applicable statutes and case law.

Sincerely yours,



James G. Womack
City Attorney

JGW/kaf

AUDITOR'S REPLY

AUDITOR'S REPLY

A municipal utility is a utility owned, controlled, operated, or managed by a municipal corporation, or city, and statutory references to a “city” include “city-owned utilities.” See, generally *Simpson Co. Water District v. City of Franklin*, Ky., 872 S.W.2d 460 (1994), and prior cases cited therein. It is the APA’s premise that when a municipality, a public entity, provides a utility service to utility users, the municipality is providing a public service to those utility users.

Generally, municipal utilities do not fall within the regulatory jurisdiction of the Kentucky Public Service Commission (PSC), KRS 278.010(2), though the *Simpson Co. Water District* case is the most recent attempt in a long line of cases by Kentucky’s appellate courts to clarify the PSC’s relationship to municipal utilities. See, e.g., *City of Olive Hill v. Public Service Commission*, Ky., 203 S.W.2d 68 (1947); *Louisville Water Co. v. Preston St. Road Water Dist. No. 1*, Ky., 256 S.W.2d 26 (1953); *City of Covington v. Sohio Petroleum Co.*, Ky., 279 S.W.2d 746 (1955); *City of Richmond v. Public Service Commission*, Ky., 294 S.W.2d 513 (1956); *Louisville Water Co. v. Public Service Commission*, Ky., 318 S.W.2d 537 (1958); *City of Cold Spring v. Campbell County Water Dist.*, Ky., 334 S.W.2d 269 (1960); *McClellan v. Louisville Water Co.*, Ky., 351 S.W.2d 197 (1961); *City of Catlettsburg v. Public Service Commission*, Ky., 486 S.W.2d 62 (1972); *City of Georgetown v. Public Service Commission*, Ky., 516 S.W.2d 842 (1974).

Thus, the governing body of a city regulates its municipal utilities. See KRS 96.560 and 96.740 relating specifically to city-owned electric utility plants. Therefore, the rates, or fees, a municipal utility charges its customers are regulated by the local government of the city.

KRS 91A.510 defines “user fee” as “the fee or charge imposed by a local government on the user of a public service for the use of any particular service not also available from a non-governmental provider.”

KRS 91A.520 states that “[u]ser fees shall not generate revenues or profits in excess of the reasonable costs associated with providing a public service.”

These provisions are codified in KRS Chapter 91A, which is titled “Finance and Revenue of Cities.” This evidences the General Assembly’s intent that these two statutes apply to, *inter alia*, the user fees a city charges for providing a city’s public utility services to its utility users. We find no legal authority which holds these two statutes as codified in KRS Chapter 91A to be inapplicable to fees charged by a municipal utility to the users of the utility service.

AUDITOR'S REPLY (CONTINUED)

If these municipal utility user fees are charged to consumers who have no option to choose an alternative non-governmental utility source from which to obtain the utility service, and these fees generate revenues or profits for the municipal utility in excess of the reasonable costs associated with providing the utility service, then the fees are generating excessive revenues or profits in violation of KRS 91A.520.

The APA acknowledges those statutes that authorize a city's utility to transfer surplus utility funds to the city's general fund. Several statutes apparently authorize such a transfer, provided certain fiscal and/or administrative requirements are first met, and, in some instances, provided that such transfers are used only for stated purposes, or that the amounts so transferred do not exceed a fair return to the utility. See, e.g., KRS 96.200; KRS 96.530(1); KRS 96.535(1); KRS 96.544(2); KRS 96.810(1); *Electric Plant Bd. V. City of Mayfield*, 299 Ky. 375, 185 S.W.2d 411 (1945); and OAG 78-656.

Notwithstanding the above, it is the APA's position that the entire statutory scheme as set out in both KRS Chapter 91A relating to "Finance and Revenue in Cities," and KRS Chapter 96 relating to "Utilities in Cities," taken together with such case law as exists, point toward the public policy that a municipal utility is to provide efficient and economical utility service to its customers for rates, or fees, that do not exceed the reasonable costs of providing the service.

Though it is not unlawful for a municipal utility to make a reasonable return on its investment, it should not be the purpose of a municipal utility to charge higher fees to subsidize the city's general fund in order to pay for other city services. See OAG 78-656. Such subsidization works to circumvent the accountability built into the setting of city tax rates by substituting the less-accountable process of assessing user fees.

Therefore, even though a municipal utility's surplus funds may be lawfully transferred to a city's general fund, the user fees that generated the surplus--which surplus is made up of the current year's revenues and profits together with prior years' retained earnings--must not generate revenues or profits in excess of the reasonable costs associated with providing the public municipality utility service. If it does, it is not in conformity with KRS 91A.520.

The Auditor of Public Accounts has a prescribed legal duty to account for and audit the receipt and expenditure of public funds. KRS 43.050. When a city receives surplus funds from a utility operated by the city, and spends those funds for the general purposes of government in the city, the APA has an obligation to ensure that those public funds are received and expended by the city in compliance with the law, generally accepted accounting standards, and sound fiscal management practices. See KRS 43.075. Utility fund transfers are a hidden, less accountable revenue source burdening the citizens of Providence. Utility fund transfers to subsidize a city's general fund should be the exception and not the rule.

REVIEW PROCEDURES AND CITIZEN CONCERNS

REVIEW PROCEDURES AND CITIZEN CONCERNS

We performed limited procedures, primarily inquiry and observation, relating to the following administrative functions of the City that did not require further comments and recommendations:

- **City Shop and Equipment**

On March 14, 1997, former Mayor Chris Villines issued a memorandum to all elected officials, City employees, and citizens regarding the use of the City of Providence's maintenance shop and equipment. (See Exhibit 8) Prior to this date, individuals were allowed to use the City of Providence's maintenance shop and equipment for personal purposes. The former mayor declared that officials, employees, and citizens were not to be allowed to use the City of Providence's maintenance shop and equipment for personal purposes. The City of Providence's maintenance shop and equipment would be solely used for regular City maintenance and duties.

- **Small Tools**

According to the Director of Public Works, a small tool inventory was not maintained for City records. Small tools were acquired on an as needed basis authorized by the Director of Public Works. City employees were authorized to purchase tools and repair items from local vendors that cost \$30 or less. The City should ensure controls are established to safeguard the security of small tools.

- **Payroll and Personnel Classification System**

The City was working with the Kentucky Department for Local Government to establish a written compensation and classification plan. The proposed compensation and classification plan would be established by City ordinance. The proposed compensation plan would prescribe a minimum and a maximum rate of pay for each employee job class. In addition, the job difficulty and duties of a particular class would determine the salary grades.

EXHIBITS

EXHIBIT 1

Travel Policy

EXHIBIT 2

Gasoline Purchases

EXHIBIT 3

Examples of Water Line Material Sales

EXHIBIT 4

Examples of Expenditures for Fruit Baskets, Hams, Floral Arrangements, and Meals

EXHIBIT 5

Funk v. Milliken, Ky., 317 S.W.2d 499 (1958)

EXHIBIT 6

Sale Documentation for Ballfield Lights

EXHIBIT 7

KRS 45A.425

EXHIBIT 8

Former Mayor's Memorandum Prohibiting Personal Use of City Shop and Equipment