

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MONROE)	CASE NO.
COUNTY WATER DISTRICT FOR APPROVAL)	2017-00173
OF CERTAIN ACCOUNTING ADJUSTMENTS)	

ORDER

On May 25, 2017, Monroe County Water District (“Monroe County”) tendered an application (“Application”) with the Commission, pursuant to 807 KAR 5:001 and KRS 278.220, requesting authorization to record accrued revenues for water service rendered but not billed for the fiscal year ended December 31, 2016. Monroe County proposed to record an adjustment of \$76,054 to its 2016 Annual Report; in its 2016 Audit Report as revenue from water sales in Account 461, Metered Water Revenue; and as an asset in the 2016 Audit Report in Account 173, Accrued Utility Revenues. Furthermore, Monroe County proposed to record an adjustment of \$67,570 to Account 439, Adjustments to Retained Earnings, to reflect the impact the accrued water sales revenue adjustment would have on its financial statements for the fiscal years ended December 31, 2016, and December 31, 2015.

On September 1, 2017, Monroe County filed a motion to amend its application, along with its responses to Staff’s First Request for Information (“Staff’s First Request”), which was issued on August 18, 2017. In its response to Staff’s First Request, Monroe County identified \$45,180 in expense associated with electric and water purchases that it failed to include in its original proposed adjustment of \$67,570 to retained earnings.

After incorporating expenses accrued for electric and water purchases, Monroe District proposed adjusting its retained earnings for the fiscal year ended December 31, 2016, by recording a credit adjustment of \$15,591 to Account 439, Adjustments to Retained Earnings, to account for corrections to prior years' financial statements.

The Commission finds that the proposed adjustment to retained earnings is not material to its financial operations, is unnecessary, and therefore, should not be allowed.

SUMMARY

The Commission after consideration of the evidence of record and being otherwise sufficiently advised, finds that:

1. On May 24, 2017, the Commission established Case No. 2017-00173 when Monroe County filed an application with the Commission pursuant to 807 KAR 5:001, requesting authorization to record accrued revenues for water service rendered, but not billed at the end of a fiscal year.

2. On September 1, 2017, Monroe County requested to amend its application to incorporate unpaid expenses for water and electric service that were discovered as a result of Staff's First Request.

3. Monroe County should correct the account balances for all misstated accounts prior to submitting its 2016 Annual Financial and Statistical Report to the Commission. Monroe County should not amend and re-file financial statements submitted to the Commission in prior years.

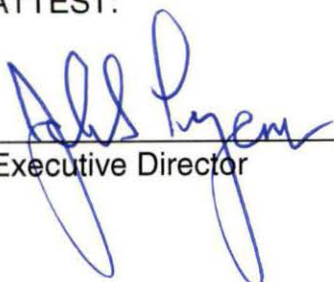
IT IS HEREBY ORDERED that:

1. Monroe County's Application for Approval of Certain Accounting Practices and Adjustments is denied.
2. Monroe County shall report an entry as a separate component of income for unusual adjustments below the current year operating income.
3. Monroe County shall disclose in notes to its financial statements the effects of the recorded unusual adjustment.
4. Monroe County shall properly report the account balances for Metered Water Revenue, Accrued Utility Revenues, Accounts Payable, Purchased Power, Purchased Water, and Accounts Payable in its 2016 Annual Financial and Statistical Report that it files with the Commission.
5. In all future reporting periods, Monroe County shall properly report all account balances consistent with generally accepted accounting principles. No retroactive adjustment to retained earnings shall be made to account for errors in previous years.

By the Commission

ENTERED
FEB 12 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

For 

Executive Director

Case No. 2017-00173

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